



**HARMONY™**

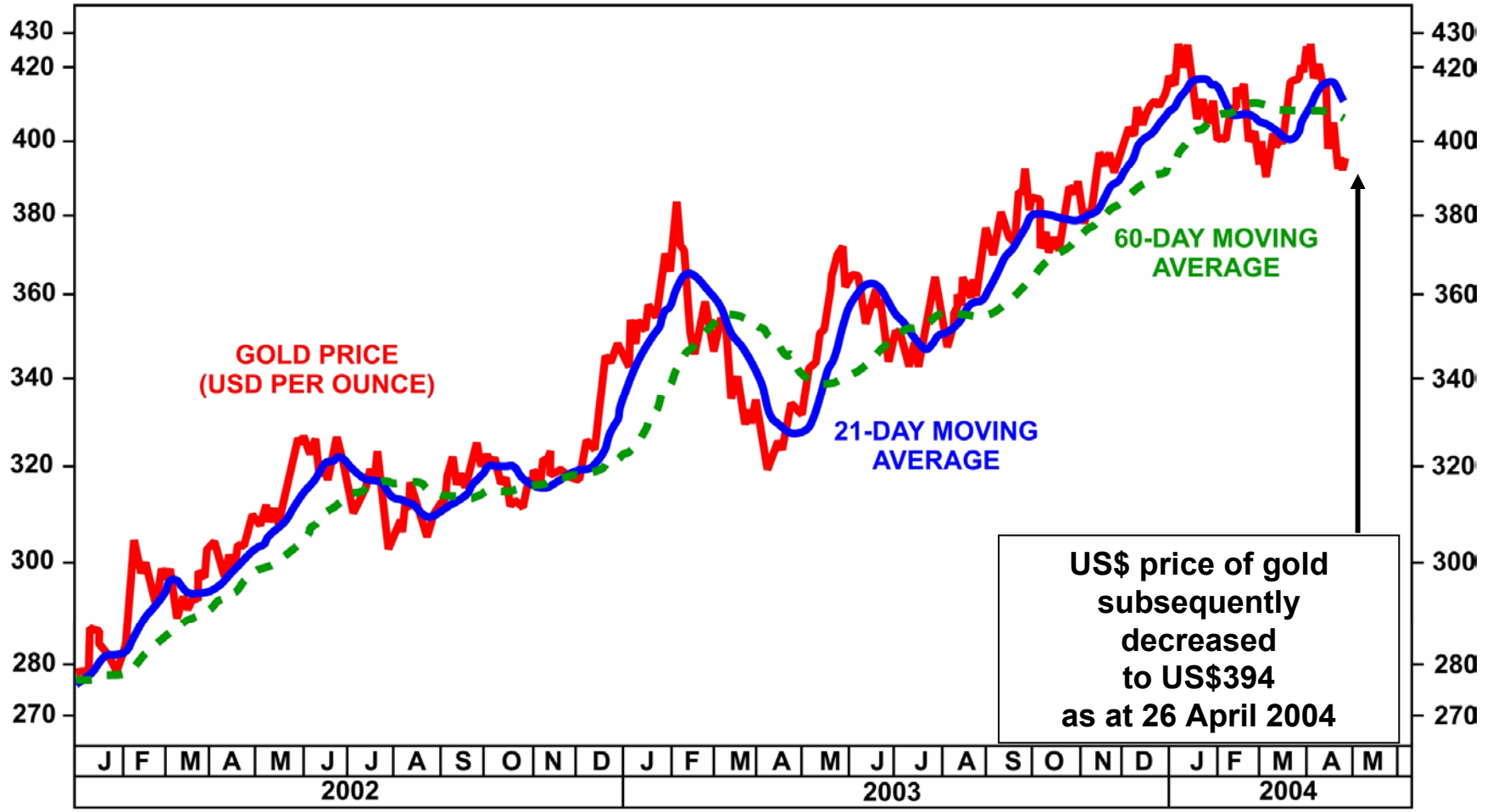
# **RESTRUCTURING FOR SHORT TERM PROFITABILITY AND LONG TERM SUSTAINABILITY**

**March 2004**



# UPWARD TREND IN US\$ GOLD PRICE STILL INTACT

### GOLD PRICE (USD PER OUNCE) WITH 21 AND 60-DAY MOVING AVERAGE (1 JANUARY 2002 TO PRESENT)

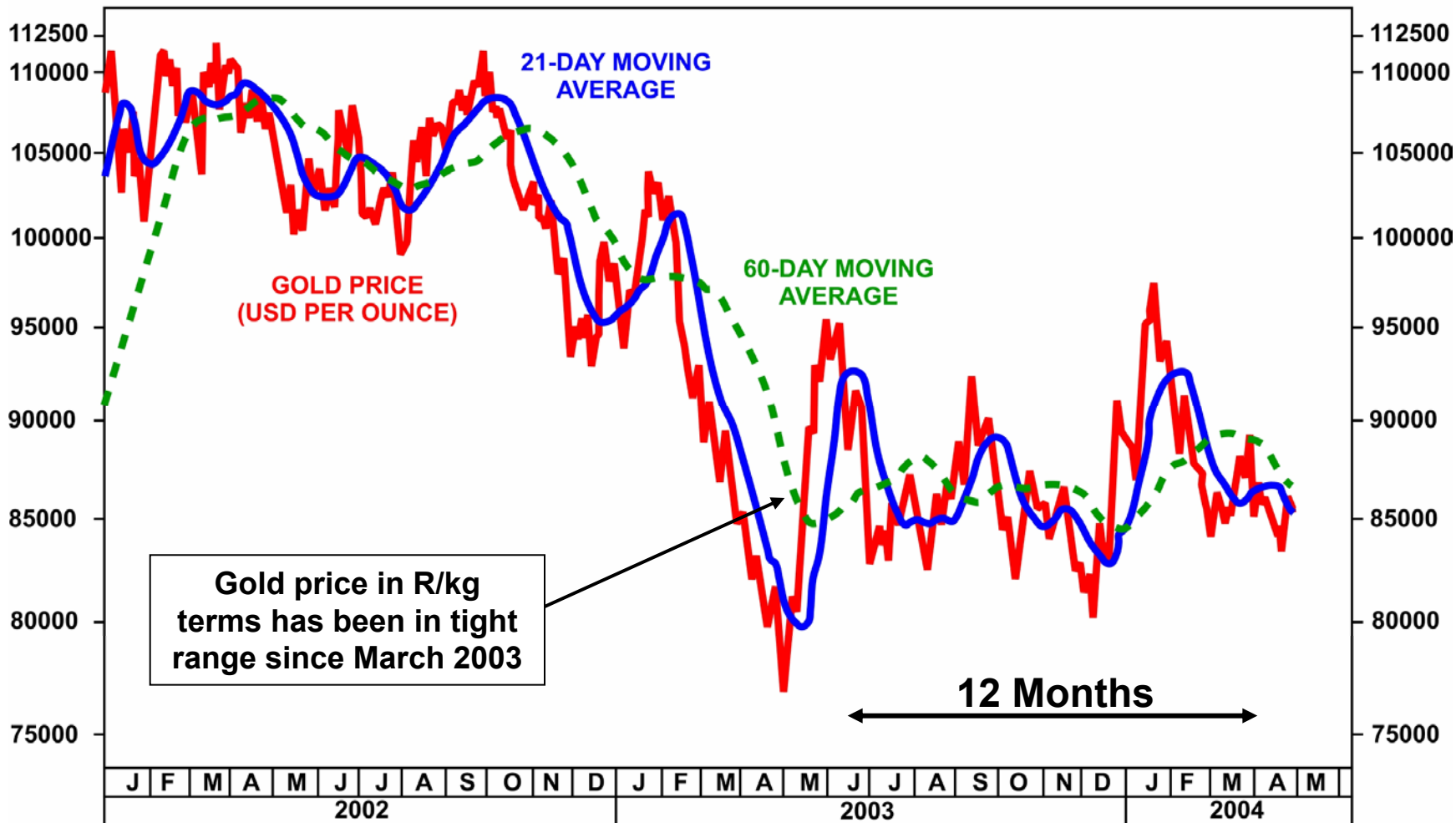


US\$ price of gold subsequently decreased to US\$394 as at 26 April 2004

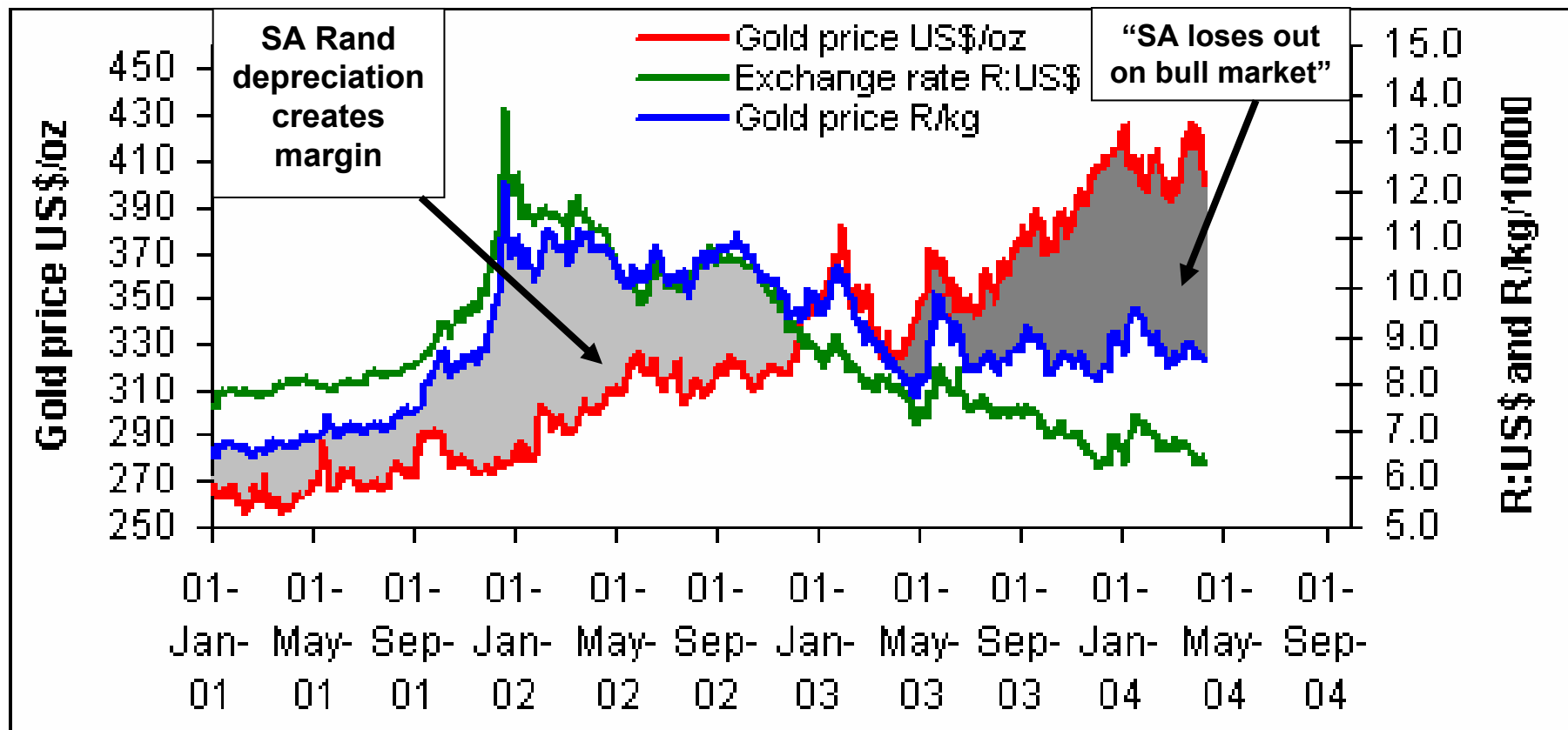
SOURCE: I-NET BRIDGE; DEUTSCHE SECURITIES



### GOLD PRICE (RAND PER KILO) WITH 21 AND 60-DAY MOVING AVERAGE (1 JANUARY 2002 TO PRESENT)



SOURCE: I-NET BRIDGE; DEUTSCHE SECURITIES

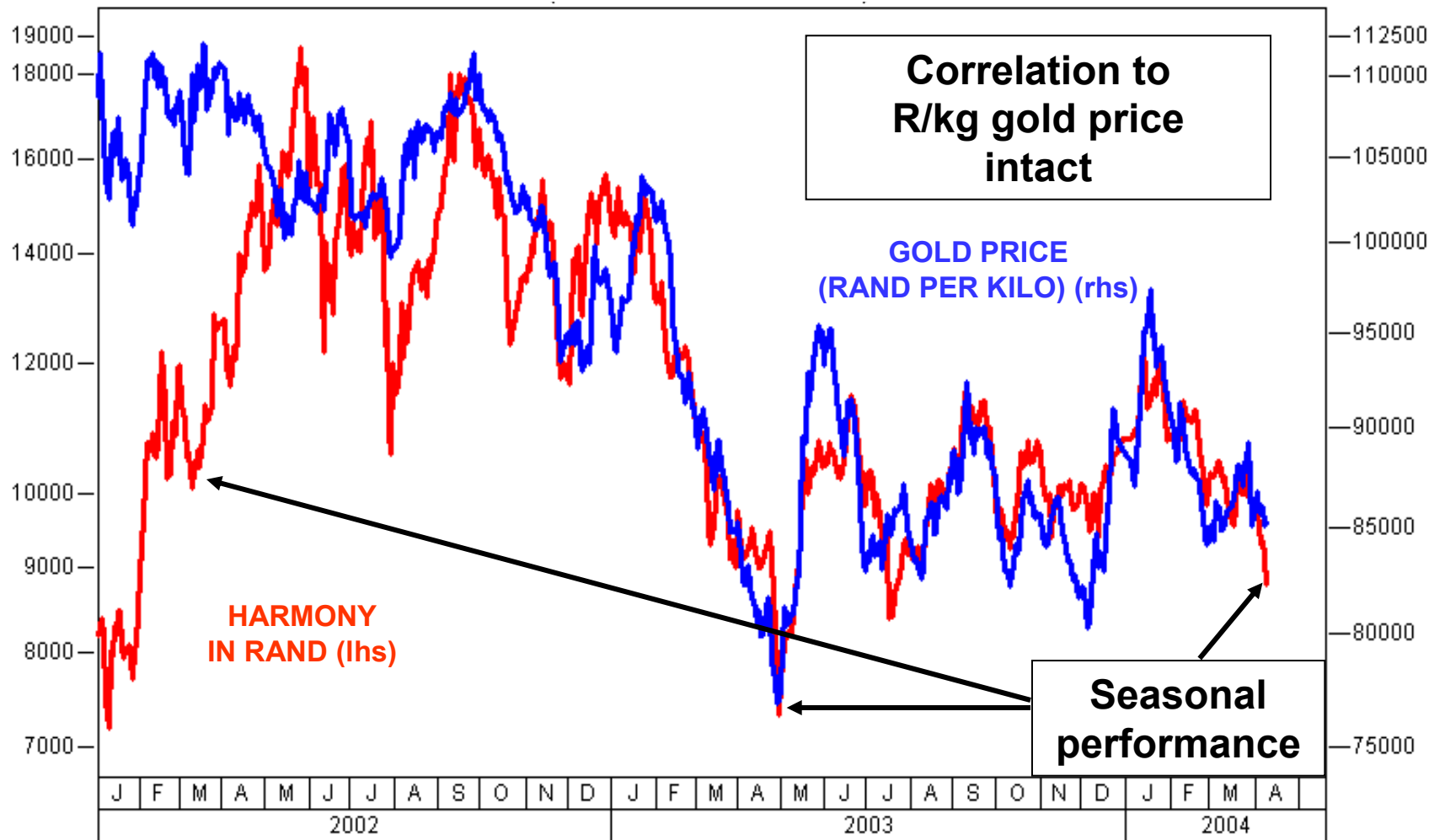


|                                     | JUL 2003 TO<br>MAR 2004 | JUL 2002 TO<br>MAR 2003 | VARIANCE<br>% |
|-------------------------------------|-------------------------|-------------------------|---------------|
| <b>Production</b> - kg              | 84 174                  | 71 063                  | 18            |
| - oz                                | 2 706 244               | 2 284 718               | 18            |
| <b>Revenue</b> - R/kg               | 86 500                  | 100 657                 | (14)          |
| - US\$/oz                           | 385                     | 330                     | 17            |
| <b>Working costs</b> - R/kg         | 77 731                  | 69 811                  | (11)          |
| - US\$/oz                           | 346                     | 229                     | (51)          |
| <b>Working costs</b> - R/tonne      | 408                     | 372                     | (10)          |
| - US\$/tonne                        | 53                      | 36                      | (47)          |
| <b>Cash operating profit (R'm)</b>  | 738                     | 2 192                   | (66)          |
| <b>Cash operating profit margin</b> | 10%                     | 31%                     | (68)          |



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## OUR STOCK PRICE REFLECTS OUR SEASONAL PERFORMANCE



Source: I-Net Bridge; Deutsche Securities

- **Christmas break impacts on production volumes**
- **restructuring process underway at loss-making shafts**
- **CONOPS benefits start to show**
- **convertible bonds issued offshore to raise R1 700 million**
- **growth projects on schedule and within budget**
- **acquisition of 42,1% of Avgold from ARM. Offer to minorities underway following Competition Tribunal and shareholders' approval**
- **restructuring of Australian hedge book continues as 365 000 ounces were closed out**

**A quarter on quarter cash operating profit variance analysis**

|  |              |                              |
|--|--------------|------------------------------|
| <b>Cash operating profit – December 2003</b> |              | <b>R271,0 million</b>        |
| - volume decrease (tonnes)                   | <b>(5%)</b>  | <b>(R129,5 million)</b>      |
| - working cost decrease (%)                  | <b>8%</b>    | <b>R173,8 million</b>        |
| - recovery grade decrease (g/t)              | <b>(11%)</b> | <b>(R258,0 million)</b>      |
| - Rand gold price increase (R/kg)            | <b>4%</b>    | <b><u>R 76,9 million</u></b> |
| - net variance                               |              | <b>(R136,8 million)</b>      |
| <b>Cash operating profit – March 2004</b>    |              | <b>R134,2 million</b>        |



|                                 | <b>MAR 2004</b> | <b>DEC 2003</b> | <b>%<br/>VARIANCE</b> |
|---------------------------------|-----------------|-----------------|-----------------------|
| <b>Production kg</b>            | <b>24 735</b>   | <b>29 294</b>   | <b>(16)</b>           |
| <b>Production oz</b>            | <b>795 239</b>  | <b>941 826</b>  | <b>(16)</b>           |
| <b>Revenue R/kg</b>             | <b>88 277</b>   | <b>85 139</b>   | <b>4</b>              |
| <b>Revenue US\$/oz</b>          | <b>406</b>      | <b>393</b>      | <b>3</b>              |
| <b>Cash cost R/kg</b>           | <b>82 852</b>   | <b>75 888</b>   | <b>(9)</b>            |
| <b>Cash cost US\$/oz</b>        | <b>382</b>      | <b>350</b>      | <b>(9)</b>            |
| <b>Exchange rate<br/>R/US\$</b> | <b>6,77</b>     | <b>6,75</b>     | <b>-</b>              |



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## CORPORATE BOND TO SUPPORT CAPEX PROFILE

| <b>EARNINGS<br/>PER SHARE<br/>(SA Cents)</b> | <b>QUARTER<br/>ENDED<br/>MAR 2004</b> | <b>QUARTER<br/>ENDED<br/>DEC 2003</b> |
|--|---------------------------------------|---------------------------------------|
| Cash earnings                                | 52                                    | 105                                   |
| Basic earnings                               | (31)                                  | 92                                    |
| Headline earnings                            | (16)                                  | (66)                                  |
| Fully diluted earnings                       | (31)                                  | 92                                    |

- strong balance sheet and issue of convertible bonds support capital expenditure on growth projects

| <u>Headline earning in cents per share</u>                | <u>Quarter ended<br/>Mar 2004</u> | <u>Quarter ended<br/>Dec 2003</u> |
|---|-----------------------------------|-----------------------------------|
| Basic earnings  | (31)                              | 92                                |
| Less profit on sale of mining assets                      | (1)                               | (1)                               |
| Less profit on disposal of Russian investments net of tax | -                                 | (173)                             |
| Add amortisation on ARMgold goodwill                      | 16                                | 16                                |
|   | <u>(16)</u>                       | <u>(66)</u>                       |

| <b>OPERATIONS</b>    | <b>MAR 2004<br/>(R'million)</b> | <b>DEC 2003<br/>(R'million)</b> | <b>VARIANCE<br/>(R'million)</b> |
|----------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Free Gold</b>     | <b>104</b>                      | <b>149</b>                      | <b>(45)</b>                     |
| <b>Free State</b>    | <b>(5)</b>                      | <b>25</b>                       | <b>(30)</b>                     |
| <b>Evander</b>       | <b>(4)</b>                      | <b>22</b>                       | <b>(26)</b>                     |
| <b>Randfontein</b>   | <b>14</b>                       | <b>28</b>                       | <b>(14)</b>                     |
| <b>Elandskraal</b>   | <b>(16)</b>                     | <b>(29)</b>                     | <b>13</b>                       |
| <b>Welkom/Orkney</b> | <b>19</b>                       | <b>26</b>                       | <b>(7)</b>                      |
| <b>Kalgold</b>       | <b>(4)</b>                      | <b>9</b>                        | <b>(13)</b>                     |
| <b>Australia</b>     | <b>26</b>                       | <b>41</b>                       | <b>(15)</b>                     |
| <b>Total</b>         | <b>134</b>                      | <b>271</b>                      | <b>(137)</b>                    |

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# PROFITABLE SHAFTS CONTRIBUTE R198,5 MILLION IN CASH OPERATING PROFITS

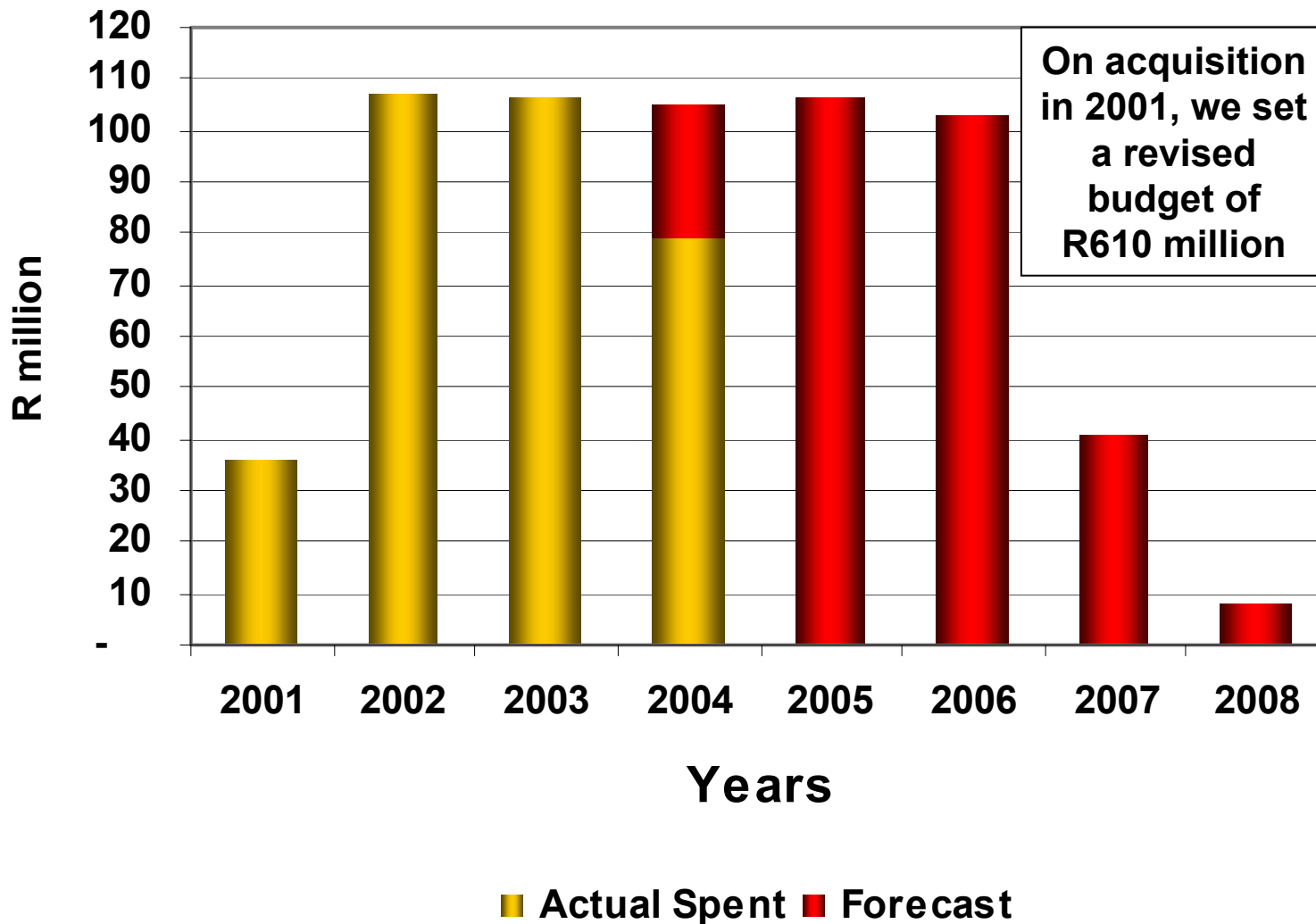
| OPERATIONS           | TONNES<br>(‘000) | GRADE<br>(g/t) | PRODUCTION<br>(kg) | CASH<br>OPERATING<br>PROFIT<br>(‘000) |
|----------------------|------------------|----------------|--------------------|---------------------------------------|
| Free State growth    | 1 066            | 6,27           | 6 677              | 123 305                               |
| Free State leverage  | 796              | 4,02           | 3 197              | (23 537)                              |
| Elandsrand           | 317              | 6,12           | 1 938              | 1 950                                 |
| Deelkraal            | 114              | 4,58           | 523                | (17 880)                              |
| Welkom               | 373              | 4,60           | 1 720              | (14 573)                              |
| Orkney               | 325              | 5,15           | 1 676              | 23 527                                |
| Randfontein          | 623              | 4,54           | 2 828              | 12 990                                |
| Evander              | 482              | 5,08           | 2 448              | (4 416)                               |
| Kalgold              | 315              | 1,55           | 488                | (3 904)                               |
| Surface              | 2 298            | 0,41           | 945                | 10 244                                |
| Australia            | 1 061            | 2,16           | 2 295              | 26 491                                |
| <b>Total Harmony</b> | <b>7 770</b>     | <b>3,18</b>    | <b>24 735</b>      | <b>134 197</b>                        |

- **development activities on track**
  - **102 Level** - 34 and 36 raise lines completed
    - 34 raise line value of 2400 cmg/t
    - 35 raise line by May 2004
  - **105 Level** - to intersect reef in May 2004, raise line development to commence
  - **109 & 113 Level** - development to reef underway, but both intersected Cobra Dyke
    - 113 Level, a year ahead of schedule



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# ELANDSRAND NEW MINE PROJECT - CAPEX PROFILE



- **Harmony assumed operational control on 15 April 2004**
- **implementation of cost optimisation programme to start**
- **35% decrease in revenue – R132,7 million (Dec 2003 – R202,7 million)**
- **headline loss of R18,7 million before unrealised non-hedge derivatives (Dec 2003 – profit of R8,2 million)**
- **capital expenditure of R27 million incurred (Dec 2003 – - R34,3 million)**

|                                 | <b>MAR 2004</b> | <b>DEC 2003</b> | <b>%<br/>VARIANCE</b> |
|---------------------------------|-----------------|-----------------|-----------------------|
| <b>Production kg</b>            | <b>1 966</b>    | <b>2 887</b>    | <b>(32)</b>           |
| <b>Production oz</b>            | <b>63 208</b>   | <b>92 819</b>   | <b>(32)</b>           |
| <b>Revenue R/kg</b>             | <b>67 425</b>   | <b>70 211</b>   | <b>(4)</b>            |
| <b>Revenue US\$/oz</b>          | <b>308</b>      | <b>322</b>      | <b>(4)</b>            |
| <b>Cash cost R/kg</b>           | <b>50 934</b>   | <b>46 084</b>   | <b>(11)</b>           |
| <b>Cash cost US\$/oz</b>        | <b>232</b>      | <b>211</b>      | <b>(10)</b>           |
| <b>Exchange rate<br/>R/US\$</b> | <b>6,82</b>     | <b>6,79</b>     | <b>-</b>              |

**\* 9% reduction of tonnage from 268 000 to 243 000 quarter on quarter**



- |                              |          |  |
|------------------------------|----------|--|
| <b>Wednesday, 3 May 2004</b> | <b>–</b> | <b>Avgold Scheme meeting to be held</b>            |
| <b>Tuesday, 11 May 2004</b>  | <b>–</b> | <b>court hearing to sanction Scheme</b>            |
| <b>Monday, 17 May 2004</b>   | <b>–</b> | <b>Avgold shares suspended from trading on JSE</b> |
| <b>Monday, 24 May 2004</b>   | <b>–</b> | <b>new Harmony shares listed</b>                   |

### **Disposal of Bissett Mine**

- **completed disposal of Bissett Mine to Rice Lake Joint Venture Inc. for C\$7 625 000**
- **C\$3 625 000 in cash and C\$4 000 000 in shares**

### **Termination of Kalgold disposal**

- **termination of contract as Alease unable to provide appropriate financing**

### **Offer to minorities of Abelle Limited**

- **offer valued at R620 million announced on 15 March 2004**
- **company currently holds 83,2% of ordinary shares and 69,7% of listed options**

**Hidden Valley (Morobe) Feasibility Study**

- **feasibility study review completed by Harmony**
- **production of 300 000 oz gold per annum and 4,5 million oz of silver (total gold equivalent 360 000 oz/annum), commencing early 2006**
- **2,04 million oz of gold produced in Phase I (plus 27,5 million oz silver)**
- **maximum capital requirement of A\$177 million**
- **IRR of 28%**
- **possibility exists over time to convert more of resource to reserves**

**Wafi indicated mineral resource estimates using a 1,0 g/t cut-off grade**

| <b>INDICATED</b>                                      | <b>INFERRED</b>                                       | <b>TOTAL IMR</b>                                      |
|---|---|---|
| <b>44.3 M/tonnes<br/>2.91 g/t Au<br/>4.1 M/ounces</b> | <b>27.9 M/tonnes<br/>2.42 g/t Au<br/>2.2 M/ounces</b> | <b>72.2 M/tonnes<br/>2.72 g/t Au<br/>6.3 M/ounces</b> |

- increase of 36% over the previously reported resources**
- the Wafi ore system looks like a major epithermal gold ore system**
- only approximately 25% of the prospective target area has been drilled**

- **work continues on a pre-feasibility study on development of the Golpu porphyry copper-gold deposit**
- **Golpu is located approximately 1,4 km north-east of the Wafi gold prospect**
- **leached oxide gold cap that sits above the Golpu porphyry copper-gold deposit**
- **inferred resource of 4.04 Mt at 1.35 g/t Au for a contained 170 000 oz in the leached cap**
- **results of the pre-feasibility study to be released in following quarter**

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# CAPITAL EXPENDITURE – INVESTING IN OUR FUTURE

| <b>OPERATIONAL<br/>CAPEX</b>      | <b>ACTUAL<br/>MARCH 2004</b> | <b>FORECAST<br/>JUNE 2004</b> |
|-----------------------------------|------------------------------|-------------------------------|
| <b>Free State</b>                 | <b>11</b>                    | <b>8</b>                      |
| <b>Evander</b>                    | <b>27</b>                    | <b>23</b>                     |
| <b>Randfontein</b>                | <b>18</b>                    | <b>8</b>                      |
| <b>Elandskraal</b>                | <b>3</b>                     | <b>5</b>                      |
| <b>Kalgold</b>                    | <b>-</b>                     | <b>-</b>                      |
| <b>Free Gold</b>                  | <b>14</b>                    | <b>15</b>                     |
| <b>Welkom/Orkney</b>              | <b>2</b>                     | <b>-</b>                      |
| <b>Australian Operations</b>      | <b>23</b>                    | <b>28</b>                     |
| <b>Total Operational Capex</b>    | <b>98</b>                    | <b>94</b>                     |
| <b>PROJECT<br/>CAPEX</b>          | <b>ACTUAL<br/>MARCH 2004</b> | <b>FORECAST<br/>JUNE 2004</b> |
| <b>Doornkop South Reef</b>        | <b>23</b>                    | <b>21</b>                     |
| <b>Elandsrand Shaft Deepening</b> | <b>24</b>                    | <b>24</b>                     |
| <b>Tshepong Decline</b>           | <b>11</b>                    | <b>26</b>                     |
| <b>Phakisa Shaft</b>              | <b>42</b>                    | <b>26</b>                     |
| <b>Nyala Shaft</b>                | <b>30</b>                    | <b>9</b>                      |
| <b>Total Project Capex</b>        | <b>130</b>                   | <b>106</b>                    |
| <b>TOTAL CAPEX</b>                | <b>228</b>                   | <b>193</b>                    |



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# VALUE UPLIFTMENT PROCESS

**“Unlocking value  
for our shareholders”**

**Acquisition of  
marginal assets**

**Restructure  
for  
profitability**

**Cash available  
for dividends and  
re-investment  
in quality  
production**

**PROJECTS UNDER  
CONSTRUCTION**

**Masimong Expansion  
Elandsrand New Mine  
Phakisa Mine  
Tshepong Decline  
Doornkop South Reef**

**PROJECTS UNDER  
INVESTIGATION**

**Hidden Valley (PNG)  
Wafi (PNG)  
Target North**

**PROJECTS REQUIRING  
STRONGER GOLD  
PRICE**

**Poplar  
Rolspruit**

|                                    | <b>RESERVES<br/>(M/OZ)</b> | <b>RESOURCES<br/>(M/OZ)</b> |
|------------------------------------|----------------------------|-----------------------------|
| <b>Current Harmony</b>             | <b>61,9</b>                | <b>410,2</b>                |
| <b>Target (South Africa)</b>       | <b>3,9</b>                 | <b>7,8</b>                  |
| <b>Target North (South Africa)</b> | <b>-</b>                   | <b>59,6</b>                 |
| <b>Hidden Valley (PNG) *</b>       | <b>1,7</b>                 | <b>3,6</b>                  |
| <b>Wafi (PNG) *</b>                | <b>-</b>                   | <b>5,5</b>                  |
| <b>TOTAL</b>                       | <b>67,5</b>                | <b>486,7</b>                |

**\* 84% attributable to Harmony**

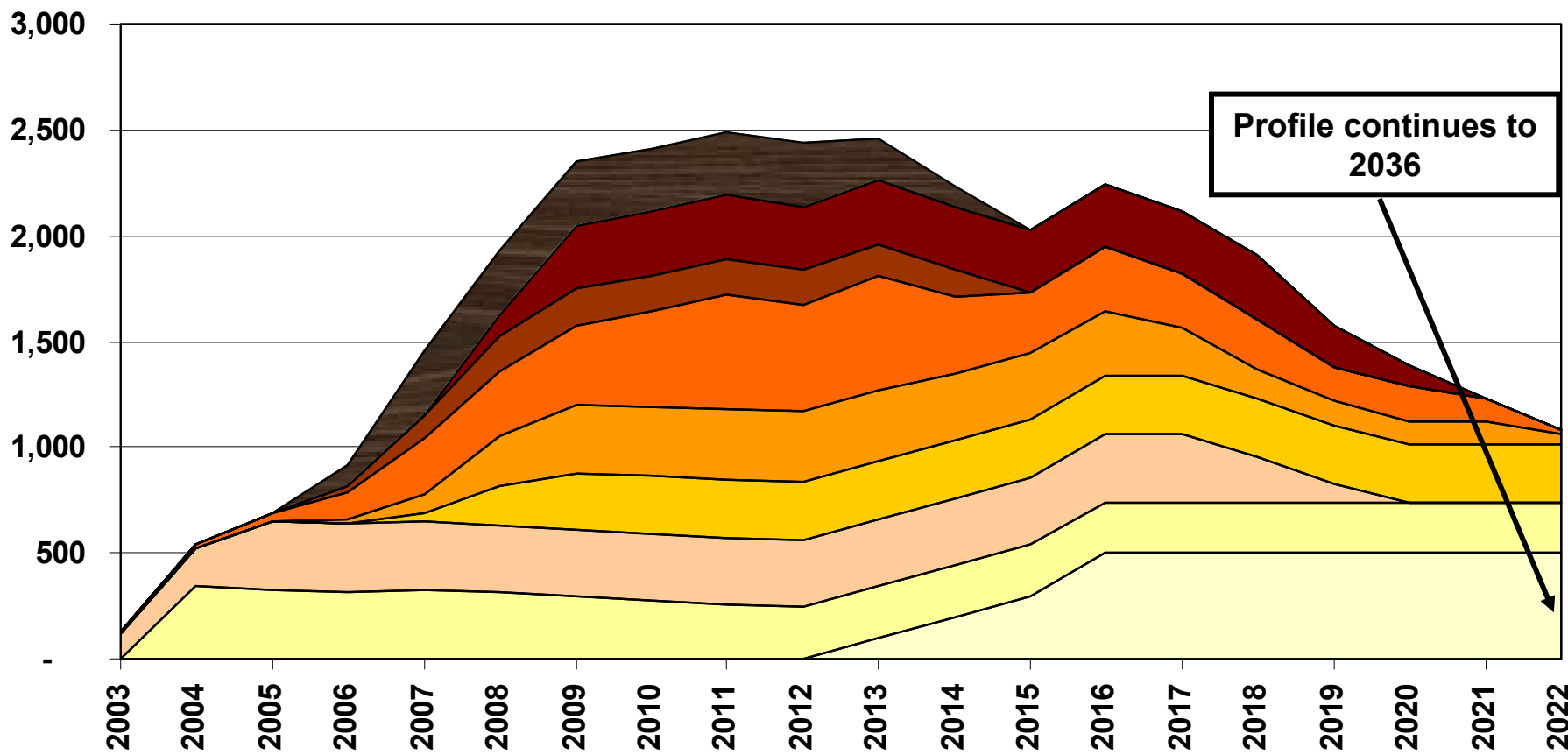




# HARMONY PROJECT AND ACQUISITION PRODUCTION PROFILES

Ounces (000's)

|  |                           |
|--|---------------------------|
| Projects not yet approved              | : Hidden Valley and Wafi  |
| Projects subject to corporate activity | : Target and Target North |



|              |                       |                    |               |                     |
|--------------|-----------------------|--------------------|---------------|---------------------|
| Target North | Target                | Masimong Expansion | Phakisa Shaft | Doornkop South Reef |
| Elandsrand   | Tshepong Decline Ext. | Wafi               | Hidden Valley |                     |



# PRIVATE SECURITIES LITIGATION REFORM ACT SAFE HARBOR STATEMENT

**This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbour created by such sections. All statements other than those of historical facts included in this presentation are forward-looking statements including, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales, (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices; (v) statements regarding future debt repayments; (vi) estimates of future capital expenditures; (vii) estimates of reserves, and statements regarding future exploration results and the replacement of reserves; and (viii) statements regarding modifications to the Company's hedge position. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries in which we operate and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company's Annual Report on Form 20-F for the year ended June 30, 2003, which is on file with the Securities and Exchange Commission, as well as the Company's other SEC filings. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.**



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# Questions

**Website**

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