



## Analyst breakfast presentation

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## Second Quarter events

- Complement reduction
- Conops
- Randfontein/Pamodzi uranium transaction
- PNG partnership
- Changes to reporting format
- 2<sup>nd</sup> Quarter 2007 projections for operations
- Definitions
- Outlook for 3<sup>rd</sup> Quarter



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## Complement reduction

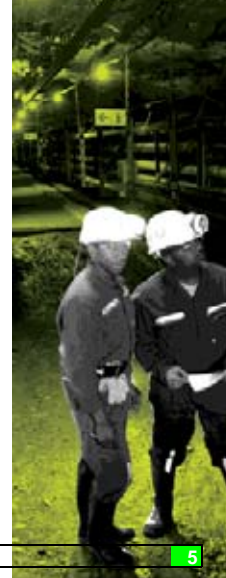
- Reduction of about 1 800 employees, and
- Reduction of about 2 500 contractors
- 4 000 employees transferred to more profitable operations, replacement of contractors and decentralised
- Many contractors' contracts terminated
- Closing of St Helena (C&M) shafts and moving 650 employees to more efficient shafts



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- Full assessment of operations revealed mixed findings
- Since the review, Conops was terminated at Masimong
- Conops review of operation-by-operation continues
- Discussions with unions on planned discontinuation of Conops on some operations stopping
- Profitability review of shafts also continues
- St Helena's No. 4 & 8 shafts on care and maintenance



- Harmony and Pamodzi Resources Fund (PRF) signed a transaction to optimise value from uranium assets
- Randfontein to sell Cooke section and old Randfontein section into a Newco for US\$420 million
- PRF to acquire 60% shareholding in Newco
- Harmony to retain 40% shareholding in Newco
- Newco to be listed on a major stock exchange in the future
- Currently identifying new CEO for Newco
- New management in place and conditions precedent to be completed by end-March 2008



## PNG Partnership

- Shortlist of leading international mining companies selected
- Discussions in progress with potential partners
- Planned target is still to introduce partner by end of March 2008
- Objective is a 50/50 partnership with complementary and technical skills
- A good fit with our excellent government relationships
- Management and operational issues to be discussed with new partner
- Transaction to be of "good value" for Harmony



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## Changes to reporting format

- Financial reporting format changed
- Quality, Growth, Leverage and International portfolio of assets changed to SA underground, Surface and International operations
- Change due to
  - projects coming into production and contributing to turnover, and
  - Harmony's transformation from large gold producer to quality producer
- Closure and sale of operations makes previous comparisons meaningless

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- **Continued operations**
  - **SA Underground**
    - Tshepong, Phakisa, Doornkop, Elandsrand, Target, Masimong, Evander Ops, Bambanani, Joel, Virginia Ops
  - **SA Surface**
    - Kalgold, Phoenix
  - **International**
    - Hidden Valley, PNG
- **Discontinued Operations**
  - Orkney (Armgold)
  - Australia (South Kal, Mt Magnet)
  - Randfontein (Cooke shafts 1, 2 & 3 and Cooke plant)

### December quarter projections

- Production
  - Tonnes milled decreased quarter-on-quarter
  - Gold recovered down on previous quarter
  - Grade decreased
- Cash costs
  - R/t increased marginally
  - R/kg up quarter on quarter
  - R/kg cost increases attributed to Elandsrand stoppage and national one day mineworkers strike





## SA underground

- Elandsrand accounts for 1170 kg loss
- Conops restructuring at Masimong impacted on production
- Evander downscaled and decline project stopped
- Ventilation constraint impacted on grade and volume at Evander 8
- St Helena closure impacted on volumes
- Target improved volumes
- Bambanani and Joel back in full production



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## December 2007 Outlook Surface operations

- Surface operations up quarter on quarter (basically in steady state)
- Kalgold showed good performance



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## December 2007 Outlook international operations

### Australia

- Underground operation made their last blast in Dec 2007
- Operations to mill last tonnages by end-January
- Delivered a good quarter



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## March 2008 Outlook Harmony operations

- Overall effect of power on SA mines
- About 4 – 5 days disruptions
- Longer-term electricity rationing is a reality
- Strategy on optimising operations to produce on 90% of previous supply of electricity

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## QUESTIONS

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