



Harmony Gold Set To Become Producer

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The brand spanning newly-established Harmony Gold Corp. (TSX.V: H) has assembled a veritable A-Team amongst its Board of Directors to guide the fledgling company towards its goal of becoming a premier gold producer within the next 24 months. Combined with the solid structure of the company, the seasoned team on the ground and the high grade quality of the property; as far as new companies go, Harmony might just emerge as the giant of the litter.

So, if Harmony Gold Corp. is the A-Team, it then begs the question; who is Hannibal, their fearless and feisty leader? That'd be Craig Engelsman. Engelsman has been involved in the venture capital business since 1998, founded Norsemont Mining, co-founded Canaco Resources and is now 100% focused on making a name for Harmony Gold in the very near future.

"The goal for Harmony Gold is that we'll become one of the newest gold producers. A lot of people are delineating drilling, trying to identify resource in the ground, and so be it; maybe you have 20 million oz, but at the end of the day if that gold's not coming out of the ground it leaves a big gap in the market. In the junior space, there aren't a lot of companies that are well led like this and have opportunities so near term. Essentially, the key to harmony gold is to provide the capital and the expertise to get the Lucky Shot gold mine, which happens to be one of the richest gold mines in North America, into production in the next 15 months."

Lucky Shot Gold Mine

Lucky Shot is a past producing, high grade gold property north of Anchorage, Alaska. Although recent exploration work on Lucky Shot started in 2005, most of the production work was pre-1939, when a war measures act was introduced ordering men away from the mines, and into the war.

The project is located in the historic Willow Creek Mining District. Past-producing mines in the District are considered to be among the highest grade in the Northern Cordillera, with documented production from company records and The Alaska Department of Mines listed at over 620,000 ounces Au from multiple veins and shears, at an average grade of approximately 1.0 oz/ton Au.

Limited modern exploration had been performed in the District before Full Metal Minerals discovered additional high grade mineralization in 2005 and launched an exploration program. Over the course of 2007, Full Metal completed over 50 diamond drill holes, the primary focus being to determine the extent of the Lucky Shot Shear zone. This drilling program tested three of the four known fault blocks and has extended the continuous gold mineralization to over 2,400 meters along strike, and 700 m down-dip.



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Full Metal and Harmony – A Meeting Of Mines

Attracted to the extensive exploration by Full Metal and the indisputable potential of the Lucky Shot Property, Harmony Gold entered into an option agreement with Full Metal entitling Harmony to a 60% interest in Lucky Shot. Engelsman seems to have great confidence in, and solid hope for, the partnership.

"It's a 60/40 joint venture to start with. Until we understand the resource we'll stay at that, and then once we understand what's in there, we'll move forward on a larger portion of it. The project will require more drilling and more development. We'll assume operating responsibilities, and we'll put our own contract in. I just announced Mike Petrino who was Chief Engineer on Miramar Mining and also Pan American Silver. Every guy on our board has a tonne of experience and as a result, we can source people and projects quite quickly."

As Engelsman mentioned, the company is still awaiting the results of a resource estimation. Until then, Harmony is happy to put in the ground work in, making the property and the company as foolproof and successful as possible.

"So the way we look at it is, these types of mineralised deposits are very nuggety, coarse gold... Full Metal spend 22 million on it - 17 million in drilling - the infrastructure is in place, the mill is in place. We have full government support; there are no native issues, no environmental issues... We're in the process of completing our final water permit, and we'll apply for our commercial permit this fall. We're fully permitted for 12,500 tonnes of material. That 12,500 tonnes of material will come out of the high grade after we ramp in; it's a kilometre and a half ramp into so basically you're driving a tunnel to access the highgrade ore body and to get your equipment in. It's fairly primitive methods of mining, it's not completely modern, it's jack legs and slushers, so it's hard work, old school mining... but your dilution is next to nothing. And you're stripping just the high grade out so you're maximising your tonnage."

Production and Financing

When Harmony does eventually go into production, Engelsman has high hopes regarding output.

"We could produce 60 or 70 or 80 thousand oz here, its ultra high grade material. We've got some drill holes that are currently 7 oz over 4.5 meters, so when you're producing into high grade zones like this, certain months you could produce many more oz per tonne of material than assumed. So at the end of the year you might only produce 80,000 tonnes but you might have 130,000 oz come out of those tonnes"

Regarding financing, Harmony have raised \$6m in the last 6 months and although they're awaiting the resource estimation before announcing the solid economics behind the project, Engelsman seems to know what hes doing.

"Ultimately we'd like to have 60 million shares out producing 50,000 oz a year and keeping our cash costs around \$400 an oz if possible. These numbers can change obviously, but we're not taking on any debt, it'll be all equity, we want to make people money."



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Essentially once we hit cash flow, and once we've acquired all the capital to develop the Lucky Shot, which is give or take \$12m to \$15m, 10 – 12 months of time, then we'll leverage our cash flow, higher our share price, our expertise and we've got a pipeline of projects from our directors that could weed us in much bigger projects."

The A-Team

A March 17th press release saw the announcement of Harmony Gold's new Board of Directors, the aforementioned A-Team. Mentioned in that press release were –

Dr. Alan Carter, Director - An expert in the mineral exploration industry with over 20 years experience working for companies such as Rio Tinto Corp., Balaclava Mines Inc. and BHP Billiton Exploration Group.

Robert John Harrington, Director - With a Master of Sciences Degree in Geology, Harrington also worked for Rio Tinto Corp. and Maurico Hochschild and Company ("MHC").

Dr. John Mark Staude, Director – Having worked for BHP Billiton and Teck Cominco, in Staude's 23 years of experience he has developed extensive Latin America mineral resources in areas such as Mexico and South America. His work in more than 30 countries has led several exploration groups to build strong portfolios and profitable businesses through prospect generation, early stage partnering, and drill discoveries. He also holds a Ph.D. in Economic Geology.

David E. Drips, Director - Drips is a Mining Engineer with over 35 years of experience in the mining industry, focusing on operations and project construction. He has worked with several companies including Pan American Silver Corp., Bema Gold Corporation, Andalex Resources Inc., Hecla Mines, Scorpio Mining Corporation and Gulf Minerals in both surface and underground operations producing precious metals, base metals, uranium and coal.

Casey Forward, Interim Chief Financial Officer - Forward is a professional accountant with over 23 years of experience and has been employed as an officer of several public companies involved in mining and business development.

Andrew Lee Smith, Advisor to the Board - Smith has over 20 years of experience in successfully exploring, developing and operating North American base and precious metal mining and gem projects. He has acted as Vice President of Exploration of Aurizon Mines Ltd. and co-founded True North Gems, a company exploring and developing the first significant emerald and sapphire deposits in the Yukon.

Engelsman welcomes the new management team and reports: *"This is a very exciting time for Harmony. The addition of these gentlemen, with their combined experience and expertise, will provide the management team with invaluable advice, guidance and support."*



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Looking Forward

Engelsman has his team in place, a healthy stake in a promising property and an ambition that hints heavily at future success. Although production isn't anticipated for at least 15 months, I suspect we'll be hearing a lot more from Harmony Gold in the near future.

"Harmony is built primarily to be an aggressive producer – acquire mergers, acquisitions, keep growing, keep raising money, keep bringing people to the table and create that story that noone really wants to stop watching, and that's what I think we'll do."

Follow Harmony's progress at <http://www.harmonygoldcorp.com>.

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