HARMONY GOLD MINING CO LTD
Form 6-K
May 09, 2008
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 third quarter ended 31 March 2008

Harmony Gold Mining Company
Limited

PO Box 2
Randfontein
1759
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 X 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 X

QUARTERLY HIGHLIGHTS

Harmony announces Newcrest as PNG partner

Total cash operating cost down by 8.9%

Cash operating profit increased to R828 million

Headline earnings of 42 cents per share for continuing operations

Restructuring complete, benefits to flow
FINANCIAL SUMMARY FOR THE THIRD QUARTER ENDED 31 MARCH 2008
(All results exclude Discontinued Operations unless otherwise indicated)
Quarter
Quarter
Q-on-Q
Year to date
March 2008
December 2007
% change
2008
Gold produced
– kg
10 347
12 403
(16.6)
36 275
– oz
332 662
398 764
(16.6)
1 166 263
Cash costs
– R/kg
145 514
133 234
(9.2)
136 608
– $/oz
609
613
0.7
598
Cash operating profit
– Rm
828
450
84.0
1 594
– US$m
111

66
68.2
225
Basic earnings/(loss)
– SA c/s
41
(49)
183.7
(137)
– US c/s
6
(7)
185.7
(19)
Headline earnings/(loss)
– SA c/s
42
(43)
197.7
(32)
– US c/s
6
(6)
200.0
(5)
Fully diluted earnings/(loss)
– SA c/s
41
(48)
185.4
(136)
– US c/s
6
(7)
185.7
(19)
P
1
UNAUDITED FINANCIAL REVIEW FOR THE THIRD QUARTER
ENDED 31 MARCH 2008

TABLE OF CONTENTS

CHIEF EXECUTIVE'S REVIEW

Harmony has been through another demanding and active quarter of streamlining our operations in line with our strategic objectives. Much has been accomplished in the last two quarters and I am pleased with our progress to date. The accomplishments are attributed primarily to the sustained commitment and teamwork of Harmony's passionate leaders and hard-working people throughout the company.

Harmony's internal leadership conference which was held over two days in March reinforced the elements of 'Back to Basics', which include production, safety, planning and reviewing, cost control and services. One of the most important aims of the conference is to spend quality time with the company's leaders by exchanging and sharing of knowledge in a more inter-active and productive manner. The March conference facilitated both a keen understanding of the changing dynamics within Harmony and assisted leaders to focus on positioning the company for the challenges and opportunities ahead. We have been through some pain, but I am confident that we have turned the corner and can begin to build on the new foundation.

To this end, we have commenced the rebuilding phase and over the ensuing months the company's leaders will roll-out the business strategy to all the shaft teams. Through strategically focused safety and productivity targets, we will begin to reflect improvements in the critical areas of production, tonnes per man, grade, cost reduction, but more importantly, in R/kg.

To accelerate the rebuilding phase, changes have already been effected to Harmony's mining structure with the elimination of coaches and the re-introduction of mine captains and shift bosses to improve production levels.

We have focused on our strategies of restructuring for profitability by shedding or closing high-cost operational areas and assets, and accelerating our underground and surface projects. Our restructuring has had sweeping implications for Harmony in that some of our high electricity consumption work-areas and high-cost operations have had to be closed and Conops terminated where it proved to be ineffective and inefficient. In this way, Harmony was able to absorb the 10% reduction in electricity supply because we were able to incorporate this challenge as another component of our restructuring efforts. However, we have submitted our request to Eskom for additional power that will be required by our projects as they begin to ramp-up to full capacity.

Over the past two quarters the company's staff complement has been reduced by 5 985 employees. A reduction of 1 421 employees was evident in the March 2008 quarter. Noticeably the company's restructuring phase has had a negative impact and consequences on productivity. The termination of Conops at three of our operations – Masimong during the December 2007 quarter; Elandsrand and Tshepong during the March 2008 quarter – caused the SA underground tonnages and, to some extent, the grade to drop due to the reduction of the labour force and, in some instances, transferring labour to other operations.

External factors also played their part. Harmony's operations experienced a loss of production due to this year's lengthy Christmas holiday period. The effects of a five-day power cut were felt and similarly when it was restored at 80% of our previous consumption and thereafter the resultant build-up phase from 80% to 90% power supply. This resulted in an estimated total loss of more than 800 kilograms from our operations.

Financials

Harmony's operational performance from its continuing operations for the quarter under review was disappointing with
7.2% lower tonnages at 4 125 000 tonnes compared with 4 445 000 tonnes in the December quarter, resulting in a
16.6% decrease in kilograms produced of 10 347kg versus 12 403kg.

Total grade for the group was 10% lower at 2.51g/t, while the grade from our SA underground operations was recorded at
4.81g/t a 1.2% drop on the previous quarter. The company's cash operating costs increased by 9.2% to R145 514/kg from
R133 234/kg.

It is pleasing to note that some of our restructuring efforts were evident in this quarter with the R147 million reduction in
working costs. Total cash operating costs were down 8.9% to R1 506 million from R1 652 million.

A higher received gold price of US$944.40/oz and a weaker, thus more favourable, R/US$ exchange rate of R7.43/$ (R6.77/$)
resulted in higher revenues of R2.3 billion compared with R2.1 billion and a net profit of R164 million compared with a net
loss of R195 million for the previous quarter. Headline earnings stood at 42 cents per share versus a loss of 43 cents per share
for the December 2007 quarter.

P
3

IT Financial System

We have made progress over the last two quarters with re-implementing the IT financial system and the retraining of all employees related to the job has commenced. We have performed the necessary checks and balances and we are confident that we will have a clean "bill of health" at the end of this financial year.

Strengthening the balance sheet

We continued to forge ahead with our activities to create value, strengthen the company's balance sheet and improve operational performance. Accordingly, we are determined to get all our operations on a sound footing with all operations profitable after taking capital expenditure into account. In our short-life operations we are considering ways of ext ended the life of mines. The operations have all the required infrastructure and we are considering options of increasing development capital.

The conditions precedent for the R1.9 billion transaction with Pamodzi Resources Fund are progressing smoothly and we are confident that these should be fulfilled by end of June 2008. Mr John Munro who has been appointed Chief Executive Officer of the newly named Rand Uranium Company commenced duties on 5 May 2008. We wish him every success with developing the new uranium entity into a world-class company in which we will hold a 40% stake.

On 17 January 2008, Harmony signed two separate transactions with African Precious Minerals (APM): in terms of the sale agreement APM would acquire 87% of Jeanette Gold Mines Limited for a purchase consideration of 1 500 000 ordinary APM shares and 1 500 000 half warrants. The shares and warrants to be granted to Harmony are estimated at being worth US$7.5 million (R52.5 million) and constitutes an 11% shareholding in APM. The second transaction entails two earn-in agreements for the Evander 6 shaft and Twistdraai assets in the Evander basin. These are subject to and conditional upon the fulfilment of significant conditions precedent by APM.

I believe that the earn-in agreement with APM is an excellent way of progressing our low priority projects to bankable feasibility stage in the current positive gold-price environment. In addition, the formation of strategic alliances with other companies allows us to optimise the use of our resources without placing additional pressure on our capital expenditure.

On 27 February 2008, Pamodzi Gold took full control of the Orkney assets following the fulfilment of all the conditions precedent. The R345 million purchase consideration for the assets was settled by the issuing of 30 million Pamodzi Gold shares, bringing Harmony's shareholding in Pamodzi Gold to 32%.

Although our Papua New Guinea (PNG) transaction was executed in the fourth quarter of 2008, I believe it prudent to make mention of the fact that Harmony and Newcrest Mining Limited of Australia signed a 50:50% joint venture agreement on 22 April 2008 for the development of Harmony's PNG assets.

Newcrest will earn its 50% interest in the new joint venture by contributing a maximum of US$525 million which will be paid in two tranches. An initial US$180 million payment to acquire a 30.01% interest by 30 June 2008, together with a reimbursement to Harmony of US$45 million in project expenditure, and a farm-in commitment for the remaining 19.99% of US$300 million, to fund project expenditure up to the commencement of mining operations at Hidden Valley.

The introduction of a quality partner such as Newcrest with significant technical skills, particularly in copper mining and bulk underground mining techniques including block caving techniques will provide additional expertise to the existing Harmony team in PNG and will add to the development potential of the PNG assets.

For Harmony, the creation of this joint venture facilitates significant capital investment in the PNG assets and substantially removes Harmony's obligation to continue funding the development of these assets entirely from our own cash flows.

A further announcement will be made on SENS and in the press as soon as the financial effects are finalised.

Class action

We have been made aware of a pending class action in the United States of America against Harmony whereby some ADR holders are seeking damages pertaining to the company's business practices. We have retained legal professionals in that country to advise Harmony.

P
4

SAFETY AND HEALTH REPORT

Two million Fatality Injury Free Shifts at Harmony SA operations

Two shafts achieved one million Fatality Free Shifts

Joel Mine operated without a fatality for one year
Fatality injury rate (per million hours worked)
Group Safety
Every effort is being made by executives, senior management and shaft teams to intensify the group's safety drive and their
individual safety awareness. A group workshop on safety was held during the quarter and management teams all committed
to a renewed drive to reduce accidents.
Bambanani's swift and professional rescue operations saved at least two lives last month during the seismic event. During the
quarter, Bambanani launched a new safety initiative termed "BIG MAC" to build on its current safety standards. The system is
based on people involvement and non-negotiable unsafe behaviour practices.
A transformation safety campaign, known as Ho Lokisa, was launched at Masimong in April. The aim is to improve safety,
encourage worker involvement, increase productivity and equip the workforce with business skills. Challenging safety and
productivity targets have been set and if successful will have wider applications throughout the group.
Harmony experienced an improvement of 15.4% from the second quarter and progressively improved by 13.6% against the
previous year in Fatality Injury Frequency Rate (FIFR) for the third quarter ended 31 March 2008. The graph above shows that
the efforts of all our employees are bearing positive results.
The Lost Time Injury Frequency Rate (LTIFR) rate for the South African operations regressed by 6.1% from the second quarter
and progressively improved by 11.9% in comparison with the previous year.
The Reportable Injury Frequency Rate (RFIR) improved by 6.9% from the second quarter and progressively improved by
16.2% compared to the previous year.
Six employees regretfully lost their lives during the course of duty on Harmony's mines during the quarter under review.
Harmony's management extends its condolences to the families of the deceased.
There were no lost time injuries at Hidden Valley and no medical treatment injuries.
There were positive safety accomplishments during the quarter; Harmony's SA underground operations achieved two million
Fatality Injury Free Shifts. At both Harmony North and Harmony South Regions one million Fatality Free Shifts was achieved
and admirably Joel Mine operated without a fatality for one year.
P
5

THE THIRD QUARTER ENDED 31 MARCH 2008 UNDER REVIEW

Harmony's SA continuing underground operations, delivered a disappointing operational performance for the third quarter ended 31 March 2008. Negative impacts included lower production and kilograms produced and loss of production due to the December holidays, the power outage and subsequent power build-up from 80% to the current 90%.

Tonnes Milled

All of the company's continued underground operations posted lower tonnages for the 31 March 2008 quarter. Tonnages decreased by 15.8% to 1 934 000 tonnes compared with 2 297 000 tonnes previously, resulting in the 16.8% drop in gold production from 11 175 kg to 9 302 kg for the quarter under review. Besides the above cited reasons the termination of Conops at a further two of the company's operations, the restructuring at Evander 7 and Bambanani and the 18 days suspension of production at Doornkop all contributed to the lower performance.

Recovery Grades

Recovery grades were steady to marginally down at 4.81g/t from 4.87g/t.

Cost Control

Cash costs were higher throughout the company with the exception of Masimong where costs were well contained during the quarter. Although cost control measures were applied, operating costs increased by 8.9% to R150 795/kg from R138 531/kg previously, all as a result of lower kilogram production.

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

Q-on-Q		March 2008	December 2007	% Variance
Production	– kg	10 347	12 403	(16.6)
Production	– oz	332 662	398 764	(16.6)
Revenue	– R/kg	225 541	169 502	33.1
Revenue	– US$/oz	944	779	21.2
Cash cost	– R/kg			

145 514
133 234
(9.2)
Cash cost
– US$/oz
609
613
0.7
Exchange rate
– USD/ZAR
7.43
6.77
(9.8)
Cash Operating Profit and Margin*
Q-on-Q
March 2008
December 2007
% Variance
Cash operating profit (Rm)
828
450
84.0
Cash operating profit margin (%)
35.5
21.4
65.9
*Continuing operations only
P
6

Quarter-on-quarter cash operating profit variance analysis (continuing operations)
Cash operating profit – December 2007
R449.8 million
– volume change
R(269.2) million
– working cost change
R147.0 million
– recovery grade change
R(78.6) million
– gold price change
R579.0 million
– net variance
R378.2 million
Cash operating profit – March 2008
R828.0 million
Analysis of earnings per share
Quarter ended
Quarter ended
Earnings per share (SA cents)
March 2008
December 2007
Cash earnings
207
113
Basic earnings/(loss)
41
(49)
Headline earnings/(loss)
42
(43)
Fully diluted earnings/(loss)
41
(48)
Reconciliation between basic earnings and headline loss
Quarter ended
Quarter ended
Headline earnings/(loss) per share (SA cents)
March 2008
December 2007
Basic earnings/(loss)
41
(49)
Profit on sale of property, plant and equipment
–
(7)
Provision for doubtful debt
1
13
Headline earnings/(loss)
42
(43)

P
7

CAPITAL EXPENDITURE (Continuing Operations)

Capital expenditure was 4.6% higher than last quarter due to increased activity at Hidden Valley, PNG. At the South African
operations the only significant capital increase was the new ice plants for Phakisa.

Actual
Actual
Operational Capex
March 2008
December 2007
Rm
Rm
South African operations
346
348
Total Operational Capex
346
348
Project Capex
Capital
invested
to date
Rm
Rm
Rm
Doornkop South Reef
79
91
869
Elandsrand New Mine
28
22
778
Tshepong North Decline
6
17
284
Phakisa Shaft
62
55
782
Hidden Valley, PNG
324
275
1 381
Total Project Capex
499
460
4 094
Total Capex
845
808

QUARTERLY PROFIT COMPARISON FOR CONTINUING OPERATIONS

Operation	Working profit (Rm)			Variances (Rm)			
	March 2008	December 2007	Variance	Volume	Grade	Price	Costs
Operations							
SA underground operations	695.9	345.4	350.5	(275.2)	(41.3)	521.6	145.4
Surface operations	132.1	104.4	27.7	6.0	(37.3)	57.4	1.6
International operations	–	–	–	–	–	–	–
Total Harmony	828.0	449.8	378.2	(269.2)	(78.6)	579.0	147.0

P
8

SA UNDERGROUND OPERATIONS (Continuing Operations)
Includes the following shafts: Tshepong, Phakisa, Doornkop, Elandsrand, Target, Masimong, Evander, Bambanani, Joel, Virginia
Operations.

Q-on-Q		March 2008	December 2007	% Variance
U/g tonnes milled	('000)	1 934	2 297	(15.8)
U/g recovery grade	(g/t)	4.81	4.87	(1.2)
U/g kilograms produced	(kg)	9 302	11 175	(16.8)
U/g operating costs	(R/kg)	150 795	138 531	(8.9)
U/g working costs	(R/tonne)	725	674	(7.6)

Tshepong Mine
Production
Volumes were affected by loss of production as a result of five days of power constraints and the Christmas break. Tonnes decreased from 388 000 to 326 000 quarter on quarter resulting in lower kilograms produced from 2 202kg to 1 991kg.
Tshepong's grade improved from 5.68g/t to 6.11g/t. Total cash costs remained steady at R107 943/kg compared with R107 616/kg for the previous quarter.
The termination of Conops at Tshepong caused a change in working arrangements and impacted on the volumes for the quarter.
Project overview
Sub 66 decline project is currently in a production build-up phase. The mining component of the project is scheduled to be
complete by June 2008.
Poor ground conditions have delayed the equipping of 72 belt cross-cut. Additional secondary support crews have been placed
in this area to increase the supporting rates. All major equipment has been procured and will require only the labour component to complete the belt cross-cut.

The secondary support in the chairlift decline will continue until July 2008. The chairlift will be installed in parts when the
secondary support is completed. It is estimated that the chairlift will be in operation at the end of September 2008.

Annual Capex Profile

Table (Rm)	2003	2004	2005	2006	2007	2008	2009	Total
Actual Sunk	32.8	66.6	40.6	52.9	66.7	24.3	–	283.8
Forecast						7.8	–	7.8
Total	32.8	66.6	40.6	52.9	66.7	32.1		291.6

P
9

1st production
April 2007
Future milestones

Equipping of ore passes and 72 belt cross-cut
– March 2008

Bulk Air Cooler civil work completed
– May 2008

71 Level Access Development complete
– June 2008

Extensive secondary support programme in the chairlift decline
– July 2008

Chairlift operational
– September 2008

72 level dam pump station design to Sub 71 completion
– October 2008

Equipping of ore passes and 72 belt cross-cut complete
– December 2008
Phakisa
Production
At Phakisa volumes improved to 9 000 tonnes (6 000 tonnes) and gold production increased to 53kg from 18kg previously. This is primarily due to higher feed grade of 5.89g/t (3.0g/t). Lower cash costs of R108 811/kg (R200 722/kg) were achieved. Phakisa production originates from two areas, the low grade Nyala shaft and the high grade Phakisa shaft, both areas are in a build-up phase with most of the development focused on the Phakisa shaft area.
Project overview
Access development metres advanced another 2% on the last quarter despite the season break and Eskom power outages.
The first ice plants arrived at Phakisa and will be commissioned in August 2008. This will address the ventilation issues in the current project.
Annual Capital expenditure profile
Table (Rm)
2004
2005
2006
2007
2008
2009
2010
Total
Actual Sunk
117

116
147
222
179
782
Forecast
53
68
32
152
Total
117
116
147
222
232
68
32
934
1st production
June 2008
Full production
August 2010
Future milestones

Commissioning of 55 level bulk air cooler
– April 2008

69 Level 1st raise line completion
– May 2008

Start First revenue on 69 level
– July 2008

Commissioning of first ice plant
– August 2008

Decline project completed
– April 2010
P
10

Doornkop

Production

Operational performance at Doornkop was negatively affected, mainly due to power disruptions and the suspension of all mining operations for 18 days to expedite the equipping of the man-cage compartments in the main shaft. This was necessitated to alleviate logistical problems on the South Reef operations. Production should return to normal build-up levels in the June quarter.

Tonnes milled were lower at 74 000 tonnes (122 000 tonnes) and 208 fewer kilograms of gold were produced. The recovered grade dropped from 3.21g/t to 2.49g/t for the third quarter due to lower grade achieved in the South Reef section and the Kimberley section mining in the channel edge areas.

Total costs were significantly higher at R297 293/kg compared with R144 360/kg. This is ascribed to production volumes not achieved and labour on hold resulting from the revised production plan of the South Reef production horizons.

Project overview

There is a huge challenge to understand the geological model for the South Reef section and all indications currently indicate a sheet deposit and not a channelised deposit. This could indicate an overall lower grade for the South Reef section than was previously anticipated. The conventional Kimberley Reef section is nearing its end of life and currently mining is in the pay-shoot edges realising much lower grades than previously achieved. A full geological assessment is in progress.

Station development continues and access development also continued with 330m excavated. Secondary development is also underway on 192 & 197 levels with 388m achieved. Equipping of the loading station on 212 level is underway, as is the construction of the pump station and loading levels.

The updated schedule provides for the main shaft to be partially commissioned by June 2008. The main shaft will fully support the mining and development activities from this period onwards. The sub shaft will be decommissioned as a hoisting facility and converted to an up-cast ventilation shaft. Production will ramp-up over the next three years.

Annual Capital expenditure profile

Table (Rm)
2003
2004
2005
2006
2007
2008
2009
2010
2011
Total
Actual Sunk
13
98
114
147

256
241
869
Forecast
74
278
91
60
503
Total
13
98
114
147
256
315
278
91
60
1 372
1st production
July 2007
Full production
March 2010
Future milestones

Main shaft partially commissioning
– June 2008

Rock winder engineering commissioning
– August 2008

Rock winder hoisting
– August 2008
P
11

Elandsrand

Production

Elandsrand made a significant improvement from the previous quarter's low base. Tonnages mined increased by 127.7% from 94 000 to 214 000 tonnes resulting in an 85% production improvement to 1 065kg (576kg) albeit at a lower 4.98g/t compared with 6.13g/t previously.

Cash operating costs were lower at R158 494/kg (R231 705/kg). Among the contributory cost decrease factors were in stores, resulting from improved cost control actions implemented and a significant reduction in labour hire and contractors.

Project overview

The first 22 kV transformer was installed on 100 level and the cable installations were completed in March 2008. The cables that feed this transformer from surface, that were damaged in the shaft accident, were repaired during the quarter. Commissioning from surface is expected to be completed in May 2008.

The installations of the 600mm chilled water feed and return columns, connecting the No. 2 and No. 3 service shafts on 105 level, are progressing slowly.

During the quarter, the following was accomplished: 115 level sub-station was commissioned; installation of the 102 L West side bulk air cooler progressed well; infrastructure development of the 100 level cooling dam chamber is being rehabilitated with additional support; 98 L condenser dam chamber was also re-supported and blasting operations at this site were started; the pipe cross-cut on 100 L was completed and raise boring of the No. 3 centre hole was started. Access development on 113 level progressed well.

Annual Capital expenditure profile

Table (Rm)
2003
2004
2005
2006
2007
2008
2009
2010
Total
Actual Sunk
35.6
107.0
106.2
105.5
96.1
119.6
113.7
94.6
778.3
Forecast
27.0
141.0

43.1
211.1
Total
35.6
107.0
106.2
105.5
96.1
119.6
113.7
121.6
141.0
43.1
989.4
Project Production
Tonnes Milled
% Split
Kilograms
% Split
Old Mine
101 077
47
556
45
New Mine
113 021
53
668
55
Total Mine
214 098
1 224
1st production
October 2003
Full production
June 2012
Future milestones

115 level main electrical sub-station commission
– February 2008

100 level 22 kV sub-station complete
– March 2008

115 level pump station commission
– June 2008

Access development on 113 level complete
– July 2008

No. 3 Service Shaft sub-bank, headgear and winder installation complete

– July 2008
P
12

Target Mine
Target recorded its worst production quarter in three years driven by an 19.0% drop in grade from 4.53% to 3.67%.
Volume was 3.8% down on last quarter from 160 000 tonnes to 154 000 tonnes, due to operational difficulties.
The underperformance is attributed to poor grade estimation, poor mining fragmentation and flooding issues, availability of
belts system and breakdowns which affected tonnages from the massive stopes.
Costs were 41.3% higher quarter on quarter from R109 394/kg to R154 552/kg due to the above and an increase in labour to
assist in skills shortages and reagent costs.
Masimong Mine
Tonnages at Masimong were down by 20.7% at 161 000 tonnes from 203 000 tonnes and accordingly gold production
decreased by 14.9% to 770kg from 905kg.
Grade, however, improved by 7.2% from 4.46g/t to 4.78g/t.
Masimong achieved an impressive total cost reduction which lead to a 6.9% reduction in Rand per kilogram quarter on quarter
from R180 355/kg to R167 839/kg.
Evander Operations
Tonnes milled at Evander decreased by 23.2% from 362 000 tonnes to 278 000 tonnes quarter on quarter.
Contributory factors
were the restructuring and closure of the upper pillar section at 7 shaft and constraints in the No. 2 decline area of 8 shaft
due to poor environmental conditions.
Dilution from vamping and low production from stoping areas caused the delivered grade to deteriorate at Winkelhaak. Grade
decreased by 10.1% to 5.40g/t.
Despite more stringent control on costs, operating costs increased by 23.1% to R143 107/kg from R116 291/kg.
Bambanani
Bambanani is the operation most affected by the Eskom power reduction. The shaft's planned tonnages were reduced by about
50% when it was decided to close off the Sub Shaft's South area. This changed Bambanani from a high tonnage lower grade
producer to a low tonnage higher grade producer.
Tonnages for the March 2008 quarter were down by 47.5% to 157 000 tonnes from 299 000 tonnes and consequently a drop
of 33.2% of gold produced to 1 066kg from 1 595 kg.
Grade was 27.4% higher quarter on quarter at 6.79g/t from 5.33g/t due to the higher grade areas mined in the new plan.
Operating costs were 12.4% higher from 141 056/kg to 158 595/kg. Benefits of the labour reduction and the improving grade
should become evident in the June 2008 quarter.
Joel
Bad coiling occurred when the service rope to the North Shaft cage was changed in January causing loss of production. Eskom
power disruptions caused tonnages to drop to 91 000 tonnes from 99 000 tonnes resulting in a 8.1% reduction in production
of 418kg compared with 455kgs. Grade remained relatively flat at 4.59g/t compared to 4.60g/t.
Although stringent controls were introduced on overtime and stores, costs were higher at R164 821/kg compared
to R154 963/kg.
P
13

Virginia Operations
St Helena, Harmony, Merriespruit, Unisel, Brand

Q-on-Q		March 2008	December 2007	% Variance
U/g tonnes milled	(‘000)	470	564	(16.7)
U/g recovery grade	(g/t)	3.60	3.78	(4.8)
U/g kilograms produced	(kg)	1 690	2 131	(20.7)
U/g working costs	(R/kg)	171 209	153 154	(11.8)
U/g working costs	(R/tonne)	616	579	(6.4)

The Virginia operations produced an average performance for the quarter. Some of the negative factors affecting this quarter’s performance included ventilation problems, grade variations and incorrect mining mix with having to move to higher grade panels and ledging requirements.

Tonnages from the five operations decreased by 16.7% from 564 000 tonnes to 470 000 tonnes. Consequently kilograms produced were 20.7% lower at 1 690kg from 2 131kgs with a lower grade of 3.60g/t from 3.78g/t.

Costs were 11.8% higher at R171 209/kg compared to R153 154/kg.

P
14

P
15
SOUTH AFRICAN SURFACE OPERATIONS
Kalgold, Phoenix, Free Gold surface and Target surface
Q-on-Q
March 2008
December 2007
% Variance
Surface tonnes milled
('000)
2 191
2 148
(2.0)
Surface recovery grade
(g/t)
0.48
0.57
(15.8)
Kilograms produced
(kg)
1 045
1 228
(14.9)
Working costs
(R/kg)
98 504
85 031
(15.8)
Working costs
(R/tonne)
47
49
4.1
Kalgold
Kalgold receives its electricity from the local domestic grid, consequently tonnage was negatively affected by load shedding
and two major plant breakdowns. This resulted in a total of 261 hours of production being lost during the quarter. Discussions
with Eskom are ongoing to supply uninterrupted electricity to Kalgold.
Tonnes milled were 7.6% down at 389 000 tonnes from 421 000 tonnes. The D-zone is nearing the end of its life and lower
grade is anticipated going forward. Grade was 8.3% down from 2.04g/t to 1.87g/t. Kalgold produced 130 kilograms less gold,
a 15.2% decrease, on the previous quarter. Costs increased by 18.6% to R97 636/kg.
Project Phoenix
The slime plant was the least disrupted during the Eskom outages as these operations were not stopped. Tonnes were only
down by 2% at 1.591 million tonnes mainly due to the seasonal break, but still above the feasibility planned tonnes of 1.500 million per quarter.
Lower grade of 0.13g/t compared with 0.17g/t was delivered. Variations in these values could occur as dams were formed over

long periods involving different material and methods over the years.
Operating costs were up by 6.0% to R94 197/kg from R88 873/kg.

P
16

INTERNATIONAL OPERATIONS

Hidden Valley

Project overview

As previously reported, the critical items that continue to drive the completion date for the Hidden Valley project are the manufacture of the SAG mill and the design, manufacture and erection of the overland conveyor. Meetings were held in Europe with the German manufacturers of the SAG mill and overland conveyor. Final design activities have started for the overland conveyor following survey of the cleared route and priority is being given to these activities. The current master schedule is being maintained for first ore to be milled in March 2009.

Project engineering design is 83% complete and approximately 81% of process equipment ordered. Structural steelwork drawings for the plant are being received from the contractor and preparation of the electrical and instrumentation contract documents is nearing completion.

Geotechnical consultants continue to provide recommendations for the design of foundations for the plant and buildings.

The Kaveroi resource drilling was completed during March with a final block model to be released at the end of April. Preliminary indications are that 584 000 oz will be converted from resource to reserve.

The Kaveroi drilling program has also confirmed the grade and continuity of the resource at depth as well as outlining a previously unmodelled enrichment zone with elevated gold and silver grades at the contact of the grano-diorite and the overlying meta-sediments. This manganese rich upper lode has good continuity from section to section and is closer to surface than previously modelled Kaveroi ore zones.

Annual Capex Expenditure profile: (Construction Capital: Cash Flow)

Table (A$m)
2006
2007
2008
2009
2010
2011
2012
2013
Total
Actual Sunk
20
90
121*
231
Forecast
72
196^
268
Total
20

90
193
196
499
* Includes A$28m for Rio Tinto Royalty Buy-out.
^ As part of the JVA signed with Newcrest Mining Limited "("Newcrest"), refer to the joint announcement made on the 22 April 2008 as published on Harmony's
website, Newcrest will fund the remaining capital spend on the Hidden Valley project and US$45 million in project expenditure relating to the period 1
January 2008 to 30 June 2008. Refer Note 11 on page 33.
1st production
March 2009
Full production
June 2009

P
17
EXPLORATION
Wafi/Golpu
Project Overview
The Wafi pre-feasibility study combining the Golpu copper gold resource with the Wafi Link Zone and NRG1 gold resources
was reviewed during the quarter and no fatal flaws were identified. A definitive feasibility study on the Golpu copper-gold
project was said to be justified.
Golpu is the largest copper resource target with more than four times the net revenue potential than the Wafi gold resources.
Although the gold resources remain of interest, it is the Golpu project that requires an exploratory decline to determine vital
underground mining geotechnical criteria to complete the feasibility.
Test work on Alkaline Sulphide Leaching (ASL) of Golpu concentrate is in progress. Arsenic leach testing continued during the
quarter, to establish if arsenic levels in copper concentrate can be economically reduced and the recovered arsenic suitably and
safely disposed of. Reducing the arsenic levels in copper will enable significantly more ore extraction from the Golpu deposit.
On 22 April 2008, Harmony and Newcrest entered into a joint venture agreement. Future feasibility studies will be delayed until
the partnership is fully functional.
Exploration results and programme
Nambonga North
Significant gold-copper intercepts in mineralised, stock work veined meta-sediments and diorite porphyry have been obtained
on consecutive sections over 240m of strike at Nambonga North. Mineralisation remains open through the grid along strike,
and at depth. Recent results, together with those reported last quarter are particularly encouraging for the size potential of
the system.
Results received during the quarter included:

WR268:
30m @ 1.42 g/t Au, 0.37% Cu, from 276m

WR270:
117m @ 0.73 g/t Au, 0.23% Cu, from 242m
A number of intercepts of polymetallic (Au-Zn-Ag-Pb) massive sulphide mineralisation were also encountered peripheral to the
porphyry Au-Cu vein stockwork. New results received during the report period include:

WR269:
12m @ 2.87 g/t Au, 4.9% Zn, 0.8% Pb,10.6 g/t Ag from 156m
Significantly, WR 272 intersected mineralised diorite porphyry on the 80m step-out section north of the discovery holes WR262
and WR264. The mineralised porphyry remains open to the north off the grid.
Other prospects

Access to explore high priority Porphyry Cu-Au and epithermal targets with multi-million ounce potential has been granted by
the local landowners.
Regional exploration east of the Kerimenge Prospect, where no previous exploration work has been done before, returned
significant surface trench results.

P
18
DISCONTINUED OPERATIONS
Orkney
On 27 February 2008, Pamodzi Gold took full control of the Orkney assets following the fulfilment of all the conditions
precedent which resulted in Harmony owning 32% and making it an associate company. Harmony will in future incorporate
its attribution portion of Pamodzi's profits and losses.
Australia
The Australian operations contributed 56 kilograms of gold in January as their final production from Mt Magnet. Mt Magnet
has been placed under care and maintenance and in a safe and responsible manner. The Australian-based Monarch Gold Mining
Company has taken over operating responsibility.
Randfontein Operations
Tonnages milled at the Cooke shafts of the Randfontein operations decreased by 10.1% from 308 000 tonnes to
277 000 tonnes for the quarter.
Gold production also dropped by 15.9% to 1 354kg from 1 610kg while yields reflected a 6.5% decrease at 4.89g/t
from 5.23g/t.
The reduction in the kilograms produced for the quarter is ascribed to a lower face grade, stoping sections intersecting
geological structures and changes in the mining mix from lower VCR production. In addition, Christmas holidays caused delays
in opening up of two scheduled high-grade pillars.
Cash operating costs were 12% higher at R136 157/kg versus R121 625/kg. Additional overtime shifts were introduced in an
effort to reduce the impact of the power shutdown.

P
19
UNAUDITED FINANCIAL REVIEW FOR THE THIRD QUARTER
ENDED 31 MARCH 2008

P
20
P
21