



Harmony

Harmony gives you:

- 
- **leveraged**
 - **unhedged**
 - **pure exposure to gold**



mainly in South Africa



Harmony

External Factors

- **strong South African Rand**
- **royalty threat**

Internal Factors

- **high wage settlement**
- **protracted CONOPS negotiations**
- **less than successful geographical diversification**
- **grade problems at Elandsrand**
- **retaining good people**

“THE PERFECT STORM” – OUR BATTLE PLAN



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Strategic

- **focus on South African gold acquisitions**
- **really understand our strengths**
- **rationalise asset portfolio**
- **do not overpay for Avgold!!**
- **sustain capex as long as possible**

Operational

- **successfully merge with ARMgold**
- **reduce costs**
- **increase productivity**
- **implement CONOPS**
- **adjust cut-offs**



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- **final dividend of 150 SA cents per share,**
- **strong rand impacts on results,**
- **good operational performance on all operations except Elandsrand,**
- **two year wage agreement with NUM**
- **merger on track,**
- **continuous operations (CONOPS) agreement at Free Gold**
- **26% exposure to Avgold, and**
- **excellent exploration results at WAFI**



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**CASH OPERATING PROFIT
(R'MILLION)**

OPERATIONS	JUN 2003	MAR 2003	VARIANCE (R'MILLION)
Free State	4	53	(49)
Evander	39	45	(6)
Randfontein	40	105	(65)
Elandskraal	(33)	44	(77)
Kalgold	11	21	(10)
Australian Operations	23	69	(46)
SUB-TOTAL	84	337	(253)
Free Gold (50%)	99	141	(42)
TOTAL	183	478	(295)

ELANDSRAND - "DE-CLOGGING OUR MAIN ARTERIES"

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No. 1 Reef
now being
used for reef

No. 2 Reef
system
being used
for waste

Orepass
scaling
cleared May
2003

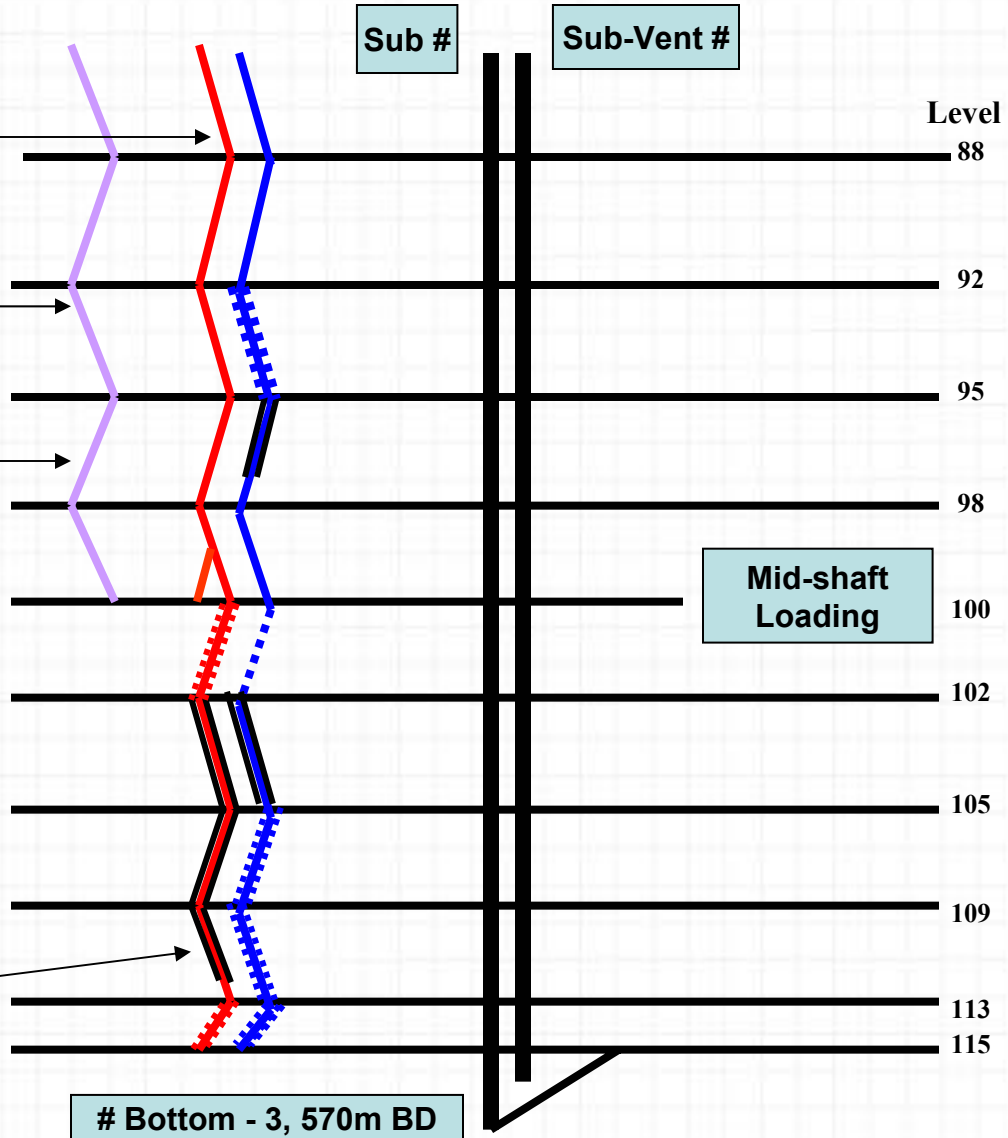
— No. 1 Reef
— No. 2 Reef
— Waste

++++ Lining Planned
—— Lining Completed

To be completed by
Nov 2003

Sub #

Sub-Vent #



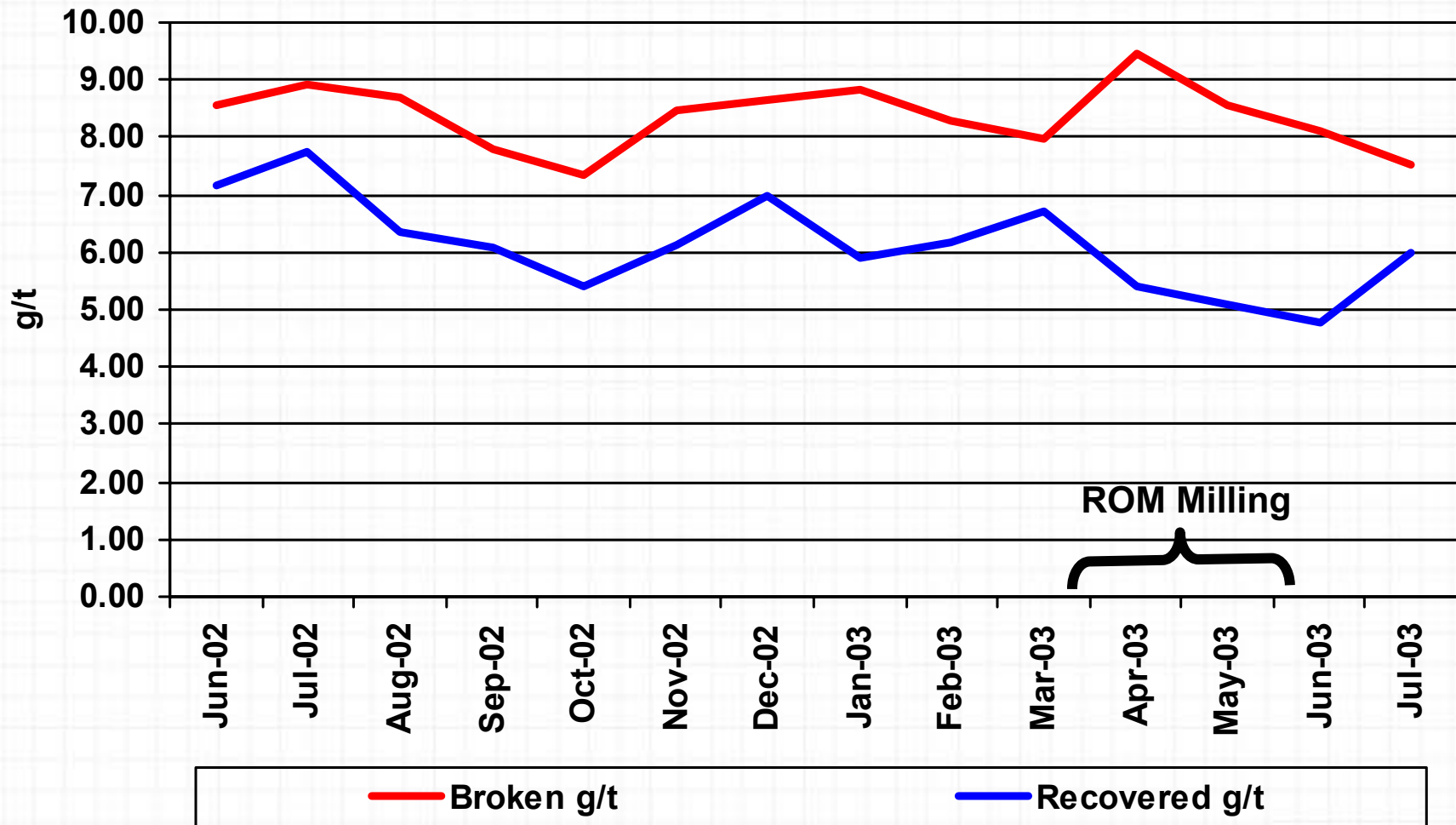
Orepass
blockage and
forced ROM
milling negatively
impacted (for two
months)
42 000 waste
tons dropped
recovered grade
by
1,0 g/t

Bottom - 3, 570m BD

ELANDSRAND - "WE LEFT GOLD UNDERGROUND"

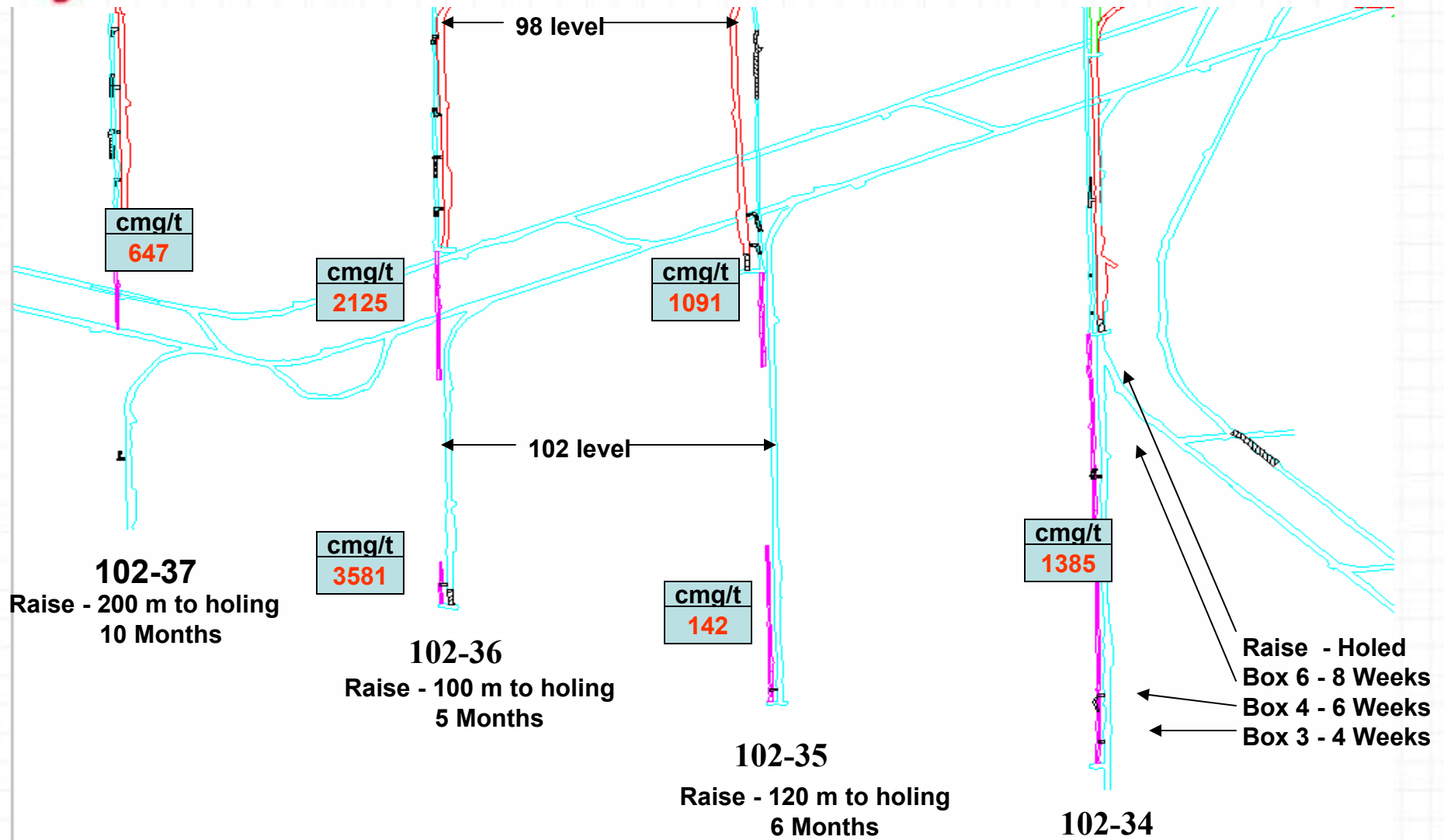
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Broken vs Recovered



ELANDSRAND - "BACK TO MINING THE ORIGINAL PAYSHOOT"

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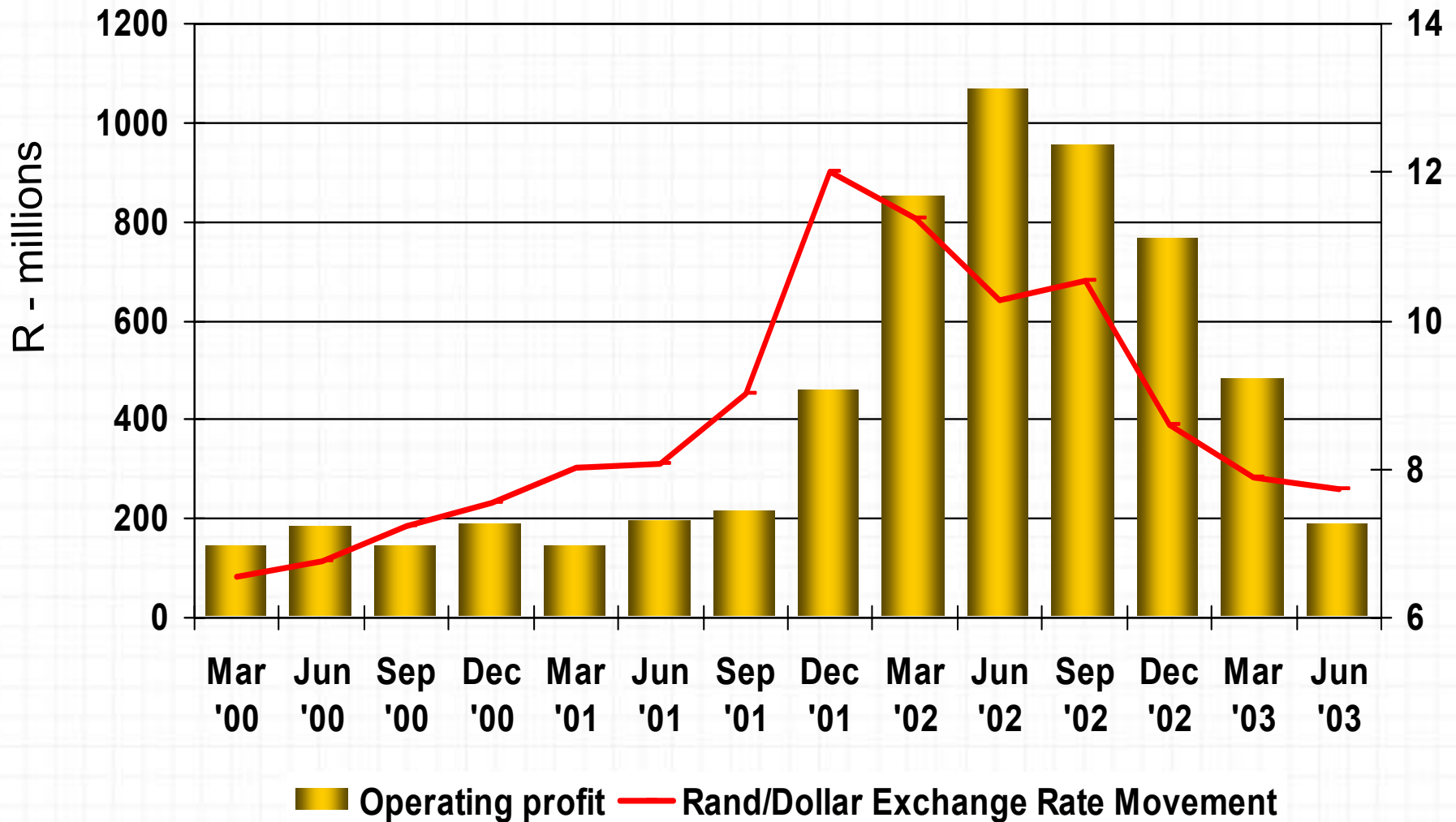
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QUARTER ON QUARTER VARIANCE ANALYSIS

Cash operating profit March 2003	R478 million
Volume increase (tonnes) +2%	R83 million
Working costs increase (2%)	(R34 million)
Recovery grade reduction (3%)	(R103 million)
Rand gold price reduction (12%)	(R241 million)
Net variance	(R295 million)
Cash operating profit - June 2003	R183 million

CASH OPERATING PROFIT

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LEVERAGED TO GOLD PRICE



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GOLD PRICE (R/kg)	CASH OPERATING PROFIT (R'million)	% GOLD PRICE VARIANCE	% VARIANCE
80 000	100	(5)	(45)
84 000	183	Actual results for June '03 quarter	
88 000	276	5	51
94 000	408	12	123
100 000	540	19	195



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RETURNING VALUE TO OUR SHAREHOLDERS

	JUNE 2003	
	QUARTER	FINANCIAL YEAR
Headline earnings per share	44	661
Other adjustments	21	34
Earning per share before impairment	65	695
Australian impairment charges	(324)	(336)
Net earnings per share	(259)	359
Dividend paid	150 SA cents	275 SA cents *

* Represents 40% of earnings before impairment and other adjustments

“THE AUSTRALIAN REALITY”



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	2002/03	2001/02
Resource base M/oz	11,0	10,8
Reserve base M/oz	1,5	2,3

Asset value 30 June 2002	A\$ 547
Abelle acquisition	A\$ 234
CAPEX	A\$ 47
Amortisation	(A\$ 50)
Asset value 30 June 2003	A\$ 623
Impairment	A\$ 155
Tax write back	<u>(A\$ 41)</u>
Net impairment	<u>A\$ 114</u>
(R598 million or R3,24 per share)	

THE AUSTRALIAN OPERATIONS – “SMALLER BUT PROFITABLE”

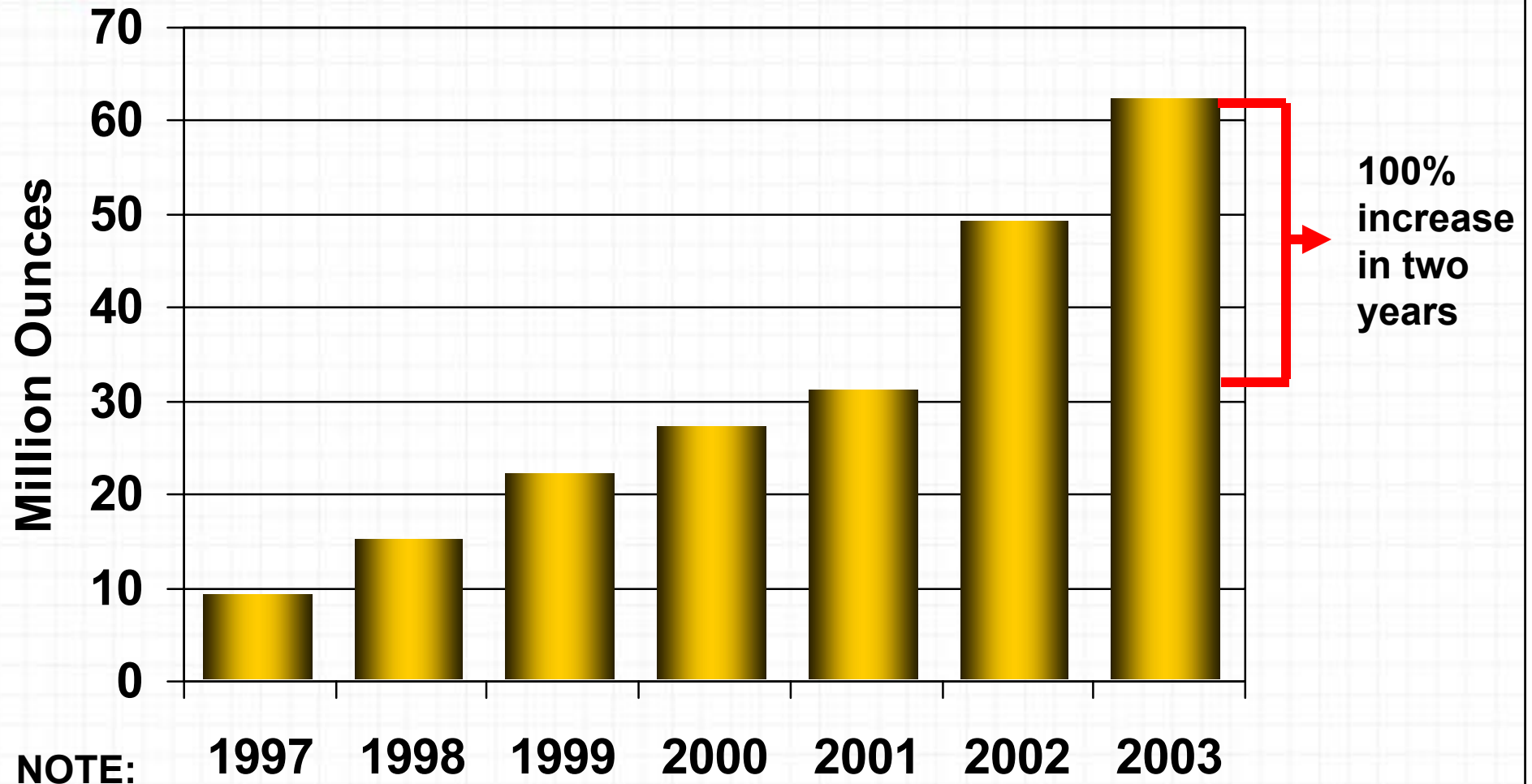


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- **need to mine to the model we use in South Africa**
 - **focusing on profitable ounces on total cost basis**
 - **restructured hedge book for 2003/2004 financial year - no hedging commitments**
 - **restructuring corporate and operational structures, i.e. “The Harmony Way”**
- **lack of value in share price necessitates strategic re-look**

TOTAL RESERVES

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NOTE:

Ore Reserve calculations include 100% of ARMgold reserves
Excludes Target's ounces



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26% GROWTH IN RESERVES

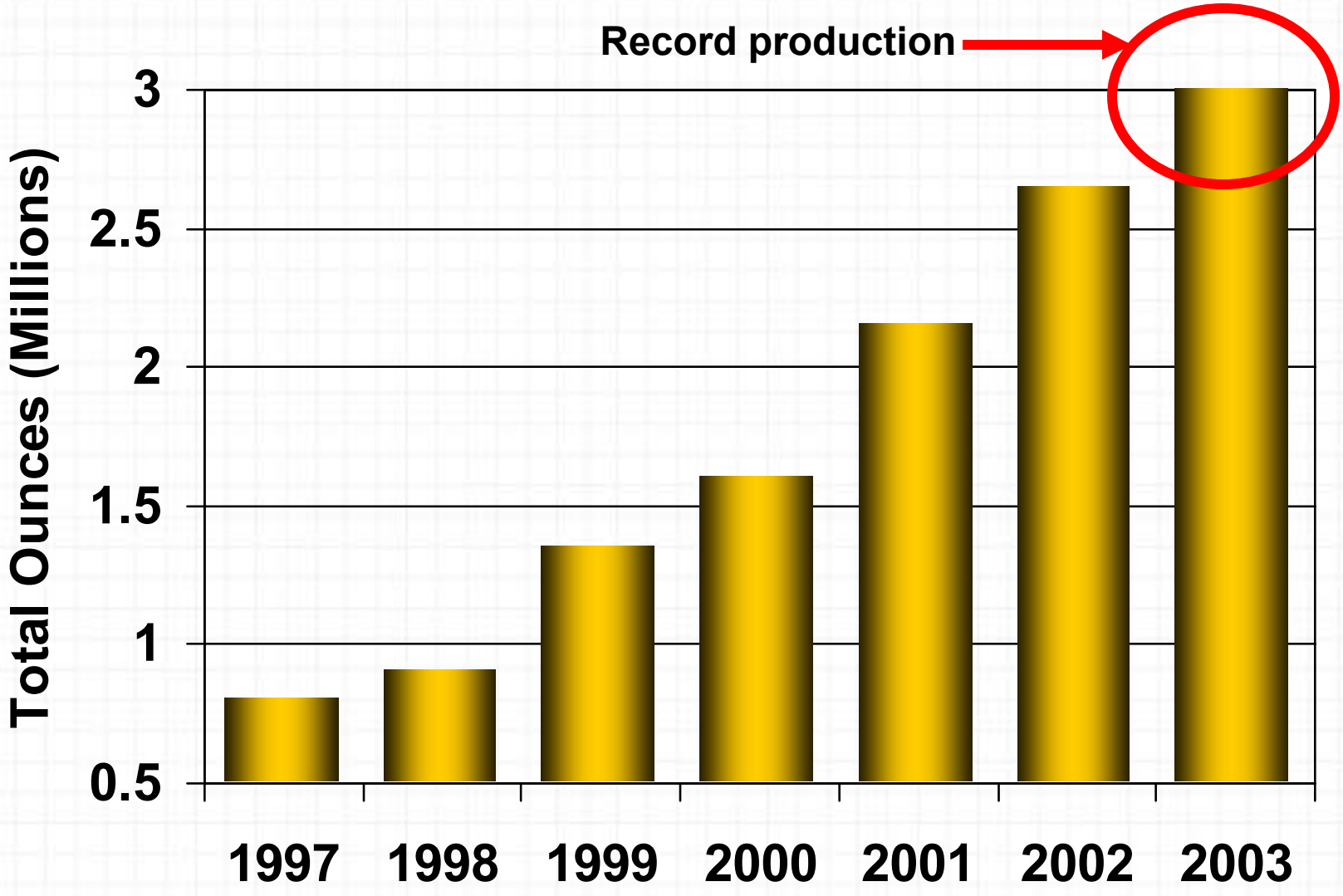
ORE RESERVES AS AT:-	30 JUNE 2003	30 JUNE 2002	% VARIANCE
Gold price per kg	R93 000	R95 000	(2)
Total resources including project ounces (Moz)	410,2	295,9	39
Reserve base (Moz)	61,9	49,1	26

NOTE:

**Ore Reserve calculations include 100% of ARMgold reserves
Excludes Target's ounces**

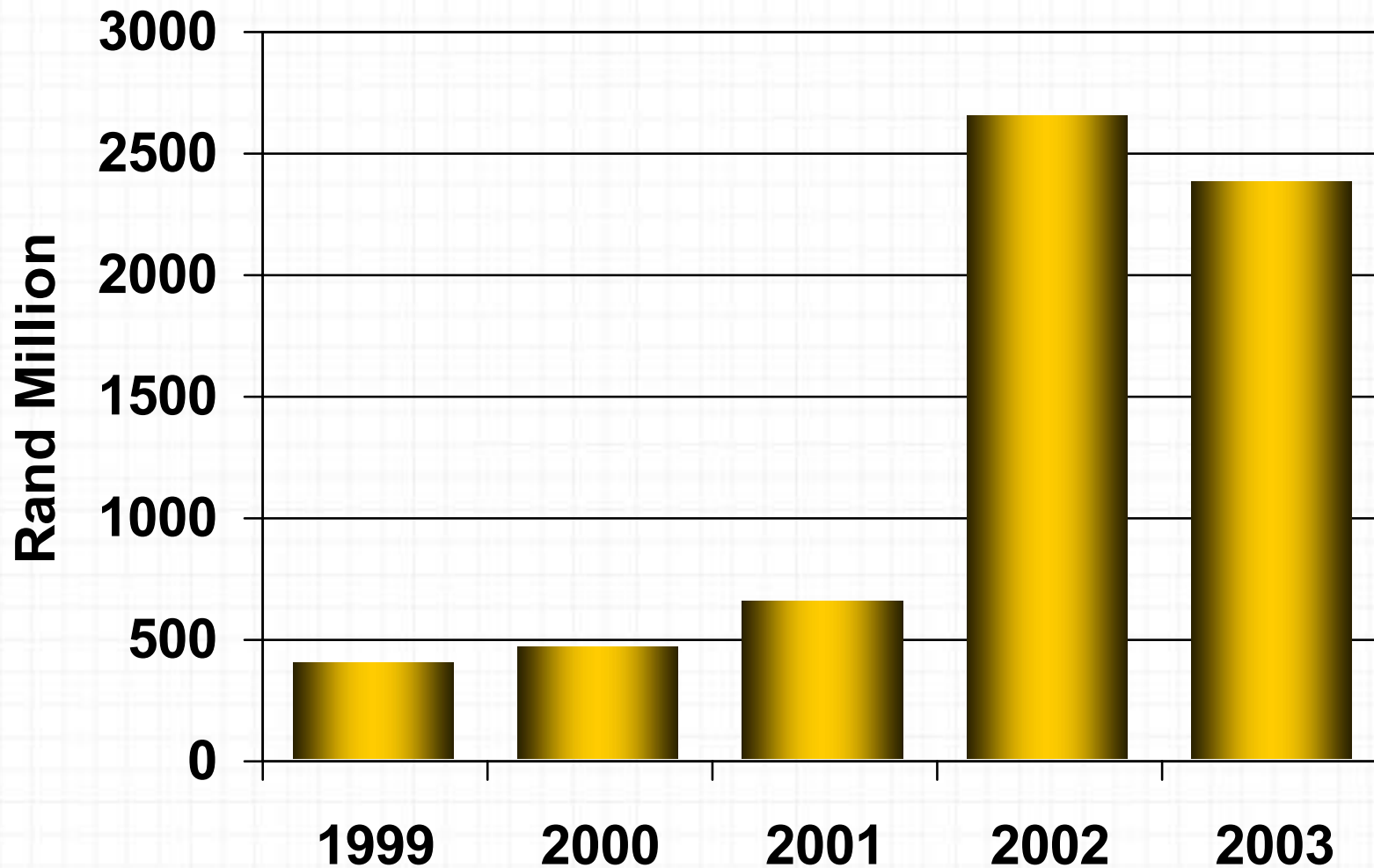
GOLD PRODUCTION

 **Harmony**



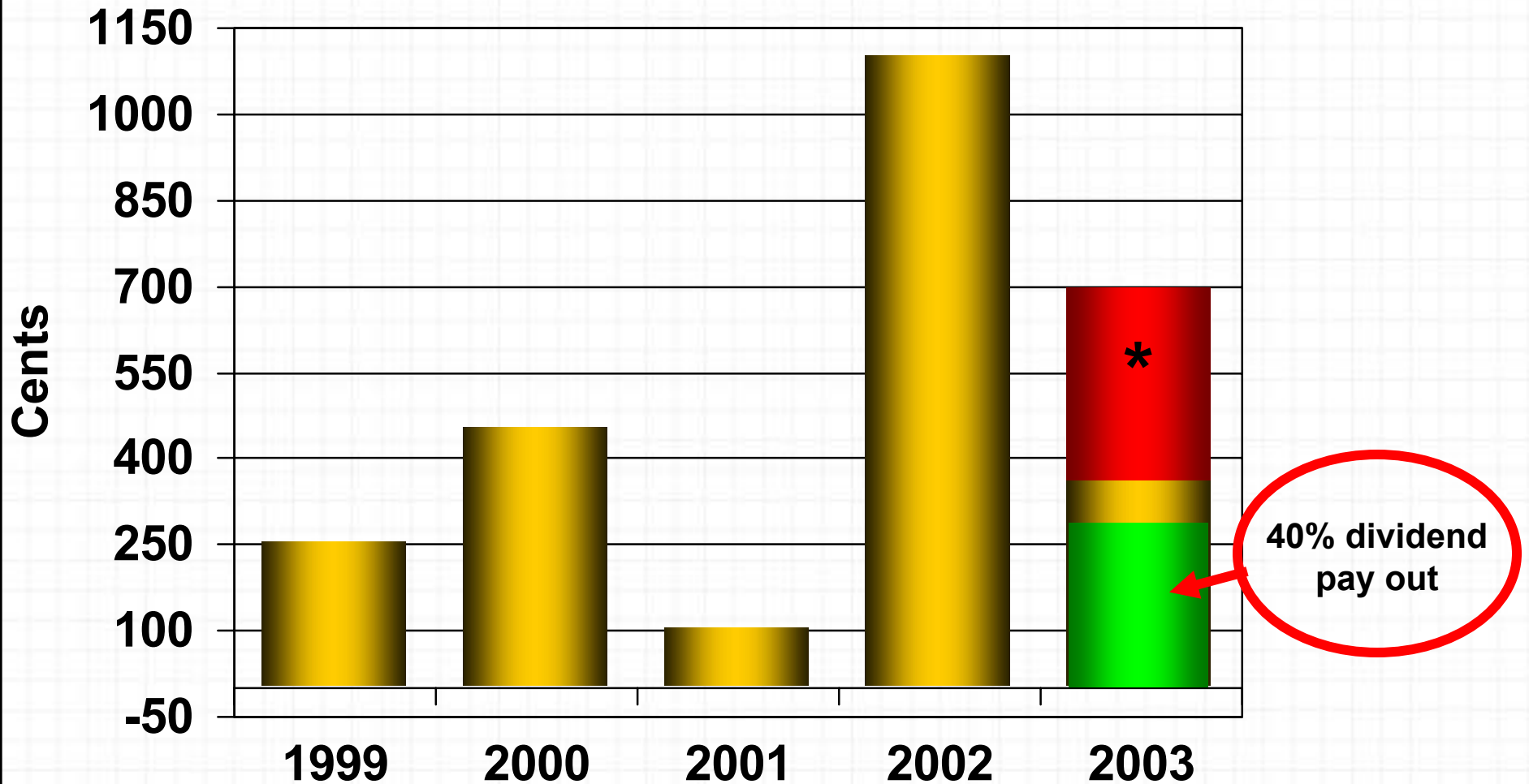
CASH OPERATING PROFIT

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EARNINGS PER SHARE

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* Value of Australian impairment

OUR TRACK RECORD



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	JUN '03	JUN '02	JUN '01	JUN '00	JUN '99
Gold produced - Kg	93 054	82 971	66 563	50 572	39 997
Gold produced - oz	2 991 734	2 667 572	2 140 043	1 625 925	1 285 931
Cash operating profit SA Rand - R'm	2 374	2 591	673	461	386
US\$ - million	260	254	88	73	64
Cash operating cost R/kg	71 145	62 848	57 416	50 121	46 759
US\$/oz	242	192	234	246	240



Record profit in US Dollar terms

ARMGOLD - THE VALUE CREATING PROPOSITION



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Defensive Focus

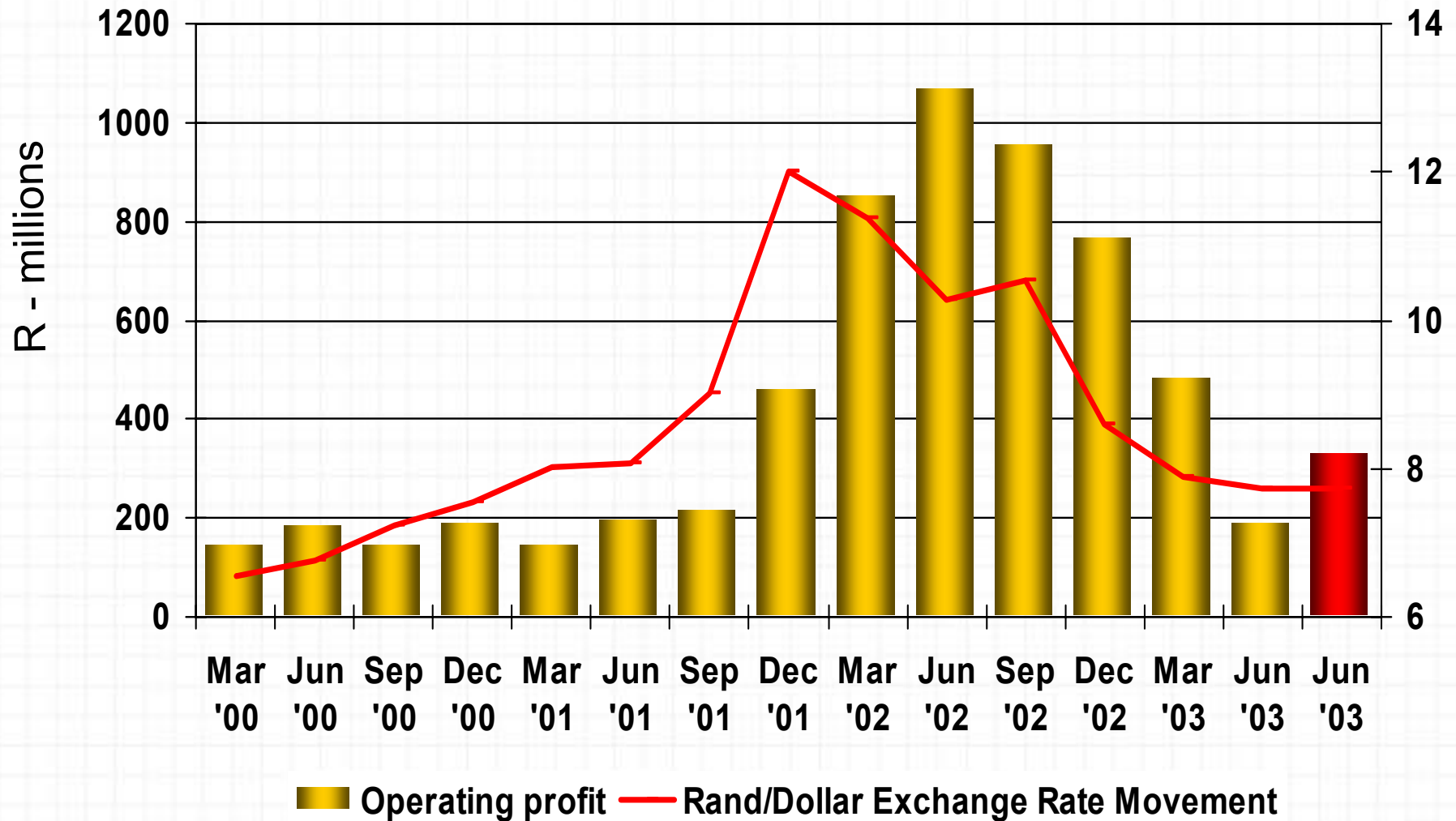
- 600 000 quality ounces
- 50% of growth projects
- synergies in Free State

Offensive Focus

- becoming a BEE company
- well positioned for further South African growth
- leverage CONOPS to all operations

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THE MERGED HARMONY CASH OPERATING PROFIT (PRO-FORMA)





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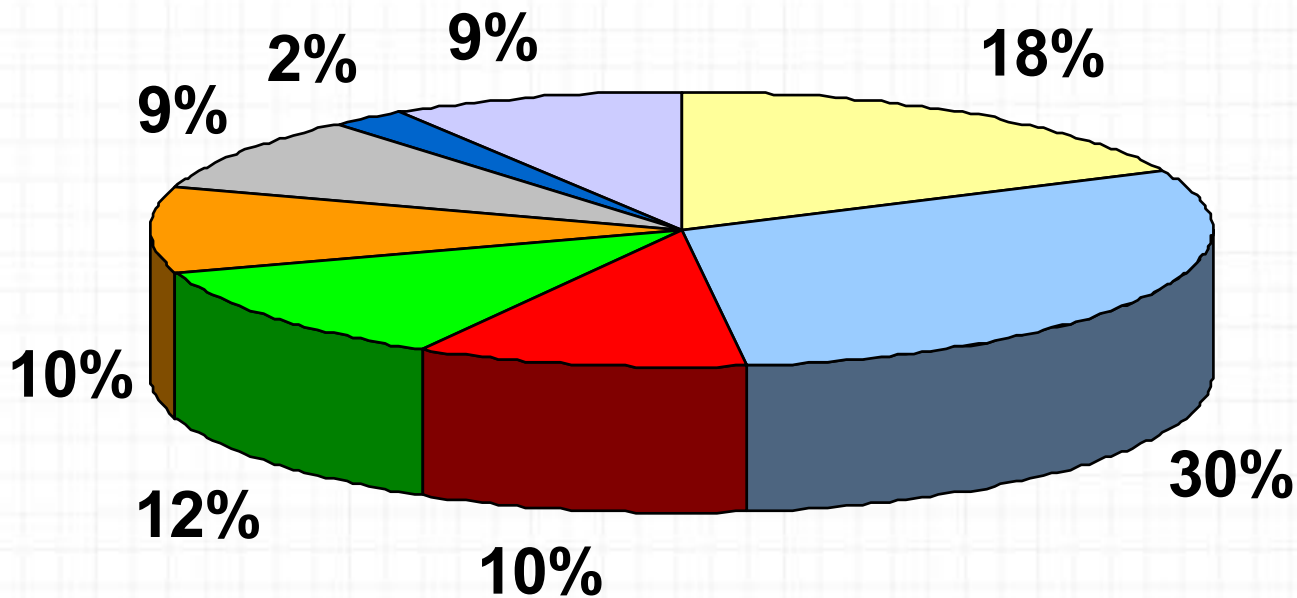
**THE MERGED HARMONY - PRO-FORMA
QUARTERLY RESULTS (JUNE '03)**

Tonnes milled		9 013
U/G recovery grade		5,43 g/t
Overall recovery grade		3,32 g/t
Gold recovered	- kg	29 958
	- oz	963 168
<hr/>		
Revenue	- R/kg	R85 000 (US\$341)
Working cost	- R/kg	R74 000 (US\$297)
Profit margin		13% (US\$ 44)
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THE MERGED HARMONY - PRO-FORMA PRODUCTION BY REGION



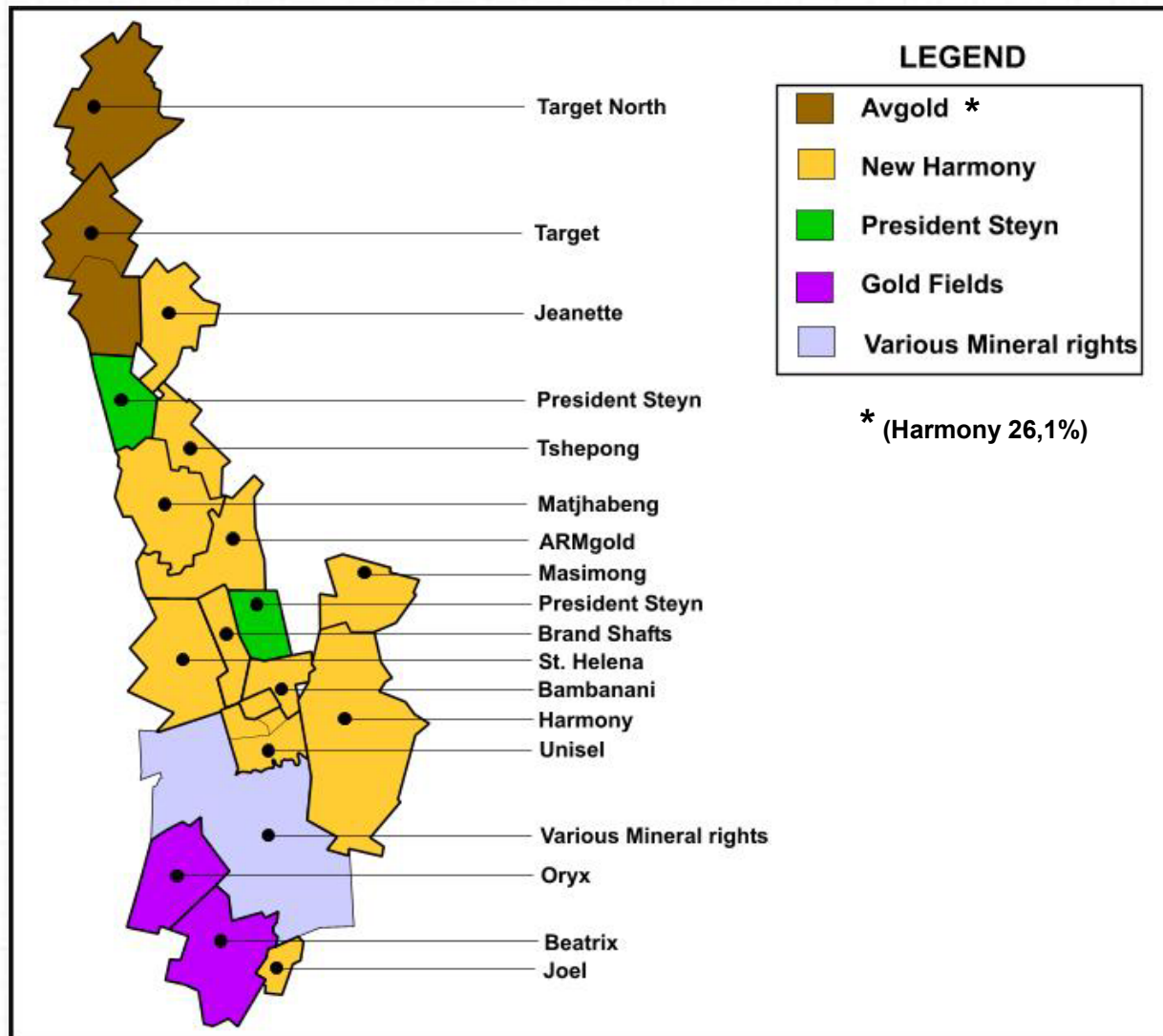
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- Free State
- FreeGold JV
- Evander
- Randfontein
- Elandskraal
- Offshore
- Kalgold
- Orkney

HARMONISING THE FREE STATE GOLDFIELDS

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HARMONY/ARMgold MERGER TIMETABLE



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- **2 May 2003 – merger announcement**
- **16 July – Competition Tribunal approval**
- **1 September – Harmony general meeting**
- **1 September – ARMgold scheme meeting**
- **9 September – Court sanction of scheme**
- **22 September – operative date of scheme
– special dividend paid**
- **23 September – termination of ARMgold listing**

FUTURE VALUE CREATING OPPORTUNITIES FOR HARMONY ?



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Do we buy or do we build ?

- **it has never been an either/or strategy!!**
- **buying turnaround opportunities in South Africa will deliver future value upliftment (currently own 30% of South African production)**
- **but we are prudently re-investing cash in highly prospective South African orebodies to ensure future quality production**

UPGRADING OUR PRODUCTION BASE



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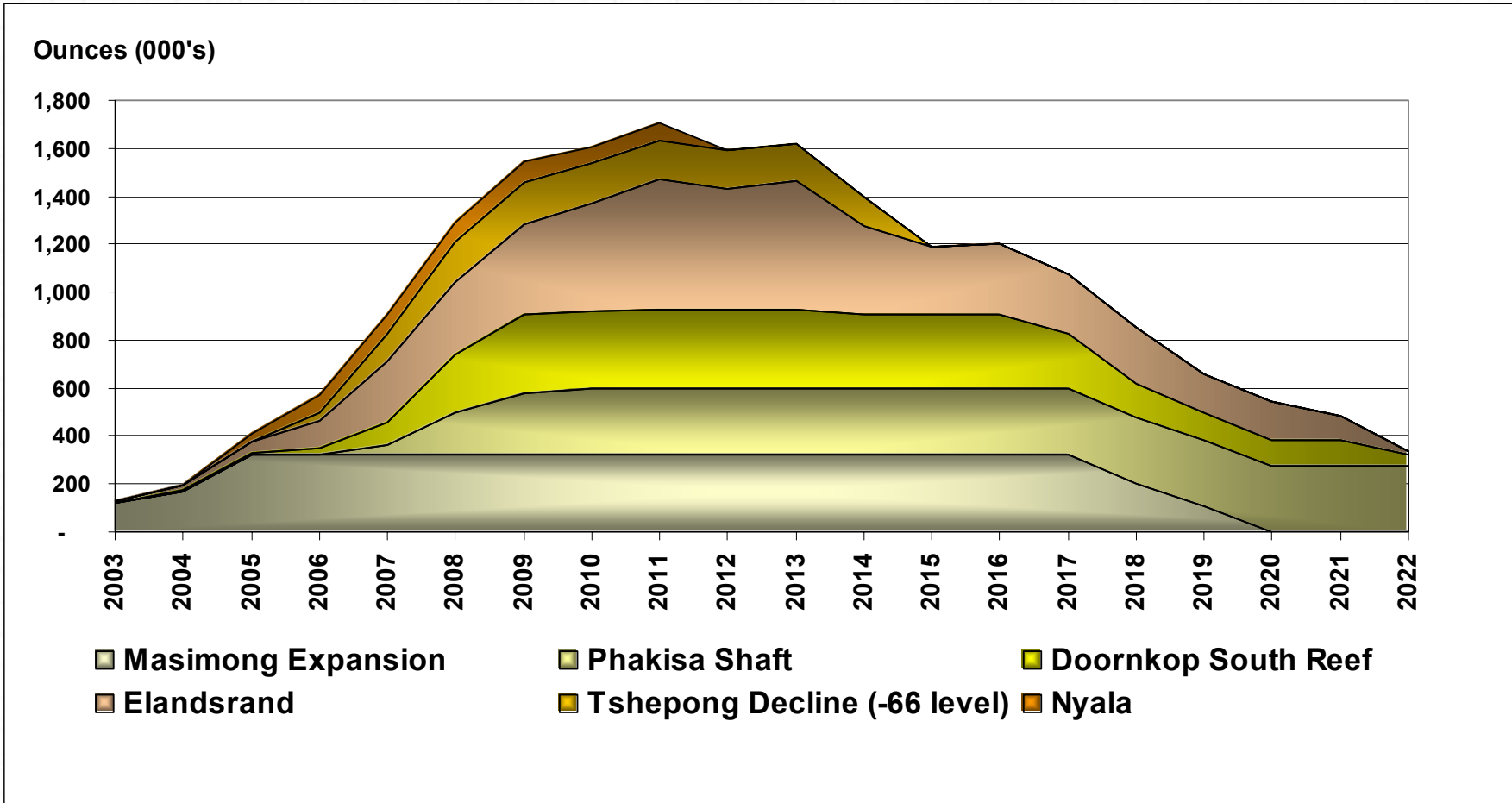
MARGINAL OUNCES	QUALITY OUNCES	LONG LIFE QUALITY OUNCES	PROJECT GROWTH OUNCES	POTENTIAL PROJECTS
Harmony	Evander	Masimong	Tshepong North	Morobe/WAFI
Joel	Kalgold	Elandskraal	Phakisa	Poplar
Rest of Free Gold	Randfontein	Tshepong	Doornkop	Rolspruit
St Helena	Highland Gold ?	Bambanani	Target (26%)	Kalplats
Australian operations	Bendigo ?			
Orkney Shafts	9,8% of Aurion (onsold)			

Note: ARMgold assets included

HARMONY PROJECT PRODUCTION PROFILE



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* Recovery grade will incrementally increase from 5,3 g/t to above 6,0 g/t by 2009



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- we currently own 87% of the company
- Morobe is now wholly owned – feasibility study underway
- WAFI - drilling returning exciting results with inferred resources increasing to 4,2 million ounces

- WR 177	159m	@	6,53 g/t	(from 275m)
- WR 178	71m	@	8,42 g/t	(from 316m)
	17m	@	5,25 g/t	(from 410m)
	15m	@	9,34 g/t	(from 454m)
- WR 179	174m	@	4,03 g/t	(from 192m)



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- **drilling to update resource calculations on Crater and Orion orebodies continue**
- **Financial estimates**
 - **US\$450/oz basket and R8,00 to US Dollar**
 - **tonnes milled - 150 000/month**
 - **capex - R260 million**
 - **Plant costs - R45/tonne**
 - **Metallurgical recovery - 75%**
 - **recovered value - R215/tonne**

CAPITAL EXPENDITURE



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Qtr - June '03	Total	Projects	Operational
Free State	29	-	29
Randfontein	15	13	2
Elandskraal	34	22	12
Evander	21	-	21
Kalgold	8	-	8
Free Gold (50%)	26	15	11
Australia	64	-	64
	197	50	147

Qtr - Sept '03	Total	Project	Operational
Free State	18	-	18
Randfontein	52	34	18
Elandskraal	39	29	10
Evander	27	-	27
Kalgold	1	-	1
Free Gold (50%)	46	36	10
Australia	67	-	67
Total	250	99	151
Post merger	296	135	161

THE NEW HARMONY – UNIQUE INVESTMENT OPPORTUNITY



Harmony

- the ultimate leveraged, unhedged, pure gold company
- truly South African gold company producing approximately 4,0 million ounces per annum
- affordable growth projects to ensure long-term sustainability
- own 34,5% stake in Avmin and effective 26,1% stake in Avgold



more value upliftment to follow



HarmonyTM

Questions

Website

www.harmony.co.za