

HARMONY GOLD MINING CO LTD

Form 6-K

February 02, 2007

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 second quarter ending 31 December 2006

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

SHAREHOLDER INFORMATION

Issued ordinary share capital at 31 December 2006

398 678 500

MARKET CAPITALISATION

At 31 December 2006 (ZARm)

R44 333.04

At 31 December 2006 (US\$m)

US\$6 279.19

HARMONY ORDINARY SHARE AND ADR PRICES

12 month high (1 January 2006 – 31 December 2006)

R123.00

12 month low (1 January 2006 – 31 December 2006)

R76.00

12 month high (1 January 2006 – 31 December 2006)

US\$18.84

12 month low (1 January 2006 – 31 December 2006)

US\$11.90

FREE FLOAT

100%

ADR RATIO

1:1

JSE LIMITED

HAR

Range for the quarter

R100.59 – R111.20

Average volume for the quarter

1 096 055 shares per day

NEW YORK STOCK EXCHANGE, INC

HMY

Range for the quarter (closing prices)

US\$13.44 – US\$15.75

Average volume for the quarter

1 108 868 shares per day

NASDAQ

HMY

Range for the quarter (closing prices)

US\$13.44 – US\$15.75

Average volume for the quarter

1 727 352 shares per day

QUARTERLY HIGHLIGHTS

Development metres up by 11.6%

Australian hedge book reduced by 50 000oz

A two-year Conops agreement with labour union concluded

Headline earnings 44 SA cents per share

Conversion of Western Areas shares into Gold Fields shares at a profit before tax of R5.25 per share

FINANCIAL SUMMARY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2006

Quarter

Quarter

Q-on-Q

Quarter Financial year

December 2006

September 2006

% change

December 2005

2006

Unaudited

Unaudited

Unaudited

Audited

Gold produced

– kg

18 724

19 472

(3.8)

20 316

38 196

– oz

601 999

626 036

(3.8)

653 171

1 228 035

Cash costs

– R/kg

104 132

97 538

(6.8)

83 154

100 770

– \$/oz

442

425

(4.0)

396

433

Cash operating profit
 – Rm
 755
 891
 (15.3)
 389
 1 646
 – US\$m
 103
 124
 (16.9)
 59
 228
 Cash earnings
 – SA c/s
 190
 225
 (15.5)
 99
 415
 – US c/s
 26
 31
 (16.1)
 15
 57
 Basic profit
 – SA c/s
 118
 70
 68.6
 6
 188
 – US c/s
 16
 10
 60.0
 1
 26
 Headline profit/(loss)
 – SA c/s
 44
 66
 (33.3)
 (75)
 110
 – US c/s
 6
 9
 (33.3)
 (12)

15

Fully diluted earnings

– SA c/s

116

69

68.1

6

185

– US c/s

16

10

60.0

1

26

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REVIEW FOR SECOND QUARTER AND SIX-MONTH INTERIM
PERIOD ENDED 31 DECEMBER 2006

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CHIEF EXECUTIVE'S REVIEW

Harmony is and has always been about value creation. Our strategy over the last 10 years may have had different applications, as changing market conditions may have dictated, but we have stayed true to our overarching objective of building a world-class gold mining company. A company that is passionately driven to create more value in everything we do than any of our competitors. Allow me to expand a little on the above, by tracing the thread of Harmony's value creation in each of the following scenarios:

By creating and applying a business model that enabled us to reduce cost per tonne on new acquisitions, we turned around the original Harmony and successfully acquired the "throwaway" South African assets of AngloGold Ashanti, JCI, Gengold and Gold Fields. In so doing we upgraded and expanded our reserve base.

Being contrarian, we pursued an acquisition strategy in South Africa when no one else did. The result? Unbelievably cheap mining assets. Even more exciting, extraordinarily cheap (in some cases "free") projects.

When the acquisition game no longer presented value, as it inevitably would, we shifted the focus to unlocking latent value from the cheaply acquired projects. The skills required to develop these projects into new mines and bring them on stream are substantial as is the commitment required to the long time horizon and significant capital expenditure. We truly believe that this is the foundation of Harmony of the future, so we have invested in building capacity which can handle major projects both in South Africa and PNG.

Integral to mine design and construction is exploration, thus it is no surprise that we found ourselves taking the next logical step into exploration. How do you create value in exploration? In PNG alone we have created potentially over a billion dollars worth of value by confirming and enhancing gold ounces and copper pounds within our lease areas. What has the strategy of value creation we have pursued over the last 10 years rendered to us today? A world-class gold mining company with:

a portfolio of assets of mixed quality in mining-friendly countries;

the best and lowest cost project pipeline;

the largest resource base in the world of gold mining.

Our value creation strategy remains our "True North". Whatever the prevailing market conditions, we look for the opportunity to create value. We don't see the value creation opportunity in the current crazy phase of consolidation with assets fetching ridiculous prices. On the contrary, not pursuing value-destroying acquisitions has allowed us to address the challenge of unlocking value in our existing assets.

Value creation applied to our existing assets means the following:

More consistent performance. This is progressing well as is evident from the further significant improvements in our development rates.

Upgrading our portfolio. This is continuing as we make headway with our new mines. During the last six years we have invested significantly in our existing and future ore bodies and we are now at the exciting point where we can start harvesting the benefits. Over the next four years we will bring some 1,5 million quality low-cost ounces on stream. With the parallel strategy of reducing our exposure to some of our existing lower quality, higher cost or shorter life assets, we will complete the transformation of Harmony into a world-class gold company. The current cycle of operational planning will form the basis by which we will determine whether an asset or shaft fits the profile of the company we want to be. The Internal Harmony Improvement Platform (HIP) as well as the cleaning up of our non-mining portfolio, through the Harmony of Tomorrow (HOT) initiative, dovetails perfectly with the overall strategy. However, in the shorter term, we experienced mixed fortunes at our operations during the second quarter ending December 2006. Our leveraged assets posted sound operational and financial results through increased tonnages and good cost containment. The growth assets – lead by a strong performance from the Elandsrand new mine project – delivered solid production, higher grades and good cost control. Most of our quality assets, on the other hand, reported lower performance for the quarter with reduced tonnages, lower yields and therefore higher unit cash costs, despite good cost containment.

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“The Group’s higher unit costs for the quarter are a result of lower yields from most of our quality mines and are frustrating at a time when we are harnessing all efforts to reduce costs. Over the next six months, we will continue to develop at these significantly higher levels in order to create sufficient available face length which will not only enable us to increase grades by some 10% to 15%, but will also put us in a position where we will have more consistent production results. This should enable us to reduce unit costs and improved performance.”

Harmony’s cash operating profit declined by 15.3% to R755 million (R891 million). Headline earnings for the December 2006

quarter decreased to 44 cents per share compared with 66 cents per share for the September 2006 quarter.

Our South African underground operations reported a decrease in production of 4%. Recovery grades declined by 4.4% from

5.0g/t in the previous quarter to 4.8g/t in the December 2006 quarter contributing to a higher cash operating cost of R104 056/kg (R98 302/kg).

Yields decreased by 5.1% to 2.43g/t during the December 2006 quarter at our Australian operations and production was 7.9%

lower from 2 049kg to 1 888kg.

Harmony experienced a busy quarter with a number of corporate financial activities taking place. At the beginning of the

quarter, Harmony sold the entire infrastructure of Randfontein No. 4 shaft for a total consideration of R55 million.

On 1 December 2006, Harmony accepted Gold Fields’ offer of 35 GFI shares for every 100 Western Areas shares held.

Harmony

had acquired the 29.2% stake (44 985 939 shares) in Western Areas at a cost of R44.23 per share on 9 March 2006.

The investment was carried at fair value of R42.01 per share in Harmony’s books. The proceeds on the share conversion amounts

to R47.26 per Western Areas share, resulting in a profit before tax of R5.25 per Western Areas share.

During the December 2006 quarter, Harmony settled 50 000 ounces of hedged forward positions at a cost of R82.9 million

(A\$14.7 million). Another 42 000 ounces will be settled in the March 2007 quarter.

Hidden Valley and Westpac Bank PNG Ltd concluded a US\$31 million fleet financing facility and a master lease agreement has

been signed. The funding is available for a period of five years after delivery of the equipment. The facility will carry interest at

Libor plus 1.25% until 95% of budgeted production is reached, thereafter the rate will decrease to Libor plus 0.80%.

A 15% deposit on all equipment ordered is payable, with the remaining portion funded by the lease agreement.

The positive labour relations with our union, NUM, has led to a two-year Conops agreement being signed for all Harmony’s

mines where

Conops

is implemented and an undertaking was received that the union would support our application to the

Minister of Mines for permission to work on Sundays.

Last year, Harmony launched the HOT strategy which examines ways and methods of turning liabilities or under-utilised assets

into immediate or future value for all stakeholders. The disposal of the Randfontein No. 4 shaft surface infrastructure and shaft

is a good example. We are also in advanced negotiations with regards to the disposal of Deelkraal’s surface infrastructure. These

unused assets typically sit in our books as significant closure liabilities. The HOT concept has, so far, been implemented in five

business areas, namely property, exploitation of by-products, water, rehabilitation and intellectual property. Initial results of HOT have illustrated that the areas with the potential for quick savings are the property and by-product exploitation businesses. To this end, we have incorporated a property as well as a rehabilitation company to accelerate the cost-saving process and realise value. We are fast-tracking the capex to increase our gravity recovery circuits at most of our South African plants in order to increase our osmiridium recovery and further reduce our treatment costs. We have also finalised a detailed plan to include uranium in our resource declaration by June 2007. A drilling programme running concurrent with the Mega Dump pre-feasibility programme has commenced to confirm both gold and uranium values. Harmony anticipates that approval of a number of surface prospecting licenses will be obtained in the short term. The HIP was successfully implemented across all our South African operations. HIP is aimed at addressing the improvement of efficiencies throughout the group through the implementation of best practices as well as new ideas to reduce costs and improve performance. This can be seen as the logical extension of our Services Transformation Project (STP) through which we have, over the last 18 months, significantly improved internal service levels and achieved audited savings of just over R200 million.

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Real benefits associated with the HIP programme are already evident at Masimong, Brand, Unisel and St Helena from more efficient mining and productivity.

Net annualised value of the ideas currently being implemented is slightly more than R400 million. Over the next 12 months we should be in a better position to evaluate our conversion rate from idea to real improvements or savings, both in terms of quantum and time it takes to realise benefits.

SAFETY AND HEALTH REPORT

Three Harmony mines achieved One Million Fatality Free shifts.

Four Harmony mines achieved 500 000 Fatality Free shifts.

Improvements to Wau Health Centre in PNG completed.

Fatality injury rate (per million hours worked)

Harmony's South African operations reported a 27.0% decrease in the Fatality Injury Frequency Rate (FIFR) from 0.26 to 0.19

during the second quarter under review.

Harmony achieved its best safety results on record during the December quarter when three of our South African mines each

achieved One Million Fatality Free Shifts. Unisel, St Helena and Brand mines were the proud achievers. In addition, four other

South African mines, including Evander, Masimong, Doornkop and Bambanani, each achieved half a million fatality free shifts.

Notwithstanding this safety improvement, regrettably four employees lost their lives in separate incidents at the South African operations.

Over the past quarter Harmony intensified its safety drive and the group saw marked reductions in Lost Time Injury Frequency

Rates (LTIFR) as well as Shifts Lost Frequency Rates (SLFR).

The LTIFR for the Australian operations is at 3.1 which is below the mining industry average of 4.2 and the Australian gold

industry average of 3.9. Unfortunately LTIs occurred at Mt Marion underground mine and at the Checker Treatment Plant in

Mt Magnet which brought to an end a 2.7-year LTI free period at Mt Marion and a seven-year LTI free period at Checker

Treatment Plant.

At the Wau Health Centre in PNG, work to improve the centre's condition and create a voluntary counselling and testing facility

for HIV/AIDS was completed. The initiative has engendered positive support from the community for Harmony.

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THE SECOND QUARTER ENDED DECEMBER 2006 UNDER REVIEW

Tonnes Milled

The Group's South African underground operations delivered a stable performance in terms of tonnes milled, totalling 3 361Mt

(3 351Mt) for the December 2006 quarter.

Recovery Grades

Good grade performance was achieved at most of our operations, but Tshepong, Masimong and Evander all reported lower

recovery grades. Grades from the South African operations decreased by 4.4% to 4.8g/t (5.0g/t); surface mining grades

decreased by 7.9% and the grades from the Australian operations were also lower by 5.1%.

Cost Control

The Group's R/t costs were well contained at R372/t (R376/t), despite a significant increase in development. Gold production

was, however, lower due to a decrease in recovery grade, resulting in higher unit costs of R104 132/kg (R97 538/kg).

Development

Q-on-Q

Total Metres '000

	December 2006	September 2006
% Variance		
Quality	23.7	22.1
Growth	5.7	6.5
Leverage	14.0	10.3
Total	43.4	38.9
	11.6	

% Variance

Quality

23.7

22.1

7.2

Growth

5.7

6.5

(12.3)

Leverage

14.0

10.3

35.9

Total

43.4

38.9

11.6

Harmony's programme to improve flexibility at its mines continued unabated. The lower development result for the Growth

assets (illustrated above) is due to a reduction from 4.4km to 3.2km made at Elandsrand due to a fraudulent over-measurement

in the previous quarter.

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

Q-on-Q

	December 2006	September 2006
% Variance		
Production	18 724	19 472
	(3.8)	

% Variance

Production

- kg

18 724

19 472

(3.8)

Production

– oz	
601 999	
626 036	
(3.8)	
Revenue	
– R/kg	
144 467	
143 283	
0.8	
Revenue	
– US\$/oz	
613	
625	
(1.9)	
Cash cost	
– R/kg	
104 132	
97 538	
(6.8)	
Cash cost	
– US\$/oz	
442	
425	
(4.0)	
Exchange rate	
– US\$/ZAR	
7.32	
7.14	
2.5	
Cash Operating Profit and Margin	
December 2006	September 2006
Cash operating profit (Rm)	
755.3	
891.0	
Cash operating profit margin (%)	
27.9	
31.9	
P	
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Quarter on quarter cash operating profit variance analysis

Cash operating profit – September 2006

R891.0 million

– volume change

–

– working cost change

(R50.5) million

– recovery grade change

(R106.3) million

– gold price change

R21.1 million

– net variance

(R135.7) million

Cash operating profit – December 2006

R755.3 million

Analysis of earnings per share

Quarter ended

Quarter ended

Earnings per share (SA cents)

December 2006

September 2006

Cash earnings

190

225

Basic earnings

118

70

Headline earnings

44

66

Fully diluted earnings

116

69

Reconciliation between basic earnings and headline loss

Quarter ended

Quarter ended

Headline earnings per share (SA cents)

December 2006

September 2006

Basic earnings

118

70

Profit on sale of property, plant and equipment

(19)

(4)

Booked profit on conversion of Western Areas shares

(55)

–

Headline earnings

44

66

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CAPITAL EXPENDITURE

During the Group's second quarter, total capital expenditure amounted to R571 million. This is R6 million lower than the

September quarter's R577 million.

All five of the Group's Growth projects continue to report good progress. This is despite the fact that Tshepong Sub 66 project

continued to encounter poor ground conditions, necessitating additional safety measures resulting in slower than planned

progress.

At Hidden Valley the resource definition drilling programme for Hamata started in October and initial results are encouraging.

Operational Capex

Actual

Actual

Forecast

September 2006

December 2006

March 2007

Rm

Rm

Rm

South African Operations

307

303

275

Australasian Operations

40

42

60

Total Operational Capex

347

345

335

Project Capex

Capital invested

to date

Rm

Doornkop South Reef

53

57

53

441

Elandsrand New Mine

35

32

36

509

Tshepong North Decline

16

16

16

215

Phakisa Shaft

53

62

59

448

PNG

73

59

190

227

Total Project Capex

230

226

354

1 840

Total Capex

577

571

689

1 840

UPGRADING OUR PORTFOLIO OF ASSETS TO WORLD-CLASS STATUS

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Cash position

Harmony Group cash reconciliation for December 2006

(R'million)

Cash and equivalents on 30 September 2006

867.7

Operational

(25.7)

Operating profit

755.3

Capex – net

(337.2)

Development cost capitalised

(234.1)

Corporate/Exploration expenditure

(122.6)

Employment termination, restructuring and care and maintenance costs

(19.5)

Interest paid

(103.4)

Movement in working capital

(8.0)

Movement in accrued liabilities

36.1

Other items

7.7

Other

61.8

Net sundry revenue

121.2

Foreign exchange losses

(42.8)

Shares issued – net of expenses

66.3

Australian hedges close outs

(82.9)

Cash and equivalents on 31 December 2006

903.8

Of significance in the cash reconciliation for the December quarter is the R8 million in Movement in Working Capital which

comprises: Harmony's gold receivables decrease amounting to R76.5 million; increases in insurance pre-payments and claims

was R91.2 million; the receivables for the sale of Randfontein 4 shaft was R55 million; increases in trade creditors totalled

R42.7 million, and other working capital changes (includes inventories) amounted to R19.1 million.

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OPERATIONAL REVIEW

South African Operations

Quarterly profit comparison for operations

OPERATION

WORKING PROFIT (Rm)

VARIANCES (Rm)

Dec-06

Sep-06

Variance

Volume

Grade

Price

Costs

South African operations

Quality ounces

357.5

580.8

(223.3)

(84.4)

(122.8)

3.6

(19.8)

Growth ounces

84.5

37.3

47.2

0.7

54.8

2.3

(10.5)

Leverage ounces

203.8

141.0

62.8

69.2

(13.5)

3.9

3.2

Surface operations

49.6

38.8

10.8

22.3

(10.4)

(6.4)

5.4

Australasian operations

59.9

93.1

(33.2)

(7.8)

(14.4)

17.7

(28.8)

Total Harmony

755.3

891.0

(135.7)

–

(106.3)

21.1

(50.5)

Quality operations

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

Q-on-Q

December 2006	September 2006
---------------	----------------

December 2005	
---------------	--

% Variance

U/g tonnes milled

('000)

1 561

1 665

1 574

(6.2)

U/g recovery grade

(g/t)

5.09

5.64

6.10

(9.7)

U/g kilograms produced

(kg)

7 953

9 392

9 604

(15.3)

U/g working costs

(R/kg)

99 318

81 992

74 725

(21.1)

U/g working costs

(R/tonne)

506

463

456

(9.3)

Tshepong Mine

Tshepong's tonnes milled declined from last quarter's record levels by 8.4% to 420 683 tonnes (459 115 tonnes) quarter on

quarter due mainly to a 5.4% decrease in area mined and fewer milling shifts in December.

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Average Mining Grade for the quarter was lower at 1 365 cmg/t (1 472 cmg/t) resulting in a 1g/t decrease of broken grade

which impacted negatively on recovered grade. Grade fell from 6.6g/t to 5.6g/t, resulting in a 15.4% drop in gold produced to

2 353.5kg (3 036.5kg).

Lower tonnes together with lower grades resulted in 34.9% higher cost per kilogram to R88 619/kg (R65 656/kg).

Costs per

tonne increased by 14% to R496 (R434) due to tonnage targets not being achieved.

A disappointing quarter, but with real prospects that this operation should recover in the next quarter.

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Target Mine

Target's tonnages milled declined by 9.6% to 189 400 tonnes (209 600 tonnes) for the quarter, after being affected by both

loader and dump-truck availability as well as the increased distances for tramming waste rock from development areas. Large

rocks in the older massive stopes which resulted in decreased loading rates and the need for significant secondary blasting,

further impacting on volumes.

Total unit costs increased by 80% to R72 581/kg (R40 350/kg) due to Target's high fixed costs and the lower volumes for the quarter.

Grade decreased by 3.7% to 5.2g/t (5.4g/t) ascribed to a 15% dilution resulting from anomalies occurring in three massive

stopes mined in the quarter. One of the stopes is being mined between two backfilled stopes, the other is a pillar adjacent to

Nos. 1, 2, 6 and 7 stopes that has holed into the gathering drive above and the third is being mined below a destress cut which

collapsed into the massive stope. Excessive dilution and the inability to achieve the right mix impacted on grade.

Mining will

move to new stopes for the March quarter.

In addition to operational challenges, Target is also one of our operations faced with remuneration pressures to retain skilled staff.

Masimong Mine

Development at Masimong rose by 10.5%, reaching record levels in December. Tonnes milled decreased by 4.4% to 238 000 tonnes (249 000 tonnes), as a result of increased waste being trammed and hoisted due to higher development tonnages and yields fell by 14.8% to 4.4g/t (5.2g/t).

Working costs were well contained, but costs per kilogram were 23% higher R118 307 (R96 209). Mud loading and inadequate

control of water into the ore passes is affecting Masimong's grade. New plans and methods are being put in place and improvements should be evident in the next quarter.

Evander

Tonnes milled at Evander were 6.7% lower at 375 000 (402 000). Higher development rates and waste treated as reef, resulted

in a flat yield of 4.5g/t (4.6g/t) and higher unit costs of R115 082/kg (R106 724/kg).

Evander experienced ventilation problems and No. 7 shaft continues to be affected by the footwall sill that replaced the reef

in certain areas. However, the ledging in raises which had been delayed previously is progressing well and stores and overhead

costs were well contained.

Randfontein operations

At Randfontein tonnes milled decreased by 2% to 337 925 tonnes (344 865 tonnes). The drop in volumes is associated with a

reduction in channel widths for the December production month.

Flexibility remains a challenge, but volume improvements are anticipated for the next quarter due to significant improvements

in development metres.

Randfontein's significant cost saving of R10.4 million resulted in improved unit cost of R569/t (R587/t). Cash cost per kg was 4.5%

up to R101 972/kg (R97 619/kg) due to a lower grade of 5.6g/t (6.0g/t), resulting in a 18.9% reduction in quarterly contribution

to profits.

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Leveraged operations

Shafts included under this section are Bambanani, Joel, West Shaft, St Helena, Harmony, Merriespruit, Unisel, Brand and Orkney.

Q-on-Q

December 2006	September 2006	December 2005
---------------	----------------	---------------

% Variance

U/g tonnes milled

('000)

1 401

1 288

1 252

8.8

U/g recovery grade

(g/t)

4.20

4.27

4.88

(1.6)

U/g kilograms produced

(kg)

5 885

5 497

6 113

7.1

U/g working costs

(R/kg)

109 427

117 741

90 074

7.1

U/g working costs

(R/tonne)

460

503

440

8.5

Our leveraged assets reported a much improved quarter, with volumes up by 9% to 1 401 tonnes (1 288 tonnes).

Mines reporting outstanding results included, Merriespruit with improved reef development, higher tonnages and belt grade

improvements, Bambanani had its best quarter in years on the back of improved flexibility and Orkney produced sound profits

for the quarter.

SA surface operations (includes Kalgold)

Q-on-Q

December 2006	September 2006	December 2005
---------------	----------------	---------------

% Variance

Surface tonnes milled

('000)

1 097

905

938

21.2
Surface recovery grade
(g/t)

0.70

0.76

0.99

(7.9)

Kilograms produced

(kg)

770

692

926

11.3

Working costs

(R/kg)

79 000

95 750

89 849

17.5

Working costs

(R/tonne)

55

73

89

24.7

Kalgold

Tonnages at Kalgold were slightly lower than the previous quarter. The plant continued to operate at maximum throughput.

Grade increased by 7.5%, offsetting cost increases of 3% when compared with the previous quarter.

Tonnages from the pit remained low due to poor availability of key mining equipment resulting in two months' slippage in

finishing the final cut-back. Despite the backlog of waste tonnage in D-Zone Pit, the lower grade from A-Zone Pit has continued to augment feed to the mill.

Project Phoenix

This project did well and was able to deliver R11 million in working profit. An additional R6 million capex was approved to

increase capacity from 400 000 to 500 000 tonnes by upgrading the CIL tanks and the residue disposal system.

Current quarter performance

December 2006

Actual

Tonnes treated

(R'000)

396

Recovered grade

g/t

0.278

Kilograms recovered

110

Working profit

(R'000)

10 763

Working cost

(R/tonne)

12.87

Working cost

(R/kilogram)

46 202

P

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AUSTRALIAN OPERATIONS

Highlights

South Kal Mine increased mined ounces by 30%

Mt Magnet open pits increased production by 50%

Continued success in delineating the Shirl underground resource

Drilling success at Golden Stream and Eastern Jaspilite open pit prospects

Hedge book reduced by further 50 000oz

Australian Operations

Q-on-Q

December 2006	September 2006	December 2005	% Variance
---------------	----------------	---------------	------------

Tonnes milled

('000)

777

799

781

(2.8)

Recovery grade

(g/t)

2.43

2.56

2.45

(5.1)

Kilograms produced

(kg)

1 888

2 049

1 917

(7.9)

Working costs

(R/kg)

115 024

91 914

80 820

(25.1)

Working costs

(R/tonne)

279

236

198

(18.2)

The Australian operations generated an operating profit of A\$10.6 million, 37% down compared with A\$16.9 million in the

previous quarter, primarily due to a 7.8% decrease in gold production from 65 877oz in the September quarter to 60 707oz for

this quarter. The decrease in financial performance was primarily due to shortfalls in tonnage and grade under performance at

Hill 50 and St George underground mines at Mt Magnet.

During the quarter, 50 000 ounces of hedged forward positions were settled at a cost of A\$14.7 million. These out-of-the-

money hedge positions, inherited with the acquisition of Hill 50 Gold NL, had an average strike price of A\$518. The negative

marked-to-market valuation of the remaining hedge commitments at quarter-end amounted to A\$87.3 million, based on an

A\$ spot price of A\$801/oz. During the March quarter an additional 42 000 ounces of hedged positions will be settled.

Closure

costs of these positions at current prices should amount to some A\$12 million.

Mount Magnet

Mt Magnet operations produced 35 242oz of gold (46 220oz) for December, from milling of 462 446 tonnes (435 885 tonnes).

This resulted in a lower cash operating profit of A\$5 million (A\$14 million), primarily due to shortfalls in tonnage and grade

performance at both underground mines. Capital expenditure amounted to A\$2.4 million for the quarter.

Underground production dropped to 19 643oz in the current quarter (32 181oz), from the milling of 110 635 underground

tonnes (151 184 tonnes) at 5.5g/t compared with 6.6g/t milled in the previous quarter. Open pit production increased significantly from 9 351oz in the September quarter to 14 279oz in the December quarter, from the milling of 307 372 tonnes

at 1.44g/t compared to 100 307 tonnes at 2.90g/t milled in the previous quarter.

Mt Magnet purchased the Western Queen South prospect from Dalgaranga JV (AXG Mining and Equigold). The acquisition will

provide 160 000 tonnes at 4.3g/t Au for 19 000 recovered ounces to the Mt Magnet open pit operations. The mine plan calls

for gold production from Western Queen South to commence in May 2007 and will continue until September 2007.

Cash costs

are expected to be A\$560/oz.

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South Kal Mines

During the December quarter, South Kal Mines produced 25 465oz of gold (19 664oz) from the milling of 314 722 tonnes of ore at an average head grade of 2.52g/t. This resulted in an increased cash operating profit of A\$5.6 million compared with A\$2.9 million in the previous quarter. Capital increased from A\$3.6 million to A\$5.1 million, predominantly as a result of the HBJ open pit cutback capital project commencing and reaching planned activity levels. Mill throughput was slightly less than the previous quarter due to mill availability being affected by repairs to one of the leach tanks and several power outages caused by severe thunderstorms in the area. Throughput was also hampered by problems with treating the clay rich Shirl Open Pit ore. Gold recoveries through the Jubilee Process Plant have improved and increased production from Mt Marion underground mine again resulted in increased high grade feed to the processing plant compared with the previous quarter.

GROWTH PROJECTS

R/kg costs improved by 13.5%

Yield increased by 20.5% to 5.58g/t

Phakisa surface infrastructure nearing completion

Exploration drilling at Doornkop commenced

Growth projects production performance (Doornkop and Elandsrand)

Q-on-Q

December 2006	September 2006	December 2005	% Variance
---------------	----------------	---------------	------------

U/g tonnes milled

('000)

399

398

312

—

U/g recovery grade

(g/t)

5.58

4.63

5.63

20.5

U/g kilograms produced

(kg)

2 228

1 842

1 756

21.0

U/g working costs

(R/kg)

106 782

123 439

104 188

13.5

U/g working costs
(R/tonne)

596

571

586

(4.4)

All five of the Group's Growth projects continue to report good progress. Tshepong Sub 66 project, continues to encounter poor

ground conditions necessitating in additional safety measures and resulting in slow progress being made.

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Doornkop South Reef Capital Project

Project Overview

Further progress was made with station development on 202, 205, 207 and 212 levels with a total of 10 956 cubic metres

excavated. Access development continued on 192 and 197 levels with 567 metres excavated. On level 192, secondary development advanced by 198 metres.

Shaft sinking operations progressing well: the station on 192 level was cut and lined, 15 metres of the main shaft was sunk

below 192 level and the last portion of shaft to 197 level was removed by end January 2007. On level 212 where dual sinking

continued, 11.4 metres was cut below the loading station elevation with the remaining 17 metres blasted to shaft bottom by

end January 2007.

The updated schedule provides for the main shaft to be partially commissioned to 192 level by May 2007. Exploration drilling

started with the first three holes having been drilled.

Annual Capital Expenditure Profile

Table (Rm)

2003

2004

2005

2006

2007

2008

2009

2010

Total

Actual sunk

13

98

114

147

110

482

Forecast

107

214

161

139

621

Total

13

98

114

147

217

214

161

139

1 103

Project Financials

Gold price (Kg)

R105 000

NPV (million)

R892 (@7.5%)

IRR (%)

50

Envisaged costs (Average at full production)

– R/tonne

R397

– R/kg

R60 944

– \$/oz

\$292/oz

1st production

July 2007

Full production

December 2009

P

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Monthly production on completion
Milestones Completed

Main shaft bottom cleared below 132 level
– August 2004

Main shaft raise bored to 192 level
– March 2005

First blast main shaft sinking from below 132 level
– July 2005

Dual sink completed to 212 level
– April 2006

Service winder commissioned
– June 2006

Main shaft sunk to 192 level
– September 2006

Future Milestones

Shaft bottom excavated to – 45m below 212 level
– January 2007

Removal of plug 192 level to 197 level
– January 2007

Rock winder commissioned
– June 2007

Main shaft fully equipped and commissioned
– May 2008

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Tshepong – Sub 66 Decline Project

Project Overview

Steady progress was made at Sub 66 Decline project despite extremely poor ground conditions being encountered at the lower end of the decline.

These conditions necessitated extensive safety support for working areas. Steady but slower progress was made with development advancing 1 165.9 metres versus the planned 1 384.0 metres. The remaining 395 metres (12%) of the original

3 310 metres decline development should be completed in four and a half months. The project is 79% complete.

The holing of 69 – 95 raise line encountered high stress zone which required additional support and hence slowed down the

advance rates. Holing envisaged in February 2007.

The planned vent raisebore hole from 69 to 66 level, to alleviate ventilation constraints on 69 level, was delayed by one month

due to late delivery of equipment to site.

Annual Capital Expenditure Profile

Table (Rm)

2003

2004

2005

2006

2007

2008

Total

Actual sunk

32.8

66.6

40.6

52.9

31.6

224.5

Forecast

25.5

30.3

55.8

Total

32.8

66.6

40.6

52.9

57.1

30.3

280.3

Project Financials

Gold price (Kg)

R105 000

NPV (millions)

R1 024 (@7.5%)

IRR (%)

38.4

Envisaged costs (Average at full production)

– R/tonne

R433

– R/kg

R60 076

– \$/oz

\$278.89

1st production

March 2007

Full production

March 2008

Monthly production on completion

Tonnes milled

48 560

Average recovery grade

7.21g/t

P

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Project Milestones

Chairlift decline 100% of 900m completed

Material decline 91.7% of 1 150m

69 Level Access development north and south main haulage project boundaries completed

69 Level Reef and Inclined Waste development on schedule

71 Level Access development 70% of total work completed

71 Level Access project engineering 72% completed

69 Level 2nd tip and box completed

Future milestones

Raise bore 69 Vent hole and Ore passes

– April 2007

Complete decline development

– May 2007

Installation of the chairlift

– June 2007

Construction of 71 Level dams

– April 2007

Installation of 71 Level pump station

– July 2007

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Phakisa Capital Project

Project Overview

Satisfactory progress is being made. Raise boring target dates were met and service water dam between 55 and 59 levels ahead of schedule. Permanent air and water columns in shaft completed and all Pressure Reducing Valve stations should be commissioned

in the third quarter.

Late delivery of high pressure water pipes from suppliers has delayed the shaft infrastructure commissioning by one month

and hampered the smooth development access start up. Access development started on 75, 73 and 71 levels, however, slow

progress was made due to new work crews and downtime of trackless equipment.

Good progress was made with infrastructure and completion date is set for March 2007.

Annual Capital Expenditure Profile

Table (Rm)

2004

2005

2006

2007

2008

2009

Total

Actual sunk

117

116

146

115

494

Forecast

93

91

72

256

Total

117

116

146

208

91

72

750

Project Financials

Gold price (Kg)

R105 000

NPV (millions)

R2 348 (@7.5%)

IRR (%)

31

Envisaged costs (Average at full production)

– R/tonne

R446

– R/kg

R55 015

– \$/oz

\$263

1st production

May 2008

Full production

May 2010

Monthly production on completion

– Tonnes milled

90 000t

– Recovered grade

8.11g/t

P

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Milestones achieved

Project start date

– 1 July 2003

Sink to below 77 Level completed

– 2 April 2005

Equip shaft from surface to 54 Level

– 4 October 2005

Change over Koepe Headgear

– 18 November 2005

Koepe Winder Licensing

– 6 December 2005

77 Level Ore Loading Infrastructure commissioned

– 20 August 2006

First blast 75 Level Access Development

– 23 August 2006

Future milestones set

Projected production date

– May 2008

Project completion date

– February 2009

Full production

– May 2010

P

20

Elandsrand Capital Project

Project Overview

During the quarter the installation of pump column No. 2 from the station to the pump chamber was started in December

2006 and 92 level turbine dam reached its planned depth.

The centre raise-bore hole, linking the dam to 95 level, needs to be supported to ensure stability for life of mine. A hoisting

arrangement will be designed and built to accommodate drilling and gunniting operations in this 1.8 metre vertical hole.

Stripping out of the reef and waste conveyor belts on 100 level took place during the quarter. The commissioning of the

Man 1 Winder side of 113 and 115 level stations was done in October and November, respectively. Both Man-winders can now

service from 102 level down to 115 level.

109 level main sub-station was commissioned as well as the main electrical feeders between 109 and 113 levels. No. 1 settler

mechanicals and its launders will be constructed during February and March.

No. 3 service shaft hoist chamber was completed in December 2006. Drilling of the centre hole of No. 3 service shaft has not commence

as a ventilation cross-over has to be established before the shaft centre hole can hole into the fresh air cross-cut on 109 level.

Access Development

Access development at 109 and 113 levels have progressed well. An additional 57.3 metres was developed in the 109 Vent

cross-cut to reach the ventilation cross-over. Together with the haulage and return airway, the Nos. 8, 10 and 11 connecting

cross-cuts were developed at 113 level.

Annual Capital Expenditure Profile

Table (Rm)

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

Total

Approved

35.6

107.0

106.2

105.5

96.1

119.6

140.8

70.0

20.4

4.6

805.7
 Actual
 35.6
 107.0
 106.2
 105.5
 96.1
 119.6
 66.1
 636.1
 Variance
 74.6
 70.0
 20.4
 4.6
 169.6
 Project Production
 Tonnes milled
 % Split
 Kilograms
 % Split
 Old Mine
 208 191
 80
 1 132
 67
 New Mine
 51 753
 20
 559
 33
 Total Mine
 259 944
 1 691
 Project Financials
 Gold price (Kg)
 R105 000
 NPV (millions)
 R2 271 (@7.5%)
 IRR (%)
 23.1
 Envisaged costs (Average at full production)
 – R/tonne
 R451
 – R/kg
 R57 529
 – \$/oz
 \$275
 P
 21

1st production

October 2003

Full production

June 2010

Monthly production on completion

– Tonnes milled

147 000

– Average recovery grade

7.84g/t

Production Milestones

102 Level on reef

– May 2002

102 Level first raise completed

– July 2003

102 Level ledging commences

– October 2003

105 Level on reef

– May 2004

105 Level first raise completed

– March 2005

105 Level ledging commences

– November 2005

Future Milestones

109 Level on reef

– July 2007

109 Level first raise completed

– November 2008

109 Level ledging commences

– November 2008

113 Level on reef

– July 2008

113 Level first raise completed

– December 2009

113 Level legging commences

– February 2010

P

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Project Phoenix

Project Overview

The H1 Monitoring installation at Project Phoenix, a retreatment project, was completed in mid-November. With the commissioning of the new system, reclamation tonnages increased from 74 000 tonnes per month to 214 000 tonnes per month in the December quarter.

At Brand A, civil work was completed, installation of equipment as well as plant modification is progressing well. While at

Brand D, preparation to recommission slimes dam is well-advanced and planned for end January.

Annual Capital Expenditure Profile

Table (Rm)

2006

2007

2008

2009

2010

Total

Approved

19.38

15.88

35.26

Actual

15.14

20.12

35.26

Variance

(4.24)

4.24

–

Project Financials

Gold price (Kg)

R105 000

NPV 7.5% (millions) (June 2006)

R142.6 (@7.5%)

IRR (%)

+100

Envisaged costs (Average at full production)

– R/tonne

R10.54

– R/kg

R43 889

– \$/oz

\$203.75

1st production

March 2006

Full production

March 2007

Monthly production at full capacity

400 000 tonnes per month treated @ average recovery grade 0.23g/t

92 kilograms gold

P

23

Production Milestones

H1 new reclamation system commissioned

– November 2006

ERGO equipment purchased and delivered to Saaiplaas

– November 2006

Requirements for increased tonnage throughput completed

– November 2006

Brand A civils completed

– November 2006

Plant modification drawings completed

– December 2006

Tenders adjudicated for plant modifications

– December 2006

Reconditioning of 4th thickener completed

– December 2006

Future Milestones

Brand D slimes dam commissioning

– January 2007

ERGO pipe delivery to be completed

– February 2007

Massflow modification

– March 2007

Residue modification

– March 2007

CIL modification

– April 2007

Brand A equipment installation and commissioning

– May 2007

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Hidden Valley project
Highlights

Excellent progress made with earthworks on platform for permanent camp, road to Hidden Valley and Pihema Creek road to Hamata Plant site

Geotechnical drilling at Hamata plant site completed

Resource definition drilling programmes were started at Hamata

US\$31 million fleet financing facility termsheet and supply and maintenance agreement signed

Approval received on customs and excise exemption during construction

Project Overview

Significant progress was made on the access road to the plant site from the Bulldog track and toward Hidden Valley.

An area

south of Hamata Junction has been levelled for the site of the permanent camp and an area further south has been prepared

for heavy vehicle workshops.

Cost for the roads and earthworks for the quarter was A\$4 million which included costs associated with the capital purchase

of additional construction equipment.

A\$1.6 million resource definition drilling programme for Hamata started in October, with 1 660 metres of drilling and the

excavation of 20 trenches completed. The objective of the programme is to increase resource confidence, with the potential to

convert over 100 000oz of inferred resource into the measured and indicated category. Initial results are encouraging with

trenches confirming the continuity of mineralisation to surface and correlating well with the diamond drilling.

A resource definition drilling programme for Kaveroi received A\$6.9 million capex approval. The programme is targeting the

conversion in excess of 800 000oz of inferred resource into the measured and indicated category before the end of the financial

year.

A contract worth US\$42 million for 45 pieces of mining equipment, consisting mainly of dump trucks, excavators, dozers,

graders and drill rigs, was signed. The first two mining fleets were ordered and delivery is scheduled for May and June 2007.

Fleet financing

Harmony and Westpac Bank PNG Ltd signed a termsheet for a fleet financing facility for the Hidden Valley project during the

quarter. Financing consists of an US\$31 million facility to purchase the mining fleet with funding available for a period of five

years after delivery of the equipment under a lease agreement.

The facility will bear interest at Libor plus 1.25% until 95% of budgeted production is reached thereafter rate will decrease to

Libor plus 0.80%. A 15% deposit on all equipment ordered is payable, with the remaining portion funded by the lease agreement.

The facility is secured by the equipment.

Annual Capital Expenditure Profile

(Construction capital: cash flow)

Table (A\$m)

2006

2007

2008

2009

2010

Total

Actual sunk

20

23

43

Forecast

42*

239

43

324

Total 20

65

239

43

367

* Excludes A\$30m for Rio Tinto Royalty Buy-out

Project Financials

Gold price (A\$/oz)

A\$666/oz

NPV (millions)

A\$108 (@7.5%)

IRR (%)

14

P

25

Envisaged costs (Average at full production)

– A\$/tonne

A\$28

– US\$/oz

U\$232

1st production

November 2008

Full production

March 2009

Wafi/Golpu pre-feasibility studies

Project Overview

Geotechnical drilling programme for the Golpu copper/gold deposit was completed during November 2006. All core collected

was assayed and SRK has completed a geotechnical model. The updated block model, which is also required for the block caving

analysis, is nearing completion and early indications are that the ore body volume and grade reported in the previous resource

statement will be confirmed, with some potential for upside.

Drilling has confirmed the robustness of the porphyry core, in both tonnes and grade. This drilling shows the extent of the

stockwork mineralisation in the surrounding metasediments to be more continuous than previously modelled.

Resource

modelling is nearing completion.

Link Zone drilling commenced during the quarter with two holes completed. Preliminary results received for the first hole

drilled were excellent with 49m at 10.2g/t Au from 324m depth. This intercept will have a positive effect on the currently

modelled Link Zone resource (Figure 1).

Total project expenditure for the quarter was 6.9 million Kina (A\$3.2 million). The increase in expenditure is due to increased

drilling performance and the resultant increase in study work.

Figure 1: Section 20150mN +/- 12.5m comparing the intersection in the new hole (WR231) to the previous Link Zone model.

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Project
Activity
Completion date
Golpu
Technical Studies
June 2007
Final PFS Report
July 2007
NRG1
Drilling
May 2007
Pre-Feasibility Study
September 2007
Link Zone
Drilling
May 2007
Pre-Feasibility Study
September 2007
Infrastructure*
Scoping
February 2007
Pre-feasibility Study
Late 2007

* Infrastructure studies include road access, concentrate handling, tailings disposal, water supply, power supply and port requirements.

PNG exploration

Exploration activity has increased in line with budget. Six separate regional exploration teams are currently working on our

“exploration pipeline” targets. Advanced drilling is occurring at Western Zone (Wafi) and Kerimenge (Hidden Valley Regional) and

grass-roots exploration is underway at Biamena (Wafi), Heyu and Moa Creek (Hidden Valley Regional) and Morobe Coast. Results

from all of these projects are highly encouraging.

Excellent discovery was made at the Biamena Prospect, located about 12km south of Wafi/Golpu. The prospect is a greenfields

aeromagnetic target, supported by widespread elevated gold and copper assay results. Preliminary results for the surface

sampling programme are outstanding, with 15m @ 24.0g/t Au (including 5m @ 43.9g/t Au) and 1.5% copper from Trench 3.

Hydrothermal alteration and mineralisation styles suggest Biamena represents an porphyry copper – gold and epithermal

mineralisation system.

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QUARTERLY OPERATING AND FINANCIAL RESULTS (Rand/Metric) (unaudited)

Underground production – South Africa

Quality

Growth

Leveraged

Ounces

Projects

Ounces

Sub-total

Ore Milled

– t'000

Dec-06

1 561

399

1 401

3 361

Sep-06

1 665

398

1 288

3 351

Gold Produced

– kg

Dec-06

7 953

2 228

5 885

16 066

Sep-06

9 392

1 842

5 497

16 731

Yield – g/tonne

Dec-06

5.09

5.58

4.20

4.78

Sep-06

5.64

4.63

4.27

4.99

Cash Operating Costs

– R/kg

Dec-06

99 318

106 782

109 427

104 056

Sep-06
 81 992
 123 439
 117 741
 98 302
 Cash Operating Costs
 – R/tonne
 Dec-06
 506
 596
 460
 497
 Sep-06
 463
 571
 503
 491
 Working Revenue
 – (R'000)
 Dec-06
 1 147 318
 322 362
 847 812
 2 317 492
 Sep-06
 1 350 838
 264 626
 788 244
 2 403 708
 Cash Operating Costs
 – (R'000)
 Dec-06
 789 877
 237 910
 643 976
 1 671 763
 Sep-06
 770 067
 227 374
 647 225
 1 644 666
 Cash Operating Profit
 – (R'000)
 Dec-06
 357 441
 84 452
 203 836
 645 729
 Sep-06
 580 771
 37 252

141 019

759 042

Capital Expenditure

– (R'000)

Dec-06

178 951

189 203

101 355

469 509

Sep-06

179 183

193 000

91 164

463 347

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, West, St Helena 8, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and Orkney 2, 4 and 7.

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QUARTERLY OPERATING AND FINANCIAL RESULTS (Rand/Metric) (unaudited)
 South Africa
 South Africa
 Australia
 Harmony
 Surface
 Total
 Total
 Total
 Ore Milled
 – t'000
 Dec-06
 1 097
 4 458
 777
 5 235
 Sep-06
 905
 4 256
 799
 5 055
 Gold Produced
 – kg
 Dec-06
 770
 16 836
 1 888
 18 724
 Sep-06
 692
 17 423
 2 049
 19 472
 Yield – g/tonne
 Dec-06
 0.70
 3.78
 2.43
 3.58
 Sep-06
 0.76
 4.09
 2.56
 3.85
 Cash Operating Costs
 – R/kg
 Dec-06
 79 000
 102 910
 115 024
 104 132

Sep-06
 95 750
 98 199
 91 914
 97 538
 Cash Operating Costs
 – R/tonne
 Dec-06
 55
 389
 279
 372
 Sep-06
 73
 402
 236
 376
 Working Revenue
 – (R'000)
 Dec-06
 110 451
 2 427 943
 277 089
 2 705 032
 Sep-06
 105 010
 2 508 718
 281 490
 2 790 208
 Cash Operating Costs
 – (R'000)
 Dec-06
 60 830
 1 732 593
 217 166
 1 949 759
 Sep-06
 66 259
 1 710 925
 188 331
 1 899 256
 Cash Operating Profit
 – (R'000)
 Dec-06
 49 621
 695 350
 59 923
 755 273
 Sep-06
 38 751
 797 793

93 159
890 952
Capital Expenditure
– (R'000)
Dec-06
769
470 278
100 974
571 252
Sep-06
1 159
464 506
112 770
577 276
P
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TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS (Rand/metric) (unaudited)	
Quarter ended	
Quarter ended	
Quarter ended	
31 December 2006	
30 September 2006	
31 December 2005	
Ore milled	
– t'000	
5 235	
5 055	
4 857	
Gold produced	
– kg	
18 724	
19 472	
20 316	
Gold price received	
– R/kg	
144 467	
143 283	
102 333	
Cash operating costs	
– R/kg	
104 132	
97 538	
83 154	
R million	
R million	
R million	
Revenue	
2 705	
2 790	
2 079	
Cash operating costs	
1 950	
1 899	
1 690	
Cash operating profit	
755	
891	
389	
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	
(287)	
(308)	
(249)	
Corporate, administration and other expenditure	
(62)	
(59)	
(72)	

Provision for rehabilitation costs

(3)

(2)

(2)

Operating profit

403

522

66

Amortisation and depreciation, other than mining
properties, mine development costs and mine plant facilities

(16)

(17)

(10)

Employment termination and restructuring costs

–

–

(15)

Care and maintenance costs

(19)

(20)

(27)

Share-based compensation

(14)

(12)

(27)

Exploration expenditure

(60)

(41)

(32)

Profit on sale of investment in Gold Fields

–

–

306

Marked-to-market of listed investments

27

24

22

Interest paid

(103)

(95)

(98)

Interest received

42

39

48

Other expenses income/(expenses) – net

(36)

15

(29)

Gain/(loss) on financial instruments

17

18
 (183)
 Loss on sale of listed investments and subsidiaries
 –
 1
 –
 Profit/(loss) from associates
 30
 (48)
 –
 Profit on sale of property, plant and equipment
 73
 13
 12
 Profit on sale of investment in associate
 236
 –
 –
 Profit before tax
 580
 399
 33
 Current tax – expense
 –
 –
 (4)
 Deferred tax – expense
 (112)
 (122)
 (5)
 Net profit
 468
 277
 24
 Loss per share – cents
 – Basic earnings
 118
 70
 6
 – Headline earnings/(loss)
 44
 66
 (75)
 – Fully diluted earnings ** ***
 116
 69
 6
 Dividends per share – (cents)
 – Interim
 –
 –

–
– Proposed final

–
–
* Calculated on weighted average number of shares in issue at quarter-end
December 2006: 397.7 million (September 2006: 396.8 million) (December 2005: 392.7 million).

** Calculated on weighted average number of diluted shares in issue at quarter-end
December 2006: 403.7 million (September 2006: 402.9 million) (December 2005: 398.5 million).

*** The effect of the share options is anti-dilutive.

Reconciliation of headline profit/(loss):

Net profit

468

277

24

Adjustments:

– Profit on sale of assets

(73)

(13)

(12)

– Profit on sale of GBS investment

–

(1)

–

– Loss on disposal of Sangold investment

–

–

1

– Profit on disposal of investment in Gold Fields

–

–

(306)

– Profit on sale of Western Areas investment

(220)

–

–

Headline profit/(loss)

175

263

(293)

P

30

TOTAL OPERATIONS – YEAR TO DATE FINANCIAL RESULTS (Rand/metric) (unaudited)	
Year to date	
Year to date	
31 December 2006	
31 December 2005	
Ore milled	
– t'000	
10 290	
9 457	
Gold produced	
– kg	
38 196	
39 535	
Gold price received	
– R/kg	
143 863	
97 256	
Cash operating costs	
– R/kg	
100 770	
84 406	
R million	
R million	
Revenue	
5 495	
3 845	
Cash operating costs	
3 849	
3 337	
Cash operating profit	
1 646	
508	
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	
(595)	
(493)	
Corporate, administration and other expenditure	
(121)	
(128)	
Provision for rehabilitation costs	
(5)	
(5)	
Operating profit/(loss)	
925	
(118)	
Amortisation and depreciation, other than mining properties, mine development costs and mine plant facilities	
(33)	
(21)	
Employment termination and restructuring costs	
–	

(2)	
Care and maintenance costs	
(39)	
(27)	
Share-based compensation	
(26)	
(57)	
Exploration expenditure	
(101)	
(50)	
Profit on sale of investment in Gold Fields	
–	
306	
Marked-to-market of listed investments	
51	
43	
Interest paid	
(198)	
(194)	
Interest received	
81	
100	
Other expenses – net	
(21)	
(42)	
Gain/(loss) on financial instruments	
35	
(298)	
Loss on foreign exchange	
–	
(1)	
Loss on sale of listed investments and subsidiaries	
1	
(1)	
Loss from associates	
(18)	
–	
Profit on sale of property, plant and equipment	
86	
27	
Profit on sale of investment in associate	
236	
–	
Profit/(loss) before tax	
979	
(335)	
Current tax – expense	
–	
(4)	
Deferred tax – (expense)/benefit	
(234)	

43
 Net profit/(loss)
 745
 (296)
 Earnings/(loss) per share – cents *
 – Basic earnings/(loss)
 188
 (77)
 – Headline earnings/(loss)
 110
 (160)
 – Fully diluted earnings/(loss)** ***
 185
 (77)
 Dividends per share – (cents)
 – Interim
 –
 –
 – Proposed final
 –
 –

* Calculated on weighted average number of shares in issue for six months to December 2006: 397.3 million (December 2005: 392.6 million).

** Calculated on weighted average number of diluted shares in issue for six months to December 2006: 402.9 million (December 2005: 396.7 million).

*** The effect of the share options is anti-dilutive.

Reconciliation of headline profit/(loss):

Net profit/(loss)
 745
 (296)
Adjustments:
 – Profit on sale of assets
 (86)
 (27)
 – Profit on sale of GBS Gold International investment
 (1)
 –
 – Loss on disposal of Sangold investment
 –
 1
 – Profit on disposal of investment in Gold Fields
 –
 (306)
 – Profit on sale of Western Areas investment
 (220)
 –

Headline profit/(loss)

438
 (628)

P
 31

P

32

ABRIDGED BALANCE SHEET AT 31 DECEMBER 2006 (Rand)

At

At

At

31 December 2006

30 September 2006

31 December 2005

R million

R million

R million

(unaudited)

(unaudited)

(unaudited)

ASSETS

Non-current assets

Property, plant and equipment

23 973

23 849

22 735

Intangible assets

2 270

2 270

2 268

Investment financial assets

4 440

2 306

2 111

Investments in associates

–

1 860

–

Trade and other receivables

92

82

80

30 775

30 367

27 194

Current assets

Inventories

742

730

560

Trade and other receivables

934

871

744

Income and mining taxes

28

25
24
Cash and cash equivalents
904
868
2 914
2 608
2 494
4 242
Total assets
33 383
32 861
31 436
EQUITY AND LIABILITIES
Share capital and reserves
Share capital
25 588
25 521
25 334
Other reserves
(186)
(88)
(578)
Accumulated loss
(1 270)
(1 738)
(1 677)
24 132
23 695
23 079
Non-current liabilities
Borrowings
2 687
2 637
2 506
Net deferred taxation liabilities
2 541
2 449
2 122
Deferred financial instruments
484
609
498
Provisions for other liabilities and charges
984
1 009
943
6 696
6 704
6 069
Current liabilities

Trade and other payables

1 245

1 184

892

Accrued liabilities

301

264

309

Borrowings

1 001

1 006

1 079

Shareholders for dividends

8

8

8

2 555

2 462

2 288

Total equity and liabilities

33 383

32 861

31 436

Number of ordinary shares in issue

398 678 495

397 549 945

394 161 367

Net asset value per share (cents)

6 053

5 960

5 853

P
33
CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED
31 DECEMBER 2006 (Rand) (unaudited)

Issued share	
Other	
Retained capital	
reserves	
earnings	
Total	
R million	
R million	
R million	
R million	
Balance at 1 July 2006	
25 489	
(271)	
(2 015)	
23 203	
Issue of share capital	
99	
99	
Currency translation adjustment and other	
85	
85	
Net earnings	
745	
745	
Balance at 31 December 2006	
25 588	
(186)	
(1 270)	
24 132	
Balance at 1 July 2005	
25 289	
(587)	
(1 381)	
23 321	
Issue of share capital	
45	
45	
Currency translation adjustment and other	
9	
9	
Net loss	
(296)	
(296)	
Balance at 31 December 2005	
25 334	
(578)	

(1 677)
23 079

P

34

SUMMARISED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2006

(Rand) (unaudited)

Six months ended

Six months ended

Quarter ended

Quarter ended

31 December 2006 31 December 2005 31 December 2006 30 September 2006

R million

R million

R million

R million

Cash flow from operating activities

Cash generated/(utilised) by operations

958

(320)

487

471

Interest and dividends received

81

100

42

39

Interest paid

(95)

(94)

(50)

(45)

Income and mining taxes paid

(6)

(2)

(6)

—

Cash generated/(utilised) by operating activities

938

(316)

473

465

Cash flow from investing activities

Net proceeds on disposal of listed investments

30

2 461

—

30

Net additions to property, plant and equipment

(1 058)

(786)

(497)

(562)

Other investing activities

(14)
4
(15)
—
Cash (utilised)/generated by investing activities
(1 042)
1 679
(512)
(532)
Cash flow from financing activities
Long-term loans repaid
(1)
(295)
—
—
Ordinary shares issued – net of expenses
98
45
66
32
Dividends paid
—
—
—
—
Cash generated/(utilised) by financing activities
97
(250)
66
32
Foreign currency translation adjustments
5
(29)
9
(3)
Net (decrease)/increase in cash and equivalents
(2)
1 084
36
(38)
Cash and equivalents – beginning of period
906
1 830
868
906
Cash and equivalents – end of period
904
2 914
904
868

P

35

RECONCILIATION BETWEEN CASH OPERATING PROFIT AND CASH GENERATED/(UTILISED)
BY OPERATIONS FOR THE PERIOD ENDED 31 DECEMBER 2006 (Rand) (unaudited)

Six months

Six months

Quarter

Quarter

ended

ended

ended

ended

31 December 31 December 31 December 30 September

2006

2005

2006

2006

R million

R million

R million

R million

Cash operating profit

1 646

508

755

891

Other cash items per income statement:

Other income (including interest received
and profit on sale of mining assets)

146

85

79

67

Employment termination, restructuring and
care and maintenance costs

(39)

(29)

(19)

(20)

Corporate, administration and other expenditure

(121)

(128)

(62)

(59)

Exploration expenditure

(101)

(50)

(60)

(41)

Provision for rehabilitation costs

(2)

(5)

—

(2)

Cash flow statement adjustments:

Cost of close out of hedges

(138)

(139)

(83)

(55)

Profit on sale of mining assets

(86)

(27)

(73)

(13)

Interest and dividends received

(81)

(100)

(42)

(39)

Other non-cash items

(69)

(25)

(35)

(34)

Effect of changes in operating working capital items:

Receivables

(208)

(113)

(58)

(150)

Inventories

(76)

18

(12)

(64)

Accounts payable

127

(247)

61

66

Accrued liabilities

(40)

(68)

36

(76)

Cash generated/(utilised) by operations

958

(320)

487

471

NOTES TO THE RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2006 (unaudited)

1.

Basis of accounting

The unaudited results for the quarter have been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS). 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.

2.

Commodity contracts

The Harmony Group's outstanding commodity contracts against future production, by type at 31 December 2006 are indicated below. The total net delta of the hedge book at 31 December 2006 was 229 636oz (7 143kg).

30 June

30 June

30 June

Year

2007

2008

2009

Total

Australian Dollar Gold:

Forward contracts

Kilograms

933

3 110

3 110

7 153

Ounces

30 000

100 000

100 000

230 000

A\$ per oz

518

518

518

518

Total commodity contracts

Kilograms

933

3 110

3 110

7 153

Ounces

30 000

100 000

100 000

230 000

Total net gold **

Delta (kg)

933

3 108

3 102

7 143

Delta (oz)

29 995

99 923

99 718

229 636

** The Delta of the hedge position indicated above, is the equivalent gold position that would have the same marked-to-market sensitivity for a small change in the gold price.

These contracts are classified as speculative and the marked-to-market movement is reflected in the income statement. The marked-to-market movement for the quarter of these contracts was a positive R100.5 million (positive US\$13.7 million) at 31 December 2006 (at 30 September 2006: positive R73 million or positive US\$10 million).

Harmony closed out a further 62 000oz of forward positions during the quarter. 20 000oz of these closed positions, together with 30 000oz of closed positions from last quarter were settled during the quarter ended 31 December 2006 at

a cost of R82.9 million (US\$11.8 million). The additional 42 000oz closed out during the quarter will be settled during the

next quarter ending 31 March 2007. During the quarter ended 30 September 2006, Harmony settled 25 000oz of the forward contracts at a cost of R41 million (US\$5.8 million).

The marked-to-market value of the hedge book was a negative A\$87.3 million on 31 December 2006 (at 30 September

2006: negative A\$105.1 million). The values at 31 December 2006 were based on a gold price of US\$634 (A\$801) per ounce, exchange rates of US\$1/R7.0375 and A\$1/US\$0.79 and prevailing market interest rates and volatilities at that date.

These valuations were provided by independent risk and treasury management experts.

At 24 January 2007, the marked-to-market value of the hedge book was a negative A\$91.6 million (negative US\$71.6 million), based on a gold price of US\$643 (A\$822) per ounce, exchange rate of A\$1/US\$0.78 and prevailing market interest rates at that time.

These marked-to-market valuations are not predictive of the future value of the hedge position, nor of the future impact

on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of the valuation, at market prices and rates available at the time.

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NOTES

P

37

P
 38
 QUARTERLY OPERATING AND FINANCIAL RESULTS (US\$/Imperial) (unaudited)
 Underground production – South Africa
 Quality
 Growth
 Leveraged
 Ounces
 Projects
 Ounces
 Sub-total
 Ore Milled
 – t’000
 Dec-06
 1 721
 440
 1 544
 3 705
 Sep-06
 1 836
 439
 1 420
 3 695
 Gold Produced
 – oz
 Dec-06
 255 677
 71 637
 189 211
 516 525
 Sep-06
 301 958
 59 221
 176 732
 537 911
 Yield –
 oz/t
 Dec-06
 0.15
 0.16
 0.12
 0.14
 Sep-06
 0.16
 0.13
 0.12
 0.15
 Cash Operating Costs
 – \$/oz
 Dec-06
 422

454
465
442
Sep-06
357
537
513
428
Cash Operating Costs
– \$/t
Dec-06
63
74
57
62
Sep-06
59
72
64
62
Working Revenue
– (\$'000)
Dec-06
156 748
44 042
115 829
316 619
Sep-06
189 069
37 038
110 326
336 433
Cash Operating Costs
– (\$'000)
Dec-06
107 914
32 504
87 981
228 399
Sep-06
107 782
31 824
90 588
230 194
Cash Operating Profit
– (\$'000)
Dec-06
48 834
11 538
27 848
88 220

Sep-06

81 287

5 214

19 738

106 239

Capital Expenditure

– (\$'000)

Dec-06

24 449

25 849

13 847

64 145

Sep-06

25 079

27 013

12 760

64 852

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, West, St Helena 8, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and

Orkney 2, 4 and 7

P
 39
 QUARTERLY OPERATING AND FINANCIAL RESULTS (US\$/Imperial) (unaudited)
 South Africa
 South Africa
 Australia
 Harmony
 Surface
 Total
 Total
 Total
 Ore Milled
 – t'000
 Dec-06
 1 209
 4 914
 857
 5 771
 Sep-06
 998
 4 693
 881
 5 574
 Gold Produced
 – oz
 Dec-06
 24 767
 541 292
 60 707
 601 999
 Sep-06
 22 248
 560 159
 65 877
 626 036
 Yield –
 oz/t
 Dec-06
 0.02
 0.11
 0.07
 0.10
 Sep-06
 0.02
 0.12
 0.07
 0.11
 Cash Operating Costs
 – \$/oz
 Dec-06
 336

437
 489
 442
 Sep-06
 417
 428
 400
 425
 Cash Operating Costs
 – \$/t
 Dec-06
 7
 48
 35
 46
 Sep-06
 9
 51
 30
 48
 Working Revenue
 – (\$'000)
 Dec-06
 15 090
 331 709
 37 856
 369 565
 Sep-06
 14 698
 351 131
 39 398
 390 529
 Cash Operating Costs
 – (\$'000)
 Dec-06
 8 311
 236 710
 29 669
 266 379
 Sep-06
 9 274
 239 468
 26 360
 265 828
 Cash Operating Profit
 – (\$'000)
 Dec-06
 6 779
 94 999
 8 187
 103 186

Sep-06
5 424
111 663
13 038
124 701
Capital Expenditure
– (\$'000)
Dec-06
105
64 250
13 795
78 045
Sep-06
162
65 014
15 784
80 798

P
 40
 TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS (US\$/imperial) (unaudited)

Quarter ended	
Quarter ended	
Quarter ended	
31 December 2006	
30 September 2006	
31 December 2005	
Ore milled	
– t'000	
5 771	
5 574	
5 356	
Gold produced	
– oz	
601 999	
626 036	
653 171	
Gold price received	
– \$/oz	
613	
625	
487	
Cash operating costs	
– \$/oz	
442	
425	
396	
\$ million	
\$ million	
\$ million	
Revenue	
369	
390	
318	
Cash operating costs	
266	
266	
259	
Cash operating profit	
103	
124	
59	
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	
(39)	
(43)	
(38)	
Corporate, administration and other expenditure	
(9)	

(8)	
(11)	
Provision for rehabilitation costs	
–	
–	
–	
Operating profit	
55	
73	
10	
Amortisation and depreciation, other than mining properties, mine development costs and mine plant facilities	
(2)	
(2)	
(2)	
Employment termination and restructuring costs	
–	
–	
(2)	
Care and maintenance costs	
(3)	
(3)	
(4)	
Share-based compensation	
(2)	
(2)	
(4)	
Exploration expenditure	
(8)	
(6)	
(5)	
Profit on sale of investment in Gold Fields	
–	
–	
47	
Marked-to-market of listed investments	
4	
3	
3	
Interest paid	
(14)	
(14)	
(15)	
Interest received	
6	
5	
7	
Other expenses income/(expenses) – net	
(5)	
2	
(4)	

Gain/(loss) on financial instruments

2

3

(28)

Profit/(loss) from associates

4

(7)

–

Profit on sale of property, plant and equipment

10

2

2

Profit on sale of investment in associate

32

–

–

Profit before tax

79

54

5

Current tax – expense

–

–

(1)

Deferred tax – expense

(15)

(17)

(1)

Net profit

64

37

3

Profit/(loss) per share – cents *

– Basic earnings

16

10

1

– Headline earnings/(loss)

6

9

(12)

– Fully diluted earnings ** ***

16

10

1

Dividends per share – (cents)

– Interim

–

–

–

– Proposed final

—
 —
 —
 Currency conversion rates average for the quarter: December 2006: US\$1=R7.32
 (September 2006: US\$1=R7.14) (December 2005: US\$1=R6.53).

* Calculated on weighted average number of shares in issue at quarter-end December 2006:
 397.7 million (September 2006: 396.8 million) (December 2005: 392.7 million).

** Calculated on weighted average number of diluted shares in issue at quarter-end
 December 2006: 403.7 million (September 2006: 402.9 million) (December 2005: 398.5 million).

*** The effect of the share options is anti-dilutive.

Reconciliation of headline profit/(loss):

Net profit

64

37

2

Adjustments:

– Profit on sale of assets

(10)

(2)

(2)

– Profit on sale of GBS investment

—

—

—

– Profit on disposal of investment in Gold Fields

—

—

(47)

– Profit on sale of Western Areas investment

(30)

—

—

Headline profit/(loss)

24

35

(47)

TOTAL OPERATIONS – YEAR TO DATE FINANCIAL RESULTS (US\$/imperial) (unaudited)	
Year to date	
Year to date	
31 December 2006	
31 December 2005	
Ore milled	
– t'000	
11 345	
10 428	
Gold produced	
– oz	
1 228 035	
1 271 074	
Gold price received	
– \$/oz	
619	
464	
Cash operating costs	
– \$/oz	
433	
403	
\$ million	
\$ million	
Revenue	
760	
590	
Cash operating costs	
532	
512	
Cash operating profit	
228	
78	
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	
(82)	
(76)	
Corporate, administration and other expenditure	
(17)	
(20)	
Provision for rehabilitation costs	
(1)	
(1)	
Operating profit/(loss)	
128	
(19)	
Amortisation and depreciation, other than mining properties, mine development costs and mine plant facilities	
(5)	
(3)	
Employment termination and restructuring costs	
–	

–	
Care and maintenance costs	
(5)	
(4)	
Share-based compensation	
(4)	
(9)	
Exploration expenditure	
(14)	
(8)	
Profit on sale of investment in Gold Fields	
–	
47	
Marked-to-market of listed investments	
7	
7	
Interest paid	
(27)	
(30)	
Interest received	
11	
15	
Other expenses – net	
(3)	
(6)	
Gain/(loss) on financial instruments	
5	
(46)	
Loss on foreign exchange	
–	
–	
Loss on sale of listed investments and subsidiaries	
–	
–	
Loss from associates	
(2)	
–	
Profit on sale of property, plant and equipment	
12	
4	
Profit on sale of investment in associate	
33	
–	
Profit/(loss) before tax	
136	
(52)	
Current tax – expense	
–	
(1)	
Deferred tax – (expense)/benefit	
(32)	

7
 Net profit/(loss)
 104
 (46)
 Earnings/(loss) per share – cents *
 – Basic profit/(loss)
 26
 (12)
 – Headline profit/(loss)
 15
 (25)
 – Fully diluted profit/(loss) ** ***
 26
 (12)
 Dividends per share – (cents)
 – Interim
 –
 –
 – Proposed final
 –
 –

Prepared in accordance with International Financial Reporting Standards currency conversion rates average for the six months to December 2006: US\$1=R7.23 (December 2005: US\$1=R6.51).

* Calculated on weighted average number of shares in issue for six months to December 2006: 397.3 million (December 2005: 392.6 million).

** Calculated on weighted average number of diluted shares in issue for six months to December 2006: 402.9 million (December 2005: 396.7 million).

*** The effect of the share options is anti-dilutive.

Reconciliation of headline profit/(loss):

Net profit/(loss)
 104
 (46)
Adjustments:
 – Profit on sale of assets
 (12)
 (4)
 – Profit/(loss) on disposal of investment in Gold Fields
 –
 (47)
 – Profit on sale of Western areas investment
 (30)
 –

Headline profit/(loss)
 62
 (97)
 P
 41

P

42

ABRIDGED BALANCE SHEET AT 31 DECEMBER 2006 (US\$)

At

At

At

31 December 2006

30 September 2006

31 December 2005

US\$ million

US\$ million

US\$ million

(unaudited)

(unaudited)

(unaudited)

ASSETS

Non-current assets

Property, plant and equipment

3 407

3 074

3 592

Intangible assets

323

293

358

Investment financial assets

631

297

333

Investments in associates

–

240

–

Trade and other receivables

13

11

13

4 374

3 915

4 296

Current assets

Inventories

105

94

88

Trade and other receivables

133

112

118

Income and mining taxes

4

3
4
Cash and cash equivalents
128
112
460
370
321
670
Total assets
4 744
4 236
4 966
EQUITY AND LIABILITIES
Share capital and reserves
Share capital
3 636
3 289
4 002
Other reserves
(26)
(11)
(91)
Accumulated loss
(180)
(224)
(265)
3 430
3 054
3 646
Non-current liabilities
Borrowings
382
340
396
Net deferred taxation liabilities
361
316
335
Deferred financial instruments
69
79
79
Provisions for other liabilities and charges
140
130
149
952
865
959
Current liabilities

Trade and other payables

176

152

141

Accrued liabilities

43

34

49

Borrowings

142

130

170

Shareholders for dividends

1

1

1

362

317

361

Total equity and liabilities

4 744

4 236

4 966

Number of ordinary shares in issue

398 678 495

397 549 945

394 161 367

Net asset value per share (US cents)

860

768

925

Balance sheet converted at conversion rate of US\$1 = R7.04 (September 2006: R7.76) (December 2005: R6.33).

P	
43	
CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED	
31 DECEMBER 2006 (US\$) (unaudited)	
Issued share	
Other	
Retained	
capital	
reserves	
earnings	
Total	
US\$ million	
US\$ million	
US\$ million	
US\$ million	
Balance at 1 July 2006	
3 622	
(39)	
(287)	
3 296	
Issue of share capital	
14	
14	
Currency translation adjustment and other	
13	
13	
Net earnings	
107	
107	
Balance at 31 December 2006	
3 636	
(26)	
(180)	
3 430	
Balance at 1 July 2005	
3 995	
(93)	
(218)	
3 684	
Issue of share capital	
7	
7	
Currency translation adjustment and other	
2	
2	
Net earnings	
(47)	
(47)	
Balance at 31 December 2005	
4 002	
(91)	

(265)

3 646

Balances translated at closing rates of: December 2006: US\$1 = R7.04 (December 2005: US\$1 = R6.33).

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SUMMARISED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2006

(US\$) (unaudited)

Six months ended

Six months ended

Quarter ended

Quarter ended

31 December 2006 31 December 2005 31 December 2006 30 September 2006

US\$ million

US\$ million

US\$ million

US\$ million

Cash flow from operating activities

Cash generated/(utilised) by operations

132

(49)

66

66

Interest and dividends received

11

15

6

6

Interest paid

(13)

(14)

(7)

(7)

Income and mining taxes paid

(1)

–

(1)

–

Cash generated/(utilised) by operating activities

129

(48)

64

65

Cash flow from investing activities

Net proceeds on disposal of listed investments

4

365

–

4

Net additions to property, plant and equipment

(146)

(121)

(68)

(79)

Other investing activities

(2)
 1
 (2)
 –
 Cash generated/(utilised) by investing activities
 (144)
 245
 (70)
 (75)
 Cash flow from financing activities
 Long-term loans repaid
 –
 (45)
 –
 –
 Ordinary shares issued – net of expenses
 14
 7
 9
 4
 Dividends paid
 –
 –
 –
 –
 Cash generated/(utilised) by financing activities
 14
 (38)
 9
 4
 Foreign currency translation adjustments
 2
 26
 13
 (9)
 Net (decrease)/increase in cash and equivalents
 1
 185
 16
 (15)
 Cash and equivalents – beginning of period
 127
 275
 112
 127
 Cash and equivalents – end of period
 128
 460
 128
 112

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Operating activities translated at average rates of: Six months ended December 2006: US\$1 = R7.23 (Six months ended

December 2005: US\$1 = R6.51) (Quarter ended December 2006: US\$1 = R7.32) (Quarter ended September 2006: US\$1 = R7.14).

Closing balance translated at closing rates of: December 2006: US\$1 = R7.04 (December 2005: US\$1 = R6.33) (September

2006: US\$1 = R7.76).

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P									
45									
DEVELOPMENT RESULTS (Metric)									
Quarter ended September 2006									
Quarter ended December 2006									
Channel		Channel			Channel		Channel		
Reef	Sampled	Width	Value	Gold	Reef	Sampled	Width	Value	Gold
(Metres)	(Metres)	(Cm's)	(g/t)	(Cmg/t)	(Metres)	(Metres)	(Cm's)	(g/t)	(Cmg/t)
Randfontein									
VCR Reef									
		1,172							
		1,047							
		81							
		31.88							
		2,583							
		1,182							
		1,149							
		77							
		17.67							
		1,355							
UE1A									
		634							
		570							
		143							
		5.31							
		761							
		1,323							
		1,170							
		163							
		6.40							
		1,042							
E8 Reef									
		297							
		240							
		118							
		5.69							
		672							
		99							
		99							
		158							
		5.71							
		902							
Kimberley Reef									
		658							
		511							
		192							
		3.36							
		643							
		1,001							
		752							
		160							

4.63
739
E9GB Reef
169
169
167
1.05
175
23
17
217
1.10
238
All Reefs
2,931
2,537
127
11.39
1,442
3,628
3,187
131
8.20
1,075
Free State
Basal
1,229
770
92
12.66
1170
1,103
834
99
9.68
961
Leader
906
752
179
4.83
865
1,592
1,252
177
5.33
941
A Reef
469
370
155

3.09
481
762
744
130
3.98
518
Middle
312
240
217
3.57
775
384
374
195
3.15
614
B Reef
370
331
64
8.11
519
598
585
41
17.12
702
All Reefs
3,285
2,463
137
6.20
847
4,439
3,789
131
6.04
793
Evander
Kimberley Reef
1,873
1,666
63
18.65
1,176
1,435
1,548
67
19.59

1,312
Elandskraal
VCR Reef
441
242
246
9.65
2,369
72
8
240
2.79
668
Orkney
Vaal Reef
240
142
136
3.05
414
144
—
—
—
—
VCR
—
—
—
—
—
—
—
—
—
All Reefs
240
142
136
3.05
414
144
—
—
—
—
Target
Elsburg
566
483

-

-

All Reefs

1,569

1,219

34

34.56

1,165

1,614

1,691

36

36.25

1,308

P									
46									
DEVELOPMENT RESULTS (Imperial)									
Quarter ended September 2006									
Quarter ended December 2006									
Channel	Channel				Channel	Channel			
Reef	Sampled	Width	Value	Gold	Reef	Sampled	Width	Value	Gold
(Feet)	(Feet)	(inches)	(oz/t)	(in.ozt)	(Feet)	(Feet)	(inches)	(oz/t)	(in.ozt)
Randfontein									
VCR Reef									
3,846									
3435									
32									
0.93									
30									
3,876									
3,770									
30									
0.52									
16									
UE1A									
2,080									
1,870									
56									
0.16									
9									
4,341									
3,839									
64									
0.19									
12									
E8 Reef									
975									
787									
46									
0.17									
8									
326									
325									
62									
0.16									
10									

Kimberley Reef

2,160

1,677

75

0.09

7

3,285

2,467

63

0.13

8

E9GB Reef

554

554

66

0.03

2

74

56

85

0.04

3

All Reefs

9,615

8,324

50

0.34

17

11,902

10,456

52

0.23

12

Free State

Basal

4,032

2,526

36

0.37

13

3,618

2,736

39

0.28

11

Leader

2,971

2,467

70

0.14

10

5,221
4,108
70
0.15
11
A Reef
1,539
1,214
61
0.09
6
2,499
2,441
51
0.12
6
Middle
1,022
787
86
0.10
9
1,261
1,227
77
0.09
7
B Reef
1,214
1,086
25
0.24
6
1,963
1,919
16
0.50
8
All Reefs
10,779
8,081
54
0.18
10
14,562
12,431
52
0.18
9
Evander
Kimberley Reef

6,145
5,466
25
0.54
14
4,708
5,079
26
0.58
15
Elandskraal
VCR Reef
1,447
794
97
0.28
27
236
26
94
0.08
8
Orkney
Vaal Reef
787
466
53
0.09
5
472
-
-
-
-
VCR
-
-
-
-
-
-
-
-
-
-
All Reefs
787
466
53
0.09
5

472
—
—
—
—
Target
Elsburg
1,856
1,585
135
0.21
28
2,094
1,893
101
0.09
10
Freegold JV
Basal
4,349
3,369
12
1.23
15
4,693
4,869
13
1.24
16
Beatrix
730
630
19
0.32
6
601
679
25
0.27
7
Leader
70
—
—
—
—
—
—
—
—
—

B Reef

—
—
—
—
—
—
—
—
—
—
—

All Reefs

5,149
3,999
13
1.03
13
5,294
5,548
14
1.07
15

NOTES

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Fax:

+1 212 571 3050

Trading Symbols

JSE Limited

HAR

New York Stock Exchange, Inc.

HMY

NASDAQ

HMY

London Stock Exchange plc

HRM

Euronext Paris

HG

Euronext Brussels

HMY

Berlin Stock Exchange

HAM1

Issuer code

HAPS

Registration number 1950/038232/06

Incorporated in the Republic of South Africa

ISIN: ZAE000015228

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Harmony's financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this quarterly report that are not historical facts are "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended.

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 similar expressions. These statements are only predictions. All forward-looking statements involve a number of risks, uncertainties and other factors and we cannot assure you 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. These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this quarterly report and the exhibits to this quarterly report, are necessarily estimates reflecting the best judgment of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- overall economic and business conditions in South Africa and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- decreases in the market price of gold;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labor disruptions;
- availability, terms and deployment of capital;
- changes in Government regulation, particularly mining rights and environmental regulation;
- fluctuations in exchange rates;
- currency devaluations and other macro-economic monetary policies; and
- socio-economic instability in South Africa and regionally.

www.harmony.co.za

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:

02 February

, 200

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Harmony Gold Mining Company Limited

By: /s/

Nomfundo Qangule

Name:

Nomfundo Qangule

Title: Chief Financial Officer