

HARMONY GOLD MINING CO LTD

Form 6-K

April 29, 2005





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

**Form 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13a-16 OR 15d-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934

For the Month of April 2005

**Harmony Gold Mining Company**

**Limited**

Suite No. 1

Private Bag X1

Melrose Arch, 2076

South Africa

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by  
furnishing the information contained in this form  
is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the  
Securities Exchange Act of 1934.)

Yes  No

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**REVIEW FOR THE QUARTER ENDED 31 MARCH 2005**

**QUARTERLY FINANCIAL HIGHLIGHTS**

**31 March 2005**

**31 December 2004**

Cash operating profit/(loss) – Rand

(55) million

163 million

–

US\$

(9,12) million

27,0 million

Cash earnings/(loss)

– SA cents per share

(14)

47

–

US cents per share

(2)

8

Basic loss

– SA cents per share

(432)

(80)

–

US cents per share

(72)

(13)  
 Headline loss  
 – SA cents per share  
 (107)  
 (88)  
 –  
 US cents per share  
 (18)  
 (15)  
 Fully diluted loss  
 – SA cents per share  
 (432)  
 (80)  
 –  
 US cents per share  
 (72)  
 (13)  
 Gold produced  
 – kg  
 21 126  
 24 604  
 –  
 oz  
 679 251  
 791 033  
 Cash costs  
 – R/kg  
 85 863  
 77 415  
 –  
 \$/oz  
 445  
 400

- A number of operational disruptions contributed to a cash operating loss of R55 million versus profit of R163 million in December.
- Cash operating costs increase to R85 863/kg versus R77 415/kg in December.
- Balance sheet restructured.

**QUARTERLY HIGHLIGHTS**

- Harmony’s operational restructuring approaches completion.
- Final Environmental and Mining permission for Hidden Valley Mine in Papua New Guinea granted.
- The CONOPS rollout has progressed at all operations except the Free State Operations in the quarter.





**CHIEF EXECUTIVE'S REVIEW – MARCH 2005**

*“The restructuring of Harmony’s South African business is nearing completion placing Harmony in a more sound operating and financial position. Our efforts offshore continue to gain momentum through a combination of organic growth, exploration and acquisition opportunities. The challenges in the short-term have further focussed our efforts and sharpened our resolve. We look forward to an exciting 12 months ahead.”*

**SAFETY REPORT**

Safety achievements during this quarter:

- 
- Brand 3 shaft achieved 1 million fatality free shifts on 3 March 2005.
- 
- Evander 8 shaft achieved 500 000 fatality free shifts on 4 January 2005.
- 
- Joel achieved 3 years fatal free during January.

The key safety indicators namely Lost Time Injury Frequency Rate (LTIFR) and Shift Loss Injury Frequency Rate (SLIFR) continued to improve. Our LTIFR as at March 2005 was 16.73 compared to 17,30 at December 2004, a 3.29% improvement. SLIFR as at March 2005 is 405 compared to 420 reported in December 2004, a 3.57% improvement. It is with regret that a seismic event with a magnitude of 2,0 occurred at Harmony No 2 shaft on the morning of the 7/3/05. Although the support was of a high standard and all the required precautions had been adhered to, the proximity of the event to the stope resulted in extensive damage and four of our employees being fatally injured.

**Fatality injury rate (per million hours worked)**

2



**South African Chamber of Mines 2004 gold production report**

On 11 April 2005 the Chamber of Mines noted in its 2004 South African Gold Mining report that production had fallen by 8.8% to 342.7 tonnes, the lowest level of output since 1931. Further it said “ This precipitous fall in production was caused by the dual impact of the fall in the rand gold price (due to the strong rand) and the continued upward rise in costs (due in most part to cost outside the control of the mining companies) – which has accelerated the demise of older shafts. While the industry has consistently focused on improving productivity and reducing costs, there are simply too many costs that the industry does not have control of which places inordinate pressure on the sector.”

Further it notes “Complicating the whole issue has been the significant cost pressures that the industry has faced over the past three years. Water prices have risen by 18% per annum in each of the three years. Steel prices, which comprise some 10% of the cash production costs of large-scale gold mines, have risen by double-digit rates in each year and remain at some 30% higher than comparable country steel prices. Spoornet’s general freight business rail tariffs rose 35% in 2003 and 16.5% in 2004, before a more reasonable 3% increase in 2005. Labour costs, which comprise some 50% of cash production costs, have increased by substantially more than the inflation rate in 2003 and 2004. The average increase in total production costs excluding capital expenditure rose by 13.4% year-on-year in 2004 versus only 1.4% for headline inflation and 4.3% for CPIX inflation. The crucial issue here is that many of these costs are outside of the control of the mining companies with the result that costs are increasing at a rate faster than normal inflation.”

**Global and South African gold production**

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“With these cost pressures and the fall in revenues, some 10 mines, employing 90 000 people and accounting for about 50% of production, are marginal or loss-making at the current price (excluding capital expenditure).”

**Harmony’s restructuring to better position itself for the low rand gold price is largely complete, improving the company’s operational and financial position.**

During the March quarter Harmony continued to focus its efforts in South Africa on restructuring the business to better position itself for the current rand gold price environment. The current tough operating environment in South Africa emphasizes the need for further consolidation in the industry. With several operational and cost synergies still available to the industry it seems unfortunate that the industry chooses to look past these potential benefits in some instances, not least of all in our bid for Gold Fields. What’s also notable is that many of these synergies are non job-reduction related benefits.

**The past quarter in review**

The performance of the company is best highlighted in the following table:

**March**

**December**

**Percentage**

**2005**

**2004**

**variance**

Production

– kg

21 126

24 604

–14

Production

– oz

679 251

791 033

–14

Revenue

–

R/kg

83 273

84 031

–1

Revenue

–

US\$/oz

431

434

–1

Cash cost

– R/kg

85 863

77 415

+11

Cash cost

– US\$/oz

445

400

+11

Exchange rate

– USDZAR

6.00

6.03

–1

The normal festive season and public holiday disruptions associated with the March quarter were compounded by several period specific events including a fire at Bambanani, a strike at the Free State operations, a 1% decrease in the rand Gold Price received and loss of Sunday work permission in the Free State. Production in the March quarter declined by 14,1% to 679 251 oz (q-o-q) and cash operating costs increased by 10,9% to R85 863/kg (US\$445/oz). The company reported a cash operating loss of R54,7 million (US\$9,12 million).

**March 2005    December 2004**

Cash operating profit (Rm)

(55)

163

Cash operating profit margin

(3%)

8%

Cash earnings (loss) per share

(14)

47

Headline EPS (cents)

(107)

(88)

4





South African underground working costs decreased from the R1 636 million of the December 2004 quarter to R1 537 million.

On a group basis, working costs decreased by 4,8% from R1 904,7 million to R1 813,9 million.

**A quarter on quarter cash operating profit variance analysis**

Cash operating profit – December 2004

R162.8 million

–

volume change (tonnes)

(294,0) million

–

working cost change

R90,8 million

–

recovery grade change (g/t)

(R1,9) million

–

Rand gold price change (R/kg)

(R16.2) million

–

net variance

(R217.4) million

Cash operating profit – March 2005

(R54.7) million

**Analysis of earnings per share (SA cents)**

**Quarter ended**

**Quarter ended**

**Earnings per share (SA cents)**

**March 2005 December 2004**

Cash earnings/(loss)

(14)

47

Basic loss

(432)

(80)

Headline loss

(107)

(88)

Fully diluted loss

(432)

(80)

5

**Reconciliation between basic and headline earnings/(loss)**

**Quarter ended**

**Headline earnings in cents per share**

**March 2005**

Basic loss

(432)

Profit on sale of mining assets

(5)

Loss on sale of ARM Ltd – net of tax

28

Impairment of fixed assets – net of tax

301

Headline loss

(107)

Our cash earnings for the year to date total 68 cents per share. Fully diluted loss per share for the financial year to date totals 656 cents per share.

**QUARTERLY OPERATIONAL REVIEW**

The normal work disruptions associated with the festive season period (which is accounted for in the March quarter) were further compounded by operational problems including a seismic event at Harmony No 2 shaft on 7 March 2005, water and machine availability problems at Target and a fire at Bambanani. In addition, a 13-day strike at the Free State operations, and the loss of Sunday work permission, resulting in the cancellation of CONOPS in the Free State, resulted in a poor operating performance. Working costs in R/kg terms increased 11% from R77 415/kg to R85 863/kg and group production decreased by 14% to 679 251 ounces down from 791 033 ounces in the December quarter.

Operational highlights were as follows:

•

Tshepong delivers an excellent operational performance despite the loss of CONOPS,

•

Elandsrand continues to improve,

•

Another strong performance from Kalgold,

•

All our growth projects are on track to deliver production growth, and

•

The group restructuring is largely complete.

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A quarter on quarter operating profit analysis of the various operations is as follows:

**Operations**

**March 2005    December 2004**

**Variance**

**(R'million)**

**(R'million)**

**(R'million)**

Quality ounces

66,7

218,1

(151,4)

Growth projects

(18,2)

(19,1)

0,9

Leveraged ounces

(131,5)

(101,6)

(29,9)

Surface operations

8,9

6,2

2,7

Total South Africa

(74,0)

103,6

(177,6)

Australasian operations

19,3

59,2

(39,9)

Total

(54,7)

162,8

(217,5)

A detailed analysis of the operations is as follows:

**1. QUALITY OUNCES – TSHEPONG DELIVERS ANOTHER EXCELLENT PERFORMANCE DESPITE LOSING CONOPS IN JANUARY**

Includes the following shafts: Target, Tshepong, Masimong, Evander and Randfontein's Cooke Shafts

**March**

**December**

**2005**

**2004**

U/g tonnes milled

('000)

1 570

1 815

U/g recovery grade

(g/t)

6.25

6.43



U/g kilograms produced

(kg)

9 819

11 676

U/g working costs

(R/kg)

76 518

65 224

U/g working costs

(R/tonne)

479

420

Operating profits at these operations fell to R66,8 million from R218,1 million in the December quarter. The decrease was mostly attributable to higher unit costs largely related to the loss of volumes following the abandonment of CONOPS at the Free State operations and the operational problems at Target. Total working costs decreased by 1.3% to R751,3 million compared to the R761,6 million reported in the December 2004 period. We continue to engage unions on Sunday work permission required for CONOPS and are hopeful for a successful re-implementation in the coming months.

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**Target** experienced several operational disruptions in the March quarter. Although Target has retained CONOPS, flooding caused by silting in an underground dam, low machine availability and resulting low development rates resulted in a depressed performance. Tonnage milled decreased from 301 000 tonnes to 284 000 tonnes in the March quarter and recovered grade decreased from 6,74 g/t to 5, 18 g/t. The expected decrease in grades was the result of excessive dilution in one of the massive stopes due to caving of the hanging wall. Operating costs increased to R61 077/kg (US\$318/oz) compared with R39 273 (US\$200/oz) in December and cost/tonne increased by 19% to R316/tonne as a result of the lower volumes. Pre-acquisition, in April 2004, cost/tonne levels were in excess of R450/tonne. The Harmony Way has seen cost/tonne dropped by 30% in a sustainable way even during a tough quarter!

**Tshepong** continued to perform strongly despite the loss of CONOPS early in the period. Underground tonnages were 22% lower at 328 000 tonnes compared to the 420 000 tonnes for the previous quarter. Grades improved by 17% to 9.1 g/t which helped reduce the fall in production to just 8% or 2 979 kg from 3 247 in the previous period. The increase in grade was the result of a 3% increase of in situ grade and gold allocation from plant clean-up. Cash costs decreased marginally to R58 266/kg from R59 774/kg in December. In September 2004, the operations reported costs of R61 184/kg.

**Masimong** had a poor quarter relating to the undoing of CONOPS, two underground fires, a go slow strike in January and the regional strike on 23 March 2005. Production fell by 21% to 1 133 kg from 1 432 kg in the December period. Operating costs increased by 30% to R104 435/kg due mostly to a loss in volumes as a result of the work stoppages. Tonnes milled dropped by 18% to 217 000 tonnes from 264 000 tonnes in the December period. Masimong reported a cash operating loss of R21,0 million in the March quarter compared to a R6.3 million profit in the December period. The restructuring of Masimong 4 is underway and the shaft will be kept open for pumping.

The **Masimong Expansion Project** continues towards completion scheduled in FY06/FY07. During the quarter an intersection of gas and water on 1810 level and 1870 level resulted in small set backs in development. A total of 726m capital development was achieved versus the 900m planned.

**Annual Capital Expenditure Profile**

**FINANCIAL EVALUATION UPDATE**

Gold price (kg)

R80 000

NPV @ 7,5 (Rm)

48.7

IRR

29.5%

All things considered **Evander's** March quarter performance was solid with the benefits of CONOPS becoming more evident. Despite the normal March quarter disruptions volumes only decreased by 9% to 406 000 tonnes from 446 000 in the December period and total operating costs decreased marginally to R200,8 million from R202,6 million in the December period. The only area of negative operational variance at Evander was an 8,8% increase in unit costs to R495/tonne versus R454/tonne reported in the December period due to lower volumes. Operating costs increased to R76 402/kg from R71 696/kg.

**Decline No. 3 Project (Phase 3)** at Evander 7 Shaft is progressing well with the equipping of the 20 Level and the development for the transfer conveyor. The installation of air coolers for 19 Level was completed during the March 2005 quarter resulting in a decrease in the intake ventilation temperature to 28°C.

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**Annual Capital Expenditure Profile**  
**FINANCIAL EVALUATION UPDATE**

Gold price (kg)

R85 000

NPV @ 7,5 (Rm)

117,2

IRR

211%

Gold price (kg)

R80 000

NPV @ 7,5 (Rm)

88,5

IRR

162%

The **Cooke** section of Randfontein is in various stages of CONOPS implementation. The initial disruptions associated with the implementation as well as the holiday stoppages during the period resulted in a 13% decrease in volumes to 335 000 tons and a 25% decrease in production to 1 610 kg. Volumes were lower at all three the Cooke operations and largely associated with the festive season break. Recovered grades fell 14% to 4.8 g/t versus 5.6 g/t reported in the December period. There was also a drop in grades at all the Cooke shafts, but was bigger at Cooke 1 and Cooke 3. At Cooke 1 lower than planned mining from the high grade pillar areas resulted in the mining grade falling 10% below plan. In addition, at Cooke 3 external waste increased by 6cm and unpay mining increased to 24.8% from 19.7% in the December period. Total operating costs decreased

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marginally (-1%) to R168,9 million but the lower production resulted in a 32% increase in unit operating costs to R104 891/kg from R79 368 reported in the December period. Unit costs increased by 14% to R504/tonne as a result of the lower volumes. Initial results from the areas where CONOPS has been fully implemented have been pleasing and we anticipate an improvement in the Cooke section's performance as CONOPS is fully implemented and teething problems are resolved.

**Leveraged Operations – Restructuring preserves optionality and improves profitability**

Shafts included under this section are Bambanani, Joel, Kudu, Sable, West Shaft, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3 Shafts, Unisel and Brand 3 and 5 Shafts, Saaiplaas 3 and Orkney 2 and 4 Shafts.

**March**

**December**

**2005**

**2004**

U/g tonnes milled

('000)

1 062

1 426

U/g recovery grade

(g/t)

5,16

4,88

U/g kilograms produced

(kg)

5 481

6 956

U/g working costs

(R/kg)

107 805

98 600

U/g working costs

(R/tonne)

556

481

These operations which consist of shafts which are either in the process of being restructured, downscaled in line with available ore reserves or being mothballed, returned a cash operating loss of R131,5 million versus the loss recorded in the December period of R101,6 million. The operations reported a 25% reduction in underground tonnage, down from 1 426 000 tonnes to 1 062 000 tonnes. A higher recovery grade of 5.16 g/t (Dec 2004 – 4,88 g/t), resulted in a 21% net decrease of gold recovered of 5 481 kg. Costs decreased from R685,9 million to R590,9 million. Due to the lower gold recovery, operating costs increased from R98 600/kg to R107 805/kg.

The restructuring of these operations is in full swing. During April the company envisages retrenching some 4900 people in the Free State Operations at an estimated cost of some R150m. The bulk of the job losses will be at an operational level. The result will be a reduction in production from these shafts to around 865 000 ounces on an annualised basis at an estimated operating cost of R85 000/kg. The shafts that will be put on care and maintenance are Masimong No 4, Nyala, St Helena No 4 shaft and Welkom No 1 shaft. In addition Bambanani will be downscaled to approximately 236 000 ounces annualised. Importantly we maintain all the optionality associated with the shafts. These shafts account for about 6% or 30,7m ounces of our resource base and can be restarted in the event that the rand gold price increases to appropriate levels.

**Surface Operations (includes Kalgold)****March****December****2005****2004**

Opencast tonnes milled

('000)

1 533

1 334

Opencast recovery grade

(g/t)

1,02

1,09

Kilograms produced

(kg)

1 564

1 454

Working costs

(R/kg)

76 187

80 183

Working costs

(R/tonne)

78

87

**Kalgold** reported a profit of R8,1 million compared to a cash operating profit of R7,1 million in the December 2004 quarter. Tonnages increased by 2,4% from 415 000 tonnes to 425 000 tonnes, quarter on quarter. A higher recovery grade of 2,14 g/t (Dec 2004 – 2,09 g/t) resulted in a higher gold recovery of 910 kg, an increase of 4,7% on the December 2004 quarter. Recovery grades at this operation have tended to be variable and this is expected to continue in future. Working costs were lower in R/kg terms, down from R75 600 kg to R74 097 kg. In R/tonne terms, working costs increased marginally from R158/tonne to R159/tonne.

**2. GROWTH PROJECTS – ELANDSRAND AND DOORNKOP****March****December****2005****2004**

U/g tonnes milled

('000)

323

360

U/g recovery grade

(g/t)

6.56

5,62

U/g kilograms produced

(kg)

2 119

2 022

U/g working costs

(R/kg)

91 828

93 376

U/g working costs  
(R/tonne)

602

524

**2.1 Elandsrand New Mine Project – On track, on schedule and still improving**

Elandsrand continues to improve. The operation further reduced its operating loss to R4,9m from R10,4m in the December quarter. The only negative operating variance was in volume where tonnes decreased by 16% to 212 000 compared to 251 000 in the December period. This is related to the Festive season work stoppages and was the largest contributor to the increase in cost/tonne by 24% to R721/tonne. All of the other operating parameters improved. Production increased by 10% to 1 775 kg, grades increased 30% to 8,39g/t and operating costs decreased by 5% to R86 007/kg.

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The continued improvement at Elandsrand is the result of higher mining grades and a continued and disciplined focus on the quality of mining and sweepings. The average mining grade in the period was 1512 cmg/t, sweeping ranged between 75% and 91% and the Mine Call Factor (MCF) varied in a range of 83% to 114%. Although the more intensive management of sweepings and focus on MCF are in part responsible for the positive grade trends at Elandsrand, the increase in the mining grade re-affirms the long-term expectation of Elandsrand being a low cost and high quality operation.

Regretfully an employee lost his life in a tramping accident during the period.

#### **Infrastructure**

Work in this section of the deepened mine continues as per plan. Sub projects that were completed or progressed in the past quarter include:

- Commissioning of the 113 L Main Sub-station is to be completed during the next quarter.

- Completion of 102 L Booster fan installation is still planned for April.

- The development of 100 L sub-station chamber was completed and is being cleaned and supported.

- Civil construction in 115 L pump chamber overhead crane was completed and installation of crane is scheduled for the June quarter.

- Equipping the inside of the No 3 settler dam was completed and the civils on the settler floor will commence in the June quarter.

- Installation of shift control gates on 102 L was completed.

- Commissioning of 102 L Man 1 side station was completed.

- Sinking No 2 Backfill shaft is progressing slower than planned due to some electrical problems experienced with the winder.

- The 92 L Turbine dam chamber excavation is nearing completion and the raise boring of the dam centre hole will be done in June 2005.

#### **Access Development**

##### **102 Level**

The vent cross-over on 105 L was completed. The vent raise holes between 102 L and 105 L are planned to be drilled during the June quarter.

##### **105 Level**

The vent cross-over holed in January 2005. All the capital development on this level is now complete.

##### **109 Level**

Successfully mined through the Cobra Dyke during the March quarter. The Haulage went through the dyke in March and the RAW in January.



### **113 Levels**

Both the RAW and haulage are now successfully through the Cobra Dyke and normal production is being resumed.

### **Annual Capital Expenditure Profile**

#### **FINANCIAL EVALUATION UPDATE**

Gold Price (kg)

R85 000

NPV @ 7.5% (Rm)

848

IRR

29.3%

### **2.2 Tshepong Decline Expansion Project**

A decision has been taken to complete the project in house. This will result in a three-month delay for the contractor to vacate the site and for mine staff to re-establish site. The decision has been taken in the interests of keeping the development of the project on schedule and having control of the process.

Sub-projects that were completed or progressed in the past quarter include:

#### **PROJECT ENGINEERING**

- 

1500m of rail construction was completed in the second air intake from the Shaft to the decline.

- 

The installation of decline conveyor for sinking operation to lateral 5 was completed.

- 

The installation of the monorail system to 69 level was completed, monorail drivers are in training and commissioning is scheduled in April 2005.

- 

The civil work for the permanent conveyor head end was completed.

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**ACCESS DEVELOPMENT**

A total of 2945m of 6221m development has been completed.

**Chair lift Decline**

60% of the 900m decline has been completed. The remaining 380m will be completed in the next 8 months.

**Material decline**

61% of the 1000m planned has been completed. The remaining 450m is planned to be completed in the next 9 months.

**69 Level**

Development of the 69 station is now 38% complete. The remaining development is planned to be completed in the next 12 months.

**ANNUAL CAPITAL EXPENDITURE PROFILE**

**2002/3**

**2003/4**

**2004/5**

**2005/6**

**2006/7**

**Total**

Plan

37.4

78.5

62.6

66.7

35.6

**280.8**

Actual

32.8

66.6

23.9

**123.3**

15

## FINANCIAL EVALUATION UPDATE

Gold price (Kg)

R95 000

NPV @ 7,5

R886 m

IRR

37.2%

Using a gold price of R80 000/kg, the project returns an IRR of 31.1%

Gold price (Kg)

R80 000

NPV @ 7,5 (Rm)

602

IRR

31.1%

### 2.3 Doornkop South Reef Capital Project

Development of the Doornkop project remains on track. Current mining at Doornkop on the Kimberly reef has however been more challenging. Despite improvements in volumes and cost/tonne, Doornkop generated a R13,3 million operating loss during the March quarter compared with the loss of R8,7m in the December period. The largest source of operating variance was recovered grades, which dropped to 3,09g/t down 17% compared to the December period of 3.72g/t. Grades in the Kimberly reefs are notoriously volatile and the mine plan is in the process of being reviewed. Operating costs of R121 721/kg were recorded, up 15% from the December quarter.

Capital expenditure at Doornkop totalled R24,9 million in the March quarter.

Highlights of the **Doornkop project progress** in the March quarter 2005 include:

- Access development on 192, 197 and 202 levels continues while in-circle development is underway on 212 level. Three reef raises are also being developed on 192 level for over-stopping operations to commence in August 2005.
- Both the planned cover drilling program as well as bottom cleanup of the main shaft are now complete. Piloting of the raise-bore hole between shaft bottom and 192 level is underway.
- Reaming of the main shaft to final diameter from 197 level is being done. It is planned that the portion of shaft between 197 to 50m below 212 level will be reamed to final diameter by the time the sinking operation above reaches 192 level in March 2006.
- The ventilation construction and change-over work on 192 & 197 levels is nearing completion. This work is aimed at maximizing the additional 40 cubic meters of ventilation air that the second outlet shaft will provide to the sub shaft workings.
- The updated schedule provides for the main shaft to be partially commissioned (excluding the additional rock winder) by the end of 2006. Production will ramp-up over the next 3 years to 135 000 t/m. Both dates meet the requirements of the feasibility base plan.

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**ANNUAL CAPITAL EXPENDITURE PROFILE**

**Table (R'million)**

**2003**

**2004**

**2005**

**2006**

**2007**

**2008**

**2009**

**2010**

**2011**

Actual spent

13

98

85

196

Forecast

29

173

160

160

161

142

77

902

Total

13

98

114

173

160

160

161

142

77

1 098

**FINANCIAL EVALUATION UPDATE**

Gold price (Kg)

R85 000

NPV @ 7,5 (Rm)

531

IRR

89%

17

Even at a gold price of R80 000/kg the project has a robust IRR of 58%

Gold price (Kg)

R80 000

NPV @ 7,5 (Rm)

403

IRR

58%

## **AUSTRALASIAN OPERATIONS – DELAYED CUE OPEN PIT START-UP IMPACTS PRODUCTION**

### **Highlights**

- Mining license and environmental permit received for Hidden Valley project in Papua New Guinea.
- Continued good drilling results on Hidden Valley and Wafi projects in PNG.
- Bendigo stake disposed off after quarter end realising A\$32 million.
- Mt Magnet operations negatively affected by delayed start up of Cue open pits.

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- Drop off in underground grade at Mt Marion impacts on South Kal Mines' results.
- 

Gold lease rates inherited with the Hill 50 hedge book closed out realising A\$3.5 million.

**March**

**December**

**2005**

**2004**

U/g kilograms produced

(kg)

2 143

2 496

U/g working costs

(R/kg)

73 729

60 859

U/g working costs

(R/tonne)

162

155

The Australian Operations had a tough quarter with operating profit declining to A\$4.1 million from A\$12.9 million in December. Operations were negatively affected by the delayed start-up of the Cue open pits at Mount Magnet and lower underground grade at Mount Marion. This resulted in 68 903 oz produced in March 2005 compared to 80 235 oz produced in December. A lower gold price achieved during the quarter of A\$549/oz compared to A\$573/oz in the previous quarter also reduced profits.

Gold lease rates inherited with the Hill 50 hedge book were closed out during the quarter realising A\$3.5 million. As part of the group review of asset carrying values a net impairment charge after tax of A\$68.3 million was incurred.

**Mount Magnet**

Mount Magnet reported a working profit of A\$1.8m (Dec A\$7m), mainly due to the delayed start up of the Cue open pits. Although a drop off in open pit production was anticipated during the quarter, the effect was exacerbated by delayed mining approvals and contractor negotiations. This resulted in an open pit mining mix with significantly lower grade than in previous quarters. Tonnages in the open pits were only slightly down but as grade decreased by 38% compared to the previous quarter, this lead to significantly lower production from open pit sources.

Underground tonnages were down by 15% in line with the planned reduction in activities at Star, but this was offset by higher grades achieved at Hill 50. Progress of the St George decline was adversely affected by poor ground conditions during the quarter. Improved advance rates are expected in the June quarter. Stope production will be delayed until the end of the September quarter as a result of these conditions.

In aggregate the site produced 38 585 oz of gold from the processing of 660 035 tonnes of ore and low grade stockpiles.

**South Kal Mines**

South Kal Mines produced 30 318 oz of gold in March quarter compared to 32,449 ounces in December quarter from the milling of 314 857 tonnes of ore.

Whilst the open pits production was steady with slightly lower tonnes and significantly better grades, the main reason for the decreased production at SKM was the Mt Marion underground operation where grade dropped 23% compared to the previous quarter. It is anticipated that this lower scheduled grade will continue through the next quarter.

The site showed a profit for the quarter of A\$2.4 million compared with A\$5.9 million in December.

**CAPITAL EXPENDITURE**

**Actual**

**Forecast**

**Operational Capex**

**March 2005**

**June 2005**

South African Operations

29

34

Australasian Operations

34

47

**Total Operational Capex**

**63**

**81**

**Project Capex**

Doornkop South Reef

25

29

Elandsrand New Mine

15

26

Tshepong North Decline

8

11

Phakisa Shaft

27

19

Target Shaft

7

9

PNG

11

9

**Total Project Capex**

**93**

**103**

**Total Capex**

**156**

**184**

**Offshore growth and exploration**

This is an area of Harmony's business that continues to gain momentum and receive increasing attention. We are currently involved in scoping studies on a number of potential opportunities globally and have formulated a strategy on how best to execute the growth of Harmony's offshore ambitions with Harmony's skill set and areas of relative competitiveness.

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**PAPUA NEW GUINEA**

**Hidden Valley**

Harmony received its mining license and environmental permit for the project during the quarter. Compensation agreements are currently being negotiated with land owners. The Memorandum of Agreement (benefits distribution) is nearing negotiated conclusion with landowners, local, provincial and central government. These are the last outstanding regulatory aspects to comply with. It is expected that these negotiations will be completed within the next few months.

The last components of the Misima plant and associated equipment were shipped from Misima Island during the quarter to the lay down yard in Lae.

A detailed survey of the access road is in progress which, when complete, will enable an accurate assessment of the cost of constructing the road to be made. The design of the creek diversion immediately above the tailing dam site has started. Discussions continue with various providers of diesel or heavy fuel oil driven power plants and the possibility of an electrical power supply is also being investigated with PNG power.

A total of 1 312 m of diamond drilling was completed in 7 holes during the quarter at the Hidden Valley project.

These holes were designed to both validate the current resource model and upgrade the resource classification of the inferred material within the current pit design.

Significant results include:

**Hole identity**

**From**

**To**

**Interval**

**Average grade**

**(m)**

**(g/tAu)**

HDVD156

67

73

6

4.29

HDVD156

55

63

8

8.60

HDVD156

85

96

11

11.03

HDVD156

39

43

4

11.76

HDVD158

301

308

7

4.60

HDVD158

219.6



228.7

9.1

11.43

HDVD159

114

118

4

3.68

HDVD159

138

144

6

4.32

Following the final assay reporting and quality control checks, an updated resource model will be produced.

Preliminary indications from the results to date are that the resource model is sound and that there will be an increase in the reserve.

21

### **Kaveroi**

Three strategically planned model-validation holes commenced during the quarter and are currently in progress at the nearby Kaveroi deposit. Although these holes are due for completion in mid-June they will not delay the remodelling of the Hidden Valley resource.

### **Hamata**

A local mine grid was designed in order to produce a better resource model and to establish properly oriented sections for forthcoming grade control and mining. A revised resource model, based on the local mine grid, will be completed by the end of April. These results will be used to re-optimize the pit, and compile a new mining schedule to be included in an updated feasibility study.

### **Wafi**

A total of 1,540m diamond drilling was completed in five holes at A-Zone in the eastern portion of the Wafi gold deposit during the quarter. These holes were designed to both extend the resource to the north and to validate the current model in this area.

Significant results reported to date include:

#### **Hole identity**

#### **From**

#### **To**

#### **Interval**

#### **Average grade**

#### **(m)**

#### **(g/tAu)**

WR194

32

67

35

4.10

WR195

166

179

13

2.59

WR196

134

159

25

2.71

WR197

52

69

17

6.15

WR198

71

101

30

6.00

Amongst the results, those from drill hole WR195 are encouraging and suggest a zone of elevated grade similar to that of the "Link Zone" that occurs on the western side of the deposit. The drilling results to date have exceeded expectations and have highlighted new areas of economic significance within the Wafi gold system.

### **REGIONAL EXPLORATION**

#### **Moa Creek**

The Moa Creek Prospect, located in rugged terrain 16km west from the Hidden Valley Project, represents an exciting new opportunity for discovery of a new stand-alone gold mining operation in Papua New Guinea. Initial reconnaissance exploration work has uncovered encouraging bedrock geochemical results that, at this point in time, suggest potential for a medium tonnage, high-grade style gold mineralisation.

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Bench sampling results to date include:

- 16m horizontal @ 8.26 g/t Au, and
- 19m horizontal @ 2.00 g/t Au.

The current footprint of mineralisation covers an area of 600m x 500m within a north-easterly trending structural zone that extends for over 2,500m.

Drilling testing of selected sites within this prospect is planned to commence within six months.

## **AUSTRALIA**

### **Northern Territory Burnside Joint Venture (50%)**

Further drilling was done during the quarter to improve our understanding and confidence in the Cosmo deep resources, whilst a detailed mine plan is being compiled which will include the underground and open pit resources identified to date.

### **Maude Creek tenements**

Interested parties in these tenements in the Northern Territory, have extended an option until May 2005 over the tenements through payment of an additional option fee. If the option is exercised this triggers the agreed upfront purchase price of A\$3 million in cash, deferred cash payments of A\$4 million plus a royalty.

## **STRATEGIC ISSUES**

At Harmony it's business as usual. We continue to position and restructure our business to cope with the ever changing competitive landscape and our bid for Gold Fields is only one of several initiatives in this regard. More importantly we are in the process of finalising the restructuring of the South African operations which should result in a return to profitability for all the Quality ounces and a minimum of breakeven at the Leveraged operations, where we importantly retain the optionality and leverage offered by these operations.

In our new business endeavours we are searching far and wide for opportunities but remain focused on our areas of competitive advantage and differentiation. To this extent we remain completely committed to our South African base and embrace any opportunity to expand this in ways that are value accretive and make operational sense.

Consolidation opportunities and synergies in the South African gold industry are still numerous, and our view is that the current tough operating environment will help focus the industry on realising these opportunities – traditionally an environment in which Harmony thrives.

Harmony is also not changing its spots for stripes. We remain focused on high quality production and projects, continually improving the quality of our operating portfolio through accretive organic growth and acquisition opportunities, whilst retaining our South African roots and all the attractive optionality associated with our leveraged assets and resources.

**Progress on our bid to Gold Fields shareholders**

Our bid for Gold Fields is now reaching an exciting phase. The tactical legal and regulatory delay phase is now all but over and its time for shareholders to plot on the course forward. We are hopeful of a successful outcome of the Competition Tribunal scheduled for 3-6 May 2005. Assuming a successful outcome we are excited about the prospect of our offer being available to Gold Fields shareholders for the first time in seven months.

As an 11,5% shareholder of Gold Fields, we and the rest of the shareholder base are anxious to find out what strategic path the Gold Fields management is actually going to plot. Gold Fields management have consumed large amounts of shareholder funds received from the 15% sale of its South African business on media and legal initiatives designed at stopping Gold Fields shareholders from voting on Harmony's offer. It's now hopefully time for shareholders to finally have a say in how and who runs the business.

**The "we hate Harmony" phase of the Gold Fields PR spin is now over – Gold Fields shareholders are anxious to find out not only who Gold Fields dislike but more importantly what Gold Fields' latest strategy is – "IAMGOLD part II"?**

We note with interest that Gold Fields registered an urgent application to the Competition Tribunal to interdict Harmony against receiving reciprocal information as part of the discovery process in the preamble to the Tribunal hearing. This after Harmony had already supplied the same information to Gold Fields on request of the Tribunal. This followed Gold Fields' insistence that the information was needed to address "Burning and fundamental issues" central to the Tribunal hearing. We wonder what it is that Gold Fields has found the need to hide from shareholders. We await the outcome with interest.

The envisaged timetable is as follows:

- 
- The Competition Tribunal Hearing is scheduled for 3-6 May 2005.
- 
- The tribunal ruling is between 6 and 20 May – we envisage a ruling around 8-10 May.
- 
- Assuming a successful and acceptable Tribunal Ruling, Harmony's offer goes unconditional.
- 
- On 20 May the Norilsk irrevocable expires unless renegotiated. Unless the irrevocable is renegotiated our current offer closes on 20 May.
- 
- Assess level of acceptances and take the appropriate steps.

**Our offer of 1,275 Harmony shares for one Gold Fields share offers full and fair values, which also includes a premium for control. We are price sensitive and will not destroy value by paying last Friday's closing ratio of 1.51.**

We are convinced that a merger between the companies delivers a value proposition to all stakeholders, i.e. shareholders, employees and the various communities in which we will be operating.

**Our costs to acquire Gold Fields**

The costs of the Gold Fields bid to date are detailed below. To date this equates 3.7% of the amount of capital raised (11,5% of Gold Fields). If our stake escalates to 50% this figure falls to 1.5% and 1% at 100% acceptances.

**Costs to date of the Gold Fields Transaction**

**Quarter ending**

**Rm**

December 04

85,8

March 05

64,7

**Total**

**150,5**

**Estimated total**

**Cost allocation**

**To date**

**cost for 11,5%**

**Rm**

**Rm**

Investment banking fees

17,1

17,2

Legal fees

53,1

58,0

Creation and share issue expenses

47,3

47,3

Printing and publication

27,9

28,0

CPR report

–

3,5

Other

5,1

5,1

**Total**

**150,5**

**159,1**

**Ore Reserve Update – The CPR’s final countdown!**

As part of the process of the proposed merger with Gold Fields, and in compliance with the requirements of the JSE Securities Exchange, Harmony commissioned independent consultants Steffen, Robertson and Kirsten (South Africa) Pty Ltd. (“SRK”) to examine the company’s mineral resources and ore reserves and to prepare an independent “Competent Persons Report” on the company.

This process was being completed over the weekend and will be available in the coming days. Interestingly the process, which is but the view of an external consultant (albeit a well respected one), has unsurprisingly not revealed any of the “nasties” rumoured in the market. To the contrary, the process has re-affirmed our claim that our reserves are intact and our plans credible. What the process has highlighted is the differences in the industry’s approach to Reserves/Resource declaration and the extra level of thoroughness adopted by independent consultants in the more litigious environment created by Gold Fields.

**We now patiently await Gold Fields’ South African operations CPR, ... which is already over three months late!**

As was outlined at our mid-quarter update the reconciliation between the SRK Life of Mine figure of 60,416m ounces and the figure published in January 2005 of 62,327 ounces is explained below. The main differences are in the areas of vamping or the mining of old gold, where due to time constraints and resources SRK has elected not to attempt reconciling our vamping reserves. We understand the difficulties involved in the process and have agreed to disagree on the matter. The other differences tabled below relate to the differences caused by the use of different modifying factors associate with mining (e.g. MCF), metallurgy (e.g. MRF) fault loss, and the rate of conversion from resources to reserves in the Life of Mine plans. The total difference between the SRK Reserve statement and ours (excluding Inferred Resources included in the respective Life of Mine plans) is only 6% and the difference in ounces mined in our respective Life of Mine plans is only 3%.

**CPR**

**January 2005**

**January 2005**

**Variance**

**Ounces**

**Ounces**

**Ounces**

**Percentage**

**(’000)**

**(’000)**

1. Operations

Proven and Probable

43,737

41,720

2,017

2. Projects below

infrastructure

Proven and Probable

10,116

9,91

(206)

3. Stockpiles under-

ground (vamping) Proven and Probable

1,095

–

1,095

4. Surface

Proven and Probable

703

548

155

5. Total

Proven and Probable

55,651

52,186

(3,465)

(6)

Inferred in Lfe of Mine

6,696

8,279

1,583

**Total in LoM**

**62,347**

**60,416**

**1,931**

**(3)**

26







**Ounces**

**( '000)**

January 2005

Proven and Probable ozs ( '000)

55,651

Vamping

(1,095)

Interpretation difference in probable reserve

(1,534)

Closure of Saaiplaas 3 Shaft

(268)

Percentage extraction

(568)

SRK January 2005

Proven and Probable ozs ( '000)

52,186

**Restructuring our operations**

Our restructuring process is now taking shape. The rightsizing is largely completed and we are hopeful for the reimplementation of CONOPS at the Free State operations in the coming months. The current restructuring involves putting the following shafts onto care and maintenance:

Masimong 4;

Nyala;

St Helena 4; and

Welkom 1 (which has not produced for six months).

In addition, Bambanani will undergo a material rightsizing which should see it produce around 236 000 ounces (annualised) at cash operating costs of approximately R77 400/kg. We estimate that total production from the leveraged shafts will fall to an annualised level of approximately 865 000 ounces at R84 000/kg. Below we table estimates of group annualised production once the restructuring is completed as well as costs. We estimate to be producing 2,95 million ounces at a cash operating cost of \$369 per ounce and total operating costs (including capex) of \$401 per ounce.

**Estimated Annualised Production**

**Cash**

**Cash**

**Cash costs**

**Cash costs**

**Ounces**

**costs**

**costs**

**plus Capex**

**plus Capex**

**(R/kg)**

**(\$/oz)**

**(R/kg)**

**(\$/oz)**

Leveraged shafts

865 000

84,394

420

85,387

425

Quality shafts

1 383 000

66,881

333

70,497

351

Project shafts

323 000

80,626

401

111,244

554

**South Africa underground sources**

**2 571 000**

**74,497**

**371**

**80,624**

**401**

Australia

273 000

71,875

358

83,854

417

South Africa surface operations

103 000

71,214

354

71,214

354

**Total Harmony**

**2 947 000**

**74,140**

**369**

**80,595**

**401**

27

We point out that at all of the shafts put on Care and Maintenance in the current restructuring we retain the optionality of these ore bodies and can restart these operations should the Rand Gold Price environment improve. In South Africa we estimate an ongoing annual cash cost of US5c per resource ounce of sustaining the optionality of the resources contained on the shafts.

**Annual cost of retaining marginal shaft optionality**

Estimated annual cost of care and maintenance (Rm)

R35 million

Resource ounces contained in total care and maintenance shafts (m)

113,8 million

Percentage of total Resource base

22%

Annual cost per Resource ounce (US\$ per ounce)

US\$0,05 per ounce

**Implementation of CONOPS**

The implementation of CONOPS is progressing well. Evander and Elandsrand are fully implemented, Randfontein is in various stages of implementation, the Orkney operations remain on CONOPS. With the exception of Target, none of the Free State operations are on CONOPS. Currently the Free State Operations were removed from CONOPS work cycles early in January following a breakdown in discussions with the National Union of Mineworkers (NUM) on 7 January 2005. NUM was not prepared to support Sunday labour and it became apparent that it was unlikely that the company's application to the Department of Minerals and Energy for Sunday work would have been approved without full support.

We have retained CONOPS labour at our Free State Operation in the hope of re-implementing CONOPS in the coming months. NUM has retabled CONOPS for discussion and we are hopeful that an agreement will be reached in the coming months. If the reimplementation is not successful we will have to review staffing levels at the shafts that are currently staffed to CONOPS levels.

CONOPS (continuous operations) refers to the practice where a mine operates on all the days of the year, including Sundays. Workers operate on a roster or shift arrangement which sees them work the same amount of hours per week and therefore the company needs to employ more people in order to facilitate working the additional days.

Currently most gold mines in South Africa operate for approximately 273 days per year. The successful introduction of CONOPS can increase this number to 353 days per year (excluding the 12 public holidays). This will result in a 12% increase in labour on the shafts as well as a 5% reduction in unit cost/tonne.

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**Cash Position – Investing in the future**

Harmony has spent the past twelve months investing in its growth projects and restructuring to reverse the negative cash flows at some of its South African operations. In the past year Harmony’s cash balance has declined from R2,34bn to negative R233 million. The break down shows that operating contribution of R198 million and net sundry revenue of R99 million was offset by R607 million spent on capex, R235 million on corporate overheads and exploration, R618 million on restructuring and retrenchments and R287 million of financing charges. We continue to deploy capital in the right places – our growth projects and restructuring for improved profitability. The benefits of this process should start becoming evident from the June quarter onwards.

**Reconciliation for the 12-month period April 2004 to March 2005**

**R million**

**Cash and equivalents on 31 March 2004**

**2 337**

**Operational**

**(2 184)**

Operating profit

198

Capex (net)

(607)

Corporate/exploration expenditure

(235)

Retrenchments and restructuring

(618)

Interest paid

(287)

Other income – net

99

Other cash flow items and adjustments

(342)

Movement in working capital

(392)

**Other investing and financing activities**

**(386)**

**Cash and equivalents on 31 March 2005**

**(233)**

As at March 2005 Harmony had investments of R6,5bn, which includes its investments in Gold Fields (R4,1 bn) and African Rainbow Minerals (R1,0bn).

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**Balance Sheet Restructuring**

During March Harmony restructured elements of its balance sheet. This included an asset impairment of R1 513 million. This figure is made up of R1 096m of asset impairment at the South African operations and R417 million of asset impairment of the Australian assets and undeveloped properties. In addition Harmony sold 7,1 million shares (3,5%) in African Rainbow Minerals for R200m and realised a book loss of R111m. An additional (14,1%) of the African Rainbow Minerals stake was sold for R830m following the quarter, which will be accounted for in the June quarter. After quarter end Harmony sold its 11,5% of Bendigo for A\$32m and realised a small book profit of A\$6,2m that will be accounted in the June quarter.

**Bendigo (11.6%)**

Harmony disposed of its 11.6% stake in Bendigo after quarter-end, realising A\$32 million in the process. The shares were disposed of at A\$1.10 per share, realising a small accounting profit for Harmony, after taking into account the write-down in June quarter 2004. This transaction will be accounted for in the June 2005 quarter.

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**OPERATING AND FINANCIAL RESULTS**

(Rand/metric)

**Underground production – South Africa**

**Leve-**

**Quality**

**Growth**

**raged**

**Ounces**

**Projects**

**Ounces**

**Sub total**

**Ore milled – t'000**

**Mar-05**

**1 570**

**323**

**1 062**

**2 955**

Dec-04

1 815

360

1 426

3 601

**Gold produced – kg**

**Mar-05**

**9 819**

**2 119**

**5 481**

**17 419**

Dec-04

11 676

2 022

6 956

20 654

**Yield – g/tonne**

**Mar-05**

**6.25**

**6.56**

**5.16**

**5.89**

Dec-04

6.43

5.62

4.88

5.74

**Cash operating costs – R/kg**

**Mar-05**

**76 518**

**91 828**

**107 805**

**88 226**

Dec-04

65 224

93 376

98 600

79 222

**Cash operating costs – R/tonne**

**Mar-05**

**479**

**602**

**556**

**520**

Dec-04

420

524

481

454

**Working revenue (R'000)**

**Mar-05**

**818 078**

**176 389**

**459 366**

**1 453 833**

Dec-04

979 664

169 677

584 249

1 733 590

**Cash operating costs (R'000)**

**Mar-05**

**751 329**

**194 583**

**590 878**

**1 536 790**

Dec-04

761 558

188 806

685 859

1 636 223

**Cash operating profit (R'000)**

**Mar-05**

**66 749**

**(18 194)**

**(131 512)**

**(82 957)**

Dec-04

218 106

(19 129)

(101 610)

97 367

**Capital expenditure (R'000)**

**Mar-05**

**34 933**

**74 870**

**1 809**

**111 612**

Dec-04

50 790

106 448

13 214

170 452

**Quality Ounces – Evander Shafts, Randfontein Cooke Shafts, Target, Tshepong, Masimong Growth Projects – Doornkop shaft and South Reef Project, Elandsrand shaft and New Mine Project, Phakisa shaft, Tshepong Decline Project**

**Leveraged Ounces – Bambanani, Joel, Kudu/Sable, West, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and 5, Saaiplaas 3, Evander 9, Orkney 2 and 4**





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**OPERATING AND FINANCIAL RESULTS**

(Rand/metric)

**South Africa**

**South Africa**

**Australia**

**Harmony**

**Surface**

**Total**

**Total**

**Total**

**Ore milled – t'000**

**Mar-05**

**1 533**

**4 488**

**975**

**5 463**

**Dec-04**

**1 334**

**4 935**

**981**

**5 916**

**Gold produced – kg**

**Mar-05**

**1 564**

**18 983**

**2 143**

**21 126**

**Dec-04**

**1 454**

**22 108**

**2 496**

**24 604**

**Yield – g/tonne**

**Mar-05**

**1.02**

**4.23**

**2.20**

**3.87**

**Dec-04**

**1.09**

**4.48**

**2.54**

**4.16**

**Cash operating**

**Mar-05**

**76 187**

**87 233**

**73 729**

**85 863**

**costs – R/kg**

Dec-04

80 183

79 284

60 859

77 415

**Cash operating**

**Mar-05**

**78**

**369**

**162**

**332**

**costs – R/tonne**

Dec-04

87

355

155

322

**Working revenue**

**Mar-05**

**128 104**

**1 581 937**

**177 293**

**1 759 230**

**(R'000)**

Dec-04

122 780

1 856 370

211 123

2 067 493

**Cash operating**

**Mar-05**

**119 157**

**1 655 947**

**158 002**

**1 813 949**

**costs (R'000)**

Dec-04

116 586

1 752 809

151 904

1 904 713

**Cash operating**

**Mar-05**

**8 947**

**(74 010)**

**19 291**

**(54 719)**

**profit (R'000)**

Dec-04

6 194

103 561



59 219

162 780

**Capital expenditure**

**Mar-05**

**0**

**111 612**

**44 590**

**156 202**

**(R'000)**

Dec-04

0

170 452

60 060

230 512

33

**TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS**

(Rand/metric) (unaudited)

**Quarter ended**

Quarter ended

Quarter ended

**31 March**

31 December

31 March

**2005**

2004

2004

Ore milled

t'000

**5 463**

5 916

7 770

Gold produced

kg

**21 126**

24 604

24 735

Gold price received

R/kg

**83 273**

84 031

88 277

Cash operating costs

R/kg

**85 863**

77 415

82 852

**R million**

R million

R million

Gold sales

**1 759**

2 068

2 183

Cash operating costs

**1 814**

1 905

2 049

**Cash operating (loss)/profit**

**(55)**

163

134

Other income – net

**9**

11

62

Employment termination and restructuring costs

**(171)**

(109)

(14)

Corporate, marketing, new business expenditure

**(46)**

(41)

(34)

Exploration expenditure

**(13)**

(20)

(14)

Income from associates

–

–

33

Loss on sale of ARM Ltd

**(111)**

–

–

Interest paid

**(96)**

(104)

(97)

Depreciation and amortisation

**(197)**

(216)

(251)

Provision for rehabilitation costs

**(14)**

(14)

(12)

Gain/(loss) on financial instruments

**51**

(29)

48

Profit/(loss) on foreign exchange

**21**

14

(11)

Impairment of fixed assets

**(1 513)**

–

–

**Loss before tax**

**(2 135)**

(345)

(156)

Current tax – (expense)/benefit

**(5)**

56

11

Deferred tax – benefit

**443**

12

67

**Net loss before minority interests**

**(1 697)**

(277)

(78)

Minority interests

–

–

(3)

**Net loss**

**(1 697)**

(277)

(81)

34

**TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS**

(Rand/metric) (unaudited)

**Quarter ended**

Quarter ended

Quarter ended

**31 March**

31 December

31 March

**2005**

2004

2004

Loss per share (cents)\*

– Basic loss

**(432)**

(80)

(31)

– Basic loss before

impairment

**(131)**

(80)

(31)

– Headline loss

**(107)**

(88)

(16)

– Fully

diluted loss\*\* \*\*\*

**(432)**

(80)

(31)

Dividends per share (cents)

– Interim

–

–

40

– Proposed

final

–

–

–

*Prepared in accordance with International Financial Reporting Standards.*

*\* Calculated on weighted average number of shares in issue at quarter end March 2005: 393.2 million (December 2004: 345.0 million) (March 2004: 258.4 million).*

*\*\* Calculated on weighted average number of diluted shares in issue at quarter end March 2005: 392.9 million (December 2004: 344.7 million) (March 2004: 257.0 million).*

*\*\*\* The effect of the dilution of shares is anti-dilutive.*

**Reconciliation of headline loss:**

Net loss

**(1 697)**

(277)

(81)

*Adjustments:*

– Profit on sale of assets

**(18)**

(25)

(2)

– Loss on sale of

ARM Ltd – net of tax

**111**

–

–

–

Amortisation of goodwill

–

–

42

– Impair

ment of fixed assets – net of tax

**1 182**

–

–

Headline loss

**(422)**

(302)

(41)

35

**TOTAL OPERATIONS – YEAR TO DATE FINANCIAL RESULTS**

(Rand/metric) (unaudited)

**Year to date**

Year to date

**31 March**

31 March

**2005**

2004

Ore milled

t'000

**17 943**

22 809

Gold produced

kg

**71 552**

76 754

Gold price received

R/kg

**83 450**

86 481

Cash operating costs

R/kg

**80 082**

78 370

**R million**

R million

Gold sales

**5 971**

6 638

Cash operating costs

**5 730**

6 015

**Cash operating profit**

**241**

623

Other income – net

**57**

199

Employment termination and restructuring costs

**(434)**

(41)

Corporate, marketing, new business expenditure

**(125)**

(104)

Exploration expenditure

**(57)**

(63)

Loss from associates

–

(8)

Profit on sale of Highland and High River

—

522

Profit on Australian listed investments

**4**

—

Loss on sale of ARM Ltd

**(111)**

—

Interest paid

**(300)**

(259)

Depreciation and amortisation

**(652)**

(639)

Provision for rehabilitation costs

**(42)**

(35)

Gain/(loss) on financial instruments

**23**

(113)

Gain/(loss) on foreign exchange

**34**

(93)

Impairment of fixed assets

**(1 513)**

—

**Loss before tax**

**(2 875)**

(11)

Current tax – benefit/(expense)

**34**

(90)

Deferred tax – benefit

**527**

162

**Net (loss)/income before minority interests**

**(2 314)**

61

Minority interests

—

(25)

**Net (loss)/income**

**(2 314)**

36



36

**TOTAL OPERATIONS – YEAR TO DATE FINANCIAL RESULTS**

(Rand/metric) (unaudited)

**Year to date**

Year to date

**31 March**

31 March

**2005**

2004

(Loss)/earnings per share (cents)\*

– Basic (loss)/earnings

**(656)**

15

– Basic (loss)/ear

nings before impairment

**(321)**

15

– Headline loss

**(305)**

(141)

– Full

diluted (loss)/earnings\*\*

**(656)**

15

Dividends per share (cents)

– Interim

–

40

– Pr

oposed final

–

–

*Prepared in accordance with International Financial Reporting Standards.*

*\* Calculated on weighted number of shares in issue at year ended March 2005: 352.7 million (March 2004: 240.5 million).*

*\*\* Calculated on weighted average number of diluted shares in issue at year ended March 2005: 352.7 million (March 2004: 239.2 million).*

**Reconciliation of headline (loss)/earnings:**

Net (loss)/earnings

**(2 314)**

36

*Adjustments:*

– Profit on sale of assets

**(52)**

(15)

– Loss on sale of ARM Ltd – net of tax

**111**

–

– Pr

ofit on disposal of Highland and High River – net of tax

–

(444)

– Profit on Australian listed investments

(4)

–

–

Amortisation of goodwill

–

84

– Impairment of fixed assets – net of tax

**1 182**

–

Headline loss

**(1 077)**

(339)

37

**ABRIDGED BALANCE SHEET AT 31 MARCH 2005**

(Rand)

**At 31 March**

At 31 December

At 31 March

**2005**

2004

2004

**R million**

R million

R million

**(unaudited)**

(unaudited)

(unaudited)

**ASSETS**

**Non-current assets**

Property, plant and equipment

**21 058**

22 390

14 821

Intangible assets

**2 268**

2 268

2 761

Investments

**6 531**

6 364

1 130

Investments in associates

—

—

2 604

**29 857**

31 022

21 316

**Current assets**

Inventories

**571**

550

455

Receivables

**614**

383

452

Cash and cash equivalents

**(233)**

296

2 337

**952**

1 229

3 244

**Total assets**

**30 809**

32 251

24 560

**EQUITY AND LIABILITIES**

**Share capital and reserves**

Issued capital

**25 325**

25 313

14 678

Fair value and other reserves

**(1 501)**

(2 061)

(376)

Retained (loss)/earnings

**(1 333)**

364

1 637

**22 491**

23 616

15 939

**Minority interest**

—

—

147

**Non-current liabilities**

Long-term borrowings

**2 944**

2 861

2 795

Net deferred taxation liabilities

**2 141**

2 549

2 706

Net deferred financial liabilities

**452**

529

299

Long-term provisions

**847**

825

852

**6 384**

6 764

6 652

**Current liabilities**

Payables and accrued liabilities

**1 943**

1 834

1 770

Income and mining taxes

**(18)**

27

44

Shareholders for dividends

**9**

10

8

**1 934**

1 871

1 822

**Total equity and liabilities**

**30 809**

32 251

24 560

**Number of ordinary shares in issue**

**393 231 894**

392 993 004

258 469 684

**Net asset value per share (cents)**

**5 720**

6 009

6 217

**Basis of accounting**

The unaudited results for the quarter have been prepared on the International Financial Reporting Standards (IFRS) basis. These consolidated quarterly statements are prepared in accordance with IFRS 34, Interim Financial Reporting. The accounting policies are consistent with those applied in the previous financial year.





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**OPERATING AND FINANCIAL RESULTS**

(US\$/imperial)

**Underground production – South Africa**

**Leve-**

**Quality**

**Growth**

**rated**

**Ounces**

**Projects**

**Ounces**

**Sub total**

**Ore milled – t'000**

**Mar-05**

**1,731**

**356**

**1,172**

**3,259**

Dec-04

2,003

397

1,573

3, 973

**Gold produced – oz**

**Mar-05**

**315,688**

**68,140**

**176,226**

**560,054**

Dec-04

375,399

65,020

223,642

664,061

**Yield – oz/t**

**Mar-05**

**0.18**

**0.19**

**0.15**

**0.17**

Dec-04

0.19

0.16

0.14

0.17

**Cash operating costs – \$/oz**

**Mar-05**

**397**

**476**

**559**

**457**



Dec-04

337

482

509

409

**Cash operating costs – \$/t**

**Mar-05**

**72**

**91**

**84**

**79**

Dec-04

63

79

72

68

**Working revenue (\$'000)**

**Mar-05**

**136,365**

**29,402**

**76,571**

**242,338**

Dec-04

162,543

28,152

96,937

287,632

**Cash operating costs (\$'000)**

**Mar-05**

**125,238**

**32,435**

**98,493**

**256,166**

Dec-04

126,356

31,326

113,796

271,478

**Cash operating profit (\$'000)**

**Mar-05**

**11,127**

**(3,033)**

**(21,922)**

**(13,828)**

Dec-04

36,187

(3,174)

(16,859)

16,154

**Capital expenditure (\$'000)**

**Mar-05**

**5,823**

**12,480**

**302**

**18,605**

Dec-04

8,427

17,661

2,192

28,280

**Quality Ounces – Evander Shafts, Randfontein Cooke Shafts, Target, Tshepong, Masimong**

**Growth Projects – Doornkop shaft and South Reef Project, Elandsrand shaft and New Mine Project, Phakisa shaft, Tshepong Decline Project**

**Leveraged Ounces – Bambanani, Joel, Kudu/Sable, West, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and 5, Saaiplaas 3, Evander 9, Orkney 2 and 4**

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**OPERATING AND FINANCIAL RESULTS**

(US\$/imperial)

**South Africa**

**South Africa**

**Australia**

**Harmony**

**Surface**

**Total**

**Total**

**Total**

**Ore milled – t'000**

**Mar-05**

**1,690**

**4,949**

**1,075**

**6,024**

**Dec-04**

**1,471**

**5,444**

**1,081**

**6,525**

**Gold produced – oz**

**Mar-05**

**50,294**

**610,348**

**68,903**

**679,251**

**Dec-04**

**46,737**

**710,798**

**80,235**

**791,033**

**Yield – oz/t**

**Mar-05**

**0.03**

**0.12**

**0.06**

**0.11**

**Dec-04**

**0.03**

**0.13**

**0.07**

**0.12**

**Cash operating**

**Mar-05**

**395**

**452**

**382**

**445**

**costs – \$/oz**

Dec-04

414

409

314

400

**Cash operating**

**Mar-05**

**12**

**56**

**24**

**50**

**costs – \$/t**

Dec-04

13

53

23

48

**Working revenue**

**Mar-05**

**21,354**

**263,692**

**29,553**

**293,245**

**(\$'000)**

Dec-04

20,371

308,003

35,029

343,032

**Cash operating**

**Mar-05**

**19,862**

**276,028**

**26,337**

**302,365**

**costs (\$'000)**

Dec-04

19,344

290,822

25,204

316,026

**Cash operating**

**Mar-05**

**1,492**

**(12,336)**

**3,216**

**(9,120)**

**profit (\$'000)**

Dec-04

1,027

17,181

9,825

27,006

**Capital expenditure**

**Mar-05**

**0**

**18,605**

**7,433**

**26,038**

**(\$'000)**

Dec-04

0

28,280

9,965

38,245

40

**TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS**

(US\$/imperial) (unaudited)

**Quarter ended**

Quarter ended

Quarter ended

**31 March**

31 December

31 March

**2005**

2004

2004

Ore milled

t'000

**6,024**

6,525

8,568

Gold produced

oz

**679,251**

791,033

795,239

Gold price received

\$/oz

**431**

434

407

Cash operating costs

\$/oz

**445**

400

382

**\$ million**

\$ million

\$ million

Gold sales

**293**

343

324

Cash operating costs

**302**

316

304

**Cash operating (loss)/profit**

**(9)**

27

20

Other income – net

**2**

2

8

Employment termination and restructuring costs

**(29)**

(18)

(2)

Corporate, marketing, new business expenditure

**(8)**

(7)

(5)

Exploration expenditure

**(2)**

(3)

(2)

Income from associates

–

–

5

Loss on sale of ARM Ltd

**(19)**

–

–

Interest paid

**(16)**

(17)

(14)

Depreciation and amortisation

**(33)**

(36)

(37)

Provision for rehabilitation costs

**(2)**

(2)

(2)

Gain/(loss) on financial instruments

**9**

(5)

7

Profit/(loss) on foreign exchange

**4**

–

(2)

Impairment of fixed assets

**(252)**

–

–

**Loss before tax**

**(355)**

(59)

(24)

Current tax – (expense)/benefit

**(1)**

9

2  
Deferred tax – benefit  
**74**  
2  
10  
**Net loss before minority interests**  
**(282)**  
(48)  
(12)  
Minority interests  
–  
–  
–  
**Net loss**  
**(282)**  
(48)  
(12)







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**TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS**

(US\$/imperial) (unaudited)

**Quarter ended**

Quarter ended

Quarter ended

**31 March**

31 December

31 March

**2005**

2004

2004

Loss per share (cents)\*

– Basic loss

**(72)**

(13)

(5)

– Basic loss before

impairment

**(22)**

(13)

(5)

– Headline loss

**(18)**

(15)

(2)

– Fully diluted loss\*\* \*\*\*

**(72)**

(13)

(5)

Dividends per share (cents)

– Interim

–

–

6

– Proposed final

–

–

–

*Prepared in accordance with International Financial Reporting Standards.*

*Currency conversion rates average for the quarter: March 2005: US\$1=R6.00 (December 2004: US\$1=R6.03)*

*(March 2004: US\$1=R6.77).*

*\* Calculated on weighted average number of shares in issue at quarter end March 2005: 393.2 million (December 2004: 345.0 million) (March 2004: 258.4 million).*

*\*\* Calculated on weighted average number of diluted shares in issue at quarter end March 2005: 392.9 million (December 2004: 344.7 million) (March 2004: 257.0 million).*

*\*\*\* The effect of the dilution of shares is anti-dilutive.*

**Reconciliation of headline loss:**

Net loss

**(282)**

(48)

(12)

*Adjustments:*

– Profit on sale of assets

**(3)**

(4)

–

– Loss on sale of  
ARM Ltd – net of tax

**19**

–

–

–

Amortisation of goodwill

–

–

6

– Impair  
ment of fixed assets – net of tax

**197**

–

–

Headline loss

**(69)**

(52)

(6)

42

**TOTAL OPERATIONS – YEAR TO DATE FINANCIAL RESULTS**

(US\$/imperial) (unaudited)

**Year to date**

Year to date

**31 March**

31 March

**2005**

2004

Ore milled

t'000

**19,786**

25,152

Gold produced

oz

**2,300,440**

2,467,687

Gold price received

\$/oz

**423**

385

Cash operating costs

\$/oz

**406**

349

**\$ million**

\$ million

Gold sales

**973**

951

Cash operating costs

**934**

862

**Cash operating profit**

**39**

89

Other income – net

**9**

29

Employment termination and restructuring costs

**(71)**

(6)

Corporate, marketing, new business expenditure

**(20)**

(15)

Exploration expenditure

**(9)**

(9)

Loss from associates

**-**

(1)

Profit on sale of Highland and High River

–

75

Profit on Australian listed investments

**1**

–

Loss on sale of ARM Ltd

**(18)**

–

Interest paid

**(49)**

(37)

Depreciation and amortisation

**(106)**

(92)

Provision for rehabilitation costs

**(7)**

(5)

Gain/(loss) on financial instruments

**4**

(16)

Gain/(loss) on foreign exchange

**6**

(13)

Impairment of fixed assets

**(247)**

–

**Loss before tax**

**(468)**

(1)

Current tax – (expense)/benefit

**6**

(13)

Deferred tax – benefit

**86**

23

**Net (loss)/income before minority interests**

**(376)**

9

Minority interests

–

(4)

**Net (loss)/income**

**(376)**

5

43

**TOTAL OPERATIONS – YEAR TO DATE FINANCIAL RESULTS**

(US\$/imperial) (unaudited)

**Year to date**

Year to date

**31 March**

31 March

**2005**

2004

(Loss)/earnings per share (cents)\*

– Basic (loss)/earnings

**(107)**

2

– Basic (loss)/earnings before impairment

**(52)**

2

– Headline loss

**(50)**

(19)

– Fully diluted (loss)/earnings\*\*

**(107)**

2

Dividends per share (cents)

– Interim

–

6

– Proposed final

–

–

*Currency conversion rates average for the year to date March 2005: US\$1=R6.14 (March 2004: US\$1=R6.98).*

*\* Calculated on weighted number of shares in issue at year ended March 2005: 352.7 million (March 2004: 240.5 million).*

*\*\* Calculated on weighted average number of diluted shares in issue at year ended March 2005: 352.7 million (March 2004: 239.2 million).*

**Reconciliation of headline (loss)/earnings:**

Net (loss)/earnings

**(376)**

5

*Adjustments:*

– Profit on sale of assets

**(8)**

(2)

– Loss on sale of ARM Ltd – net of tax

**18**

–

– Profit on disposal of Highland and High River – net of tax

–

**(64)**

– Profit on Australian listed investments  
**(1)**  
–  
–  
Amortisation of goodwill  
–  
12  
– Impairment of fixed assets – net of tax  
**193**  
–  
Headline loss  
**(174)**  
(49)



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**ABRIDGED BALANCE SHEET AT 31 MARCH 2005**

(US\$)

**At 31 March**

At 31 December

At 31 March

**2005**

2004

2004

**US\$ million**

US\$ million

US\$ million

**(unaudited)**

(unaudited)

(unaudited)

**ASSETS**

**Non-current assets**

Property, plant and equipment

**3,388**

3,978

2,345

Intangible assets

**365**

403

437

Investments

**1,051**

1,131

179

Investments in associates

—

—

412

**4,804**

5,512

3,373

**Current assets**

Inventories

**92**

98

72

Receivables

**99**

68

71

Cash and cash equivalents

**(38)**

53

370

**153**

219

513
<b>Total assets</b>
<b>4,957</b>
5,731
3,886
<b>EQUITY AND LIABILITIES</b>
<b>Share capital and reserves</b>
Issued capital
<b>4,074</b>
4,497
2,322
Fair value and other reserves
<b>(241)</b>
(366)
(59)
Retained (loss)/earnings
<b>(214)</b>
65
258
<b>3,619</b>
4,196
2,521
<b>Minority interest</b>
—
—
23
<b>Non-current liabilities</b>
Long-term borrowings
<b>474</b>
508
442
Net deferred taxation liabilities
<b>344</b>
453
428
Net deferred financial liabilities
<b>73</b>
94
47
Long-term provisions
<b>136</b>
147
135
<b>1,027</b>
1,202
1,052
<b>Current liabilities</b>
Payables and accrued liabilities
<b>312</b>
326
281

Income and mining taxes

**(3)**

5

7

Shareholders for dividends

**2**

2

2

**311**

333

290

**Total equity and liabilities**

**4,957**

5,731

3,886

**Number of ordinary shares in issue**

**393,231,894**

392,993,004

258,469,684

**Net asset value per share (US cents)**

**920**

1,068

984

**Basis of accounting** The unaudited results for the quarter have been prepared on the International Financial Reporting Standards (IFRS) basis. These consolidated quarterly statements are prepared in accordance with IFRS 34, Interim Financial Reporting. The accounting policies are consistent with those applied in the previous financial year. Balance sheet converted at conversion rate of US\$1 = R6.22 (December 2004: US\$1 = R5.63) (March 2004: US\$1 = R6.32).





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**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2005**

(unaudited)

**Issued**

**Fair value  
share**

**and other**

**Retained**

**capital**

**reserves**

**earnings**

**Total**

**R million**

**R million**

**R million**

**R million**

Balance at 1 July 2004

20 889

(1 186)

1 078

20 781

Issue of share capital

4 436

–

–

4 436

Currency translation adjustment and other

–

(315)

–

(315)

Net earnings

–

–

(2 315)

(2 315)

Dividends paid

–

–

(96)

(96)

**Balance at 31 March 2005**

25 325

(1 501)

(1 333)

22 491

Balance at 1 July 2003

6 874

(242)

1 996

8 628  
 Issue of share capital  
 7 804  
 –  
 –  
 7 804  
 Currency translation adjustment and other  
 –  
 (134)  
 –  
 (134)  
 Net earnings  
 –  
 –  
 36  
 36  
 Dividends paid  
 –  
 –  
 (395)  
 (395)  
**Balance at 31 March 2004**  
 14 678  
 (376)  
 1 637  
 15 939  
**Issued**  
**Fair value**  
**share**  
**and other**  
**Retained**  
**capital**  
**reserves**  
**earnings**  
**Total**  
**US\$ million**  
**US\$ million**  
**US\$ million**  
**US\$ million**  
 Balance at 1 July 2004  
 3,361  
 (191)  
 173  
 3,343  
 Issue of share capital  
 713  
 –  
 –  
 713  
 Currency translation adjustment and other  
 –

(50)	
—	
(50)	
Net earnings	
—	
—	
(372)	
(372)	
Dividends paid	
—	
—	
(15)	
(15)	
<b>Balance at 31 March 2005</b>	
4,074	
(241)	
(214)	
3,619	
Balance at 1 July 2003	
1,088	
(38)	
316	
1,366	
Issue of share capital	
1,234	
—	
—	
1,234	
Currency translation adjustment and other	
—	
(21)	
—	
(21)	
Net earnings	
—	
—	
5	
5	
Dividends paid	
—	
—	
(63)	
(63)	
<b>Balance at 31 March 2004</b>	
2,322	
(59)	
258	
2,521	

Balances translated at closing rates of: March 2005: US\$1 = R6.22 (March 2004: US\$1 = R6.32).



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**SUMMARISED CASH FLOW STATEMENT  
FOR THE NINE MONTHS ENDED 31 MARCH 2005**

(unaudited)

**Nine**

**Nine**

**Nine**

**Nine**

**months**

**months**

**months**

**months**

**ended**

**ended**

**ended**

**ended**

**31 March**

**31 March**

**31 March**

**31 March**

**2004**

**2005**

**2005**

**2004**

**US\$ million**

**US\$ million**

**R million**

**R million**

**Cash flow from operating activities**

99

(149) Cash (utilised)/generated by operations

(914)

691

22

17

Interest and dividends received

104

152

(34)

(35) Interest paid

(192)

(236)

(78)

(8) Income and mining taxes paid

(51)

(542)

9

(171) Cash (utilised)/generated by operating activities

(1 053)

65

**Cash flow from investing activities**

104  
 –  
 Cash held by subsidiaries at acquisition  
 –  
 729  
 142  
 15  
 Net additions of listed investments  
 92  
 994  
 (86)  
 (87) Net additions to property, plant and equipment  
 (536)  
 (598)  
 –  
 –  
 Other investing activities  
 1  
 –  
 160  
 (72) Cash (utilised)/generated by investing activities  
 (443)  
 1 125  
**Cash flow from financing activities**  
 (22)  
 13  
 Long-term loans raised/(repaid)  
 81  
 (155)  
 11  
 (6) Ordinary shares issued – net of expenses  
 (36)  
 78  
 (57)  
 (15) Dividends paid  
 (95)  
 (395)  
 (68)  
 (8) Cash utilised by financing activities  
 (50)  
 (472)  
 44  
 (4) **Foreign currency translation adjustments**  
 (101)  
 (68)  
 145  
 (255) Net (decrease)/increase in cash and equivalents  
 (1 647)  
 650  
 225  
 217

Cash and equivalents – 1 July

1 414

1 687

370

(38) Cash and equivalents – 31 March

(233)

2 337

Operating activities translated at average rates of: March 2005: US\$1 = R6.14 (March 2004: US\$1 = R6.98).

Closing balance translated at closing rates of: March 2005: US\$1 = R6.22 (March 2004: US\$1 = R6.32).





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**SUMMARISED CASH FLOW STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2005**

(unaudited)

**Three**

**Three**

**Three**

**Three**

**months**

**months**

**months**

**months**

**ended**

**ended**

**ended**

**ended**

**31 December**

**31 March**

**31 March 31 December**

**2004**

**2005**

**2005**

**2004**

**US\$ million**

**US\$ million**

**R million**

**R million**

**Cash flow from operating activities**

(54)

(87) Cash utilised by operations

(532)

(338)

4

7

Interest and dividends received

41

27

(10)

(12) Interest paid

(72)

(64)

—

(8) Income and mining taxes paid

(51)

—

(60)

(100) Cash utilised by operating activities

(614)

(375)

**Cash flow from investing activities**

(9)

24  
 Net proceeds on disposal of listed investments  
 149  
 (57)  
 (29)  
 (21) Net additions to property, plant and equipment  
 (129)  
 (183)  
 (38)  
 3  
 Cash (utilised)/generated by investing activities  
 20  
 (240)  
**Cash flow from financing activities**  
 3  
 10  
 Long-term loans raised  
 63  
 18  
 (6)  
 –  
 Ordinary shares issued – net of expenses  
 –  
 (36)  
 –  
 –  
 Dividends paid  
 –  
 1  
 (3)  
 10  
 Cash (utilised)/generated by financing activities  
 63  
 (17)  
 (2)  
**(4) Foreign currency translation adjustments**  
 2  
 (85)  
 (103)  
 (91) Net decrease in cash and equivalents  
 (529)  
 (717)  
 156  
 53  
 Cash and equivalents – beginning of quarter  
 296  
 1 013  
 53  
 (38) Cash and equivalents – end of quarter  
 (233)  
 296

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Operating activities translated at average rates of: March 2005 quarter: US\$1 = R6.00 (December 2004 quarter: US\$1 = R6.03).

Closing balance translated at closing rates of: March 2005: US\$1 = R6.22 (December 2004: US\$1 = R5.63).



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**RECONCILIATION BETWEEN CASH OPERATING PROFIT/(LOSS) AND CASH  
(UTILISED)/GENERATED BY OPERATIONS – PERIOD ENDED 31 MARCH 2005**

**Nine**

**Quarter**

**Quarter**

**Nine**

**months to**

**ended**

**ended**

**months to**

**31 March**

**31 March**

**31 December**

**31 March**

**2005**

**2005**

**2004**

**2004**

**R million**

**R million**

**R million**

**R million**

**Cash operating profit/(loss)**

241

(55)

163

623

Other cash items per income statement:

Other income

91

30

25

106

Employment termination and restructuring costs

(434)

(171)

(109)

(41)

Corporate, administration and other expenditure

(125)

(46)

(41)

(104)

Exploration expenditure

(57)

(13)

(20)

(63)

Provision for rehabilitation costs

(4)

(1)  
(2)  
(9)  
Cash flow statement adjustments:  
Cost of Avgold currency hedge and close out of hedges  
(146)  
(52)  
(49)  
(105)  
Profit on sale of mining assets  
(52)  
(18)  
(25)  
(14)  
Interest and dividends received  
(104)  
(41)  
(27)  
(152)  
Other non-cash items  
(59)  
(16)  
(23)  
(81)  
Effect of changes in operating working capital items:  
Receivables  
246  
(231)  
19  
544  
Inventories  
(40)  
(21)  
(32)  
29  
Accounts payable and accrued liabilities  
(471)  
103  
(217)  
(42)  
**Cash (utilised)/generated by operations**  
(914)  
(532)  
(338)  
691

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2005****Commodity contracts**

Maturity schedule of the Harmony Group's commodity contracts by type at 31 March 2005:

**30 June****30 June****30 June****30 June****2006****2007****2008****2009****Total**

Forward sales agreements

Ounces

108,000

147,000

100,000

100,000

455,000

A\$/ounce

510

515

518

518

515

Calls contracts sold

Ounces

30,000

10,000

-

-

40,000

A\$/ounce

552

562

-

-

554

138,000

157,000

100,000

100,000

495,000

These contracts are classified as speculative and the marked-to-market movement is reflected in the income statement. The mark-to-market of these contracts was a negative R225 million (US\$36 million) at 31 March 2005. These values were based on a gold price of US\$427 (A\$553) per ounce, exchange rates of US\$1/R6.2155 and A\$1/US\$0.7727 and prevailing market interest rates at the time. These valuations were provided by independent risk and treasury management experts.

**Gold lease rates**

Harmony holds certain gold lease rate swaps which were acquired through its acquisition of New Hampton. These instruments are all treated as speculative. The mark-to-market of the above contracts was a positive R500 000 (US\$85,000) at 31 March 2005, based on valuations provided by independent treasury and risk management experts. During the March quarter, Harmony closed out the lease rate swaps which were inherited through the acquisition of Hill 50.

**Interest rate swaps**

The Group has interest rate swap agreements to convert R600 million of its R1.2 billion fixed rate bond to variable rate debt. The interest rate swap runs over the term of the bond, interest is received at a fixed rate of 13% and the company pays floating rate based on JIBAR plus a spread ranging from 1.8% to 2.2%.

These transactions which mature in June 2006 are designated as fair value hedges. The marked-to-market value of the transactions was a negative R43 million (US\$7 million) at 31 March 2005, based on the prevailing interest rates and volatilities at the time.

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**Currency contracts**

**30 June**

**30 June**

**2005**

**2006**

**Total**

Forward exchange contracts

US\$ million

21

40

61

Average strike ZAR/US\$

9.31

9.54

9.46

(Buy US\$, sell ZAR at the agreed exchange rate)

Forward exchange call contracts sold

US\$ million

21

40

61

Average strike ZAR/US\$

9.31

9.54

9.46

(Sell US\$, buy ZAR at the agreed exchange rate)

Harmony inherited these contracts with the acquisition of Avgold. The contracts are classified as speculative and the mark-to-market movement is reflected in the income statement.

The mark-to-market of these contracts was a negative R185 million (US\$30 million) at 31 March 2005. These values were based upon an exchange rate of US\$1/R6.2155 and prevailing market interest rates at the time. Independent risk and treasury management experts provided these valuations.

**Z B Swanepoel**

**N V Qangule**

*Chief Executive*

*Financial Director*

Virginia

22 April 2005

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**DEVELOPMENT RESULTS**

(metric)

**Quarter ended 31 March 2005**

**Channel**

**Channel**

**Reef**

**Sampled**

**width**

**value**

**Gold**

**metres**

**metres**

**(cm's)**

**(g/t)**

**(cmg/t)**

**Randfontein**

VCR Reef

844

845

63

33.67

2,123

UE1A

990

746

116

11.30

1,316

E8 Reef

192

163

218

3.83

834

Kimberley Reef

606

417

173

4.98

864

South Reef

0

0

0

0

0

**All Reefs**

**2,632**

**2,171**

**114**

**13.20**

**1,507**

**Free State**

Basal

989

934

80

12.29

980

Leader

594

528

155

5.21

805

A Reef

404

372

131

4.09

536

Middle

117

144

186

7.68

1,427

B Reef

479

453

85

15.59

1,325

**All Reefs**

**2,583**

**2,431**

**111**

**8.68**

**965**

**Evander**

Kimberley Reef

2,038

1,758

77.46416

14.74

1,142

**Elandskraal**

VCR Reef

166

144

72

18.78

1,351

**Orkney**

Vaal Reef

66

0

0

0

0

VCR

0

0

0

0

0

**Target**

Elsburg

525

324

252

7.60

1,914

**Freegold JV**

Basal

1,457

1,378

56

28.57

1,594

Beatrix

305

297

87

15.49

1,343

Leader

23

21

173

8.16

1,411

B Reef

0

26

93

3.40

316

**All Reefs**

**1,785**

**1,722**

**63**



**24.23**

**1,529**

52

**DEVELOPMENT RESULTS**

(imperial)

**Quarter ended 31 March 2005**

**Channel**

**Channel**

**Reef**

**Sampled**

**width**

**value**

**Gold**

**feet**

**feet**

**(inches)**

**(oz/t)**

**(in.oz/t)**

**Randfontein**

VCR Reef

2,770

2,772

25

0.98

24

UE1A

3,249

2,448

46

0.33

15

E8 Reef

629

535

86

0.12

10

Kimberley Reef

1,987

1,368

68

0.15

10

South Reef

0

0

0

0.00

0

**All Reefs**

**8,634**

**7,123**

**45**

**0.38**

**17**

**Free State**

Basal

3,244

3,064

31

0.36

11

Leader

1,950

1,732

61

0.15

9

A Reef

1,325

1,220

52

0.12

6

Middle

384

472

73

0.22

16

B Reef

1,572

1,486

33

0.46

15

**All Reefs**

**8,475**

**7,976**

**44**

**0.25**

**11**

**Evander**

Kimberley Reef

6,686

5,768

30

0.44

13

**Elandskraal**

VCR Reef

546

472

28

0.55  
16  
**Orkney**  
Vaal Reef  
217  
0  
0  
0.00  
0  
VCR  
0  
0  
0  
0.00  
0  
**All Reefs**  
**217**  
**0**  
**0**  
**0**  
**0**  
**Target**  
Elsburg  
1,722  
1,063  
99  
0.22  
22  
**Freegold JV**  
Basal  
4,780  
4,521  
22  
0.83  
18  
Beatrix  
1,000  
974  
34  
0.45  
15  
Leader  
75  
69  
68  
0.24  
16  
B Reef  
0  
85  
37

0.10  
4  
**All Reefs**  
**5,855**  
**5,650**  
**25**  
**0.70**  
**18**





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**CONTACT DETAILS**

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Z B Swanepoel (Chief Executive)

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Dr D S Lushaba\*, R P Menell\*, M Motloba\*, Dr M Z Nkosi\*

M F Pleming\*, N V Qangule, C M L Savage\*

(\*non-executive)

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*Executive – Investor Relations*

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**United Kingdom Registrars**

Capita Registrars

The Registry

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Telephone: +1888-BNY ADRS  
Fax: +1 212 571 3050

**Trading Symbols**

JSE Securities Exchange South Africa HAR  
New York Stock Exchange, Inc.

HMY

London Stock Exchange plc

HRM

Euronext Paris

HG

Euronext Brussels

HMY

Berlin Stock Exchange

HAM1

**Registration number** 1950/038232/06

Incorporated in the Republic of South Africa

**ISIN:** ZAE000015228

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**NOTES**

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**NOTES**





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**NOTES**







**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 29, 2005

Harmony Gold Mining Company Limited

By:

/s/ Frank Abbott

Name: Frank Abbott

Title: Chief Financial Officer