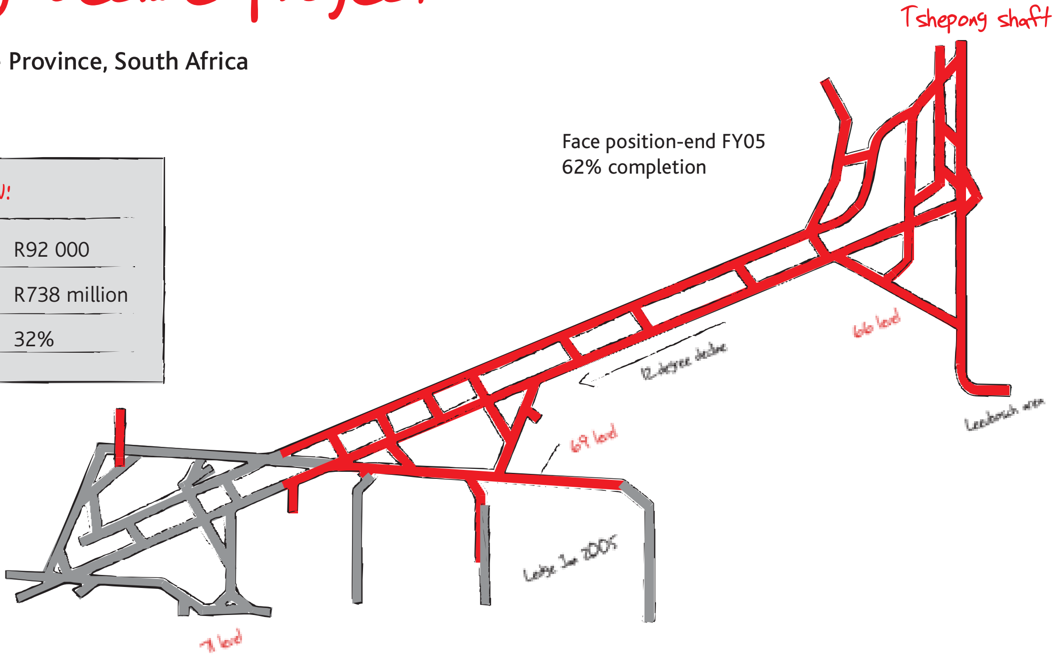
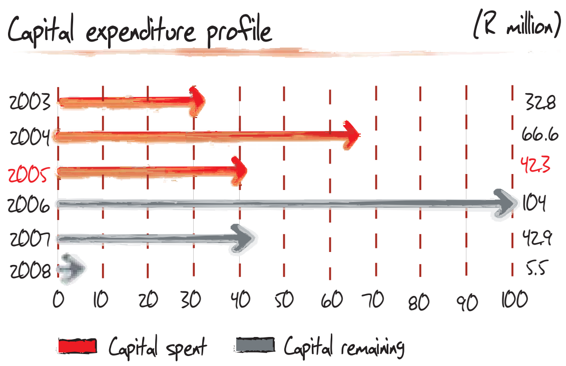
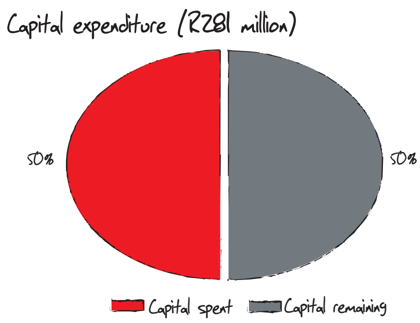
Tshepong decline project

LOCATION: Free State Province, South Africa

FINANCIAL EVALUATION:	
Gold price (kg)	R92 000
NPV at 7.5%	R738 million
IRR	32%







Project description

PROJECT START DATE:	February 2003
EXPECTED COMPLETION DATE:	February 2008
LIFE-OF-MINE TONNES MILLED:	6.1 million tonnes
EXPECTED ANNUAL PRODUCTION:	135 000 ounces of gold
AVERAGE RESERVE GRADE:	7.5 g/t
LIFE-OF-MINE:	14 years
CAPITAL EXPENDITURE:	R281 million
LIFE-OF-MINE OUNCES:	1.46 million

Progress during the year

Slow development rates by the contractor since February 2004 led to a decision in the third quarter to complete the project in-house. This action curtailed a projected delay of 13 months to three months. Although adverse ground conditions, mainly in the material decline, have been encountered, continuous monitoring is being carried out by rock engineering personnel and the necessary upgrading of support systems is being undertaken.

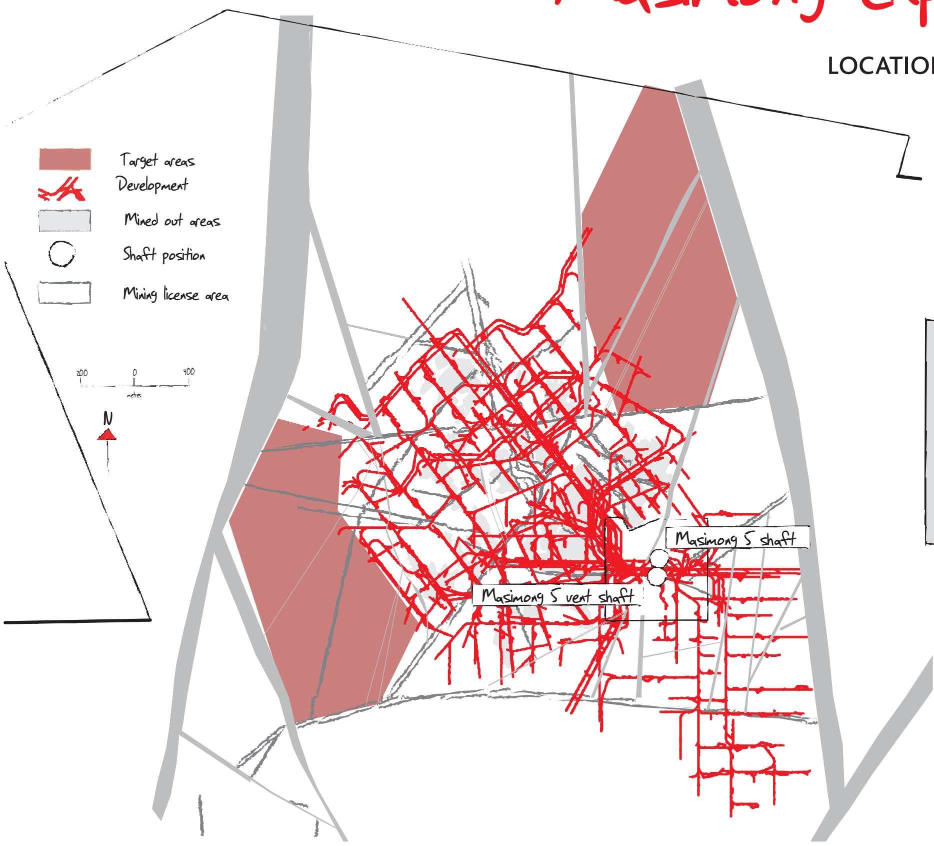
Project engineering tasks completed in FY05 include:

- 1 500 metres of rail construction in the second air intake from the shaft to the decline.
- Commissioning of the conveyor system in October 2004. The installation of 700 metres of the 1 200 metre decline conveyor has been completed. The conveyor is extended as the decline face advances.
- The monorail was commissioned in April 2005 and now serves 69 production level.
- Civil work for the permanent conditions such as rescue chambers, conveyor foundations, boxes and tips on 66 and 65 level, has been completed.
- Permanent pipe installation for air, water and drain water has been completed to 69 level.

Good progress was made with access development, with a total of 3 492 metres of the required 6 281 metres of development having been completed. Highlights include the completion of 67% of the 900-metre chairlift decline; 67% of the1 000-metre material decline; and 53% of the 69 level.

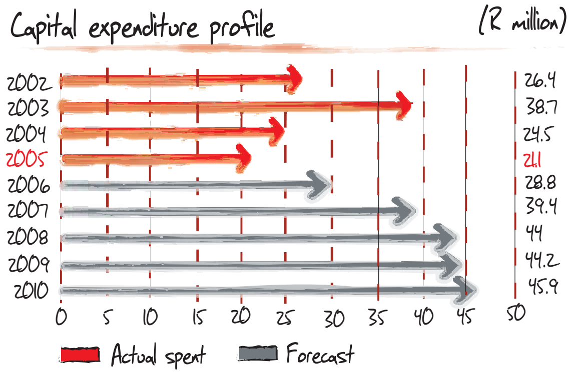
Masimong expansion project

LOCATION: Free State Province, South Africa



FINANCIAL EVALUATION:

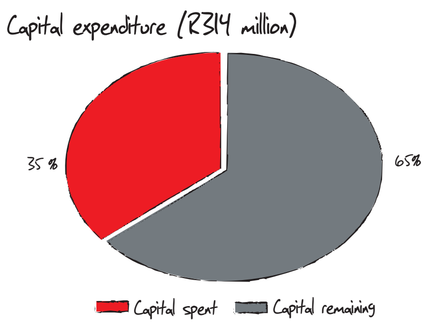
Gold price (kg)	R92 000
NPV at 7.5%	R314 million
IRR	250%



Project description

The Masimong expansion project involves the mining of the Basal and B reefs at Masimong 5 shaft.

PROJECT START DATE:	July 2001
EXPECTED COMPLETION DATE:	2010
LIFE-OF-MINE TONNES MILLED:	17.31 million tons
EXPECTED ANNUAL PRODUCTION:	261 000 ounces of gold
AVERAGE RESERVE GRADE:	5.0 g/t
LIFE-OF-MINE:	11 years
CAPITAL EXPENDITURE:	R314 million
LIFE-OF-MINE OUNCES:	2.77 million



Progress during the year

Good progress was made for most of the year as the expansion project was incorporated into the shaft operations. The intersection of gas and water on 1810 and 1870 levels resulted in small setbacks in development in the third quarter, while the strike in March/April and a fire on the old mine hindered progress in the fourth quarter.

The scope of the project was increased with a view to taking the production profile to 135 000 tonnes per month within five years. Project capex has more than doubled (from R138 million to R314 million), but so has the NPV of the project to R314 million and the IRR to 250%.

Tshepong

Tshepong did exceptionally well in FY05. Although the delay in CONOPS was a temporary setback for this operation, good levels of production continued. Production decreased to 11 841 kilograms of gold (380 695 ounces) in line with a 5% decline in tonnes milled to 1.542 million tonnes. Grades improved in the first half of the year as in situ grade improved, helped by a once-off gold allocation from the plant clean-up, but these normalised at 7.15 g/t in the last quarter. Lower grades saw cash operating costs rise by 9% to R61 395 per kilogram or US$309 per ounce. CONOPS is being re-introduced at Tshepong following the renewed agreement with the NUM and significant improvements are expected in the year ahead.

Masimong 4 and 5

Masimong was affected by three underground fires (one of which stopped production for seven days in the last quarter), machinery break-downs, a go-slow strike in January and a regional strike in March. Production decreased by 27% to 4 976 kilograms (159 981 ounces) as tonnes milled dropped to 949 000 tonnes. Cash operating costs rose by 26% to R89 799 per kilogram or US$450 per ounce. Cash operating costs were particularly affected by high labour costs as the labour restructuring at Masimong 4 was delayed. The implementation of CONOPS will be delayed until the second quarter of FY06 to allow for adequate development in the interim.

Good progress was made with the Masimong expansion project, which has now been incorporated into the shaft operation (see box on page 29).

Evander 2, 5, 7 and 8

The implementation of CONOPS boosted production at Evander, with tonnes milled rising to 1.70 million tonnes. Consequently, gold production rose to 11 751 kilograms (377 802 ounces). Nos 2 and 5 shafts have been combined and downscaled. Grades at No 7 shaft improved significantly with mining moving to the centre of the payshoot. In order to mine to the average grade of the orebody, more mining is planned in the upper areas, which comes at a lower grade. After struggling with variable grades, No 8 shaft sped up development and shifted its mining focus to achieve the average mining grade of the orebody. No 9 shaft was scaled-down and is now on care-and-maintenance. Employees were transferred to other Evander operations. Overall grades improved, as expected, to 6.9 g/t. Cash operating costs rose, however, to R70 197 per kilogram (US$353 per ounce). The Evander 7 shaft (Decline No. 3, phase 3) project is progressing well.

Randfontein Cooke 1, 2 and 3 shafts

The staggered implementation of CONOPS, the initial teething problems that accompanied this, and the planned reduction of operations in terms of the restructuring process, resulted in a decrease in production to 1.51 million tonnes for the year. By the fourth quarter, development rates had improved as the benefits of CONOPS began to be felt. Gold production declined to 7 771 kilograms (or 249 842 ounces), while cash operating costs rose to R88 138 per kilogram or US$444 per ounce.

Our leveraged shafts

The leveraged shafts are typically lower grade and shorter-life shafts and have been significantly affected by the restructuring. Nonetheless, these shafts supplement production and provide upside in the event of a positive upswing in the rand gold price. These shafts include the Bambanani, Joel, Kudu, Sable, West Shaft, Nyala, Eland, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and 5 and Orkney 2 and 4 shafts.

The delays in restructuring in the Free State have played a significant role in exacerbating the losses posted by these shafts and have overshadowed some pleasing performances in cost control by individual shafts.

Production from these operations declined by 29% to 26 167 kilograms (841 271 ounces) as some of the restructuring measures took effect. Tonnes milled decreased to 5.44 million tonnes while recovered grade increased to 4.8 g/t. Cash operating costs per kilogram rose by 13% to R101 502 per kilogram (US$511 per ounce) and, as revenue contributed by these operations decreased by 30% to R2 221 million, working losses increased to R435 million.

The restructuring of the leveraged shafts was completed by August 2005 and, going forward, these shafts are expected to produce 28 615 kilograms (865 000 ounces) of gold per annum at a cash operating cost of R85 000 per kilogram (US$407 per ounce).

Our growth shafts

These operations include the Elandsrand and Doornkop mines and projects, and the Phakisa project. The growth shafts represent the future of Harmony's South African operations and, once completed, will result in a substantial improvement in the quality of Harmony's production profile.

Year-on-year production from the growth shafts declined by 18% to 8 089 kilograms (260 072 ounces). Tonnes milled decreased by 23% to 1.4 million tonnes. At the same time, recovered grade rose by 7% to 5.78 g/t. Cash operating costs per kilogram rose by 11% to R96 387 per kilogram (or US$485 per ounce). As a result,

OUR LEVERAGED SHAFTS – Key statistics

Operational statistics		FY04	FY05
Tonnes milled	000 tonnes	7 971	5 435
Grade recovered	g/t	4.6	4.8
Gold produced	kg	36 967	26 167
	oz	1 188 502	841 271
Cash operating costs	R/kg	90 060	101 502
	US$/oz	407	511
Financial statistics			
Revenue	R million	3 153	2 221
Cash operating cost	R million	3 329	2 656
Working loss	R million	177	435
Capex	R million	148	41
Exchange rate	R/US$	6.89	6.18

contribution to revenue declined by 18% to R687 million, leading to a working loss of R93 million.

Net capital expenditure amounted to R369 million as the capital intensive phase of these projects continued.

Elandsrand

We implemented a major restructuring plan for this operation in August/ September 2004, and improvements were evident by year-end. Following agreement on the implementation of CONOPS in July 2004, and its implementation between August 2004 and February 2005, production is improving again. Nonetheless, the mine continues to be hampered by a lack of flexibility, an issue that the commissioning of the new mine will address as additional working levels come into production.

Overall, production decreased to 6 450 kilograms (207 371 ounces) of gold as tonnes milled declined by 29% to 924 000 tonnes. This resulted from the cessation of mining of loss-making panels, the continued lack of flexibility and a halt in waste rock milling from December 2004. These changes, coupled with the mining of higher grade areas in the new mine, resulted in recovered grades increasing steadily throughout the year to an average of 7.0 g/t. Working costs rose by 7% to R95 036 per kilogram or US$478 per ounce. Work on the Elandsrand new mine project has continued as planned (see box on page 32).

Doornkop

Production decreased to 1 639 kilograms of gold (52 695 ounces) as tonnes milled declined by 7% to 477 000 tonnes. Grade deteriorated to 3.4 g/t, given the lack of available higher grade mining areas. Grades in the Kimberley Reef remain volatile and, while the mine plan is currently being re-evaluated, the commissioning of the South Reef project will provide this operation with the necessary flexibility. Cash operating costs rose by 30% to R101 701 per kilogram or US$512 per ounce.

The completion of the new mine project will substantially enhance both volumes and cash operating costs at Doornkop. In the interim, a lack of flexibility is making for challenging operating conditions.

The Doornkop South Reef project is progressing well and according to plan (see box on page 33).

Phakisa

Good progress continues to be made with the Phakisa shaft project (see box on page 34).

South African surface operations

South African surface operations include the Kalgold opencast mine, surface operations at Freegold, the Free State and Randfontein operations and, for the first time, Target's surface operations.

Kalgold has continued at peak performance, producing a record 3 365 kilograms (108 195 ounces) in FY05. Together with the other surface operations, South African surface sources contributed 5 876 kilograms of gold (188 904 ounces) in FY05. A significant reduction in tonnes treated from waste rock dumps resulted in a 48% increase in recovered grade to 1.0 g/t. The most significant feature of Kalgold's results was a 3% drop in cash operating costs due to improved mining and plant efficiencies. These operations posted a working profit of R40 million.

OUR GROWTH SHAFTS – Key statistics

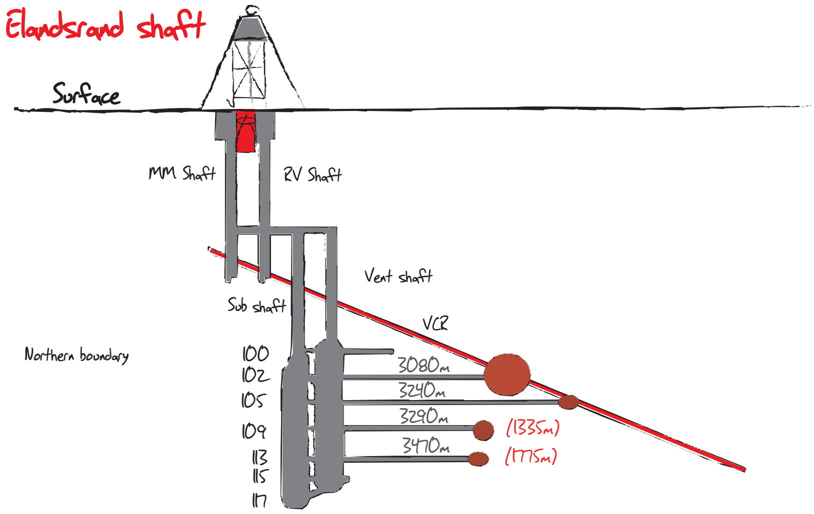
Operational statistics		FY04	FY05
Tonnes milled	000 tonnes	1 817	1 400
Grade recovered	g/t	5.4	5.8
Gold produced	kg	9 822	8 089
	oz	315 787	260 072
Cash operating costs	R/kg	86 725	96 387
	US$/oz	392	485
Financial statistics			
Revenue	R million	838	687
Cash operating cost	R million	852	780
Working loss	R million	14	93
Capex	R million	209	369
Exchange rate	R/US$	6.89	6.18

OUR SOUTH AFRICAN SURFACE OPERATIONS – Key statistics

Operational statistics		FY04	FY05
Tonnes milled	000 tonnes	9 450	5 924
Grade recovered	g/t	0.65	1.0
Gold produced	kg	6 122	5 876
	oz	196 835	188 904
Cash operating costs	R/kg	76 421	77 448
	US$/oz	345	390
Financial statistics			
Revenue	R million	521	495
Cash operating cost	R million	468	455
Working profit	R million	53	40
Capex	R million	86	70
Exchange rate	R/US$	6.89	6.18

Elandsrand new mine project

LOCATION: Gauteng, South Africa



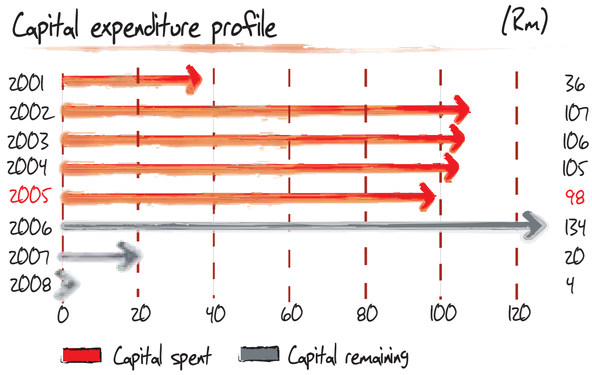
FINANCIAL EVALUATION:	
Gold price (kg)	R92 000
NPV at 7.5%	R1.10 billion
IRR	34%

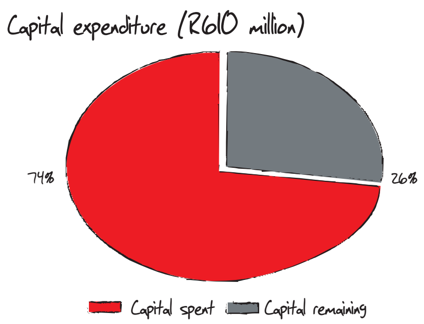
Project description

The project involves the development of a 'new mine' at depths of between 3 000 and 3 600 metres below surface, beneath the original Elandsrand mine. The project, initiated by AngloGold in 1991, was restarted by Harmony in FY2001 following the acquisition of Elandsrand in February 2001. The 'new mine' will exploit the southern deeper portion of the higher grade VCR payshoot.

The deepening of the sub-vertical and ventilation shafts, which will access this mine, has been completed. Activities are currently focussed on accessing and opening up areas of the new mine and on the development and construction of support infrastructure.

PROJECT START DATE:	2001
EXPECTED COMPLETION DATE:	2008
LIFE-OF-MINE TONNES MILLED:	17.06 million tonnes
AVERAGE RESERVE GRADE:	8.8 g/t
EXPECTED ANNUAL PRODUCTION:	450 000 ounces of gold
LIFE-OF-MINE:	18 years
CAPITAL EXPENDITURE:	R610 million
LIFE-OF-MINE OUNCES:	4.83 million



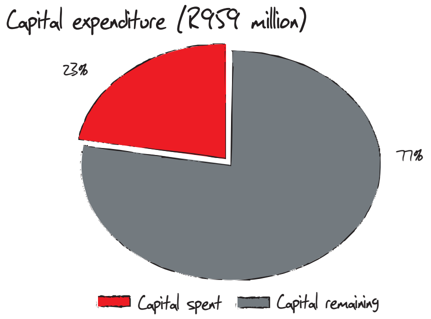


Progress during the year

- Access development on 109 and 113 levels was delayed as a result of slow progress of the access haulages through the Cobra Dyke. All levels down to 113 level are now through the dyke and development rates have picked up substantially.
- 102 level: Capital development on this level is now complete. Cash operating cost development is taking place in both easterly and westerly directions. The 34, 35 and 36 raise lines have holed and stoping operations are taking place on the 34 raise line. The 33 line is now also being winzed. Multi-blasting was introduced on two raise lines to increase reef metres developed.
- 105 level: Capital development on this level has been completed. Cash operating cost development is taking place in both easterly and westerly directions. Reef development on 32 and 33 raise lines has begun. Multi-blasting has been introduced.
- 109 and 113 levels: Mining continued through the Cobra Dyke with its associated high-pressure gas pockets without incident. As we are now through the dyke, good progress is being made on both levels.

Development and construction of support infrastructure has progressed well. All reef and waste is being hoisted from 115 level, while work on the chambers for the refrigeration plants on 100 level and the pump chamber on 115 level is proceeding.

Doornkop South Reef project



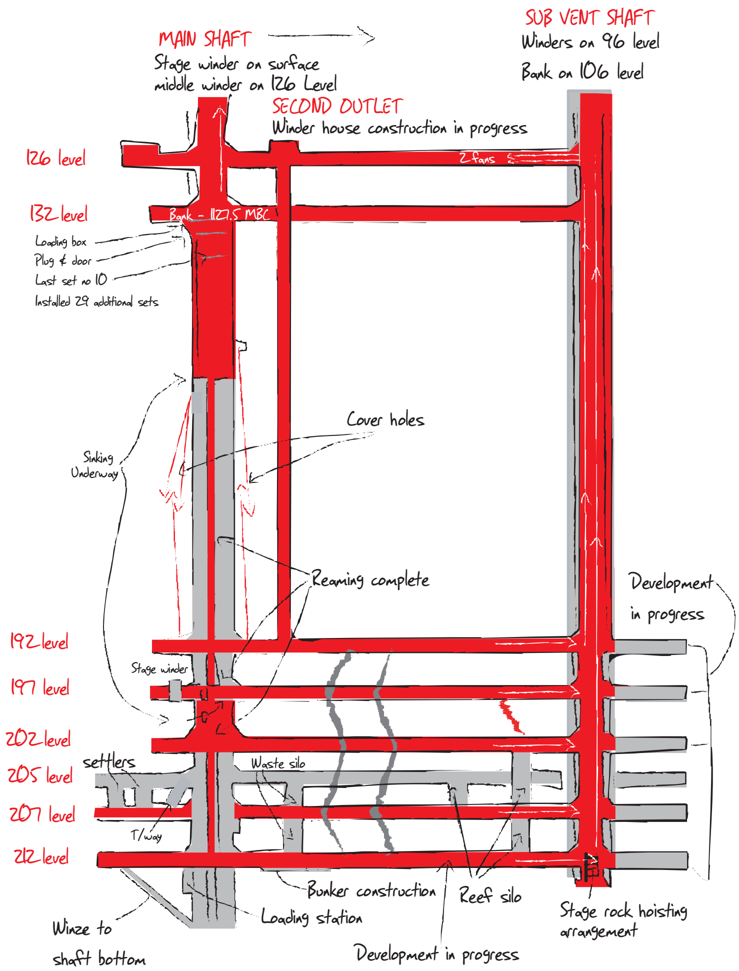
LOCATION: Gauteng, Province, South Africa

FINANCIAL EVALUATION:	
Gold price (kg)	R92 000
NPV at 7.5%	R412 million
IRR	45%

Project description

This project which is a 74:26 joint venture with our BEE partner, African Vanguard Resources involves the deepening of the Doornkop main shaft to 1 973 metres to mine the South Reef, which lies between 1 650 and 2 000 metres below surface, and development towards the mining areas. Currently, the lower grade Kimberley reef is mined from the upper levels of this shaft between 900 and 1 100 metres below surface.

PROJECT START DATE:	January 2003
EXPECTED COMPLETION DATE:	2011
LIFE-OF-MINE TONNES MILLED:	12.8 million
EXPECTED ANNUAL PRODUCTION:	315 000 ounces of gold
AVERAGE RESERVE GRADE:	6.4 g/t
LIFE-OF-MINE:	13 years
CAPITAL EXPENDITURE:	R959 million
LIFE-OF-MINE OUNCES:	2.7 million



Progress during the year

Sinking operations at Doornkop are on track. There are currently two separate sinking operations at different elevations in the same shaft, another industry first for Harmony. This accelerates the shaft completion and, ultimately, project completion.

A significant development during the year was the re-interpretation of the geological model by the Doornkop geological team. The resource is considered to lie flatter, at 3 degrees in the south and increasing to 10 degrees in the northern extreme. This interpretation differed somewhat from the original model that described a constant dipping reef of 10 degrees. The impact of this is that the southern portion of the orebody (comprising 75% of the gold) is placed above 207 level, whereas in the past it was above 212 level.

This reinterpretation gave rise to re-engineering opportunities: the last mining level will now be 205 level. The shortened shaft (by about 60 metres) and a decrease in related in-circle development resulted in a capital saving of R173 million. Further exploration on 212 level was initiated to provide more insight into the lower portion of the orebody to the north; this will provide guidance on the viability of a potential third phase of the shaft extension. The shaft shortening also means that the main shaft will be commissioned earlier than planned.

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

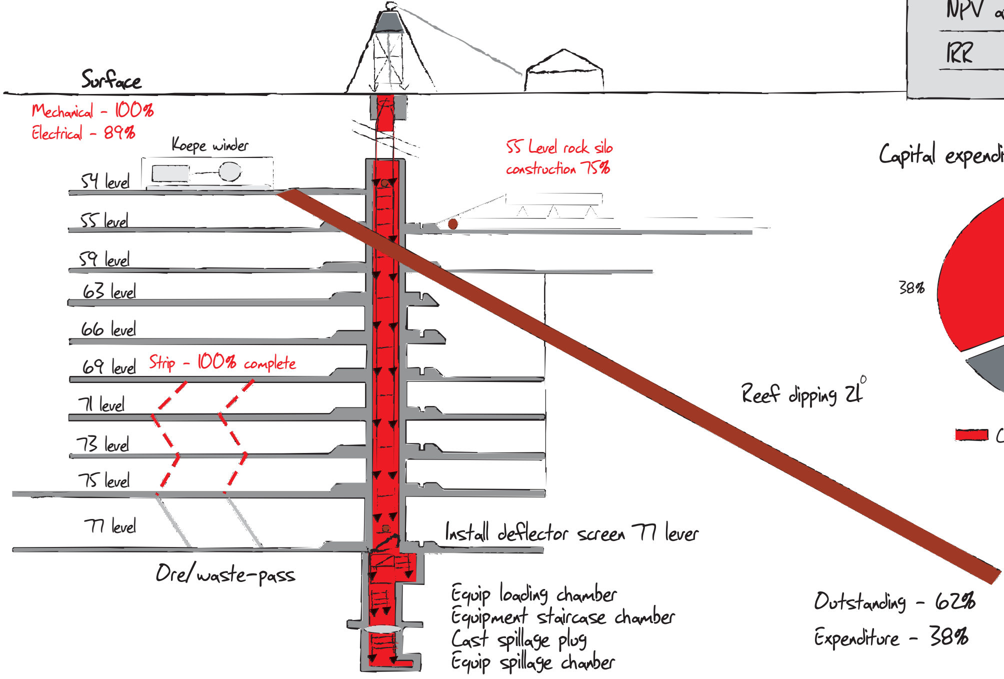
During the year:

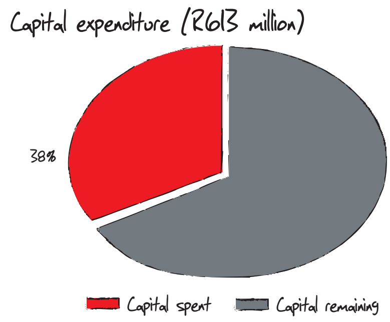
- access development on 192, 197 and 202 levels continued. In-circle development around 212 level is under way, and three reef raises are also being developed for over-stoping operations that began in August 2005.
- The second outlet shaft from 126 level to 192 level was reamed to the final diameter of 2.40 metres. This multi-purpose shaft will be used as a second outlet and material transport facility.
- The main shaft is being sunk from just below 132 level and from 197 level. The first blast from 132 level took place on 29 July 2005.

Phakisa Shaft project

LOCATION: Free State Province, South Africa

FINANCIAL EVALUATION:	
Gold price (kg)	R92 000
NPV at 7.5%	R1.33 billion
IRR	26%





Project description

The project was part of the Freegold acquisition from AngloGold and was not active at the time. It involves the establishment of infrastructure; the sinking and equipping of a primary shaft to a depth of 2 426 metres below surface, with four levels of access development; and development of a 1 500-metre, 12 degree twin-decline with three additional levels to access development below shaft bottom, to the reef horizon.

PROJECT START DATE:	July 2003
EXPECTED COMPLETION DATE:	February 2009
LIFE-OF-MINE TONNES MILLED:	16.69 million tonnes
EXPECTED ANNUAL PRODUCTION:	250 000 ounces of gold
AVERAGE RESERVE GRADE:	7.38 g/t
LIFE-OF-MINE:	19 years
CAPITAL EXPENDITURE:	R613 million
EXPENDITURE AT END JUNE 05:	R233 million
LIFE-OF-MINE OUNCES:	3.96 million

Progress during the year

The Phakisa shaft project is progressing well. The project was restarted in July 2003. The shaft sinking has now been completed and shaft equipping has commenced. The mine is designed to access a reserve of 3.96 million ounces.

Production is scheduled to commence in June 2007 and reach full production of 250 000 ounces at cash operating costs of R60 000 per kilogram by 2010.

In the past year some of the project milestones/technical achievements have been:

- infrastructural establishment of 75 level as a production level and 77 level as a service level.
- completion of sinking to shaft bottom at 2 426 metres below shaft collar on 6 April 2005.
- completion of equipping of the shaft bottom spillage steelwork on 19 May 2005.
- stripping out the shaft sink phase steelwork completed on 2 July 2005.
- changing the surface headgear to the permanent condition completed – first week in August 2005

In the coming year, planned project milestones are:

- shaft steel equipping to accommodate conveyances for men and material to underground commenced on 10 August 2005 and is scheduled to reach 54 level (1 637 metres from shaft collar) – early October 2005.
- shaft steel equipping to accommodate conveyances for man/material and ore handling is scheduled to be complete during February 2006.
- installation of the ore handling system between Phakisa and Nyala shaft on 55 level (Rail-veyor) – February 2006 to May 2006.
- access development to the reef horizon will commence beginning of June 2006.


no Limits

Australasian operations

Harmony's interests in Australasia consist of two operating centres, consisting of both underground and open pit mines located at Mt Magnet and Kalgoorlie (South Kal mines), in Western Australia, as well as development and exploration prospects in Northern Territory, Australia, and at Hidden Valley and Wafi in PNG.

At the Australian operations, production decreased by 12% to 9 233 kilograms (296 848 ounces). This was largely as a result of the disposal of the Gidgee underground operations in December 2003. These operations contributed 32 950 ounces in FY04. Tonnes milled declined to 3.75 million tonnes from 4.74 million tonnes. Recovered grade rose to 2.5 g/t, while cash operating costs per kilogram decreased by 7% to R67 074 per kilogram (or US$338 per ounce). While revenues declined by 14% to R777 million as volumes shrank, working profit increased to R158 million, reflecting lower cash operating costs.

Net capital expenditure amounted to R247 million, most of which relates to on-mine decline development at Hill 50, the continuation of existing development at Mt Marion underground mines, as well as the new decline at the new St George underground mine at Mt Magnet. Capital was also spent on various open pits, as well as on drill programmes at Hidden Valley and payments for the Misima plant (at a cost of R42 million).

OUR AUSTRALIAN OPERATIONS

Operational statistics		FY04	FY05
Tonnes milled	000 tonnes	4 743	3 754
Grade recovered	g/t	2.2	2.5
Gold produced	kg	10 522	9 233
	oz	338 272	296 848
Cash operating costs	R/kg	72 302	67 074
	US$/oz	326	338
Financial statistics			
Revenue	R million	905	777
Cash operating cost	R million	761	619
Working profit	R million	144	158
Capex	R million	144	247
Exchange rate	R/US$	6.89	6.18
	R/A$	4.90	4.68

Mount Magnet

Production was 181 233 ounces of gold as tonnes milled decreased by 6% to 2.49 million tonnes for FY05. Grades from the underground operation improved, resulting in the overall grade at the site, including open pit and low grade sources, improving to an average recovered grade of 2.27 g/t for FY05. The improvement in underground grade was as a result of higher grade areas of the Hill 50 underground mine being accessible again after the rehabilitation of the ventilation rises in FY04, as well as improved grade from the Star underground mine.

Although we had anticipated that the Star underground mine, located at our Mt. Magnet operations, would close in the first half of FY05, continued exploration success at the base of the Star underground mine enabled an extension to the life of this operation to June 2005 when mining finally ceased.

Contracts for establishing the portal and start of development of the new St George underground mine were finalised in the first quarter of FY05, with underground development beginning in December 2004. The decline had advanced 610 metres from the portal by year-end, but development was hampered by poor ground conditions in the second half of the year. The first stope ore is expected in the second quarter of FY06. Production from this mine will provide additional underground ore to replace production lost as a result of closure of the Star mine. Open pit production was hindered by the delay in the start-up of the Cue open pits until the last quarter of FY05 as a result of delayed mining approvals and extended contractor negotiations, although these were all resolved by year-end. During the last quarter of FY05, a decision was taken to reduce the throughput rate of the Checkes mill to 138 000 tonnes per month, compared to 220 000 tonnes per month milled previously. This will ensure that the site can maintain a consistent blend of underground, open pit and low-grade feed stocks, and also concentrate on milling higher-grade sources. A similar ounce production profile is expected in FY06.

Cash operating costs were well controlled, with cash operating cost per ounce decreasing by 6% to A$444 per ounce.

South Kal mines

Production at South Kal decreased to 115 624 ounces of gold with tonnes milled decreasing by 4% to 1.27 million tonnes. Whereas various technical improvements in the flow of ore in the sub-level cave at Mt Marion led to an increase in both underground tonnage and grade during the year, with negligible increases in cash operating cost, the declining open pit feed stock at this operation as a whole had a negative impact on production. Underground production at Mt Marion was severely affected by a blockage in the secondary escape route during the last quarter of the year, which resulted in no stope mining being allowed for 20 days while the route was being cleared. It is expected that production in FY06 will decline to 90 000 ounces as open pit feed stock is replaced by material from low grade stopes at this site. Cash operating costs remained constant at A$448 per ounce in FY05.

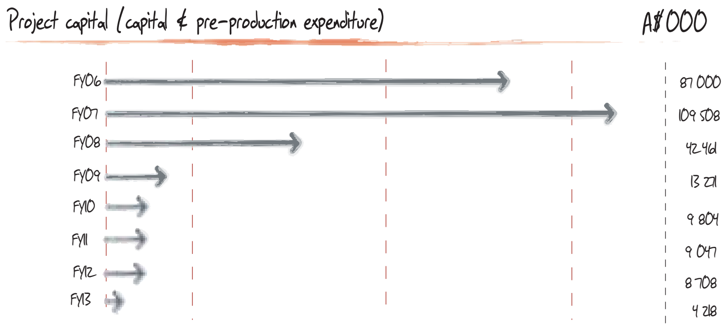
Hidden Valley, PNG

Good progress was made in preparing for the development of the Hidden Valley project in PNG, although regulatory approvals took longer than had initially been anticipated. Harmony's mining licence and environmental permit were granted in the third quarter and, post-year-end, on 5 August 2005, all the final permitting was completed (see box on page 37).

Hidden Valley project

LOCATION: PAPUA NEW GUINEA

FINANCIAL EVALUATION:	
Gold price (oz)	A$558
NPV at 7.5%	R524 million
IRR	21%

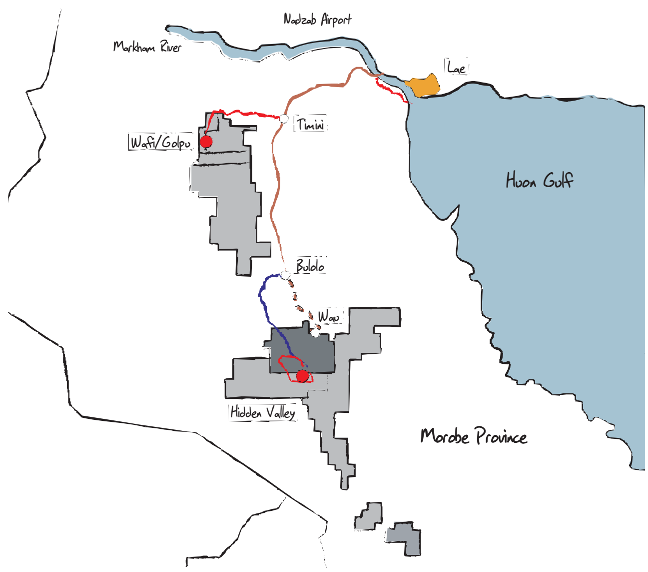


Project description

The Hidden Valley project, acquired in 2004 when Harmony acquired Abelle, is poised for development. The development plan comprises two phases: the first phase (over eight years) involves the construction of plant and infrastructure, and the development, mining and processing of reserves from Hamata and Hidden Valley-Kaveroi open pit mines; the second phase will progressively extend gold production around a centralised gold process plant which is fed from a number of regional ore sources.

PROJECT START DATE:	December 2005
EXPECTED COMPLETION DATE:	September 2007
LIFE-OF-MINE TONNES MILLED:	23.26 million
AVERAGE RESERVE GRADE:	3.0 g/t
EXPECTED ANNUAL PRODUCTION:	300 000 ounces of gold
	3 820 000 ounces of silver
LIFE-OF-MINE:	7 years
TOTAL CAPITAL EXPENDITURE:	A$277 million
PHASE 1 LIFE-OF-MINE OUNCES:	2.1 million

MAP OF PNG PROPERTIES



Progress during the year

Harmony received its mining licence and environmental permit for the project in March 2005. This was the first project approved under the new PNG Environment Act. Compensation agreements were accordingly negotiated and signed on 5 August 2005, and a Memorandum of Agreement (which relates to benefits distribution) was also negotiated with landowners and government at national, provincial and local levels. These were the last regulatory aspects needed for the commencement of mining.

While the regulatory approvals were being processed, diamond drilling took place to convert some of the inferred resources to indicated resources, and to sterilise the areas where infrastructure and dumps are to be placed. The drill programme returned excellent results, which have further enhanced the quality of the orebody with both reserves and resources having been upgraded. The updated geological model has been incorporated into the new mining schedule. Discussions relating to the mobile mining fleet are well-advanced, with the updated reserve and re-modelling of the pit allowing equipment requirements to be finalised.

The last component of the Misima plant and associated equipment were shipped from Misima Island to Lae during the third quarter and new estimates are being prepared on the required refurbishment of the plant. Surplus equipment obtained with the plant has been disposed of.

A detailed survey of the access road between Hidden Valley and Bulolo, which is critical for construction, was conducted and has allowed an accurate assessment of the cost of construction of the creek diversion immediately above the tailings dam has begun.