



**Harmony**

**“OPERATIONS WELL GEARED TO  
DEAL WITH IMPACT  
OF STRONG SA RAND”**

**QUARTER ENDED  
MARCH 2003**

**HMY  
LISTED  
NYSE®**



# Harmony

**This presentation includes certain information that is based on management's reasonable expectations and assumptions. These "forward-looking statements" include, but are not limited to, statements regarding estimates, intentions and beliefs, as well as anticipated future production, mine life, market conditions and costs.**

**While management has prepared this information using the best of their experience and judgement, and in all good faith, there are risks and uncertainties involved which could cause results to differ from projections.**

## Harmony

- earnings per share:  
130 cents (- 50%) in Rand terms  
15,5 cents (- 43%) in Dollar terms
- earnings per share to date of 639 cents  
(e.p.s. of 646 cents for corresponding period)
- cash operating profit of R478,4 million (- 37%)
- stronger rand (- R125 million or 44% of variance)
- public holidays impact on tonnage available from  
underground (- 1 500 kg or R142 million)
- good cost control ( R24 million)

## Harmony

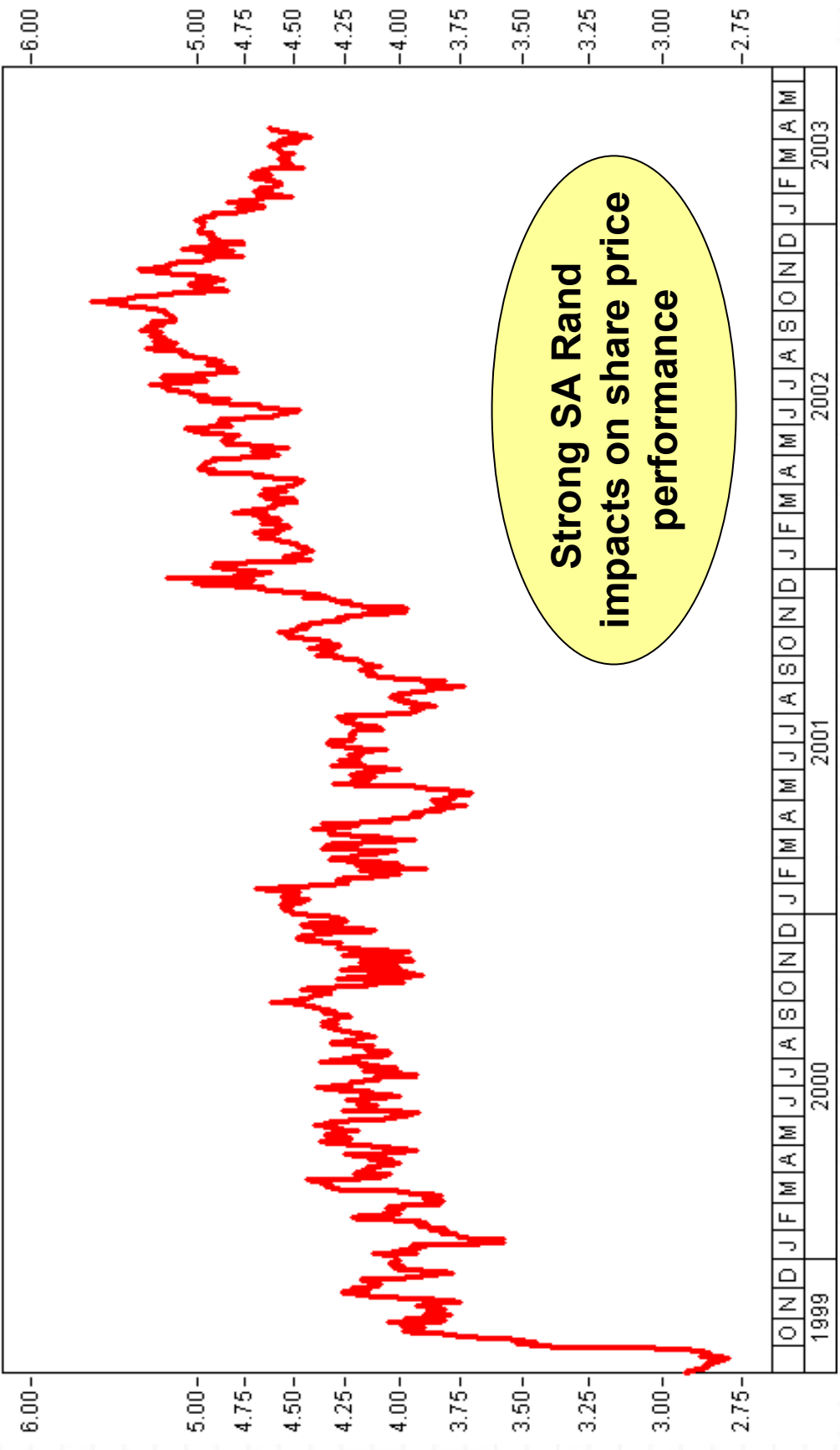
- close out of 614 000 ounces of Australian hedging contracts
- 29 January 2003 – issue of 8 000 000 shares for cash raises US\$ 124 million



# Harmony

# SHARE PRICE PERFORMANCE

HARMONY RELATIVE TO FTSE/JSE GOLD MINING INDEX  
(DAILY DATA: 1 JUNE 1999 TO PRESENT)





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## RETURN ON INVESTMENTS AS AT MARCH 2003

<b>Project/Operation</b>	<b>Acquisition cost (R'm)</b>	<b>Cash operating profit to date (R'm)</b>	<b>Payback Achieved</b>
<b>Evander – June '98</b>	<b>R415</b>	<b>R1 235</b>	<b>10 quarters</b>
<b>Randfontein – Jan '00</b>	<b>R750</b>	<b>R1 695</b>	<b>8 quarters</b>
<b>Elandskraal – Mar '01</b>	<b>R988</b>	<b>R695</b>	<b>-</b>
<b>Free Gold (50%) – Dec '01</b>	<b>R1 350</b>	<b>R1 057</b>	<b>-/+ 8 quarters</b>



# Harmony

# SECURING OUR PRODUCTION GROWTH

<b>EXPLORATION</b>	<ul style="list-style-type: none"> <li>• Wafi project</li> </ul>
<b>STRATEGIC INVESTMENTS</b>	<ul style="list-style-type: none"> <li>• Highland Gold</li> <li>• High River Gold</li> </ul>

<b>FEASIBILITY</b>	<ul style="list-style-type: none"> <li>• Morobe project</li> <li>• Bendigo *</li> <li>• Kalplats</li> <li>• Joel (F/G 50%)</li> <li>• Phakisa Shaft (F/G 50%) (Tshepong South Shaft) *</li> </ul>
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<b>UNDER CONSTRUCTION</b>	<ul style="list-style-type: none"> <li>• Doornkop S/Reef project</li> <li>• Elandskraal Shaft Deepening project</li> <li>• Tshepong North Shaft (F/G 50%)</li> <li>• Nyala Shaft (F/G 50%) *</li> </ul>
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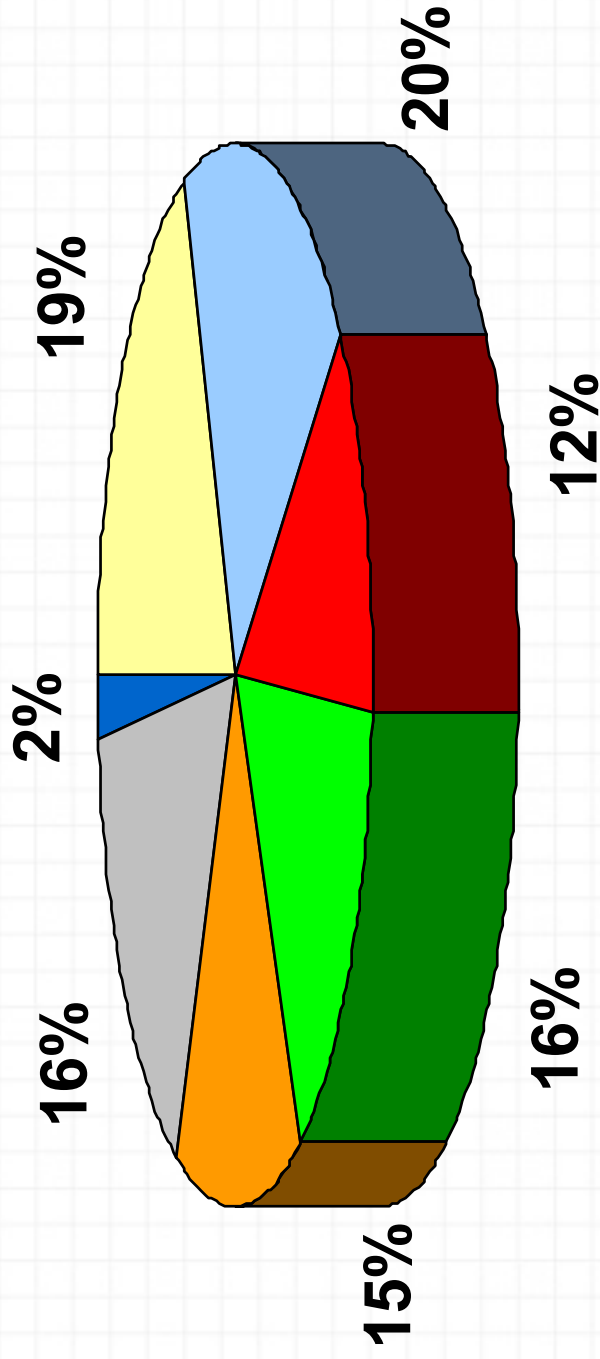
<b>STEADY STATE</b>	<ul style="list-style-type: none"> <li>• Evander</li> <li>• Free State</li> <li>• Elandskraal</li> <li>• Randfontein</li> <li>• Kalgold</li> <li>• Mt Magnet</li> <li>• South Kal</li> <li>• Free Gold (50%)</li> </ul>
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Subject to revised Royalty Bill

# FORECAST GOLD PRODUCTION F Y 2002/03

## Harmony



- Free State
- Randfontein
- Kalgold
- FreeGold JV
- Evander
- Elandskraal
- Offshore





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## EFFECT OF 3% ROYALTY BILL

PROJECT		PRE-ROYALTY BILL	POST-ROYALTY BILL
Doornkop South Reef	NPV	R876m	R802m
	IRR	48%	44%
Tshepong Decline	NPV	R765m	R716m
	IRR	51%	47%
Elandsrand Shaft Deepening	NPV	R1 406m	R1 304m
	IRR	33%	32%

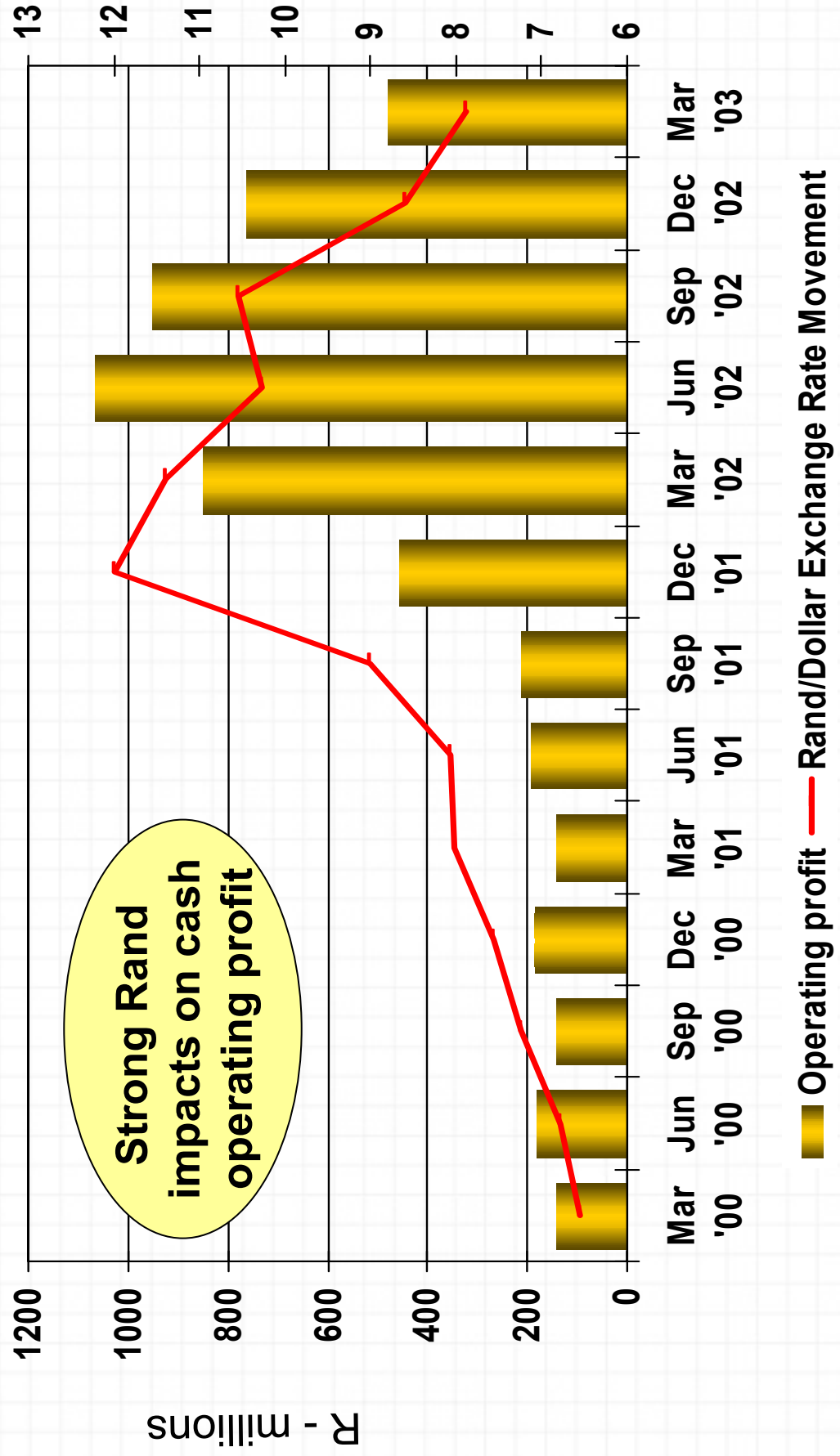
## Harmony

- **19 March 2003 – Harmony and National Union of Mineworkers (NUM) signed agreement on Social Plan Framework**
- **Social Plan Fund – initial contribution of R15m with additional R3,5m per annum for 10 years**
- **focuses on re-training of redundant employees before redeployment back to their communities**
- **opportunity to contribute to alleviation of the social impact on individuals and regions**

VALUE CREATION THE "HARMONY WAY"

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## CASH OPERATING PROFIT





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## QUARTERLY PERFORMANCE

	Mar 2003	Dec 2002	% Variance
Production – kg	22 213	24 078	(8)
Production – oz	714 160	774 121	(8)
Revenue – R/kg	94 678	100 171	(5)
Revenue – US\$/oz	352	324	9
Cash cost – R/kg	73 144	68 500	(7)
Cash cost – US\$/oz	272	222	(23)
Exchange rate R/US\$	8,37	9,61	13



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## WORKING PROFIT ANALYSIS

Operations	Mar 2003	Dec 2002	Variance (R'million)
Free State	53	117	(64)
Evander	45	88	(43)
Randfontein	105	180	(75)
Elandskraal	44	70	(26)
Kalgold	21	17	4
Australia	69	92	(23)
Sub-total	337	564	(227)
Free Gold (50%)	141	199	(58)
Total	478	763	(285)

## **Harmony**

- **loss of R20 million in revenue per quarter as currency hedge ended in December 2002**
- **Masimong Expansion Project is progressing well**
  - **only 2% loss of u/g tonnage**
  - **grade increased to 5,48 g/t (5,06 g/t)**
  - **costs decreased by 16% from R75 300/kg to R63 320/kg**



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## EVANDER OPERATIONS – GRADE RECOVERY CONTINUES

- most affected by public holidays
- production 8% lower at 2 624 kg
- Evander No. 8 Shaft:
  - continues to improve
  - back to levels of 60 000 tonnes/month
  - grade increasing to 6,0 g/t
- potential I/R dispute

## **Harmony**

- **total gold recovered lower by 15% at 3 569 kg**
- **R11,4 million reduction in working costs**
- **expenditure on recently announced Doornkop South Reef Project:-**
  - **commitments to date of R16,6 million**
  - **R12,7 million to be spent by June 2003**
  - **activities are focused on mobilising contractors, increasing hoisting capacity in sub vertical shaft and development**





# ELANDSKRAAL – IMPROVED INFRASTRUCTURE AND FLEXIBILITY

## Harmony

- scaling of orepass system between 73 to 98 levels  
impact on production causing loss of 21 000 tonnes
- total gold recovered 6% lower at 2 868 kg
- R9,3 million reduction in working costs to R224,6 million
- Elandsrand flexibility to increase following development programme
- Deelkraal's lack of face availability to be overcome in two months' time

## **Harmony**

- **the project was commissioned on 9 April 2003**
- **the use of reclaimed equipment from other Harmony operations significantly reduced the total capital expenditure**
- **The expansion included:**
  - **a third mill with 50 000t / month capacity**
  - **two additional gravity concentrators**
  - **additional thickener treating 50 000t / month**
  - **three additional leach tanks**
  - **increased tailings pipeline capacity**
  - **add-on oxygen and lime plant**

# KALGOLD PLANT EXPANSION PROJECT

**Harmony**



## **Harmony**

- **benefits from the project are:-**
  - **economies of scale.**
  - **treatment of 1.1 million tonnes from low grade stockpile without additional mining cost.**
  - **mining cut off drops from 1.5 g/t to 1.2g/t.**
  - **improved plant flexibility.**
  - **opportunity to mine other on-lease lower grade ore bodies.**
  - **opportunity to treat low-grade oxidized ore with CIL (recovery >87%) versus heap-leach (recovery <60%).**
  - **R30m capital payback within three quarters.**

# KAL GOLD KEY INDICATORS (MONTHLY)

## Harmony

	Previous	With expansion
<b>Tonnes</b>	<b>85 000</b>	<b>135 000</b>
<b>Headgrade</b>	<b>2.5 g/t</b>	<b>2.2 g/t</b>
<b>Recovery</b>	<b>82%</b>	<b>84%</b>
<b>Cash cost R/t</b>	<b>167</b>	<b>125</b>
<b>Cash cost R/kg</b>	<b>78 200</b>	<b>67 700</b>

## **Harmony**

- gold recovered down by 3% to 4 472 kg
- at US\$233/oz cash cost, these operations remain the most profitable in our portfolio
- Tshepong Shaft
  - excellent performance continues
  - gold recovered up by 3%
  - cash costs decrease from R47 760/kg to R45 561/kg
- Joel Shaft
  - steady operational performance
  - good development grades in North Shaft area
- St Helena
  - poor performance being redressed by management focus on reducing costs and increased profitability

# AUSTRALIA – OUR FOCUS DIRECTED AT PROFITABLE OUNCES ON TOTAL COST BASIS

## Harmony

- weaker quarter than previous due to operational problems
- Mt Magnet – re-design of stope configurations and positioning of ventilation systems to impact on production
- South Kal – development of “mega-pit” to access large resource beneath Jubilee and Hampton-Boulder put on hold
- Brocks Creek Project in Northern Territories postponed
- as production will be focused on profitable ounces on total cost basis, production from Australia to decrease to 400 000 oz/annum in next six months



# Harmony

## CAPITAL EXPENDITURE

	<b>ACTUAL MARCH 2003</b>	<b>FORECAST JUNE 2003</b>
<b>Free State</b>	<b>31</b>	<b>30</b>
<b>Evander</b>	<b>26</b>	<b>25</b>
<b>Randfontein</b>	<b>9</b>	<b>22</b>
<b>Elandskraal</b>	<b>26</b>	<b>27</b>
<b>Kalgold</b>	<b>17</b>	<b>4</b>
<b>Free Gold (50%)</b>	<b>12</b>	<b>10</b>
<b>Australian Operations</b>	<b>63</b>	<b>35</b>
<b>TOTAL</b>	<b>184</b>	<b>153</b>





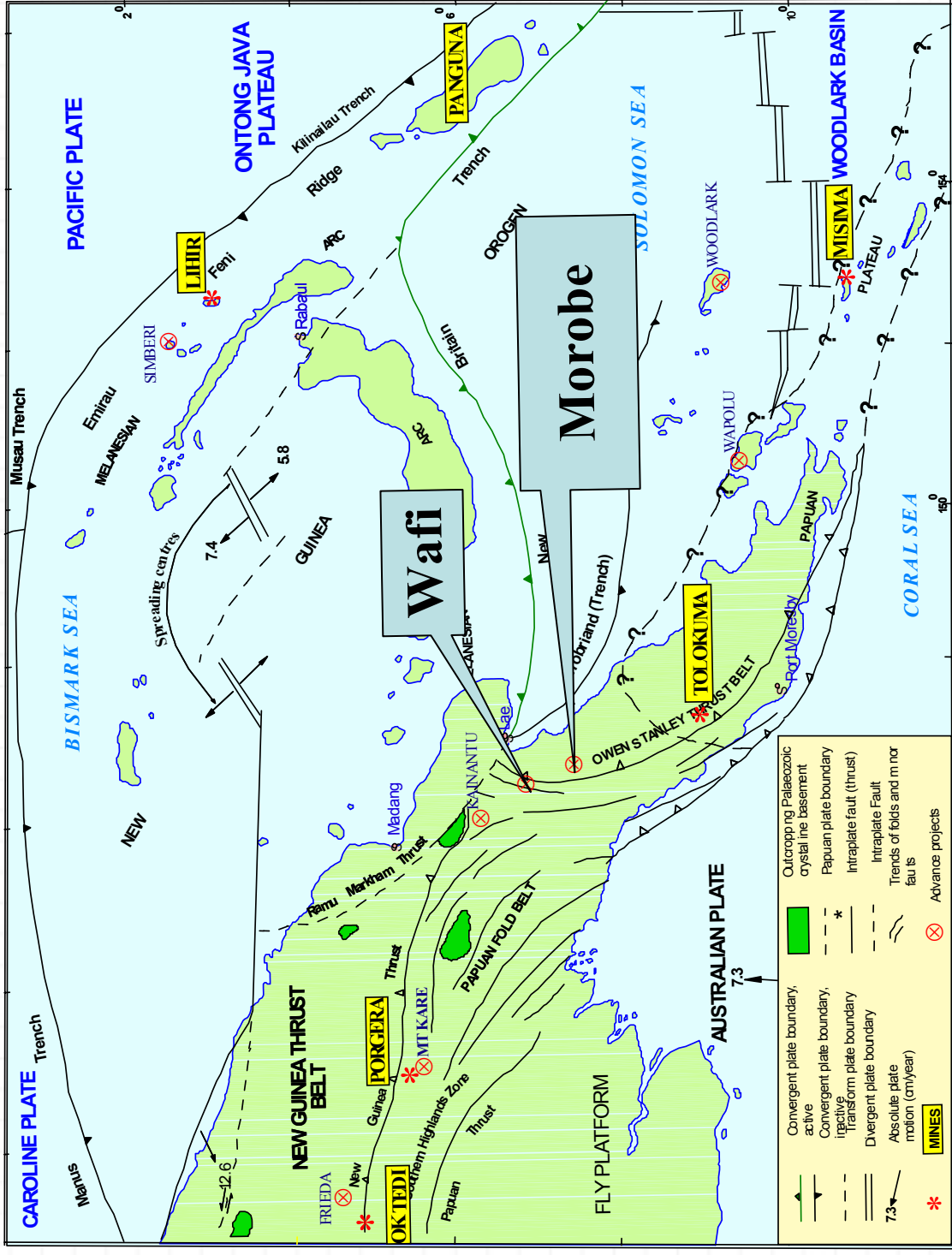
# **SECURING FUTURE PRODUCTION - ABELLE LIMITED**

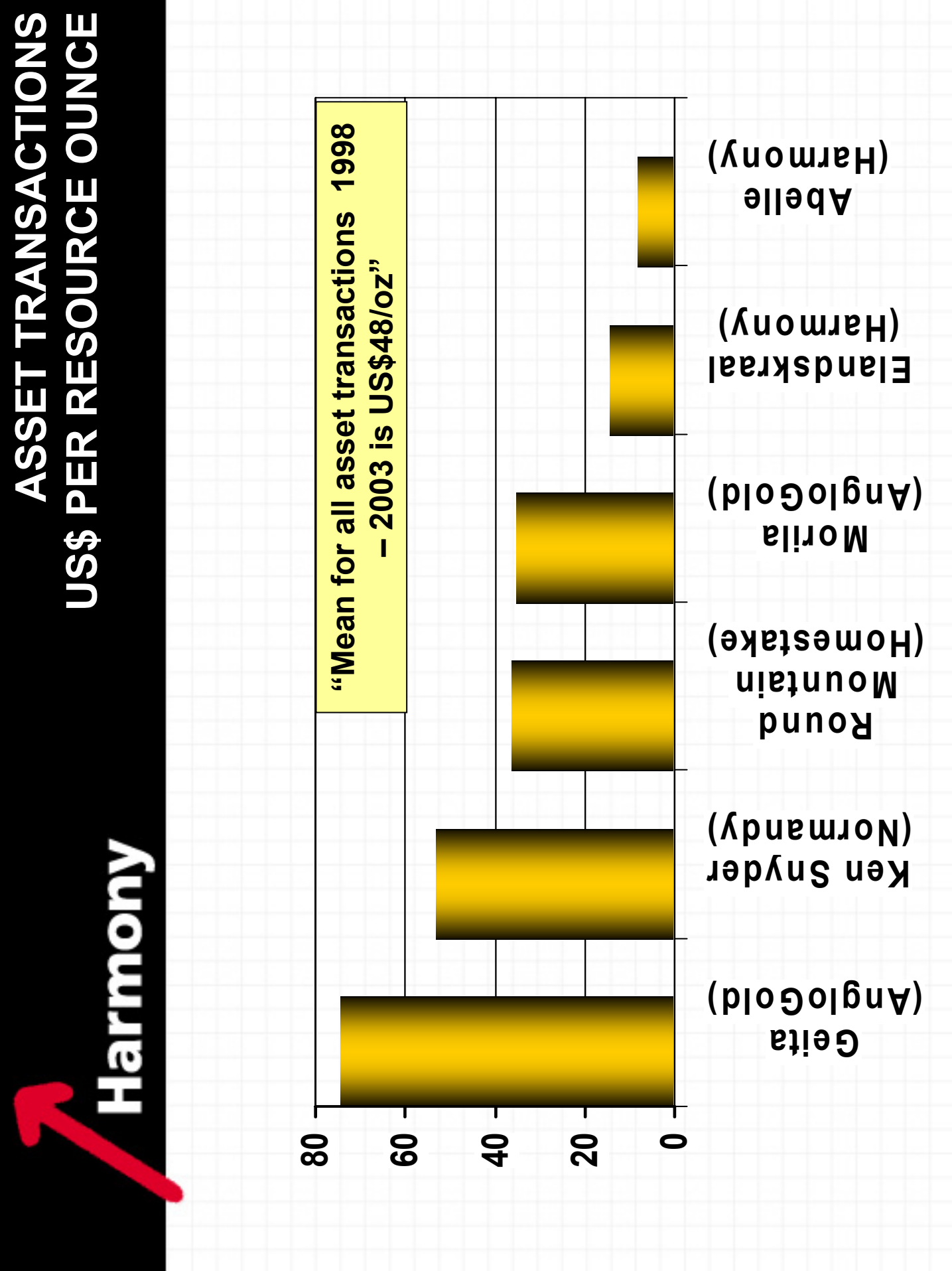
## **Harmony**

- **26 February 2003 – agreement to subscribe for shares in, and intention to make a public offer for Abelle Limited (ASX:ABX)**
- **offer values Abelle at A\$155 million (US\$90 million)**
- **24 April 2003 – 72% and 44% acceptances i.r.o. ordinary shares and listed options respectively**
- **Harmony commits additional A\$26 million to Abelle (in exchange for shares)**
- **acquisition cost of US\$8,00 per resource ounce**
- **assets consist of two of the largest undeveloped gold projects in the world**

# PNG PROJECT LOCATION

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## Bendigo

- evaluation programme to mine and process 60 000 tonnes of ore is progressing well
- first four reefs accessed and further five reefs to be evaluated in next six months

## Highland Gold Limited

- for 2002 financial year produced 178 000 ounces at cash and total cost of US\$145/oz and US\$179/oz
- March 2003 quarter, produced 41 000 ounces at cash and total cost of US\$188/oz and US\$218/oz



**KALPLATS (KALAHARI PLATINUM) – POSITIVE  
PILOT PLANT TESTS**

# **Harmony**

- **500t bulk sample collected from 40m deep box cut across 20m wide Main reef (3.0g/t PGM head grade)**
- **Pilot plant recoveries at 73–75% with concentrate grades above 100g/t (two-stage mill-float circuit)**
- **60% recovery from primary mill-float – lower risk start up option with significantly reduced capex/opex**
- **Project has advanced to full feasibility study**



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# Questions

**Website**

**[www.harmony.co.za](http://www.harmony.co.za)**