

HARMONY GOLD MINING CO LTD

Form 6-K

August 07, 2006

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 quarter and year ended 30 June 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

1

REVIEW FOR QUARTER AND YEAR ENDED 30 JUNE 2006
QUARTERLY HIGHLIGHTS

Higher gold price clearly demonstrates the gearing that Harmony has

Cash operating profit at R645 million (+ 111%)

Tonnes milled improve by 11%

Costs remained at similar levels, resulting in a positive impact on R/t unit cost

Successful implementation of CONOPS at Tshepong

Australian hedge book reduced by 75 000 oz

Upgrade of Golpu/Wafi resource by more than 20%

FINANCIAL SUMMARY FOR THE JUNE QUARTER

June 2006

March 2006

Gold produced

– kg

17 243

17 464

– oz

554 373

561 477

Cash costs

– R/kg

93 968

92 914

– \$/oz

452

470

Cash operating profit

– Rand

645 million

306 million

– US\$

100 million

50 million

Cash earnings

– SA cents per share

163

78

– US cents per share

25

13

Basic loss

– SA cents per share

(11)

(46)
– US cents per share
(2)
(8)
Headline loss
– SA cents per share
(52)
(50)
– US cents per share
(8)
(8)
Fully diluted loss
– SA cents per share
(11)
(46)
– US cents per share
(2)
(8)

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CHIEF EXECUTIVE'S REVIEW – JUNE 2006

“Harmony once again demonstrated that we offer to our shareholders significant upside potential when the gold price rises. We have stepped up our development rates to give us more mining flexibility which in turn will allow us to take advantage of the higher gold price. This is a process that will continue for the next 18 months, but we expect to start reaping the benefits by the end of the fiscal year.”

SAFETY REPORT

In terms of fatal accidents the safety performance deteriorated for the quarter under review and a number of action plans have been put in place to address the problem areas. However, there were a number of star performers that are worth mentioning. These include:

Merriespruit 3 who achieved 2 090 881 fatality free shifts, after going for over 7 years without any fatal accidents.

Joel mine is currently is standing on 1 292 662 fatality free shifts.

Brand 3, Unisel and St Helena have now collectively achieved just over 500 000 fatality free shifts.

Kalgold has accumulated a total of 2 213 605 fatality free shifts.

Fatality Injury Rate (Per Million Hours Worked)

3

0.4

0.35

0.3

0.25

0.2

0.15

0.1

0.05

0

2002

2003

2004

2005

Prog 2006

4

The LTIFR for SA operations decreased by 4,1% from 18.02 in March 2006 to 17.29 in June 2006. At the same time the SLFR increased from 430 compared to 424 in March 2006, a regression of 1,4%

Ten employees lost their lives in ten separate incidents during the past quarter. This is an overall regression of 21,5% on our fatality rate compared to the previous quarter. All these incidents occurred in Harmony's South African operations.

Unsafe behaviour by individuals remains our biggest problem and the company is paying urgent attention to this area. In order to re-energise safety awareness in Harmony, the company has introduced the "**Sindile Mosh**a" safety campaign, which is based on the "alertness" of the mongoose. Safety is a state of mind and we believe that deep level mining operations can be executed safely, without loss of live or damage to equipment. The campaign began its roll out in mid June 2006 at Bambanani Mine and the response has been extremely positive. The roll out to the remainder of the group will be complete before the end of the first 2006/2007 quarter by March 2007.

Safety performance at the Australian operations was maintained at a high standard during the quarter with no lost time injuries. The current LTIFR of 3.3 for Mt Magnet and 2.2 for South Kal Operations is below the Australian mining industry average of 4.3. Of particular note is the Treatment Plant at the Mt Magnet operations which achieved 2,473 days or 6.75 years without a lost time injury.

THE PAST QUARTER UNDER REVIEW

Tonnes milled

Production volumes in terms of tonnes milled (excluding surface sources) improved by 6% to 3.904 million tonnes. This improvement must be seen in the light that the June quarter had only one shift more than the March quarter as a result of a number of public holidays in the South African. These included the following:

Easter Weekend – 4 shifts lost

Freedom day on 27 April – 1 shift lost

Workers day on 1 May – 1 shift lost

Youth day on 16 June – 1 shift lost

1 day stay-away called by Cosatu – 60% of operations affected

The Australian operations also managed to improve tonnes milled and came in 2% higher than the March quarter.

Recovery grades

Recovery grades at the South African underground operations were down by 9%. Recovery grades from surface mining was also down by 33% as a result of an adjustment to surface cut off grades to take advantage of the improved gold price received. At the Australian operations yields improved by 18%. The combined effect of the higher tonnes treated and the reduction in recovery grades were that gold production dropped by 1%.

It is worth noting that the completion of the implementation of CONOPS has made a significant contribution to the volume increases. As volume, or square metres broken is the main driver of production bonuses, this quarter was the first time in more than 2 years that most of our underground employees saw improved bonuses. As the extra tonnes came substantially from the existing working places, the face grade mined was similar to last quarter. With the build up in tonnages occurring progressively during the quarter, there was some lock-up of gold both in the shafts and in our plants. It would be realistic to expect that the recovered grade should be higher in the September quarter.

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Cost Control

Total operating costs were marginally lower quarter on quarter despite much higher tonnages and had a significant positive impact on R/t unit cost, which came down by 10% from R363/t to R327/t. This assisted in keeping cost/kg at R93 968, up 1% from 92 914/kg. On the revenue side the gold price received for the June quarter improved from R110 399/kg to R131 358/kg. This resulted in the cash operating margin improving from 15,9% to 28,5%.

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

June 2006**March 2006****% Variance**

Production

– kg

17 243

17 464

(1)

Production

– oz

554 373

561 477

(1)

Revenue

– R/kg

131 358

110 399

19

Revenue

– US\$/oz

631

559

13

Cash cost

– R/kg

93 968

92 914

(1)

Cash cost

– US\$/oz

452

470

4

Exchange rate

– USDZAR

6.47

6.15

5

Cash Operating Margins

June 2006**March 2006**

Cash operating profit (Rm)

645,2

305,6

Cash operating profit margin

28,5%

15,9%

The net result was an improvement in the operating profit of R339.6 million or 111% compared to the March 2006 quarter where Harmony made a profit of R305.6 million. The main reason for this improvement was as a result of the revenue received, which went up by 19% and tighter cost control that did not go up commensurately with the increased volumes that were mined.

Quarter on quarter cash operating profit variance analysis

Cash operating profit – March 2006

R305,6 million

– volume change

R148,6 million

– working cost change

R2,4 million

– recovery grade change

(R172,3) million

– gold price change

R360,9 million

– net variance

R339,6 million

Cash operating profit – June 2006

R645,2 million

As can be seen from the above table, volume changes made a substantial impact to the bottom line results, but was offset by the drop in recovery grade. The net effect therefore came from the improved gold price. However, Harmony's gearing is clearly evident when one sees the impact that the change in gold price has made to the company's bottom line earnings.

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The restructuring process was completed during the year, where a number of loss-making operations were closed down. The impact of this restructuring is clearly evident in the cash operating costs that came down from R6.953 billion to R6.580 billion, a cost reduction of 6%. Harmony improved its cash operating profit by 68% year on year up from R868 million in 2005 to R1.458 billion in 2006.

Analysis of earnings per share (SA cents)

Quarter ended

Quarter ended

EARNINGS PER SHARE (SA Cents)

June 2006

March 2006

Cash earnings

163

78

Basic loss

(11)

(46)

Headline loss

(52)

(50)

Fully diluted loss

(11)

(46)

The net loss for the current quarter was R41 million (basic loss per share of 11 cents) compared to the net loss of R178 million (basic loss per share of 46 cents) for the previous quarter.

Reconciliation between basic and headline loss

Quarter ended

HEADLINE LOSS IN CENTS PER SHARE

June 2006

Basic loss

(11)

Reversal of impairments

(38)

Profit on sale of mining assets

(3)

Headline loss

(52)

Our cash earnings for the year to date was 371 cents per share.

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FOCUS ON OUR GROWTH PROJECTS REMAINS

Despite the harsh financial and operating conditions encountered in the past year the company has remained focussed on rebuilding its growth strategy. Accordingly expenditure on all of the local and international growth projects continued as planned. During the past quarter a total of R485 million was spent on capital. Of this R134 million was spent on our growth projects.

CAPITAL EXPENDITURE (RM)

Actual

Forecast

OPERATIONAL CAPEX

June 2006

September 2006

South African Operations

319

340

Australasian Operations

32

36

Total Operational Capex

351

376

PROJECT CAPEX

Doornkop South Reef

33

42

Elandsrand New Mine

35

41

Tshepong North Decline

13

21

Phakisa Shaft

22

29

Target Shaft

12

7

PNG

19

69

Total Project Capex

134

209

TOTAL CAPEX

485

585

Our focus is to grow the company with respect to ounces and quality continues and this has led to a unique pipeline of projects in South Africa and abroad. We continued, as planned, with all of our South African projects. At our Hidden Valley project in PNG, the construction road has reached the mine lease boundary and surface infrastructural construction will commence during the September quarter.

We believe that the successful building of Hidden Valley will demonstrate to our shareholders our ability to build mines internationally.

The Wafi/Golpu resource was also upgraded substantially through further exploration drilling during the quarter. This is discussed in more detail under the project section.

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There are two unique aspects to note on the graph. The first one is that Harmony will grow its production by nearly 1 million oz over the next four years and secondly the quality of our asset base improves over time as can be seen from the actual underground recovery grades.

The net effect of this is a reduction in \$/oz unit working costs if cost remain unchanged.

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CASH POSITION

Harmony Group cash reconciliation for June 2006**(R'million)****Cash and equivalents on 31 March 2006****1 781.2****Operational****109.9**

Operating profit

645.2

Capex (net)

(285.1)

Development cost capitalised

(199.7)

Corporate/exploration expenditure

(87.5)

Care and maintenance costs

(37.3)

Interest paid

(180.0)

Movement in working capital (excl. accrued liabilities)

39.0

Movement in accrued liabilities

24.3

Other items

191.0

Other**(985.0)**

Net sundry revenue

82.9

Foreign exchange losses

(25.4)

Shares issued (net of expenses)

143.4

Australian hedges close outs

(142.6)

SARS payments

(3.8)

Contributions to Rehabilitation Trust Funds

(31.6)

Payment of BOE loan (ARMgold)

(89.6)

Repayment of 2001 Bond

(918.3)

Cash and equivalents on 30 June 2006**906.1**

During the past quarter our operational profit contribution to cash increased from R305.6 million to R645.2 million. This contribution was sufficient to finance the R535.3 million, required by our growth, development and working Capex, corporate overheads, exploration and financing charges. The cash balance decreased from R1 781.2 million to R906.1 million, mainly due to the settlement of the 2001 Bond of R918 million.

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OPERATIONAL REVIEW

SOUTH AFRICAN OPERATIONS

Highlights

Operational highlights were as follows:

South African underground production volumes up by 6%

South African underground cash cost in R/t terms down 5%

Tshepong and Masimong demonstrates the benefits of CONOPS

Elandsrand completes ore pass changeover

North Shaft commissioning improves production volumes by 49% at Joel

Kalgold successfully integrates the new mining contractor

QUARTERLY PROFIT COMPARISON FOR OPERATIONS

WORKING PROFIT (Rm)

VARIANCES (Rm)

June

March

OPERATION

2006

2006

Variance

Volume

Grade

Price

Costs

South African operations

Quality assets

439.9

245.7

194.2

60.2

(76.9)

186.3

24.6

Growth assets

19.9

(21.0)

40.9

23.2

(31.7)

33.9

15.5

Leverage assets

89.4

36.2

53.2

33.5
(58.5)
103.5
(25.3)
Surface operations
36.1
13.0
23.1
29.0
(36.3)
13.5
16.9
Australasian operations
59.9
31.7
28.2
2.7
31.1
23.7
(29.3)
Total Harmony
645.2
305.6
339.6
148.6
(172.3)
360.9
2.4

This quarter once again clearly demonstrated the gearing that Harmony has. A 19% increase in the gold price resulted in a 111% growth in cash operating profit.

QUALITY OPERATIONS

Shafts under this section includes: Target, Tshepong, Masimong, Evander and Randfontein's Cooke Shafts

June 2006

March 2006

U/g tonnes milled
('000)
1 618
1 522
U/g recovery grade
(g/t)
5,26
5,69
U/g kilograms produced
(kg)
8 510
8 661
U/g working costs
(R/kg)
80 454
81 886
U/g working costs

(R/t)

423

466

11

Underground tonnes increased by 6,31% to 1 618 million tonnes during the quarter, whilst recovery grades decreased by 7,5% to 5.26 g/t. The combined effect of this was a 1,74% decrease in gold production to 8 510kg. Working cost was well controlled and dropped by 3,5%. The R/kg cost therefore decreased by 1,75%, bringing cost of production to R80 454/kg. The Quality Operations received an average gold price of R132 140, which led to a profit margin of 39,1%. Operating profit increased by 79% to R439.9 million compared to a profit of R245.7 million in the March quarter.

Tshepong Mine

With CONOPS now totally implemented, tonnes milled improved by another 14% during the quarter. Grades were down by approximately 4%, but costs were reduced by another 6,5%. This had a positive impact on the R/kg unit cost which came down by 4% and as a result of the improved gold price. Profit was up by 58% to R168 million.

Target Mine

The mine still suffers from a lack of flexibility and production numbers have remained fairly similar quarter on quarter. Development meters have therefore been planned up to in excess of a 1000m/month over the next 12 months.

Masimong Mine

Masimong is also now completely operating on CONOPS and tonnes milled have increased commensurately by 18% compared to the March quarter. In order to improve underground environmental conditions, a detailed program has been developed which would be implemented over the next 6 months.

Evander

Tonnes milled increased slightly by 1,2% from 380 378 tonnes to 385 000 tonnes. Grades were however down by 13%, which caused gold production to be down by 12,5%. Costs also went up by 2%. As a result R/kg cost went up by 16% to R102 000/kg.

Randfontein Operations

Recovery grades increased by 6,8% to 5.79 g/t up from 5.42 g/t reported at the end of the March quarter. Mining volumes remained constant at 324 000 tonnes. This led to an increase of 6,25% in gold production to 1 874kg. Working cost was brought down by another 2% during the quarter.

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LEVERAGED OPERATIONS

Shafts under this section include Bambanani, Joel, West Shaft, St Helena 8, Harmony 2, Merriespruit 1 and 3 Shafts, Unisel and Brand 3 Shaft and Orkney 2 and 4 Shafts.

June 2006**March 2006**

U/g tonnes milled

('000)

1 119

1 055

U/g recovery grade

(g/t)

4.26

4.74

U/g kilograms produced

(kg)

4 768

4 996

U/g working costs

(R/kg)

113 074

102 857

U/g working costs

(R/t)

482

487

Volumes increased by 6,1% to 1 119 million tonnes and the recovery grade decreased by 10,0% to 4.26 g/t. This led to gold production being down by 4,6% to 4 768kg. Cost went up by 4,9% or R25,3 million. The net effect on unit cost in R/kg terms was an increase of 9,9% to R113 074. The leveraged operations received an average gold price of R131 833 for the quarter, giving them a profit margin of 14,23%. The Leverage operations had an operating profit of R89.4 million compared to R36.3 million in the March quarter, an improvement of 146.3%.

SA SURFACE OPERATIONS (INCLUDES KALGOLD)**June 2006****March 2006**

Surface tonnes milled

('000)

1 054

783

Surface recovery grade

(g/t)

0.66

0.98

Kilograms produced

(kg)

700

766

Working costs

(R/kg)

77 184

92 535

Working costs

(R/t)

51

91

Volume from surface sources increased by 34,6% to 1 054 million tonnes during the quarter, whilst recovery grades decreased by 32,7% to 0.66 g/t. The combined effect of this was an 8,6% decrease in gold production to 700kg. Cash operating cost went down by 23,8% or R16 853 million, whilst unit working cost in R/kg terms decreased by 16,6% bringing the cost of production to R77 184/kg. This gave the surface operations a profit margin of 40,1%, at the average gold price received of R128 741. The surface operations had an operating profit of R36.1 million compared to R13.0 million in the March quarter, an improvement of 177,7%.

Kalgold

Ore feed only took place from the strategic stockpiles and the A Zone, which caused the recovery grades to drop by approximately 20%. The cut-back in the D Zone progressed well during the quarter, but no ore mining took place from this pit. The quarter on quarter performance of the metallurgical operation was once again improved on and the throughput went up by another 10%. The management team successfully introduced the new minning contractor.

Mining from the D Zone is expected to resume during the September quarter albeit on a small scale.

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AUSTRALIAN OPERATIONS

Highlights

Feasibility at Shirl Pit delineated a reserve of 49,598 oz

Significant increase in quarter on quarter production, from 49,608 oz to 59,286 oz

The Checker Treatment Plant at the Mt Magnet operations achieved 2,473 days or 6.75 years lost time injury free

The hedge book was reduced by 75 000 ounces

Exploration success at South Kal Mines converted into an open pit reserve of 49,500 oz with a 15 month mine life. Production is scheduled to commence during the September quarter

June 2006

March 2006

Tonnes milled

('000)

775

763

Recovery grade

(g/t)

2,38

2,02

Kilograms produced

(kg)

1 844

1 543

Working costs

(R/kg)

92 760

91 876

Working costs

(R/t)

221

186

The Australian operations generated an operating profit of A\$ 12.5 million in the current quarter compared to A\$ 7 million in the previous quarter. This is primarily the result of increased gold production from 49,608 oz in the March quarter to 59,286 oz this quarter and a continued high gold price environment.

Mt Marion underground at South Kal Mines and St George underground at Mount Magnet were the primary contributors to the increased gold production. Hill 50 is again in full production after the seismic event in the March quarter. Open pit operations at South Kal Mines will recommence during the September quarter in line with operational plans, with first material planned to be excavated in August 2006.

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During the quarter 75,000 ounces of hedged forward positions were closed out at a cost of A\$ 29.5 million. These out of the money hedge positions were inherited with the acquisition of Hill 50 Gold NL at an average strike price of A\$515. The negative marked to market valuation of the outstanding hedge commitments at quarter end amounted to A\$119 million, based on an A\$ spot price of A\$808/oz. During the September quarter an additional 35,000 ounces of hedged positions will come up for closure. Closure costs of these positions at current prices will amount to approximately A\$10 million. At this stage 10 000 oz has already been closed out, leaving only 20 000 to be done by end September 2006.

Mount Magnet

Mt Magnet operations produced 41,826 ounces of gold from milling of 444,756 tonnes of ore during the June quarter, compared to production of 34 204 ounces of gold and the milling of 430 164 tonnes of ore in the previous quarter. This resulted in a cash operating profit of A\$ 10.8 million for the site. The improved financial performance was primarily due to increased ounce production from the underground mines, which increased 23% quarter on quarter.

Underground production amounted to 28,473 ounces in the current quarter compared to 21,861 ounces in the March quarter, from the milling of 140,919 underground tonnes at 6.28 g/t compared to 129,590 tonnes milled in the previous quarter at 5.25 g/t. The increased tonnage was attributable to Hill 50 coming back into production following the seismic event on 14 February 2006, albeit low production. St George grade for the quarter was higher than planned leading to an increase in gold production of 2,482 ounces of gold above plan.

South Kal Mines

The operation produced 17,465 ounces of gold in the quarter compared to 15,395 ounces in the March quarter from the milling of 330,668 tonnes of ore. Increased production from Mt Marion underground was the primary contributor to this increase. Commencement of open pit operations in the September quarter will reduce the site dependence on a single production source and low grade stockpiles.

The Shirl resource drilling was completed during the quarter. Resource estimation and mining planning work at Shirl has delineated a reserve of 510,000 tonnes at 3.03 g/t for 49,598 ounces mined (44,000 ounces recovered) and a 15 month mine life.

AUSTRALIA – OTHER PROJECTS

A strategy has been put in place whereby Harmony Australia will be looking at rationalising its current land holdings around South Kal Mines as well as Mt Magnet. This will result in non core tenements being disposed of, reducing expenditure commitments on these tenements and realising some value in the current commodity price environment. It will also allow the company to focus exploration on its core gold prospective tenements, and use funds generated through these sales to acquire other prospective tenements. As part of the strategy of disposing of non core assets, the company disposed of its New Celebration mill at South Kal Mines, which was on care and maintenance, for A\$3 million, and also continues with its prospective nickel tenements disposal process at this site.

A heads of agreement has been signed with an ASX listed junior exploration company, Dioro. This agreement allows Dioro to acquire some of our tenements around South Kal Mines.

The Comet prospect at Mt Magnet has also been sold during the quarter to an ASX listed junior mining company for A\$ 1 250 000 and A\$1 million in shares, plus an A\$ 5 per ounce royalty on production up to 200 000 ounces.

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GROWTH PROJECTS

Highlights

Elandsrand project design upgraded improving the confidence levels significantly

Hidden Valley EPCM (Engineer, Procure, Construct and Manage) contract was signed at the end of July

Hidden Valley General Manager Operations has been recruited

Wafi/Golpu resource upgraded by more than 20%

Growth projects production performance (Doornkop, Tshepong Sub 66 Decline, Phakisa and Elandsrand)

June 2006

March 2006

U/g tonnes milled

('000)

391

343

U/g recovery grade

(g/t)

3,63

4,37

U/g kilograms produced

(kg)

1 421

1 498

U/g working costs

(R/kg)

120 626

124 774

U/g working costs

(R/t)

438

545

During the quarter a total of 39 000t of waste was hoisted through the reef orepass system at Elandsrand compared to 43 000t in the March quarter. If this is excluded, the recovery grade goes up to 3.98g/t compared to 4.93g/t in the March quarter.

The Company remained focused on rebuilding its growth strategy on these projects. During the past quarter R134 million was spent on capital projects and the forecast for the September quarter amounts to R209 million.

The detail of the local capital projects are discussed under the various project specific sections.

DOORNKOP SOUTH REEF CAPITAL PROJECT

Project Overview

Station development continued on 202, 207 and 212 levels during the June quarter. Focus in the next quarter will be to start up station work on 205 level. Access development continued with a total of 215m advance achieved on 192 and 197 levels in the quarter.

Shaft sinking operations have progressed well. The main sink from below 132 level was sunk, lined and equipped for a distance of 82m during the quarter. There remains 60m to be sunk to 192 level.

The dual sink from 197 level has now been completed to 212 level where station cutting was also completed. Sinking operations for the final 45m from 212 to shaft bottom was started and scheduled to be completed by November 2006.

The Final sinking activity will be the removal of the 45m plug between 192 level and 197 levels. This is scheduled to be completed by March 2007.

The capital expenditure programme has been revised to include a R47 million drilling programme to firm up the geology in the project area. The cost anticipated for the drilling programme has been taken up in the original application and it is not envisaged to make a significant impact as savings have been made on other items.

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The exploration drilling will be done in several phases:

- platform drilling from the hanging wall of the reef to determine reef position and structures
- experimental drilling to minimise the effect on core loss as well as possible under evaluation due to the free gold nature of the reef
- long hole drilling from the Kimberley reef horizon +/- 1000m above the South Reef horizon

Annual Capital Expenditure Profile

Table (Rm)

2003

2004

2005

2006

2007

2008

2009

2010

Total

Actual Sunk

13

98

114

147

372

Forecast

217

214

161

139

731

Total

13

98

114

147

217

214

161

139

1 103

Doornkop South Reef Project

17

Project Milestones

Project IRR and NPV

Gold Price (Kg)

R105 000

NPV7.5% (June 2006)

R892 m

IRR

50%+

Envisaged Costs:

–

R397/t

–

\$292/oz

–

R60 944/kg

First production:

–

July 2007

Monthly production volumes at full production:

–

Tonnes Milled – 135 000t

Average recovery grade at full production levels

–

6.56g/t

TSHEPONG – SUB 66 DECLINE PROJECT

Project overview

The project progressed according to plan and at quarter-end a total of 5 569m of 6 281m development was completed. The chairlift is now 75% complete and the material decline 89%. Extensive geological drilling has taken place to determine the position and direction of possible dykes and sills in order to adapt layout and support changes proactively. This project is progressing as planned and no problems are envisaged for the September quarter.

Annual Capital Expenditure Profile

Table (Rm)

2003

2004

2005

2006

2007

2008

Total

Actual Sunk

32.8

66.6

40.6

52.9

1 92.9

Forecast

57.1

30.3

87.4

Total

32.8

66.6

40.6

52.9

57.1

30.3

280.3

18

Project Milestones

Project IRR and NPV

Gold Price (Kg)

R105 000

NPV 7,5% (June 2006)

R1 024 m

IRR

38,4%

Envisaged Costs:

–

R433/t

–

R60 076/kg

–

\$278/oz

First production:

–

August 2006

Project completion date:

–

February 2008

Monthly production volumes at full production:

–

Tonnes Milled – 48 560t

Average recovery grade at full production levels

–

7.21g/t

19

PHAKISA CAPITAL PROJECT

Project Overview

The project involves the establishment of infrastructure and the sink and equipping of a primary shaft to a depth of 2 427m below collar. The mine will have 5 production levels, 66, 69, 71, 73 and 75 level where access development will take place. 75 level will be the host to a 1500 meters, 9° Twin Decline complete with another three levels, 77, 79 and 81 where access development will be done towards the reef horizon.

This project started during July 2003. To date the sinking have been finished and shaft equipping has been completed. The next activity will be the access development on 75 level which is planned to start in August 2006.

Annual Capital Expenditure Profile

Milestone dates achieved so far

Project start date

July 2003

Surface Headgear to permanent condition

August 2005

Shaft Equipping Complete on 54 Level

October 2005

Koepe Winder Commissioning – Equip Phase

December 2005

Shaft Equipping Completion on 77 Level

April 2006

20

Project Milestones

Project IRR and NPV

Gold Price (Kg)

R105 000

NPV7.5% (June 2006)

R2 348 m

IRR

31%

Envisaged Costs:

–

R446/t

–

R55 015/kg

–

\$263/oz

First production:

–

May 2010

Project completion date:

–

February 2009

Monthly production volumes at full production:

–

Tonnes Milled – 90 000t

Average recovery grade at full production levels

–

8.11g/t

ELANDSRAND CAPITAL PROJECT

Project Overview

During the quarter the sinking and equipping of the No 2 Service shaft has progressed 72m past 102 level (54m for the quarter). There are now 48 meters left to 105 level. The mechanical installations in the 115 level pump station (pipes and pumps) progressed as planned during the quarter. The 92 level turbine dam is progressing well and is currently 13m down from 92 level. This takes the installation to the 50% mark. The plugging of the first waste box on 100 level was done in May 2006. The second box is planned for August 2006. The commissioning of the Man 1 side of 105 level station was done in June 2006. Both Man winders can now service 105 level. The main-substation was commissioned during the quarter and the main electrical feeders between 102 and 105 levels have also been commissioned.

Scope Changes

Capital increase

–

The capital has increased from R798m to R805m. The R7m increase is for the installation and commissioning of 2 refrigeration plants (No 5 and No 6 both 3.5 MW York machines) situated on 71 level. These plants form part of the 88 MW refrigeration requirements for the Project and were not

included in the initial estimates.

21

Annual Capital Expenditure Profile

Project Milestones

Project IRR and NPV

Gold Price (Kg)

R105 000

NPV7.5% (June 2006)

R2 271 m

IRR

23,1%

Envisaged Costs:

–

R485/t

–

R65 146/kg

–

\$312/oz

First production:

–

October 2003

Project completion date:

–

December 2010

Monthly production volumes at full production:

–

Tonnes Milled – 147 000t

Average recovery grade at full production levels

–

7.84g/t

22

HIDDEN VALLEY PROJECT

Highlights

The access road reaches the mine lease boundary

EPCM contract has been signed at the end of July

Appropriate engineering solution found for project conveyor system

Hidden Valley General Manager Operations has been recruited

Business Development Manager for the landowner company has been appointed

A third party audit of the tailings storage facility (TSF) confirmed the dams are soundly engineered

Feasibility Update

The Hidden Valley feasibility update document was completed in April 2006. The feasibility update was then presented to the Investment Review Committee in Johannesburg in late April and was approved by the Harmony Board on 5 May 2006.

Access Road Update

At the end of May pioneering on the Access Road reached the Bulldog Track (29.1km), which effectively provided a corridor into the mine lease, with the pioneering equipment reaching the mining lease boundary during the quarter. By the end of June the bulking out of the road earthworks were completed up to the Bulldog Track and the track from there to Hamata Junction was being widened and brought up to the Access Road design standard. A temporary forward construction camp has been established and most of the staff relocated there from Bulolo town, after effective communications were established with the camp during the quarter. This mobile container camp will be used during the construction phase as well.

The access road to the mining lease boundary will be completed by the end of August as per the original construction schedule, with the work remaining under budget with a total spend of \$1.7 million during the quarter.

Site Geological Update

Progress on the access road will shortly provide ground access for the heavier drill rigs that are now required to upgrade the inferred to indicated resources and therefore into reserves at Hamata and Kaveroi. RSG Global has remodelled the Hamata and Kaveroi ore bodies and a reserve statement will be forthcoming after pit modelling has been completed.

Project Schedule

First ore into the Hamata plant is at the end of September 2008.

The critical path for the project is through the Ball Mill with an estimated delivery time of 60 weeks.

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WAFI/GOLPU PRE-FEASIBILITY STUDY

Golpu Resource Re-modelling

As part of the feasibility study process, the Golpu resource model was updated using additional information collected from the current drilling program and re-interpreting the existing geological database information. It was previously assumed that mineralisation was cut off at the porphyry boundary, however drilling in the current program has confirmed mineralisation extending into the meta-sediment host rock. Table 1 below shows a significant increase in contained gold and copper based on the new model. Significantly, the resource model also includes Molybdenum (Mo) and at the current price of US\$25/t, the in-ground Molybdenum value is approximately US\$1 Billion.

Table 1 – Updated Golpu Resource**Tonnes****Cu Metal****Class****(mil)****Cu % Au ppm****Mo ppm****Tonnes****Au Oz****Porphyry**

Indicated

87.5

1.4

0.6

110

1,185,895 1,766,884

Inferred

3.0

1.8

1.1

67

53,665

107,581

Total

90.5

1.4

0.6

109

1,239,560 1,874,465

Peripheral Mineralisation**(meta-sediment)**

Inferred

56.2

0.7

0.5

166

375,964

831,040

Total**146.7****1.1**

0.6
 131
 1,615,523 2,705,505
Table 2 – Old Golpu model
Tonnes
Cu Metal
Class
(mil)

Cu % Au ppm

Mo ppm

Tonnes

Au Oz

Porphyry

Indicated

95.8

1.4

0.7 Not modelled

1,351,344 2,002,863

This new resource represents an increase in copper of 266,000t (20%) and an increase in contained gold of 700,000oz (35%).

The inclusion of the mineralised meta-sediments adds some 259,000 tonnes of copper (+19%), and 650,000 ounces of gold (+32%) to the resource. The Golpu resource excludes the Gold contained in the Wafi ore deposits, which contain a further 110 Million tonnes @ 1.9 g/t for 6.5 Million Ounces of gold. The exploration team is now investigating the work required to convert the meta-sediment resource to the indicated category.

The new Golpu model has been reviewed and endorsed by mining consultancies RSG Global and SRK. The additional resource inventory has significant potential to positively impact the economical robustness of the Golpu project.

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MINING STUDIES FOR NRG1 (NON-REFRACTORY GOLD1) AND LINK ZONE GOLD PROSPECTS

Preliminary scoping studies for both the NRG1 and Link Zone projects were completed during the quarter. The NRG1 resource is the portion of the Wafi Gold ore body, able to be recovered using a conventional cyanide leach extraction method. If economic this resource will be mined by way of open pit, as set out in the table below.

The Link Zone resource is a high grade portion of the Wafi gold ore body with an inventory of 4.79 Mt at 8.5 g/t. The Link Zone ore is refractory and requires an oxidation method such as pressure oxidation prior to extraction utilising a conventional cyanide leach circuit. If economic, this resource will be mined by underground methods as set out in the table below.

Preliminary mining scoping studies undertaken by SRK consulting indicate that both the NRG1 and Link Zone projects are able to deliver strong positive cash flows, under conditions assumed in the studies, whereby infrastructure is shared in a mining complex. Results of the study are presented in Tables 3 and 4 below:

Table 3 – NRG1 mining statistics identified in initial scoping studies*Ore**16.3 Mt**Total rock**60.0 Mt**Strip Ratio**2.66**Ore grade**1.87g/t**Mining Method**Open Pit**Production Rate**3Mt/Year (Not yet verified by scheduling)***Table 4 – Link Zone mining statistics identified in initial scoping studies***Ore**4.9Mt**Ore Grade**6.6 g/t**Mining Method**Modified Sub-Level Cave**Production Rate**1Mt/Year*

Upon completion of estimates for processing and infrastructure capital and operating costs, the results of the mining studies will be utilised to complete the scoping studies (Stage Gate 1) for NRG1 and Link Zone. If scoping studies prove to be successful and projects appear economically viable and technically achievable, it is envisaged that upon approval of these studies, both projects will be progressed to pre-feasibility level in parallel with the Golpu project. Integration of the projects is favourable due to geographical location, and will allow the Copper and Gold projects to share key infrastructure, such as underground access, accommodation camp, and power infrastructure, maximising project synergy and minimising the capital burden on each individual project.

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Figure 1 below shows a schematic view of the conceptual mine plan which includes the NRG1 open pit, Link Zone Sub Level Cave, and Golpu Block Cave.

Figure 1: Conceptual mine plan at Wafi

This layout may be subject to change as scoping and pre-feasibility studies for Golpu, Link Zone and NRG1 projects.

PROCESS AND INFRASTRUCTURE ENGINEERING STUDIES

Engineering consulting firm Aker Kvaerner made significant progress in designing metallurgical test work programs for both the Golpu Copper/Gold and Wafi Gold projects during the quarter. A gap analysis was conducted on previous test work , and it is expected that the finalised test work program for each of the projects will be in place early in the next quarter, focusing on comminution test work for all projects, flotation optimisation for Golpu ore, and pressure oxidation test work for the Link Zone. Test work for each of the projects is expected to be undertaken over a 3 to 4 month period.

FEEDBACK ON CURRENT ACTIVITIES

DELAYS IN GEOTECHNICAL DRILLING PROGRAM AT GOLPU

A new drill rig which was originally expected on site in December 2005 was finally delivered in May 2006. The drill rig has been in production continuously since delivery; however the rig was not yet operating at full capacity at the end of the quarter due to a number of technical glitches.

Delays in the completion of the drilling program by August 2006 remain the biggest risk to completion of the Golpu pre-feasibility by February 2007, as all of the geotechnical and mining study work is reliant on the drilling data. Drilling completion has been significantly delayed due to the late arrival of the abovementioned drill rig, and all efforts are being made to reduce the impact on the pre feasibility timeline as set out below.

Additional geotechnical personnel are being recruited, and consulting personnel will have a stronger presence on the site to ensure that logging of remaining core is completed as fast as possible. Additional core cutting equipment and personnel, along with prioritisation at the assay laboratory will be implemented to minimise any delays which may occur.

Consultants working on the project are in the process of reviewing work schedules so that revised completion times can be estimated upon completion of the drilling program.

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ENVIRONMENTAL STUDIES

Environmental base line studies continue to be undertaken in line with the planned program. Stream and sediment data collection, weather monitoring, and ore and waste rock characterisation for acid forming potential will assist in the completion of an Environmental Impact Statement in the event that the pre-feasibility study is found to be economic.

Most rock types at Wafi have a high sulphur content and preliminary tests indicate that acid formation potential is high, while neutralising capacity is low. Mine and waste dump design will be undertaken to ensure that potential for acid rock damage is able to be managed at all times during mine operation.

Project Timing

As the project currently stands, key completion dates are:

Project

Activity

Completion Date

Golpu

Drilling Program

August 2006

Final Pre-Feasibility Study Report

February 2007

NRG1

Scoping Study

August 2006

Pre-Feasibility Study

May 2007

Link Zone

Scoping Study

August 2006

Pre-Feasibility Study

June 2007

All pre-feasibility studies will rely on completion of drilling programs designed to obtain geotechnical, geological, and metallurgical data.

Financial Summary

Total project expenditure for the quarter was 4.2 million Kina (A\$1.9 million), compared with the budget of 4.3 Million Kina (A\$2 million). The increased expenditure compared to the previous quarter is the direct result of the new DT1000 drill rig arriving at site, allowing acceleration of the drilling rate for the study.

Expenditure during the next quarter is expected to rise from current levels to 7.8 million Kina (A\$3.5 million) with continuation of drilling in the NRG1 and Link Zones planned following the completion of the Golpu program, and advancement of geotechnical, mining, and metallurgical study work. To date Kina 12.3 Million (A\$5.6 Million) has been spent on the pre feasibility study against a total proposed budget of Kina 17.9 Million (A\$8.1 Million). The expenditure shortfall is primarily due to drilling delays.

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

Underground production – South Africa

Quality

Growth

Leveraged

Assets

Projects

Assets

Sub total

Ore milled – t'000

Jun-06

1 618

391

1 119

3 128

Mar-06

1 522

343

1 055

2 920

Gold Produced – kg

Jun-06

8 510

1 421

4 768

14 699

Mar-06

8 661

1 498

4 996

15 155

Yield – g/t

Jun-06

5.26

3.63

4.26

4.70

Mar-06

5.69

4.37

4.74

5.19

Cash Operating Costs – R/kg

Jun-06

80 454

120 626

113 074

94 920

Mar-06

81 886

124 774

102 857

93 040

Cash Operating Costs – R/t

Jun-06

423

438

482

446

Mar-06

466

545

487

483

Working Revenue (R'000)

Jun-06

1 124 511

191 270

628 580

1 944 361

Mar-06

954 903

165 919

550 139

1 670 961

Cash Operating Costs (R'000)

Jun-06

684 661

171 410

539 138

1 395 209

Mar-06

709 214

186 912

513 873

1 409 999

Cash Operating Profit (R'000)

Jun-06

439 850

19 860

89 442

549 152

Mar-06

245 689

(20 993)

36 266

260 962

Capital Expenditure (R'000)

Jun-06

202 265

149 954

82 743

434 962

Mar-06

145 579

127 022

67 254

339 855

Quality Ounces

– Evander Shafts, Randfontein Cooke Shafts, Target, Tshepong, Masimong

Growth Projects – Doornkop shaft & 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

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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

Jun-06

1 054

4 182

775

4 957

Mar-06

783

3 703

763

4 466

Gold Produced – kg

Jun-06

700

15 399

1 844

17 243

Mar-06

766

15 921

1 543

17 464

Yield – g/t

Jun-06

0.66

3.68

2.38

3.48

Mar-06

0.98

4.30

2.02

3.91

Cash Operating Costs – R/kg

Jun-06

77 184

94 112

92 760

93 968

Mar-06

92 535

93 014

91 876

92 914

Cash Operating Costs – R/t

Jun-06

51

347

221

327

Mar-06

91

400

186

363

Working Revenue (R'000)

Jun-06

90 119

2 034 480

230 966

2 265 446

Mar-06

83 889

1 754 850

173 421

1 928 271

Cash Operating Costs (R'000)

Jun-06

54 029

1 449 238

171 050

1 620 288

Mar-06

70 882

1 480 881

141 764

1 622 645

Cash Operating Profit (R'000)

Jun-06

36 090

585 242

59 916

645 158

Mar-06

13 007

273 969

31 657

305 626

Capital Expenditure (R'000)

Jun-06

1 388

436 350

48 423

484 773

Mar-06
785
340 640
50 586
391 226
28

29

TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS (Rand/metric) (unaudited)

Quarter ended

Quarter ended

Quarter ended

30 June

31 March

30 June

2006

2006

2005

(restated)

Ore milled

– t'000

4 957

4 466

5 198

Gold produced

– kg

17 243

17 464

19 886

Gold price received

– R/kg

131 358

110 399

89 711

Cash operating costs

– R/kg

93 968

92 914

80 207

R million

R million

R million

Revenue

2 265

1 928

1 784

Cash operating costs

(1)

1 620

1 622

1 595

Cash operating profit

645

306

189

Amortisation and depreciation of mining properties, mine development costs and mine plant facilities

(1)
(267)
(264)
(238)
Corporate, administration and other expenditure
(53)
(6)
(81)
Reversal/(Provision) for rehabilitation costs
18
(1)
(6)
Operating profit/(loss)
343
35
(136)
Amortisation and depreciation other than
mining properties, mine development
costs and mine plant facilities
(19)
(17)
(7)
Employment termination and restructuring costs
-
-
(205)
Care and maintenance costs
(37)
(30)
(12)
Share based compensation
(10)
(30)
(27)
Exploration expenditure
(35)
(21)
(16)
Loss on sale of investment in Goldfields
-
-
(372)
Mark-to-market of listed investments
22
22
13
Interest paid
(180)
(96)
(134)
Interest received

48
71
45
Other expenses income/(expenses) – net
10
5
9
Gain/(Loss) on financial instruments
35
(260)
(7)
Loss on foreign exchange
–
(1)
(18)
Loss on sale of listed investments and subsidiaries
–
–
(73)
Diminution in carrying value of ARM investment
–
–
(337)
Loss from associates
(105)
–
–
Provision for post-retirement benefits
(7)
–
(57)
Reversal of impairment of fixed assets
216
–
–
Profit/(Loss) before tax
281
(322)
(1 334)
Current tax – expense
(5)
(1)
(110)
Deferred tax – (expense)/benefit
(1)
(317)
145
337
Net loss
(41)
(178)

(1 107)

30

TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS (Rand/metric) (unaudited)

Quarter ended

Quarter ended

Quarter ended

30 June

31 March

30 June

2006

2006

2005

(restated)

(1) The change in accounting policy on capitalisation of mine development costs had the following effect:

–

Cash operating costs – decrease

200

160

139

–

Amortisation and depreciation of mining properties, mine development costs and mine plant facilities

(99)

(82)

(68)

–

Deferred tax – expense

(23)

(18)

(15)

–

Net effect of change in accounting policy

78

60

56

Loss per share – cents *

–

Basic loss

(11)

(46)

(282)

–

Headline loss

(52)

(50)

(93)

–

Fully diluted loss ** ***

(11)

(46)
 (282)
 Dividends per share – (cents)

–
 Interim

–
 –
 –
 –
 Proposed final

–
 –
 –
 * Calculated on weighted average number of shares in issue at quarter end June 2006:
 394.9 million (March 2006: 393.4 million) (June 2005: 392.2 million).

** Calculated on weighted average number of diluted shares in issue at quarter end
 June 2006: 401.1 million (March 2006: 400.5 million) (June 2005: 392.2 million).

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

Reconciliation of headline loss:

Net loss

(41)
 (178)
 (1 107)

Adjustments:

–
 Profit on sale of assets
(12)
 (13)
 (26)

–
 Mark-to-market of listed investments

–
 –
 4
 –

Loss on sale of ARM Ltd – net of tax

–
 –
 103
 –

Loss on disposal of investment in Goldfields

–
 –
 372
 –

Loss on disposal of subsidiaries

–
 –
 1
 –

Impairment of fixed assets – net of tax

(151)

—

(19)

—

Profit on disposal of investment in Bendigo NL

—

—

(30)

—

Diminution in carrying value of listed investments

—

—

337

Headline loss

(204)

(191)

(365)

31

TOTAL OPERATIONS – ANNUAL FINANCIAL RESULTS (Rand/metric)(Reviewed)

Year ended

Year ended

30 June 2006

30 June 2005

(restated)

Ore milled

– t'000

18 880

23 283

Gold produced

– kg

74 242

92 230

Gold price received

– R/kg

108 268

84 799

Cash operating costs

– R/kg

88 629

75 388

R million

R million

Revenue

8 038

7 821

Cash operating costs

(1)

6 580

6 953

Cash operating profit

1 458

868

Amortisation and depreciation of mining

properties, mine development costs and

mine plant facilities

(1)

(1 032)

(1 010)

Corporate, administration and other expenditure

(187)

(206)

Reversal/(Provision) for rehabilitation costs

13

(48)

Operating profit/(loss)

252

(396)

Amortisation and depreciation other than
 mining properties, mine development
 costs and mine plant facilities
(57)
 (32)
 Employment termination and restructuring costs
78
 (562)
 Care and maintenance costs
(174)
 (76)
 Share based compensation
(103)
 (67)
 Exploration expenditure
(106)
 (73)
 Profit/(Loss) on sale of investment in Goldfields
306
 (372)
 Mark-to-market of listed investments
87
 17
 Interest paid
(470)
 (434)
 Interest received
224
 132
 Other expenses – net
(6)
 (25)
 (Loss)/Gain on financial instruments
(523)
 16
 Gain on foreign exchange
 –
 20
 Loss on sale of listed investments and subsidiaries
 –
 (184)
 Loss from associates
(105)
 –
 Diminution in carrying value of ARM investment
 –
 (337)
 Provision for post-retirement benefits
(7)
 (57)
 Reversal of impairment/(impairment) of fixed assets

216

(1 513)

Loss before tax

(388)

(3 943)

Current tax – expense

(10)

(76)

Deferred tax – (expense)/benefit

(1)

(128)

805

Net loss

(526)

(3 214)

32

TOTAL OPERATIONS – ANNUAL FINANCIAL RESULTS (Rand/metric)(Reviewed)

Year ended

Year ended

30 June 2006

30 June 2005

(restated)

(1) The change in accounting policy on capitalisation of mine development costs had the following effect:

–

Cash operating costs – decrease

659

590

–

Amortisation and depreciation of mining properties, mine development costs and mine plant facilities

(314)

(213)

–

Deferred tax – expense

(74)

(74)

–

Net effect of change in accounting policy

271

303

Loss per share – cents *

–

Basic loss

(133)

(890)

–

Headline loss

(263)

(342)

–

Fully diluted loss ** ***

(133)

(890)

Dividends per share – (cents)

–

Interim

–

–

–

Proposed final

–

–

* Calculated on weighted average number of shares in issue for 12 months to June 2006: 392.7 million (June 2005: 361.8 million).

** Calculated on weighted average number of diluted shares in issue for 12 months to June 2006: 398.6 million (June 2005: 361.8 million).

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

Reconciliation of headline loss:

Net loss

(526)

(3 214)

Adjustments:

– Profit on sale of assets

(52)

(79)

– Profit on Australian listed investments

–

–

– Loss on sale of ARM ltd – net of tax

–

214

– Loss on disposal of Sangold investment

1

–

– Profit/(Loss) on disposal of investment in Goldfields

(306)

372

– Loss on disposal of subsidiaries

–

1

– Impairment of fixed assets – net of tax

(151)

1 163

– Impairment of Bendigo

–

(30)

– Diminution in carrying value of listed investments

–

337

Headline loss

(1 034)

(1 236)

33

BALANCE SHEET AT 30 JUNE 2006 (Rand)(Reviewed)

At 30 June

At 31 March

At 30 June

2006

2006

2005

R million

R million

R million

(restated)

ASSETS

Non-current assets

Property, plant and equipment

23 318

22 513

22 511

Intangible assets

2 270

2 268

2 268

Available for sale financial assets

2 333

2 259

4 154

Investments in associates

1 908

2 012

–

29 829

29 052

28 933

Current assets

Inventories

666

598

583

Trade and other receivables

750

775

632

Income and mining taxes

27

28

27

Cash and cash equivalents

906

1 781

1 830

2 349

3 182

3 072

Total assets

32 178

32 234

32 005

EQUITY AND LIABILITIES

Share capital and reserves

Share capital

25 489

25 346

25 289

Other reserves

(271)

(614)

(586)

Accumulated loss

(2 015)

(1 974)

(1 484)

23 203

22 758

23 219

Non-current liabilities

Borrowings

2 591

2 549

2 422

Net deferred taxation liabilities

2 299

1 954

2 183

Net deferred financial liabilities

631

679

386

Provisions for other liabilities and charges

983

943

940

6 504

6 125

5 931

Current liabilities

Trade and other liabilities

1 118

1 036

1 138

Accrued liabilities

340

316

376

Borrowings

1 006

1 981

1 333

Shareholders for dividends

7

18

8

2 471

3 351

2 855

Total equity and liabilities

32 178

32 234

32 005

Number of ordinary shares in issue

396 934 450

394 369 190

393 341 194

Net asset value per share (cents)

5 846

5 771

5 903

The balance sheet at 30 June 2005 is in accordance with the audited balance sheet except for the effects of the adoption of IFRS 2, Share-based payments, and the change in the accounting policy relating to the capitalisation of development costs.

QUARTERLY OPERATING AND FINANCIAL RESULTS (US\$/imperial) (unaudited)

Underground production – South Africa

Quality

Growth

Leveraged

Assets

Projects

Assets

Sub total

Ore milled – t'000

Jun-06

1 784

431

1 234

3 449

Mar-06

1 678

378

1 163

3 219

Gold Produced – oz

Jun-06

273 602

45 686

153 294

472 582

Mar-06

278 456

48 162

160 624

487 242

Yield – oz/t

Jun-06

0.15

0.11

0.12

0.14

Mar-06

0.17

0.13

0.14

0.15

Cash Operating Costs – \$/oz

Jun-06

387

580

544

456

Mar-06

414

631

520

471

Cash Operating Costs – \$/t

Jun-06

59

61

68

63

Mar-06

69

80

72

71

Working Revenue (\$'000)

Jun-06

173 841

29 569

97 174

300 584

Mar-06

155 299

26 984

89 471

271 754

Cash Operating Costs (\$'000)

Jun-06

105 844

26 499

83 347

215 690

Mar-06

115 342

30 398

83 573

229 313

Cash Operating Profit (\$'000)

Jun-06

67 997

3 070

13 827

84 894

Mar-06

39 957

(3 414)

5 898

42 441

Capital Expenditure (\$'000)

Jun-06

31 269

23 182

12 791

67 242

Mar-06

23 676

20 658

10 938

55 272

Quality Ounces

– Evander Shafts, Randfontein Cooke Shafts, Target, Tshepong, Masimong

Growth Projects

– Doornkop shaft & 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

34

QUARTERLY OPERATING AND FINANCIAL RESULTS (US\$/imperial) (unaudited)

South Africa South Africa

Australia

Harmony

Surface

Total

Total

Total

Ore milled – t'000

Jun-06

1 162

4 611

855

5 466

Mar-06

863

4 082

841

4 923

Gold Produced – oz

Jun-06

22 505

495 087

59 286

554 373

Mar-06

24 627

511 869

49 608

561 477

Yield – oz/t

Jun-06

0.02

0.11

0.07

0.10

Mar-06

0.03

0.13

0.06

0.11

Cash Operating Costs – \$/oz

Jun-06

371

453

446

452

Mar-06

468

471

465

470

Cash Operating Costs – \$/t

Jun-06

7

49

31

46

Mar-06

13

59

27

54

Working Revenue (\$'000)

Jun-06

13 932

314 516

35 706

350 222

Mar-06

13 643

285 397

28 204

313 601

Cash Operating Costs (\$'000)

Jun-06

8 353

224 043

26 443

250 486

Mar-06

11 528

240 841

23 056

263 897

Cash Operating Profit (\$'000)

Jun-06

5 579

90 473

9 263

99 736

Mar-06

2 115

44 556

5 148

49 704

Capital Expenditure (\$'000)

Jun-06

215

67 457

7 486

74 943

Mar-06
128
55 400
8 227
63 627
35

36

TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS (US\$/imperial) (Unaudited)

Quarter ended

Quarter ended

Quarter ended

30 June

31 March

30 June

2006

2006

2005

(restated)

Ore milled

– t'000

5 466

4 923

5 731

Gold produced

– oz

554 373

561 477

639 346

Gold price received

– \$/oz

631

559

435

Cash operating costs

– \$/oz

452

470

389

\$ million

\$ million

\$ million

Revenue

350

314

278

Cash operating costs

(1)

250

264

248

Cash operating profit

100

50

30

Amortisation and depreciation of mining properties, mine development costs and mine plant facilities

(1)
(41)
(43) (37)
Corporate, administration and other expenditure
(8)
(1)
(13)
Reversal/(Provision) for rehabilitation costs
3
—
(1)
Operating profit/(loss)
54
6
(21)
Amortisation and depreciation other than
mining properties, mine development
costs and mine plant facilities
(3)
(3)
(1)
Employment termination and restructuring costs
—
—
(32)
Care and maintenance costs
(5)
(5)
(2)
Share based compensation
(2)
(5)
(4)
Exploration expenditure
(6)
(3)
(2)
Loss on sale of investment in Goldfields
—
—
(58)
Mark-to-market of listed investments
3
4
2
Interest paid
(28)
(16)
(21)
Interest received
7

12	
7	
Other expenses income/(expenses) – net	
2	
–	
–	
Gain/(Loss) on financial instruments	
6	
(42)	
(1)	
Loss on foreign exchange	
–	
–	
(3)	
Loss on sale of listed investments and subsidiaries	
–	
–	
(11)	
Diminution in carrying value of ARM investment	
–	
–	
(52)	
Loss from associates	
(16)	
–	
–	
Provision for post-retirement benefits	
(1)	
–	
(9)	
Reversal of impairment of fixed assets	
33	
–	
–	
Profit/(Loss) before tax	
44	
(52)	
(208)	
Current tax – expense	
(1)	
–	
(17)	
Deferred tax – (expense)/benefit	
(1)	
(49)	
24	
52	
Net loss	
(6)	
(28)	
(173)	

37

TOTAL OPERATIONS – QUARTERLY FINANCIAL RESULTS (US\$/imperial) (Unaudited)

Quarter ended

Quarter ended

Quarter ended

30 June

31 March

30 June

2006

2006

2005

(restated)

(1) The change in accounting policy on capitalisation of mine development costs had the following effect:

–

Cash operating costs – decrease

31

26

22

–

Amortisation and depreciation of mining properties, mine development costs and mine plant facilities

(15)

(14)

(11)

–

Deferred tax – expense

(4)

(3)

(2)

–

Net effect of change in accounting policy

12

9

9

Loss per share – cents *

–

Basic loss

(2)

(8)

(44)

–

Headline loss

(8)

(8)

(15)

–

Fully diluted loss ** ***

(2)
 (8)
 (44)
 Dividends per share – (cents)

–
 Interim

–
 –
 –
 –
 Proposed final

–
 –
 –
 Currency conversion rates average for the quarter: June 2006: US\$1=R6.47
 (March 2006: US\$1=R6.15) (June 2005: US\$1=R6.41)

* Calculated on weighted average number of shares in issue at quarter end June 2006:
 394.9 million (March 2006: 393.4 million) (June 2005: 392.2 million).

** Calculated on weighted average number of diluted shares in issue at quarter end
 June 2006: 401.1 million (March 2006: 400.5 million) (June 2005: 392.2 million).

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

Reconciliation of headline loss:

Net loss

(6)
 (28)
 (173)

Adjustments:

–
 Profit on sale of assets

(2)
 (2)
 (4)

–
 Mark-to-market of listed investments

–
 –
 1

–
 Loss on sale of ARM Ltd – net of tax

–
 –
 16

–
 Loss on disposal of investment in Goldfields

–
 –
 58

–
 Loss on disposal of subsidiaries

–
 –

–
–
Amortisation of goodwill
–
–
–
–
Impairment of fixed assets – net of tax
(23)
–
(3)
–
Profit on disposal of investment in Bendigo NL
–
–
(5)
–
Diminution in carrying value of listed investments
–
–
52
Headline loss
(31)
(30)
(58)

38

TOTAL OPERATIONS – ANNUAL FINANCIAL RESULTS (US\$/imperial)(Unaudited)

Year ended

Year ended

30 June 2006

30 June 2005

(restated)

Ore milled

– t'000

20 819

25 675

Gold produced

– oz

2 386 925

2 965 250

Gold price received

– \$/oz

529

427

Cash operating costs

– \$/oz

433

380

\$ million

\$ million

Revenue

1 263

1 265

Cash operating costs

(1)

1 034

1 125

Cash operating profit

229

140

Amortisation and depreciation of mining

properties, mine development costs and

mine plant facilities

(1)

(162)

(163)

Corporate, administration and other expenditure

(29)

(33)

Reversal/(Provision) for rehabilitation costs

2

(8)

Operating profit/(loss)

40

(64)

Amortisation and depreciation other than mining
properties, mine development
costs and mine plant facilities
(9)
(5)
Employment termination and restructuring costs
13
(91)
Care and maintenance costs
(28)
(12)
Share based compensation
(16)
(12)
Exploration expenditure
(17)
(11)
Profit/(Loss) on sale of investment in Goldfields
48
(60)
Mark-to-market of listed investments
14
3
Interest paid
(74)
(70)
Interest received
34
21
Other expenses – net
(1)
(5)
Loss on financial instruments
(82)
3
Gain on foreign exchange
–
3
Loss on sale of listed investments and subsidiaries
–
(30)
Profit on Australian-listed investments
–
1
Loss from associates
(16)
–
Diminution in carrying value of ARM investment
–
(55)
Provision for post-retirement benefits

(1)
(9)
Reversal of impairment/(impairment) of fixed assets
34
(245)
Loss before tax
(61)
(638)
Current tax – expense
(2)
(12)
Deferred tax – (expense)/benefit
(1)
(20)
130
Net loss
(83)
(520)

39

TOTAL OPERATIONS – ANNUAL FINANCIAL RESULTS (US\$/imperial)(Unaudited)

Year ended

Year ended

30 June 2006

30 June 2005

(restated)

(1) The change in accounting policy on capitalisation of mine development costs had the following effect:

–

Cash operating costs – decrease

103

95

–

Amortisation and depreciation of mining properties, mine development costs and mine plant facilities

(49)

(35)

–

Deferred tax – expense

(12)

(12)

–

Net effect of change in accounting policy

42

48

Loss per share – cents *

–

Basic loss

(21)

(144)

–

Headline loss

(41)

(55)

–

Fully diluted loss ** ***

(21)

(144)

Dividends per share – (cents)

–

Interim

–

–

–

Proposed final

–

–

Prepared in accordance with International Financial Reporting Standards

Currency conversion rates average for the year ended: June 2006: US\$1=R6.36

(June 2005: US\$1=R6.18)

* Calculated on weighted average number of shares in issue for 12 months to June 2006: 392.7 million (June 2005: 361.8 million).

** Calculated on weighted average number of diluted shares in issue for 12 months to June 2006: 398.6 million (June 2005: 361.8 million).

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

Reconciliation of headline loss:

Net loss

(83)

(520)

Adjustments:

–

Profit on sale of assets

(8)

(13)

–

Profit on Australian listed investments

–

–

–

Loss on sale of ARM ltd – net of tax

–

35

–

Loss on disposal of Sangold investment

–

–

Profit/(Loss) on disposal of investment in Goldfields

(48)

60

–

Loss on disposal of subsidiaries

–

–

–

Amortisation of goodwill

–

Impairment of fixed assets – net of tax

(24)

188

–

Impairment of Bendigo

–

(5)

–

Diminution in carrying value of listed investments

–

55

Headline loss

(163)

(200)

40

BALANCE SHEET AT 30 JUNE 2006 (US\$)(Unaudited)

At 30 June

At 31 March

At 30 June

2006

2006

2005

US\$ million

US\$ million

US\$ million

(restated)

ASSETS

Non-current assets

Property, plant and equipment

3 254

3 661

3 375

Intangible assets

317

369

340

Available for sale financial assets

326

367

623

Investments in associates

266

327

–

4 163

4 724

4 338

Current assets

Inventories

93

97

87

Trade and other receivables

105

126

95

Income and mining taxes

4

5

4

Cash and cash equivalents

126

290

274

328

518

460

Total assets

4 491

5 242

4 798

EQUITY AND LIABILITIES

Share capital and reserves

Share capital

3 557

4 121

3 791

Other reserves

(38)

(100)

(87)

Accumulated loss

(281)

(321)

(223)

3 238

3 700

3 481

Non-current liabilities

Borrowings

362

414

363

Net deferred taxation liabilities

321

318

327

Net deferred financial liabilities

88

110

58

Provisions for other liabilities and charges

137

154

141

908

996

889

Current liabilities

Trade and other liabilities

157

170

171

Accrued liabilities

47

51

56

Borrowings

140

322

200

Shareholders for dividends

1

3

1

345

546

428

Total equity and liabilities

4 491

5 242

4 798

Number of ordinary shares in issue

396 934 450

394 369 190

393 341 194

Net asset value per share (US cents)

816

938

885

Balance sheet converted at conversion rate of US\$ 1 = R7.17 (March 2006: R6.15) (June 2005: R6.67).

The balance sheet at 30 June 2005 is in accordance with the audited balance sheet except for the effects of the adoption of IFRS 2, Share-based payments, and the change in the accounting policy relating to the capitalisation of development costs.

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

Share

Other

Retained

capital

reserves

earnings

Total

(Reviewed)

R million

R million

R million

R million

Balance as 1 July 2005

25 289

(586)

(1 484)

23 219

Issue of share capital

200

200

Currency translation

adjustment and other

212

212

Adoption of IFRS 2,

Share-based payments

103

103

Net loss

(526)

(526)

Dividends paid

(5)

(5)

Balance at 30 June 2006

25 489

271

(2 015)

23 203

(Restated)

Balance as 1 July 2004

20 889

(1 168)

1 826

21 547

Issue of share capital

4 400

4 400

Currency translation adjustment and other	
515	
515	
Adoption of IFRS 2, Share-based payments	67
67	
Net loss	
(3 214)	
(3 214)	
Dividends paid	
(96)	
(96)	
Balance at 30 June 2005	
25 289	
(586)	
(1 484)	
23 219	
Share	
Other	
Retained	
capital	
reserves	
earnings	
Total	
(Unaudited)	
US\$ million	
US\$ million	
US\$ million	
US\$ million	
Balance as 1 July 2005	
3 530	
(82)	
(207)	
3 241	
Issue of share capital	
27	
27	
Currency translation adjustment and other	
30	
30	
Adoption of IFRS 2, Share-based payments	14
14	
Net loss	
(73)	
(73)	
Dividends paid	
(1)	
(1)	

Balance at 30 June 2006

3 557

(38)

(281)

3 238

(Unaudited)

Balance as 1 July 2004

3 131

(174)

275

3 232

Issue of share capital

660

660

Currency translation
adjustment and other

78

78

Adoption of IFRS 2,

Share-based payments

9

9

Net loss

(484)

(484)

Dividends paid

(14)

(14)

Balance at 30 June 2005

3 791

(87)

(223)

3 481

Balances translated at closing rates of: June 2006: US\$1 = R7.17 (June 2005: US\$1 = R6.67)

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SUMMARISED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

Year

Year

Year

Year

ended

ended

ended

ended

30 June

30 June

30 June

30 June

2005

2006

2006

2005

US\$ million

US\$ million

R million

R million

(Unaudited)

(Unaudited)

(Reviewed)

(Restated)

Cash flow from operating activities

(92)

50

Cash generated/(utilised) by operations

315

(569)

24

35

Interest and dividends received

224

149

(42)

(32) Interest paid

(201)

(261)

(9)

(2) Income and mining taxes paid

(12)

(55)

Cash generated/(utilised) by

(119)

51

operating activities

326

(736)

Cash flow from investing activities

Net proceeds on disposal of listed

412

361

investments

2 461

2 546

–

(311) Acquisition of investment in associate

(2 012)

–

Net additions to property, plant

(204)

(257) and equipment

(1 635)

(1 264)

(16)

(7) Other investing activities

(44)

(100)

Cash (utilised)/generated by

192

(214) investing activities

(1 230)

1 182

Cash flow from financing activities

31

(62) Long-term loans (repaid)/raised

(393)

191

(10)

29

Ordinary shares issued – net of expenses

183

(60)

(16)

(1) Dividends paid

(7)

(97)

Cash (utilised)/generated by

5

(34) financing activities

(217)

34

(21)

48

Foreign currency translation adjustments

197

(64)

Net (decrease)/increase in cash

57
(149) and equivalents
(924)
416
217
275
Cash and equivalents – 1 July
1 830
1 414
274
126
Cash and equivalents – 30 June
906
1 830
Operating activities translated at average rates of: June 2006: US\$1 = R6.36 (June 2005: US\$1 = R6.18)
Closing balance translated at closing rates of: June 2006: US\$1 = R7.17 (June 2005: US\$1 = R6.67)

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SUMMARISED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2006 (Unaudited)

Three

Three

Three

Three

months

months

months

months

ended

ended

ended

ended

31 March

30 June

30 June

31 March

2006

2006

2006

2006

US\$ million

US\$ million

R million

R million

Cash flow from operating activities

37

62

Cash generated by operations

405

229

12

7

Interest and dividends received

48

76

(8)

(9) Interest paid

(59)

(48)

(1)

(1) Income and mining taxes paid

(4)

(5)

40

59

Cash generated by operating activities

390

252

Cash flow from investing activities

(327)
 –
 Acquisition of investment in associate
 –
 (2 012)
 Net additions to property, plant
 (61)
 (73) and equipment
 (471)
 (378)
 (3)
 (4) Other investing activities
 (26)
 (21)
 (391)
 (77) Cash utilised by investing activities
 (497)
 (2 411)
Cash flow from financing activities
 148
 (156) Long-term loans (repaid)/raised
 (1 008)
 910
 2
 20
 Ordinary shares issued – net of expenses
 128
 10
 –
 (1) Dividends paid
 (7)
 –
 150
 (137) Cash (utilised)/generated by financing activities
 (887)
 920
 31
 (9) **Foreign currency translation adjustments**
 119
 106
 (170)
 (164) Net decrease in cash and equivalents
 (875)
 (1 133)
 Cash and equivalents – beginning
 460
 290
 of quarter
 1 781
 2 914
 290

126

Cash and equivalents – end of quarter

906

1 781

Operating activities translated at average rates of: June 2006 quarter: US\$1 = R6.47 (March 2006 quarter: US\$1 = R6.39)

Closing balance translated at closing rates of: June 2006: US\$1 = R7.17 (March 2006: US\$1 = R6.15)

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RECONCILIATION BETWEEN CASH OPERATING PROFIT AND CASH GENERATED/
(UTILISED) BY OPERATIONS – PERIOD ENDED 30 JUNE 2006 (Unaudited)

Year

Year

Quarter

Quarter

ended

ended

ended

ended

30 June

30 June

30 June

31 March

2006

2005

2006

2006

R million

R million

R million

R million

Cash operating profit

1 458

868

645

306

Other cash items per income statement:

Other income

218

123

58

75

Employment termination, restructuring
and care and maintenance costs

(96)

(638)

(37)

(30)

Corporate, administration and
other expenditure

(187)

(206)

(53)

(6)

Exploration expenditure

(106)

(72)

(35)

(21)

Provision for rehabilitation costs

(6)

(6)

—

(1)

Cash flow statement adjustments:

Cost of Avgold currency hedge and
close out of hedges

(344)

(212)

(143)

(63)

Profit on sale of mining assets

(53)

(78)

(12)

(13)

Interest and dividends received

(224)

(149)

(48)

(76)

Other non-cash items

(84)

(56)

(33)

(30)

Effect of changes in operating working
capital items:

Receivables

(119)

235

25

(30)

Inventories

(83)

(49)

(68)

(33)

Accounts payable

(22)

(290)

81

144

Accrued liabilities

(37)

(39)

24

7

Cash generated/(utilised) by operations

315

(569)

405

229

45

NOTES TO THE RESULTS FOR THE YEAR ENDED 30 JUNE 2006

1. Basis of accounting

The reviewed quarter and year-end results have been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS). These consolidated quarterly statements are prepared in accordance with international accounting standards IAS 34, Interim Financial Reporting. The accounting policies are consistent with those applied in the previous financial year, except for the adoption of the revised international accounting standards (IAS) forthcoming from the IAS improvements project and the changes which are described in Notes 2 and 3.

2.

New accounting policies adopted

(a)

Share-based Payments (IFRS 2)

On 1 July 2005, the Company adopted the requirements of IFRS 2, Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity-settled payments after 7 November 2002 that were unvested as at 1 January 2005. The Company issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the Company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. The total fair value of the options granted is recorded as deferred share-based compensation as a separate component of shareholders' equity with a corresponding amount recorded as share premium. The deferred share-based compensation is expensed over the vesting period, based on the Company's estimate of the shares that are expected to eventually vest. The Company used the binomial option pricing model in determining the fair value of the options granted.

The impact of this adjustment on the net profit/(loss) is an expense of R103 million for the June 2006 year to date (June 2005 year to date: R67 million) (June 2006 quarter: R10 million) (March 2006 quarter: R30 million) (June 2005 quarter: R27 million).

(b)

Determining whether an arrangement contains a lease (IFRIC 4)

On 1 July 2005, the Company applied the requirements of IFRIC 4, Determining whether an arrangement contains a lease. The objective of the interpretation is to determine whether an arrangement contains a lease that falls within the scope of IAS 17, Leases. The lease is then accounted in accordance with IAS 17. The application of the interpretation had no impact on the results of the quarter or any prior reporting period.

3. Change in accounting policy

(a)

Capitalisation of mine development costs

Previously mine development costs were capitalised when the reef horizon was intersected. Expenditure for all development that will give access to proven and probable ore reserves will now be capitalised. Capitalised costs are amortised over the estimated life of the proven and probable reserves to which the costs give access.

The impact of this adjustment on the net profit/(loss) is as follows:

– A decrease in the cash operating costs of R659 million for the June 2006 year to date (June 2005 year to date: R590 million) (June 2006 quarter: R200 million) (March 2006 quarter: R160 million) (June 2005 quarter: R139 million).

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– Additional amortisation charges of R314 million for the June 2006 year to date (June 2005 year to date: R213 million) (June 2006 quarter: R99 million) (March 2006 quarter: R82 million) (June 2005 quarter: R68 million).

– Taxation effect of the capitalised development costs and additional amortisation charges of R74 million for June 2006 year to date (June 2005 year to date: R74 million) (June 2006 quarter: R23 million) (March 2006 quarter: R18 million) (June 2005 quarter: R15 million).

4.

Commodity Contracts:

The Harmony Group's outstanding commodity contracts against future production, by type at 30 June 2006 are indicated below. The total net delta of the hedge book at 30 June 2006 was 356 849 oz (11,099 kg).

Year

30 June

30 June

30 June

2007

2008

2009

Total

Australian Dollar Gold:

Forward contracts

Kilograms

4,572

3,110

3,110

10,793

Ounces

147,000

100,000

100,000

347,000

AUD per oz

515

518

518

516

Call options sold

Kilograms

311

–

–

311

Ounces

10,000

–

–

10,000

AUD per oz

562

–

–

562

Total commodity contracts

Kilograms

4,883

3,110

3,110

11,104

Ounces

157,000

100,000

100,000

357,000

Total net gold **

Delta (kg)

4,885

3,111

3,104

11,099

Delta (oz)

157,056

100,006

99,788

356,849

** 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. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities at 30 June 2006.

These contracts are classified as speculative and the marked-to-market movement is reflected in the income statement.

The mark-to-market of these contracts was a negative R631 million (negative USD88 million) at 30 June 2006 (at 31 March 2006: negative R654 million or negative USD106 million). The values at 30 June 2006 were based on a gold price of USD600 (AUD808) per ounce, exchange rates of USD1/R7.17 and AUD1/USD0.74 and prevailing market interest rates and volatilities at that date. These valuations were provided by independent risk and treasury management experts.

At 25 July 2006, the marked-to-market value of the hedge book was a negative R654 million (negative USD93 million), based on a gold price of USD622 (AUD823) per ounce, exchange rates of USD1/R7.03 and AUD1/USD0.76 and prevailing market interest rates and volatilities at that time. Harmony closed out 10,000oz call options subsequent to 30 June 2006 at a cost of R14 million (USD2 million).

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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.

Harmony closed out 75,000oz forward contracts during the quarter ending 30 June 2006 at a cost of R143 million (USD23 million). During the quarter ended 31 March 2006, Harmony closed out 25,000oz call option contracts at a cost of R63 million (USD10 million).

Interest Rate Swaps:

The Group had interest rate swap agreements to convert R600 million of its R1,2 billion senior unsecured fixed rate bond (HAR1) to variable rate debt. The interest rate swap ran over the term of the bond and interest was received at a fixed rate of 13% and the company payed floating rate based on JIBAR plus a spread ranging from 1.8% to 2.2%. The bond as well as the interest rate swaps matured on 14 June 2006 and was settled in full.

These interest rate swaps were designated as fair value hedges. The marked-to-market value of the transactions was a NIL at 30 June 2006 (at 31 March 2006 positive R25 million or USD4 million, based on the prevailing interest rates and volatilities at the time).

5.

Audit review

The condensed year-end results have been reviewed in terms of the Listings Requirements of the JSE Limited by the company's auditors, PricewaterhouseCoopers Inc. This unqualified review opinion is available for inspection at the company's registered office. The results for quarter 3 and 4 of the 2006 financial year presented in this document has not been reviewed.

Z B Swanepoel

N V Qangule

Chief Executive

Financial Director

Virginia

4 August 2006

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DEVELOPMENT RESULTS (metric)

Quarter ended 30 June 2006

Quarter ended 31 March 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

1,206

1,099

61

29.34

1,797

1,136

1,062

62

21.59

1,334

UE1A

691

650

100

11.16

1,121

674

610

146

7.39

1,076

E8 Reef

238

149

152

5.01

762

260
240
118
5.69
672

Kimberley Reef

432
553
163
5.30
866
608
535
176
4.63
815

South Reef

—
—
—
—
—
38
36
167
1.05
175

All Reefs

2,567
2,451
100
13.42
1,345
2,716
2,483
114
9.46
1,078

Free State

Basal
1,360
929
97
11.98
1156
1,359
843
96
10.07
965

Leader

974
900
167
5.03
839
910
774
202
5.69
1148

A Reef

603
530
89
5.56
494
612
676
169
3.04
515

Middle

197
198
241
4.27
1,029
167
102
238
1.86
443

B Reef

431
363
80
11.05
884
477
453
62
20.74
1286

All Reefs

3,565
2,920
125
7.19
896
3,525
2,848

142
6.63
940
Evander
Kimberley Reef 1,312
1,308
68
21.84
1,492
1,697
1,707
72
19.94
1,435
Elandskraal
VCR Reef
421
396
497
4.55
2,261
179
82
141
8.00
1,130
Orkney
Vaal Reef
-
-
-
-
-
67
12
132
0.93
123
VCR
-
-
-
-
-
-
-
-
-
-
All Reefs
-

-
-
-
-
67
12
132
0.93
123
Target
Elsburg
585
470
331
3.92
1,298
405
355
298
7.09
2,109
Freegold JV
Basal
1,180
1,053
35
50.32
1,779
952
908
64
17.67
1,134
Beatrix
191
171
126
5.60
703
256
246
129
6.47
836
Leader
17
9
210
4.43
930
-

-
-
-
-

B Reef

-
-
-
-
-
-
-
-
-
-

All Reefs

1,388
1233
49
33.04
1,624
1,208
1,154
78
13.72
1,070

49

DEVELOPMENT RESULTS (imperial)

Quarter ended 30 June 2006

Quarter ended 31 March 2006

Channel Channel

Channel Channel

Reef Sampled

width

value

Gold

Reef Sampled

width

value

Gold

feet

feet (inches)

(oz/t) (in.oz/t)

feet

feet (inches)

(oz/t) (in.oz/t)

Randfontein

VCR Reef

3,958

3,606

24

0.86

21

3,727

3,484

24

0.64

15

UE1A

2,266

2,133

40

0.33

13

2,211

2,001

57

0.21

12

E8 Reef

781

489

60

0.15

9

853

787

46
0.17
8
Kimberley Reef
1,418
1,814
64
0.16
10
1,996
1,754
69
0.13
9
South Reef
—
—
—
0.00
—
124
118
66
0.03
2
All Reefs
8,423
8,041
39
0.38
15
8,911
8,144
45
0.27
12
Free State
Basal
4,461
3,048
38
0.35
13
4,457
2,766
38
0.29
11
Leader
3,195
2,953

66
0.15
10
2,984
2,539
79
0.17
13
A Reef
1,978
1,739
35
0.16
6
2,009
2,218
67
0.09
6
Middle
645
650
95
0.12
12
549
335
94
0.05
5
B Reef
1,415
1,191
31
0.33
10
1,565
1,486
24
0.62
15
All Reefs
11,694
9,581
49
0.21
10 11,564
9,344
56
0.19
11

Evander

Kimberley Reef 4,304

4,291

27

0.63

17

5,568

5,600

28

0.59

16

Elandskraal

VCR Reef

1,383

1,299

196

0.13

26

589

269

56

0.23

13

Orkney

Vaal Reef

-

-

-

-

-

219

39

52

0.03

1

VCR

-

-

-

-

-

-

-

-

0.00

-

All Reefs

-

-

-

-

-
219
39
52
0.03
1
Target
Elsburg
1,920
1,542
130
0.11
15
1,330
1,165
117
0.21
24
Freegold JV
Basal
3,870
3,455
14
1.46
20
3,123
2,978
25
0.52
13
Beatrix
625
561
49
0.16
8
839
807
51
0.19
10
Leader
57
30
83
0.13
11
-
-
-
-

—
B Reef

—
—
—
—
—
—
—
—
—
—
—
—

All Reefs

4,552
4,046
19
0.98
19
3,962
3,785
31
0.40
12

50

CONTACT DETAILS

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Trading Symbols

JSE Limited

HAR

New York Stock Exchange, Inc.

HMY

London Stock Exchange plc

HRM

Euronext Paris

HG

Euronext Brussels

HMY

Berlin Stock Exchange

HAM1

NASDAQ

HMY

Issuer code

HAPS

Registration number 1950/038232/06

Incorporated in the Republic of South Africa

ISIN: ZAE000015228

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NOTES

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NOTES

SIGNATURES

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

Dated:

07 August, 2006

Harmony Gold Mining Company Limited

By: /s/ Nomfundo Qangule

Name: Nomfundo Qangule

Title: Chief Financial Officer