

HARMONY GOLD MINING CO LTD

Form 6-K

November 15, 2005

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 Month of
November
2005

**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

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REVIEW FOR THE QUARTER ENDED 30 SEPTEMBER 2005
QUARTERLY FINANCIAL HIGHLIGHTS

30 September 2005

30 June 2005

(restated)

Cash operating profit

– Rand

119 million

185 million

– US\$

18 million

29 million

Cash earnings

– SA cents per share

30

47

– US cents per share

5

7

Basic loss

– SA cents per share

(82)

(283)

– US cents per share

(13)
(44)
Headline loss
– SA cents per share
(86)
(94)
– US cents per share
(13)
(15)
Fully diluted loss
– SA cents per share
(82)
(283)
– US cents per share
(13)
(44)
Gold produced
– kg
19 219
19 886
– oz
617 902
639 346
Cash costs
– R/kg
85 718
80 444
– \$/oz
410
390

QUARTERLY HIGHLIGHTS

Free State restructuring mostly complete.

National Union of Mineworkers and management agree to re-establish co- operative relationships.

Decrease in cash operating profit to R119 million from R185 million in the June Quarter.

Cash operating costs increase to R85 718/kg versus R80 444/kg in June 2005.

Construction of access road to Hidden Valley underway.

Two year wage agreement reached after five day gold industry strike.

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CHIEF EXECUTIVE'S REVIEW – SEPTEMBER 2005

Dear shareholder

We continue to make good progress in all areas of our business, although it might not reflect in the operational performance of the company at this time. The past 18 months has been a difficult period, during which we undertook a number of initiatives:

initiating the restructuring of our operations to deal with a low R/kg gold price environment. This process, which started in April 2004, has had its hiccups and the time required for the conclusion thereof went way beyond what was anticipated at the commencement of the process. During August 2005, we managed to conclude the process, and for the first time in more than a year, we are looking forward to a normalised operating environment. We have always valued our relationship with the various unions and have initiated processes to re-establish a co-operative relationship.

the placing of a number of shafts on care and maintenance as part of our restructuring initiatives, has also been completed. We have significantly reduced the number of our employees and stopped the mining of unprofitable reserves to enhance our cashflows. To date we have not seen the planned higher volumes and recovery grades. The benefit of being able to increase the volumes from our profitable shafts, through CONOPS and the higher gold price, will begin to show during the December 2005 quarter.

our focus on delivering our growth projects remains. Some shareholders and analysts have expressed their concern regarding our ability to fund our growth plans, and we have noted them. We do however recognise the value and contribution that these projects will make to our future cost structure and production profile. Harmony is in a transformation phase, from a previously marginal producer to one with high margin, quality assets. These assets will provide a solid phase from which we will continue to create value for our shareholders.

the company was ideally structured to facilitate the restructuring phase, which is now completed. The management structure has now been streamlined for the recovery phase. All of our South African operations are consolidated under the focus of one integrated management team. The future of Harmony is dependent upon our ability to deliver on projects and a comprehensive and professional structure has been put in place company wide under the guidance of our most experienced engineers and managers.

As your management team we have never blamed external factors for underperformance. We have now addressed the impact of the external factors and remain committed to deliver on our promise to make Harmony a high margin, quality operation!

Bernard

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SAFETY REPORT

Safety achievements during this quarter:

Mine

Fatality free shifts achieved

Date

Bambanani

500 000

1 August 2005

Masimong 5

500 000

20 August 2005

Kalgold

1 000 000

31 August 2005

Joel Mine was awarded the Department of Mineral and Energy's Mine Health and Safety Council's Safety Achievement Flag.

Despite the retrenchment environment impacting on the work and safety environment, our teams remain focused on reaching their safety objectives. Our LTIFR increased marginally from 16,53 in June 2005 to 16,99 in September 2005. SLIFR at 30 September 2005 was 379 compared to 395 reported in June 2005, a 4% improvement.

Fatality injury rate (per million hours worked)

Five employees lost their lives in five separate incidents during the past quarter at our South African operations. Harmony Australia had no fatalities or serious incidents during the period under review.

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CAPITALISING OUR MINE DEVELOPMENT COST

Harmony has changed its accounting policy on the capitalisation of mine development costs.

This change has the following benefits:

- Harmony better aligns its policy with those of its global industry peers.
- It allows for a more direct link between revenue and associated expenditure.
- Harmony would be able to institute systems that would allow the shaft teams to make better business decisions.
- All development that provides access to proven and probable reserves is capitalised.
- Development, which is purely for exploration purposes, is considered to be a working cost.
- Development that previously qualified as capital is still regarded as capital.

Effect of the change

- There is a direct impact on the operating cost profile of the company. The operating cost of Harmony was reduced by R136 million for the September 2005 quarter. This equates to 8% of total cost or R7 075 per kilogram. Capital expenditure has increased with a similar amount, as indicated in the capital expenditure table on page 6 (June 2005: R140 million/ R7 017 per kg).
- The capitalised cost will be amortised over the estimated life of the proven and probable reserve to which it gives access.
- Information on the restatement of our financial results for the quarter ending June 2005 as well as the corresponding period, i.e. September 2004 has been included in the financial section.

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FOCUS ON OUR GROWTH PROJECTS REMAINS

Despite the harsh financial and operating conditions encountered, the company has remained focused to complete and implement its growth strategy. Accordingly expenditure on the local and international growth projects continue as planned. In the past quarter R140 million was spent on project capital and a further R226 million on operational capital. Good progress continues to be made at our Phakisa, Masimong, Tshepong, Elandsrand New Mine and Doornkop South Reef projects locally. Construction of our Hidden Valley open pit mine in PNG got underway during the quarter with the main access road being upgraded to allow project activity to increase.

Capital expenditure

Capital expenditure (R million)**Actual****Forecast****September****December****OPERATIONAL CAPEX****2005****2005**

South African operations

163

165

Australasian operations

63

52

Total operational Capex**226****217****PROJECT CAPEX**

Doornkop South Reef

35

36

Elandsrand New Mine

28

26

Tshepong North Decline

11

12

Phakisa Shaft

45

47

Target Shaft

13

11

PNG

8

13

Total Project Capex**140****145****Total Capex****366**

362

Harmony remains the only local gold mining company that continues to develop several new mines in the country. At the time of our June 2005 quarterly results presentation, a budget for R1 552 million for the financial year 2005/2006 was presented. We do not anticipate that the budget will be exceeded.

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Cash position – investing in our future

Harmony continues to invest in its growth projects in South Africa and PNG. In the past quarter our cash balance declined from R1 830 million to R971 million. Our operating contribution of R119 million was offset by R938 million spent on capex, corporate overheads and exploration, financing charges and working capital movements.

Harmony cash reconciliation for the three-month period July 2005 to September 2005

Cash and equivalents on 30 June 2005 (R million)

1 830,4

Operational

(560,1)

Operating profit

118,8

Capex

(229,5)

Development cost capitalised

(136,5)

Corporate/exploration expenditure

(74,0)

Interest paid

(96,4)

Employment termination, restructuring and care and maintenance cost

12,9

Other items

5,5

Movement in working capital

(160,9)

Other

(299,5)

Net sundry revenue

33,2

Foreign exchange profits

20,0

Avgold hedge payments (last payments due in December 2005)

(58,1)

Partial repayment of 2001 bonds

(294,6)

Cash and equivalents on 30 September 2005

970,8

At 30 September 2005 Harmony had investments of R4.7 billion, which includes its investments in trust funds (R1,2 billion), listed investments (R3.4 billion), including Gold Fields (R2.5 billion) and African Rainbow Minerals (R0.9 billion) and unlisted investments of R0.1 billion. The R535 million difference in valuation of the listed investment, quarter on quarter, has been reflected in the fair value reserve, which is included in equity.

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Progress on Growth Projects

The detail of the South African brownfields growth projects are discussed under the various shaft sections. As the projects in PNG are greenfields in nature and do not contribute to current production ounces, they are discussed under this section.

Hidden Valley Project

Regulatory approvals

All the required statutory approvals to commence with the Hidden Valley project in PNG have now been obtained. At an official signing ceremony in Wau on 5 August 2005 the Mining Lease, Memorandum of Agreement and various compensation agreements for the project and road were signed. An Environment Management Plan is to be submitted to the Department of Environment in the December quarter.

(The submission of an EMP is a requirement of the Mining Lease and needs to be approved by the Department of Environment prior to the commencement of site work.)

Access road to mine site

Work has commenced on the construction of the Hidden Valley access road to site from the town of Bulolo. Harmony has contracted a road construction manager and a core of operators with extensive PNG road building experience. The total cost of building the road is estimated to be A\$16.4 million. Should all the road building equipment be disposed of after road construction and the buy back option utilised, the net outflow will be A\$8.8 million.

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The route which was chosen accesses the proposed mine site from the town of Bulolo and makes use of old logging roads for a large portion of the way.

Road building will consist of four phases, namely pioneering, bulk out, finishing and crushing. The pioneering crew will push out ahead and locate suitable routes through heavily forested areas and steep areas. Currently it is scheduled that the pioneering crew reaches the proposed mine site by March 2006. At that stage the site should be accessible to other construction equipment and major construction earthworks will be able to commence.

The bulk out crew will follow the pioneering crew and do the majority of earth moving for the road. After the bulk earthworks for the road has been completed the finishing crew will do the culverts and drainage that is required, before the crushing crew completes road construction. The current estimates indicate that total road construction will take 11 months to complete up to final design specifications, and require the movement of 1.7 million cubic metres of earth.

Feasibility update and execution plan

The process of updating the feasibility document and compiling the project execution plan is progressing well. Senior staff members from Australia and South Africa have been dedicated to the process, and where required, consultants appointed to ensure that the appropriate level of detail and engineering is incorporated in the final feasibility document and execution plan. This document will include updated cost estimates, as well as a realistic construction timeline. Work to date has not indicated any significant changes to the project, or cost increases.

Various options and initiatives are currently being considered to further optimise the economics of the project and to reduce the construction time line.

Regional exploration on the Mining Lease

Additional exploration is being carried out on the granted mining lease area. Detailed geological mapping of the Yafo prospect has been completed, which indicates that mineralisation extends over 1 kilometre in a low angle northeast trending southeast dipping shear zone, with widths ranging from 1.5 to 10 metres. We are awaiting the analytical assay results on these samples.

The necessary fieldwork has also been completed before drill target generation on the Bulldog prospect, where five trenches totalling 510 metres were completed and 372 samples taken, the analytical assay results which are still outstanding.

During the next quarter a grade control program will be implemented over the Hamata pit area. The aim is to potentially establish the amount of ore feed from the oxide zone, refine the geological model and in doing so increase the Hamata ore reserves.

Project funding and financing structures

Commercial terms were obtained from various South African and Australian banks to potentially fund the mining fleet. The submitted terms proposed as well as the financial impact of these proposals will be considered during the December quarter, when a recommendation will be made to the board on which options to pursue.

The potential equity funding structure by Harmony for the project was investigated to ensure that this is structured in such a way that it optimises cash flow for Harmony and is tax efficient in the various tax jurisdictions. Once the various tax advisors have signed off on the proposed structure it will be submitted to the board for approval.

Future Activities

A component of critical economic importance to the project is the ability to obtain power from PNG's national power supplier, PNG Power Limited. Discussions will continue with the aim of implementing a Heads of Agreement that sets out the key commercial terms of the contract.

The results of various technical studies and reports will be incorporated into the feasibility document during the December quarter, and the final mining schedule will be compiled based on the signed off geological model, plant specifications and throughput rates as well as physical constraints imposed by the terrain.

Wafi-Golpu Pre-Feasibility Study

Detailed planning for the commencement of the pre-feasibility study at a cost of A\$8 million commenced late in July 2005. The study scope was defined and split into major category areas including geology, geotechnical, mining, metallurgy, environmental, infrastructure, community and external relations and marketing. The study is due for completion in December 2006, however this date is depending on data and information collected and analysed as the study progresses. It is likely that the direction of the study, and subsequently the final mining plans, will change as more detailed project information is collected.

The pre-feasibility study will investigate all aspects of construction and operation of a mine at Wafi to a $\pm 15 - 20\%$ level of confidence, with much of the study work reliant on the completion of the drilling program. The Golpu Copper Gold porphyry deposit, and the high grade Wafi Link zone gold deposits will be the major focus of the study, however the viability of the Wafi A and B zone ore bodies will also be considered. Part of the early studies will be to identify additional drilling data requirements in the Wafi link zone area and additional holes will be planned if necessary.

At present, Wafi with a gold mineral resource of 6,0 Moz(69,5 Mt at 2,70 g/t) consists of the following identified ore zones:

- Golpu
– 95Mt at 1.45% Cu, 0.65g/t Au
- Wafi Link Zone – 6Mt at 7g/t Au
- Wafi B Zone
– 39.8Mt at 2.45g/t Au
- Wafi A Zone
– 18.9Mt at 1.72g/t Au

Contracts for diamond drilling, geotechnical consulting, environmental studies and road upgrade have been awarded and work associated with all of these contracts has commenced. A brief description of the work to be completed under these contracts is given below:

Golpu mining considerations

A scoping study concerning the mining of the Golpu Cu/Au resource was completed early in 2004 and the major mining risk was identified as being geotechnical risk. The most likely mining method for Golpu is block caving, and as such, detailed understanding of the rock mass in terms of geotechnical properties is critical. Block cave mining involves large capital investment for mine development prior to production and as such a high level of confidence in the feasibility of the method is required.

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Golpu drilling program

The primary benefit from the drilling will be the collection of geotechnical and hydrological data for the Golpu resource. The data will be utilised for assessment of rock mass capability, as well as construction of geotechnical domain models, preliminary hydrological models and three dimensional structural models. All of the data collected will assist in mine design for the resource. In addition to collection of geotechnical data, core collected during drilling will be assayed so that resource model confidence is increased (holes have been designed to maximise the possibility of expansion of the resource) and samples will be utilised for metallurgical test work.

The Golpu drilling will give a pre-feasibility level of confidence for the geotechnical aspects of the resource, however it is likely that additional infill drilling will be required if the project proceeds to full feasibility.

The drill program will be continuously reviewed and modified to minimise the effect of any issue that arises and is planned to be completed by the end of May 2006.

Golpu Geotechnical Consultancy Agreement

Mining consultancy SRK Consulting has been awarded the contract to oversee the geotechnical data collection and to assist in creating structural, geotechnical domain and lithological models. The models and other data produced by SRK during this phase of the work will be utilised in the mining studies to be undertaken once drilling is completed.

Environmental Consulting Agreement

Environmental works for the project have been awarded to Enesar Consulting. Enesar was responsible for the completion of the Hidden Valley Environmental Impact Statement (EIS) and also have ongoing work at Hidden Valley.

Environmental Work Programme

Initial work, to commence in the current quarter, will involve the setting up of stream monitoring stations and standard measuring procedures and production of an Environmental Inception Report (EIR). The EIR is required to meet PNG environmental department's requirements for new projects.

All data to be collected for environmental studies is required for the completion of the EIS, which must be completed and approved prior to granting of a mining lease. It is planned to prepare the EIS if the project is advanced to full feasibility level. A pre-feasibility level environmental study document will be prepared and included with the final pre-feasibility study document.

Wafi site infrastructure

A road upgrading contract has been awarded. Road works are required to ensure that the transport of drilling consumables and personnel is possible under most weather conditions. While work on the road is estimated to cost up to A\$200,000, it is expected that savings in helicopter costs, well in excess of that figure, will be made over the life of the project. Road works will assist Wafi regional exploration drilling as well as the pre-feasibility study. With a number of regional targets in the area, the benefits of the road works will be realised for a considerable time to come.

Metallurgical test work

As Wafi gold ore is highly refractory, one of the major challenges of the project will be to identify economical ore oxidation/extraction methods.

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The use of Bio Oxidation techniques is being investigated, and initial test work has begun. There are several alternative oxidation methods available, all of which will be investigated, and if suitable, tested for use with Wafi ore. Petrological work further identifying gold associated pyrite minerals with the aim of improving flotation recovery will also be undertaken.

Additional work will also be completed for Golpu ore, with the emphasis being on confirmation of results produced by previous project owners, improvement of flotation recovery, exclusion of arsenic from concentrate and improvement of Gold recovery. Golpu metallurgical testing is due to commence in January 2006.

Regional exploration

A successful drilling program at Nabonga returned the following results:

- 5m at 6,54 g/t Au from 11m
- 7m at 2,30 g/t Au from 143m
- 3m at 3,99 g/t Au from 185m

Drilling has commenced this quarter at Moa Creek and Wafi extensions.

Australia – disposing of our 50% stake in the Burnside Joint Venture

Harmony announced that we had reached agreement with Northern Gold NL on the divestment of its 50% stake in the Burnside Joint Venture for a consideration of A\$24 million or R117 million. In terms of the agreement Northern Gold will purchase Harmony's sole purpose subsidiary which holds Harmony's interest in the Burnside JV and the management entity thereof.

The purchase consideration of A\$24 million (plus replacement of a A\$1 million performance bond) is payable in tranches comprising:

- a non-refundable deposit of A\$0.25 million;
- a cash payment of A\$4.0 million and an issue of A\$5.0 million of shares (20 million Northern Gold shares) on completion (within six months) and the replacement of a A\$1.0 million performance bond;
- a cash payment of A\$5.0 million and the issue of shares to the value of A\$4.4 million (at an issue price equal to the higher of A\$0.25/share and the prevailing 30-day volume weighted average market price) six months after completion; and
- a cash payment of A\$5.35 million payable 18 months after the completion date.

The transaction is subject to normal regulatory approvals that accompany such transactions.

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THE PAST QUARTER IN REVIEW

Harmony's cash operating profit decreased by R66,1 million from R184,9 million in June 2005 to R118,8 million in the September period. Production declined by 3% to 617 902 oz quarter on quarter mainly due to five shifts being lost during the industry wage strike and cash operating costs increased by 7% to R85 718/kg. In US\$ terms, cash costs increased by 5% to US\$410/oz. Unit revenues increased by 2% from R89 711/kg to R91 888/kg in September as a result of both the weaker Rand and the higher gold price.

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

30 September**30 June****Percentage****2005****2005****variance****(restated)**

Production

– kg

19 219

19 886

(3)

Production

– oz

617 902

639 346

(3)

Revenue

– R/kg

91 888

89 711

2

Revenue

– US\$/oz

440

435

1

Cash cost

– R/kg

85 718

80 444

(7)

Cash cost

– US\$/oz

410

390

(5)

Exchange rate – US\$/ZAR

6,50

6,41

1

Operationally the quarter was characterised by the impact of the five-day industry strike and the ongoing restructuring of the Free State region. From an operational perspective the December quarter is expected to

be the first normalised quarter in more than a year.

Impact of the four-day gold industry strike by the National Union of Mineworkers

The net cost of the strike, that took place over the four days from 8 to 12 August 2005, totalled R60,5 million.

The breakdown was as follows:

Impact on production

M

2

mined

35 170

Tonnes milled

176 487

Recovery grade

g/t

5,86

Kilograms lost

1 034

Revenue loss

R million

94,1

Cost savings

R million

33,6

Net cost of strike R million

60,5

Due to a different wage agreement being in place, our Target operations were not affected. The operations most affected were Elandsrand, Tshepong and Evander 7 Shaft, which lost R14,1 million, R12,6 million and R6,3 million, respectively.

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Following the implementation of our restructuring initiatives throughout the company and more especially the Free State over the past 18 months, both the National Union of Mineworkers and management concluded that there was a need to re-establish co-operative relationships.

At a bosberaad held between the parties a newly constituted “Harmony Leadership Forum” was formed. It was agreed that four working groups would be created to look at the issues which were identified as undermining relationships between the two parties and attempt to resolve them.

The task of the working groups would be to analyse problems and generate solutions which will be taken back to the Harmony Leadership Council for negotiation and agreement.

Month by month operational analysis

The impact of the gold industry strike and implementation of the restructuring initiative at our Free State operations is best reflected in the month by month analysis of the company’s performance:

Month ended

30 September

31 August

31 July

2005

2005

2005

Tonnes milled (’000)

1 626

1 427

1 547

Kg’s

7 154

5 743

6 322

R/kg costs

77 734

93 952

87 258

R/tonne costs

342

378

357

US\$/oz costs

372

450

418

During September 2005, the company managed to decrease working costs in R/kg terms to below R78 000/kg. This trend is expected to continue as operations normalise during the December quarter.

Restoring our operating profit margins

September 2005

June 2005

(restated)

Cash operating profit (R million)

118,8

184,9

Cash operating profit margin (%)

6,7
10,0
South African underground working costs increased from R1 340 million in the June 2005 quarter to R1 391 million in the September 2005 period.
On a group basis, working costs increased by 3% or R47,7 million from R1 599,7 million to R1 647,4 million.
A quarter on quarter cash operating profit variance analysis

Cash operating profit – June 2005

R184,9 million

– volume change (tonnes)

(R42,9) million

– working cost change (%)

(R47,7) million

– recovery grade change (g/t)

(R16,1) million

– Rand gold price change (R/kg)

R40,6 million

Net variance

(R66,1) million

Cash operating profit – September 2005

R118,8 million

15

Analysis of earnings per share

Quarter ended

Quarter ended

Earnings per share (SA cents)

30 September 2005

30 June 2005

(restated)

Cash earnings

30

47

Basic loss

(82)

(283)

Headline loss

(86)

(94)

Fully diluted loss

(82)

(283)

Adjusted headline loss*

(63)

(94)

* Excludes all unrealised gains/(losses) in financial instruments as well as the tax implications

Reconciliation between basic and headline loss

Quarter ended

Headline earnings in cents per share (SA cents)

September 2005

Basic loss

(82)

Profit on sale of mining assets

(4)

Headline loss

(86)

Cash earnings for the year to date total 30 cents per share. Fully diluted loss per share for the financial year to date totals 82 cents per share.

QUARTERLY OPERATIONAL REVIEW

Operational highlights were as follows:

- Tshepong continues to perform well, with benefits from CONOPS expected in the December quarter.
- Randfontein's Cooke shafts recovery is underway.
- Leveraged operations deliver increased production.

A quarter on quarter operating profit analysis of the various operations is as follows:

Operations

30 September 2005

30 June 2005

Variance

(R million)

(R million)

(R million)

(restated)

Quality ounces

127,7
186,9
(59,2)
Growth projects
1,8
2,5
(0,7)
Leveraged ounces
(45,8)
(71,9)
26,1
Surface operations
5,5
27,0
(21,5)
Total South Africa
89,2
144,5
(55,3)
Australasian operations
29,6
40,4
(10,8)
Total
118,8
184,9
(66,1)

16

A detailed analysis of the operations is as follows:

Quality ounces – turnaround at Target underway

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

30 September 2005

30 June 2005

(restated)

U/g tonnes milled

('000)

1 464

1 508

U/g recovery grade

(g/t)

5,96

6,02

U/g kilograms produced (kg)

8 719

9 073

U/g working costs

(R/kg)

76 896

69 419

U/g working costs

(R/tonne)

458

418

Operating profits at these operations decreased from R186,9 million to R127,7 million in the September quarter. Volumes were negatively affected in part due to the industry wage strike and to lower underground volumes at Target. Total working costs increased by 6% to R670,5 million compared to the R629,8 million reported in the June 2005 period.

As part of the National Union of Mineworkers agreement signed on 19 July 2005, CONOPS was re-implemented at Tshepong and Bambanani mines which will increase volumes at these operations.

The implementation of CONOPS at Masimong 5 is planned to commence during the December 2005 quarter.

Target continued to battle with flexibility, machine availability and grade issues in the September quarter.

Although tonnage milled decreased from 203 000 tonnes in the June quarter to 168 000 tonnes in September the recovered grade increased from 4,5 g/t to 6,6 g/t. Operating costs decreased by 3% from R75 608/kg to R73 168/kg.

The situation at Target has improved significantly. The mine is in a good position with grade flexibility in the short to medium term. This enabled the increase in production in the higher grade stopes to compensate for the current lack of volume. Higher than expected grades have been achieved from the MOS1 footwall drive and reef development.

Target is in the position to produce at levels of 70 000 to 80 000 tonnes per month for the next nine months. Critical production vehicle availability is the main factor that is causing the operation to underperform in respect of volumes. To address this in a more sustainable way it has been decided to do the maintenance of these vehicles in-house in order to exercise better control over a key performance area of the business.

CONOPS was successfully re-implemented at **Tshepong** on 5 September 2005. These benefits will further reflect in the December quarter. Despite the strike, Tshepong reported a 6% or 21 000 tonne increase in tonnage milled, up to 371 000 tonnes. At a lower recovery grade of 6,42 g/t (June 2005 – 7,15 g/t), net gold recovery was 5% lower at 2 380 kgs. Working costs in R/t terms increased by 6% to R444/tonne (June 2005: R418/tonne).

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Tshepong Decline Project review

Access development

A total of 4 117m of 6 281m development of the project has been completed. The team managed to develop 666m during the quarter. This is an 18% improvement over the June 2005 period. This excludes 45m done by the project crews diverted to other mine development, while delayed by the rehabilitation process on 69 Level haulage south.

Chair lift decline (143m actual vs 150m planned)

72% of the 900m required development has been completed. Delays occurred in this development end due to flooding caused by newly installed pipes bursting. The temporary dirty pump columns system has been improved to stop blockages by introducing a pipe-flushing system.

Material decline (62m actual vs 120m planned)

70% of the 1 000m required development has been completed. Poor ground conditions in the decline and subsequent FOG forced the use of new support solutions and blasting technique to be investigated and implemented. The implementation of long anchor supports over the total length of the decline from the box hole up to the face delayed the face advance while big rocks dislodged from the poor ground conditions resulted in slow cleaning cycles. The effects of the changed support system and the new blasting technique has resulted in a two-month delay. This has resulted in a significant reduction of risk during excavation and for the duration of the operational life of the decline.

69 Level (460m actual vs 722m planned)

Development on the 69 level station is 54% complete. The rehabilitation of a fall of ground of 23m has delayed South haulage development by 90 days (equivalent of 180m). The process of installing long anchors and then loading rubble where it is safe will take longer and all development to the south has been delayed. This delay is directly in the critical path of the project as the development of the ore passes have been affected. The crews have been diverted to continue development to the north and a total of 45m has been done on working costs, as this falls outside the scope of the project. A bypass haulage is being developed around the effected area. In cross-cut 95, with exploration holes now completed the geographic layout of reef impacted on the holing date for the raise. Multiple down throw and up throw fault combinations will make this raise difficult to mine and the estimated completion period of seven months has been extended to 12 months.

Project Schedule

Project start date 23 April 2003

Schedule sinking to production 64% actual vs. 74% planned Completion August 2006.

Schedule including production built up 46% actual vs. 53% planned.

Financial schedule 54% actual vs. 56% planned.

(Additional cost for cleaning operation, additional support and delays is the difference between 46% work complete and 54% money spent.)

Production commences December 2007 – will be reviewed in October 2005.

Project completion February 2008 – will be reviewed in October 2005.

18

Capital cost update**R million**

Approved capital

280,2

Final estimated cost

280,8

Sunk capital

151,5

Remaining capital

129,3

The spending profile has been curtailed while delays occurred due to strikes and poor ground conditions.

Annual capital expenditure profile**Table (R million)****2002/3****2003/4****2004/5****2005/6****2006/7****2007/8****Total**

Plan 2003

37.4

78.5

62.6

66.7

35.6

280.8

Plan 2004

32.8

66.6

44.9

102.9

33.1

280.3

Plan 2005

32.8

66.6

40.6

92.6

29.0

18.7

280.3

New Plan 2005

32.8

66.6

40.6

80.6

41.0

18.7

280.3

Financial evaluation update

Gold price

(R/kg)

92 000

NPV at 7.5% (Rm)

738

IRR

(%)

32,4

19

Masimong had an improved quarter. Production increased by 4% to 1 036 kg from 998 kg in the June period. Operating costs decreased by 3% to R88 092/kg. Tonnes milled increased by 11% to 207 000 tonnes from 186 000 tonnes in the June period. Masimong reported a cash operating profit of R3,8 million in the September quarter compared to a loss of R0,7 million in the June period.

Masimong expansion project

During the quarter, R5.5 million was spent on capital and a total of 1 060m capital development was achieved, which was 540m less than planned. The underachievement was due to an underground fire, strike action and the unexpected intersection of water fissures. This will not have a material impact on the scheduling of the project.

Capital cost update

R million

Final estimated cost

314.0

Sunk capital

116.2

Remaining capital

197.8

We have applied for an extension of this capital project until 2010, which is in line with the vision of Masimong 5 to increase its production profile up to 135 tons per month in five years. This application for extension is still in the “evaluation and approval” process.

Annual capital expenditure profile

Table (R million)

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 Total

Actual

sunk

26.4 38.7 24.5 21.1 5.5

116.2

Forecast

24.3 39.4 44.0 44.2 45.9

197.8

Total

26.4 38.7 24.5 21.1 29.8 39.4 44.0 44.2 45.9

314.0

20

Financial evaluation update

Gold price

(R/kg)

92 000

NPV at 7.5% (Rm)

314

IRR

(%)

250

21

Evander's performance was affected by both the industry wage strike and the expected decrease in recovery grade at Evander 7 Shaft. Production in the period decreased by 19,0% from 2 868 kgs to 2 326 kgs in the September quarter. Overall, underground tonnage decreased from 403 000 tonnes to 374 000 tonnes, mainly as a result of the strike. During the June quarter the operations of Evander 2 and 5 were combined with all production from the two shafts being hoisted from Evander 5, realising cost synergies. This combined operation treated 100 000 tonnes at a grade of 4,7 g/t, recovering 473 kgs of gold. During the September quarter 592 kgs were recovered.

Evander 7 Shaft continued with its good performance, milling 103 000 tonnes, compared to the 105 000 tonnes for the previous quarter. As expected, at a lower recovery grade of 8,04 g/t (June 2005: 10,52 g/t), gold recovered decreased by 25% to 826 kgs (June 2005: 1 102 kgs). Rand/kg costs increased from R47 027/kg, to R59 709/kg.

Evander 8 Shaft saw a large drop in tonnage, decreasing by 8% from 186 000 tonnes to 172 000 tonnes, quarter on quarter. At a slightly lower recovery grade of 5,98 g/t, gold recovery was lower at 1 027 kgs (June 2005 – 1 174 kgs), resulting in working costs in R/kg terms increasing by 13% to R66 697/kg (June 2005: R58 829/kg).

The **Cooke** section of Randfontein improved on its good performance levels established in the June 2005 quarter. The majority of production parameters showed improvement in the September quarter. Although volumes decreased by 6% to 345 000 tonnes milled, grades further improved by 11% to 5,43 g/t, resulting in a net 4% increase in production to 1 873 kg. These shafts, which reported a profit of R19,1 million for the June quarter, returned a cash operating profit of R11,3 million.

Growth projects – Elandsrand, Doornkop and Phakisa

30 September 2005

30 June 2005

(restated)

U/g tonnes milled

('000)

315

331

U/g recovery grade

(g/t)

6,33

5,84

U/g kilograms produced (kg)

1 995

1 933

U/g working costs

(R/kg)

91 253

88 210

U/g working costs

(R/tonne)

578

515

Good progress continues to be made on the delivery of our growth projects. Production increased by 3% to 1 995 kg (June 2005: 1 933 kg) and operating costs increased by 3% to R91 253/kg, due to a R11,5 million increase in total cost.

22

Elandsrand remains focused on the completion and commissioning of the New Mine Project, but in the interim produces from the upper, older section of the mine. The operation made an operating profit of R8,7 million in the September quarter compared to an operating profit of R5,8 million in June. Production increased by 4% to 1 629 kg driven by a 10% increase in grade to 8,39g/t. Operating costs increased by 1% to R86 880/kg.

In the longer term the commissioning of Elandsrand New Mine will alleviate the continuously experienced flexibility problems and allow the operation to achieve its full potential. We remain very excited about the future of Elandsrand. Elandsrand New Mine Project

Infrastructure

Sub projects that were completed, delayed or progressed in the past quarter include:

- Installation and commissioning of 113 L main substation will start in October.
- 102 L Booster fan installation complete and fan commissioned. The conversion of 105 L RAW into an intake airway will commence during the next quarter.
- Sinking No. 2 Service Shaft is progressing well. An additional shift is to be started in October, so as to increase the amount of backfill pipes installed. This shaft is currently sunk to 86m below 98 L. There are 28m left until 102 L is reached.
- Raise boring of the 92 L turbine dam centre hole will be completed during October/November. Sinking of the dam is to start in December 2005.
- The joining of the ore pass system at 100 L was not completed during the quarter. This was due to problems experienced with ore pass scaling at 100 L. An additional ore pass of 30m is to be developed away from the affected area, before joining of the ore passes can take place.

Access Development

102 Level

The vent raise bore holes between 102 L and 105 L were completed during the quarter.

105 Level

No access development took place on this level.

109 Level

Excellent metres have been recorded on 109 L. This is mainly due to having added a development crew and introducing multi blast conditions on both the development ends.

Development metres

Plan

Actual

(m)

(m)

July 2005

120

165

August 2005

130

133

September 2005

140

186

23

113 Level

On 23 June 2005, a high pressure flammable gas intersection took place in the 113 L RAW, whilst drilling at the face during normal development operations. All work was stopped on 113 L to allow the gas to drain.

One of the crews from 113 L has been moved to 109 L to help with multi-blast operations. The rest of the crews were moved to 105 L to increase the reserve access development.

Capital cost update**R million**

Final estimated cost

798.1

Sunk capital

478.4

Remaining capital

319.7

Annual capital expenditure profile**Table (R million)****2001****2002****2003****2004****2005****2006****2007****2008****2009****2010 Total**

Actual sunk

36

107

106

105

96

28

478

Forecast

106

126

63

21

4

320**Total****36****107****106****105****96****134****126****63**

21
4
798

24

Financial evaluation update

Gold price

(R/kg)

92 000

NPV at 7.5% (Rm)

1 513

IRR

(%)

33

The Doornkop South Reef Project is similar to the situation at Elandsrand, where mining continues in the old, upper areas of the mine, whilst the project will exploit the higher grade South Reef pay shoot from a new shaft currently being developed.

Tonnages from the Kimberley reefs were 5% lower at 121 000 tonnes (June 2005: 127 000 tonnes). A higher recovery grade of 3,0 g/t resulted in a net gold recovery of 366 kgs, down from 374 kgs in the previous quarter.

Working costs were 10% higher at R40,5 million and combined with the lower volumes costs in R/kg terms were 12% higher.

25

Doornkop South Reef Capital Project

Project progress

Station development continues on 202 and 212 Levels with preparations underway to start up station work on 207 Level as well. Access development continues on 192 and 197 Levels. Three reef raises are also being developed on 192 Level.

Shaft sinking operations are underway. The first blast took place on 28 July 2005 from the original shaft bottom position at –1 340m below collar. 40m have been sunk since July including rock breaking, cleaning, shaft lining and equipping. The rate of sink is increasing steadily with 25m being sunk in September alone.

Sliping of the shaft to final diameter from 197 Level has progressed to 205 Level. It is planned that the portion of shaft between 197 Level to 40m below 212 Level will be sliped to final diameter by the time the sinking operation above reaches 192 Level in March 2006.

The updated schedule provides for the main shaft to be partially commissioned (excluding the additional rock winder) by the end of 2006. Production will ramp-up over the next three years to 135 000 tonnes per month.

Capital cost update

R million

Final estimated cost

959

Sunk capital

260

Remaining capital

699

Annual capital expenditure profile

Table (R million)

2003

2004

2005

2006

2007

2008

2009

2010

2011

Total

Actual sunk

13

98

114

35

260

Forecast

127

183

167

124

51

47

699

Total
13
98
114
162
183
167
124
51
47
959

26

Financial evaluation update

Gold price

(R/Kg)

92 000

NPV at 7.5% (Rm)

412

IRR

(%)

45

Sensitivity table (NPV at 7.5%) – gold price R92 000/kg

-10%

-5%

Base

5%

10%

Gold price or grade

183

297

412

522

632

Working cost

565

488

412

333

250

Capex

451

432

412

393

373

27

Phakisa Capital Project

No mining is currently undertaken at this shaft.

Shaft Equipping

- Headgear equipping after starting on 2 July 2005 was completed on 1 August 2005.
- Shaft equipping from surface to 54 Level, started on 2 August 2005 and was completed seven days ahead of schedule on 4 October 2005.
- Installation of the Koepe Winder headgear started on 5 October 2005 with the planned completion date being 15 November 2005.

Start

Completion

Critical activity

date

date

Surface headgear equipping

2 July 2005

1 August 2005

Shaft equipping surface to 54 Level

2 August 2005

4 October 2005

Koepe headgear installation 54 to 55 Levels

5 October 2005

15 November 2005

Rail-veyor pilot plant at Nyala

21 June 05

31 October 2005

Development at 55 Level refrigeration site

15 August 2005

30 January 2006

Development at 55 Level Rail-veyor x/cut

5 September 2005

15 December 2005

Critical Path Activities schedule and milestones

Completion

date

Current Activities

In-circle development 75 Level and 77 Level

14 December 2004

Sinking and line to shaft bottom

7 April 2005

Equipping spillage compartment below 77 Level

19 May 2005

Stripping, sinking equipment in shaft to surface

2 July 2005

Surface headgear change over

1 August 2005

Equipping shaft buntons and guides surface to 54 Level

4 October 2005

Koepe headgear installation 54 to 55 Levels

15 November 2005

Future Activities

Schedule equip shaft buntons and guides 55 to 77 Levels

28 February 2006

Schedule rail-veyor installation, u/g 55 Level

31 May 2006

Access development 69, 71, 73 and 75 Levels

23 November 2007

Open face length of 88 panels for production

31 May 2008

Project completion

29 February 2008

28

Sinking and equipping of Phakisa Shaft

HEADGEAR CHANGEOVER TO PERMANENT

CONDITION COMPLETED

Cold water dam – preparatory work,
concrete floor, shotcrete sidewalls, slot for dam wall completed

Koepe mechanicals – completed

Koepe electrical – commissioned

21 October 2005

Waste pass
completed

Ore pass
completed

Sink to 2426.783 BC – completed

Equipping shaft bottom steel – completed

77 L in-circle completed

Settler access completed

Crusher and belt level
completed

77 L in-circle completed

12 metres of decline

terminus completed

318 x 3.1 diameter

vent shaft completed

ORE RESERVE 21' DIP

Nyala Mine

55 Level Silo – in progress

4.6 diameter Vent Pass at 98

o

– complete

Secondary support and tunnel guard in progress

EQUIPPING OF KOEPE HEADGEAR ON 64 LEVEL IN PROGRESS –

EXTENSIVE MOILING IN LINER TO ACCOMMODATE BEAMS MIGHT

DELAY THIS PORTION OF THE PROJECT

EQUIPPING OF BUNTONS AND GUIDES BETWEEN SURFACE AND

64 LEVEL COMPLETE – PROJECT 8 DAYS AHEAD OF SCHEDULE

29

Capital cost update

R million

Approved capital

612,9

Final estimated cost

612,9

Sunk capital

278,4

Remaining capital

334,5

Table (R million)

Annual capital expenditure profile 2003/4 2004/5 2005/6 2006/7 2007/8 2008/9

Total

Plan 2004

117.4

119.2

177.8

141.4

41.3

15.8

612.9

Plan 2005

117.4

107.6

182.7

100.0

93.6

11.7

612.9

Cost of Nyala Services

–

8.4

7.3

4.9

4.9

4.9

30.2

Actual

117.4

116.0

45.1

278.4

Financial evaluation update

Gold price

(R/kg)

92 000

NPV at 7.5% (Rm)

1 327

IRR

(%)

30

Leveraged Operations – significant operational turnaround at most shafts

Shafts included under this section are Bambanani, Joel, Eland, Kudu/Sable, West Shaft, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3 Shafts, Unisel, Brand 3 and 5 Shafts, Saaiplaas 3 and Orkney 2 and 4 Shafts.

30 September 2005

30 June 2005

(restated)

U/g tonnes milled

('000)

1 218

1 095

U/g recovery grade

(g/t)

4,42

4,73

U/g kilograms produced (kg)

5 380

5 181

U/g working costs

(R/kg)

100 158

104 320

U/g working costs

(R/tonne)

442

494

Our restructuring initiatives of our leveraged shafts are starting to deliver the planned benefits. These operations returned a cash operating loss of R45,8 million versus the loss recorded in the June period of R71,9 million. Gold production increased by 4% to 5 380 kg driven largely by a 11% increase in tonnage mill