



**Harmony**

**FINALISATION OF MINING CHARTER  
BRINGS MORE CERTAINTY TO  
ALL STAKEHOLDERS**



**ROBUST CASH OPERATING  
PROFIT OF R950 MILLION IN  
DIFFICULT QUARTER**

**QUARTER ENDED  
SEPTEMBER 2002**



# 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.**



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# SEVEN YEARS OF VALUE CREATION

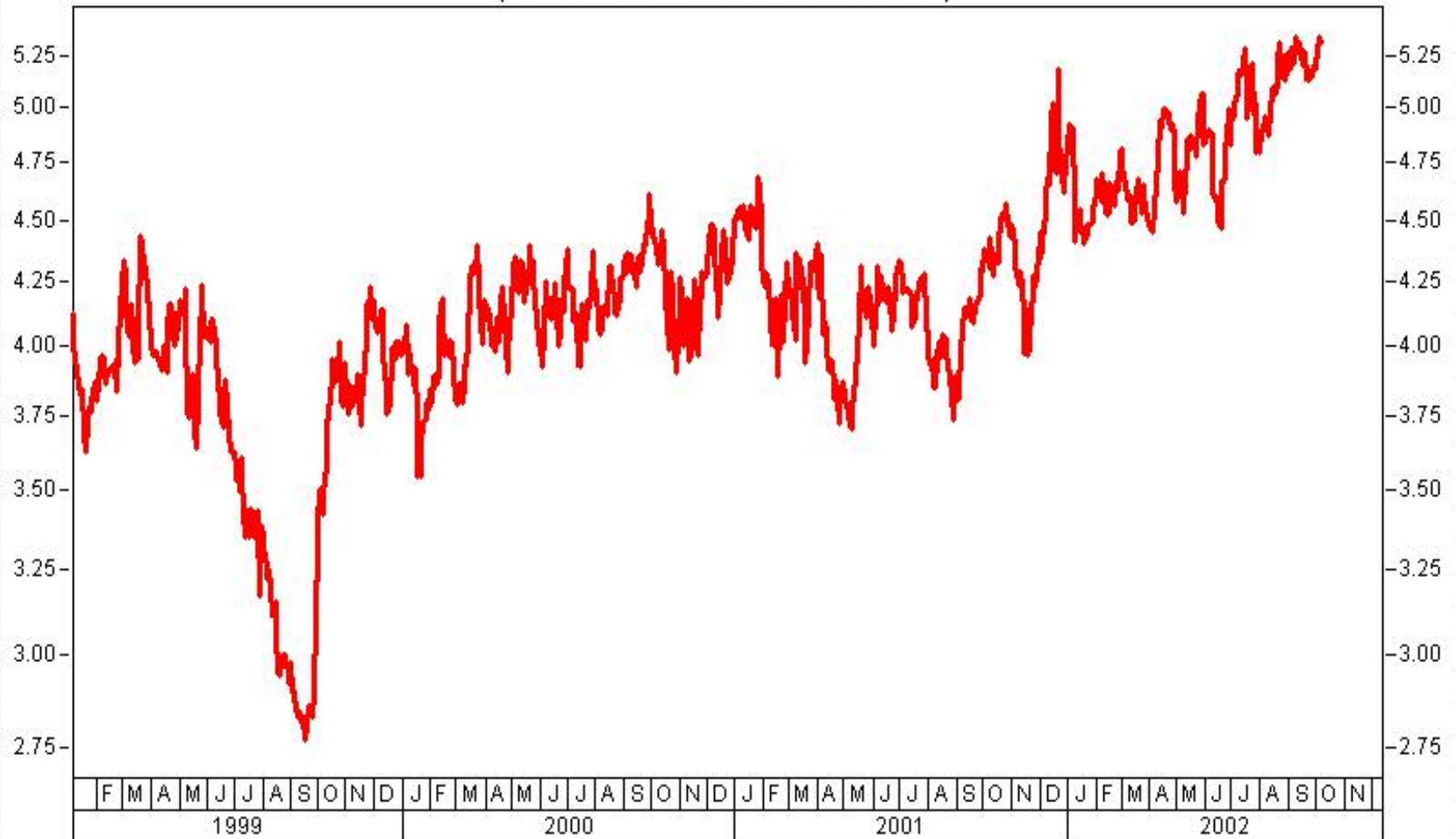
	1995	2002	% GROWTH
<b>Production oz per annum</b>	<b>580 000</b>	<b>2,7 million</b>	<b>360%</b>
<b>Cash operating Profit US\$</b>	<b>9 million</b>	<b>254 million</b>	<b>2 700%</b>
<b>Market Cap US\$</b>	<b>180 million</b>	<b>2 290 million</b>	<b>1700%</b>
<b>Employees in service</b>	<b>23 000</b>	<b>42 600</b>	<b>85%</b>
<b>Ounces produced per employee</b>	<b>25</b>	<b>63</b>	<b>150%</b>

# SHARE PRICE PERFORMANCE



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



Source: I-Net Bridge; Deutsche Securities



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Our track record thus far:-

- 6,4% Simane = 6,4% of 3,1 m/oz = 198 400
- 10% Khuma Bathong = 10% of 450 000 oz = 45 000
- beneficiation, assume  
5% credit = 5% of 3,1 m/oz = 155 000
- Current Credit = 398 400 oz
- Target 15% of 2,5 million SA ounces = 375 000 oz

✓ Compliance in respect of initial 5 years

- who should get credit for Free Gold???



## Status

- 15% participation/ownership
- employment equity
- human resource development
- community development
- procurement policy
- beneficiation



ongoing



ongoing

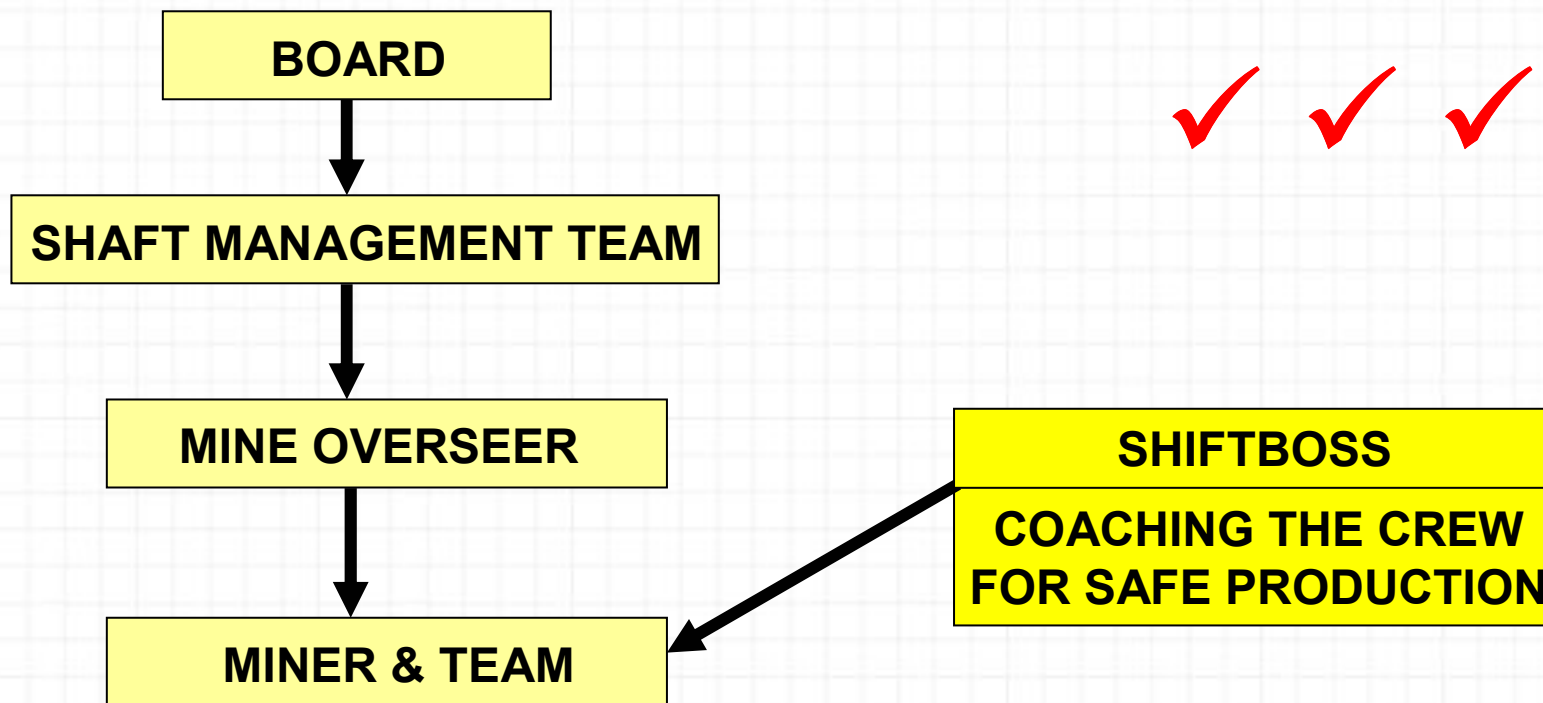


**We are well on our way to compliance**

# FLATTENING THE REPORTING STRUCTURES

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- our next quantum leap is realising our people potential
- groundbreaking agreement regarding utilisation of shiftbosses





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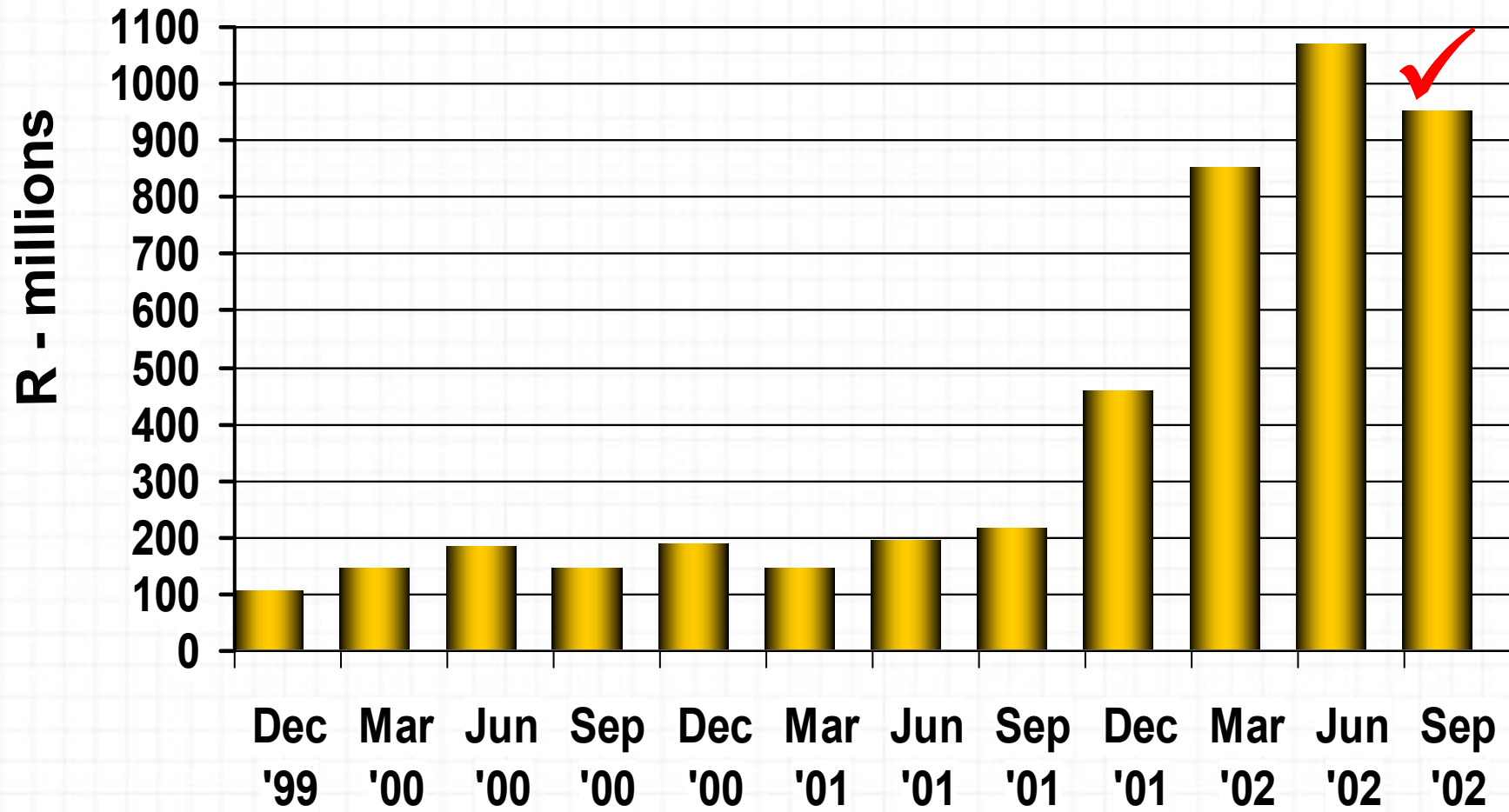
- **record quarterly production of 796 497 oz - on track for annualised 3.1 million oz** ✓
- **cash operating profit of R950 million (R1 068 million in June 2002)**
- **quarterly e.p.s of 247 cents**
- **reduction in cash operating profits mainly due to:-**
  - **effective 8,2% annual wage increase,**
  - **seismic events at Evander No. 8 Shaft & Deelkraal,**
  - **operational problems at Elandsrand, and**
  - **reduction in market value of Placer Dome shares of (R142 m) (84 cents per share)**



# VALUE CREATION THE "HARMONY WAY"

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## CASH OPERATING PROFIT





## QUARTERLY PERFORMANCE

	Sept 2002	June 2002	% Variance
Production kg	24 774	24 390	2
Production/oz	796 497	784 155	2
Revenue R/kg	106 463	103 349	3
Cash cost R/kg	68 110	59 574	(14)
Revenue US\$/oz	319	308	4
Cash cost US\$/oz	204	178	(15)
Exchange rate R/US\$	10,39	10,43	-

**Harmony****WORKING PROFIT ANALYSIS****TOTAL WORKING PROFIT (R'million)**

<b>OPERATIONS</b>	<b>SEPT 2002</b>	<b>JUNE 2002</b>	<b>VARIANCE</b>
<b>Free State</b>	<b>190</b>	<b>214</b>	<b>(24)</b>
<b>Evander</b>	<b>101</b>	<b>141</b>	<b>(40)</b>
<b>Randfontein</b>	<b>200</b>	<b>172</b>	<b>28</b>
<b>Elandskraal</b>	<b>105</b>	<b>174</b>	<b>(69)</b>
<b>Kalgold</b>	<b>25</b>	<b>12</b>	<b>13</b>
<b>Offshore Op.</b>	<b>100</b>	<b>70</b>	<b>30</b>
<b>Sub Total</b>	<b>721</b>	<b>783</b>	<b>(62)</b>
<b>Free Gold (50%)</b>	<b>229</b>	<b>285</b>	<b>(56)</b>
<b>TOTAL</b>	<b>950</b>	<b>1 068</b>	<b>(118)</b>

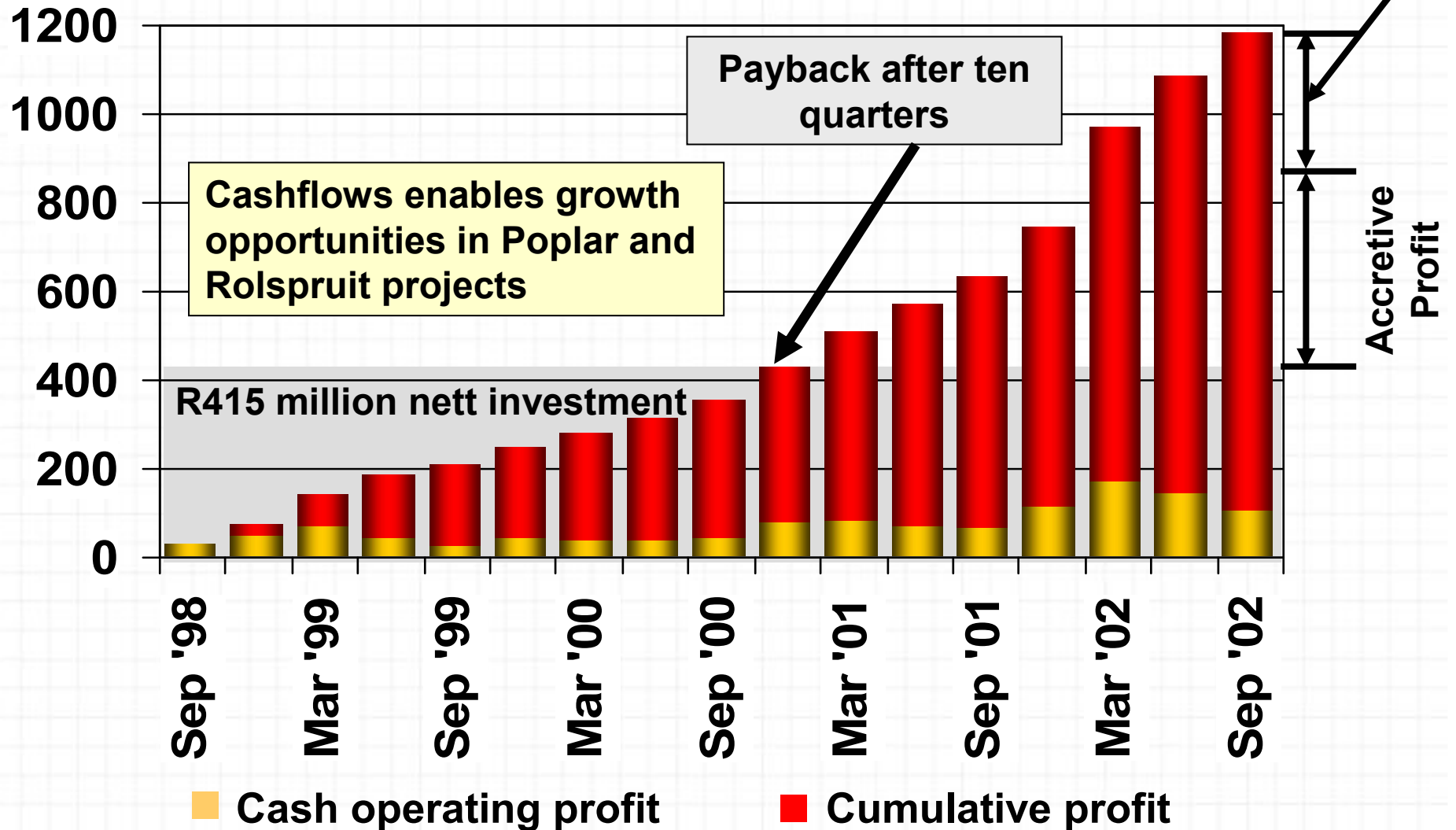
# RECOURPMENT OF EVANDER INVESTMENT



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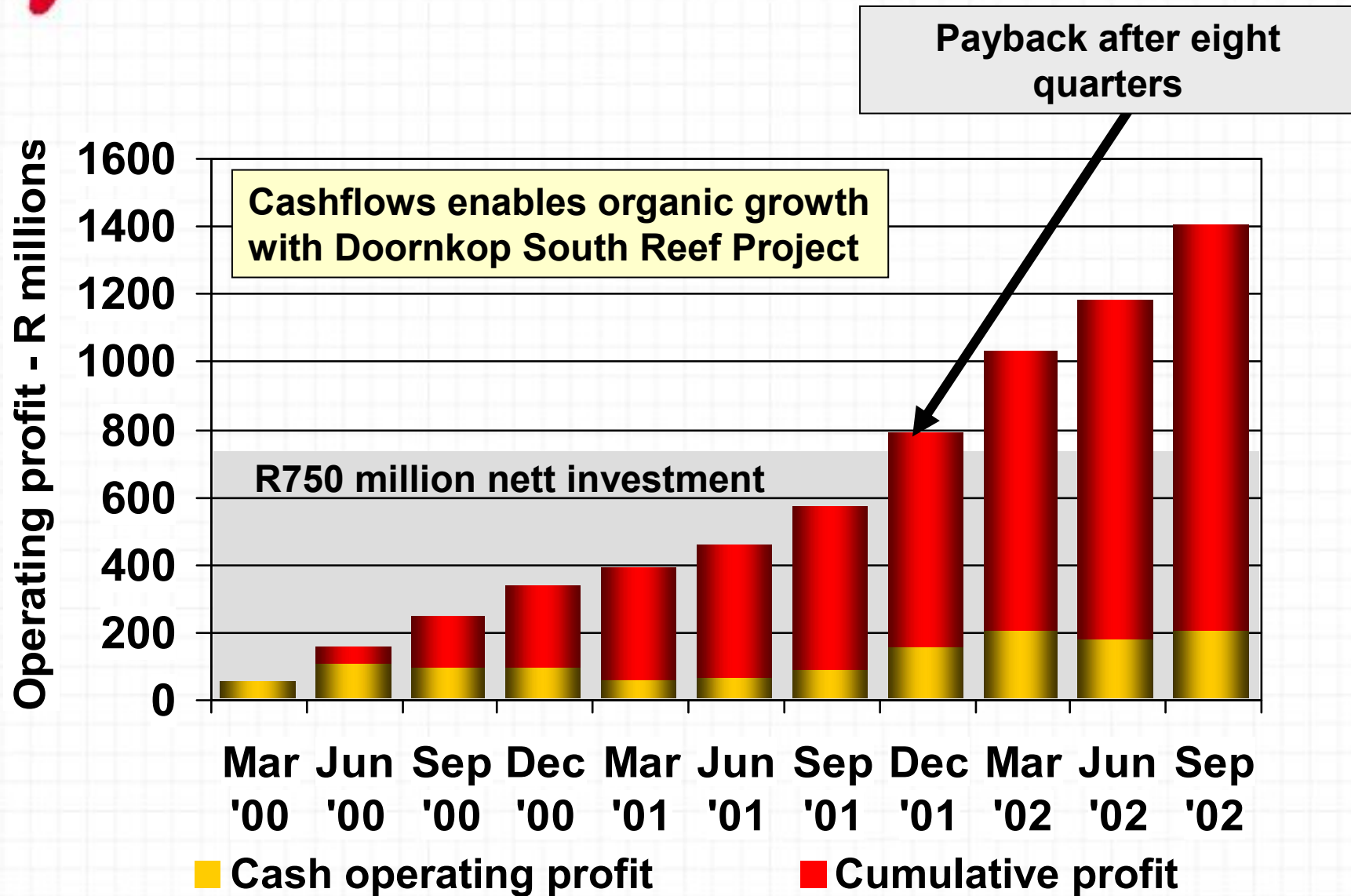
Operating profit - R millions

Cumulative CAPEX of R298 million



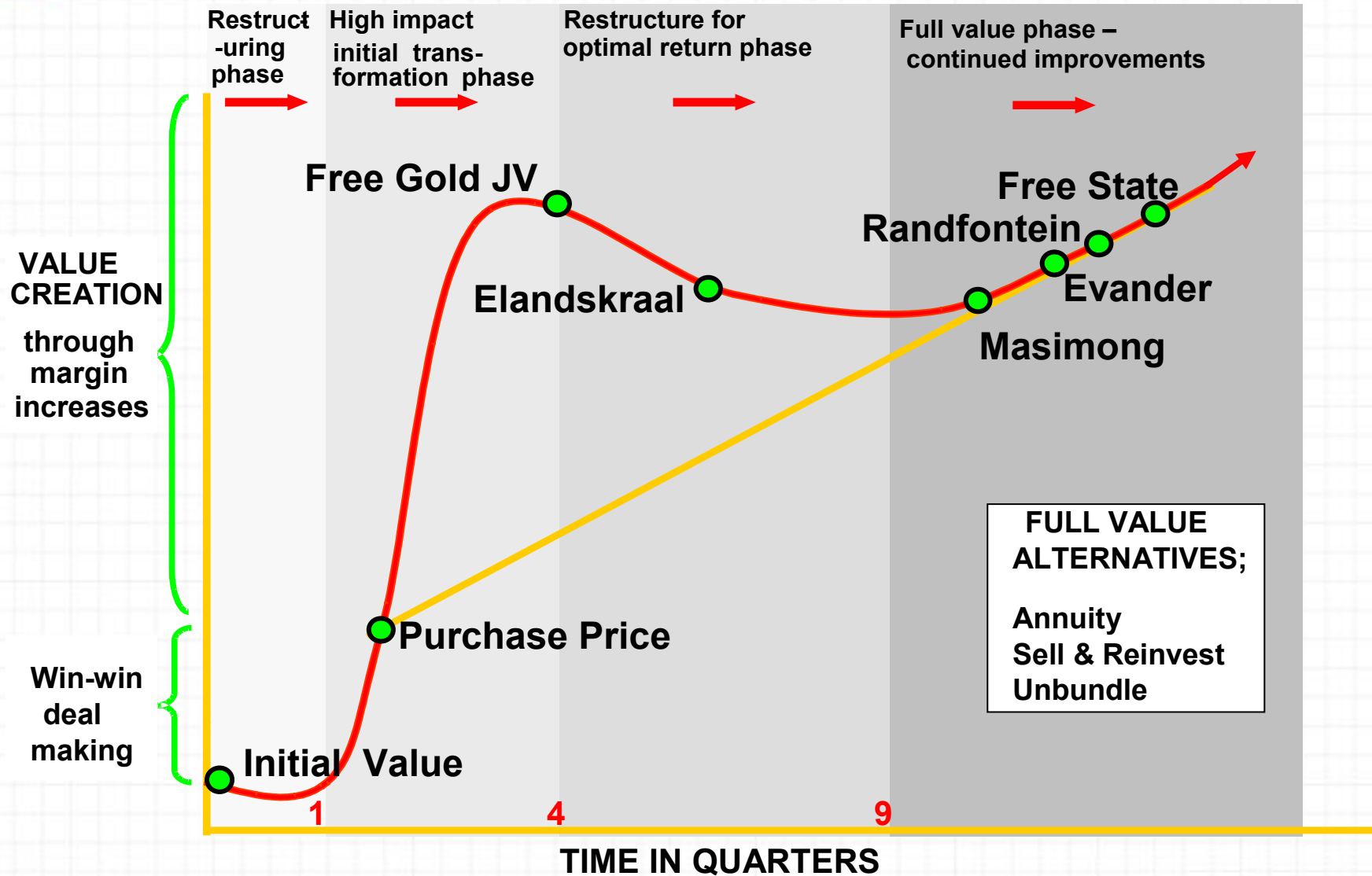
# RECOUPMENT OF RANDFONTEIN INVESTMENT

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# HARMONY VALUE CREATION CURVE

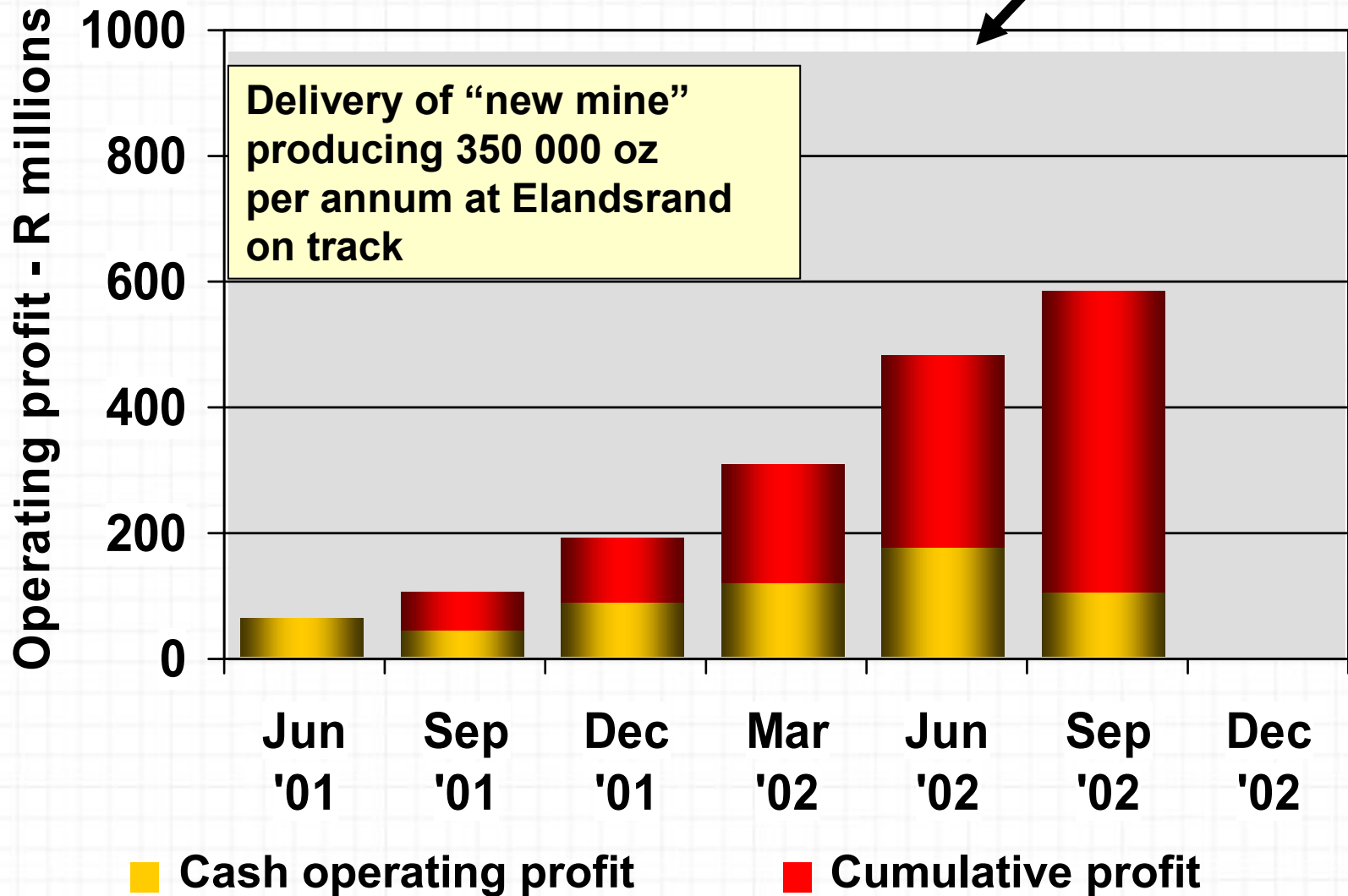
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# RECOUPMENT OF ELANDSKRAAL INVESTMENT

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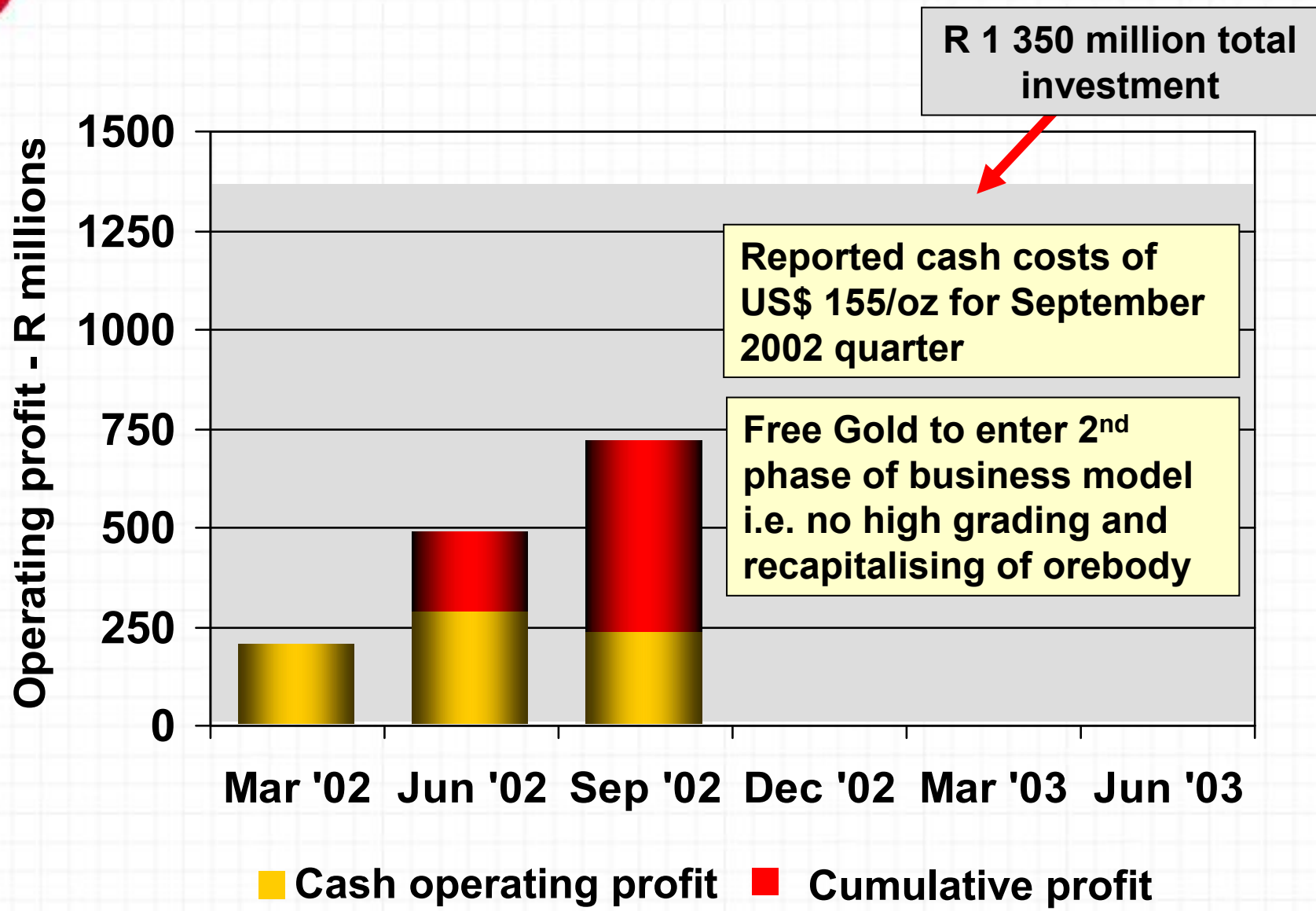
R 988 million total investment





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# RECOUPMENT OF FREE GOLD INVESTMENT (50%)



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- **R1,3 million spent on confirmation drilling, box cut design, surveying and mobilisation of mining contractor**
- **500 t bulk sample will be collected at  $\pm 45$  m depth, involving removal of 1,5 million tons of rock ✓**
- **bulk sample excavation to be completed during December 2002, with pilot plant flotation tests available during March 2003 quarter**



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## **FUTURE GROWTH OPPORTUNITIES OPTION VALUE**

### **Bendigo Mining NL in Australia**

- **31,8% investment with option to increase to 51% at 30 cents Australian before/by 31 December 2003**
- **decline has reached orebody position and first blast was taken late in September 2002** ✓
- **presence of visible gold and initial grade results are encouraging**
- **extensive programme of development, bulk sampling and grade valuation in progress**



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**FUTURE GROWTH OPPORTUNITIES  
OPTION VALUE**

### Highland Gold Ltd in Russia

- **satisfactory progress with incorporation**
- **technical assistance provided in evaluation of new gold properties identified in far-east Russia and Mongolia ✓**



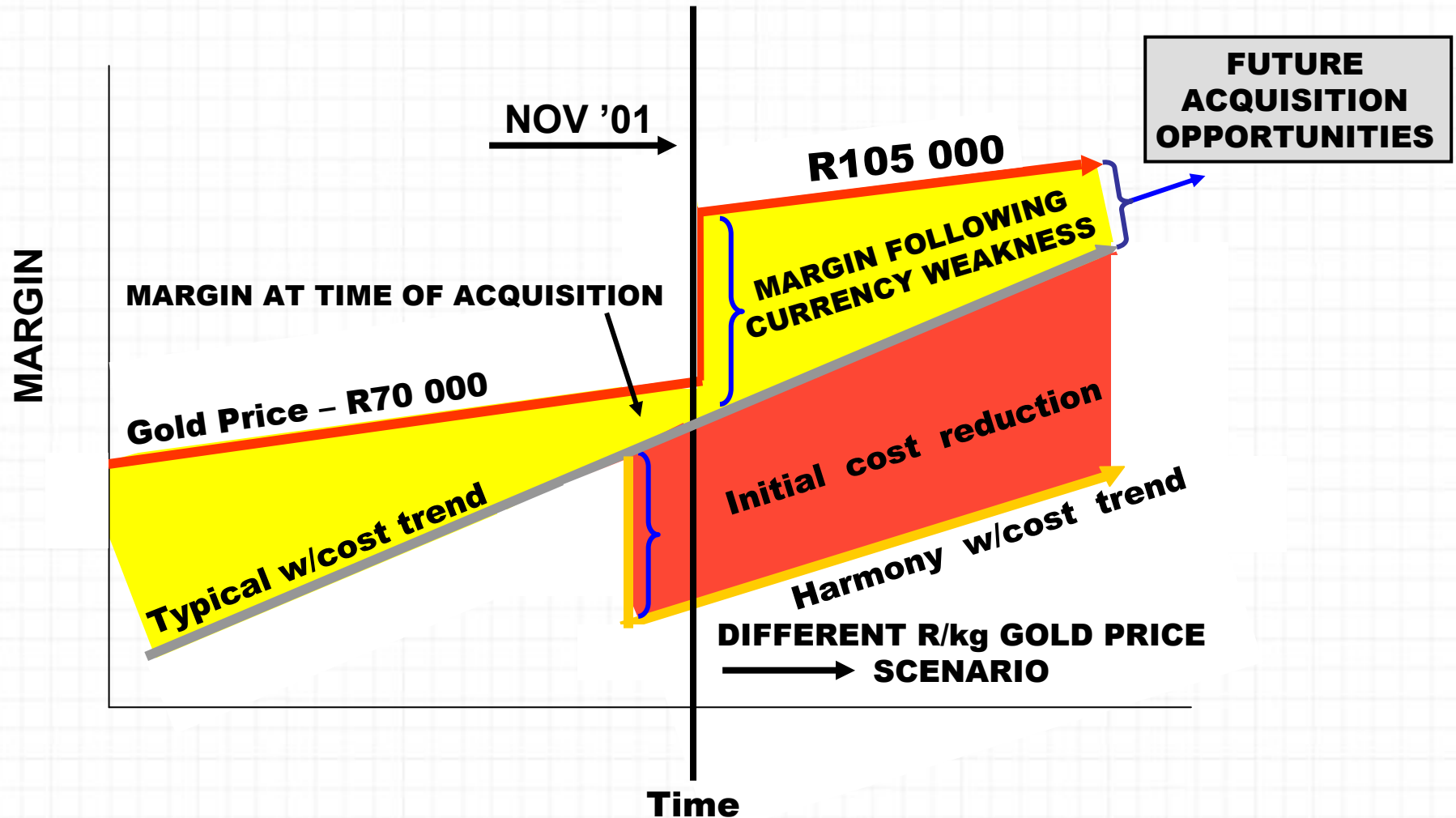
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## CAPITAL EXPENDITURE

<b>OPERATIONS</b>	<b>SEPT QUARTER ACTUALS</b>	<b>DEC QUARTER FORECAST</b>
<b>Free State</b>	<b>31</b>	<b>32</b>
<b>Evander</b>	<b>34</b>	<b>24</b>
<b>Randfontein</b>	<b>6</b>	<b>6</b>
<b>Elandskraal</b>	<b>34</b>	<b>35</b>
<b>Free Gold (50%)</b>	<b>10</b>	<b>12</b>
<b>Australian Ops</b>	<b>60</b>	<b>58</b>
<b>Kalgold</b>	<b>4</b>	<b>8</b>
<b>TOTAL</b>	<b>179</b>	<b>175</b>

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MARGIN SQUEEZE WILL DELIVER MORE OPPORTUNITIES



# ORGANIC GROWTH STATUS REPORT



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### Current projects:-

- ✓ • Masimong Expansion – production build up underway
- ✓ • Elandsrand Shaft Deepening – on track, on time and within budget
- ✓ • Deelkraal 35 Level – progressing well
- South Reef – board approval awaited
- ✓ • Kalplats – box cut underway

### Projects under review:-

- Rolspruit Extension at Evander
- Poplar Project at Evander



# FUTURE DELIVERY OF SHAREHOLDER VALUE



## Harmony

- built a company during difficult times i.e. decreasing gold price environment
- continue with our growth strategy through the application of Harmony Value Creation Model
- today Harmony is ideally positioned to continue delivering value to our shareholders in respect of:
  - organic growth projects, ✓
  - further acquisition opportunities, and ✓
  - dividend payments from increased revenues ✓
- in future, high cost- low margin opportunities that suit our business model will again become available



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# Questions

**Website**

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