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As filed with the Securities and Exchange Commission on November 2, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 20-F

**ANNUAL REPORT PURSUANT TO SECTION 13 OF THE
SECURITIES EXCHANGE ACT OF 1934,**
for the fiscal year ended June 30, 2005

Commission File Number: 001-31545

Harmony Gold Mining Company Limited

(Exact name of registrant as specified in its charter)

Republic of South Africa
(Jurisdiction of incorporation or organization)

**Suite No. 1
Private Bag X1
Melrose Arch, 2076
South Africa**
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act: None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Ordinary shares, with nominal value Rand 50 cents per share*
(Title of Class)

American Depositary Shares (as evidenced by American Depositary Receipts),
each representing one ordinary share
(Title of Class)

* Not for trading, but only in connection with the registration of American Depositary Shares,
pursuant to the requirements of the Securities and Exchange Commission.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the last full fiscal year covered by this Annual Report was:

393,341,194 ordinary shares, with nominal value of Rand 50 cents per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

TABLE OF CONTENTS

PART I

- [Item 1. Identity of Directors, Senior Management and Advisers](#)
- [Item 2. Offer Statistics and Expected Timetable](#)
- [Item 3. Key Information](#)
- [Item 4. Information on the Company](#)
- [Item 5. Operating and Financial Review and Prospects](#)
- [Item 6. Directors, Senior Management and Employees](#)
- [Item 7. Major Shareholders and Related Party Transactions](#)
- [Item 8. Financial Information](#)
- [Item 9. The Offer and Listing](#)
- [Item 10. Additional Information](#)
- [Item 11. Quantitative and Qualitative Disclosures About Market Risk](#)
- [Item 12. Description of Securities Other than Equity Securities](#)

PART II

- [Item 13. Defaults, Dividend Arrearages and Delinquencies](#)
- [Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds](#)
- [Item 15. Controls and Procedures](#)
- [Item 16A. Audit Committee Financial Expert](#)
- [Item 16B. Code of Ethics](#)
- [Item 16C. Principal Accountant Fees and Services](#)
- [Item 16D. Exemptions from Listing Standards for Audit Committees](#)
- [Item 16E. Purchases of Equity Securities by the Issuer](#)
- [Item 17. Financial Statements](#)
- [Item 18. Financial Statements](#)
- [Item 19. Exhibits](#)

SIGNATURE

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

- [Exhibit 1.2](#)
- [Exhibit 2.1](#)
- [Exhibit 2.2](#)
- [Exhibit 4.4](#)
- [Exhibit 4.9](#)
- [Exhibit 4.10](#)
- [Exhibit 4.11](#)
- [Exhibit 4.12](#)
- [Exhibit 4.13](#)
- [Exhibit 4.14](#)
- [Exhibit 4.15](#)
- [Exhibit 4.16](#)
- [Exhibit 4.17](#)
- [Exhibit 4.18](#)
- [Exhibit 4.19](#)
- [Exhibit 8.1](#)
- [Exhibit 12.1](#)
- [Exhibit 12.2](#)
- [Exhibit 13.1](#)
- [Exhibit 13.2](#)

TABLE OF CONTENTS

Use of Terms and Conventions in this Annual Report

Harmony Gold Mining Company Limited is a corporation organized under the laws of the Republic of South Africa. As used in this Annual Report on Form 20-F, or this annual report, unless the context otherwise requires, the term "Harmony" refers to Harmony Gold Mining Company Limited; the term "South Africa" refers to the Republic of South Africa; the terms "we," "us" and "our" refer to Harmony and, as applicable, its direct and indirect subsidiaries as a group; the terms "South African Government" and "Government" refer to the government of South Africa and, where the context requires, include the South African state.

In this annual report, references to "R", "Rand", "rand" and "c", "cents" are to the South African Rand, the lawful currency of South Africa, "A\$" refers to Australian dollars, "C\$" refers to Canadian dollars, "GBP" refers to British Pounds Sterling and references to "\$" and "US dollars" are to United States dollars.

This annual report contains information concerning the gold reserves of Harmony. While this annual report has been prepared in accordance with the definitions contained in Securities and Exchange Commission Guide 7, it is based on assumptions which may prove to be incorrect. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

This annual report contains descriptions of gold mining and the gold mining industry, including descriptions of geological formations and mining processes. We have explained some of these terms in the Glossary of Mining Terms included at the end of this annual report. This glossary may assist you in understanding these terms.

Presentation of financial information

Harmony is a South African company and the majority of its operations are located there. Accordingly, its books of account are maintained in South African Rand and its annual and interim financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, or S.A. GAAP, as prescribed by law and in accordance with International Financial Reporting Standards or IFRS. Harmony also prepares annual financial statements in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, which are translated into US dollars. The financial information, other than total cash costs and total cash costs per ounce, included in this annual report has been prepared in accordance with U.S. GAAP and is presented in US dollars. Total cash costs and total cash costs per ounce are non-GAAP measures. For further information, see *Item 5. "Operating and Financial Review and Prospects - Costs – Reconciliation of Non-GAAP Measures."* Unless otherwise stated, balance sheet item amounts are translated from Rand to US dollars at the exchange rate prevailing on the last business day of the period (Rand 6.67 per \$1.00 as at June 30, 2005), except for specific items included within shareholders' equity that are converted at the exchange rate prevailing on the date the transaction was entered into, and income statement item amounts are translated from Rand to US dollars at the average exchange rate for the period (Rand 6.18 per \$1.00 for fiscal 2005).

For the convenience of the reader, certain information in this annual report presented in Rand, A\$, C\$ and has been translated into US dollars. By including convenience currency translations in this annual report, we are not representing that the Rand, A\$, C\$ and amounts actually represent the U.S., Australian or Canadian dollar amounts, as the case may be, shown or that these amounts could be converted at the rates indicated. Unless otherwise stated, the conversion rate for translations from Rand amounts into US dollar amounts is Rand 6.67 per \$1.00, which was the noon buying rate on June 30, 2005.

Forward-looking statements

This annual report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Harmony's financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. In particular, among other statements, certain statements in *Item 4. "Information on the Company," Item 5. "Operating and Financial Review and Prospects" and Item 11. "Quantitative and Qualitative Disclosures About Market Risk"* are forward-looking in nature. Statements in this annual report that are not historical facts are "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this annual report and the exhibits to this annual report, are necessarily estimates reflecting the best judgment of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of

various important factors, including those set forth in this annual report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- overall economic and business conditions in South Africa and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- decreases in the market price of gold;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labor disruptions;
- availability, terms and deployment of capital;
- changes in government regulation, particularly mining rights and environmental regulation;
- fluctuations in exchange rates;
- currency devaluations and other macroeconomic monetary policies; and
- socio-economic instability in South Africa and regionally.

Harmony undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events.

PART I

Item 1. Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

The selected consolidated financial data below should be read in conjunction with, and are qualified in their entirety by reference to, our consolidated financial statements and the notes thereto and with Item 5. "Operating and Financial Review and Prospects", both included elsewhere in this annual report. Historical results are not necessarily indicative of results to be expected for any future period.

Selected Historical Consolidated Financial Data

The following selected historical consolidated financial data for the last five fiscal years has been extracted from the more detailed information and financial statements, including Harmony's audited consolidated financial statements for each of the years in the three years ended June 30, 2005 and at June 30, 2005 and 2004 and the related notes, which appear elsewhere in this annual report. The historical consolidated financial data at June 30, 2003, 2002 and 2001, and for each of the years in the two years ended June 30, 2002 and 2001, has been extracted from Harmony's audited consolidated financial statements not included in this annual report.

The financial information, other than total cash costs and total cash costs per ounce, included in this annual report has been prepared in accordance with U.S. GAAP unless otherwise noted. Total cash costs and total cash costs per ounce are non-GAAP measures. For further information, See *Item 5. "Operating and Financial Review and Prospects — Costs – Reconciliation of Non-GAAP Measures."*

	FISCAL YEAR ENDED JUNE 30,				
	2005	2004	2003	2002	2001
(in \$ thousands, except per share amounts)					
Income statement data					
Revenues ¹	1,265,200	1,240,339	781,792	675,287	590,634
Operating (loss)/income	(498,116)	(98,714)	(21,580)	75,017	21,978
Equity income of joint venture	—	7,918	52,843	13,176	—
Equity income/(loss) of associate companies	—	2,020	(1,233)	(473)	—
(Loss)/Income before taxes and minority interests	(717,159)	(74,568)	97,515	103,659	29,804
Minority interests	—	1,281	(468)	(1,575)	(349)
(Loss)/income before cumulative effect of change in accounting principles	(616,467)	(31,403)	71,792	87,716	14,830
Cumulative effect of change in accounting principles, net of tax	—	—	14,770	—	(5,822)
Net (loss)/income	(616,467)	(31,403)	86,562	87,716	9,008
Basic (loss)/earnings per share (\$) before cumulative effect of change in accounting principles	(1.70)	(0.12)	0.40	0.57	0.15
Basic (loss)/earnings per share (\$)	(1.70)	(0.12)	0.49	0.57	0.09
Diluted (loss)/earnings per share before cumulative effect of change in accounting principles	(1.70)	(0.12)	0.39	0.53	0.14
Diluted (loss)/earnings per share	(1.70)	(0.12)	0.47	0.53	0.09
Weighted average number of shares used in the computation of basic earnings per share	362,499,012	254,240,500	177,954,245	153,509,862	102,156,205
Weighted average number of shares used in the computation of diluted earnings per share	362,499,012	254,240,500	182,721,629	165,217,088	105,504,328
Cash dividends per share (\$) ²	0.05	0.26	0.57	0.07	0.16
Cash dividends per share (R) ²	0.30	1.90	5.50	0.75	1.20
Other financial data					
Cash cost per ounce of gold (\$/oz) ³	412	362	253	196	234

¹ Revenues comprise only product (gold) sales. See note 2 to the consolidated financial statements – “Comparatives”.

² Reflects dividends related to fiscal 2004, 2003 and 2002 that were declared on July 30, 2004, August 1, 2003 and August 2, 2002 respectively.

³ Total cash costs and total cash costs per ounce are non-GAAP measures. Harmony has calculated cash costs per ounce by dividing total cash costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. The Gold Institute was a non-profit industry association comprised of leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and was revised in November 1999. Total cash costs, as defined in the guidance provided by the Gold Institute, include mine production costs, transport and refinery costs, applicable general and administrative costs, costs

associated with movements in production inventories and ore stockpiles, ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping and costs associated with royalties. Ongoing employee termination costs are included, however, employee termination costs associated with major restructuring and shaft closures are excluded. Total cash costs have been calculated on a consistent basis for all periods presented. Changes in cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and the US dollar. Total cash costs and total cash costs per ounce are non GAAP measures. Total cash costs and total cash costs per ounce should therefore

	AT JUNE 30,				
	2005	2004	2003	2002	2001
	(in \$ thousands)				
Balance sheet data					
Cash and cash equivalents	266,746	217,022	189,040	90,223	144,096
Other current assets	323,903	294,502	162,487	109,397	136,794
Property, plant and equipment — net	3,271,019	3,636,773	1,121,592	812,753	667,113
Goodwill	30,367	32,480	—	—	—
Restricted cash	7,798	9,992	—	—	—
Investments in associates	—	19,908	63,782	42,791	—
Investment in joint venture	—	—	272,754	102,578	—
Other long-term assets	656,844	451,216	89,183	137,399	81,822
Total assets	4,556,677	4,661,823	1,898,838	1,295,141	1,029,825
Current liabilities	428,755	393,764	189,668	138,677	152,886
Provision for environmental rehabilitation	120,450	125,917	62,977	63,125	53,136
Provision of social plan	2,109	1,958	—	—	—
Deferred income and mining taxes	510,298	558,812	209,628	99,789	47,050
Provision for post-retirement benefits	13,275	1,584	1,017	737	1,002
Deferred financial liability	76,720	91,513	37,228	87,226	49,374
Long-term loans	409,486	509,195	301,572	152,461	151,466
Preference shares	—	—	—	—	681
Minority interest	—	—	18,408	—	331
Shareholders' equity	2,995,584	2,979,080	1,078,340	573,126	573,899
Total liabilities and shareholders' equity	4,556,677	4,661,823	1,898,838	1,295,141	1,029,825

not be considered by investors in isolation or as an alternative to operating income/(loss) or net income/(loss) or any other U.S. GAAP measure or an indicator of our performance. In particular depreciation and amortization would be included in a measure of total costs of producing gold under U.S. GAAP, but it is not included in total cash costs under the guidance provided by the Gold Institute. While the Gold Institute has provided a definition for the calculation of total cash costs and total cash costs per ounce, the calculation of cash costs per ounce may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, Harmony believes that cash costs per ounce is a useful indicator to investors and management of a mining company's performance as it provides (1) an indication of the cash generating capacities of the mining operations, (2) the trends in cash costs as the company's operations mature, (3) a measure of a company's performance, by comparison of cash costs per ounce to the spot price of gold and (4) an internal benchmark of performance to allow for comparison against other companies. For further information, see *Item 5. "Operating and Financial Review and Prospects – Costs – Reconciliation of non-GAAP measures."*

EXCHANGE RATES

Unless otherwise stated, balance sheet item amounts are translated from Rand to US dollars at the exchange rate prevailing on the last business day of the period (Rand 6.67 per \$1.00 as at June 30, 2005), except for specific items included within shareholders' equity that are converted at the exchange rate prevailing on the date the transaction was entered into, and income statement item amounts are translated from Rand to US dollars at the average exchange rate for the period (Rand 6.18 per \$1.00 for fiscal 2005).

As of October 21, 2005, the noon buying rate per \$1.00 was Rand 6.65

The following table sets forth, for the past five fiscal years, the average and period end noon buying rates in New York City for cable transfers in Rand and, for the past six months, the high and low noon buying rates in New York City for cable transfers in Rand, in each case, as certified for customs purposes by the Federal Reserve Bank of New York for Rand expressed in Rand per \$1.00.

Fiscal year ended June 30,	Average ¹	Period End
2001	7.61	8.04
2002	10.20	10.39
2003	9.13	7.51
2004	6.89	6.23
2005	6.18	6.67

Month of	High	Low
April 2005	6.28	6.03
May 2005	6.75	5.96
June 2005	6.92	6.63
July 2005	6.90	6.53
August 2005	6.55	6.34
September 2005	6.45	6.26
October (through October 21)	6.65	6.44

¹ The average of the noon buying rates provided by the Federal Reserve Bank of New York on the last day of each full month during the relevant period.

Fluctuations in the exchange rate between Rand and the US dollar will affect the Dollar equivalent of the price of ordinary shares on the Johannesburg Stock Exchange, which may affect the market price of the ADSs on the New York Stock Exchange. These fluctuations will also affect the dollar amounts received by owners of ADSs on the conversion of any dividends paid in Rand on ordinary shares.

CAPITALIZATION AND INDEBTEDNESS

Not applicable.

REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

RISK FACTORS

In addition to the other information included in this annual report and the exhibits, you should carefully consider the following factors related to an investment in Harmony's ordinary shares and ADSs. There may be additional risks that Harmony does not currently know of or that Harmony currently deems immaterial based on information currently available to it. Any of these risks could have a materially adverse effect on Harmony's business, financial condition or results of operations, resulting in a decline in the trading price of Harmony's shares (or ADSs).

The profitability of Harmony's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold, such that a fall in the price of gold below Harmony's cash operating cost of production for any sustained period may lead Harmony to experience losses and curtail or suspend certain operations.

Substantially all of Harmony's revenues come from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors over which Harmony has no control, including:

- the demand for gold industrial uses and for use in jewelry;
- international or regional political and economic trends;
- the strength of the US dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;
- actual or expected purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers (which are likely to result in a decrease in the price of gold);
- forward sales by other gold producers (because Harmony does not normally enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production, Harmony is not protected against decreases in the gold price and if the gold price decreases significantly, Harmony runs the risk of reduced revenues in respect of any gold production that is not hedged); and
- the production and cost levels for gold in major gold-producing nations, such as South Africa, the rest of Africa and Australia.

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Historically, gold has retained its value in relative terms against basic goods in times of inflation and monetary crisis. As a result, central banks, financial institutions and individuals hold large amounts of gold as a store of value and production in any given year constitutes a very small portion of the total potential supply of gold. Since the potential supply of gold is large, relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or its price.

The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the afternoon London Bullion Market fixing price of gold in US dollars for the past ten calendar years:

Year	Price per Ounce		
	High	Low	Average
	(\$)	(\$)	(\$)
1995	396	372	384
1996	415	367	388
1997	367	283	331
1998	313	273	294
1999	326	253	279
2000	313	264	282
2001	293	256	271
2002	332	278	309
2003	412	322	361
2004	427	343	389
2005 (through October 21, 2005)	476	411	434

On June 30, 2005, the afternoon fixing price of gold on the London Bullion Market was \$437 per ounce. On October 21, 2005, the afternoon fixing price of gold on the London Bullion Market was \$463 per ounce.

While the aggregate effect of these factors is impossible for Harmony to predict, if gold prices should fall below Harmony's cash operating cost of production and remain at such levels for any sustained period, Harmony may experience losses and may be forced to curtail or suspend some or all of its operations. In addition, Harmony would also have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate reserves. Harmony's average cash operating cost of production per ounce of gold sold was approximately \$412 in fiscal 2005, \$362 in fiscal 2004 and \$253 in fiscal 2003.

Due to the fact that the majority of Harmony's production costs are incurred in Rand and that gold is sold in US dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the Rand against the US dollar.

Gold is sold throughout the world in US dollars, but the majority of Harmony's operating costs are incurred in Rand. As a result, any significant and sustained appreciation of Rand against the US dollar will serve materially to reduce Harmony's Rand revenues and overall net income.

The Rand has appreciated significantly against the US dollar since the end of calendar year 2001, following significant depreciation against the US dollar between 1997 and 2001. Harmony's operating environment has been severely influenced by the strong Rand, which has appreciated 17% against the US dollar since 2001, and has negatively impacted the company's short-term profitability.

Harmony's gold reserve figures are estimated based on a number of assumptions, including assumptions as to mining and recovery factors, future cash costs of production and the price of gold and may yield less gold under actual production conditions than currently estimated.

The ore reserve estimates contained in this annual report are estimates of the mill delivered quantity and grade of gold in Harmony's deposits and stockpiles. They represent the amount of gold which Harmony believes can be mined, processed and sold at prices sufficient to recover its estimated future cash costs of production, remaining investment and anticipated additional capital expenditures. Harmony ore reserves are estimated based upon a number of factors, which have been stated in accordance with SEC Industry Guide 7. As Harmony's ore reserve estimates are calculated based on estimates of future cash operating costs, future gold prices and, because of the fact that Harmony's gold sales are primarily in US dollars and Harmony incurs most of its cash operating costs in Rand, the exchange rate between the Rand and the US dollar and, in the case of Harmony's Australian operations, the Australian dollar. As a result, the reserve estimates contained in the annual report should not be interpreted as assurances of the economic life of Harmony's gold deposits or the profitability of its future operations.

Since ore reserves are only estimates that Harmony makes based on the above factors, Harmony may in future need to revise these estimates. In particular, if Harmony's cash costs of production increase (whether in Rand terms, in Australian dollar terms, or in relative terms due to appreciation of the Rand or the Australian dollar against the US dollar) or the gold price decreases, the recovery of a portion of Harmony's ore reserves may become uneconomical. This will force Harmony to lower its estimated reserves.

Part of Harmony's strategy depends on its ability to make additional acquisitions.

In order to increase Harmony's gold production and to acquire additional reserves, Harmony continuously explores opportunities to expand its production base by acquiring selected gold producers and mining operations. However, Harmony cannot guarantee that:

- it will be able to identify appropriate acquisition candidates or negotiate acquisitions on favorable terms;
- it will be able to obtain the financing necessary to complete future acquisitions; or
- the issuance of Harmony's ordinary shares or other securities in connection with any future acquisition will not result in a substantial dilution in ownership interests of holders of Harmony's ordinary shares.

As at June 30, 2005, Harmony's mining operations reported total proven and probable reserves of 54.1 million ounces. If Harmony is unable to acquire additional gold producers or generate additional proven and probable reserves at Harmony's existing operations or through its exploration activities, Harmony cannot be certain that it will be able to expand or replace its current production with new reserves in an amount sufficient to its mining operations beyond the current life of its reserves.

To maintain gold production beyond the expected lives of Harmony's existing mines or to increase production materially above projected levels, Harmony will need to access additional reserves through exploration or discovery.

Harmony's operations have limited proven and probable reserves and exploration and discovery is necessary to maintain current gold production levels at these operations. Exploration for gold and other precious metals is speculative in nature, is frequently unsuccessful and involves many risks, including risks related to:

- locating orebodies;
- identifying the metallurgical properties of orebodies;
- estimating the economic feasibility of mining orebodies;
- developing appropriate metallurgical processes;
- obtaining necessary governmental permits; and
- constructing mining and processing facilities at any site chosen for mining.

Harmony's exploration efforts might not result in the discovery of mineralization and any mineralization discovered might not result in an increase in Harmony's proven and probable reserves. To access additional reserves, Harmony will need to successfully complete development projects, including extending existing mines and, possibly, developing new mines. Development projects would also be necessary to access any mineralization discovered through exploration in Australasia. Harmony typically uses feasibility studies to determine whether or not to undertake significant development projects. Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about:

- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore, and
- anticipated total costs of the project, including capital expenditure and cash operating costs.

Actual cash costs of production, production and economic returns may differ significantly from those anticipated by Harmony's feasibility studies. Moreover, it can take a number of years from the initial feasibility studies until development is completed and during that time, the economic feasibility of production may change. In addition, there are a number of uncertainties inherent in the development and construction of an extension to an existing mine or any new mine, including:

- the availability and timing of necessary environmental and governmental permits;
- the timing and cost necessary to construct mining and processing facilities, which can be considerable;
- the availability and cost of skilled labor, power, water and other materials;
- the accessibility of transportation and other infrastructure, particularly in remote locations;
- the availability and cost of smelting and refining arrangements; and
- the availability of funds to finance construction and development activities.

Harmony has addressed growth through the recent expansion of its exploration activities. The company currently maintains a range of focused exploration programs, concentrating on areas not too distant from its operation mines, as well as a number of prospective known gold mineralized regions around the world. During fiscal 2005, the bulk of exploration expenditure was allocated to activities in Australia, Papua New Guinea, Peru and South Africa with subordinate expenditure in West Africa. In fiscal 2006, Harmony intends to carry out exploration in Papua New Guinea, South Africa, West and East Africa, Australia and Latin America. In addition, Harmony has undertaken a comprehensive target generation program in Peru, supported by surface sampling systems.

However, there is no assurance that any future development projects will extend the life of Harmony's existing mining operations or result in any new commercial mining operations.

Harmony may experience problems in managing new acquisitions and integrating them with its existing operations.

Acquiring new gold mining operations involves a number of risks including:

- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining the financial and strategic focus of Harmony while integrating the acquired business;
- problems in implementing uniform standards, controls, procedures and policies;

- increasing pressures on existing management to oversee a rapidly expanding company; and
- to the extent Harmony acquires mining operations outside South Africa or Australia encountering difficulties relating to operating in countries in which Harmony has not previously operated.

Any difficulties or time delays in achieving successful integration of new acquisitions could have a material adverse effect on Harmony's business, operating results, financial condition and share price.

Due to the nature of mining and the type of gold mines it operates, Harmony faces a material risk of liability, delays and increased cash costs from environmental and industrial accidents and pollution.

The business of gold mining by its nature involves significant risks and hazards, including environmental hazards and industrial accidents. In particular, hazards associated with underground mining include:

- rockbursts;
- seismic events;
- underground fires;
- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- release of radioactive hazards;
- flooding;
- accidents; and
- other conditions resulting from drilling, blasting and the removal and processing of material from a deep-level mine.

Hazards associated with open cast mining (also known as open pit mining) include:

- flooding of the open pit;
- collapse of the open pit walls;
- accidents associated with the operation of large open pit mining and rock transportation equipment; and
- accidents associated with the preparation and ignition of large scale open pit blasting operations.

Hazards associated with waste rock mining include:

- accidents associated with operating a waste dump and rock transportation; and
- production disruptions due to weather.

Harmony is at risk of experiencing any and all of these environmental or other industrial hazards. The occurrence of any of these hazards could delay production, increase cash operating costs and result in financial liability to the Company.

Harmony's land and mineral rights in South Africa could be subject to land restitution claims which could impose significant costs and burdens.

Harmony's privately held land and mineral rights could be subject to land restitution claims under the South African Restitution of Land Rights Act 1994, or the Land Claims Act. Under this Act, any person who was dispossessed of rights to land in South Africa as a result of previous discriminatory laws or practices without payment of just and equitable compensation is granted certain remedies, including the restoration of the land. Under the Land Claims Act, persons entitled to institute a land claim were required to lodge their claims by December 31, 1998. Harmony has not been notified of any land claims, but any claims of which it is notified in the future could have a material adverse effect on Harmony's right to the properties to which the claims relate and, as a result, on Harmony's business, operating results and financial condition.

The South African Restitution of Land Rights Amendment Act 2004, or the Amendment Act, became law on February 4, 2004. Under the Land Claims Act, the Minister for Agriculture and Land Affairs, or the Land Minister, may not acquire ownership of land for restitution purposes without a court order unless an agreement has been reached between the affected parties. The Amendment Act, however, entitles the Land Minister to acquire ownership of land by way of expropriation either for, or, in respect of land as to which no claim has been lodged but the acquisition of which is directly related to or affected by a claim, the acquisition of which would promote restitution to those entitled or would encourage alternative relief to those not entitled. Expropriation would be subject to provisions of legislation and the South African Constitution which provides, in general, for just and equitable compensation. It is possible that any of Harmony's privately held land rights in South Africa could become subject to acquisition by the state without Harmony's agreement, or that Harmony would not be adequately compensated for the loss of its land rights, which could have a negative impact on Harmony's South African operations and therefore an adverse effect on its business, operating results and financial condition.

Harmony's insurance coverage may prove inadequate to satisfy future claims against it.

Harmony has third party liability coverage for most potential liabilities, including environmental liabilities. While Harmony believes

that its current insurance coverage for the hazards described above is adequate and consistent with industry practice, Harmony may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities. Further, Harmony maintains and intends to continue to maintain, property and liability insurance consistent with industry practice, but such insurance contains exclusions and limitations on coverage. In addition, there can be no assurance that insurance

will continue to be available at economically acceptable premiums. As a result, in the future Harmony's insurance coverage may not cover the extent of claims against it for environmental or industrial accidents or pollution.

The results of Harmony's South African operations may be negatively impacted by inflation.

Harmony's operations have been materially affected by inflation in recent years. Even though the inflation rate has decreased over the last three years, working cost and especially wages have increased considerably over the past three years resulting in significant cost pressures on the mining industry. Harmony's profits and financial condition could be also affected adversely in the absence of a concurrent devaluation of the Rand and an increase in the price of gold.

The socio-economic framework in the regions of which we operate may have an adverse effect on Harmony's operations and profits.

It remains difficult to predict the future political, social and economic direction of South Africa, Australia, Papua New Guinea, or any other country in which we operate, and the impact government decisions may have on our business. It is also difficult to predict the impact of addressing inequalities on Harmony's business.

Harmony's financial flexibility could be materially constrained by exchange control regulations as imposed by the South African Reserve Bank.

South Africa's exchange control regulations provide for restrictions on exporting capital from South Africa. As a result, Harmony's ability to raise and deploy capital outside South Africa is restricted. In particular, Harmony:

- is generally not permitted to export capital from South Africa or to hold foreign currency without the approval of the South African exchange control authorities;
- is generally required to repatriate to South Africa profits of foreign operations; and
- is limited in its ability to utilize profits of one foreign business to finance operations of a different foreign business.

These restrictions could hinder Harmony's normal corporate functioning. While exchange controls have been relaxed in recent years, it is difficult to predict whether or how the South African government will further relax the exchange control regulations in the future.

Since Harmony's South African labor force has substantial trade union participation, Harmony faces the risk of disruption from labor disputes and new South African labor laws.

Despite the history of positive and constructive engagement with the unions, there are periods during which the various stakeholders are unable to agree on dispute resolution processes. Disruptive activities on the part of labor, which normally differ in intensity, then become unavoidable. Due to the high level of union membership among Harmony's employees, approximately 88%, Harmony is at risk of having, and did experience in fiscal 2005 for example, production stoppages for indefinite periods due to strikes and other labor disputes. Significant labor disruptions have affected our operations and financial condition and we are not able to predict whether we will experience significant labor disputes in the future.

Our production may also be materially affected by labor laws. Since 1995, South African labor laws have changed significantly in ways that affect Harmony's operations. In particular, laws enacted since then which regulate work time, provide for mandatory compensation in the event of termination of employment for operational reasons, and impose large monetary penalties for non-compliance with administrative and reporting requirements in respect of affirmative action policies, could result in significant costs. In addition, future South African legislation and regulations relating to labor may further increase our cash costs of production or alter our relationship with our employees. Harmony may continue to experience significant changes in labor law in South Africa over the next several years.

HIV/AIDS poses risks to Harmony in terms of productivity and costs.

The incidence of HIV/AIDS in South Africa, which is forecast to increase over the next decade, poses risks to Harmony in terms of potentially reduced productivity and increased medical and other costs. Harmony expects that significant increases in the incidence of HIV/AIDS infection and HIV/AIDS-related diseases among the workforce over the next several years may have an adverse impact on Harmony's operations and financial status. This expectation, however, is based on assumptions about, among other things, infection rates and treatment costs

which are subject to material risks and uncertainties beyond Harmony's control. As a result, actual results may differ from the current estimates.

The cost of occupational healthcare services may increase in the future.

Occupational healthcare services are available to Harmony's employees from its existing healthcare facilities. There is a risk that the cost of providing such services could increase in future depending on changes in the nature of underlying legislation and the profile of Harmony's employees. This increased cost, should it transpire, is currently indeterminate. Harmony has embarked on a number of interventions focused on improving the quality of life of Harmony's work force, although there can be no guarantee that such initiatives will not be adversely affected by increased costs.

Laws governing mineral rights ownership have changed in South Africa.

On May 1, 2004, the South African Mineral and Petroleum Resources Development Act 2002, or Minerals Act, became effective. The principal objectives set out in the Act are:

- to recognize the internationally accepted right of the state of South Africa to exercise full and permanent sovereignty over all the mineral and petroleum resources within South Africa;
- to give effect to the principle of the State's custodianship of the nation's mineral and petroleum resources;
- to promote equitable access to South Africa's mineral and petroleum resources to all the people of South Africa and redress the impact of past discrimination;
- to substantially and meaningfully expand opportunities for historically disadvantaged persons, including women, to enter the mineral and petroleum industry and to benefit from the exploitation of South Africa's mineral and petroleum resources;
- to promote economic growth and mineral and petroleum resources development in South Africa;
- to promote employment and advance the social and economic welfare of all South Africans;
- to provide security of tenure in respect of prospecting, exploration, mining and production operations;
- to give effect to Section 24 of the South African Constitution by ensuring that South Africa's mineral and petroleum resources are developed in an orderly and ecologically sustainable manner while promoting justifiable social and economic development;
- to follow the principle that mining companies keep and use their mineral rights, with no expropriation and with guaranteed compensation for mineral rights; and
- to ensure that holders of mining and production rights contribute towards the socio-economic development of areas in which they are operating.

Under the Act, tenure licenses over established operations will be secure for 30 years (and renewable for 30 years thereafter), provided that mining companies obtain new licenses over existing operations within five years of the date of enactment of the Act and fulfill requirements specified in the Broad-Based Socio-Economic Empowerment Charter for the South African mining industry, or the Mining Charter.

The principles contained in the Mining Charter relate to the transfer of 26% of South Africa's mining assets to historically disadvantaged South Africans, or HDSAs, over a 10-year period, as defined in the Mining Charter. Under the Mining Charter, the South African mining industry has committed to securing financing to fund participation by HDSAs in an amount of R100 billion within the first five years of the Mining Charter's tenure. The Mining Charter provides for the review of the participation process after five years to determine what further steps, if any, are needed to achieve the 26% target participation. The Mining Charter requires programs for black economic empowerment and the promotion of value-added production, such as jewelry-making and other gold fabrication, in South Africa. The Mining Charter also sets out targets for broad-based black economic empowerment in the areas of human resources, skill development, employment equality, procurement and beneficiation. In addition, the Mining Charter addresses other socio-economic issues, such as migrant labor, housing and living conditions.

Harmony actively carries out mining and exploration activities in all of its material mineral rights areas. Three of Harmony's operations have been granted their mining licenses and applications have been submitted for the

balance. We will be eligible to apply for new licenses over existing operations, provided that we comply with the Mining Charter. We have taken steps to comply with the expected provisions of the Mining Charter, such as promoting value-added production, exploring black empowerment initiatives and increasing worker participation. We expect more costs involved in compliance with the Mining Charter to lead to increased cash operating costs, which may have an adverse impact on the profits generated by Harmony's operations in South Africa.

The Act also makes reference to royalties payable to the state in terms of an Act of Parliament, known as the Money Bill, which was made available for public comment. The introduction of the Money Bill will have an adverse impact on the profits generated by Harmony's operations in South Africa. In terms of the draft regulations, royalties will only be payable from 2009.

In Australia, most mineral rights belong to the government, and mining companies pay royalties to government based on production. There are, however, limited areas where government granted freehold estates without reserving mineral rights. Harmony's subsidiary, New Hampton, has freehold ownership of its Jubilee mining areas, but the other mineral rights in Harmony's Australasian operations belong to the Australian and Papua New Guinea governments and are subject to royalty payments. In addition, current Australian law generally requires native title approval to be obtained before a mining license can be granted and mining operations can commence. New Hampton and Hill 50 have approved mining leases for most of their reserves, including all reserves that are currently being mined. Should New Hampton or Hill 50, or any of our initiatives in Papua New Guinea or other exploration areas, desire to expand operations into additional areas under exploration, these operations would need to convert the relevant exploration licenses prior to the start of mining, and that process could require native title approval. There can be no assurance that any approval would be received.

Harmony is subject to extensive environmental regulations.

As a gold mining company, Harmony is subject to extensive environmental regulation. Harmony has experienced and expects to continue to experience increased cash operating costs of production arising from compliance with South African environmental laws and regulations. The Minerals Act, certain other environmental legislation and the administrative policies of the South African government regulate the impact of Harmony's prospecting and mining operations on the environment.

Pursuant to these regulations, upon the suspension, cancellation, termination or lapsing of a prospecting permit or mining authorization in South Africa, Harmony will remain liable for compliance with the provisions of the Minerals Act, including any rehabilitation obligations. This liability will continue until such time as the South African Department of Minerals and Energy certifies that Harmony has complied with such provisions.

In the future, Harmony may incur significant costs associated with complying with more stringent requirements imposed under new legislation and regulations. This may include the need to increase and accelerate expenditure on environmental rehabilitation and alter provisions for this expenditure, which could have a material adverse effect on Harmony's results and financial condition. Harmony may also face increased environmental costs resulting from other mines in the vicinity of Harmony's mines failing to meet their obligations with regard to the pumping or treatment of water.

The South African government has reviewed requirements imposed upon mining companies to ensure environmental restitution. For example, following the introduction of an environmental rights clause in South Africa's constitution, a number of environmental legislative reform processes have been initiated. Legislation passed as a result of these initiatives has tended to be materially more onerous than laws previously applied in South Africa. Examples of such legislation include the Minerals Act, the South African National Nuclear Regulator Act 1999, the South African National Water Act of 1998 and the South African National Environmental Management Act 1998, which include stringent "polluter-pays" provisions. The adoption of these or additional or more comprehensive and stringent requirements, in particular with regard to the management of hazardous wastes, the pollution of ground and ground water systems and the duty to rehabilitate closed mines, may result in additional costs and liabilities.

Harmony's Australian operations are also subject to various laws and regulations relating to the protection of the environment, which are similar in scope to those of South Africa.

Harmony may not pay cash dividends to its shareholders in the future.

It is the current policy of Harmony's Board to declare and pay cash dividends if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors, including the amount of cash available and on capital expenditures and other cash requirements existing at that time. Under South African law, cash dividends may only be paid out of the retained or current profits of Harmony. We did not declare a cash dividend in fiscal 2005 and we cannot assure you that cash dividends will be paid in the future.

Non-South African shareholders of Harmony face additional investment risk from currency exchange rate fluctuations since any dividends will be paid in Rand.

Dividends or distributions with respect to Harmony's ordinary shares have historically been paid in Rand. The US dollar equivalent of any dividends or distributions with respect to Harmony's ordinary shares would be adversely affected by potential future decreases in the value of the Rand against the US dollar. In fiscal 2005, the value of the Rand relative to the US dollar decreased by an average of 7.06% based on the closing rate for each financial year.

Because Harmony has a significant number of outstanding options, Harmony's ordinary shares are subject to dilution.

On June 30, 2005, Harmony had an aggregate of 1,200,000,000 ordinary shares authorized to be issued and, at that date, an aggregate of 393,341,194 ordinary shares were issued and outstanding. Harmony also has employee share option schemes. The employee share option schemes came into effect in 1994, 2001 and 2003 respectively. At June 30, 2005, options to purchase a total of 18,213,084 ordinary shares were outstanding. The exercise prices of these options vary between R22.90 and R93.00. As a result, shareholders' equity interests in Harmony are subject to dilution to the extent of the future exercises of the options.

Investors in the United States may have difficulty bringing actions, and enforcing judgments, against Harmony, its directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof.

Harmony is incorporated in South Africa. All of Harmony's directors and executive officers (and certain experts named herein) reside outside of the United States. Substantially all of the assets of these persons and substantially all of the assets of Harmony are located outside the United States. As a result, it may not be possible for investors to enforce against these persons or Harmony a judgment obtained in a United States court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court that pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the United States proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Business Act 99 of 1978, as amended, of the Republic of South Africa.

It is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system, that does not mean that such awards are necessarily contrary to public policy. Whether a judgment was contrary to public policy depends on the facts of each case. Exorbitant, unconscionable, or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over the foreign court. South African courts will usually implement their own procedural laws and, where an action based on an international contract is brought

before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law.

It is doubtful whether an original action based on United States federal securities laws may be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore, the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South Africa.

Item 4. Information on the Company

BUSINESS

History and Development

Harmony Gold Mining Company Limited was incorporated and registered as a public company in South Africa on August 25, 1950. Our principal executive offices are located at 4 The High Street, First Floor, Melrose Arch, Melrose North 2196, South Africa and the telephone number at this location is +27-11-684-0140.

We conduct underground and surface gold mining and related activities, including exploration, processing, smelting, refining and beneficiation. We are currently the third largest producer of gold in South Africa, producing some 30% of the annual country's gold output, and the sixth largest gold producer in the world. As at June 30, 2005, our mining operations reported total proven and probable reserves of approximately 54.1 million ounces. In fiscal 2005, we processed approximately 25.7 million tons of ore and produced 2.97 million ounces of gold, primarily from South African sources. Our principal mining operations are located in South Africa and Australia, with exploration and evaluation programs in Papua New Guinea and Peru.

At the time of our incorporation, Harmony was formed as a Randgold & Exploration Company Limited, or Randgold, managed company to exploit a single Harmony mine lease. In 1995, Harmony was rejuvenated as a separate entity following the demise of Randgold. At that time, Harmony produced 650,312 ounces of gold and employed 16,000 people. Harmony's operations have grown significantly since 1995, expanding from a lease-bound single mining operation into an independent, world-class gold producer. We acquired additional mineral rights in the Free State, Mpumalanga, Gauteng and North West provinces in South Africa when we acquired Lydex in 1997, Evander in 1998, Kalgold in 1999, Randfontein in 2000, ARMgold in 2003 and Avgold in 2004.

We conduct our mining operations through various subsidiaries. As of June 30, 2005, our principal subsidiaries were Randfontein Estates Limited, Evander Gold Mines Limited, ARMgold/Harmony Freegold Joint Venture Company (Pty) Ltd, ARMgold Limited, Avgold Limited, Kalahari Goldridge Mining Company Limited and Harmony Gold (Australia) (Pty) Limited. All are wholly-owned direct subsidiaries incorporated in South Africa, save for Harmony Gold (Australia) (Pty) Limited, which is a wholly-owned subsidiary incorporated in Australia.

We received regulatory approval in 1997 to market our own gold, a function that was previously the sole preserve of the South African Reserve Bank, or SARB. A refinery was commissioned by Harmony during fiscal 1997 in the Free State Province at South Africa, which is currently treating most of the gold produced by the South African operations. In fiscal 2005, the capacity of the refinery was 110 tons.

In fiscal 2005, approximately 90% of Harmony's gold production took place in South Africa and 10% in Australia. In fiscal 2005, approximately 88% of Harmony's gold came from underground mines and 12% came from its surface mines. For more detailed geographical information about Harmony's activities, see *Item 4. "Information on the Company – Business – Harmony's Mining Operations"* and *"Geographical and Segment Information"* in the notes to the consolidated financial statements included in this annual report.

Throughout fiscal 2005, we implemented a major restructuring program aimed at containing working costs, reducing or closing loss-making operations and increasing cash profits. Our restructuring, driven in part by the low Rand gold price, is nearly complete. We also made a strategic decision during fiscal 2005 to expand our exploration activities. As part of this, regional offices have been set up in Johannesburg, South Africa; Wau, Papua New Guinea; Lima, Peru and Perth, Australia. Our exploration program has two components: on-mine exploration which looks for resources within the economic radius of existing mines, and new mine exploration, which is the global search for promising early to advanced stage projects.

Mining is a highly regulated industry, and we operate under a variety of statutes and regulations. To learn more about these statutes and regulations, see *Item 4. "Information on the Company – Regulation"* and *Item 10. "Additional Information – Memorandum and Articles of Association."*

South African Operations

In South Africa, we have twelve operating shafts in the Free State Province, three operating shafts at Evander in the Mpumalanga Province, four operating shafts at Randfontein in the Gauteng Province, an open cast mine near Mafikeng in the North West Province, one production shaft at Carltonville in the North West Province, and two operating shafts in Orkney in the North West Province.

Ore from the shafts and surface material are treated at eleven metallurgical plants in South Africa (five in the Free State, one in Carltonville, two in Evander, two in Randfontein and one near Mafikeng).

We manage our operations on a shaft-by-shaft basis. During fiscal 2005, we also categorized our South African underground operations as follows:

- **quality shafts**, which are typically those with a larger reserve base and longer life, which form the core of the group's production;
- **leveraged shafts**, which are those that supplement production and provide the upside in the event of a positive swing in the Rand gold price;
- **growth shafts**, which comprise the expansion projects established through existing infrastructure, as well as the three new mines we are building in South Africa; and
- **surface operations**, which comprise the Kalgold opencast mine, all previously mined rock, whether waste or reef and any clean-up operations as well as plant and other infrastructure.

Quality Shafts	Leveraged Shafts	Growth Shafts	Surface Operations
Target	Bambanani	Elandsrand mine and project	Kalgold
Tshepong	Joel	Doornkop mine and project	Freegold
Masimong shaft complex	West Shaft	Phakisa project	Free State
Evander 5	St. Helena		Randfontein
Evander 7	Harmony 2		Target
Evander 8	Merriespruit 1		
Cooke 1	Merriespruit 3		
Cooke 2	Unisel		
Cooke 3	Brand 3		
	Orkney 2		
	Orkney 4		

Harmony believes that the leveraged shafts operations generally require a more short-term, flexible and lean approach, whereas the quality shafts operations require investment over a longer time horizon. Harmony has therefore refined its management structure of its South African operations to more closely align the strategic role of its assets with the different skill sets required to manage them. This has also enabled increased focus on the completion of the growth projects and in turning them into mines.

Australasian Operations

Harmony's interests in Australasia consist of two operating centers, consisting of both underground and open pit mines located at Mt. Magnet (acquired in the Hill 50 transaction) and South Kalgoorlie (including Jubilee, acquired in the New Hampton transaction, and New Celebration, acquired in the Hill 50 acquisition), in Western Australia, as well as development and exploration prospects in Northern Territory, Australia, and at Hidden Valley and Wafi in Papua New Guinea. Underground and surface mining is conducted at each of our Australian operations, with underground access through two declines at Mt. Magnet and one decline at South Kalgoorlie and surface access principally through open pits.

Ore from the shafts and surface material are treated at two metallurgical plants in Australia (one at Mt. Magnet and one at South Kalgoorlie). The underground operations of Big Bell (acquired in the New Hampton transaction) were closed in fiscal 2004 and are in the process of being rehabilitated. In April 2005, we disposed of our remaining

11.6% stake in Bendigo for A\$32 million. Bendigo is a single project Australian gold mining development company in which we acquired a 31.6% stake in fiscal 2002 for A\$50 million.

Principal Investments

We have concluded several other strategic transactions within and outside South Africa since fiscal 2002. Those transactions are summarized below.

With effect from May 1, 2002, Harmony and ARMgold, through Free Gold (in which Harmony and ARMgold each had a 50% interest) purchased the Free Gold assets for Rand 2.2 billion (\$206.8 million at an exchange rate of R10.64 per \$1.00), plus an amount equal to any liability for taxes payable by AngloGold in connection with the sale. For purposes of U.S. GAAP, Harmony equity accounted for its interest in Free Gold with effect from May 1, 2002 and the purchase price of the Free Gold assets was determined to be Rand 2.264 billion. See *Item 5. "Operating and Financial Review and Prospects – Overview."* In connection with the acquisition of the Free Gold assets, Harmony and ARMgold entered into a formal joint venture and shareholders' agreement relating to Free Gold. The agreement provided that Harmony and ARMgold were each responsible for 50% of the expenses associated with operating the Free Gold assets. The Free Gold operations are now wholly-owned by Harmony following the merger with ARMgold which was completed on September 22, 2003.

On October 30, 2002, Harmony, ARMgold and Gold Fields, through its subsidiary, St. Helena Gold Mines Limited, completed the sale of the St. Helena gold mining assets to Free Gold for Rand 120 million (\$13.7 million), plus a royalty equal to one percent of revenue for a period of 48 months beginning on the effective date of the sale.

On January 21, 2003, Randfontein Estates Limited, or Randfontein, a wholly-owned subsidiary of Harmony, entered into an agreement with Africa Vanguard Resources (Proprietary) Limited, or Africa Vanguard, pursuant to which Randfontein sold 26% of its mineral rights in respect of the Doornkop Mining Area to Africa Vanguard for a purchase price of R250 million plus VAT. Randfontein and Africa Vanguard also entered into a Joint Venture Agreement on the same day, pursuant to which they agreed to jointly conduct a mining operation in respect of the Doornkop Mining Area. The agreements were implemented, and the initial purchase price of \$19 million was paid on August 15, 2003. For US GAAP purposes, we did not account for this transaction as a sale, but have consolidated the results of Africa Vanguard and the Doornkop Joint Venture, as both these entities have been determined to be variable interest entities, with Harmony as the primary beneficiary of both variable interest entities.

On May 2, 2003, Harmony and ARMgold announced details of their 50/50 joint acquisition of a 34.5% stake in Anglovaal Mining Limited, previously known as Avmin and renamed African Rainbow Minerals Limited, or ARM Limited, after the Avgold transaction with Harmony was concluded. Based on a value of R43.50 per share, the transaction was valued at Rand 1.687 billion and was paid for in cash, which was funded by a long term loan from Nedcor Bank which has been repaid. ARM Limited is a South African incorporated mining holding company with interests in platinum group metals, manganese, chrome, nickel and gold mining operations and various exploration projects.

During fiscal 2003, Harmony announced a conditional cash offer for all of the outstanding ordinary shares and listed options of Abelle. At the end of fiscal 2003, Harmony's interest in Abelle was 87% of the shares and 65% of the options. In fiscal 2004, Harmony made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle held by minorities for a total price of approximately A\$121 million. At June 30, 2004 Abelle became a wholly-owned subsidiary of Harmony.

In fiscal 2003, Harmony also acquired stakes in Highland Gold, a company that held gold mining assets and mineral rights in Russia, and in High River, a company that held gold mining assets in Russia, Canada and West Africa. We sold our interests in Highland Gold and High River during fiscal 2004 for a combined pre-tax gain of approximately R528.2 million.

On July 15, 2003, Harmony acquired 77,540,830 ordinary shares in Avgold Limited, or 11.5% of Avgold's outstanding share capital from Anglo South Africa (Pty) Limited, or Anglo SA, in exchange for 6,960,964 new Harmony ordinary shares issued to Anglo SA. The agreement with Anglo SA provided that should Harmony make an offer to acquire the other Avgold shareholders' interest, the consideration payable to Anglo SA would be adjusted to reflect the amounts paid to the other Avgold shareholders. Harmony acquired the remaining stake in Avgold in April/May 2004.

On September 22, 2003, Harmony and ARMgold consummated a merger. Pursuant to the merger agreement, following the respective company shareholder approvals, Harmony issued 2 ordinary shares for every 3 ARMgold ordinary shares acquired. ARMgold also paid its shareholders a special dividend of R6.00 per ordinary share (\$0.84) prior to the consummation of the merger. Harmony issued 63,670,000 ordinary shares to ARMgold's shareholders which resulted in ARMgold becoming a wholly-owned subsidiary of Harmony. For U.S. GAAP

purposes, the merger was accounted for as a purchase by Harmony of ARMgold for a purchase consideration of approximately \$697 million. The results of ARMgold have been included in those of Harmony from October 1, 2003.

During fiscal 2004, Harmony's interest in Free Gold increased from 50% to 100% as a result of the merger with ARMgold on September 22, 2003. Therefore Harmony equity accounted for its interest in Free Gold for the first three months of fiscal 2004, whereafter Harmony consolidated its interest. Because Harmony equity accounted for its 50% interest in Free Gold, sales from the Free Gold assets are not included in Harmony's sales figures for fiscal 2003.

Following the Harmony merger with ARMgold, on November 13, 2003, Harmony announced that it reached an agreement in principle with ARM and African Rainbow Minerals & Exploration Investments (Pty) Ltd, or ARMI, whereby it would enter into a number of transactions which would restructure ARM. The first transaction involved Harmony acquiring ARM's 286,305,263 ordinary shares in Avgold, or 42.2% of Avgold's outstanding share capital, in exchange for 28,630,526 new Harmony ordinary shares to be issued to ARM. The acquisition of ARM's interest in Avgold became unconditional in April 2004, when Harmony was required to make a mandatory offer to the Avgold minority shareholders on the same terms as which it acquired ARM's interest in Avgold. At that time, Harmony and ARM had cross shareholdings in each other whereby Harmony owned a 19% interest in ARM, and ARM owned a 19.84% interest in Harmony. In fiscal 2005, we transferred our investment in ARM to a trust. See *Item 7. "Major Shareholders and Related Party Transactions"* and the consolidated financial statements for a discussion on the treatment of the transaction.

On April 15, 2004, ARM shareholders approved the disposal of their entire shareholding of 286,305,263 ordinary shares in Avgold Limited to Harmony. By way of share exchange, ARM received 1 Harmony share for every 10 Avgold shares held. On May 11, 2004, Harmony announced that its mandatory offer to Avgold minority shareholders was successful and that a total of 62,204,893 Harmony shares were issued to acquire the entire shareholding in Avgold. Avgold owns the Target mine in the Free State. Harmony also disposed of its Kalplats platinum project and associated mineral rights to ARM in exchange for 2 million new ARM ordinary shares issued to Harmony. All of the above described transactions were consummated during May 2004, which resulted in Avgold becoming a wholly-owned subsidiary of Harmony.

On April 28, 2004, we entered into an agreement with Network Healthcare Holdings (Netcare) for the purpose of managing the provision of healthcare services of the Harmony Group. The agreement between Harmony and Netcare forms the first part of a deal that is expected to eventually see the complete outsourcing of the management of Harmony's healthcare activities.

On May 21, 2004, we raised R1.7 billion by way of an issue of convertible bonds to international investors, which reduced our South African interest payments by approximately R85 million per year. In addition to these cost benefits, it also allowed us to consolidate our short term debt. The convertible bonds are Rand denominated and interest is payable semi-annually in arrears at a rate of 4.875% per annum. The convertible bonds may be converted into ordinary shares at a price, including premium of R121.00 per share, from July 1, 2004, until the seventh day prior to the maturity date, which is expected to be on May 15, 2009.

On October 18, 2004, Harmony announced the terms of a proposed merger between Harmony and Gold Fields Limited offering 1.275 newly issued Harmony shares for each Gold Fields Limited share. The proposed merger was structured on the basis of an Initial Offer and a Subsequent Offer. As at December 1, 2004, Harmony had received valid acceptances of the Initial Offer in respect of a total of 57,993,991 shares representing approximately 11.5% of the entire issued share capital of Gold Fields Limited. Between November 30, 2004 and December 14, 2004 Harmony issued 72,173,265 offer shares as consideration for the Initial Offer. On May 20, 2005, the Witwatersrand Local Division of the High Court of South Africa ruled that Harmony's Subsequent Offer for Gold Fields had lapsed at midnight on December 18, 2004. Accordingly, the Subsequent Offer was no longer in force and no Gold Fields shares tendered into the Subsequent Offer were accepted. On June 3, 2005, Harmony disposed of 30 million Gold Fields Limited shares to the value of R2.041 billion. The placement was completed at a price of R71.40 (US\$10.50) per share. Harmony still owns approximately 5.4%, or 26.6 million Gold Fields Limited shares.

On February 3, 2005, Harmony undertook a secondary placing of 3,703,704 shares of its holding in ARM Limited at a price of R27.00 per share. On March 15, 2005, Harmony placed another 3,418,803 of its ARM Limited shares at a price of R29.25 per share. On April 21, 2005, Harmony disposed of its 14% investment in ARM to The ARM Broad-Based Empowerment Trust (the ARM Empowerment Trust) for a cash consideration of R829,827,460 representing a price of R29.00 per ARM share. The ARM Empowerment Trust has been established for the purpose of holding the ARM shares to further facilitate broad-based empowerment in ARM's shareholder base. ARM is Harmony's second largest shareholder and BEE partner holding 16.2% of Harmony. For U.S. GAAP purposes, Harmony did not recognize the transfer of its investment in ARM to the ARM Empowerment Trust as a

sale. See Item 7. “Major Shareholders and Related Party Transactions” and the consolidated financial statements for a discussion on the treatment of the transaction.

Strategy

Harmony is an independent growth oriented company in the gold production business and is distinguished by focused operational and management philosophies that it employs throughout the organization. Harmony’s growth strategy is focused on building a leading international gold mining company through acquisitions, development of organic growth projects and focused exploration. Harmony is currently expanding its production base in South Africa and Australasia, building on Harmony’s position as a leading cost-effective South African gold company in order to enhance its position as one of the world’s senior gold producers. Harmony made a strategic decision during the year to expand its exploration activities. As part of this, regional offices have been set up in Johannesburg, South Africa, Lima in Peru, Perth in Australia and Wau in Papua New Guinea. Harmony’s exploration programme has two components: on-mine exploration which looks for resources within the economic radius of existing mines; and new mine exploration, which is the global search for promising early to advanced stage projects.

The international and South African gold mining industries have been in the recent past and continue to be affected by structural and investment trends moving toward the consolidation of relatively smaller operations into larger, more efficient gold producers with lower, more competitive cost structures. This consolidation enables gold producers to be more competitive in pursuing new business opportunities and creates the critical mass (measured by market capitalization) necessary to attract the attention of international gold investment institutions. Harmony’s current strategy is predominantly influenced by these investment trends, which have already resulted in significant restructuring and rationalization in the South African, Australian and North American gold mining industries. Harmony believes these trends will continue to lead to significant realignments in the international gold production business. Harmony intends to continue to participate in the South African and international restructuring activity to continue to achieve its growth objectives.

Since undergoing a change in management in 1995, Harmony has employed a successful strategy of growth through a series of acquisitions and through the evolution and implementation of a simple set of management systems and philosophies, which Harmony refers to as the “Harmony Way,” and which Harmony believes are unique in the South African gold mining industry. A significant component of the success of Harmony’s strategy to date has been its ability to acquire under-performing mining assets, mainly in South Africa, and in a relatively short time frame to transform these mines into cost-effective production units. The execution of Harmony’s strategy between fiscal 1995 and fiscal 2005 has resulted in the growth of Harmony’s annual gold sales from approximately 650,000 ounces in fiscal 1995 to approximately 2.9 million ounces in fiscal 2005. Despite increased cash operating costs, Harmony has expanded its proven and probable ore reserve base and, as at June 30, 2005, Harmony’s mining operations reported total proven and probable reserves of approximately 54.1 million ounces.

Harmony is managed according to the philosophy that its shareholders have invested in Harmony in order to own a growth stock, which will also participate in movements in the gold price. Accordingly, Harmony has consistently maintained a policy of generally not hedging its future gold production. Harmony’s policy is to eliminate any hedging positions existing within the companies that it acquires as soon as opportunities can be created to do so in sound, commercially advantageous transactions. There may, however, be instances where certain hedge positions in acquired companies need to be kept in place for contractual or other reasons.

The major components of Harmony’s strategy include:

Continuing to implement Harmony’s unique management structure and philosophy.

Harmony implements a simple set of management systems and philosophies, which Harmony refers to as the “Harmony Way”, and which it believes are unique to the South African gold mining industry. This “Harmony Way” is underpinned by the following concepts:

- **Empowered management teams.** At each mining site Harmony has established small, multi-disciplinary, focused management teams responsible for planning and implementing the mining operations at the site. Each of these teams is accountable for the results at its particular site and reports directly to Harmony’s Board.
- **Active strategic management by the Board.** Annual operational goals and targets, including cost, volume and grade targets are established in consultation with the Harmony’s executive committee for each mining site. Each management team develops an operational plan to implement the goals and targets for its mine site. Harmony’s executive committee reviews and measures the results at each mining site on a regular basis throughout the year.

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- **Increased productivity.** Gold mining in South Africa is very labor intensive with labor accounting for approximately 50% of Harmony's costs. To control these costs, Harmony structures its operations to achieve maximum productivity with the goal of having 60% of Harmony's workforce directly engaged in stoping, or underground excavation, and development rock breaking activities. In addition, Harmony has implemented productivity-based bonuses designed to maximize productivity.
 - **A no-frills, low cost ethic.** Harmony has an obsession about lowering its cost base and, to this end, Harmony extensively benchmarks its costing parameters both internally between operations within Harmony and externally against other gold producers.
 - **Systems.** Harmony has implemented sophisticated cost accounting systems and strict ore accounting and ore reserve management systems to measure and track costs and ore reserve depletion accurately, so as to enable it to be proactive in its decision making.

Harmony has implemented the "Harmony Way" at its original mining operations and at each mining property Harmony has acquired since 1995, and has implemented the "Harmony Way" at the Australian operations. By implementing this process, Harmony generally has been able to reduce unit costs significantly while increasing production and extending mine life.

Growing through acquisitions in South Africa and internationally.

Harmony's acquisition strategy in South Africa has been, and will continue to be, pursuing mature, underperforming gold mining operations in which it believes it can successfully introduce the "Harmony Way" to increase productivity, reduce costs and extend mine life. The advantage to acquiring mature, underperforming operations is that they tend to be cheaper to acquire and, particularly for underground operations, much of the required capital expenditure has already been made. Harmony's corporate strategy with respect to acquisition targets is as follows:

- to make acquisitions in addition to pursuing greenfield and brownfield developments when it is economical to do so;
- to acquire mature assets with turnaround potential;
- to acquire assets that fit Harmony's management model; and
- to acquire assets that enhance Harmony's overall resource base.

In South Africa, Harmony continues to explore a number of potential acquisitions. The South African gold mining industry has undergone a significant restructuring since 1990 with the result that a number of gold mining companies owned principally by mining houses have been sold to other gold operators. Harmony believes that this restructuring process has not yet been completed and that there will continue to be opportunities for further acquisitions in South Africa.

Outside of South Africa, Harmony intends to leverage the broad gold mining experience it has gained through acquisitions and existing operations. Through Harmony's existing operations, Harmony has gained extensive underground mining experience. Harmony has also gained extensive experience in surface mining by open cast methods through its acquisition of Kalgold and the open cast operations of Randfontein, New Hampton and Hill 50 and in mechanized mining of greenstone orebodies through Harmony's acquisitions of Bissett, New Hampton and Hill 50. These types of mining are more typical outside of South Africa. Harmony believes that these skills should position it to be able to pursue a broad range of acquisition opportunities. Harmony continues to explore new business opportunities both inside and outside of South Africa including exploration projects gained through its acquisition of Abelle. Harmony may in the future pursue additional suitable potential acquisitions in South Africa or internationally.

Hedge Policy

As a general rule, we sell our gold production at market prices. Currently, we generally do not enter into forward sales, derivatives or hedging arrangements to establish a price in advance for the sale of our future gold production, although we may do so in the future. As a result of this policy, Board approval is required when hedging arrangements are to be entered into to secure loan facilities. Any change to this policy requires ratification by the Board.

Harmony inherited the following forward exchange contracts with the acquisition of Avgold in May 2004:

	June 30, 2005	June 30, 2006	Total
Forward exchange contracts & calls sold US\$ million	—	39.5	39.5
Average Strike US\$/R	—	9.54	9.54

The contracts do not meet the Company's accounting policy hedging criteria and the mark-to-market movement is reflected in the income statement. The mark-to-market of these contracts was a negative R 108 million (US\$16 million) as at June 30, 2005. These values were based upon a spot price of US\$1/R 6.67 and prevailing market interest rates at the time. Independent risk and treasury management experts provided these valuations.

The forward exchange contracts mature on a monthly basis, resulting in cash inflow or outflow, equal to the difference between the strike price of the contracts and the spot price on the particular day. The average strike price of the contracts, are significantly higher than the spot price of US\$1/R 6.67, resulting in significant cash outflows.

Currently, our hedge book is managed by a risk and treasury management services company, which is a joint venture between a major South African bank and a black economic empowerment company.

A substantial proportion of the production of both New Hampton and Hill 50 was already hedged when acquired by Harmony. In fiscal 2002, in line with Harmony's strategy of being generally unhedged, Harmony engaged in a process to reduce the New Hampton and Hill 50 hedge books. In fiscal 2002, Harmony also combined and restructured the overall hedge portfolio of Harmony's Australian operations (including New Hampton and Hill 50). These hedge positions were classified as normal purchase and sale agreements, under which Harmony had to deliver a specified quantity of gold at a future date subject to the agreed-upon prices. In fiscal 2003, Harmony restructured the overall hedge portfolio of the Australian operations again and closed out a significant portion of the inherited hedge book resulting in the remaining hedge agreements not qualifying for hedge accounting treatment. The mark-to-market movements in these contracts are reflected in the income statement. During fiscal 2004, a further 500,000 ounces of the inherited hedge books of both New Hampton and Hill 50 were closed out at a cost of Rand 105 million (US\$14.4 million). As of June 30, 2005, the resulting hedge portfolio covered 495,000 ounces over a five-year period at an average strike price of A\$518 per ounce (\$395 per ounce at an exchange rate of A\$0.762 per \$1.00). Harmony has reduced the remaining hedge positions of the Australian operations gradually by delivering gold pursuant to the relevant agreements as well as through the close out of these hedge agreements.

Description of Mining Business

Exploration

Exploration activities are focused on the extension of existing orebodies and identification of new orebodies both at existing sites and at undeveloped sites. Once a potential orebody has been discovered, exploration is extended and intensified in order to enable clearer definition of the orebody and the potential portions to be mined. Geological techniques are constantly refined to improve the economic viability of prospecting and mining activities.

We conduct exploration activities on our own or with joint venture partners. Our prospecting interests in South Africa measure approximately 100,000 hectares. The area has been reduced from 382,000 hectares, as regional exploration identified focused areas of mineralization, requiring more detailed investigation. Our Australian operations also control prospecting interests, as described below. In addition to ongoing mine site exploration, Harmony has a program of investment in regional exploration. The exploration strategy on these greenstone belts uses geological, geophysical and geochemical techniques to identify broad systems of anomalous gold and associated rock alteration within which gold deposits typically occur as clusters.

Harmony spent approximately \$11.7 million, excluding contributions from joint venture partners, on exploration in fiscal 2005 and the bulk of exploration expenditure was allocated to activities in Australia, Papua New Guinea, South Africa and Peru with smaller expenditures in West Africa and Madagascar. In fiscal 2006, Harmony intends to carry out exploration in South Africa, West Africa, East Africa, Australia, Latin America and Papua New Guinea.

Our exploration program has two components:

- on-mine exploration which looks for resources within the economic radius of existing mines, and
- new mine exploration, which is the global search for early to advanced stage projects.

South Africa: One of the largest exploration ventures within South Africa at the moment relates to exploration being undertaken at our Target mine. This has already added significantly to our resource and reserve base, and work is being undertaken at our Target North and Sun properties.

The geological setting for Target North appears similar to that at Target, with Elsburg, Dreyerskuil and Big Pebble reefs having been identified. There were also intersections of the Maraisdale and Sun reefs, which are thought to be equivalents to the B Reef and Basal Reef respectively. An erratically developed reef has been intersected in some boreholes at the base of the Ventersdorp Conglomerate Formation, and is interpreted to be the Ventersdorp Contact Reef (VCR). The VCR has been mined extensively in the Klerkdorp, West Rand and Far West Rand Goldfields, but has not previously been seen in the Free State Goldfield.

During fiscal year 2005, the project team undertook an extensive exercise to collate and validate data acquired over more than 20 years, to enable a 3D geological model to be constructed and re-interpreted.

A major re-correlation of the Central Rand Group Stratigraphy in boreholes drilled within the project area has been completed. The 3D seismic survey, which was undertaken in 1997/1998, and only partly interpreted, is in the process of being interpreted to the northern limit of the project area. This will assist in validating structure for the 3D geological model. The aim is to produce a robust geological model and resource statement that can be used for further decision-making.

In addition, in order to extend the life of current operations, a number of geological projects have been established on the secondary reef targets. By looking at these reefs on a regional basis, rather than within a specific lease area, new targets for exploration and future mining can be determined in previously unknown areas.

Australasia: Our offshore exploration program in Australasia continues to gain momentum with a number of projects in Australia and Papua New Guinea. Our Australian operations conduct prospecting at various sites within their exploration mineral right areas, which include various types of property rights recognized in Australia covering a total area of approximately 298,355 hectares (737,250 acres). Harmony's exploration strategy in Australia includes exploration on greenstone belts using aeromagnetics, ground magnetics, geochemical, regolith and geotechnical techniques to identify broad systems of anomalous gold and associated rock alteration within which gold mineralization typically occurs. Thereafter, promising targets are drilled to test geological structures and establish the presence of gold mineralization. Should this process be successful in discovering ore, the deposits are then drilled and sampled systematically to determine ore reserves and metallurgical characteristics. Exploration of priority targets within Harmony's holdings, continued to be the focus of regional exploration over the 2005 fiscal year.

Papua New Guinea: Our exploration activities in Papua New Guinea are conducted through Abelle, a wholly-owned subsidiary of Harmony Australia. Abelle owns 100% of the Hidden Valley and Wafi deposits in Papua New Guinea. The Hidden Valley project has an estimated mineral resource of 73.9 million tons at 2.2 grams per ton gold and 30 grams per ton silver for 5.2 million ounces of gold and 71 million ounces of silver. A feasibility study completed by Abelle in December 2003 envisaged construction of a small but profitable mine, which will produce 1.9 million ounces of gold and 25.5 million ounces of silver in phase one. See *Item 4. "Information on the Company — Business — Papua New Guinea Operations — Hidden Valley Project"*. The Wafi Gold project is situated 60 kilometers south-west of Lae in the Morobe province and is an advanced exploration project. The project is held under four contiguous exploration licenses totaling 996 square kilometers and comprises two separate ore systems located within close proximity to each other known as the Wafi Gold Project and the Golpu Copper-Gold Project, or Golpu Project, respectively. The Golpu Project is a porphyry copper-gold deposit. The resource estimate for Golpu is 100 million tons at 1.3% copper and 0.6 grams per ton gold for 1.3 million tons of copper and 2.3 million ounces of gold. The Wafi Gold Project is a high sulphidation gold deposit that contains an inferred resource of 53.3 million tons at 2.5 grams per ton for 4.3 million ounces gold. Prior to the acquisition of the project by Harmony, nearly 65,000 meters of drilling had been completed. Since acquisition, we have completed a further 17,000 meters of both reverse circulation and diamond drilling to further define the shallower portions of the resource and to explore for additional oxide resources. A 6,800 meter diamond drill program is planned for fiscal 2006 at the high grade "link zone" of the Wafi gold deposit. See *Item 4. "Information on the Company — Business — Papua New Guinea Operations — Wafi Project."*

Additional projects nearby include: the Kesiago project, consisting of rock chip, soil sampling and mapping and the Bawaga area, which is a target for exploration; the Moa Creek Prospect, located in rugged terrain 16 kilometers from our Hidden Valley Project, representing an exciting potential new opportunity for discovery of a new stand-alone gold mining operation in Papua New Guinea; and the Kerimenge deposit, a low-sulphidation, epithermal-mesothermal deposit located on the faulted contact between porphyry-diatreme complex and Jurassic-Cretaceous Kaindi metamorphics, approximately 10 kilometers north-east of the Hidden Valley deposit.

Australia: Following the acquisition of Hill 50, we integrated Hill 50's exploration program on the properties south of Kalgoorlie with New Hampton's programs in that area. These programs involve exploration on a combination of freehold title and mineral leases forming an east-west belt extending from Lake Roe to Coolgardie, south of Kalgoorlie. The tenements span a number of geological domains including the Kalgoorlie-Kambalda Belt and the Boulder-Lefroy structure, the Zuleika Shear, the Coolgardie Belt and the Yilgarn-Roe structures. A comprehensive structural-geological and regolith-geochemical review was completed in July 2001 for the Southeast Goldfields

area. This review outlined priority targets within our holdings, which were the focus of regional exploration over the 2002 fiscal year and continued to be the focus of regional exploration during the 2003, 2004 and 2005 fiscal years. Hill 50's exploration has also continued to focus on brownfield and greenfield opportunities at Mt. Magnet and on regional targets. Six targets with the potential for major discoveries and a number of near mine targets to replenish depleted reserves have all been earmarked for drill testing, and a budget of R25 million has been approved for this area.

Through the Hill 50 transaction, we also acquired two development projects in the Northern Territory of Australia: the Maud Creek project and the Brocks Creek project. Maud Creek was an advanced greenfield project based on a recent discovery located close to the historic Yeuralba gold field in the Pine Creek district. The Maud Creek project faces a metallurgical risk associated with the extraction of gold from the ore. The Maud Creek orebody is partially refractory in nature and specific (yet to be finalized) ore processing routes would be required to liberate the gold. The contemplated processes were expected to result in higher capital and operating costs, but were not expected to involve significant technical risk. Interested parties in the Maud Creek Tenements of the Northern Territory extended an option until May 2005 through payment of an additional fee. On December 2, 2004 Harmony entered into an option agreement with Terra Gold Mining Ltd, or Terra Gold, whereby they proposed to purchase the Maud Creek project from Harmony for an initial purchase payment of A\$3 million. Harmony is also entitled to further payments, an additional A\$2 million in Terra Gold shares once the plant has been commissioned (or earlier upon the expiry of a twelve month period) and a further A\$2 million in cash if Terra Gold takes the decision to mine. Harmony will have a 1% royalty over production of more than 250,000 ounces of gold from the project tenements. Terra Gold paid A\$ 400,000 for the option over the project, which they exercised on April 29, 2005. This option payment was offset against the initial purchase payment and the remaining A\$2.6 million has been received.

Brocks Creek is an effort to bring mines formerly operated by AngloGold and Dominion Mining back into production. The Brocks Creek area includes shallow open pits located at Rising Tide, and rights to develop the underground Zapopan and Cosmo Deeps sites. Following the second phase of drilling at the Cosmo Deeps Project, the resource was upgraded from 0.7 million to over 1 million ounces of gold. Further drilling also indicated a potential increase in average grade at depth. In fiscal 2005, Harmony had a total expenditure of A\$8.877 million in combined levels of exploration at New Hampton and Hill 50.

With the exception of the Burnside Joint Venture, or JV, which Hill 50 and Northern Gold NL formed in March 2002 to develop the Brocks Creek project, Harmony's exploration and development projects in Australia are wholly-owned. Our JV was consolidated during fiscal 2005, with the acquisition from AngloGold Ashanti of the Union Reefs Gold Project for a sum of A\$4 million, half of which was payable by Harmony. Located between the JV's current Brocks Creek and Pine Creek projects, the acquisition includes the 2.8 million tonne per annum carbon-in-leach (CIL) gold plant and all site-related infrastructure, which is earmarked as the primary treatment facility for the JV. On September 23, 2005, we announced that we had reached agreement with Northern Gold NL on the divestment of our 50% stake in the Burnside Joint Venture for a consideration of A\$24 million or R117 million. See *Item 8. "Recent Developments."*

In addition, Abelle has a number of exploration projects throughout Australia, inherited from the merger with Aurora, and during fiscal 2005, pursued an active policy to dispose or outsource these projects, as they were considered non core to the development strategy. Most of these interests are managed by third parties. During January 2004, Abelle sold its interest in the Credo project in Western Australia to its joint venture partner, Yilgarn Mining Limited, or Yilgarn, for A\$250,000 and A\$1.75 million of shares in Yilgarn. The Yilgarn shares were disposed of for A\$1.2 million on June 20, 2005.

Peru: During 2005, Harmony continued to evaluate numerous, primarily green field, projects in Peru through the office that was opened in 2003. Harmony Gold Peru was awarded prospecting licenses over two concessions in southern Peru, covering an area of 3,000 hectares. Encouraging sampling results were followed up with detailed sampling programs. Final sampling results obtained during 2004 did not identify any project areas with significant gold mineralization to warrant further exploration work. Eighty projects were reviewed for joint venture potential. Of these, 40 were sampled, but none of these had mineralization potential to warrant exploration work by Harmony. The decision was taken that our office would change its focus to concentrate on opportunities in Latin America rather than just Peru and that the office will be staffed accordingly. A budget of R12 million has been approved for fiscal 2006. The budget excludes any capital expenditure.

Mining

The mining process can be divided into two main phases: (i) creating access to the orebody and (ii) mining the orebody. This basic process applies to both underground and surface operations.

- **Access to the orebody.** In Harmony's South African underground mines, access to the orebody is by means of shafts sunk from the surface to the lowest economically and practically mineable level. Horizontal development at various intervals of a shaft (known as levels) extends access to the horizon of the reef to be mined. On-reef development then provides specific mining access. In Harmony's Australian underground mines access to the orebody is by means of declines. Horizontal development at various

intervals of the decline extends access to the horizon of the ore to be mined. The declines are advanced on a continuous basis to keep ahead of the mining taking place on the levels above. In Harmony's open pit mines, access to the orebody is provided by overburden stripping, which removes the covering layers of topsoil or rock, through a combination of drilling, blasting, loading and hauling, as required.

- **Mining the orebody.** The process of ore removal starts with drilling and blasting the accessible ore. The blasted faces are then cleaned and the ore is transferred to the transport system. In open pit mines, gold-bearing material may require drilling and blasting and is usually collected by bulldozers or shovels to transfer it onto trucks which transport it to the mill.

In Harmony's South African underground mines, once ore has been broken, train systems collect ore from the faces and transfer it to a series of ore passes that gravity feed the ore to hoisting levels at the bottom of the shaft. The ore is then hoisted to the surface in dedicated conveyances and transported either by conveyor belts directly or via surface railway systems or roads to the treatment plants. In addition to ore, waste rock broken to access reef horizons must similarly be hoisted and then placed on waste rock dumps. In the Australian underground mines once ore has been broken it is loaded onto trucks which transports it to the mill. In open pit mines, ore is transported to treatment facilities in large capacity vehicles.

Processing

We currently have twelve metallurgical plants in South Africa and three in Australia that treat ore to extract the gold. The principal gold extraction processes we use are carbon in leach, or CIL, carbon in pulp, or CIP, and carbon in solution, or CIS.

The gold plant circuit consists of the following:

- **Comminution.** Comminution is the process of breaking up the ore to expose and liberate the gold and make it available for treatment. Conventionally, this process occurs in multi-stage crushing and milling circuits, which include the use of jaw and gyratory crushers and rod and tube and ball mills. Our more modern milling circuits include semi or fully autogenous milling where the ore itself is used as the grinding medium. Typically, ore must be ground to a minimum size before proceeding to the next stage of treatment.
- **Treatment.** In most of our metallurgical plants, gold is extracted into a leach solution from the host ore by leaching in agitated tanks. Gold is then extracted onto activated carbon from the solution using the CIL, CIP or CIS process.

Gold in solution from the filter plants is recovered using zinc precipitation. Recovery of the gold from the loaded carbon takes place by elution and electro-winning. Because cathode sludge produced from electro-winning is now sent directly to our refinery, most of the South African plants no longer use smelting to produce rough gold bars (dore). Harmony's Australian plants and its South African zinc precipitation plants continue to smelt precipitate to produce rough gold bars. These bars are then transported to our refinery or in the case of the Australian plans, to an independent refinery, which is responsible for refining the bars to a minimum of good delivery status.

We operate the only independent gold refinery and fabrication plant in South Africa. In fiscal 2003, approximately 85% of Harmony's South African gold production was refined at Harmony's refinery and the remainder was refined at the Rand Refinery, which is owned by a consortium of the major gold producers in South Africa. During fiscal 2004, 83% of Harmony's South African gold production was refined at Harmony's Refinery and approximately 83% during fiscal year 2005. The balance was refined at Rand Refinery. The Australian gold production is refined in Australia at an independent refiner, AGR Matthey.

The Harmony Refinery has developed a number of product lines comprising: branded gold bullion, comprising both large and small bars and granules. We are able to sell to markets such as India, the Middle East and East Asia among others; jewelry alloys, including plate, strip, grain and wire manufactured in 9ct — 18ct yellow, white and red gold for casting or bench work, fine silver granules and crystals, low-tarnish sterling silver, solders as paste or blocks in gold, silver and platinum, bangles, wedding rings and coin blanks, semi manufactured and custom made orders; industrial gold and silver, including silver anodes for the electroplating industry and 99.999% gold for high purity applications, gold fuse wire and connectors; dental alloys, including an extensive range of casted and bonding alloys, solders and wire meeting restoration requirements. All of our products comply with South African and international standards and where required, custom engineered products are available. In fiscal 2005, Harmony had refinery capacity of 100 tonnes per year. Harmony spent approximately Rand 6 million (\$0.9 million) (compared to Rand 4.8 million (\$0.7 million) in fiscal 2004) on capital expenditures at its refinery in fiscal 2005.

The South African government has emphasized that the production of value-added fabricated gold products, such as jewelry, is an important means for creating employment opportunities in South Africa and has made the

promotion of these beneficiation activities a requirement of the Mining Charter described in *Item 4. "Information on the Company — Regulation-Mineral Rights."* Harmony's beneficiation initiatives have benefited from the expansion and improvement of Harmony's refinery. Harmony supports jewelry ventures in South Africa.

Services and Supplies

Mining activities require extensive services, located both on the surface and underground. These services include mining-related services such as mining engineering (optimizing mining layouts and safe mining practices), planning (developing short-term and long-term mining plans), ore reserve management (to achieve optimal orebody extraction), ventilation (sustaining operable mining conditions underground), provision of supplies and materials, and other logistical support. In addition, engineering services are required to ensure equipment operates effectively. Unlike many other South African gold producers, we generally provide only those services directly related to mining. In some cases, other services are provided by outside contractors. In Australia, contractors are hired to perform the open pit and underground mining. We provide medical services to employees at our Free State, Evander and Randfontein hospitals and have outsourced the function to another hospital in Orkney. During fiscal 2004, Harmony entered into a joint venture agreement with Netcare Healthcare Holdings to outsource the management of Harmony's healthcare.

We commenced a Services Transformation Project (STP) in June 2005 which concentrates on re-aligning the services departments as well as our staffing and systems as a way to reduce cash operating costs. The STP has been set up to help us improve the services we provide to our mining operations. We believe there are opportunities in services to transform them into businesses in their own right. Our targets are to reduce costs as well as to improve client satisfaction. The STP plans to address this in a focused and sustainable way. While there is no pre-determined plan, we are following a three phase process of: (i) analyzing or diagnosing the current situation throughout our operations (phase one); (ii) redesigning the services where appropriate (phase two); and (iii) implementing the services, staffing and systems in a sustainable way (phase three).

The Mining Charter described in *Item 4. "Information on the Company – Regulation – Mineral Rights"* establishes a policy of preferred supplier status according to enterprises controlled by members of historically disadvantaged groups when those enterprises are able to offer goods and services at competitive prices and quality levels. We believe that our procurement policy is consistent with this policy.

Harmony's Management Structure

As part of the "Harmony Way," we structure our mining operations in a way that we consider to be unique in the South African gold mining industry. Our operational structure is based on small, empowered management teams at each production site, which may include one or more underground mine shafts or open cast sites. These management teams are fully responsible for planning and executing the mining at the production site and report directly to our three Operations Directors. We have consciously maintained an internal focus, despite the time taken up with the Gold Fields bid process. As part of this, in February 2005, we re-aligned our management structures so as to reposition key managers to oversee the company's operational and growth strategy. Specifically, Graham Briggs, who was the country manager in Papua New Guinea, has assumed responsibility for the Australasian portfolio, becoming Chief Executive of Harmony Australasia. In South Africa, three senior operational leaders, Philip Kotze, Peter Steenkamp and Bob Atkinson, have been appointed operations directors for the quality assets, leveraged assets and growth assets, respectively. The change in the management structure of our South African operations is part of an initiative to group together assets in line with their strategic roles and the different skill sets required to manage them. While the leveraged operations generally require a more short-term, flexible and lean approach, the quality assets require investment over a longer time horizon. This grouping has also enabled increased focus on the completion of the growth projects and in turning them into mines.

Each management team consists of an ore reserve manager, a mining manager, a financial manager, an engineering manager and a human relations manager. Each member of the management team has an individual area of responsibility: the mining manager is responsible for rock breaking and safety; the ore reserve manager is responsible for geology and ore reserves; the financial manager is responsible for financial management; the engineering manager is responsible for maintaining equipment; and the human relations manager is responsible for manpower issues. One of the managers is appointed as the team captain. Financial incentives are provided for the production team at each site based on the production and efficiency at the site.

Placing management power at the level of the actual production sites has resulted in greater flexibility, innovation and quicker decision-making than the more traditional management structures at South African gold mines. It also means that we operate without multiple levels of management. This contributes to decreased overhead costs, which has a positive impact on the payable portion of our mineral resources. In addition, the reduced management structure is important in facilitating Harmony's goal of having 60% of its work force being directly involved in actual mining as opposed to the industry standard of 40%. We believe that this initiative has resulted in increased productivity.

With respect to our South African operations, Harmony and the United Association of South Africa have signed an agreement to redefine the traditional role of shift boss to that of a production coach. This initiative, Mining the Harmony Way, re-aligns the organization at the operational level in so far that the principal feature of this initiative is to allow the production coaches to focus on safety promotion rather than pure production efforts. The compensation structure has been changed so that production coaches will not receive incentive compensation based on production levels.

The traditional mine overseer is now termed the legal compliance officer and has a varying number of production coaches appointed below him. Additionally, the legal compliance officer and the production coaches spend the entire eight-hour working shift underground with the mining teams, in contrast with the four hours shift bosses and mine overseers typically spent with the mining teams. This directs the legal compliance officer and the production coaches' technical expertise to be available to the production crews on the face. It has been proven in Harmony that this methodology promotes a safe production environment for the production teams and enhances career development for previously disadvantaged individuals.

Capital Expenditures

Capital expenditures, including the non-cash portion, incurred for fiscal 2005 totaled approximately \$140.8 million, compared with \$126.5 million for fiscal 2004 and \$209 million for fiscal 2003. The focus of Harmony's capital expenditures in recent years has been underground development and plant improvement, upgrades and acquisitions, and management currently expects this focus to continue in fiscal 2006. The increase in capital expenditures in fiscal 2005 compared with fiscal 2004 resulted from the commencement of infrastructure establishment in Papua New Guinea and further investment in the Doornkop South Reef Project. The decrease in capital expenditure in fiscal 2004 compared with fiscal 2003 was as a result of downscaling at the Elandskraal and Australian operations as well as the appreciation of the Rand against the US dollar. Harmony has budgeted approximately \$236 million for capital expenditures in fiscal 2006. Details regarding the capital expenditures for each operation are found in the individual mine sections under "Business – Harmony's Mining Operations." We currently expect that our planned capital expenditures will be financed from operations and existing cash and investments on hand. However, if we decide to expand major projects such as the Poplar Project and the Rolspruit Project at Evander beyond our current plans, we may consider alternative financing sources described below. See *Item 4. "Information on the Company – Business – Harmony's Mining Operations – Evander Operations."*

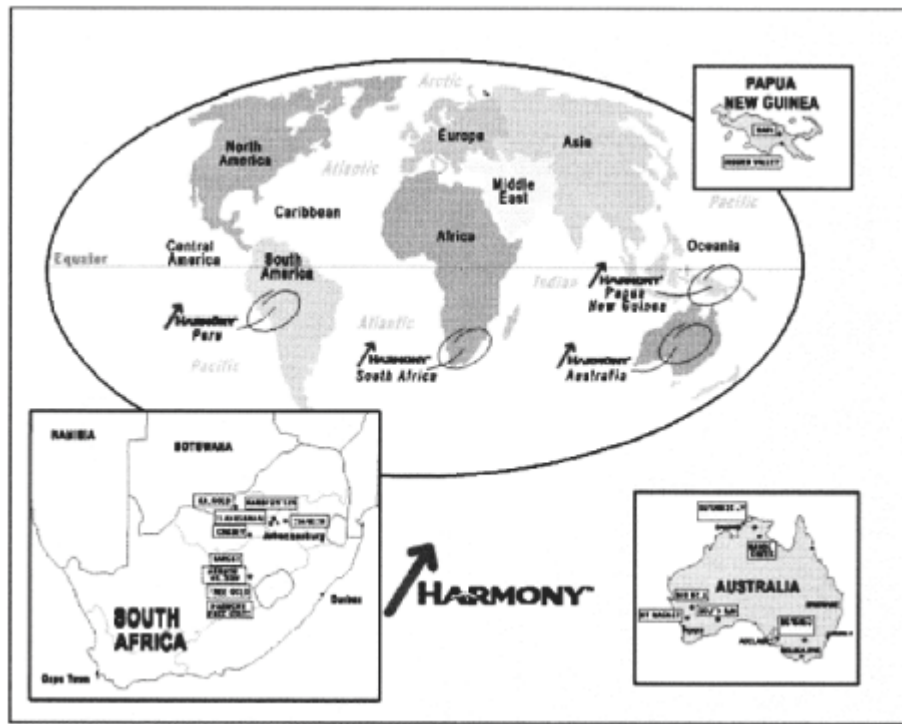
Description of Property

Harmony's operational mining areas in South Africa comprise the Free State operations of 55,801 acres, the Evander area of 91,178 acres, the Randfontein area of 41,026 acres, the Kalgold area of 5,259 acres, the Elandskraal area of 22,864 acres, the Free Gold area of 35,582 acres and the Target area of 10,469 acres. Harmony's operational mining areas (granted tenements) in Australia comprise the combined Mt. Magnet – Big Bell area of 252,114 acres, the South Kalgoorlie area of 222,647 acres and active holdings in the Northern Territories (the Burnside Joint Venture) that total 288,083 acres. We sold our interest in the Burnside Joint venture on September 23, 2005. See *Item 8 "Recent Developments"*. We also own, control or share in additional mineral rights that have not been brought to production.

In line with the rest of the South African mining industry, we have been rationalizing our mineral rights holdings in recent years. Accordingly, over the past three years, we have disposed of our shares and our participation rights in areas in, as well as outside of, South Africa in which we have not actively pursued mining. We may continue to investigate further disposals.

The following pages contain maps of our South African and worldwide operations and interests.

WORLDWIDE OPERATIONS



Geology

The major portion of our South African gold production is derived from mines located in the Witwatersrand Basin in South Africa. The Witwatersrand Basin is an elongate structure that extends approximately 300 kilometers in a northeast-southwest direction and approximately 100 kilometers in a northwest-southeast direction. It is an Archean sedimentary basin containing a six-kilometers thick stratigraphic sequence consisting mainly of quartzites and shales with minor volcanic units.

Conglomerate layers occur in distinctive depositional cycles or packages within the upper, arenaceous portion of the sequence, known as the Central Rand Group. It is within these predominately conglomeratic units that the gold-bearing alluvial placer deposits, termed reefs, are located.

The differences in the morphology and gold distribution patterns within a single reef, and from one reef to the next, are a reflection of the different sedimentary processes at work at the time of placer deposition on erosional surfaces in fluvial and littoral environments.

Within the various goldfields of the Witwatersrand Basin there are major and minor fault systems, and some of the normal faults have displaced basin-dipping placers upwards in a progressive step-like manner, enabling mining to take place at accessible depths.

The majority of Harmony's South African gold production is derived from auriferous placer reefs situated at different stratigraphic positions and at varying depths below surface in three of the seven defined goldfields of the Witwatersrand Basin.

Harmony's production from the Australian operations and South African Kalgold operations are sourced from Archean greenstone gold deposits. These types of deposits are formed by the interaction of gold-bearing hydrothermal fluids with chemically or rheologically suitable rock types. The hydrothermal fluids are typically focused along conduits termed shear zones. The nature of the shear zone and the host rock determines the style of the mineralization, which may be narrow veins with high gold grades or wide disseminated mineralization with low-medium grades. Frequently the two styles occur together.

At Harmony's Papua New Guinea operations, the sedimentary/volcaniclastic rocks of the Owen Stanley Formation that surround the Wafi Diatreme host the gold mineralization at the Wafi project. Gold mineralization occurs as extensive high-sulphidation epithermal alteration overprinting porphyry mineralization and epithermal style vein-hosted and replacement gold mineralization with associated wall-rock alteration. The Golpu Copper-Gold project is located about 1 kilometer northeast of the Wafi gold orebody. It is a porphyry (Diorite) copper-gold deposit. The host lithology is a diorite that exhibits a typical zoned porphyry copper alteration halo and the mineralized body can be described as a porphyry copper-gold 'pipe'. Harmony's Hidden Valley project comprise low sulphidation carbonate-base metal-gold epithermal deposits within the Morobe Goldfield, in the Morobe Province of Papua New Guinea. In the Hidden Valley project area a batholith of Morobe Granodiorite (locally a coarse grained monzogranite) is flanked by fine metasediments of the Owen Stanley Metamorphics. Both are cut by dykes of Pliocene porphyry ranging from hornblende-biotite to feldspar-quartz porphyries. A number of commonly argillic altered and gold anomalous breccias are known, including both hydrothermal and overprinting structural breccias. The Hidden Valley deposit area is dominated by a series of post Miocene faults controlling the gold mineralization, including an early north trending set and the main northwest faulting.

Reserves

Despite mining 3.1 million mill-delivered ounces in fiscal 2005 and the implementation of a wide-ranging restructuring of our South African operations, our ore reserves declined by only 13% during the course of the year. As at June 30, 2005, Harmony reported total proven and probable ore reserves of 54.1 million ounces as set forth in the following table. The gold price used to state our reserves is unchanged at R92,000 per kilogram and continues to be our expectation of the sustainable gold price in real terms. The gold price used is a combination of a US\$380 per ounce and an exchange rate of R7.53 per US dollar. In Australia, for ore reserve calculation purposes a gold price of A\$540 per ounce was used which equates to US\$380 per ounce at an exchange rate of A\$1.42 per US dollar.

The year-on-year comparison set forth below reconciles the ore reserves declaration of Harmony at June 30, 2004 to that at June 30, 2005. A significant component of the decrease in our ore reserves arises from the restructuring and downscaling of certain of the South African operations and the consequent downgrade of 3.0 million ounces from ore reserves to mineral resources. Depletion accounts for another 3.1 million ounces. In addition, follow-up work carried out in late 2004 resulted in a restatement of the Rolspruit ore reserves which decreased by 2.4 million ounces and the downgrade of 0.7 million ounces of reserves to inferred resources in life-of-mine at Masimong. On the positive side, exploration and more detailed mine planning for the future resulted in the addition of 1.1 million ounces to ore reserves.

Year-on-year reconciliation of Harmony's ore reserves

	Gold (million ounces)
Balance at June 30, 2004	62.2
Re-statements	(3.1)*
Mined during fiscal 2005	(3.1)**
Less impact of re-structuring shafts	(3.0)
Added through exploration	1.1
Balance at June 30, 2005	54.1

* Exclusive of depletion

** Ounces based on mill delivered grades

Of the company's 54.1 million ounces of ore reserves, 44.4 million ounces are classified as current reserves (above infrastructure) while the balance of 9.7 million ounces is classified as below infrastructure, i.e. reserves for which the capital expenditure has yet to be approved. At certain operations in Evander and the Free State, which have aggregate above infrastructure ore reserves totaling 10.1 million ounces, we will have to deliver on our past restructuring plans to drive down the long-term cost structure to levels below current costs in order for those operations to remain profitable at a long-term gold price of R92,000 per kilogram.

The SAMREC Ore Code, which sets out the internationally recognized procedures and standards for reporting of mineral resources and reserves in South Africa, has been used for the declaration of Harmony's South African ore reserves. This code was developed by the South African Institute of Mining and Metallurgy and is the recommended guideline for reserve and resource reporting for companies listed on the JSE Limited. In reporting of reserves, we have complied with Industry Guide 7 of the United States Securities and Exchange Commission. Harmony's Australian and Papua New Guinea ore reserves are compliant with the Australian Code for the Reporting of Ore Reserves (JORC code) of the Australian Institute of Mining and Metallurgy. Harmony uses the term 'ore reserves,' which has the same meaning as 'mineral reserves', as defined in the SAMREC

code.

In order to define that portion of a measured and indicated mineral resource that can be converted to a proven and probable ore reserve, Harmony applies the concept of a cut-off grade. This is done by defining the optimal cut-off as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximized. The cut-off grade is determined using the company's Optimiser computer program which requires the following as input:

- the database of measured and indicated resource blocks (per shaft section);
- an assumed gold price which, for this ore reserve statement, was taken as R92,000 per kilogram;
- planned production rates;
- the mine recovery factor (MRF) which is equivalent to the mine call factor multiplied by the plant recovery factor; and
- planned cash operating costs (Rand per tonne).

Rand per tonne cash operating costs are historically based, but take cognizance of distinct changes in the cost environment such as restructuring, right-sizing, and other cost reduction initiatives, and for below infrastructure ounces, an estimate of capital expenditure.

The ore reserves represent that portion of the measured and indicated resources above cut-off in the life-of-mine plan and have been estimated after consideration of the factors affecting extraction, including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors. A range of disciplines which includes geology, survey, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management, and environmental management have been involved at each mine in the life of- mine planning process and the conversion of resources into reserves. The overflow-related modifying factors used to convert the mineral resources to ore reserves through the life-of-mine planning process are stated for each individual shaft. For these factors, 18 month historical information is used, except if there is a valid reason to do otherwise. Because of depth and rock engineering requirements, some shafts design stope support pillars into their mining layouts which accounts for 7% to 10% discounting. A further 15% discounting is applied as a life-of-mine factor to provide for unpay and off-reef mining. In general, the life-of-mine plan extraction factors do not exceed 85%, and are reflected in the ore reserves.

Harmony's standard for narrow reef sampling with respect to both proven and probable reserve calculations for underground mining operations at Elandskraal, Free State, Evander, Randfontein, Free Gold, Orkney and Target is applied on a 6 meter by 6 meter grid. Average sample spacing on development ends is at 2 meter intervals in development areas. For the massive mining at the Target operations, the Harmony standard for sampling with respect to both proven and probable reserves are fan drilling with "B" sized diamond drill holes (43mm core) sited at 50 meter spaced sections along twin access drives. Harmony's standard for sampling with respect to both proven and probable reserves at its Australian underground operations include sampling development drives and crosscuts at intervals of up to 4 meters, drilling fans of diamond drill boreholes with a maximum spacing of 20 meters in any orientation within the ore bodies, and assaying core at 1 meter intervals. The Kalgold open cast operations are sampled on diamond drill and reverse circulation drill spacing of no more than 25 meters on average. Surface mining at South African operations other than Kalgold involves recovering gold from areas previously involved in mining and processing, such as metallurgical plants, waste rock dumps and tailings dams (slimes and sand) for which random sampling is used. Australian surface operations are sampled on diamond drill and reverse circulation drill spacing of no more than 20 meters on average.

Our mining operations' reported total proven and probable reserves as at June 30, 2005 are set out in the following table:

Ore reserve statement (Imperial) as at June 30, 2005

Operations	Proven Reserves			Probable Reserves			Total Reserves		
	Tons (million)	Grade (oz/ton)	Gold oz (million)	Tons (million)	Grade (oz/ton)	Gold oz (million)	Tons (million)	Grade (oz/ton)	Gold oz ¹ (million)
S.A. Underground									
Elandsdraal	4.72	0.251	1.18	23.59	0.275	6.48	28.31	0.271	7.66
Free State	11.55	0.146	1.69	17.72	0.141	2.49	29.27	0.143	4.18
Randfontein	5.22	0.180	0.94	12.42	0.141	1.75	17.64	0.153	2.69
Evander	8.40	0.182	1.53	20.04	0.200	4.02	28.44	0.195	5.55
Evander (below infrastructure)				44.61	0.219	9.78	44.61	0.219	9.78
Target	7.68	0.206	1.58	19.72	0.162	3.20	27.40	0.175	4.78
Kalgold (open cast)	0.30	0.078	0.02	1.62	0.067	0.11	1.91	0.069	0.13
Free Gold	16.94	0.204	3.45	46.49	0.211	9.81	63.42	0.209	13.26
Orkney (ARMgold)	6.30	0.186	1.17	7.56	0.136	1.03	13.87	0.159	2.20
Total S.A. Underground	61.12	0.189	11.57	193.76	0.200	38.66	254.88	0.197	50.23
S.A. Surface									
Target				0.24	0.018	0.004	0.24	0.018	0.004
Free State	24.17	0.012	0.29	2.89	0.014	0.04	27.06	0.012	0.33
Randfontein	2.16	0.021	0.05	0.53	0.043	0.02	2.69	0.025	0.07
Kalgold (surface stockpile)	0.59	0.037	0.02				0.59	0.037	0.02
Free Gold	2.73	0.012	0.03	7.00	0.022	0.16	9.73	0.020	0.19
Total S.A. Surface	29.65	0.013	0.39	10.66	0.021	0.22	40.31	0.015	0.61
Australian Operations²									
Northern Territory	0.06	0.406	0.02	0.99	0.083	0.08	1.05	0.101	0.11
Mt. Magnet	2.03	0.047	0.10	3.87	0.138	0.53	5.91	0.106	0.63
South Kalgoorlie	2.25	0.050	0.11	2.30	0.091	0.21	4.55	0.070	0.32
Total Australian Operations	4.34	0.053	0.23	7.16	0.115	0.82	11.50	0.092	1.05
Papua New Guinea³									
Hidden Valley	3.00	0.099	0.30	19.57	0.086	1.69	22.57	0.088	1.99
Hamata	0.82	0.080	0.07	2.25	0.085	0.19	3.07	0.084	0.26
Total Papua New Guinea Operations	3.82	0.095	0.37	21.82	0.086	1.88	25.64	0.087	2.25
TOTAL OPERATIONS	98.93	0.127	12.56	233.40	0.178	41.58	332.33	0.163	54.14

¹ Gold oz figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tons and head grades.

² Includes reserves from underground and surface mining at each of the Australian operations.

³ Includes reserves from underground and surface mining at the Papua New Guinea operations.

The numbers shown in the table above are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tons and head grades. Metallurgical recovery factors have not been applied to the reserve figures stated above. The approximate metallurgical recovery factors for the table above are as follows: (a) Elandskraal 95.6%; (b) Free State 95%; (c) Randfontein 96.5%; (d) Evander 96.7%; (e) Kalgold 82%; (f) the Free Gold assets 97%; (g) Orkney 93%; (h) Target 97.5%; (i) Big Bell 86%; (j) Northern Territory 94.7%; (k) Mt. Magnet 93%; (l) South Kalgoorlie 92%; (m) Papua New Guinea 92.9%.

Harmony's Mining Operations — Overview

In South Africa, we conduct underground mining at seven sites:

- Elandskraal
- the Free State
- Randfontein
- Evander
- Free Gold
- ARMgold and
- Avgold

We conduct surface mining at five sites:

- the Free State
- Randfontein
- Free Gold
- Kalgold and
- Target

Surface mining conducted at the South African operations other than Kalgold involves recovering gold from areas previously involved in mining and processing, such as metallurgical plants, waste rock dumps and tailings dams (slimes and sand).

In Australia, we presently conduct mining principally at two sites, the Mt. Magnet operations (which were acquired in the Hill 50 transaction) and the South Kalgoorlie operations (which include the Jubilee operations acquired in the New Hampton transaction and the New Celebration operations acquired in the Hill 50 transaction). Underground and surface mining is conducted at each of the remaining operations, with underground access through two declines at Mt. Magnet and one decline at South Kalgoorlie and surface access principally through open pits. Underground operations at Big Bell ceased in July 2003 as mining there had become uneconomical due to low grade and the Big Bell plant was sold in December 2003. Surface mining will, however, continue in certain areas of the Big Bell tenements, with ore to be processed at the Mt. Magnet plant. Surface mining at South Kalgoorlie will cease in fiscal 2006 and treatment will concentrate on Mt. Marion and lowgrade stockpiles.

The following discussion is a three-part presentation of our operations: (i) an overview of our South African and Australasian operations; (ii) a regional analysis presented for both underground and surface operations; and (iii) a production analysis at the individual shaft or mine level based on the new groupings (quality/leveraged/growth/surface) developed by management.

South African Mining Operations – General

Elandskraal Operations

Introduction. On January 31, 2001, Harmony entered into an agreement to purchase the assets and liabilities of the Elandskraal mines in the North West and Gauteng provinces of South Africa for approximately Rand 1 billion. Harmony and AngloGold jointly managed the Elandskraal mines between February 1, 2001 and April 9, 2001 and Harmony completed the purchase on April 9, 2001. In fiscal 2005, the Elandskraal operations accounted for approximately 7% of Harmony's total gold sales. The assets and liabilities of the Elandskraal mines include the mineral rights and mining title (excluding a portion of the Carbon Leader Reef horizon, which AngloGold continues to mine), mining equipment, metallurgical facilities, underground and surface infrastructure necessary for the continuation of mining, ore treatment and gold extraction at Elandskraal as a going concern, and contributions to a rehabilitation trust fund equivalent to the current rehabilitation liability of this operation. The addition of Elandskraal to Harmony's operations increased Harmony's reserves by approximately 9.9 million ounces.

History. Gold mining began at Elandskraal in 1978 following approval of the project in 1974 by Elandsrand Gold Mining Company for the Elandsrand operations and by Gold Fields of South Africa Ltd. for the Deelkraal operations. Two surface shafts and two

adjoining sub-vertical shafts were sunk at Elandsrand and Deelkraal. The sub-vertical shafts at Elandsrand were completed in 1984, which accessed a deeper reef in the lease area. The sub shaft deepening project, or SSDP, the deepening of the sub-vertical shafts to approximately 3,600 meters

below surface, has been completed. Activities are currently focused on accessing and opening up areas of the new mine and on the development and construction of support infrastructure. Harmony believes that the SSDP will enable Elandskraal to produce approximately 450,000 ounces per year over the life of the mines.

Geology. Elandskraal contains three identified main reef groupings, the Ventersdorp Contact Reef, or VCR, the Carbon Leader Reef, or CLR and the Mondeor Reef. Only the VCR is economic to mine and has been mined at depths below surface between 1,600 and 2,800 meters with future production to 3,300 meters below surface at the Elandsrand operations and at depths below surface of 2,750 meters at the Deelkraal operations. The VCR and CLR consist of narrow (20 centimeters to 2 meters) tabular orebodies of quartz pebble conglomerates hosting gold, with extreme lateral continuity.

At the Elandsrand operations, the vertical separation between the VCR and CLR increases east to west from 900 meters to 1,300 meters as a result of the relative angle of the VCR unconformity surface to the regional stratigraphic strike and dip. The CLR strikes west-southwest and dips to the south at 25 degrees. The VCR strikes east-northeast and has a regional dip of 21 degrees to the south-southeast. Local variations in dip are largely due to the terrace-and-slope palaeotopography surface developed during VCR deposition.

The dip of the VCR at the Deelkraal operations is relatively consistent at 24 degrees, although there is some postulation of a slight flattening of dip at depth. The VCR has a limit of deposition running roughly north-south through the center of the lease area. The VCR is not developed to the west of this line. Some stoping has occurred to the west of this limit, but this was to exploit reefs from the Mondeor Conglomerates, stratigraphically underlying the VCR.

Mining Operations. The Elandskraal operations are divided into the Elandsrand and the Deelkraal mines. The Elandsrand mine engaged in both underground and waste rock mining. The Deelkraal mine engaged in underground mining but as a result of the lower gold price in rand terms (taking into account the stronger rand as against the US dollar) the production was stopped in June 2004 and remained closed during fiscal 2005. Vamping and reclamation operations are ongoing at this time. The treatment of waste rock became uneconomical and was discontinued during January 2004. These operations are subject to all of the underground and waste rock mining risks detailed in the Risk Factors section.

Due to the operating depths of the Elandskraal underground operations, seismicity and pressure related problems are a risk. Harmony regularly revisits its mining strategy and management procedures at all of its deeper mining operations in connection with its efforts to mitigate this risk. The primary challenges facing the Elandskraal operations are the lowering of working costs, increasing mining flexibility, controlling capital expenditure and the timely completion of the SSDP.

Following our acquisition of Elandskraal, we implemented the "Harmony Way" at Elandskraal in an effort to cut costs and increase productivity, which resulted in the retrenchment of approximately 1,450 employees. This has improved the overall cost structure, which has enabled us to pursue capital development.

The Elandsrand mine, a mature mine with a declining production profile, has the challenge of a new mine being developed underneath the old mine. The nature of the different activities underway negatively impacted on the performance of the shaft during fiscal 2004. Due to scaling of the waste and reef orepasses, a program to rehabilitate the orepass system was put in place. This resulted in the temporary tipping of waste into the reef orepass system, which typically results in dilution in recovery grade and a distorted cash cost/ton profile. The problem was finally resolved in February 2004, and resulted in an improvement in recovery grade. A fire during the quarter ended September 30, 2003 resulted in the loss of three working shifts. Production was also affected by a blockage in the orepass during the quarter ended June 30, 2004. Seismic events during the quarters ending September 30, 2003 and June 30, 2004 resulted in three fatalities. Development was delayed as a result. Although this had an impact on the development for the period, it did not impact on the longer term production plan.

During August and September 2004, a major restructuring plan was implemented at Elandsrand. Along with the implementation of CONOPS between August 2004 and February 2005, production improved. Even so, it is still hampered by the a lack of flexibility, an issue that will be addressed by the commissioning of the new mine. Capital development on two levels has been completed. Cash operating cost development is taking place in both easterly and westerly directions on these levels. Access development delays on two other levels resulted from slow progress of the access haulages through the Cobra Dyke. All the levels up to 113 Level are now through and developments rates have picked up substantially. Development and construction of support infrastructure has progressed well. Work on the chambers for the refrigeration plants on 100 Level and the pump chamber on 115 Level is proceeding. The project is expected to be completed by the middle of fiscal 2008 and is expected to have a life of mine of 18 years. From the inception of the project through the end of fiscal 2005, R452 million has been expended. A further R158 million has been budgeted to complete the project.

An agreement for the implementation of CONOPS at Deelkraal was reached with the respective unions on December 19, 2003. Due to delays, it was only fully operational by April 2004. Despite this, production at the Deelkraal mine was stopped in June 2004 as a result of the reduction in the Rand-denominated price of gold which made mining at the shaft uneconomical. During fiscal 2005 the Deelkraal mine was only operating as a service shaft.

During fiscal 2005, the safety record at the Elandskraal mine in terms of lost time frequency rate (24.37) compared unfavorably with the group average of 18.38. Significant work was done to address the seismic event described above and the fatality frequency rate (0.19) returned to a favorable comparison with the group average of 0.25 for underground operations. Safety standards from other Harmony operations are being applied at Elandskraal and receive constant and high-level attention. Where problems are identified, steps are being taken to address the situation. The Executive for Sustainable Development is responsible for leading initiatives to improve workplace health and safety at Harmony's South African operations. See Item 6. "Directors and Senior Management — Board Practices."

Plants. Commissioned in 1978, the Elandsrand Plant has milling in closed circuit with primary and secondary hydrocyclones, secondary ball milling in closed circuit with hydrocyclones, thickening and cyanide leaching in a CIP pump cell carousel circuit. The CIP was commissioned after an upgrade of the facility in 1999. Following post-acquisition capital improvements, loaded carbon milled at the Elandsrand Plant is transported by road to the Cooke Plant at Randfontein for elution, electro-winning and smelting to produce gold. Residues from the CIP are pumped either to a backfill plant or directly to the tailings facility. Ore from Elandsrand underground operations are delivered to the plant for treatment.

The following table sets forth processing capacity and average tons milled during fiscal 2005 for the plant:

Plant	Processing Capacity (tons/month)	Average milled for the fiscal year June 30, 2005 (tons/month)
Elandsrand Plant	190,000*	84,877

In fiscal 2005, the Elandsrand Plant recovered approximately 97.24% of the gold contained in the ore delivered for processing.

* Processing capacity assumes optimal capacity upon completion of the Elandsand New Mine Project.

Randfontein Operations

Introduction. The Randfontein gold mine is located in the Gauteng Province of South Africa, approximately thirty kilometers west of Johannesburg. The Randfontein mine currently operates under a mining authorization with a total area of 17,753 hectares. The Randfontein mine has both underground and surface mining operations, and has two metallurgical plants. Underground mining is conducted at Randfontein at depths ranging from 500 meters to 2,500 meters. In fiscal 2005, Harmony's Randfontein operations accounted for approximately 11% of Harmony's total gold sales.

History. Gold mining began at the Randfontein mine in 1889. Harmony obtained management control of Randfontein in January, 2000 and by June 30, 2000 had acquired 100% of Randfontein's outstanding ordinary share capital and 96.5% of the warrants to purchase ordinary shares of Randfontein.

Since acquiring Randfontein, we have implemented the "Harmony Way" at Randfontein. We have reduced the number of senior managers, sold off non-core assets and implemented management teams.

Geology. The Randfontein mine is situated in the West Rand Goldfield of the Witwatersrand Basin, the structure of which is dominated by the Witpoortjie and Panvlakte Horst blocks, which are superimposed over broad folding associated with the southeast plunging West 50 Rand Syncline. The structural geology in the north section of the Randfontein mine is dominated by a series of northeast trending dextral wrench faults.

The Randfontein mine contains six identified main reef groupings: the Black Reef; the Ventersdorp Contact Reef; the Elsburg Formations; the Kimberleys; the Livingstone Reefs; and the South Reef. Within these, several economic reef horizons have been mined at depths below surface between 600 and 1,260 meters.

The reefs comprise fine to coarse grained pyritic mineralization within well developed thick quartz pebble conglomerates or narrow single pebble lags, which in certain instances are replaced by narrow carbon seams.

Mining Operations. The Randfontein operations are engaged in both underground and waste rock mining. These operations are subject to all of the underground and waste rock mining risks detailed in the Risk Factors section, and have historically also been subject to the open pit mining risks. Due to the shallow to moderate depths of the operations, seismicity and pressure related problems are infrequent. There is a risk of subterranean water and/or gas intersections in some areas of the mine. However, this risk is mitigated by active and continuous management and monitoring, which includes the drilling of boreholes in advance of faces. Where water and/or gas is indicated in the drilling, appropriate preventative action is taken.

The Doornkop South Reef Project was announced on January 22, 2003. It is estimated that the South Reef project has an in situ resource of 6.6 million ounces. For project purposes, it is estimated that 93,000 tons or 2.7 million ounces of gold will be recovered from the resource at a recovery grade of 0.191 ounces per ton. The estimated final cost is R959 million, with R225 million spent as of June 30, 2005.

Currently, the Kimberley Reef is mined on the upper levels of the Doornkop Shaft. The South Reef on the lower levels is the target of the proposed shaft-deepening project. A significant development during the year was the re-interpretation of the geological model. The resource is considered to lie flatter than previously thought and this gave rise to re-engineering opportunities. The shaft will be shortened as a result and there will also be a decrease in related in-circle development. The main shaft will therefore be deepened to 1,933 meters, as opposed to a depth of 2,034 meters in the original plan, while the spillage incline shaft will extend to 1,973 meters instead of 2,082 meters. The main shaft is to be commissioned by the end of the 2006 calendar year and production of 135,000 ounces per month is expected by October 2008.

Randfontein entered into an agreement with Africa Vanguard Resources (Doornkop) (Pty) Limited (“Africa Vanguard”) on January 21, 2003, pursuant to which Randfontein sold 26% of its mineral rights in respect of the Doornkop Mining Area to Africa Vanguard for a consideration of Rand 250 million. The consideration comprised cash of Rand 140 million and Rand 110 million in call options on 290,000 ounces of gold, being equal to 16% of the gold produced at Doornkop during the first 10 years of operation. Randfontein and Africa Vanguard also entered into a joint venture agreement on the same day, pursuant to which they agreed to jointly conduct a mining operation in respect of the Doornkop Mining Area. The profits will be shared 84% to Randfontein and 16% to Africa Vanguard. The agreements were subject to the fulfillment of certain conditions precedent, the last of which was fulfilled on August 12, 2003. The agreements were implemented and the purchase price paid on August 15, 2003. For US GAAP purposes, Harmony does not account for this transaction as a sale, but consolidates the results of Africa Vanguard and the Doornkop Joint Venture, as both these entities have been determined to be variable interest entities with Harmony as the primary beneficiary of both variable interest entities.

Mining at the South Reef at Doornkop was temporarily suspended during the fourth calendar quarter of 2003 to allow for the upgrade of the ventilation with respect to increasing both hoisting capacity and ventilation intake. This caused the overall recovery on Doornkop to drop. This situation continued until mining commenced in January 2004.

The safety record at the Randfontein operations during fiscal 2005 in terms of lost time frequency rate (17.11) compared favorably with the group average of 18.38. The fatality frequency rate (0.21) was also lower than the group average of 0.25 for underground operations. Lost time frequency rate at the plants in operation was 0.50, which was slightly higher than the group average of 0.44. On June 11, 2005, Cooke 1 achieved 500,000 fatality free shifts.

Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation. The Executive for Sustainable Development, is responsible for leading initiatives to improve workplace health and safety at Harmony’s South African operations. *See Item 6. “Directors, Senior Management and Employees – Directors and Senior Management – Board Practices.”*

Plants. The processing facilities at the Randfontein mine presently comprise two operating plants: the Cooke metallurgical plant and the Doornkop metallurgical plant, both of which are serviced by a surface rail network. The Cooke metallurgical plant, commissioned in 1977, is a hybrid CIP/CIL plant, which processes the underground ore from the Randfontein operations. The Doornkop metallurgical plant, commissioned in 1985, is a conventional CIP plant, which is used to treat waste rock and other surface accumulations.

The following table sets forth processing capacity and average tons milled during fiscal 2005 for the Cooke and Doornkop plants:

Plant	Processing Capacity (tons/month)	Average milled for the fiscal year ended June 30, 2005 (tons/month)
Cooke	280,000	205,030
Doornkop	220,000	207,234

In fiscal 2005, the Cooke plant recovery has been approximately 95.86%, while Doornkop plant recovered approximately 81.18% of the gold contained in the ore delivered for processing.

Harmony has budgeted Rand 11.3 million (\$1.7 million at the closing rate at balance sheet date) for capital expenditures in fiscal 2006, primarily for upgrading the Doornkop plant.

Free State Operations

Introduction. Harmony's Free State operations are comprised of the original Harmony mines, the Unisel mine, Saaiplaas shaft 3, the Masimong shaft complex (comprised of Masimong shafts 4 and 5), Brand shafts 2, 3 and 5, and the Vermeulenskraal North mineral rights area. Mining is conducted at Harmony's Free State operations at depths ranging from 500 meters to 2,500 meters. In fiscal 2005, Harmony's Free State operations accounted for approximately 15% of Harmony's total gold sales.

History. Harmony's Free State operations began with the Harmony mine, which is an amalgamation of the Harmony, Virginia and Merriespruit mines. Beginning in 1996, Harmony began purchasing neighboring mine shafts. The Unisel mine was purchased in September 1996, the Saaiplaas mine shafts 2 and 3 were purchased in April 1997, the Brand mine shafts 2, 3 and 5 were purchased in May 1998 and the Masimong complex (formerly known as Saaiplaas shafts 4 and 5) was purchased in September 1998.

Geology. Harmony's Free State operations are located in the Free State goldfield on the southwestern edge of the Witwatersrand Basin. Within this area, the operations are located on the southwestern and southeastern limb of a synclinal closure, with the Brand, Saaiplaas and Masimong shafts occupying northerly extensions of the same structure. The reefs dip inwardly from their sub-outcrop positions in the east and south of the mine to a position close to the western boundary of the original Harmony mine, where the reefs abut against the DeBron fault. To the west of the De Bron faulted zone, faulting is generally more intense, resulting in structurally more complex mining conditions.

Mining Operations. The Free State operations are engaged in both underground and waste rock mining. These operations are subject to all of the underground and waste rock mining risks detailed in the Risk Factors section. Due to the shallow to moderate depths of the underground operations, seismicity and pressure related problems are relatively infrequent with the exception of the Brand shafts where these problems receive constant attention. Harmony regularly revisits its mining strategy and management procedures in connection with its efforts to mitigate risks of these problems. There is a risk of subterranean water and/or gas intersections in some areas of the mine. However, this risk is mitigated by active and continuous management and monitoring, which includes the drilling of boreholes in advance of faces. Where water and/or gas is indicated in the drilling, appropriate preventative action is taken. The principal challenges at the Free State operations of achieving optimal volumes and grades of ore production are addressed by stringent ore reserve management.

In fiscal 2002, Harmony began implementing the Masimong Expansion Project, which includes developing the Basal and B-Reef orebodies in the Masimong shaft area and equipping the shaft. The estimated final cost is R314 million, with R111 million spent as of June 30, 2005. The Project is expected to, at full production in 2010, achieve rates of 261,000 ounces per annum. 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 capital expenditure has more than doubled (from R152.6 million to R 314 million), but so has the net present value of the project to R314 million and the IRR to 250%. During the year, the Project was incorporated into the shaft operations.

During fiscal 2005, 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 2005 and a regional strike in March 2005. The implementation of CONOPS will be delayed until the second quarter of fiscal 2006 to allow for adequate development in the interim.

In conjunction with the development of the hoisting operations at Masimong 5 shaft, Harmony downscaled the Masimong 4 shaft to a service and small mining shaft in the quarter ended June 30, 2001. In the quarter ended June 30, 2002, however, Harmony determined that additional production at the Masimong 4 shaft had become

uneconomical under then current market conditions. Additional personnel were redeployed as and when additional areas of the Masimong 4 shaft were accessed to permit further production in the future. During fiscal 2005, Masimong 4 was placed on care and maintenance.

The Virginia 2 shaft was closed at the end of 2001, and is currently used only as a service shaft. Harmony also closed the Harmony 4 shaft in the quarter ended September 30, 2002, following the partial extraction of the shaft pillar. Mining personnel from the Harmony 4 shaft were transferred to other shafts. The Harmony 3 shaft is currently used only as a service shaft for pumping, although some of its reserves are mined through the adjacent Harmony 2 shaft.

Under market conditions prevailing in the quarter ended June 30, 2002, Harmony also decided to commence extraction of the shaft pillar at Saaiplaas 3, which previously operated as a service shaft. The shaft was closed during fiscal 2005. Merriespruit 3 is nearing the end of its economical life and has been earmarked for closure. Production is being downscaled and will eventually be discontinued all together.

Harmony also decided to suspend production in the quarter ending March 31, 2002 and placed the Brand 2 shaft on care and maintenance. During the quarter ended September 30, 2003, Harmony decided to put the Brand 5 shaft on care and maintenance. Care and maintenance will remain in place until market conditions are more favorable or more economical parts of the orebody are discovered. All labor has been transferred to other Harmony operations, where they have augmented natural attrition positions or displaced contractor labor.

The safety record at the Free State operations during fiscal 2005 in terms of lost time frequency rate (1.24) was lower than the group average of 18.38. The fatality frequency rate (0.43) compares unfavorably with the group average of 0.25 for underground operations. Lost time frequency rate at the plants in operation was 22.12, which compared unfavorably with the group average of 0.44. During October 2004, Unisel achieved its 1,000,000 fatality free shifts milestone. Brand 3 achieved its 1,000,000 fatality free shift on March 3, 2005.

Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation. The Executive for Sustainable Development leads initiatives to improve workplace health and safety at Harmony's South African operations. See Item 6. "Directors, Senior Management and Employees – Directors and Senior Management – Board Practices."

Plants. There are two metallurgical plants at the Free State operations, namely Central and Saaiplaas plants. A third plant, Virginia plant, only operated for two months in fiscal 2005 before being closed and clean up operations implemented. The Central plant was commissioned in 1986 and employs CIP/CIL hybrid technology. It is currently dedicated to the treatment of underground ore. The Saaiplaas plant, commissioned in the late 1950's, has been converted from the zinc precipitation filter process to the CIL. It currently processes underground ore.

The following table sets forth processing capacity and average tons milled during fiscal 2005 for each of the plants:

Plant	Processing Capacity (tons/month)	Average milled for the fiscal year ended June 30, 2005 (tons/month)
Central	220,000	151,017
Saaiplaas	195,000	101,413

In fiscal 2005, Harmony's plants at its Free State operations recovered approximately 95.36% of the gold contained in the ore delivered for processing to Central plant and approximately 96.03% at the Saaiplaas plant. Harmony's refinery is also located at its Free State operations.

Evander Operations

Introduction. Harmony's Evander operations are located in the province of Mpumalanga in South Africa and are comprised of an amalgamation of the former Kinross, Bracken, Leslie and Winkelhaak mines and 26,952 hectares of mineral rights adjacent to these mines. Mining at Harmony's Evander operations is conducted at depths ranging from 300 meters to 2,100 meters. In fiscal 2005, Harmony's Evander operations accounted for approximately 13% of Harmony's total gold sales.

History. Gold mining in the Evander Basin began in 1955. Eventually, four mining operations were established at Evander. In 1996, as a result of depletion of ore reserves, all four mining areas were merged to form Evander. In August 1998, Harmony acquired Evander as a wholly-owned subsidiary. Since then, we have implemented the "Harmony Way" management process at Evander.

Geology. The area covered by Evander’s mining authorization and mineral rights is situated within the Evander basin, a geologically discrete easterly extension of the main Witwatersrand Basin. Only one economic placer unit, the Kimberley Reef, is mined at Evander. In addition to the faulting of the reef horizon, there are numerous dykes and sills that complicate the mining layouts, the most significant of which is an extensively developed dolerite footwall sill that occasionally intersects the Kimberley Reef, causing displacements within it.

Mining Operations. The Evander operations are primarily engaged in underground mining. The Evander operations also process a limited amount of waste rock as and when necessary to allow the plants to operate efficiently. These operations are subject to all of the underground mining risks detailed in the Risk Factors section. Due to the shallow to moderate depths of the Evander underground operations, seismicity and pressure related problems are relatively infrequent. There is a risk of subterranean water and/or gas intersections in some areas of the mine. However, this risk is mitigated by active and continuous management and monitoring, which includes the drilling of boreholes in advance of faces. Where water and/or gas is indicated in the drilling, appropriate preventative action is taken. During the quarter ended March 31, 2004, an agreement was reached with the unions for the implementation of CONOPS at Evander. It has been fully implemented at all shafts at Evander. The implementation resulted in an increase in tons milled and consequently gold production rose. For a description of CONOPS, *see Item 6. “Directors, Senior Management and Employees – Unionized Labor”.*

During fiscal 2005, the Evander 2 and 5 shafts have been combined and downscaled, while the Evander 9 shaft was closed successfully and placed on care and maintenance. The Evander 9 shaft employees were transferred to other Evander operations. The Evander 7 shaft (Decline No.3, phase 3) project is progressing well.

The safety record at the Evander operations in terms of lost time frequency rate (23.04) during fiscal 2005 is higher than the group average of 18.38. The fatality frequency rate (0.16) during fiscal 2005 is lower than the group average of 0.25 for underground operations. The lost time frequency rate at the plants and surface operations (3.42) is higher than the group average of (0.44). Significant work is being done to address this. Evander 2 achieved 500,000 fatality free shifts on December 6, 2004.

Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation. Underground falls of ground have historically been the biggest cause of fatal injuries at Evander. Roofbolting has been implemented at Evander in an effort to address this risk. The Executive for Sustainable Development, is responsible for leading initiatives to improve workplace health and safety at Harmony’s South African operations. *See Item 6. “Directors, Senior Management and Employees – Directors and Senior Management – Board Practices.”*

Plants. Evander has one active processing plant, the Kinross-Winkelhaak plant, which is operated as two geographically distinct sections. The bulk of the mine’s ore production is treated at the Kinross plant, which is a CIP/CIL hybrid plant. The Winkelhaak plant mills all of the ore from shafts 2 and 5, and pumps the slurry to the Kinross plant for further processing.

The following table sets forth processing capacity and average tons milled during fiscal 2005 for each of the operating plants:

Plant	Processing Capacity (tons/month)	Average milled for the fiscal year ended June 30, 2005 (tons/month)
Kinross-Winkelhaak	148,000	143,300

In fiscal 2005, the plant at Evander operations recovered approximately 97.22% of the gold contained in the ore delivered for processing.

Kalgold Operations

Introduction. Harmony conducts a surface mining operation at the Kalgold gold mine near Mafikeng in the North West Province of South Africa. Through Kalgold, we also control extensive mineral rights on the Kraaipan Greenstone Belt in the North West Province of South Africa. We purchased Kalgold on July 1, 1999. In fiscal 2005, the Kalgold operations accounted for approximately 4% of Harmony’s total gold sales.

History. Harmony acquired Kalgold on July 1, 1999 and fully incorporated Kalgold into its operations in October 1999. Prior to our acquisition, the Kalgold mine had operated for more than three years.

On November 7, 2003 Harmony announced its intent to sell Kalgold to The Afrikaner Lease Limited (Alease) for a consideration of R250 million. Although all the other conditions precedent were met, Alease could not provide appropriate funding and the contract was cancelled on March 15, 2004. Kalgold experienced operational difficulties normally associated with a changeover of management and control and this was reflected in the production figures.

Geology. The Kalgold operations are situated on the Kraaipan granite-greenstone belt, which is a typical gold-bearing greenstone formation. It has undergone intense structural deformation that has led to its dislocation into separate units.

Within the mining lease area, six steeply dipping zones of mineralization have been identified. Several additional zones of mineralization have been located within this area and are being evaluated. The first zone to be exploited by open cast mining has been an area known as the D-Zone. The D-Zone orebody has a strike length of 1,400 meters, varying in width between 40 meters in the south and 15 meters in the north.

Gold mineralization is associated with pyrite and pyrrhotite, which was developed as a replacement mineral within a banded ironstone formation and also within extensional, cross-cutting quartz veins within the ironstone.

Mining Operations. The Kalgold operations are engaged in open pit mining. This operation is subject to all of the open cast mining risks detailed in the Risk Factors section. Small subterranean water intersections in the pit are common and are actively managed and appropriate action is taken when necessary. The primary mining challenges at the Kalgold operations of achieving optimal volumes and grades of ore production are addressed by stringent ore reserve management.

The Kalgold operations had a lost time injury frequency rate of 1.11 per million hours worked in fiscal 2005, and recorded no fatal accidents in fiscal 2005. There is no reliable industry benchmark for safety at South African surface mining operations. During fiscal 2004, refurbishment activities at Kalgold's CIL plant resulted in some safety related incidents, which contributed to the increased lost time injury frequency rate. Harmony has, however, addressed these issues and does not expect them to have a material impact on long-term production. Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation. Kalgold achieved 1,000,000 fatal free shifts on July 20, 2003 and no employee has lost his life on the mine since the commissioning of this mine. The Executive for Sustainable Development, is responsible for leading initiatives to improve workplace health and safety at Harmony's South African operations. See *Item 6. "Directors, Senior Management and Employees – Directors and Senior Management – Board Practices."*

Plants. Ore is trucked from the pit and stockpiled according to grade categories. Higher grade ore is processed in the CIL plant. Lower grade ore is dumped on heap leach pads. Following the recent commissioning of the pre-primary crusher, the ore now undergoes a four phase crushing process. An additional ball mill and additional leach tanks have been commissioned, which increased the capacity to 160,000 tons/month.

The following table sets forth processing capacity and average tons milled during fiscal 2005 for each of the plants:

Plant	Processing Capacity (tons/month)	Average milled for the fiscal year ended June 30, 2005 (tons/month)
CIL	150,000	154,320
Heap Leach	—	*

* Active use of heap leaching was discontinued in July 2001; however, Harmony expects to apply leaching solution occasionally in the future to recover any available gold.

In fiscal 2005, Harmony's plants at its Kalgold operations recovered approximately 89.90% of the gold contained in the ore delivered for processing.

Free Gold Operations

Introduction. On November 21, 2001, Harmony and ARMgold reached an agreement in principle with AngloGold to purchase the Free Gold assets, subject to specified conditions. Pursuant to the subsequently executed definitive agreements, the Free Gold assets were purchased by the Armgold/Harmony Freegold Joint Venture (Pty) Limited ("Free Gold") (in which Harmony and ARMgold each had a 50% interest) for Rand 2.2 billion (\$206.8 million at an exchange rate of R10.64 per \$1.00), plus an amount equal to any liability for taxes payable by AngloGold in connection with the sale. Free Gold assumed management control of the Free Gold assets from January 1, 2002,

and completed the acquisition on April 23, 2002. Rand 1.8 billion (\$169.2 million at an exchange rate of R10.64 per \$1.00) of the purchase price, plus accrued interest, was paid by Free Gold in April 2002 following the fulfillment of all conditions precedent and Rand 400 million (\$37.5 million at an exchange rate of R10.64 per \$1.00) was repaid by Free Gold under an interest-free loan due January 1, 2005. The additional amount relating to taxes was paid by Free Gold when the tax liability became payable by AngloGold. The amount of Rand 682 million (\$90.8 million at an exchange rate of R7.51 per \$1.00) was paid in June 2003. Free Gold expects that approximately 80% of this amount will provide Free Gold with a capital expense deduction against its taxable income from Free Gold assets. For purposes of US GAAP, Harmony accounted for its equity interest in Free Gold with effect from May 1, 2002 and the purchase price of the Free Gold assets was determined to be Rand 2.264 billion (\$239.4 million). The outstanding balance of the loan from AngloGold of R400 million (\$38 million) was fully repaid on December 30, 2004 at no interest charge.

In connection with the acquisition of the Free Gold assets, on April 5, 2002 Harmony and ARMgold entered into a formal joint venture and shareholders' agreement relating to Free Gold. The agreement provided that Harmony and ARMgold were each responsible for 50% of the expenses associated with operating the Free Gold assets. Pursuant to the agreement, an interim executive committee composed of an equal number of representatives appointed by Harmony and ARMgold managed Free Gold until the acquisition was completed. Following completion of the acquisition, management of Free Gold was vested in a board, which initially was composed of an equal number of Harmony and ARMgold representatives. Since Harmony acquired ARMgold in September 2003, Free Gold has been accounted for as a wholly owned subsidiary. Therefore Harmony's interest in Free Gold was equity accounted for the first three months of the year, and then consolidated for the remaining nine months.

On May 24, 2002, Harmony, ARMgold and Gold Fields, through its subsidiary St. Helena Gold Mines Limited, announced that an agreement in principle had been reached under which St. Helena Gold Mines Limited would sell the St. Helena gold mining assets to Free Gold for Rand 120 million (\$13.7 million), plus a royalty equal to one percent of revenue for a period of 48 months beginning on the effective date of the sale. St. Helena Gold Mines Limited and Free Gold concluded a final agreement of sale on July 1, 2002. The sale was completed on October 30, 2002, and Free Gold assumed management control on that date. Under the terms of the agreement of sale Free Gold agreed to assume specified environmental liabilities relating to the operation of the St. Helena mine.

Free Gold assets consist of the Joel, Tshepong, Matjhabeng, Bamabanani and St. Helena mines, associated infrastructure and other mineral rights in the Free State Province of South Africa. Production from the underground mines and adjacent surface sources is processed through three processing facilities (the Free State 1, or FS1, Plant, Joel Plant and the St. Helena Plant). In fiscal 2005, the Free Gold operations accounted for approximately 27% of Harmony's total gold sales.

History. Exploration, development and production history in the area of the Free Gold assets dates from the early 1900's, leading to commercial production by 1932. Subsequent consolidation and restructuring led to the formation of Free State Consolidated Gold Mine (Operations) Limited, which became a wholly-owned subsidiary of AngloGold in June 1998. AngloGold also owned the Joel mine, which, although it was not a part of this AngloGold subsidiary, is now included within the Free Gold assets owned by Free Gold. Free Gold also acquired the St. Helena gold mine in October 2002. St. Helena was the first gold mine to be established in the Free State.

Geology. Free Gold's mines are located in the Free State goldfield, which is on the southwestern edge of the Witwatersrand basin. The Bamabanani, Tshepong, Matjhabeng and St. Helena mines are located in and around Welkom, while the Joel mine is approximately 30 kilometers south of Welkom. Mining at Bamabanani, Tshepong and Matjhabeng is primarily conducted in the Basal reef, with limited exploitation of secondary reefs. Mining at Joel is primarily conducted in the Beatrix-VS5 Composite Reef. The reefs generally dip towards the east or northeast while most of the major faults strike north-south, with the most intense faulting in evidence at Matjhabeng.

Mining Operations. Free Gold is engaged in both underground and waste rock mining. These operations are subject to all of the underground and waste rock mining risks detailed in the Risk Factors section. Free Gold regularly revisits its mining strategy and management procedures at the Free Gold operations in connection with its effort to minimize risks. Mining depths range from shallow-intermediate at the Joel mine to deep at the Bamabanani mine. The primary mining challenges at the Free Gold operations are seismic risks, ventilation and fire avoidance. Both the Bamabanani mine and the Matjhabeng mine (consisting of Kudu/Sable, Eland and Nyala shafts) are classified as seismically active operations with seismic monitoring systems installed to do active seismic risk evaluation, generally located in the vicinity of remnant operations and/or geological structures. Seismic systems are managed by external specialists. Current ventilation and refrigeration systems were evaluated and improved at take-over which Harmony believes will improve productivity and safety. Plans to this effect are being implemented by Free Gold. Refrigeration plants are installed at the Bamabanani and Tshepong Mines. Following underground fires during the second half of 1999 at the Bamabanani mine, mine management reviewed and modified working practices and the efficiency of the overall fire management system.

Mining is conducted at depths ranging from 1,200 and 3,000 meters at Bambanani, at an average depth of approximately 1,925 meters at Tshepong, at an average depth of approximately 1,700 meters at Matjhabeng, at an average depth of approximately 1,000 meters at Joel and at an average depth of 1,489 meters at St. Helena. Production at Matjhabeng, which is a mature mine nearing closure, is currently focused on the extraction of remnant pillars and shaft pillars, specifically at the Eland shaft. Due to the increased operating costs in dollar terms, in fiscal 2005 the loss making shafts Nyala and Eland were placed on care and maintenance, while production at St. Helena was effectively stopped and Kudu/Sable was closed down.

Free Gold is conducting a development program at the Bambanani shaft. Harmony expects this program to allow access to additional mining areas, which would reduce overall grade but increase overall production and life of mine. CONOPS was introduced at the shafts during the quarter ended December 31, 2003. During a significant period of fiscal 2005, CONOPS was stopped due to a dispute between management and the unions. Cash costs were affected by the additional cost involved in the implementation. Four fires in the higher grade sections during the second half of fiscal 2004 had a negative impact on productivity at Bambanani. They were all contained and have been extinguished.

The Tshepong Decline project, which started in April 2003, is proceeding on schedule. This project will add two additional operating levels below the present level of the Tshepong North Shaft. At fiscal 2005 year end, R141 million has been expended. A further R 140 million has been budgeted to complete the project. Free Gold estimates that the project will be completed by February 2008 and will add 135,000 ounces of gold per year to current production. CONOPS was introduced at Tshepong during the quarter ended December 31, 2003. During a significant period of fiscal 2005, CONOPS was stopped. For a description of CONOPS and the reason for CONOPS not being implemented, see *Item 6. "Employees-Unionized Labor."*

The Phakisa Shaft Project is also proceeding on schedule. Phakisa shaft, a surface shaft, was sunk to access the ore reserve to a depth of 2,241 meters below surface. It is estimated that the area will yield 18.4 million tons, recovering 136 tons of gold over a project life of 19 years. Project completion requires sinking (75 meters), the sinking of a decline shaft, equipping and commissioning of the shaft with access development and stoping to maximum production build-up at a capital cost of Rand 612.9 million. To date, R 233 million has already been expended. The project is expected to, at full production in 2010, achieve rates of 250,000 ounces per annum.

Shaft 2 at St. Helena mine was closed during the quarter ended December 31, 2003. This had a positive effect on the production figures for the rest of the shafts at the mine. CONOPS was introduced on November 2003. During a significant period of fiscal 2005, CONOPS was stopped due to a dispute between management and the unions. See *Item 6. "Employees-Unionized Labor."*

Nyala shaft was placed on care and maintenance during March 2005. During June 2005, the decision was made to place the remaining shafts at Matjhabeng, being Kudu/Sable and Eland, on care and maintenance.

During fiscal 2005, the lost time frequency rate at the Free Gold operations (17.21) compared favorably with the group average of 18.38 while the fatality frequency rate of 0.25 equalled the group average of 0.25. The lost time frequency rate at the plants and surface operations was 4.19, which is higher than the group average of 3.5 for these types of operations.

Joel and Bambanani Lower Section achieved their 1,000,000 fatality free shifts milestones on June 23, 2005 and June 24, 2005, respectively. Also achieving a significant milestone was Tshepong, reaching the 500,000 fatality free shift milestone on October 5, 2004.

Safety standards receive constant and high-level attention at Free Gold. Where problems are identified, Free Gold takes steps to address the situation. The Executive for Sustainable Development is responsible for leading initiatives to improve workplace health and safety at Harmony's South African operations. See *Item 6. "Directors, Senior Management and Employees – Directors and Senior Management – Board Practices."*

Plants. Free Gold operates three plants: the FS1, Joel and St. Helena plants. The FS1 plant, which processes underground ore, waste rock and various surface accumulations, was commissioned in 1986 and is a conventional CIP plant processing ore that has been milled by fully autogenous grinding. Gold is recovered from the eluate solution using zinc precipitation and a precoat vacuum filter. The precipitate recovered from the filter is calcined and smelted to bullion. The FS2 Plant was largely dedicated to the treatment of surface sources but due to the current low gold price in rand terms the plant became uneconomical and since the Free State plants have extra capacity, it was decided to stop treatment at the plant and to start a total clean up operation. It was commissioned in the early 1950's and employs conventional crushing and filtration technology. The Joel plant is a hybrid CIP/CIL plant and was commissioned in 1984. During fiscal 2005, it was decided to close the Joel Plant and implement clean up operations. St. Helena operates a conventional zinc precipitation filter plant supported by two mills that treat surface sources.

The following table sets forth processing capacity and average tons milled during the fiscal year ended June 30, 2005 for each of the plants:

Plant	Processing Capacity (tons/month)	Average milled for the fiscal year ended June 30, 2005 (tons/month)
FS 1	440,000	413,366
Joel	53,000	55,116
St. Helena	110,200	80,469

The FS 2 Plant is currently undergoing clean-up.

Harmony estimates that in the periods covered by the above chart, FS1 recovery has been approximately 95.98% for reef ore and 86.68% for waste rock and St. Helena's recovery was 81.46%. Joel recovered approximately 93% during fiscal 2005. Overall recovery is a function of the mix of feed ore, as surface sources tend to have a lower recovery than underground reef.

ARMgold Operations

Introduction. On September 22, 2003, Harmony and ARMgold consummated a merger, the terms of which were announced on May 2, 2003. Pursuant to the merger agreement, following the respective company shareholder approvals, Harmony issued 2 ordinary shares for every 3 ARMgold ordinary shares acquired. ARMgold also paid its shareholders a special dividend of R6.00 per ordinary share (\$0.64) prior to the consummation of the merger. Harmony issued 63,670,000 ordinary shares to ARMgold's shareholders which resulted in ARMgold becoming a wholly-owned subsidiary of Harmony. For US GAAP purposes, the merger is accounted for as a purchase by Harmony of ARMgold for a purchase consideration of \$697 million. The results of ARMgold were included from October 1, 2003. In fiscal 2005, the ARMgold operations accounted for approximately 5% of Harmony's total gold sales.

History. The ARMgold operations consist of the Welkom shafts in the Free State Province and the Orkney shafts in the North West Province. Due to the distance, they are operated as separate business units. Exploration, development and production in the Welkom area dates back to the 1940s leading to production by 1947. Exploration and development at Orkney started from 1886 and following dormant periods, large-scale production commenced during the 1940s with the formation of Vaal Reefs Gold Mining and Exploration Company Limited in 1944.

Geology. The Welkom operations are centrally located within the Free State Goldfield, which lies some 270 kilometers southwest of Johannesburg on the southwest rim of the Witwatersrand Basin, in an area containing several other mature operations. The Basal Reef is the main reef exploited here. It strikes north to north-northwest and generally dips to the east between 20 degrees and 40 degrees. Other reefs that are exploited are the Leader Reef, the Saaiplaas Reef and the Middle Reef. There are a number of faults in this area, Rheedersdam and De Bron to name a couple.

At the Orkney operations, the Vaal Reef is the most significant reef mined. The reef strikes northeast, dipping southeast and is heavily faulted to form a series of graben structures. The dip is generally less than 30 degrees but can vary locally in direction and magnitude to exceed 45 degrees. The VCR is also exploited, as well as the Elsburg Reef. There are several major faults in the lease area, being Nooitgedacht, Buffelsdoorn, Witkop, WK2, No 3 BU, No 5 BU and No 2 BU Fault. These faults typically have throws of tens of meters and further divide the reef into blocks of up to 100 meters in width.

Mining operations. ARMgold is engaged in underground mining at both its operations. These operations are subject to all of the underground mining risks detailed in the Risk Factors section. ARMgold regularly revisits its mining strategy and management procedures at both its operations in connection with its effort to minimize risks. Mining depths range from 1,000 meters to 1,200 meters below the surface at the Welkom operations and from 1,600 meters to 2,000 meters below the surface at the Orkney operations.

Cost control was one of the major challenges faced at the ARMGold operations. Since the merger, management has implemented the "Harmony Way" in an effort to cut costs and increase productivity.

A decision was made during the quarter ended March 31, 2004 to downscale and to eventually close Welkom 1. Where possible, workers were re-trained and redeployed at other operations. Orkney 6 was also earmarked for

closure during the quarter ended March 31, 2004. During fiscal 2005, Welkom 1 and Orkney 6 were placed on care and maintenance.

A seismic event registering a magnitude of 4.1 on the Richter Scale occurred at the Orkney operations during the September 2004 quarter, causing damage to shafts and work areas.

Following a protected strike that lasted from February 12, 2004 to February 16, 2004, Harmony and the National Union of Mineworkers ("NUM") reached an agreement on annual wage increases. NUM accepted the Company's proposal and these employees have now been included in the bi-annual wage agreement, which was renegotiated in July 2005.

During fiscal 2005, the safety record at ARMgold mines in terms of lost time frequency rate (24.43) compared unfavorably with the group average of 18.38, as did the fatality frequency rate of 0.26 which was slightly higher than the group average of 0.25. Significant work is being done to address this. Where problems are identified, steps are being taken to address the situation. Since the merger, the executive officer in charge of sustainable development for the South African operations has also been working together with management at ARMgold to improve the workplace. *See Item 6. "Directors and Senior Management – Board Practices."*

Plants. ARMgold does not own any plants. Ore from the Orkney operations is treated at Vaal River Operations' ("VRO") No. 1 Gold Plant. Various agreements between Harmony and VRO govern the supply and quality of the ore and gold apportionment.

Avgold operations – Target

Introduction. Avgold's operations consist of the Target mine, Target North and Extensions and Oribi Exploration Property situated near the town of Allanridge in the Free State Province, some 270 kilometers southwest of Johannesburg. Located at approximately latitude 28°00'S and longitude 26°30'E on the northern limit of the Welkom Goldfields, the site is accessed via the R30 situated between the towns of Bothaville and Welkom.

On July 15, 2003 Harmony acquired 11.5% in Avgold from Anglo South Africa Capital (Pty) Ltd. On November 13, 2003 Harmony announced that it had reached an agreement regarding the acquisition of ARM's 42% share in Avgold. In terms of JSE Securities Exchange South Africa regulations, the offer was extended to the remaining Avgold shareholders by way of a scheme of arrangements. Following a scheme meeting held on May 3, 2004, the High Court of South Africa approved the scheme on May 11, 2004. This resulted in Harmony acquiring the minority shareholding and Avgold becoming a wholly-owned subsidiary. In fiscal 2005, Avgold's operations accounted for approximately 7% of Harmony's total gold sales.

History. The Target Operations area was initially explored through surface drilling in the late 1980s with further exploration being undertaken from a 5.6 kilometers long decline, commenced in 1995, driven from 203L at Lorraine No.1 shaft. A positive feasibility study into the development of a 105 ktpm operation was produced in May 1998 resulting in the decision to develop the Target mine. A detailed mine design was produced in 2000 and the mine officially opened in May 2002. Upon closure of the Lorraine mine in August 1998, the Lorraine No. 1 and No. 2 shafts were transferred to the Target mine, becoming Target No.1 and No. 2 shafts, respectively.

Geology. The gold mineralization currently exploited by Target mine is contained within a succession of Elsburg and Dreyerskuil quartz pebble conglomerate reefs hosted by the Van Heeverrust and Dreyerskuil Members of the Eldorado Formation, respectively. Additional mineral resources have been delineated in the Big Pebble Reefs of the Kimberley Formation but these are not planned to be exploited in the current life of mine plan.

The majority of the mineral reserves at Target mine are contained within the Eldorado fan, a structure with dimensions of some 135 meters vertically, 450 meters down-dip and 500 meters along strike. The Eldorado fan is connected to the subsidiary Zuurbron fan, located between the Target mine and Lorraine, by a thinner and lower grade sequence of Elsburg reefs termed the Interfan area. To the north of the Eldorado fan, a number of fans have been intersected by surface drilling of which the Siberia and Mariasdal fans are the most significant. These fans are subject to ongoing technical studies and do not form part of the current Target mine life of mine mineral reserve.

A number of faults that displace the reefs of the Target mine have been identified of which the most prominent are the north-south trending Eldorado fault and the east-west trending Dam and Blast faults. The Eldorado uplifts the more distal portions of the Elsburg and Dreyerskuil Reefs while the Blast fault forms the northern border of the Target mine.

Target North is sub-divided into the Paradise, Siberia and Mariasdal areas by the east-west trending Siberia and Mariasdal faults. To the north of the Siberia fault, the Eldorado fault continues trending more to the northwest and an additional north-south trending fault, the Twin fault has uplifted the distal portions of the reefs. North of the

Maraisdal fault, the reef horizons are at a depth greater than 2,500 meters below surface. Resources have been delineated on strike up to 15 kilometers north of the Target mine.

Approximately 40 kilometers north of Target mine, surface boreholes have intersected gold bearing reefs in the Oribi area close to the town of Bothaville. Resources have been delineated at Oribi on the VCR and Elsburg at depths of approximately 2,750 meters below surface.

Mining operations. The Avgold operations are engaged in underground and surface mining. These operations are subject to all of the underground mining risks detailed in the Risk Factors section. Mining operations comprise one primary underground mine commissioned in May 2002, making use of information systems and mechanization, combined with process-driven organizational design that relies on a multi-skilled workforce. The majority of the production is derived from mechanized mining; however, conventional stoping is still employed primarily to de-stress areas ahead of the mechanized mining. The Avgold operations have been managed by Harmony since May 2004. The Harmony Way has been successfully implemented resulting in a decrease of cash costs.

During fiscal 2005, Target struggled with flexibility problems and a lack of access points to the orebody, despite a good start to the year. There were also several operational disruptions, including low availability of the mechanized fleet and consequently, low development rates. Critical machines have been replaced with new and refurbished equipment in an attempt to improve the availability of the fleet. CONOPS was also implemented in the conventional mining section which allowed the mine to step up the rate of over-stopping the massives.

The safety record at the Avgold operations during fiscal 2005 in terms of lost time frequency rate (8.16) compared favorably with the group average of 18.38, while the fatality frequency rate (0.51) compared unfavorably with the group average of 0.25 for underground operations.

Target was awarded the “Safety Achievement Flag for 2004” by the Mine Health and Safety Council.

Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation. The Executive for Sustainable Development, is responsible for leading initiatives to improve workplace health and safety at Harmony’s South African operations. See Item 6. “Directors, Senior Management and Employees – Directors and Senior Management – Board Practices.”

Plants. Target Plant was commissioned towards the end of 2001 and currently treats only underground ore. The process route comprise primary crushing, open circuit primary SAG milling, secondary ball milling closed with hydrocyclones, thickening, cyanide leaching, CIP adsorption, elution, electrowinning, smelting and tailings disposal. The milling circuit incorporates gravity concentration, the concentrates from which are processed via intensive cyanidation and electrowinning. Gold bullion is dispatched to the Harmony’s refinery.

The following table sets forth processing capacity and average tons milled during the year ended June 30, 2005:

Plant	Processing Capacity (tons/month)	Average milled For the fiscal year ended June 30, 2005 (tons/month)
Target Plant	115,000	112,436

In fiscal 2005, the Target Plant recovered approximately 96.47% of the gold contained in the ore delivered for processing.

South African Operations – Production Analysis

We manage our operations on a shaft-by-shaft basis. During fiscal 2005, we categorize the South African operations as follows: quality shafts, leveraged shafts and growth shafts. Surface operations are managed separately.

Quality shafts are typically those shafts with a larger reserve base and longer life, which form the core of our production. The quality shafts are Target, Tshepong, Masimong complex, and Evander 2, which was downscaled and combined with Evander 5 during fiscal 2005, Evander 7, Evander 8 and Cooke 1, 2 and 3 shafts.

Leveraged shafts are those shafts that supplement production and provide the upside in the event of a positive swing in the rand gold price. The leveraged operations consist of shafts that are either in the process of being restructured, downscaled in line with available ore reserves or mothballed. These include the currently operating

Bambanani, Joel, West Shaft, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3 and Orkney 2 and 4 shafts, as well as St. Helena which was scaled down significantly and Brand 5, Welkom 1, Kudu/Sable, Nyala and Eland that were placed on care and maintenance or closed down during fiscal 2005. The following shafts that were closed during fiscal 2004 were also leveraged shafts: Evander 9, Deelkraal, Orkney 1,3,6,7, Saaiplaas 3, Welkom1, 4, 6 and 7, as was Harmony 4 and Virginia, which was closed during fiscal 2003.

Growth shafts comprise the expansion projects established through existing infrastructure, as well as the three new mines being built in South Africa. These operations include the Elandsrand and Doornkop mines and the Phakisa project. The growth shafts represent the future of our South African operations and, once completed, will result in a substantial improvement in the quality of our production profile.

Surface operations comprise the Kalgold opencast mine, all previously mined rock, whether waste or reef and any clean-up operations at plants and other infrastructure. Therefore, the surface operations at Free Gold, the Free State and Randfontein and, for the first time in fiscal 2005, Target's surface operations are also included under surface operations as well as the surface operations from Elandsrand and Evander, which were discontinued in fiscal 2004.

Quality shafts

The charts set out on the pages that follow detail the operating and production results from underground operations for all identified quality shafts for fiscal 2005, 2004 and 2003:

	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	7,464	7,756	7,730
Recovered grade (ounces/ton)	0.185	0.173	0.172
Gold sold (ounces)	1,378,167	1,343,713	1,332,180
Results of operations (\$)			
Product sales ('000)	588,360	523,305	438,156
Cash cost ('000)	491,369	428,238	274,468
Cash profit ('000)	96,991	95,067	163,688
Cash costs			
Per ounce of gold (\$)	357	319	206
Capex ('000) (\$)	27,028	26,936	18,368

Tons milled from quality shafts decreased to 7,464,000 in fiscal 2005, compared with 7,756,000 in fiscal 2004. Recovered grade increased from 0.173 in fiscal 2004 to 0.185 in fiscal 2005. The increase in ounces sold from 1,343,713 in fiscal 2004 to 1,378,167 is attributable primarily to the increase in the recovered grade.

Gold sales increased to \$588,360,000 in fiscal 2005, compared with \$523,305,000 in fiscal 2004. Cash costs for the quality shafts were \$357 per ounce of gold in fiscal 2005, compared with \$319 per ounce of gold in fiscal 2004.

Tons milled from quality shafts increased to 7,756,000 in fiscal 2004, compared with 7,730,000 in fiscal 2003. The recovered grade increased from 0.172 in fiscal 2003 to 0.173 in fiscal 2004. The increase in ounces sold from 1,332,180 in fiscal 2003 to 1,343,713 in fiscal 2004 is attributable primarily to the increase in tons milled and the recovered grade.

Gold sales increased from \$438,156,000 in fiscal 2003 to \$523,305,000 in fiscal 2004. Cash costs for the quality shafts were \$319 per ounce of gold in fiscal 2004, compared with \$206 per ounce of gold in fiscal 2003.

Refer to the charts set out on the following pages for detail on the operating and production results of individual quality shafts for fiscal 2005, 2004 and 2003:

Target	Fiscal year ended June 30,		
	2005	2004*	2003
Production			
Tons ('000)	1,178	228	—
Recovered grade (ounces/ton)	0.178	0.234	—
Gold sold (ounces)	209,847	53,434	—

Target	Fiscal year ended June 30,		
	2005	2004*	2003
Results of operations (\$)			
Product sales ('000)	89,233	19,772	—
Cash cost ('000)	57,273	11,514	—
Cash profit ('000)	31,960	8,258	—
Cash costs			
Per ounce of gold (\$)	273	215	—
Capex ('000) (\$)	8,699	1,175	—

* The fiscal 2004 operating and production results for Target comprise of the two months ended June 30, 2004.

Tons milled from the Target shaft increased to 1,178,000 in fiscal 2005, compared with 228,000 in fiscal 2004. The increase in tons milled was primarily due to the comparative period being only two months in fiscal 2004. Ounces sold were 209,847 in fiscal 2005, compared with 53,434 in fiscal 2004. The increase in ounces sold, though influenced negatively by the decrease in the grade, was primarily attributable to the comparative period being for two months only. The recovery grade decreased from 0.234 in fiscal 2004 to 0.178 in fiscal 2005. During fiscal 2005 the grade was diluted due to excessive caving of waste rock into the massive stopes and it was impacted by a lack of access to some of the higher-grade stopes due to backfill constraints.

Cash costs for Target were \$57,273,000 in fiscal 2005, compared with \$11,514,000 in fiscal 2004. This increase was primarily attributed to the comparative period being only two months in fiscal 2004. Cash costs per ounce were \$273 in fiscal 2005, compared with \$215 in fiscal 2004. This increase was attributable primarily to the significant reduction in the recovered grade.

The Target shaft's hoisting capacity is 110,000 tons per month. The average tons milled in fiscal 2005 were 98,167 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 20 million tons will be sufficient for the Target shaft to maintain production until approximately 2021. However, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of the future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital expenditure. Harmony incurred approximately Rand 53.8 million in capital expenditure at the Target shaft in fiscal 2005, principally for underground development. Harmony has budgeted Rand 54.8 million (\$8.2 million at the closing rate at balance sheet date) for capital expenditure at Target in fiscal 2006, primarily for underground development, maintenance of the ore pass system, dam 286 and the electrical sub station as well as the replacement of the underground vehicles. A further Rand 5 million (\$0.75 million at the closing rate at balance sheet date) has been budgeted for North exploration and diamond drilling.

Tshepong	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	1,700	1,814	1,834
Recovered grade (ounces/ton)	0.224	0.215	0.232
Gold sold (ounces)	380,695	390,747	424,766
Results of operations (\$)			
Product sales ('000)	162,958	158,161	139,552
Cash cost ('000)	117,592	103,321	67,966
Cash profit ('000)	45,366	54,840	71,586
Cash costs			
Per ounce of gold (\$)	309	264	160
Capex ('000) (\$)	6,845	8,731	2,228

Tons milled from the Tshepong shaft decreased to 1,700,000 in fiscal 2005, compared with 1,814,000 in fiscal 2004. This decrease was attributable primarily due to the stopping of CONOPS, as from January 2005 and the regional strike in March and April 2005. Ounces sold were 380,695 in fiscal 2005, compared with 390,747 in fiscal 2004. Even though the recovered grade increased to 0.224 in fiscal 2005, compared with 0.215 fiscal 2004, ounces sold decreased due to the decrease in tons milled.

Cash costs for the Tshepong shaft was \$117,592,000 in fiscal 2005, compared with \$103,321,000 in fiscal 2004. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce

were \$309 in fiscal 2005, compared with \$264 in fiscal 2004. This increase was attributable primarily due to the major restructuring and stopping of continuous operations in March 2005 as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Tshepong shaft were 1,814,000 in fiscal 2004, compared with 1,834,000 in fiscal 2003. The decrease in tons milled was due to lost production hours as a result of late arrangements for the Christmas break. Ounces sold decreased to 390,747 in fiscal 2004, compared with 424,766 in fiscal 2003, primarily due to the decrease in the recovered grade. The recovered grade decreased from 0.232 in fiscal 2003 to 0.215 in fiscal 2004.

Cash costs for the Tshepong shaft was \$103,321,000 in fiscal 2004, compared with \$67,966,000 in fiscal 2003. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$264 in fiscal 2004, compared with \$160 in fiscal 2003. This increase was attributable primarily to additional labor cost with the implementation of CONOPS in January 2004 and the reduction in the recovered grade as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the reduction of the recovered grade and increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 51,488 ounces in the first quarter of fiscal 2004 and 212,383 ounces for fiscal 2003.

The Tshepong shaft's rock hoisting capacity is 209,000 tons per month. While upgrades in the shafts are in progress to facilitate increased production, the current rate is 141,667 tons per month. Rock in excess of Tshepong shaft's hoisting capacity will be trammed to Nyala Mine for hoisting to surface.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 29.2 million tons will be sufficient for Tshepong to maintain underground production until approximately 2019. Any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 42.3 million in capital expenditures at the Tshepong shaft in the fiscal year ended June 30, 2005, primarily for the sub 66 level decline. Harmony has budgeted Rand 92 million (\$13.8 million at the closing rate at balance sheet date) for capital expenditures in fiscal 2006, primarily for the sub 66 level decline. A further Rand 14.5 million (\$2.18 million at the closing rate at balance sheet date) was budgeted for B-reef exploration development and drilling.

Masimong shaft complex	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	1,046	1,378	1,266
Recovered grade (ounces/ton)	0.153	0.170	0.142
Gold sold (ounces)	159,981	234,307	179,632
Results of operations (\$)			
Product sales ('000)	68,342	90,164	60,857
Cash cost ('000)	72,282	76,269	43,898
Cash profit ('000)	(3,940)	13,895	16,959
Cash costs			
Per ounce of gold (\$)	452	326	244
Capex ('000) (\$)	3,736	4,120	7,169

Tons milled from the Masimong shaft complex were 1,046,000 in fiscal 2005, compared with 1,378,000 in fiscal 2004, and ounces sold were 159,981 in fiscal 2005, compared with 234,307 in fiscal 2004. The decrease in tons milled is primarily attributable to underground fires, machinery breakdowns, a go-slow strike in January 2005 and a regional strike in March and April 2005. The decrease in ounces sold is primarily due to the decrease in tons milled

and the decrease in the recovered grade. Recovered grade was 0.153 in fiscal 2005, compared with 0.170 in fiscal 2004, mainly as a result of lower grades being mined.

Cash costs were \$72,282,000 in fiscal 2005 compared with \$76,269,000 in fiscal 2004 with cash costs per ounce at \$452 in fiscal 2005 compared with \$326 in fiscal 2004. This increase was attributable primarily to higher labor costs while the restructuring at Masimong 4 was delayed, a lower grade mined and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Masimong shaft complex were 1,378,000 in fiscal 2004, compared with 1,266,000 in fiscal 2003, and ounces sold were 234,307 in fiscal 2004, compared with 179,632 in fiscal 2003. The increase in tons milled and ounces sold is primarily attributable to increased production from the complex and the increase in the recovered grade. Recovered grade was 0.170 in fiscal 2004, compared with 0.142 in fiscal 2003.

Cash costs were \$76,269,000 in fiscal 2004 compared with \$43,898,000 in fiscal 2003 with cash costs per ounce at \$326 in fiscal 2004 compared with \$244 in fiscal 2003. This increase was attributable primarily to increased labor and production costs and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The total shaft hoisting capacity is 134,000 tons per month. The average tons milled in fiscal 2005 were 87,167 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 13.6 million tons will be sufficient for the Masimong shaft complex to maintain underground production until approximately fiscal 2016. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 23 million in capital expenditures at Masimong in fiscal 2005, principally for the expansion project, which involves the mining of the Basal and B reefs. Harmony has budgeted Rand 30 million (\$4.5 million at the closing rate on balance sheet date) for capital expenditures at Masimong in fiscal 2006, primarily for growth development of the Masimong shaft complex.

	Fiscal year ended June 30,		
	2005	2004	2003
Evander 2			
Production			
Tons ('000)	357	491	522
Recovered grade (ounces/ton)	0.137	0.176	0.170
Gold sold (ounces)	48,764	86,172	88,575
Results of operations (\$)			
Product sales ('000)	20,695	33,216	28,881
Cash cost ('000)	30,967	32,428	20,373
Cash profit ('000)	(10,272)	788	8,508
Cash costs			
Per ounce of gold (\$)	635	376	230
Capex ('000) (\$)	15	619	459

Tons milled from the Evander 2 shaft were 357,000 in fiscal 2005, compared with 491,000 in fiscal 2004, and ounces sold were 48,764 in fiscal 2005, compared with 86,172 in fiscal 2004. This decrease in tons milled was due to the decision to downscale the operations and combine it with the Evander 5 shaft. The decrease in ounces was due to the lower tons milled and the decrease in the recovery grade. Recovered grade decreased to 0.137 in fiscal 2005, compared with 0.176 in fiscal 2004.

The increase in cash costs from \$376 per ounce in fiscal 2004 to \$635 per ounce in fiscal 2005 was attributable primarily to lower production outputs and the lower recovered grades as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See*

Item 5. "Operating and Financial Review and Prospects – Exchange Rates." If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the lower grade in volumes produced, increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Evander 2 shaft were 491,000 in fiscal 2004, compared with 522,000 in fiscal 2003, and ounces sold were 86,172 in fiscal 2004, compared with 88,575 in fiscal 2003. This decrease in tons milled was due to the repairing of the shaft's infrastructure. Even though the recovered grade increased from 0.170 in fiscal 2003 to 0.176 in fiscal 2004, ounces sold decreased due to the lower tons milled.

The increase in cash costs from \$230 per ounce in fiscal 2003 to \$376 per ounce in fiscal 2004 was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the significant restructuring initiatives during the last quarter of fiscal 2004, additional costs incurred in repairing the infrastructure of the shaft, increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The total shaft hoisting capacity for the No.2 shaft is 51,000 tons per month. The average tons milled in fiscal 2005 were 29,750 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 2.1 million tons will be sufficient for the Evander 2 shaft to maintain production until approximately fiscal 2016. Due to the recent economic climate, mining operations at shaft 2 and 5 were combined and downscaled during fiscal 2005. Harmony currently expects that production at shafts 2 and 5 will end between 2009 and 2010. Although production increases are planned at other production shafts and total production is expected to remain generally constant in the foreseeable future, some uncertainty about longer-term production exists because infrastructure for the subsequent years has not been planned to the same degree of detail as in the years 2001 through 2010. In addition, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 0.094 million in capital expenditures at Evander 2 in fiscal 2005, principally for the upgrade of winders. No provision was made for capital expenditures at Evander 2 in fiscal 2006.

Evander 5	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	245	223	227
Recovered grade (ounces/ton)	0.192	0.216	0.219
Gold sold (ounces)	47,093	48,103	49,769
Results of operations (\$)			
Product sales ('000)	20,078	18,559	16,293
Cash cost ('000)	19,353	16,095	11,356
Cash profit ('000)	725	2,464	4,937
Cash costs			
Per ounce of gold (\$)	411	335	228
Capex ('000) (\$)	2	498	259

Tons milled from the Evander 5 shaft were 245,000 in fiscal 2005, compared with 223,000 in fiscal 2004, and ounces sold were 47,093 in fiscal 2005, compared with 48,103 in fiscal 2004. The increase in tons milled was due to the successful implementation of CONOPS and the combined operations of the No 2 and 5 shafts. The decrease in ounces was due to a significantly lower recovered grade. Recovered grade was 0.192 in fiscal 2005, compared with 0.216 in fiscal 2004.

The increase in cash costs from \$335 per ounce in fiscal 2004 to \$411 per ounce in fiscal 2005 was attributable primarily to the lower grade being recovered, resulting in lower ounces produced and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per

ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Evander 5 shaft were 223,000 in fiscal 2004, compared with 227,000 in fiscal 2003, and ounces sold were 48,103 in fiscal 2004, compared with 49,769 in fiscal 2003. The decrease in tons was primarily due to the fact that preparation work in the shaft for the removal of the shaft pillar was delayed due to constraints. The decrease in ounces was due to the slightly lower recovered grade and lower tons milled. Recovered grade was 0.216 in fiscal 2004, compared with 0.219 in fiscal 2003.

The increase in cash costs from \$228 per ounce in fiscal 2003 to \$335 per ounce in fiscal 2004 was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The total shaft hoisting capacity for the No.5 shaft is 21,000 tons per month. The average tons milled in fiscal 2005 were 20,417 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 1.7 million tons will be sufficient for the Evander 5 shaft to maintain production until approximately fiscal 2016. Due to the recent economic climate, mining operations at the No. 2 and 5 shafts were combined and downscaled during fiscal 2005. Harmony currently expects that production at shafts 2 and 5 will end between 2009 and 2010. Although production increases are planned at other production shafts and total production is expected to remain generally constant in the foreseeable future, some uncertainty about longer-term production exists because infrastructure for the subsequent years has not been planned to the same degree of detail as in the years 2001 through 2010. In addition, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 0.013 million in capital expenditures at the Evander 5 shaft in fiscal 2005, principally for exploration drilling. Harmony has budgeted Rand 24.6 million (\$3.7 million at the closing rate at the balance sheet date) for capital expenditures at the Evander 5 shaft in fiscal 2006, primarily for development of the No. 2 deepening decline project. A further Rand 0.2 million (\$0.03 million at the closing rate at balance sheet date) was budgeted for exploration of the 23CE Drive.

Evander 7	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	541	577	566
Recovered grade (ounces/ton)	0.240	0.160	0.188
Gold sold (ounces)	130,009	92,505	106,419
Results of operations (\$)			
Product sales ('000)	55,502	35,566	34,644
Cash cost ('000)	36,872	32,968	22,518
Cash profit ('000)	18,630	2,598	12,126
Cash costs			
Per ounce of gold (\$)	284	356	212
Capex ('000) (\$)	3,871	5,034	4,044

Tons milled from the Evander 7 shaft were 541,000 in fiscal 2005, compared with 577,000 in fiscal 2004, and ounces sold were 130,009 in fiscal 2005, compared with 92,505 in fiscal 2004. The decrease in tons milled was due to significantly lower production in the upper levels, as planned with a strategic build up phase in order to maintain profitability in this area. The increase in ounces sold is attributable primarily to the significantly improved recovery grade, which increased to 0.240 in fiscal 2005, compared with 0.160 in fiscal 2004. This significant increase was due to the mining moving to the center of the payshoot.

The decrease in cash costs from \$356 per ounce in fiscal 2004 to \$284 per ounce in fiscal 2005 was attributable primarily to the increase in the recovered grade. Improvements in production efficiencies such as face advances, especially in the main payshoot area, also contributed towards higher gold recovery and thus lower cash cost per ounce.

Tons milled from the Evander 7 shaft were 577,000 in fiscal 2004, compared with 566,000 in fiscal 2003. This increase in tons milled was primarily due to dedicated focus on old gold sweepings. The decrease in ounces sold to 92,505 in fiscal 2004, compared with 106,419 in fiscal 2003 was attributable primarily to the decrease in the recovered grade. The recovered grade decreased to 0.160 in fiscal 2004, compared with 0.188 in fiscal 2003, mainly due to flexibility concerns and lower mining grades.

The increase in cash costs from \$212 per ounce in fiscal 2003 to \$356 per ounce in fiscal 2004 was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the significant reduction in the recovered grade, increases in the costs of labor, annual increases and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The total shaft hoisting capacity for the No. 7 shaft is 53,000 tons per month. The average tons milled in fiscal 2005 were 45,083.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 8.9 million tons will be sufficient for Evander 7 shaft to maintain production until approximately fiscal 2021. Harmony currently expects that production at shaft 7 will end between 2009 and 2010. Although production increases are planned at other production shafts and total production is expected to remain generally constant in the foreseeable future, some uncertainty about longer-term production exists because infrastructure for the subsequent years has not been planned to the same degree of detail as in the years 2001 through 2010. In addition, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 24 million in capital expenditures at Evander 7 in fiscal 2005, principally for underground declines at shaft 7. Harmony has budgeted Rand 33 million (\$5 million at the closing rate at the balance sheet date) for capital expenditures at Evander 7 in fiscal 2006, primarily for development of the No.1 decline connection and the third phase of the No.3 decline.

Evander 8	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	734	692	676
Recovered grade (ounces/ton)	0.207	0.158	0.139
Gold sold (ounces)	151,936	109,513	94,008
Results of operations (\$)			
Product sales ('000)	64,912	41,945	30,123
Cash cost ('000)	46,245	39,708	27,293
Cash profit ('000)	18,667	2,237	2,830
Cash costs			
Per ounce of gold (\$)	304	363	290
Capex ('000) (\$)	3,472	5,091	3,977

Tons milled from the Evander 8 shaft were 734,000 in fiscal 2005, compared with 692,000 in fiscal 2004, and ounces sold were 151,936 in fiscal 2005, compared with 109,513 in fiscal 2004. This increase in tons milled was due to an increase in the number of stopping crews and the successful implementation of CONOPS. The increase in ounces was due to the significant higher recovered grade. Recovered grade was 0.207 in fiscal 2005, compared with 0.158 in fiscal 2004, which is the positive result of the mining focus being shifted to achieving mining of the ore body using more structured pillar investigations and increasing the cut-off grade so as to minimize mining below the cut-off.

The decrease in cash costs from \$363 per ounce in fiscal 2004 to \$304 per ounce in fiscal 2005 was attributable primarily due to the significant increase in the recovery grade and the successful results from the implementation of CONOPS.

Tons milled from the Evander No. 8 shaft were 692,000 in fiscal 2004, compared with 676,000 in fiscal 2003, and ounces sold were 109,513 in fiscal 2004, compared with 94,008 in fiscal 2003. The increase in ounces was due to the higher recovery grade. Recovered grade was 0.158 in fiscal 2004, compared with 0.139 in fiscal 2003.

The increase in cash costs from \$290 per ounce in fiscal 2003 to \$363 per ounce in fiscal 2004 was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these

costs were translated into US dollars but was offset in part by an increase in the recovered grade. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The total shaft hoisting capacity for Evander No. 8 shaft is 51,000 tons per month. The average tons milled in fiscal 2005 were 61,167 tons per month, which exceeds the capacity due to the fact that Evander 8 only hoists to a certain level, from which the ore is trammed to Evander 7.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 15.7 million tons will be sufficient for Evander 8 shaft to maintain production until approximately fiscal 2033. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 21.5 million in capital expenditures at Evander 8 in fiscal 2005, principally for underground declines at shaft 8. Harmony has budgeted Rand 25.9 million (\$3.88 million at the closing rate at the balance sheet date) for capital expenditures at the Evander 8 shaft in fiscal 2006, primarily for development of phase 5 and 6 of the decline and the fire control system.

Cooke 1	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	520	605	741
Recovered grade (ounces/ton)	0.152	0.172	0.163
Gold sold (ounces)	79,101	104,168	120,819
Results of operations (\$)			
Product sales ('000)	33,888	39,891	39,722
Cash cost ('000)	33,660	31,632	23,017
Cash profit ('000)	228	8,259	16,705
Cash costs			
Per ounce of gold (\$)	426	304	191
Capex ('000) (\$)	266	825	—

Tons milled from Cooke 1 were 520,000 in fiscal 2005, compared with 605,000 in fiscal 2004, and ounces sold were 79,101 in fiscal 2005, compared with 104,168 in fiscal 2004. The decrease in tons milled was due to staggered initial implementation of CONOPS and the planned reduction of operations in terms of the restructuring process. The decrease in ounces sold was primarily due to the lower tons milled and the lower recovered grade (0.152 in fiscal 2005, compared 0.172 in fiscal 2004).

Cash costs per ounce of gold were \$426 in fiscal 2005, compared with \$304 in fiscal 2004. This increase was attributable primarily to the change in mining mix, which constitutes a decrease in conventional mining and an increase in the portion of pillar mining from old remnant areas. This pillar mining is much more costly to undertake and high volumes is also not possible. Cooke 1 also experienced an increase in seismicity in the shaft area, caused mainly by the fact that the shaft pillar was completely mined out by September 2002. Furthermore the appreciation of the Rand against the US dollar caused a significant increase when these costs were, translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the lower grade in volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Cooke 1 were 605,000 in fiscal 2004, compared with 741,000 in fiscal 2003. . The decrease in tons milled was due to the planned reduction of operations in terms of the restructuring process, as well as the change in mining mix, with pillar mining not allowing high volumes. Ounces sold were 104,168 in fiscal 2004, compared with 120,819 in fiscal 2003. Even though the recovered grade increased from 0.163 in fiscal 2003 to 0.172 in fiscal 2004, ounces sold decreased primarily due to the lower tons milled.

Cash costs per ounce of gold were \$304 in fiscal 2004, compared with \$191 in fiscal 2003. This increase was expected with the downscaling in underground mining activities, resulting in lower production levels, which was supplemented by the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects –*

Exchange Rates.” If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the lower volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The hoisting capacity of the Cooke 1 shaft is 176,000 tons per month, though currently operating at a rate of 43,333 tons per month in connection with the extraction of the shaft pillar.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable underground ore reserves of 1.8 million tons will be sufficient for the Cooke 1 shaft to maintain production until approximately fiscal 2009. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. “Key Information – Risk Factors – Harmony’s gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates.”*

Capital Expenditure. Harmony incurred approximately Rand 1.6 million in capital expenditures at Cooke 1 shaft in fiscal 2005 for development of Level 106 into the Kimberley Reef. No capital expenditures are expected at Cooke 1 shaft during fiscal 2006.

Cooke 2	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	403	749	790
Recovered grade (ounces/ton)	0.135	0.121	0.148
Gold sold (ounces)	54,441	90,761	116,639
Results of operations (\$)			
Product sales ('000)	23,274	34,748	38,255
Cash cost ('000)	26,560	34,237	22,281
Cash profit ('000)	(3,286)	511	15,974
Cash costs			
Per ounce of gold (\$)	488	377	191
Capex ('000) (\$)	122	789	—

Tons milled from Cooke 2 were 403,000 in fiscal 2005, compared with 749,000 in fiscal 2004, and ounces sold were 54,441 in fiscal 2005, compared with 90,761 in fiscal 2004. The decrease in tons milled was due to staggered initial implementation of CONOPS and the planned reduction of operations in terms of the restructuring process. Even though the recovered grade increased from 0.121 in fiscal 2004 to 0.135 in fiscal 2005, ounces sold decreased primarily due to the decrease in tons milled.

Cash costs per ounce of gold were \$488 in fiscal 2005, compared with \$377 in fiscal 2004. This increase was attributable primarily to the initial implementation of CONOPS and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars, and the lower production volumes. See *Item 5. “Operating and Financial Review and Prospects – Exchange Rates.”* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the lower volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Cooke 2 were 749,000 in fiscal 2004, compared with 790,000 in fiscal 2003. The decrease in tons milled was due the planned reduction of operations in terms of the restructuring process. Ounces sold decreased to 90,761 in fiscal 2004, compared with 116,639 in fiscal 2003, primarily due to decrease in tons milled and a decrease in the recovered grade, to 0.121 during fiscal 2004, compared with 0.148 fiscal 2003.

Cash costs per ounce of gold were \$377 in fiscal 2004, compared with \$191 in fiscal 2003. This increase was expected with the downscaling in underground mining activities and supplemented by lower recovery grades and lower production levels as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See *Item 5. “Operating and Financial Review and Prospects – Exchange Rates.”* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the lower grade in volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The hoisting capacity of the Cooke 2 shaft is 187,000 tons per month. The average tons milled in fiscal 2005 were 33,583 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable underground ore reserves of 2 million tons will be sufficient for the Cooke 2

shaft to maintain production until approximately fiscal 2010. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 0.75 million in capital expenditures at Cooke 2 in fiscal 2005. Harmony has budgeted Rand 1.28 million (\$0.19 million at the closing rate at the balance sheet date) in fiscal 2006, primarily for prospecting.

Cooke 3	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	740	999	1,108
Recovered grade (ounces/ton)	0.157	0.134	0.137
Gold sold (ounces)	116,300	134,003	151,553
Results of operations (\$)			
Product sales ('000)	49,478	51,283	49,829
Cash cost ('000)	50,565	50,066	35,766
Cash profit ('000)	(1,087)	1,217	14,063
Cash costs			
Per ounce of gold (\$)	435	374	236
Capex ('000) (\$)	—	54	232

Tons milled from Cooke 3 were 740,000 in fiscal 2005, compared with 999,000 in fiscal 2004. The decrease in tons milled was due to planned reduction of operations in terms of the restructuring process based on the application of the new mining cut-offs. The increase in recovered grade in 2005 was due to an increased percentage of VCR mining and ongoing refining of grade and block models. Even though the recovered grade increased from 0.134 in fiscal 2004 to 0.157 in fiscal 2005, ounces sold decreased to 116,300 in fiscal 2005, compared with 134,003 in fiscal 2004, primarily due to the decrease in tons milled.

Cash costs per ounce of gold were \$435 in fiscal 2005, compared with \$374 in fiscal 2004. This increase was expected with the restructuring in underground mining activities and supplemented by the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the lower volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Cooke 3 decreased to 999,000 in fiscal 2004, compared with 1,108,000 in fiscal 2003. This decrease was attributable primarily to the reduction in square meters mined of 162,106m² to 139,584m². Ounces sold were 134,003 in fiscal 2004, compared with 151,553 in fiscal 2003. This decrease in ounces sold was primarily due to the decrease in the recovered grade as well as the lower tons milled.

Cash costs per ounce of gold were \$374 in fiscal 2004, compared with \$236 in fiscal 2003. This increase was attributable primarily to the lower production volumes and grade as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the lower grade in volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The hoisting capacity of the Cooke 3 shaft is 265,000 tons per month. The average tons milled in fiscal 2005 were 61,667 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable underground ore reserves of 11.4 million tons will be sufficient for the Cooke 3 shaft to maintain production until approximately fiscal 2018. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred no capital expenditures at the Cooke 3 shaft in fiscal 2005. Harmony has budgeted Rand 18.2 million (\$2.73 million calculated at the closing rate at balance sheet date) for capital expenditures at the Cooke 3 shaft in fiscal 2006, primarily for the 128 South development and exploration. A further

Rand 1.45 million (\$0.22 million at the closing rate at balance sheet date) was budgeted for below infrastructure prospecting.

Leveraged shafts

The following chart details the operating and production results from underground operations for all identified leveraged shafts for fiscal 2005, 2004 and 2003:

	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	5,990	9,238	7,550
Recovered grade (ounces/ton)	0.140	0.140	0.146
Gold sold (ounces)	841,280	1,295,315	1,101,204
Results of operations (\$)			
Product sales ('000)	358,139	491,690	367,665
Cash cost ('000)	429,619	518,392	278,619
Cash profit ('000)	(71,480)	(26,702)	89,046
Cash costs			
Per ounce of gold (\$)	511	400	253
Capex ('000) (\$)	6,144	18,824	15,664

Tons milled from leveraged shafts decreased to 5,990,000 in fiscal 2005, compared with 9,238,000 in fiscal 2004. Ounces sold decreased to 841,280 in fiscal 2005, compared with 1,295,315 in fiscal 2004, primarily due to the decrease in tons milled. The recovered grade remained constant at 0.140 in fiscal 2004 and fiscal 2005.

Gold sales decreased from \$491,690,000 in fiscal 2004 to \$358,139,000 in fiscal 2005. Cash costs for the leveraged shafts were \$511 per ounce of gold in fiscal 2005, compared with \$400 per ounce of gold in fiscal 2004.

Tons milled from leveraged shafts increased to 9,238,000 in fiscal 2004, compared with 7,550,000 in fiscal 2003. Ounces sold increase to 1,295,315 in fiscal 2004, compared with 1,101,204 in fiscal 2003, primarily due to the increased tonnage milled. Recovered grade decreased to 0.140 in fiscal 2004, compared with 0.146 in fiscal 2003.

Gold sales increased to \$491,690,000 in fiscal 2004, compared with \$367,665,000 from fiscal 2003. Cash costs for the leveraged shafts were \$400 per ounce of gold in fiscal 2004, compared with \$253 per ounce of gold in fiscal 2003.

Refer to the following charts for detail on the operating and production results of individual leverage shafts for fiscal 2005, 2004 and 2003:

	Fiscal year ended June 30,		
	2005	2004	2003
Bambanani			
Production			
Tons ('000)	1,090	1,606	1,652
Recovered grade (ounces/ton)	0.181	0.181	0.226
Gold sold (ounces)	197,535	290,210	373,258
Results of operations (\$)			
Product sales ('000)	84,165	110,244	123,362
Cash cost ('000)	91,573	102,703	73,938
Cash profit ('000)	(7,408)	7,541	49,424
Cash costs			
Per ounce of gold (\$)	464	354	198
Capex ('000) (\$)	3,893	7,500	2,660

Tons milled from the Bambanani shaft decreased significantly to 1,090,000 in fiscal 2005, compared with 1,606,000 in fiscal 2004. This decrease was attributable primarily to the discontinuation of the implementation of CONOPS, the effect of the fires and an intensive restructuring program that commenced in April 2005. Ounces sold were 197,535 in fiscal 2005, compared with 290,210 in fiscal 2004. This decrease was due to the decrease in tons milled, since the recovered grade remained stable at 0.181 during fiscal 2005.

Cash costs for Bambanani were \$91,573,000 in fiscal 2005, compared with \$102,703,000 in fiscal 2004. Cash costs per ounce increased to \$464 in fiscal 2005, compared with \$354 in fiscal 2004, primarily due to the additional labor cost resulting from the temporarily discontinuation of CONOPS as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Bambanani shaft were 1,606,000 in fiscal 2004, compared with 1,652,000 in fiscal 2003. Ounces sold were 290,210 in fiscal 2004, compared with 373,258 in fiscal 2003. The slight decrease in tons milled was primarily due to fires in the pillar areas from April to June 2003. Ounces sold decreased primarily due to the decrease in the recovered grade and tonnage milled. The recovered grade decreased to 0.181 in fiscal 2004, compared with 0.226 in fiscal 2003.

Cash costs for Bambanani were \$102,703,000 in fiscal 2004, compared with \$73,938,000 in fiscal 2003. Cash costs per ounce were \$354 in fiscal 2004, compared with \$198 in fiscal 2003. This increase was attributable primarily to the initial implementation of CONOPS, the reduction in the recovered grade as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, cost per ounce would have increased in fiscal 2004, due primarily to the reduction in the recovered grade, the increases in costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 38,240 ounces in the first quarter of fiscal 2004 and 186,629 ounces for fiscal 2003.

The rock hoisting capacity at Bambanani is 116,000 tons per month. The average tons milled in fiscal 2005 were 90,833 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 10.6 million tons will be sufficient for Bambanani to maintain underground production until approximately 2015. Any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 24 million in capital expenditures at Bambanani in the fiscal year ended June 30, 2005, primarily for underground development. Harmony has budgeted Rand 5.8 million (\$0.9 million at the closing rate at balance sheet date) for capital expenditures in fiscal 2006, for development of the new orepass system and upgrading of the No.3 cooling tower and fan. A further Rand 1.8 million (\$0.28 million at the closing rate at balance sheet date) was budgeted for below 103 level and De Bron Margin exploration.

Evander 9	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	31	202	153
Recovered grade (ounces/ton)	0.083	0.116	0.113
Gold sold (ounces)	2,573	23,440	17,297
Results of operations (\$)			
Product sales ('000)	1,078	9,079	5,698
Cash cost ('000)	3,005	9,042	4,660
Cash profit ('000)	(1,927)	37	1,038
Cash costs			
Per ounce of gold (\$)	1,168	386	269
Capex ('000) (\$)	—	—	—

Significant restructuring initiatives commenced in the last quarter of fiscal 2004 and by the end of fiscal 2005 Evander 9 was successfully closed and placed on care and maintenance.

Tons milled from the Evander 9 shaft were 31,000 in fiscal 2005, compared with 202,000 in fiscal 2004, and ounces sold were 2,573 in fiscal 2005, compared with 23,440 in fiscal 2004. The decrease in tons milled and

ounces sold were due to the closure of the shaft. Recovered grade was 0.083 in fiscal 2005, compared with 0.116 in fiscal 2004. The increase in cash costs from \$386 per ounce in fiscal 2004 to \$1,168 per ounce in fiscal 2005 was attributable primarily to the restructuring process of the shaft's closure.

Tons milled from the Evander 9 shaft were 202,000 in fiscal 2004, compared with 153,000 in fiscal 2003, and ounces sold were 23,440 in fiscal 2004, compared with 17,297 in fiscal 2003. The increase in ounces was due to the increase in tons milled and a slightly higher recovery grade. Recovered grade was 0.116 in fiscal 2004, compared with 0.113 in fiscal 2003.

The increase in cash costs from \$269 per ounce in fiscal 2003 to \$386 per ounce in fiscal 2004 was attributable primarily to the decision to restructure and downscale the shaft, together with the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grades. See Item 5. "Operating and Financial Review and Prospects – Exchange Rates." If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Capital Expenditure. Harmony incurred no capital expenditures at the Evander 9 shaft in fiscal 2005 and no expenses are foreseen for fiscal 2006.

Joel	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	498	565	520
Recovered grade (ounces/ton)	0.129	0.122	0.119
Gold sold (ounces)	64,464	68,694	61,652
Results of operations (\$)			
Product sales ('000)	27,282	25,526	20,148
Cash cost ('000)	31,408	26,162	17,584
Cash profit ('000)	(4,126)	(636)	2,564
Cash costs			
Per ounce of gold (\$)	487	381	285
Capex ('000) (\$)	165	—	—

Tons milled from Joel shaft decreased to 498,000 in fiscal 2005, compared with 565,000 in fiscal 2004, attributable primarily to delays in restructuring, such as CONOPS being discontinued in January 2005. Ounces sold were 64,464 in fiscal 2005, compared with 68,694 in fiscal 2004. Even though the recovered grade improved, the positive influence on ounces sold was diluted due to the decrease in tons milled. Recovered grade improved to 0.129 in fiscal 2005 compared with 0.122 in fiscal 2004. See Item 6 "Unionized Labour"

Cash costs for Joel increased to \$31,408,000 in fiscal 2005, compared with \$26,162,000 in fiscal 2004. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$487 in fiscal 2005, compared with \$381 in fiscal 2004. This increase was attributable primarily to the discontinuation of CONOPS, which resulted in additional labor cost as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. See Item 5. "Operating and Financial Review and Prospects – Exchange Rates." If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Joel shaft were 565,000 in fiscal 2004, compared with 520,000 in fiscal 2003. Ounces sold were 68,694 in fiscal 2004, compared with 61,652 in fiscal 2003. The increase in tons milled was due to the implementation of CONOPS as from January 2004. The increase in ounces sold was attributable primarily to the slightly higher recovery grade and tons milled. The recovered grade increased to 0.122 in fiscal 2004, compared with 0.119 in fiscal 2003.

Cash costs for Joel were \$26,162,000 in fiscal 2004, compared with \$17,584,000 in fiscal 2003. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce increased to \$381 in fiscal 2004, compared with \$285 in fiscal 2003. This increase was attributable primarily due to the implementation stage of CONOPS and increased production such as milling and refining as well as the

appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 9,052 ounces in the first quarter of fiscal 2004 and 30,827 ounces for fiscal 2003.

The rock hoisting capacity at Joel is 58,000 tons per month. The average tons milled in fiscal 2005 were 41,500 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 2.1 million tons will be sufficient for Joel to maintain underground production until approximately 2013. Any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 1 million in capital expenditures at Joel in the fiscal year ended June 30, 2005, on general replacement and maintenance and has budgeted Rand 7 million (\$1 million at the closing rate at balance sheet date) for capital expenditures in fiscal 2006, primarily for implementing mid shaft loading at North shaft.

Kudu/Sable	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	194	275	210
Recovered grade (ounces/ton)	0.130	0.145	0.161
Gold sold (ounces)	25,175	39,848	33,814
Results of operations (\$)			
Product sales ('000)	10,764	14,612	11,026
Cash cost ('000)	18,885	16,073	8,912
Cash profit ('000)	(8,121)	(1,461)	2,114
Cash costs			
Per ounce of gold (\$)	750	403	264
Capex ('000) (\$)	—	—	194

Tons milled from Kudu/Sable were 194,000 in fiscal 2005, compared with 275,000 in fiscal 2004. The decrease was primarily the result of the decision to close down the shaft, the regional strike during March and April 2005 and delays in restructuring. Ounces sold were 25,175 in fiscal 2005, compared with 39,848 in fiscal 2004. The decrease in ounces sold is primarily attributed to the lower recovered grade at Kudu/Sable and the decrease in tons milled. The recovered grade decreased to 0.130 in fiscal 2005, compared with 0.145 in fiscal 2004.

Cash costs for Kudu/Sable were \$18,885,000 in fiscal 2005, compared with \$16,073,000 in fiscal 2004. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$750 in fiscal 2005, compared with \$403 in fiscal 2004. This increase was attributable primarily to static fixed costs, lower production levels and the reduction in the recovered grade as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Kudu/Sable increased to 275,000 in fiscal 2004, compared with 210,000 in fiscal 2003, primarily due to the successful introduction of CONOPS during the second half of the year. Even though the recovered grade decreased to 0.145 in fiscal 2004, compared with 0.161 fiscal 2003, ounces sold increased to 39,848 in fiscal 2004, compared with 33,814 in fiscal 2003, due to the increase in tons milled.

Cash costs for Kudu/Sable were \$16,073,000 in fiscal 2004, compared with \$8,912,000 in fiscal 2003. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$403 in fiscal 2004, compared with \$264 in fiscal 2003. This increase was attributable primarily to the additional labor cost associated with the introduction of CONOPS, the increase in tonnage, the reduction in the recovered

grade and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See Item 5. "Operating and Financial Review and Prospects – Exchange Rates." If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 5,251 ounces in the first quarter of fiscal 2004 and 16,907 ounces for fiscal 2003.

The rock hoisting capacity at Kudu/Sable is 25,000 tons per month. The average tons milled in fiscal 2005 were 16,167 tons per month.

Capital Expenditure. Harmony incurred no capital expenditures at Kudu/Sable in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

West shaft	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	176	200	154
Recovered grade (ounces/ton)	0.160	0.180	0.169
Gold sold (ounces)	28,165	36,071	26,034
Results of operations (\$)			
Product sales ('000)	12,049	14,039	8,626
Cash cost ('000)	13,014	11,616	6,112
Cash profit ('000)	(965)	2,423	2,514
Cash costs			
Per ounce of gold (\$)	462	322	235
Capex ('000) (\$)	—	1	205

Tons milled from the West shaft were 176,000 in fiscal 2005, compared with 200,000 in fiscal 2004. The decrease was primarily due to the loss of panels as a result of seismicity, no flexibility resulting in reef stripping and lost shifts due to the regional strike in March and April 2005. Ounces sold were 28,165 in fiscal 2005, compared with 36,071 in fiscal 2004. The decrease in ounces sold is primarily attributed to the lower recovered grade and the decreased tonnage milled. The recovered grade decreased to 0.160 in fiscal 2005, compared with 0.180 in fiscal 2004, primarily due to the reef stripping at lower grades to get back into higher grade pillars.

Cash costs for the West shaft were \$13,014,000 in fiscal 2005, compared with \$11,616,000 in fiscal 2004. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$462 in fiscal 2005, compared with \$322 in fiscal 2004. This increase was attributable primarily to the increase in labor cost, due to the implementation of CONOPS and the reduction in the recovered grade as well as the appreciation of the Rand against the US dollar.

Tons milled from the West shaft increased to 200,000 in fiscal 2004, compared with 154,000 in fiscal 2003, due to the implementation of CONOPS from January 2004 and the production build up since the re-opening in fiscal 2002. Ounces sold were 36,071 in fiscal 2004, compared with 26,034 in fiscal 2003. The increase in ounces sold is primarily attributed to the higher tonnage milled and the increase in the recovery grade. (0.169 in fiscal 2003 increased to 0.180 during fiscal 2004)

Cash costs for the West shaft were \$11,616,000 in fiscal 2004, compared with \$6,112,000 in fiscal 2003. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$322 in fiscal 2004, compared with \$235 in fiscal 2003. This increase was attributable primarily to the initial equipping of available face length after re-opening as well as the appreciation of the Rand against the US dollar.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 4,753 ounces in the first quarter of fiscal 2004 and 13,017 ounces for fiscal 2003.

The rock hoisting capacity at the West shaft is 24,000 tons per month. The average tons milled in fiscal 2005 were 14,667 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 1.5 million tons will be sufficient for the West shaft to maintain underground production until approximately 2011. Any future changes to the assumptions upon which the

ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See Item 3. “Key Information – Risk Factors – Harmony’s gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates.”

Capital Expenditure. Harmony incurred no capital expenditures at the West shaft in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

Nyala	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	198	112	—
Recovered grade (ounces/ton)	0.119	0.108	—
Gold sold (ounces)	23,503	12,073	—
Results of operations (\$)			
Product sales ('000)	9,897	4,645	—
Cash cost ('000)	17,587	4,063	—
Cash profit ('000)	(7,690)	582	—
Cash costs			
Per ounce of gold (\$)	748	337	—
Capex ('000) (\$)	1,440	7,276	—

Due to the increased operating costs in dollar terms, the decision was taken to close the Nyala shaft during the quarter ended March 31, 2005.

Tons milled from Nyala were 198,000 in fiscal 2005, compared with 112,000 in fiscal 2004. Ounces sold were 23,503 in fiscal 2005, compared with 12,073 in fiscal 2004. This increase in ounces sold is primarily attributed to the increase in tons milled and the higher recovered grade at Nyala.

Cash costs for Nyala’s underground operations were \$17,587,000 in fiscal 2005, compared with \$4,063,000 in fiscal 2004. This increase was primarily attributed to the start up of Nyala shaft. Cash costs per ounce were \$748 in fiscal 2005, compared with \$337 in fiscal 2004. The continuous increase in cost was the primary motivation for the closure of the shaft.

Harmony’s 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 1,591 ounces in the first quarter of fiscal 2004.

The rock hoisting capacity at Nyala is 32,000 tons per month. The average tons milled in fiscal 2005 were 16,500 tons per month.

Capital Expenditure. Harmony incurred approximately Rand 8.9 million in capital expenditures at Nyala in the fiscal year ended June 30, 2005, primarily for re-establishing Nyala. The re-establishment of Nyala was completed during fiscal 2005 and no capital expenditure is expected for fiscal 2006.

Eland	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	175	347	402
Recovered grade (ounces/ton)	0.153	0.146	0.238
Gold sold (ounces)	26,782	50,697	95,670
Results of operations (\$)			
Product sales ('000)	11,436	17,447	31,664
Cash cost ('000)	13,404	24,501	19,016
Cash profit ('000)	(1,968)	(7,054)	12,648
Cash costs			
Per ounce of gold (\$)	500	483	199
Capex ('000) (\$)	—	274	164

Based on the increased operating costs in dollar terms, the decision was taken to scale down the Eland shaft, commencing during fiscal 2004. The downscaling was completed during fiscal 2005 and the shaft was closed.

Tons milled from the Eland shaft were 175,000 in fiscal 2005, compared with 347,000 in fiscal 2004. The decrease in tons milled is primarily attributed to the decision to down scale the shaft and then close it. Ounces sold decreased to 26,782 in fiscal 2005, compared with 50,697 in fiscal 2004, due to the decrease in tons milled. There was a slight increase in the grade recovered from 0.146 in fiscal 2004 to 0.153 in fiscal 2005.

Cash costs for the Eland shaft were \$13,404,000 in fiscal 2005, compared with \$24,501,000 in fiscal 2004. This decrease was primarily attributed to the downscaling of the operation.

Tons milled from the Eland shaft decreased to 347,000 in fiscal 2004, compared with 402,000 in fiscal 2003, primarily attributable to the mining focus changing to the extraction of the remnant and shaft pillars. Ounces sold were 50,697 in fiscal 2004, compared with 95,670 in fiscal 2003. This decrease is primarily attributable to the decrease in the recovery grade from 0.238 in fiscal 2003 to 0.146 in fiscal 2004 and the decrease in tons milled.

Cash costs for the Eland shaft were \$24,501,000 in fiscal 2004, compared with \$19,016,000 in fiscal 2003. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$483 in fiscal 2004, compared with \$199 in fiscal 2003. This increase was attributable primarily to the reduction in the recovered grade as well as the appreciation of the Rand against the US dollar. Due to the increased operating costs in dollar terms, the decision was taken to scale down the shaft and then close it.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 6,680 ounces in the first quarter of fiscal 2004 and 47,835 ounces for fiscal 2003.

Capital Expenditure. Harmony incurred no capital expenditures at the Eland shaft in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

Deelkraal	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	1	522	598
Recovered grade (ounces/ton)	2.284	0.131	0.138
Gold sold (ounces)	2,284	68,127	82,751
Results of operations (\$)			
Product sales ('000)	958	26,206	27,520
Cash cost ('000)	714	37,796	26,077
Cash profit ('000)	244	(11,590)	1,443
Cash costs			
Per ounce of gold (\$)	313	555	315
Capex ('000) (\$)	—	1,305	2,070

The Deelkraal shaft was closed in June 2004 and was only operating as a service shaft during fiscal 2005. Therefore tons milled decreased to 1,000 in fiscal 2005, compared with 522,000 in fiscal 2004, and ounces sold to 2,284 in fiscal 2005, compared with 68,127 in fiscal 2004.

Tons milled from Deelkraal were 522,000 in fiscal 2004, compared with 598,000 in fiscal 2003. Ounces sold were 68,127 in fiscal 2004, compared with 82,751 in fiscal 2003. The decrease in ounces sold was primarily attributed to the decrease in tons milled and the decrease in the recovered grade. There was a slight decrease in the grade recovered from 0.138 in fiscal 2003 to 0.131 in fiscal 2004.

Cash costs for Deelkraal were \$37,796,000 in fiscal 2004, compared with \$26,077,000 in fiscal 2003. This increase was primarily attributed to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$555 in fiscal 2004, compared with \$315 in fiscal 2003. This increase was attributable primarily to the reduction in the recovered grade as well as the appreciation of the Rand against the US dollar. Production at Deelkraal was stopped in June 2004 as a result of the reduction in the Rand-dominated price of gold, which made mining at the shaft uneconomical.

Capital Expenditure. Harmony incurred no capital expenditures at Deelkraal in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

St. Helena	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	245	507	406
Recovered grade (ounces/ton)	0.122	0.140	0.127
Gold sold (ounces)	29,965	71,027	51,370
Results of operations (\$)			
Product sales ('000)	12,660	25,124	16,100
Cash cost ('000)	25,092	31,402	20,140
Cash profit ('000)	(12,432)	(6,278)	(4,040)
Cash costs			
Per ounce of gold (\$)	837	442	392
Capex ('000) (\$)	—	—	8,240

Tons milled from St. Helena were 245,000 in fiscal 2005, compared with 507,000 in fiscal 2004. The decrease in tons milled was primarily due to the decision to place the 4 shaft on care and maintenance during fiscal 2005 and the regional strike in March and April 2005. Ounces sold were 29,965 in fiscal 2005, compared with 71,027 in fiscal 2004. The decrease in ounces sold is primarily attributed to the decrease in tons milled and the lower recovery grade. The recovered grade decreased to 0.122 during fiscal 2005, compared with 0.140 fiscal 2004.

Cash costs for St. Helena were \$25,092,000 in fiscal 2005, compared with \$31,402,000 in fiscal 2004. This decrease was primarily attributed to the reduction in tonnage milled and the lower recovered grade. Cash costs per ounce were \$837 in fiscal 2005, compared with \$442 in fiscal 2004. This increase was attributable primarily to the delay in restructuring, resulting in excess labor being carried and the reduction in the recovered grade as well as the appreciation of the Rand against the US dollar. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from St. Helena increased to 507,000 in fiscal 2004, compared with 406,000 in fiscal 2003, primarily due to St. Helena being in a build up phase and the introduction of CONOPS. Ounces sold were 71,027 in fiscal 2004, compared with 51,370 in fiscal 2003. The increase in ounces sold is primarily attributed to the increased recovery grade and the increase in tons milled. The recovered grade increased to 0.140 in fiscal 2004, compared with 0.127 fiscal 2003.

Cash costs for St. Helena were \$31,402,000 in fiscal 2004, compared with \$20,140,000 in fiscal 2003. This increase was primarily attributed to the increase in tons milled and the appreciation of the Rand against the US dollar. Cash costs per ounce were \$442 in fiscal 2004, compared with \$392 in fiscal 2003. This increase was attributable primarily to the increase in labor costs and steel price increases as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 9,359 ounces in the first quarter of fiscal 2004 and 25,685 ounces for fiscal 2003.

The rock hoisting capacity at St. Helena is 38,000 tons per month. The average tons milled in fiscal 2005 were 20,417 tons per month.

Capital Expenditure. Harmony incurred no capital expenditures at St. Helena in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

Harmony 2	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	559	643	586
Recovered grade (ounces/ton)	0.123	0.136	0.118
Gold sold (ounces)	68,547	87,472	69,174
Results of operations (\$)			
Product sales ('000)	29,295	33,541	23,816
Cash cost ('000)	33,576	32,216	15,765
Cash profit ('000)	(4,281)	1,325	8,051
Cash costs			
Per ounce of gold (\$)	490	368	228
Capex ('000) (\$)	—	—	46

Tons milled from the Harmony 2 shaft decreased to 559,000 in fiscal 2005, compared with 643,000 in fiscal 2004, primarily due to a seismic event in March 2005 and the regional strike in March and April 2005. Ounces sold were 68,547 in fiscal 2005, compared with 87,472 in fiscal 2004. This decrease is attributable primarily to the decrease in tons milled and the significant decrease in the grade. Recovered grade was 0.123 in fiscal 2005, compared with 0.136 in fiscal 2004.

Cash costs were \$33,576,000 in fiscal 2005 compared with \$32,216,000 in fiscal 2004. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$490 in fiscal 2005 compared with \$368 in fiscal 2004. This increase was attributable primarily to decrease in tonnage produced, a lower grade mined as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Harmony 2 shaft increased to 643,000 in fiscal 2004, compared with 586,000 in fiscal 2003, due to approximately 830 additional square meters being mined. Ounces sold were 87,472 in fiscal 2004, compared with 69,174 in fiscal 2003. This increase in ounces sold was primarily due to the increase in the recovery grade to 0.136 in fiscal 2004, compared with 0.118 fiscal 2003, as well as the increase in tons milled.

Cash costs were \$32,216,000 in fiscal 2004 compared with \$15,765,000 in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$368 in fiscal 2004 compared with \$228 in fiscal 2003. This increase was attributable primarily to the introduction of CONOPS, the increase in production and tonnage as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The rock hoisting capacity at the Harmony 2 shaft is 54,000 tons per month. The average tons milled in fiscal 2005 were 46,583 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 0.8 million tons will be sufficient for the Free State operations to maintain underground production until approximately fiscal 2007. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred no capital expenditures at Harmony 2 in fiscal 2005, but has budgeted Rand 3.9 million (\$0.59 million at the closing rate at balance sheet date) for capital expenditures in fiscal 2006, primarily for Basal stripping and leader projects as well as drilling.

Harmony 4	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	—	3
Recovered grade (ounces/ton)	—	—	0.096
Gold sold (ounces)	—	—	289
Results of operations (\$)			
Product sales ('000)	—	—	105
Cash cost ('000)	—	—	496
Cash profit ('000)	—	—	(391)
Cash costs			
Per ounce of gold (\$)	—	—	1,716
Capex ('000) (\$)	—	—	—

The Harmony 4 shaft was closed in the quarter ended September 30, 2002.

Merriespruit 1	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	414	477	438
Recovered grade (ounces/ton)	0.110	0.124	0.115
Gold sold (ounces)	45,559	59,062	50,545
Results of operations (\$)			
Product sales ('000)	19,428	22,681	17,191
Cash cost ('000)	24,552	24,235	12,340
Cash profit ('000)	(5,124)	(1,554)	4,851
Cash costs			
Per ounce of gold (\$)	539	410	244
Capex ('000) (\$)	—	315	221

Tons milled from Merriespruit 1 were 414,000 in fiscal 2005, compared with 477,000 in fiscal 2004. This decrease in tons milled was primarily due to the flexibility problems resulting in lower face length availability. Ounces sold decreased to 45,559 in fiscal 2005, compared with 59,062 in fiscal 2004, attributable primarily to the decrease in tons milled and the lower recovered grade. Recovered grade was 0.110 in fiscal 2005, compared with 0.124 in fiscal 2004. This decrease was due to the decrease in the Mine Call Factor from 74% to 69%.

Cash costs were \$24,552,000 in fiscal 2005 compared with \$24,235,000 in fiscal 2004. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$539 in fiscal 2005 compared with \$410 in fiscal 2004. This increase was attributable primarily to the reduction in the mined area, but no reduction in the labor cost, a lower grade mined as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Merriespruit 1 were 477,000 in fiscal 2004, compared with 438,000 in fiscal 2003, and ounces sold were 59,062 in fiscal 2004, compared with 50,545 in fiscal 2003. The increase in tons milled was primarily attributable to an increase in the square meters achieved and the increased face length blasted. The increase in ounces sold is primarily attributed to the slightly increased recovered grade and the increase in tons milled. Recovered grade was 0.124 in fiscal 2004, compared with 0.115 in fiscal 2003.

Cash costs were \$24,235,000 in fiscal 2004 compared with \$12,340,000 in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$410 in fiscal 2004 compared with \$244 in fiscal 2003. This increase was attributable primarily to the achieved production as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The rock hoisting capacity at the Merriespruit 1 shaft is 43,000 tons per month. The average tons milled in fiscal 2005 were 34,500 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 5.6 million tons will be sufficient for Merriespruit 1 shaft to maintain underground production until approximately fiscal 2019. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred no capital expenditures at Merriespruit 1 in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

Merriespruit 3	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	548	743	718
Recovered grade (ounces/ton)	0.100	0.104	0.091
Gold sold (ounces)	54,690	76,956	65,189
Results of operations (\$)			
Product sales ('000)	23,325	29,570	22,327
Cash cost ('000)	25,447	32,507	18,696
Cash profit ('000)	(2,122)	(2,937)	3,631
Cash costs			
Per ounce of gold (\$)	465	422	287
Capex ('000) (\$)	628	—	—

Tons milled from the Merriespruit 3 shaft decreased to 548,000 in fiscal 2005, compared with 743,000 in fiscal 2004, primarily due to the restructuring of the shaft in the September 2004 quarter. Ounces sold were 54,690 in fiscal 2005, compared with 76,956 in fiscal 2004. The decrease in ounces sold is primarily attributed to the slightly lower recovery grade and the decrease in tons milled. Recovered grade was 0.100 in fiscal 2005, compared with 0.104 in fiscal 2004.

Cash costs were \$25,447,000 in fiscal 2005 compared with \$32,507,000 in fiscal 2004. This decrease was attributable primarily to the lower production levels. Cash costs per ounce were \$465 in fiscal 2005 compared with \$422 in fiscal 2004. This increase was attributable primarily to lower production levels, a lower grade mined as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Merriespruit 3 shaft were 743,000 in fiscal 2004, compared with 718,000 in fiscal 2003, and ounces sold were 76,956 in fiscal 2004, compared with 65,189 in fiscal 2003. The increase in tons milled was primarily due to an increase in square meters achieved, while the stoping width decreased. The increase in ounces sold is primarily attributed to the slightly higher recovered grade and the increased tonnage milled. Recovered grade was 0.104 in fiscal 2004, compared with 0.091 in fiscal 2003.

Cash costs were \$32,507,000 in fiscal 2004 compared with \$18,696,000 in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$422 in fiscal 2004 compared with \$287 in fiscal 2003. This increase was attributable primarily to increased production levels, a slight increase in the recovered grade as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The rock hoisting capacity at the Merriespruit 3 shaft is 48,000 tons per month. The average tons milled in fiscal 2005 were 45,667 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 2.3 million tons will be sufficient for the Free State operations to maintain underground production until approximately fiscal 2007. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 3.9 million in capital expenditures at the Merriespruit 3 shaft in fiscal 2005, principally for shaft development. The shaft development was completed in fiscal 2005 and no capital expenditures are expected for fiscal 2006.

Unisel	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	494	677	778
Recovered grade (ounces/ton)	0.132	0.134	0.097
Gold sold (ounces)	65,011	91,020	75,439
Results of operations (\$)			
Product sales ('000)	27,798	35,014	26,102
Cash cost ('000)	35,202	37,105	21,362
Cash profit ('000)	(7,404)	(2,091)	4,740
Cash costs			
Per ounce of gold (\$)	541	408	283
Capex ('000) (\$)	—	1,329	1,825

Tons milled from Unisel were 494,000 in fiscal 2005, compared with 677,000 in fiscal 2004. The decrease was due to the decision to the restructuring of the shaft from 35 panels to 24 panels due to flexibility problems, the regional strike in March 2005 and a fire in April 2005. Ounces sold decreased to 65,011 in fiscal 2005, compared with 91,020 in fiscal 2004, primarily because of the decrease in tons milled and a slightly lower recovery grade. Recovered grade was 0.132 in fiscal 2005, compared with 0.134 in fiscal 2004.

Cash costs were \$35,202,000 in fiscal 2005 compared with \$37,105,000 in fiscal 2004. This decrease was attributable to the decrease in production. Cash costs per ounce were \$541 in fiscal 2005 compared with \$408 in fiscal 2004. This increase was attributable primarily to haulage equipping and maintenance of areas for future mining, excessive rolling repairs, the re-equipping of new panels after the fire as well as the excess labor from the stoping and development, that resulted from the decreased production. The appreciation of the Rand against the US dollar also caused a significant increase when costs were translated into US dollars. See *item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Unisel decreased to 677,000 in fiscal 2004, compared with 778,000 in fiscal 2003. Ounces sold increased to 91,020 in fiscal 2004, compared with 75,439 in fiscal 2003, primarily because of the significant increase in the recovery grade. Recovered grade was 0.134 in fiscal 2004, compared with 0.097 in fiscal 2003.

Cash costs were \$37,105,000 in fiscal 2004 compared with \$21,362,000 in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$408 in fiscal 2004 compared with \$283 in fiscal 2003. This increase was attributable primarily to haulage maintenance and excessive rolling stock repairs, as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars but was offset in part by an increase in recovered grade. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The rock hoisting capacity at Unisel is 65,000 tons per month. The average tons milled in fiscal 2005 were 41,167 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 5.7 million tons will be sufficient for Unisel to maintain underground production until approximately fiscal 2014. Any future changes to the assumptions upon which the

reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See Item 3. “Key Information – Risk Factors – Harmony’s gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates.”

Capital Expenditure. Harmony incurred no capital expenditures at Unisel in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

Brand 3	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	448	531	422
Recovered grade (ounces/ton)	0.103	0.112	0.111
Gold sold (ounces)	46,299	59,558	46,736
Results of operations (\$)			
Product sales ('000)	19,807	22,985	16,044
Cash cost ('000)	24,150	24,015	14,009
Cash profit ('000)	(4,343)	(1,030)	2,035
Cash costs			
Per ounce of gold (\$)	522	403	300
Capex ('000) (\$)	—	—	—

Tons milled from the Brand 3 shaft were 448,000 in fiscal 2005, compared with 531,000 in fiscal 2004. The decrease in tons was primarily due to the regional strike during March and April 2005 as well as a separate union strike. Ounces sold were 46,299 in fiscal 2005, compared with 59,558 in fiscal 2004, primarily because of the decrease in tons milled due to selective mining and fewer high grade Basal pillars being mined. Recovered grade was 0.103 in fiscal 2005, compared with 0.112 in fiscal 2004.

Cash costs were \$24,150,000 in fiscal 2005 compared with \$24,015,000 in fiscal 2004. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$522 in fiscal 2005 compared with \$403 in fiscal 2004. This increase was attributable primarily to overhead cost shared over a smaller base, due to the closure of shafts, a lower grade mined as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See Item 5. “Operating and Financial Review and Prospects – Exchange Rates.” If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the lower grade, increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Brand 3 shaft were 531,000 in fiscal 2004, compared with 422,000 in fiscal 2003. The increase in tons was due to the increase in A-reef mining and less Basal mining. Ounces sold increased to 59,558 in fiscal 2004, compared with 46,736 in fiscal 2003, primarily because of the increase in tons milled and a slightly increased recovered grade. Recovered grade was 0.112 in fiscal 2004, compared with 0.111 in fiscal 2003.

Cash costs were \$24,015,000 in fiscal 2004 compared with \$14,009,000 in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$403 in fiscal 2004 compared with \$300 in fiscal 2003. This increase was attributable primarily to the change in mining mix and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See Item 5. “Operating and Financial Review and Prospects – Exchange Rates.”

The rock hoisting capacity at the Brand 3 shaft is 50,000 tons per month. The average tons milled in fiscal 2005 were 37,333 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 1.2 million tons will be sufficient for the Brand 3 operations to maintain underground production until approximately fiscal 2008. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See Item 3. “Key Information – Risk Factors – Harmony’s gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates.”

Capital Expenditure. Harmony incurred no capital expenditures at Brand 3 in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

Brand 5	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	153	507
Recovered grade (ounces/ton)	0	0.126	0.102
Gold sold (ounces)	33	19,262	51,696
Results of operations (\$)			
Product sales ('000)	8	7,442	17,832
Cash cost ('000)	2,120	13,331	19,261
Cash profit ('000)	(2,112)	(5,889)	(1,429)
Cash costs			
Per ounce of gold (\$)	64,242	692	373
Capex ('000) (\$)	—	—	39

The Brand 5 shaft was placed on care and maintenance during the quarter ended September 30, 2003, this will remain in place until market conditions are more favorable or more economical parts of the orebody are discovered.

Tons milled from the Brand 5 shaft were 153,000 in fiscal 2004, compared with 507,000 in fiscal 2003. The decrease in tons was primarily due to the downscaling of the operation and closure thereof. Ounces sold were 19,262 in fiscal 2004, compared with 51,696 in fiscal 2003, primarily because of the decrease in tons milled. Recovered grade was 0.126 in fiscal 2004, compared with 0.102 in fiscal 2003.

Cash costs were \$13,331,000 in fiscal 2004 compared with \$19,261,000 in fiscal 2003. Cash costs per ounce were \$692 in fiscal 2004 compared with \$373 in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Capital Expenditure. Harmony incurred no capital expenditures at Brand 5 in fiscal 2005 and no capital expenses are foreseen for fiscal 2006.

Virginia	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	—	3
Recovered grade (ounces/ton)	—	—	0.097
Gold sold (ounces)	—	—	290
Results of operations (\$)			
Product sales ('000)	—	—	104
Cash cost ('000)	—	—	251
Cash profit ('000)	—	—	(147)
Cash costs			
Per ounce of gold (\$)	—	—	866
Capex ('000) (\$)	—	—	—

The Virginia shaft was closed during the first quarter in fiscal 2003.

Orkney 1	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	3	—
Recovered grade (ounces/ton)	—	0.107	—
Gold sold (ounces)	—	322	—
Results of operations (\$)			
Product sales ('000)	—	123	—
Cash cost ('000)	—	194	—
Cash profit ('000)	—	(71)	—
Cash costs			
Per ounce of gold (\$)	—	602	—
Capex ('000) (\$)	—	—	—

Harmony acquired Orkney 1 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of operations. The shaft is in the process of being given back to AngloGold Ashanti as per the agreement with them.

Orkney 2	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	413	387	—
Recovered grade (ounces/ton)	0.190	0.210	—
Gold sold (ounces)	78,449	81,434	—
Results of operations (\$)			
Product sales ('000)	33,279	31,435	—
Cash cost ('000)	32,938	26,892	—
Cash profit ('000)	341	4,543	—
Cash costs			
Per ounce of gold (\$)	420	330	—
Capex ('000) (\$)	—	—	—

Harmony acquired Orkney 2 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 only reflects for a period of nine months of operations.

Tons milled from the Orkney 2 shaft were 413,000 in fiscal 2005, compared with 387,000 in fiscal 2004. The increase in tons milled was primarily due to the comparative period being only nine months. This was offset by a decrease in tons due to the completion of the mining the shaft pillar. Ounces sold were 78,449 in fiscal 2005, compared with 81,434 in fiscal 2004. The decrease in ounces sold is primarily attributed to the significant lower recovery grade. Recovered grade was 0.190 in fiscal 2005, compared with 0.210 in fiscal 2004.

Cash costs were \$32,938,000 in fiscal 2005 compared with \$26,892,000 in fiscal 2004. Cash costs per ounce was \$420 in fiscal 2005 compared with \$330 in fiscal 2004. This increase was attributable primarily to additional labor costs, a lower grade mined as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See Item 5. "Operating and Financial Review and Prospects – Exchange Rates." If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The rock hoisting capacity at the Orkney 2 shaft is 45,000 tons per month. The average tons milled in fiscal 2005 were 34,417 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable reserves of 2.1 million tons will be sufficient for the Orkney 2 operations to maintain underground production until approximately calendar year 2009. Any further changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting the production levels, could have a material effect on the expected period of future operations. See Item 3. "Key information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."

Capital Expenditure. Harmony incurred no capital expenditures at Orkney 2 in fiscal 2005 and has not budgeted for any capital expenditure at the Orkney 2 shaft in fiscal 2006.

Orkney 3	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	137	—
Recovered grade (ounces/ton)	—	0.083	—
Gold sold (ounces)	—	11,413	—
Results of operations (\$)			
Product sales ('000)	—	4,425	—
Cash cost ('000)	—	6,440	—
Cash profit ('000)	—	(2,015)	—
Cash costs			
Per ounce of gold (\$)	—	564	—
Capex ('000) (\$)	—	464	—

Harmony acquired Orkney 3 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of operations. The shaft was placed on care and maintenance in fiscal 2004 and had no production in fiscal 2005.

Orkney 4	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	455	401	—
Recovered grade (ounces/ton)	0.169	0.169	—
Gold sold (ounces)	76,971	67,931	—
Results of operations (\$)			
Product sales ('000)	32,720	26,269	—
Cash cost ('000)	30,517	20,243	—
Cash profit ('000)	2,203	6,026	—
Cash costs			
Per ounce of gold (\$)	396	298	—
Capex ('000) (\$)	14	160	—

Harmony acquired Orkney 4 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are only for a period of nine months operations.

Tons milled from the Orkney 4 shaft were 455,000 in fiscal 2005, compared with 401,000 in fiscal 2004. The increase in tons milled was primarily due to the comparative period being only nine months. This was offset by a decrease in tons milled primarily due to the decision to downscale mining of the higher-grade pillar and increasing mining in the lower grade 4B7B area. Ounces sold were 76,971 in fiscal 2005, compared with 67,931 in fiscal 2004. The increase in ounces sold is primarily attributed to the increase in tons milled for the reasons stated above.

Cash costs were \$30,517,000 in fiscal 2005 compared with \$20,243,000 in fiscal 2004. This increase was attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$396 in fiscal 2005 compared with \$298 in fiscal 2004. This increase was attributable primarily to increased labor cost and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The rock hoisting capacity at the Orkney 4 shaft is 39,000 tons per month. The average tons milled in fiscal 2005 were 37,917 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable reserves of 4.1 million tons will be sufficient for the Orkney 4 operations to

maintain underground production until approximately calendar year 2012. Any further changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting the production levels, could have a material effect on the expected period of future operations. See Item 3. "Key information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."

Capital Expenditure. Harmony incurred approximately Rand 0.084 million in capital expenditures at Orkney 4 in the fiscal year ended June 30, 2005 and has budgeted R6.35 million (\$0.95 million at the closing rate at balance sheet date) for capital expenditures in fiscal 2006, primarily for the extraction of the no. 3 shaft pillar via the no. 4 shaft and the no. 3 water pump column project.

Orkney 6	2005	Fiscal year ended June 30, 2004	2003
Production			
Tons ('000)	—	157	—
Recovered grade (ounces/ton)	—	0.070	—
Gold sold (ounces)	—	11,060	—
Results of operations (\$)			
Product sales ('000)	—	4,304	—
Cash cost ('000)	—	5,378	—
Cash profit ('000)	—	(1,074)	—
Cash costs			
Per ounce of gold (\$)	—	486	—
Capex ('000) (\$)	—	—	—

Harmony acquired Orkney 6 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of production. The shaft was placed on care and maintenance in fiscal 2004 and there was no production during fiscal 2005.

Orkney 7	2005	Fiscal year ended June 30, 2004	2003
Production			
Tons ('000)	—	28	—
Recovered grade (ounces/ton)	—	0.162	—
Gold sold (ounces)	—	4,533	—
Results of operations (\$)			
Product sales ('000)	—	1,760	—
Cash cost ('000)	—	1,970	—
Cash profit ('000)	—	(210)	—
Cash costs			
Per ounce of gold (\$)	—	435	—
Capex ('000) (\$)	—	—	—

Harmony acquired Orkney 7 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of production. The shaft was mined by a contractor during the first quarter of fiscal 2004, was then placed on care and maintenance for the remainder of fiscal 2004 and had no production in fiscal 2005.

Saaiplaas 3	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	30	254	—
Recovered grade (ounces/ton)	0.085	0.105	—
Gold sold (ounces)	2,541	26,783	—
Results of operations (\$)			
Product sales ('000)	1,026	10,331	—
Cash cost ('000)	4,831	13,485	—
Cash profit ('000)	(3,805)	(3,154)	—
Cash costs			
Per ounce of gold (\$)	1,901	503	—
Capex	4	200	—

During the quarter ended September 30, 2002, Harmony decided to commence limited extraction of the shaft pillar at the Saaiplaas 3 shaft, which previously operated as a service shaft. The shaft was placed on care and maintenance during fiscal 2005.

Tons milled from Saaiplaas 3 were 30,000 in fiscal 2005, compared with 254,000 in fiscal 2004, and ounces sold were 2,541 in fiscal 2005, compared with 26,783 in fiscal 2004. Recovered grade was 0.085 in fiscal 2005, compared with 0.105 in fiscal 2004.

Cash costs were \$4,831,000 in fiscal 2005 compared with \$13,485,000 fiscal 2004. Cash costs per ounce were \$1,901 in fiscal 2005 compared with \$503 in fiscal 2004.

Capital Expenditure. Harmony incurred approximately Rand 0.02 million in capital expenditures at the Saaiplaas 3 shaft in fiscal 2005, primarily for general replacement and maintenance. No capital expenditures are expected in fiscal 2006.

Welkom 1	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	21	159	—
Recovered grade (ounces/ton)	0.130	0.121	—
Gold sold (ounces)	2,734	19,226	—
Results of operations (\$)			
Product sales ('000)	1,164	7,415	—
Cash cost ('000)	1,604	9,939	—
Cash profit ('000)	(440)	(2,524)	—
Cash costs			
Per ounce of gold (\$)	587	517	—
Capex ('000) (\$)	—	—	—

Harmony acquired Welkom 1 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 is only for a period of nine months of production. Tons milled from Welkom 1 were 21,000 in fiscal 2005, compared with 159,000 in fiscal 2004, and ounces sold were 2,734 in fiscal 2005, compared with 19,226 in fiscal 2004. Recovered grade was 0.130 in fiscal 2005, compared with 0.121 in fiscal 2004.

Cash costs were \$1,604,000 in fiscal 2005 compared with \$9,939,000 fiscal 2004. Cash costs per ounce were \$587 in fiscal 2005 compared with \$517 in fiscal 2004.

Due to the fact that the mine is mature and is nearing the end of its economic life, a decision was made during the quarter ended March 31, 2004 to downscale and eventually close the shaft.

Capital Expenditure. Harmony incurred no capital expenditures at Welkom 1 in fiscal 2005 and has not budgeted for any capital expenditure at the Welkom 1 shaft in fiscal 2006.

Welkom 2	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	12	—
Recovered grade (ounces/ton)	—	0.113	—
Gold sold (ounces)	—	1,350	—
Results of operations (\$)			
Product sales ('000)	—	525	—
Cash cost ('000)	—	547	—
Cash profit ('000)	—	(22)	—
Cash costs			
Per ounce of gold (\$)	—	405	—
Capex ('000) (\$)	—	—	—

Harmony acquired Welkom 2 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of production. The shaft was mined by a contractor during the first quarter of fiscal 2004, was then placed on care and maintenance for the remainder of fiscal 2004 and had no production in fiscal 2005.

Welkom 3	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	15	—
Recovered grade (ounces/ton)	—	0.101	—
Gold sold (ounces)	—	1,511	—
Results of operations (\$)			
Product sales ('000)	—	592	—
Cash cost ('000)	—	581	—
Cash profit ('000)	—	11	—
Cash costs			
Per ounce of gold (\$)	—	385	—
Capex ('000) (\$)	—	—	—

Harmony acquired Welkom 3 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of production. The shaft was mined by a contractor during the first quarter of fiscal 2004, was then placed on care and maintenance for the remainder of fiscal 2004 and had no production in fiscal 2005.

Welkom 4	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	13	—
Recovered grade (ounces/ton)	—	0.302	—
Gold sold (ounces)	—	3,922	—
Results of operations (\$)			
Product sales ('000)	—	1,531	—
Cash cost ('000)	—	1,496	—
Cash profit ('000)	—	35	—
Cash costs			
Per ounce of gold (\$)	—	381	—
Capex ('000) (\$)	—	—	—

Harmony acquired Welkom 4 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of production. The shaft was mined by a contractor during the first quarter of fiscal 2004, was then placed on care and maintenance for the remainder of fiscal 2004 and had no production in fiscal 2005.

Welkom 6	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	24	—
Recovered grade (ounces/ton)	—	0.100	—
Gold sold (ounces)	—	2,411	—
Results of operations (\$)			
Product sales ('000)	—	935	—
Cash cost ('000)	—	894	—
Cash profit ('000)	—	41	—
Cash costs			
Per ounce of gold (\$)	—	371	—
Capex ('000) (\$)	—	—	—

Harmony acquired Welkom 6 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of production. The shaft was mined by a contractor during the first quarter of fiscal 2004, was then placed on care and maintenance for the remainder of fiscal 2004 and had no production in fiscal 2005.

Welkom 7	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	88	—
Recovered grade (ounces/ton)	—	0.113	—
Gold sold (ounces)	—	9,902	—
Results of operations (\$)			
Product sales ('000)	—	3,890	—
Cash cost ('000)	—	3,566	—
Cash profit ('000)	—	324	—
Cash costs			
Per ounce of gold (\$)	—	360	—
Capex ('000) (\$)	—	—	—

Harmony acquired Welkom 7 as part of the ARMgold merger on September 22, 2003, therefore the results for fiscal 2004 are for a period of nine months of production. The shaft was mined by a contractor during the first quarter of fiscal 2004, was then placed on care and maintenance for the remainder of fiscal 2004 and had no production in fiscal 2005.

Growth shafts

The following chart details the operating and production results from underground operations for all identified growth shafts for fiscal 2005, 2004 and 2003:

	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	1,545	2,004	1,991
Recovered grade (ounces/ton)	0.168	0.158	0.166
Gold sold (ounces)	260,066	315,815	330,431
Results of operations (\$)			
Product sales ('000)	111,055	121,744	108,476
Cash cost ('000)	126,121	123,706	84,990
Cash profit ('000)	(15,066)	(1,962)	23,486
Cash costs			
Per ounce of gold (\$)	485	392	257
Capex ('000) (\$)	59,509	47,218	14,392

Tons milled from growth shafts decreased to 1,545,000 in fiscal 2005, compared with 2,004,000 in fiscal 2004. Ounces sold decreased to 260,066 in fiscal 2005, compared with 315,815 fiscal 2004, primarily due to the decrease in tons milled. Recovered grade increased from 0.158 in fiscal 2004 to 0.168 in fiscal 2005.

Gold sales decreased to \$111,055,000 in fiscal 2005, compared with \$121,744,000 in fiscal 2004. Cash costs for the growth shafts were \$485 per ounce of gold in fiscal 2005, compared with \$392 per ounce of gold in fiscal 2004.

Tons milled from growth shafts increased to 2,004,000 in fiscal 2004, compared with 1,991,000 in fiscal 2003. Ounces sold decreased to 315,815 in fiscal 2004, compared with 330,431 fiscal 2003, primarily due to lower recovery grade. Recovered grade increased from 0.166 in fiscal 2003 to 0.158 in fiscal 2004.

Gold sales increased to \$121,744,000 in fiscal 2004, compared with \$108,476,000 in fiscal 2003. Cash costs for the growth shafts were \$392 per ounce of gold in fiscal 2004, compared with \$257 per ounce of gold in fiscal 2003.

Refer to the following charts for detail on the operating and production results of individual growth shafts for fiscal 2005, 2004 and 2003:

Elandsrand	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	1,019	1,437	1,468
Recovered grade (ounces/ton)	0.204	0.174	0.180
Gold sold (ounces)	207,371	250,581	264,525
Results of operations (\$)			
Product sales ('000)	88,577	96,831	86,926
Cash cost ('000)	99,150	100,657	69,864
Cash profit ('000)	(10,573)	(3,826)	17,062
Cash costs			
Per ounce of gold (\$)	478	402	264
Capex ('000) (\$)	15,530	16,057	12,757

Tons milled from the Elandsrand shaft were 1,019,000 in fiscal 2005, compared with 1,437,000 in fiscal 2004, and ounces sold were 207,371 in fiscal 2005, compared with 250,581 in fiscal 2004. 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 fiscal 2005 to an average of 0.204, comparing to the average of 0.174 in fiscal 2004.

The reduction in ounces produced, together with the appreciation of the Rand against the US dollar were the main contributors to the increase in cash cost from \$402 per ounce in fiscal 2004 to \$478 per ounce in fiscal 2005. See Item 5. "Operating and Financial Review and Prospects Exchange Rates" to see the effect that the appreciation of the Rand, against the US dollar had on the dollar cost of the company. If expressed in Rand terms, cost would have increased in fiscal 2005 due to the reduction in ounces and the increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from the Elandsrand shaft decreased to 1,437,000 in fiscal 2004, compared with 1,468,000 in fiscal 2003, primarily due to problems experienced with the orepass system, which resulted in waste rock diluting the recovered grade and reduced flexibility in the old mine area. Ounces sold decreased to 250,581 in fiscal 2004, compared with 264,525 in fiscal 2003, attributable primarily to the decrease in the recovered grade and tons milled. Recovered grade decreased to an average of 0.174 in fiscal 2004, compared with 0.180 in fiscal 2003.

The reduction in ounces produced, together with the appreciation of the Rand against the US dollar were the main contributors to the increase in cash cost from \$264 per ounce in fiscal 2003 to \$402 per ounce in fiscal 2004. See Item 5. "Operating and Financial Review and Prospects Exchange Rates" to see the effect that the appreciation of the Rand, against the US dollar had on the dollar cost of the company. If expressed in Rand terms, cost would have increased in fiscal 2004 due to the reduction in ounces due to problems with the ore pass system, increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Elandsrand currently operates one production shaft, with a current hoisting capacity of 190,000 tons per month which will increase to an optimal rock hoisting capacity of 331,000 tons per month once the Elandsand New Mine Project is complete. The average tons milled in fiscal 2005 were 84,917 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 28.3 million tons will be sufficient for the Elandsrand shaft to maintain underground production until approximately calendar year 2033. Any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."

Elandsrand New Mine Project. The project, initiated by AngloGold in 1991, was intended to increase the life of mine by exploiting the southern portion of the lease area between 3,000 – 3,600 meters below surface. This will be achieved by deepening the sub-vertical and ventilation shafts. During fiscal 2004, the payshoot, which was mined on the shallower levels of the old mine, was exposed on levels 102 and 105. Production from level 102 started in January 2004. Development continues on 109 and 113 levels, which are expected to be complete by the middle of fiscal 2006.

Capital Expenditure. Harmony incurred approximately Rand 96 million in capital expenditures at the Elandsrand operations in fiscal 2005 mainly for the sub shaft deepening project. Harmony has budgeted Rand 134 million (\$20.1 million, using the closing rate at balance sheet date) for capital expenditures at the Elandsrand operations in fiscal 2006, primarily for the sub shaft deepening project. See "South African Operations – General – Elandskraal Operations."

Doornkop	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	526	567	523
Recovered grade (ounces/ton)	0.100	0.115	0.126
Gold sold (ounces)	52,695	65,234	65,906
Results of operations (\$)			
Product sales ('000)	22,478	24,913	21,550
Cash cost ('000)	26,971	23,049	15,126
Cash profit ('000)	(4,493)	1,864	6,424
Cash costs			
Per ounce of gold (\$)	512	353	230
Capex ('000) (\$)	25,223	14,316	1,635

Tons milled from Doornkop shaft were 526,000 in fiscal 2005, compared with 567,000 in fiscal 2004. This decrease was due to less trackless volume extracted from 106 L north (trackless area). Further loss in production resulted from closure of the 106 Level sky raise. Ounces sold were 52,695 in fiscal 2005, compared with 65,234 in fiscal 2004. This decrease in ounces sold was primarily due to the lower recovered grade and decrease in tons milled. The recovered grade deteriorated to 0.100 in fiscal 2005, compared with 0.115 in fiscal 2004, given the lack of the available higher grade from the North 1 mining area and the stopping of limited production from the South Reef as a result of the re-commencement of the shaft work on the South Reef project.

Cash costs per ounce of gold were \$512 in fiscal 2005, compared with \$353 in fiscal 2004. This increase was attributable primarily to the lower production volumes and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See Item 5. "Operating and Financial Review and Prospects – Exchange Rates." If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the lower grade in volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Doornkop shaft increased to 567,000 in fiscal 2004, compared with 523,000 in fiscal 2003, primarily due to the mining from the 106 level sky raise area which was in full production.

Ounces sold were 65,234 in fiscal 2004, compared with 65,906 in fiscal 2003. This decrease in ounces sold was primarily due to the decrease in the recovered grade from 0.126 in fiscal 2003 to 0.115 in fiscal 2004. Limited production from the South Reef high-grade stopes enhanced the grade in fiscal 2003.

Cash costs per ounce of gold were \$353 in fiscal 2004, compared with \$230 in fiscal 2003. This increase was attributable primarily to lower production volumes and grade and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See Item 5. "Operating and Financial Review and Prospects – Exchange Rates." If expressed in Rand terms, costs per ounce

would have increased in fiscal 2004, due primarily to the lower grade in volumes produced, as well as increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The hoisting capacity of the Doornkop shaft is 220,000 tons per month. The average tons milled in fiscal 2005 were 43,833 tons per month.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable underground ore reserves of 2.7 million tons will be sufficient for the Doornkop shaft to maintain production until approximately fiscal 2021. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 156 million in capital expenditures at the Doornkop project in fiscal 2005. Harmony has budgeted Rand 163 million (\$24.4 million calculated at the closing rate at balance sheet date) for capital expenditures at the Doornkop shaft in fiscal 2006, primarily for the expansion of the shaft. See *"South African Operations – General – Randfontein Operations."*

Phakisa	Fiscal year ended June 30,		2003
	2005	2004	
Production			
Tons ('000)	—	—	—
Recovered grade (ounces/ton)	—	—	—
Gold sold (ounces)	—	—	—
Results of operations (\$)			
Product sales ('000)	—	—	—
Cash cost ('000)	—	—	—
Cash profit ('000)	—	—	—
Cash costs			
Per ounce of gold (\$)	—	—	—
Capex ('000) (\$)	18,756	16,845	—

The expected capacity of the Phakisa shaft will be 165,000 tons per month. Phakisa has no rock hoisting facilities and all rock will be trammed to the Nyala mine for hoisting to surface.

On a simplistic basis reported proven and probable underground ore reserves of 18.4 million tons will be sufficient for the Phakisa shaft to, once production commence, maintain production until approximately fiscal 2026. Any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. Harmony incurred approximately Rand 116 million in capital expenditures at the Phakisa operations in the fiscal year ended June 30, 2005. Harmony has budgeted Rand 190 million (\$28.5 million at the closing rate at balance sheet date) for capital expenditures in fiscal 2006, primarily for the establishing and development of the shaft. See *"South African Operations – General – Free Gold Operations."*

Surface operations

The following chart details the operating and production results from surface operations for all identified shafts for fiscal 2005, 2004 and 2003:

	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	6,528	11,026	11,146
Recovered grade (ounces/ton)	0.029	0.019	0.022
Gold sold (ounces)	188,904	208,744	248,075
Results of operations (\$)			
Product sales ('000)	80,222	80,321	81,546
Cash cost ('000)	84,892	71,498	55,636
Cash profit ('000)	(4,670)	8,823	25,910
Cash costs			
Per ounce of gold (\$)	449	343	224
Capex ('000) (\$)	5,675	14,099	11,691

Tons milled from surface shafts decreased to 6,528,000 in fiscal 2005, compared with 11,026,000 in fiscal 2004. Ounces sold decreased to 188,904 in fiscal 2005, compared with 208,744 in fiscal 2004, primarily due to the decrease in tons milled. Recovered grade increased from 0.019 in fiscal 2004 to 0.029 in fiscal 2005.

Gold sales decrease slightly to \$80,222,000 in fiscal 2005, compared with \$80,321,000 fiscal 2004.

Cash costs for the surface shafts were \$449 per ounce of gold in fiscal 2005, compared with \$343 per ounce of gold in fiscal 2004.

Tons milled from surface shafts decreased to 11,026,000 in fiscal 2004, compared with 11,146,000 in fiscal 2003. Ounces sold decreased to 208,744 in fiscal 2004, compared with 248,075 in fiscal 2003, primarily due to the decrease in tons milled and the recovered grade. Recovered grade decreased from 0.022 in fiscal 2003 to 0.019 in fiscal 2004.

Gold sales decrease to \$80,321,000 in fiscal 2004, compared with \$81,546,000 fiscal 2003. Cash costs for the surface shafts were \$343 per ounce of gold in fiscal 2004, compared with \$224 per ounce of gold in fiscal 2003.

Refer to the following charts for detail on the operating and production results of individual surface shafts for fiscal 2005, 2004 and 2003:

	Fiscal year ended June 30,		
	2005	2004	2003
Kalgold			
Production			
Tons ('000)	1,855	1,530	1,195
Recovered grade (ounces/ton)	0.058	0.054	0.062
Gold sold (ounces)	108,195	82,756	74,590
Results of operations (\$)			
Product sales ('000)	46,331	31,532	24,536
Cash cost ('000)	51,554	28,511	16,552
Cash profit ('000)	(5,223)	3,021	7,984
Cash costs			
Per ounce of gold (\$)	476	345	222
Capex ('000) (\$)	(4,145)	4,405	4,265

Ounces sold increased to 108,195 in fiscal 2005, compared with 82,756 in fiscal 2004, primarily due to the increase in tons milled and the slightly higher recovered grade. Tons milled increased from 1,530,000 in fiscal 2004 to 1,855,000 in fiscal 2005. These increases were due to the increased plant efficiency and performance at full operation. Recovered grade increased to 0.058 in fiscal 2005, compared with 0.054 in fiscal 2004.

Cash costs at Kalgold were \$476 per ounce in fiscal 2005, compared with \$345 per ounce in fiscal 2004. This increase was due to the impairment of the deferred stripping asset as well as the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the increase in labor cost, the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Ounces sold were 82,756 in fiscal 2004, compared with 74,590 in fiscal 2003. Tons milled increased from 1,195,000 in fiscal 2003 to 1,530,000 in fiscal 2004. These increases were due to the increased capacity as a result of the full operation of a third mill at the Kalgold plant. Recovered grade was 0.054 in fiscal 2004, compared with 0.062 in fiscal 2003. The slight decrease in recovered grade was due to the treatment of lower grade strategic ore due to the increased capacity of the plant.

Cash costs at Kalgold were \$345 per ounce in fiscal 2004, compared with \$222 per ounce in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the decreased ore grade, increased in the global price of oil and the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

The processing capacity of the Kalgold operation is 165,000 tons per month. The average tons milled in fiscal 2005 were 154,583 tons per month.

Active use of heap leaching was discontinued in July 2001; however, Harmony expects to apply leaching solution occasionally in the future to recover any available gold.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 1.9 million tons will be sufficient for the Kalgold operations to maintain production until approximately fiscal 2007. However, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Capital Expenditure. The negative capital expenditure incurred by Harmony at the Kalgold operations in the fiscal year ended June 30, 2005 comprises of realized deferred stripping cost of R 25.6 million, with actual capital expenditure amounting to approximately Rand 0.02 million. No capital expenditures are forecast for 2006.

Elandsrand Production	Fiscal year ended June 30,		
	2005	2004	2003
Tons ('000)	—	451	1,228
Recovered grade (ounces/ton)	—	0.012	0.016
Gold sold (ounces)	—	5,301	19,323
Results of operations (\$)			
Product sales ('000)	—	2,047	6,442
Cash cost ('000)	—	2,640	4,518
Cash profit ('000)	—	(593)	1,924
Cash costs			
Per ounce of gold (\$)	—	498	234
Capex ('000) (\$)	7	294	161

The treatment of the surface sources and the production thereof became uneconomical and was discontinued during January 2004 as a result of decreased efficiency, the low recovery grades and the reduction in the Rand gold price. The treatment of the rock dump was completed during the quarter ended December 31, 2003.

Ounces sold were 5,301 in fiscal 2004, compared with 19,323 in fiscal 2003. Tons milled decreased from 1,228,000 in fiscal 2003 to 451,000 in fiscal 2004. These decreases were due to the discontinuation of treatment of surface sources in December 2003. Recovered grade decreased to 0.012 in fiscal 2004, compared with 0.016 in fiscal 2003, due to a lower grade material being treated from the rock dump.

Cash costs at Elandsrand were \$498 per ounce in fiscal 2004, compared with \$234 per ounce in fiscal 2003. This increase was attributable primarily to the decreased production, lower recovery grade and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Capital Expenditure. Harmony incurred approximately Rand 44,000 in general capital expenditures at the Elandsrand surface operation in fiscal 2005. No capital expenditure is expected at this operation in fiscal 2006.

Evander	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	—	101	201
Recovered grade (ounces/ton)	—	0.019	0.020
Gold sold (ounces)	—	1,961	4,116
Results of operations (\$)			
Product sales ('000)	—	756	1,278
Cash cost ('000)	—	496	913
Cash profit ('000)	—	260	365
Cash costs			
Per ounce of gold (\$)	—	253	221
Capex ('000) (\$)	—	2,367	1,181

The treatment of the surface sources became uneconomical and was discontinued during January 2004 as a result of decreased efficiency, the low recovery grades and the reduction in the Rand gold price.

Tons milled decreased from 201,000 in fiscal 2003 to 101,000 in fiscal 2004. Ounces sold decreased accordingly to 1,961 in fiscal 2004, compared with 4,116 in fiscal 2003. Recovered grade was 0.020 in fiscal 2004, compared with 0.019 in fiscal 2003.

Cash costs at Evander were \$253 per ounce in fiscal 2004, compared with \$221 per ounce in fiscal 2003. This increase was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Capital Expenditure. Harmony incurred no capital expenditures at the Evander surface operation in fiscal 2005. No capital expenditure is expected for fiscal 2006.

Freegold	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	1,361	4,148	5,146
Recovered grade (ounces/ton)	0.027	0.018	0.017
Gold sold (ounces)	36,420	73,122	88,864
Results of operations (\$)			
Product sales ('000)	15,407	28,507	28,924
Cash cost ('000)	15,436	23,972	19,108
Cash profit ('000)	(29)	4,535	9,816
Cash costs			
Per ounce of gold (\$)	424	328	215
Capex ('000) (\$)	314	21	25

Tons milled from surface operations continued to decrease to 1,361,000 in fiscal 2005, compared with 4,148,000 in fiscal 2004, due to the decision taken in fiscal 2004 to discontinue treating surface sources as a result of the prevailing Rand gold price. Even though the recovered grade increased to 0.027 in fiscal 2005, compared with 0.018 in fiscal 2004, ounces sold decreased to 36,420 in fiscal 2005, compared with 73,122 in fiscal 2004, primarily due to the lower tons milled.

Cash costs were \$15,436,000 in fiscal 2005, compared with \$23,972,000 in fiscal 2004. Cash costs per ounce were \$424 in fiscal 2005, compared with \$328 in fiscal 2004. The continuous increase in cost is a result of the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from surface operations were 4,148,000 in fiscal 2004, compared with 5,146,000 in fiscal 2003, and ounces sold were 73,122 in fiscal 2004, compared with 88,864 in fiscal 2003. The decrease in tons milled was attributable primarily to the decision to discontinue treating surface sources as a result of the prevailing gold price. The decrease in ounces sold was due to the lower tons milled. The recovered grade remained stable at 0.018 in fiscal 2004, compared with 0.017 in fiscal 2003.

Cash costs were \$23,972,000 in fiscal 2004, compared with \$19,108,000 in fiscal 2003. This increase is attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$328 in fiscal 2004, compared with \$215 in fiscal 2003. This increase was due to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Harmony's 50% interest in the sale of gold from Free Gold that was excluded as a result of equity accounting amounted to 11,930 ounces in the first quarter of fiscal 2004 and 44,432 ounces for fiscal 2003.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable ore reserves of 9.7 million tons will be sufficient for the Free Gold assets to maintain surface production until approximately 2018. However, because the Free Gold assets consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others. In addition, any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. *See Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures are estimated based on a number of assumptions, including assumptions as to mining and recovery factors, future cash operating costs and the price of gold and may yield less gold under actual production conditions than currently estimated."*

Capital Expenditure. Harmony incurred approximately Rand 1.9 million in general capital expenditures at the Freegold operations in the fiscal year ended June 30, 2005. No capital expenditures are expected for fiscal 2006.

	Fiscal year ended June 30,		
	2005	2004	2003
Free State Production			
Tons ('000)	467	2,368	1,164
Recovered grade (ounces/ton)	0.020	0.011	0.021
Gold sold (ounces)	9,542	26,732	24,209
Results of operations (\$)			
Product sales ('000)	3,720	10,215	8,067
Cash cost ('000)	3,318	9,289	6,550
Cash profit ('000)	402	926	1,517
Cash costs			
Per ounce of gold (\$)	348	347	271
Capex ('000) (\$)	1,589	2,501	4,364

Tons milled from the Free State surface operations were 467,000 in fiscal 2005, compared with 2,368,000 in fiscal 2004. The reduction in the Rand denominated market price for gold during fiscal 2005 resulted in the treatment of surface sources being scaled down significantly, therefore the significant decrease in the tons milled. Even though the recovered grade increased significantly to 0.020 in fiscal 2005, compared with 0.011 in fiscal 2004, ounces sold decreased to 9,542 in fiscal 2005, compared with 26,732 in fiscal 2004, primarily due to the decrease in tons milled.

Cash costs were \$3,318,000 in fiscal 2005, compared with \$9,289,000 in fiscal 2004. This decrease is attributable primarily to the scaled down production. Cash costs per ounce remained constant during fiscal 2005 at \$348, compared with \$347 in fiscal 2004.

Tons milled from the Free State surface operations increased to 2,368,000 in fiscal 2004, compared with 1,164,000 in fiscal 2003, primarily due to the treatment of the H1 Slimes dam that commenced in fiscal 2004. This also had the effect of reducing the recovered grade significantly to 0.011 in fiscal 2004, compared with 0.021 in fiscal 2003, as this is a very low grade source. Even though tons milled increased significantly, the lower recovered grade had an adverse effect on the ounces sold which increased slightly to 26,732 in fiscal 2004, compared with 24,209 in fiscal 2003.

Cash costs were \$10,215,000 in fiscal 2004, compared with \$8,067,000 in fiscal 2003. This increase is attributable primarily to the appreciation of the Rand against the US dollar. Cash costs per ounce were \$347 in fiscal 2004, compared with \$271 in fiscal 2003. This increase was due to decrease in the recovered grade and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the decreased ore grade, increased in the global price of oil and the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Capital Expenditure. Harmony incurred approximately Rand 9.8 million in capital expenditures at the Free State operations in fiscal 2005. Harmony has no budgeted capital expenditures for the Free State operations for fiscal 2006.

Randfontein	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	2,757	2,428	2,212
Recovered grade (ounces/ton)	0.012	0.008	0.017
Gold sold (ounces)	33,397	18,872	36,973
Results of operations (\$)			
Product sales ('000)	14,185	7,264	12,299
Cash cost ('000)	14,117	6,590	7,995
Cash profit ('000)	68	674	4,304
Cash costs			
Per ounce of gold (\$)	423	349	216
Capex ('000) (\$)	6,120	4,511	1,695

Currently, Randfontein's surface operations are focused on the recovery of gold from areas previously involved in processing, including waste rock dumps and tailings dams (slimes and sand).

Tons milled from Randfontein's surface operations increased to 2,757,000 in fiscal 2005, compared with 2,428,000 in fiscal 2004, primarily due to more capacity as a result of the reduction in reef tons. Ounces sold were 33,397 in fiscal 2005 compared with 18,872 in fiscal 2004. Recovered grade was 0.012 in fiscal 2005 compared with 0.008 in fiscal 2004.

The surface sources are run as a separate business with dedicated management staff. In fiscal 2005, cash costs increased to \$423 per ounce from \$349 per ounce in fiscal 2004. This increase was attributable primarily to the increased treatment costs due to the change in mix of surface tons and the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2005, due primarily to the reduction of relatively lower-cost, higher-grade production from the open cast operations and increases in the costs of labor and supplies due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Tons milled from Randfontein's surface operations were 2,428,000 in fiscal 2004, compared with 2,212,000 in fiscal 2003. This increase was primarily attributable to the depletion of Lindium reef's ore that created more treatment capacity in the plant. Ounces sold decreased to 18,872 in fiscal 2004 compared with 36,973 in fiscal 2003, attributable primarily to the significant decrease in the recovered grade. Recovered grade was 0.008 in fiscal 2004 compared with 0.017 in fiscal 2003. The ore is fed to a separate metallurgical plant (Doornkop plant) and is not mixed with any underground ore. The significant decrease in recovery grades was due to the change in feed material as tonnages from the Lindium Reef sections were depleted.

In fiscal 2004, cash costs increased to \$349 per ounce from \$216 per ounce in fiscal 2003. This increase was attributable primarily to the decrease in recovery rate and the increased treatment costs due to the change in mix of surface tons as well as the appreciation of the Rand against the US dollar. *See Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* If expressed in Rand terms, costs per ounce would have increased in fiscal 2004, due primarily to the decrease in recovery grade and the reduction of relatively lower-cost, higher-grade production from the open cast operations.

On a simplistic basis, assuming no additional reserves are identified, at expected production levels, it is foreseen that the reported proven and probable surface reserves of 2.6 million tons would be sufficient for the Randfontein operations to maintain surface production until approximately the end of fiscal 2013. Future changes to the

assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See Item 3. “Key Information – Risk Factors – Harmony’s gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates”.

Capital Expenditure. Harmony incurred approximately Rand 37.8 million in capital expenditures at the Randfontein operations in fiscal 2005. No capital expenditures are expected for fiscal 2006.

Target	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	88	—	—
Recovered grade (ounces/ton)	0.015	—	—
Gold sold (ounces)	1,350	—	—
Results of operations (\$)			
Product sales ('000)	579	—	—
Cash cost ('000)	467	—	—
Cash profit ('000)	112	—	—
Cash costs			
Per ounce of gold (\$)	346	—	—
Capex ('000) (\$)	1,790	—	—

Tons milled from Target’s surface operations were 88,000 in fiscal 2005 and ounces sold were 1,350. Recovered grade was 0.015 in fiscal 2005. The surface sources are run as a separate business with dedicated management staff. In fiscal 2005, cash costs amounted to \$346 per ounce.

Capital Expenditure. Harmony incurred approximately Rand 11 million in capital expenditures at the Target surface operation in fiscal 2005. No capital expenditures are expected for fiscal 2006.

Australian Operations

Overview

Harmony has two operational mines in Western Australia, namely the Mount Magnet operation and the South Kalgoorlie operation. These operations were acquired with the purchase of two Australian gold mining companies: New Hampton, acquired with effect from April 1, 2001, and Hill 50, acquired with effect from April 1, 2002. Through the New Hampton transaction described below, Harmony acquired two operations in Western Australia (Big Bell in the Murchison region and Jubilee in the Eastern Goldfields near Kalgoorlie), two processing plants associated with these operations and related exploration rights. The Big Bell operation subsequently ceased operating in July 2003, with its plant sold in November 2003, and the Jubilee operation was merged with the New Celebration operation, acquired in the Hill 50 transaction, to form the South Kalgoorlie operation. Through the Hill 50 transaction described below, Harmony acquired the Mt. Magnet operations in the Murchison region, the New Celebration operations in the Eastern Goldfields near Kalgoorlie, two plants associated with these operations and related exploration rights. Abelle, whose major assets are located in Papua New Guinea, was acquired with effect May 1, 2003. Through the Abelle transaction, described below, Harmony acquired exploration projects in Australia, Papua New Guinea and Indonesia as well as the Gidgee operations in the Murchison region of Western Australia, and the plant associated with this operation. Gidgee was subsequently sold in December 2003.

In an effort to increase efficiency and reduce corporate expenditures, we have integrated New Hampton’s Jubilee operations with Hill 50’s New Celebration operations to form the South Kalgoorlie operations and combined the corporate offices of New Hampton, Hill 50 and Abelle in Perth. Each of our Australian operations, Mt. Magnet and South Kalgoorlie, conducts surface mining (principally through open pit methods) and underground mining, with access through two declines at Mt. Magnet and one decline at South Kalgoorlie. Open pit mining at South Kalgoorlie will cease in fiscal 2006. Mining at our Australian operations involves more mechanized mining than at our South African operations with the exception of operations at Target, which is also mechanized. Outside contractors conduct much of this mechanized mining. The contractors are responsible for provision of the equipment and personnel needed for production of the ore under guidance of Harmony’s management. As of June 30, 2005, Harmony’s Australian operations had 189 employees, while the contractors employed 450 people.

Harmony commenced gold mining operations in Australia following the New Hampton transaction. On July 12, 2001, we acquired 96.2% of New Hampton’s shares and 95% of New Hampton’s options through a public offering for all of the outstanding shares of New Hampton. We subsequently completed a compulsory acquisition of the

remaining shares and options under the rules of the Australian Stock Exchange. In line with our strategy of mining reserves only when it is economical to do so, following the New Hampton transaction, we reduced New Hampton's production to approximately 200,000 ounces per year. With the closure of the Big Bell mine and the merger of the Jubilee operations with the New Celebration operations, ounces produced by the South Kalgoorlie operations have been reduced to approximately 92,000 ounces per year.

We expanded our Australian operations through the Hill 50 transaction, in which we launched a conditional cash offer for all of the outstanding ordinary shares and listed options of Hill 50. On May 3, 2002, when the offer became unconditional we acquired 98.57% of Hill 50's shares and 98.76% of Hill 50's listed options. We subsequently completed a compulsory acquisition of the remaining shares and options under the rules of the Australian Stock Exchange.

Through a series of transactions completed in April and May, 2003 (and described in greater detail below), we acquired 87% of Abelle shares and 65% of Abelle options. Subsequently, on May 5, 2003, three Harmony representatives were appointed to the board of Abelle. The following year, after successfully reviewing the Hidden Valley feasibility study in Papua New Guinea as prepared by Abelle, we made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle held by minorities, at a purchase price of A\$2 per share and A\$1.70 per listed option, for a total price of approximately A\$121 million. We closed the offers on June 18, 2004 with a relevant interest in 99% of Abelle shares and 99% of Abelle options. We subsequently completed a compulsory acquisition of the remaining shares and options under the rules of the Australian Stock Exchange.

With effect from April 1, 2002, we report the New Hampton and Hill 50 operating and financial results together within an "Australian Operations" segment, which was expanded on May 1, 2003 to include Abelle, which is further segmented into the Mt. Magnet operations and the South Kalgoorlie operations (consisting of the Jubilee and New Celebration operations). In fiscal 2005, the Australian operations accounted for approximately 10% of our total gold sales.

Our Australian operations control exploration and mineral rights over a total area of approximately 407,555 hectares (1,007,068 acres), of which the active mining areas currently total approximately 279,086 hectares (689,622 acres).

The following chart details the operating and production results from our Australian operations for the past three fiscal years:

	Fiscal year ended June 30,		
	2005	2004 ¹	2003 ²
Production			
Tons ('000)	4,139	5,227	7,883
Recovered grade (ounces/ton)	0.072	0.065	0.065
Gold sold (ounces)	296,848	338,288	509,654
Results of operations (\$)			
Product sales ('000)	125,669	131,435	165,351
Cash cost ('000)	100,176	110,475	138,808
Cash profit ('000)	25,493	21,960	31,246
Cash costs			
Per ounce of gold (\$)	337	327	272
Capex ('000) (\$)	40,042	30,502	157,100

¹ Includes gold sales from Abelle's Gidgee Operations for 5 months until November 2003.

² Includes gold sales from Abelle's Gidgee Operations for two months from May 1, 2003.

Tons milled from Australian operations were 4,139,000 in fiscal 2005, compared with 5,227,000 in fiscal 2004. This decrease was primarily due to lower production from the South Kalgoorlie open pit operations, where one mill was used for toll treatment and then placed on care and maintenance in fiscal 2005. Recovered grade from Australian operations was 0.072, compared with 0.065 in fiscal 2004. This increase was due to the higher ratio of underground to open pit tons milled. Cash costs for Australian operations were \$337 per ounce of gold in fiscal 2005, compared with \$327 per ounce of gold in fiscal 2004. This increase was attributable primarily to the higher cost of underground production from the Hill 50 mine in 2005, which more than offset the improvement in recovered grade.

Tons milled from Australian operations were 5,227,000 in fiscal 2004, compared with 7,883,000 in fiscal 2003. This decrease was primarily due to the closure of the Big Bell operations in July 2003 and lower production from the South Kalgoorlie open pit operations, where one mill was used exclusively for toll treatment in fiscal 2004.

Recovered grade remained constant at 0.065 during fiscal 2004 and fiscal 2003. Cash cost for Australian operations were \$327 per ounce of gold in fiscal 2004, compared with \$272 per ounce of gold in fiscal 2003. This increase was attributable primarily to the higher cost of underground production from the Hill 50 mine in 2004 due to the issues set out in detail under the consolidated financial statements as well as the strengthening of the Australian dollar against the US dollar.

Capital expenditure: Net capital expenditure amounted to A\$52.5 million (US\$40 million) in fiscal 2005, 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 is also spent on various open pits, as well as drill programs at Hidden Valley and payments for the Misima plant.

Big Bell Operations

History. Gold mining at Big Bell commenced in 1937. The Big Bell mine closed in 1955 and reopened in early 1989. Normandy Mining acquired Big Bell in 1991 and New Hampton acquired the mine from Normandy Mining in 1999. Since the commencement of operations in 1937 to June 30, 2003, total gold sales from the Big Bell area exceed two million ounces. This mine ceased operating in July 2003, as continued low grades from underground had made the operation uneconomical, and for the rest of fiscal 2004 was subject to clean up and rehabilitation work. In November 2003, the plant was sold for approximately A\$2.45 million. Most of the other assets and surface infrastructure have been allocated to our other mining operations in Australia or sold during fiscal 2004.

Prospective tenements to the south of Cue, which were previously included under the Big Bell operations, have been allocated to the Mt. Magnet operations for possible open pit mining and included in their reserves. It has been calculated that it will be economical to transport ore from these sources to the Checker plant at Mt. Magnet, which is located approximately 80 kilometers away from Big Bell. Mining of some of these resources will take place in fiscal 2006.

Total revised rehabilitation costs of the site are estimated to be A\$2.3 million (US\$1.75 million). A detailed rehabilitation program has been put in place to ensure that the mining areas are rehabilitated to standards set by the Department of Industry and Resources in Australia. A\$0.9 million (US\$0.68 million) was spent on rehabilitation in fiscal 2005.

Geology. The Big Bell operations, located in the Murchison region of Western Australia, included a mature underground mine and nearby open pit operations at Cuddingwarra and Cue. The Murchison region is a sub-province of the Archaean Shield in Western Australia. The Big Bell lode is a steeply Southeast dipping (50 degrees to 70 degrees) sheet with a strike length of 1,000 meters. The distinctive gold-bearing horizon is 5 meters to 25 meters thick and is intersected by resource drilling down to 1,400 meters below surface. The Cuddingwarra and Cue deposits, approximately 17 kilometers and 27 kilometers from the Big Bell underground mine, respectively, occur in a sequence of porphyry-intruded metamorphosed mafic and ultramafic rocks of the Meekatharra-Widgee greenstone belt.

Mining Operations. The Big Bell operations were engaged in both underground and open pit mining. These operations were subject to all of the underground and open pit mining risks detailed in the Risk Factors section. Underground mining at depths of up to 600 meters was conducted by way of a decline and a longhole sub-level caving method was employed. Contractors operated diesel powered mining equipment to transport ore up the decline and delivered it to the crusher pad. At the Cuddingwarra and Cue open pit operations, New Hampton employed outside contractors to extract ore with large earthmoving equipment. The open pits were situated on small ore bodies, which resulted in short mine lives (generally less than a year). As a result, we had to continuously locate, evaluate, plan, develop and bring into production a succession of open pits to access additional reserves. See *Item 3. "Key Information – Risk Factors – To maintain gold production beyond the expected lives of Harmony's existing mines or increase production materially above projected levels, Harmony will need to access additional reserves through development or discovery."*

The primary challenges facing the Big Bell operations were controlling costs in the underground mine and finding replacement ore reserves (particularly for short-lived open pits) through an aggressive exploration program. The Big Bell underground mine was also affected by seismic events and good geotechnical management was important to maintain safety and productivity. Mining at the lower levels of the Big Bell underground mine continued to yield disappointing results in fiscal 2003, with lower than expected grade. This ultimately led to the decision to close the operation in July 2003. Detailed below are the operating and production results from operations at Big Bell for the last three fiscal years:

	2005	Fiscal year ended June 30, 2004 ¹	2003
Production			
Tons ('000)	—	120	2,147
Recovered grade (ounces/ton)	—	0.096	0.062
Gold sold (ounces)	—	11,574	132,579
Results of operations (\$)			
Product sales ('000)	—	4,079	42,922
Cash cost ('000)	—	3,713	44,824
Cash profit ('000)	—	366	(1,902)
Cash costs			
Per ounce of gold (\$)	—	321	338
Capex ('000) (\$)	—	—	1,080

¹ Production consists of plant clean up tons and ounces during July 2003. Big Bell ceased operations for the remainder of fiscal 2004 and was subject to cleanup and rehabilitation work.

There was no production in fiscal 2005, since production ceased in July 2003 and the operation was only used to process clean up material (and therefore does not constitute production from mining) in fiscal 2004.

Tons milled in fiscal 2004 were 120,000 compared with 2,147,000 in fiscal 2003, and ounces sold in fiscal 2004 were 11,574, compared with 132,579 in fiscal 2003. Tonnage milled and ounces produced in fiscal 2004 consisted of clean up material that was processed through the plant in July 2003, and does not constitute production from mining. Therefore tonnage and ounces is not comparable with the previous year.

Plant. The Big Bell operations included one metallurgical plant, which was disposed of in November 2003. The Big Bell plant was not used for processing or milling in fiscal 2004 and was only used to process clean up material until its disposal. In fiscal 2003, the Big Bell operations recovered approximately 87% of the gold contained in the ore delivered for processing.

Ore from the Big Bell underground and open pit operations was processed through this CIL treatment plant located 28 kilometers from Cue in the Murchison region. Ore extracted from the Big Bell underground mine was transported by diesel powered mining equipment up the decline and to the crusher pad. Road trains delivered ore from the open pits. The plant underwent significant capital refurbishments during fiscal 2001 in an effort to ensure that planned throughput was achieved, but due to the age and layout of this plant, unit costs were higher than at other plants in our Australian operations.

Capital Expenditure. During fiscal 2005 no capital was spent on the mine and none is planned for fiscal 2006.

Rehabilitation Expenditure. During fiscal 2005 A\$0.9 million (US\$0.68 million) was spent on rehabilitation and A\$1.29 million (US\$0.98 million) is planned for fiscal 2006.

Mt. Magnet Operations

History. Mining at Mt. Magnet began after the discovery of gold in 1896. From that time to June 30, 2005, the Mt. Magnet area has produced approximately 5.38 million ounces. The current Mt. Magnet operations, which we acquired in the Hill 50 transaction, are comprised of the Hill 50 and Star underground mines, production from which commenced in the late 1980s, nearby open pits and the processing of low grade ore from previously accumulated stockpiles. Production ceased at the Star underground mine in June 2005 and is to be replaced by a St George, a new underground mine.

Geology. The Mt. Magnet operations are located near the town of Mt. Magnet in the Murchison region, 560 kilometers northeast of Perth. The geology consists of folded basaltic and komatiitic greenstones with intercalated banded iron formations and volcanoclastic units. In addition to having been intensely folded, the area has undergone substantial faulting and later intrusion by felsic intrusives. Mineralization within the Murchison belt consists of sulfide replacement style (characteristic of the Hill 50 mine) and quartz lode and shear hosted hydrothermally emplaced bodies proximal to fault conduits. Smaller stockwork bodies within felsic intrusives are also common. As is typical of the Archaean Shield, the deep weathering profile at Mt. Magnet has resulted in supergene enrichment and hypogene dispersion of gold in the oxidizing environments. These effects lend themselves well to the process of small scale open pit mining. Historically underground mining of primary lodes was the largest contributor to Mt. Magnet's gold production.

Mining Operations. The Mt. Magnet operations are engaged in underground, open pit and waste rock mining. These operations are subject to all of the underground, open pit, and waste rock mining risks detailed in the Risk Factors section. We revisit our mining strategy and management procedures at these operations on a regular basis in our effort to minimize mining risks.

Underground operations at Mt. Magnet consist of the Hill 50 and Star mines, each of which operates a decline. The Hill 50 mine, which is approaching 1,300 meters in depth, is currently one of Australia's deepest underground mines. The Star mine is approximately 950 meters in depth. Underground mining is conducted by decline tunnel access. The principal challenges facing the Hill 50 underground mine is its continuing depth and the geotechnical, ventilation and cost impediments that increased depth imposes, including increased ground stress and potential increased seismic activity. As a result, maintaining adequate grade remains a critical component of this mine. The same issues affected the Star underground mine, but due to its lower grade and variability of grade, it faced additional challenges. Because its orebody is difficult to define and require significantly better mining grades than those achieved to justify further investment in deepening the decline, a decision was taken in fiscal 2004 to stop the decline development at Star and put the mine in harvest mode. Continued exploration successes at the base of the Star underground mine enabled an extension to the life of this operation to June 2005 when mining finally ceased.

With the closure of Star, the development of the new underground mine at the St. George open pit will provide additional underground tonnage. Contracts for establishing the portal and start of development of the St. George underground mine were finalized in the first quarter of fiscal 2005, with underground development expected to begin in December 2005. The decline had advanced 610 meters from the portal by end of fiscal 2005, but development was hampered by poor ground conditions in the second half of the year. The first stope is expected in the second quarter of fiscal 2006. Open pit production was hindered by the delay in the startup of the Cue open pits until the last quarter of fiscal 2005 as a result of delayed mining approvals and extended contractor negotiations, although these were all resolved by year-end. During the last quarter of fiscal 2005, a decision was taken to reduce the throughput rate of the Checks mill to 125,192 tons per month, which 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.

Surface operations at Mt. Magnet exploit several medium-sized open pits, as well as numerous smaller open pits. Surface materials from areas previously involved in production, including waste rock dumps and tailings dams, are also processed at Mt. Magnet. The principal challenge facing the Mt. Magnet operations is that the open pits are situated on small ore bodies, which results in short mine lives. As a result, we must continuously locate, evaluate, plan, develop and bring into production a succession of open pits to access additional reserves. Maintaining grade and managing the increased geotechnical complexities of the Hill 50 and St. George underground mines also remains critical. See *Item 3. "Key Information – Risk Factors – To maintain gold production beyond the expected lives of Harmony's existing mines or increase productivity materially above projected levels, Harmony will need to access additional reserves through development or discovery."*

As of June 30, 2005, the safety record at the Mt. Magnet operations compared favorably with Australian industry averages. Safety standards of Harmony Australia are being applied at the Mt. Magnet operations and it receives constant and high-level attention. Detailed below are the operating and production results from operations at Mt. Magnet for the last three fiscal years:

	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	2,743	3,058	2,922
Recovered grade (ounces/ton)	0.066	0.057	0.063
Gold sold (ounces)	181,233	173,228	182,690
Results of operations (\$)			
Product sales ('000)	77,242	67,714	61,676
Cash cost ('000)	60,914	58,202	42,595
Cash profit ('000)	16,328	9,512	19,081
Cash costs			
Per ounce of gold (\$)	336	336	233
Capex ('000) (\$)	15,652	13,596	14,870

Tons milled in fiscal 2005 were 2,743,000 compared with 3,058,000 in fiscal 2004, and ounces sold in fiscal 2005 were 181,233, compared with 173,228 in fiscal 2004. These decreases in tonnages were primarily attributable to continued reduced production from the Hill 50 underground mine for most of fiscal 2005. The production from the Star decline ceased in June 2005. The improvement in the 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 raises in fiscal 2004, as well as improved grade from the Star underground mine, which resulted in more ounces produced.

Tons milled in fiscal 2004 were 3,058,000, compared with 2,922,000 in fiscal 2003. Ounces sold decreased to 173,228 in fiscal 2004, compared with 182,690 fiscal 2003, due to the decrease in the recovered grade. Production at Hill 50 underground mine was negatively affected during fiscal 2003 as well as most of fiscal 2004 by a series of rockfall incidents starting in February 2003, which blocked the main ventilation raises near the bottom of the mine. These incidents not only affected all of the high grade production stopes but also revealed the need for a redesign of the stope configurations and the positioning of the ventilation system at the deeper levels of the mine. This adversely affected production levels and costs at Hill 50. The new ventilation raises were completed at a cost of A\$2.8 million by December 2003. The Star underground mine and open pits took up a significant portion of the tonnage shortfall but could not make up for the gold production shortfall from this high grade source.

On a simplistic basis (and assuming no additional reserves are identified) at the production level achieved in fiscal 2005, the June 30, 2005 reported proven and probable ore reserves of 5.91 million tons for Mt. Magnet would be sufficient to maintain production until approximately fiscal 2008. However, because the Mt. Magnet operations consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others. In addition, any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Plant. The Mt. Magnet operations include one metallurgical plant. This plant was built in 1989 as a CIL plant and was upgraded in late 1999 to a CIP plant. Actual throughputs of the Mt. Magnet plant varies based upon the blend of oxide and sulfide ores in their feed. Processing capacity is an estimate of nominal throughput based on a 70% hard (sulfide) and 30% oxide (soft) blend. The following table sets forth processing capacity and average tons milled during fiscal 2005 for the Mt. Magnet plant:

Plant	Processing Capacity (tons/month)	Average Milled for the fiscal year ended June 30, 2005 (tons/month)
Mt. Magnet	243,000	228,583

In fiscal 2005, the Mt. Magnet plant recovered approximately 91.9% of the gold contained in the ore delivered for processing. A decision was taken in March 2005 to reduce throughput of the plant by taking one circuit offline. This was done to process higher grade ore and extend mine life. Throughput for fiscal 2006 is estimated at 154,000 tons/month.

Capital Expenditure. We spent approximately A\$20.421 million (\$15.6 million) in capital expenditures at the Mt. Magnet operations during fiscal 2005, primarily for underground development, exploration and plants. We have budgeted approximately A\$25.64 million (\$19.5 million) for capital expenditures at the Mt. Magnet operations during fiscal 2006, principally for St. George underground development and continued development of Hill 50 decline and conversion of powerstation from diesel to gas.

South Kalgoorlie Operations

History. The South Kalgoorlie operations include several open pits at Jubilee and New Celebration, as well as the Mt. Marion underground mine at New Celebration. In the Jubilee area, two separate companies commenced gold mining by modern methods in 1987, although some sporadic mining of gold took place in the area in the late nineteenth century. The Jubilee operations were originally comprised of large Jubilee open pit but in recent years have also drawn on a number of smaller open pits. We acquired the Jubilee operations in the New Hampton transaction. The New Celebration operations were initially developed in 1987 by a third company exploiting the same ore body that hosted the Jubilee Pit. Hill 50 acquired these operations from Newcrest Mining Ltd. in June 2001. The Mt. Marion decline, which is the largest underground development at New Celebration, was established in 1998. We acquired the New Celebration operations, including the Mt. Marion underground mine, in the Hill 50 transaction. Open pit mining ceased at the South Kalgoorlie Mines at the end of fiscal 2005, with only low grade stockpiles to process in the future.

Following the acquisitions of New Hampton and Hill 50, we integrated the Jubilee operations and New Celebration operations to form the South Kalgoorlie operations. Since the commencement of operations to June 30, 2005, total gold production from the mines in the South Kalgoorlie area exceeds two million ounces.

Geology. The South Kalgoorlie mines are located approximately 30 kilometers south of Kalgoorlie in the Eastern Goldfields region of Western Australia. The South Kalgoorlie ore bodies are located in a number of geological domains including the Kalgoorlie-Kambalda belt, the Boulder-Lefroy Structure, the Zuleika Shear, the Coolgardie Belt and Yilgarn-Roe Structures. At South Kalgoorlie, the mining tenure and geology straddles the three major fault systems or crystal sutures considered to be the main ore body plumbing systems of the Kalgoorlie goldfield. The geology consists of Archaean greenstone stratigraphy of basalts and komatiites with intercalated sediments, tuffs, volcanoclastics and later felsic intrusives. Late stage and large scale granitic (Proterozoic) intrusion has stopped out large sections of the greenstone. Quartz filled lode and shear hosted bodies are the most dominant among many mineralization styles. Large scale stockwork bodies hosted in felsic volcanics are an important contributor to bulk tonnage of relatively low grade deposits.

Mining Operations. The South Kalgoorlie operations are engaged in open pit, underground and waste rock mining. These operations are subject to all of the underground, open pit and waste rock mining risks detailed in the Risk Factors section. Harmony intends to revisit its mining strategy and management procedures at these operations on a regular basis in connection with its effort to minimize mining risks.

At South Kalgoorlie Operations, during fiscal 2005, open cast mining was conducted mainly at the Freddo and Scrubby Tank pits and a number of other smaller open pits. Harmony employs contractors who use large earthmoving equipment to extract ore from these pits. The surface operations at South Kal operations were completed during June 2005. The New Celebration plant was used for toll treatment from late 2003 through June 2004, after which toll milling ceased. The New Celebration plant is currently on care and maintenance, but has been put up for sale. Harmony ore from both surface and underground sources is now treated at the Jubilee plant. From fiscal 2006, milling will consist mainly of the treatment of lowgrade stockpiles and underground ore from Mt. Marion. The primary challenge facing the South Kalgoorlie operations is to identify adequate sources of low grade stockpiles or new open pit reserves to blend with ore from Mt. Marion. See *Item 3. "Key Information – Risk Factors – To maintain or increase productivity materially above projected levels, Harmony will need to access additional reserves through development or discovery."*

The South Kalgoorlie operations also include the Mt. Marion underground mine. This mine faces challenges similar to those faced by the Mt. Magnet underground operations; however, depths at Mt. Marion are much shallower (740 meter vertical depth versus 1,300 meter vertical depth at Mt. Magnet). Mt. Marion is a decline mine that has switched to a longhole sub-level caving methodology. The purpose of this change in mining method is to better manage the geotechnical risks without diminishing returns from the mine. The Mt. Marion mine also is exposed to other risks typical of mechanized mines, including geotechnical issues, mine dilution and unpredictable remedial ground support after mine blasting. It is expected that during fiscal 2006 development of the Mt. Marion decline will cease, as the mine would have reached its economic depth limit. After that the mine will effectively be in a 24-month harvest period.

During fiscal 2005, the safety record at the South Kalgoorlie mines in terms of lost time frequency rate and fatality frequency rate was equal to the average for lost time injury frequency rates for underground metalliferous mines in Australia. Safety standards for our operations are being applied throughout the South Kalgoorlie operations and receives constant and high-level attention.

Detailed below are the operating and production results from the South Kalgoorlie operations, which were completed by combining historical figures from the Jubilee and New Celebration operations, for the last three fiscal years:

	Fiscal year ended June 30,		
	2005	2004	2003
Production			
Tons ('000)	1,266	1,843	2,749
Recovered grade (ounces/ton)	0.091	0.065	0.067
Gold sold (ounces)	115,615	120,532	182,851
Results of operations (\$)			
Product sales ('000)	48,427	46,651	57,372
Cash cost ('000)	39,262	38,848	49,139
Cash profit ('000)	9,165	7,803	8,233
Cash costs			
Per ounce of gold (\$)	340	322	269
Capex ('000) (\$)	10,161	5,435	6,299

Tons milled in fiscal 2005 were 1,266,000 compared with 1,843,000 in fiscal 2004, and ounces sold in fiscal 2005 were 115,615, compared with 120,532 in fiscal 2004. This decrease was primarily attributable to reduced open pit throughput for the year, with the New Celebration plant placed on care-and-maintenance. However, higher grade open pit material was processed during fiscal 2005 which resulted in the grade improving to 0.091, compared with 0.065 in fiscal 2004. Tons milled decreased from 2,749,000 in fiscal 2003 to 1,843,000 in fiscal 2004, primarily due to the reduced open pit throughout the year and the New Celebration plant only being utilized for toll treatment purposes.

On a simplistic basis (and assuming no additional reserves are identified) at the production level achieved in fiscal 2005, the June 30, 2005 reported proven and probable ore reserves of 4.55 million tons for the South Kalgoorlie operations would be sufficient to maintain production until approximately fiscal 2007. However, because the South Kalgoorlie operations consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others. In addition, any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Plants. The South Kalgoorlie operations include two metallurgical plants, located at Jubilee and New Celebration. The Jubilee CIL treatment plant is capable of treating the planned production from the mining operations. Ore is hauled from the open pits, low grade stockpiles as well as the Mt. Marion underground mine to the treatment plant by conventional road trains.

The New Celebration plant was commissioned in 1986 as a CIP plant and later upgraded in 1988 by the addition of a larger parallel circuit. The plant is currently on care and maintenance, but has been put up for sale. Actual throughputs of the South Kalgoorlie plants vary based upon the blend of oxide and sulfide ores in their feed. Processing capacity is an estimate of nominal throughput based on a 70% hard (sulfide) and 30% soft (oxide) blend.

The following table sets forth processing capacity and average tons milled during fiscal 2005 for the South Kalgoorlie plants:

Plant	Processing Capacity (tons/month)	Average Milled for the fiscal year ended June 30, 2005 (tons/month)
Jubilee	122,000	105,500
New Celebration	138,000	*

In fiscal 2005, the Jubilee plant recovered approximately 91.2% of the gold contained in the ore delivered for processing.

* The New Celebration plant is currently on care-and-maintenance.

Capital Expenditure. In fiscal 2005, we spent approximately A\$13.12 million (\$10 million) in capital expenditures at South Kalgoorlie, primarily for underground and open pit mine development and exploration, as well as major plant maintenance. We budgeted approximately A\$3.9 million (\$3 million) for capital expenditures at the South Kalgoorlie operations during fiscal 2006, principally for underground development and exploration.

Burnside Joint Venture – Northern Territory Operations

History. Since the discovery of gold in the Northern Territory of Australia in 1865 the state has produced more than 11 million ounces of gold. This production has come from three principal areas, the Tennant Creek field, the Granites-Tanami region and the Pine Creek Orogen, the latter having produced about 30% of the total. Harmony acquired gold mining interests in the Pine Creek Orogen (centered 150 kilometers south of Darwin) through the acquisition of Hill 50 Limited, or Hill 50, in March 2002. Hill 50 had acquired 100% interest in the Maud Creek Gold Project (subsequently disposed of), near Katherine and 100% interest in gold resources surrounding the Brocks Creek processing plant. In April 2002, Hill 50 finalized a 50-50 joint venture agreement to form the Burnside Joint Venture with Northern Gold NL. This agreement merged the mining assets of both companies within a 30 kilometer radius of the Brocks Creek 1,100,000 ton per year processing plant, which itself was an asset of the joint venture. In mid-2003, key tenements at the Pine Creek gold mining center were also acquired by the joint venture. On September 23, 2005, we announced that we reached agreement with Northern Gold NL on the divestment of our 50% stake in the Burnside Joint Venture for a consideration of A\$24 million or R117 million.

Burnside Joint Venture. The principal objective of the Burnside Joint Venture is to explore, develop and treat gold ores within the jointly held tenement group. To this end, exploration, drilling and underground mine development have been undertaken by the parties. The joint venture agreement is between Buffalo Creek Mines NL (a subsidiary of Hill 50) and Territory Goldfields NL (a subsidiary of Northern Gold NL). The parties formed a management company named Burnside Operations Pty Ltd to manage all mining and exploration matters of the joint venture. The Maud Creek Project was not subject to the Burnside Joint Venture and was 100% controlled by Harmony until its disposal by Harmony in fiscal 2005.

The total area held by the Burnside Joint Venture under mining and exploration tenure is approximately 280,000 acres, of which 263,000 acres have been granted. The Maud Creek Project tenements comprised a total of approximately 87,000 acres, of which 53,000 acres have been granted.

Geology. The Burnside Joint Venture area contains numerous historic and recently discovered gold occurrences, some of which have produced gold from open pit and underground mining, and others that are at an advanced stage of exploration through resource drilling. The deposits lie within Lower Proterozoic metasediments that were folded and faulted during the Pine Creek Orogeny. Gold in the region typically occupies sulphide rich quartz veins within the axial zones of anticlinal fold structures. The most significant of these are the Cosmopolitan Howley mine that historically has produced 475,000 ounces largely from open pit mining.

In fiscal 2003, two upper levels of the Zapopan Mine were developed by the joint venture by decline access. Approximately 12,125 tons of development ore was toll treated at an average grade of 0.21 ounces per ton, producing 2,600 ounces for the joint venture. The ore was free milling with 99% recoveries. Development on the decline had been stopped 125 meters below surface while further exploratory diamond drilling was done to extend the down plunge resource potential of the deposit. The decline is currently still on low cost care and maintenance, pending a mining decision. Approximately A\$2.1 million was spent on capital development costs by the joint venture for fiscal 2005. Mining engineering studies, which started in fiscal 2003 to determine the optimum mining method and cost structure for the operation were completed in fiscal 2004. Firm, updated mining reserves as a result of these studies, as well as two successful drilling programs have indicated proven and probable reserves of 272,601 tons at 0.38 ounces per ton, for 103,700 ounces of gold. This reserve estimate is based on a mine design comprising decline access from surface and mining of ore stopes primarily by standard cut and fill underground mining methods. The mine design and reserve estimate have been modeled to a depth of approximately 270 meters below surface. It is anticipated that profits from the Zapopan operation will support initial exploration and development costs at the larger Cosmopolitan Howley underground resource.

Exploratory drilling in the area has established various potential gold deposits. During fiscal 2004, the joint venture also completed the Cosmo Deeps resource definition drilling program, and follow up drilling is planned. A scoping study has commenced into the potential for Cosmo Deeps to support a substantial underground gold mining operation. Resource drilling at the Fountain Head deposit has confirmed the potential for a shallow open pit and further resource extensions. Various other satellite deposits within the Burnside Joint Venture was also drilled and modeled to supplement the current identified deposits. The fine grain size of the gold and its association with sulphide have refractory characteristics that require alternative methods of treatment. Further metallurgical work is required on the resource.

On August 5, 2004, the joint venture announced that it had acquired the Union Reefs Gold Project from Anglogold Ashanti Australia Ltd. for A\$4 million split equally between Harmony and Northern Gold. The Union Reefs gold

project is located approximately 50 kilometers north of the Burnside JV's Pine Creek mining leases. The Union Reefs Gold Project contains a well maintained 3,100,000 tons per annum CIL gold plant (on care and maintenance since late 2003) and all related site infrastructure, which will now form the primary treatment facility for the Burnside JV's gold resources. Concurrent with this acquisition the Brocks Creek gold plant was sold for A\$0.85 million. The rationale for the acquisition is that the lower recommissioning costs of the Union Reefs plant and expected lower milling costs than the Brocks Creek plant will enhance the economics and processing flexibility of the Burnside project.

On September 23, 2005, we entered into an agreement with Northern Gold NL on the divestment of our 50% stake in the Burnside Joint Venture for a consideration of A\$24 million or R117 million. Northern Gold will purchase Harmony's sole purpose subsidiary which holds Harmony's interest in the Burnside Joint Venture and the management entity thereof. The purchase consideration of A\$24 million (plus replacement of a A\$1 million performance bond) is payable in tranches comprising (i) a non-refundable deposit of A\$0.25 million; (ii) a cash payment of A\$4.0 million and an issue of A\$5.0 million of shares (20 million Northern Gold shares) on completion (within six months) and the replacement of a A\$1.0 million performance bond; (iii) a cash payment of A\$5.0 million and the issue of A\$4.4 million shares (at an issue price equal to the higher of A\$0.25/share and the prevailing 30 day volume weighted average market price) six months after completion; and (iv) a cash payment of A\$5.35 million payable 18 months after the completion date. See *Item 8. "Recent Developments."*

Abelle

History. Abelle, a subsidiary of Harmony Gold Australia, was listed on the Australian Stock Exchange (ASX) on April 24, 2002. In August 2002, a merger was proposed with Aurora Gold Ltd, also listed on the ASX. The proposed merger through a scheme of arrangement was completed in January 2003. Abelle has various exploration projects in Australia and Papua New Guinea. It also operated the Gidgee Gold mine in the Murchison region of Western Australia, which was disposed of in December 2003. After the successful buy out of minority shareholders by Harmony, the company was delisted from the Australian Stock Exchange on June 30, 2004.

Introduction. On February 26, 2003, we announced a conditional cash offer for all of the outstanding ordinary shares and listed options of Abelle, at a purchase price of A\$0.75 per share and A\$0.45 per listed option, for a total price of approximately A\$151 million. On the date of the offer announcement, we also announced that we had entered into an agreement with Abelle whereby Abelle placed 35 million new shares in Abelle with Harmony, at a price of A\$0.75 per share, subject to certain conditions including Abelle shareholder approval. This placement was approved by shareholders at a meeting of Abelle held on April 30, 2003 and the placement was completed on May 8, 2003. This transaction represented approximately 18% of Abelle's expanded issued share capital. On February 25, 2003 Harmony entered into a pre-bid acceptance agreement for a nominal consideration of A\$10, pursuant to which Silvara Pty Ltd, a subsidiary of the Guinness Peat Group plc had agreed to accept the share offer in respect of a total of 32,044,533 Abelle shares, representing 19.95% of the total issued share capital of Abelle at that date. The original offer was extended and Harmony closed its offers on April 30, 2003 and advised at that date it had a relevant interest in 84.57% of Abelle shares and 63.18% of Abelle options. Subsequently, on May 5, 2003, three Harmony representatives were appointed to the board of Abelle.

On March 15, 2004, after successfully reviewing the Hidden Valley feasibility study in Papua New Guinea as prepared by Abelle, Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle held by minorities, at a purchase price of A\$2 per share and A\$1.70 per listed option, for a total price of approximately A\$121 million. The original offer was extended from May 14, 2004 to June 18, 2004. Harmony closed its offers on June 18, 2004, and advised that at that date it had a relevant interest in 99% of Abelle shares and 99% of Abelle options. Harmony subsequently completed a compulsory acquisition of the remaining shares and options under the rules of the Australian Stock Exchange.

Gidgee Gold Mine

History. The Gidgee Gold Project was acquired by Abelle in late 1999 from a public tender following the appointment of a Receiver and Manager to Australian Resources Ltd. On November 7, 2003 Abelle announced that it has entered into negotiations with Legend Mining Limited, whereby Legend has offered to purchase the Gidgee gold project. The mine was subsequently sold to Legend Mining Limited with effective transfer from December 17, 2003. Payment for the mine consisted of shares in Legend and cash amounting to a total consideration of A\$6.3 million. The Legend shares were subsequently also disposed of in March 23, 2004.

Geology. The Gum Creek greenstone belt, which outcrops over an area 110 kilometers long and 25 kilometers wide is situated at the northern limit of the Southern Cross Province of the Archaean Yilgarn Craton. It is elongate north-northwest and contains a southerly plunging synform in which volcanic and sedimentary rocks are bounded on the east and west by granitoids. The Gum Creek greenstone belt comprises a lower sequence of mafic and ultramafic extrusive and intrusive rocks interbedded with BIF, overlain by a sequence of felsic volcanic and mafic volcanic rocks and sediments metamorphosed to lower greenschist-lower amphibolite facies. Granitoid stocks and

east – west striking Proterozoic dolerite dykes intrude both sequences. Although the structure is synclinal, the mafic volcanic rocks in the center of the belt are considered to be part of the lower sequence, having been brought to the surface by major folding and faulting.

Operations Summary. The Gidgee Gold Project processed a blended ore feedstock from the Swan Bitter underground mine, various open pits and low grade stocks. The key component of gold production since Abelle acquired the Gidgee Gold Project had been the Swan Bitter underground mine. This was supplemented by open pit mining from the pits of South Reliance, Think Big, Shiraz, Snook, North Wahoo and Cobia. Open pit mining at the Gidgee Gold Mine ended midway through fiscal 2003 with a poor performance from the last pit, South Snook, leaving only one production source, the Swan Bitter Underground mine. The underground ore and low grade stocks were blended to aggregate a mill feedstock.

The Swan Bitter underground mine also had a major setback during fiscal 2003 as the main development focus, the southern extensions and Butcherbird decline, failed to live up to expectations. Despite significant development and ore driving, only a small portion of the ore reserve was deemed to be economically viable to mine. The focus of the operation then since shifted to the western and newly discovered Tunisia and Australia lodes, which reconciled positively. The mine was back on track for the final quarter of the 2003 financial year with a very solid performance. However, the impact of the failed southern areas and the poor reconciliation from the South Snook pit severely impacted the annual results.

Gidgee's results were included in Harmony's results for 2 months from the effective date of acquisition, May 1, 2003 in fiscal 2003. In that period 64,528 tons of ore was treated at an average grade of 0.177 ounces per ton for 11,534 ounces of gold. During fiscal 2004 Gidgee's results were included in Harmony's results for a period of 5 months, up to the end of November 2003, when the operation was sold to Legend Mining Limited. During that period 206,465 tons were treated at an average grade of 0.159 per ton for 32,954 ounces of gold.

Detailed below are the operating and production results from the Gidgee gold mine operations for the 5 months ended November 30, 2003 and the fiscal year ended June 30, 2003.

	Five months ended November 30, 2003 ¹	Fiscal year ended June 30, 2003 ²
Production		
Tons ('000)	206	65
Recovered grade (ounces/ton)	0.160	0.177
Gold sold (ounces)	32,954	11,534
Results of operations (\$)		
Product sales ('000)	12,991	3,381
Cash cost ('000)	9,712	2,251
Cash profit ('000)	3,279	1,130
Cash costs		
Per ounce of gold (\$)	295	195
Capex ('000) (\$)	9,614	123,575

¹ Consists of 5 months of production up to November 2003 included in Harmony Australia's results.

² Consists of 2 months of production included in Harmony Australia's results.

Mining operations. Abelle's key business focus is on the three exploration and development properties of Hidden Valley (Morobe), Wafi Gold and the Golpu Copper-Gold in Papua New Guinea. Abelle also holds a suite of exploration projects throughout Australia which it considers non-core and is in the process of farming out or disposing.

Papua New Guinea Operations

Introduction. Our interests in Papua New Guinea, consist of exploration titles covering some 1,922 square kilometers of highly prospective gold and copper-gold geology structurally related to the Wau Graben, arc-parallel and transfer faulting. The titles are broken into two groups, the northern group being referred to as the Wafi Project, which in turn incorporates the Wafi Gold and Golpu Copper-Gold projects. The southern block is referred to as the Hidden Valley Project (previously Morobe Gold Project) and incorporates the Hidden Valley, Kaveroi, Hamata and Kerimenge gold and gold-silver deposits.

The Papua New Guinea operations are owned by two separate Papua New Guinea incorporated companies – Morobe Consolidated Goldfields Ltd and Wafi Mining Limited, which are wholly owned subsidiaries of the Harmony

group. Harmony currently has a corporate office in Port Moresby, the capital of Papua New Guinea, as well as offices in Lae and Wau, to facilitate the development of the Hidden Valley project and perform the pre-feasibility work on the Wafi Golpu copper gold project. The project is also supported by utilizing Harmony's Australian personnel. At June 30, 2005, Harmony had 266 employees and 39 contractors in services in Papua New Guinea.

Geology. Harmony's Papua New Guinea exploration holdings cover a tract of prospective stratigraphy which is located in the Morobe Province south-west from Lae – the provincial capital. This rugged area is dominated by uplifted Lower Jurassic and Cretaceous sediments known as the Owen Stanley Metamorphics. The Owen Stanley Metamorphics are intruded by the extensive Middle Miocene-age Morobe Granodiorite.

At Wafi, the bulk of gold mineralization is located within moderate to steep east-dipping Owen Stanley conglomerates, sandstones and shales that surround a large diatreme core. Gold mineralization appears to be controlled by mostly bedding-parallel faults and is associated with complex high-sulphidation hydrothermal alteration assemblages. These assemblages form roughly concentric zones centered on the diatreme.

Located near the north-eastern margins of the diatreme, and about 1 kilometer north of the Wafi sediment-hosted gold resource, is the Golpu porphyry-style gold-copper deposit. With a diameter of up to 300 meters the porphyry forms a discrete, near-vertical fault-bounded pipe that extends from about 100 meters below the surface to 1,000 meters down-plunge. The porphyry is dioritic in composition and has undergone late-stage epithermal, high-sulphidation alteration. A gold-bearing silica cap is developed directly over the top of the porphyry.

In contrast to Wafi, the Hidden Valley-Hamata deposits in the Wau-Bulolo area to the south are hosted almost exclusively by the Miocene-age Morobe Granodiorite. Gold mineralization in this area is confined to a NW-trending structural corridor known as the Wau Graben. Sediments belonging to the Owen Stanley Metamorphics overlay the Hidden Valley deposit. The entire sequence is intruded by the Pliocene-age gold-bearing Edie Porphyry.

At Hidden Valley, low-sulphidation gold mineralization occurs within veins that are distributed in a structurally-controlled, flat to moderately-dipping NW-trending, stockwork within the granodiorite.

At Hamata, which is at a lower elevation than Hidden Valley, the overlying sediments have been stripped away. Mineralization occurs in at least three subparallel stock-work zones that strike NE and dip at 45-50° SE.

Hidden Valley Project

Background. The Hidden Valley Project (formerly Morobe Project) is 100% owned by Harmony through our wholly-owned Papua New Guinea subsidiary, Morobe Consolidated Goldfields Ltd. Alluvial gold was first discovered at Hidden Valley in 1928. It was not until the early 1980's that the area was investigated by CRA Exploration using modern exploration techniques that resulted in the discovery of the Hidden Valley and Kaveroi gold deposits on EL 677.

A number of feasibility studies have been prepared for the Hidden Valley Project by the various owners over a number of years commencing in 1998. Abelle completed a feasibility study in December 2003, which met the specific requirements of the Papua New Guinea project approval process. Abelle's design concept incorporates a two phase process in which phase one incorporates the Hamata deposit into the development plan with the plant and tailings dam located at Hamata with a crushing facility located at Hidden valley and 5 kilometers overland conveyor delivering ore from Hidden Valley and Kaveroi to Hamata. Phase two contemplates extending project life by pit extensions, underground or near mine development. Phase one included the purchase of the Misima Mines Ltd 7.1 million tons per annum treatment plant, remaining mining fleet, service infrastructure, stores and spares for A\$8.5 million.

Abelle announced to the market that it completed the Hidden Valley feasibility study on December 24, 2003. The development concept for the Hidden Valley project as announced by them is a two phase project where Phase 1 mines the known quality reserves at Hidden Valley, Kaveroi and Hamata prospects. This phase carries the full capital, plant and infrastructure impost. Phase 2 progressively extends sustainable production with a concept of a centralized process plant being fed from a number of regional ore sources. The feasibility study showed attractive returns based on a gold price assumption of US\$410 per ounce, a silver price of US\$5.50 per ounce and a A\$/US\$ exchange rate of A\$1 = US\$0.735.

After performing a due diligence process on the feasibility study in January 2004, the Harmony board approved in principle the development of the project, and as a consequence we also decided to buy out the minority shareholders of Abelle. Currently the feasibility document is in the process of being updated and a project execution plan proposed. The board will consider this in January 2006 and then decide whether or not to approve the project for construction.

Project Overview. The definitive feasibility study was completed in December 2003 and incorporates the mining of both the Hamata and Hidden Valley/Kaveroi resources. We are currently optimizing the feasibility study and considering various alternatives which might reduce the operating cost of the project or reduce the capital requirements. The updated feasibility document, which will reflect current economic impacts of higher energy prices and scarce resources in the mining industry, as well as a project execution plan will be presented to the board in January 2006.

The feasibility study currently indicates that 1.9 million ounces of gold and 25.5 million ounces of silver will be produced over the project life, with 23.3 million tons of ore mined. The resources will be mined in a sequence that sees the low silver Hamata ores mined first with plant and infrastructure development for the project developed in close proximity to the Hamata deposit. The next ore mined will be the Hidden Valley/Kaveroi oxide/transition ores (high silver) followed by the Hidden Valley/Kaveroi primary ores. The proven and probable gold reserves for the Hidden Valley/Kaveroi/Hamata deposits are 2,040,500 ounces at 0.086 ounces per ton. Silver proven and probable reserves at Hidden Valley Kaveroi amounts to 29,500,000 ounces at 1.25 ounces per ton. Harmony is continuing a drilling program to identify additional reserves around the project area to extend the anticipated mine life of 8 years, which includes an 18 month construction period.

Deconstruction and transportation of the Misima plant commenced in June 2004 and was completed in mid April 2005. The plant is stored in Lae and components will be transported to Hidden Valley for installation as project development proceeds.

The process plant will process ore at a rate of approximately 3.9 million tons per annum and has been designed with three distinct process routes that complement the metallurgical characteristics of the three ore types to be mined. The process plant will commence as a primary crushing, grinding, CIL, Merrill-Crowe zinc precipitation, goldroom and tailings detox plant for the low silver Hamata ores, revert to a primary crushing, grinding, flotation, concentrate regrind, Counter-Current Decantation (“CCD”) circuit with Merrill-Crowe zinc precipitation, flotation concentrate and tailing CIL, goldroom and tailings detox for the high silver oxide/transition ores and then a similar circuit without flotation tail CIL for high silver sulphide ores from Hidden valley/Kaveroi ores.

Location and access. The Hidden Valley Project comprises four exploration licenses of 966 square kilometers in the Wau District of Morobe Province, Papua New Guinea. The project is located 210 kilometers north-northwest of Port Moresby and 50 kilometers south-southwest of Lae, the two largest cities in Papua New Guinea. Access to the project is presently by sealed road from the deep-water port of Lae to Bulolo, all-weather gravel road to Wau and then by unsealed tracks. A purpose built all weather gravel road from Bulolo to the Hidden Valley mine site is part of the project construction work.

Government royalty and other rights. The gold and silver production from the Hidden Valley Project will be subject to a 2% royalty, payable on the net return from refined production if refined in Papua New Guinea or 2% royalty on the realized price if refined out of Papua New Guinea.

The independent State of Papua New Guinea also has a statutory right to acquire up to a 30% participatory interest in mining development projects, at sunk cost although it has not exercised this right for the Hidden Valley mine. Once an interest is acquired by Papua New Guinea, it contributes to the further exploration and development costs on a pro rata basis. Papua New Guinea’s reservation arises by way of a condition included in all exploration licenses.

Third Party Royalties. Pursuant to the sale agreement of EL677 (the Hidden Valley and Kaveroi deposits) by Rio Tinto to Australia Gold Fields (“AGF”), a royalty payment from refined gold production is payable to Rio Tinto as per the following table:

Gold production (oz)	Royalty (%)
< 200,000	0.0
200,001 – 1,000,000	2.0
1,000,001 – 5,000,000	3.5
> 5,000,000	2.0

Additional Prospects and Exploration Potential. The Hidden Valley Project revised feasibility and development being developed by Harmony considers the mining and development of the Hamata, Hidden Valley and Kaveroi deposits only. While these alone provide for a robust project of 8 to 10 years duration, there is considerable potential to extend the project life from other advanced prospects and mineralization that are within a 10-kilometer radius of any proposed plant site. These include the advanced Kerimenge deposit, Andim, Nosave, Purrawang, Apu Creek prospects that are immediate extensions to the known mineralization systems at Hidden Valley, the more peripheral Waterfall, Bulldog, Bulldog North and Daulo prospects as well as the Yafo and Yava prospects

near Hamata. Harmony received its mining license and environmental permit for the project in March 2005. Compensation agreements were accordingly negotiated and signed on August 5, 2005, and a Memorandum of Agreement (which related to benefits distribution) was also negotiated with landowners and government at national, provincial and local levels. These were the final regulatory aspects needed for the commencement of mining.

Capital Expenditure. Capital expenditure on the project for fiscal 2005 was A\$16 million (US\$12 million) and for fiscal 2006 is estimated to be approximately A\$117.6 million (US\$89.6 million), if the project is approved by the Board for construction. Total capital expenditure for the project is estimated at approximately A\$276.5 million (US\$213 million), which includes the purchase of a mining fleet and power station, as well as normal plant and infrastructure construction costs. These costs will be updated in the execution plan. It also includes the construction of a tailings dam to reduce the impact of mining operations on the environment. Harmony is still investigating the various financing alternatives available for the project, although at this stage Harmony prefers to fund the project internally.

Wafi Project

Background. The Wafi prospect is owned 100% through a subsidiary Papua New Guinea company, Wafi Mining Limited. The first exploration at Wafi dates back to the nationwide porphyry copper search by CRA Exploration Ltd in the late 1960's. Elders Resources farmed-into the project from 1989-1991 and AGF farmed in to the project for a short period in 1997 prior to going into administration in 1998. Aurora subsequently acquired the project from Rio Tinto (CRA) in 1999, with ownership passing to Abelle when they merged with Aurora in 2002. Harmony assumed control of the Wafi project as a result of its acquisition of Abelle in 2003.

Project Overview. The project is held under 4 contiguous exploration licenses totaling 996 square kilometers and comprises two separate ore systems located within close proximity of each other known as the Wafi Gold Project and the Golpu Copper-Gold Project respectively. The Wafi gold mineralization is hosted by sedimentary/ volcaniclastic rocks of the Owen Stanley Formation which surround the intrusive Wafi Diatreme. Gold mineralization occurs as extensive high-sulphidation epithermal alteration overprinting porphyry mineralization and epithermal style vein-hosted and replacement gold mineralization with associated wall-rock alteration. We expect to spend approximately A\$8 million to conduct prefeasibility studies of the Wafi Gold and Golpu Copper-Gold Projects in fiscal 2006.

Four main zones (Zone A, Zone B, The Link Zone (between Zone A & B) and to a lesser extent, the Western Zone have been drill tested at Wafi revealing substantial gold mineralization within a mostly high-sulphidation system. Work undertaken by Abelle included a diamond drilling program that commenced in late February 2003 aimed at defining the geometry of the higher grade link mineralization with disciplined core orientation. The cores from these holes revealed that the deeper high grade ore is associated with carbonate and minor base metal mineralization indicative of a low sulphidation ore system and in places appears to over print previous mineralization. During 2004 Harmony completed a program of 13,000 meters of Reverse Circulation drilling to further define the shallower portions of the resource and to explore for additional oxide resources. The Wafi Gold mineralization can be split into three groups from a metallurgical perspective:

- Oxide mineralization with recoveries of 95% by conventional cyanidation
- Transitional mineralization with recoveries of 86% via conventional cyanidation, and
- Primary mineralization which is further divided into two ore types these being Zones A and B primary mineralization with conventional cyanidation recoveries of 50% and the high grade (5 g/t) Link Zone mineralization with conventional cyanidation recoveries of 20%.

The bulk of the resource is contained within the primary mineralization which is refractory. Test work indicated that conventional cyanidation recoveries of 85-95% were achievable on the oxide and transitional ore types, however poor cyanidation recoveries (50%) were achieved on the primary ore types. Preliminary testwork showed that gravity and ultrafine grinding processes were ineffective in improving primary ore gold recovery. Various oxidative refractory treatment options have been investigated by the various project owners. The main body of testwork was carried out in 1989-91. Testwork showed that gravity and ultrafine grinding are ineffective. Flotation response was also poor. Zone A and B ore and flotation concentrates responded well to pressure oxidation and bacterial oxidation, with recovers of 90% being achieved, while whole ore and concentrate roasting recoveries were slightly lower at 85-88%. Only 50-60% sulphur oxidation was required. Flotation tailing leach recoveries above 60% were also achieved.

AGF undertook characterization and pressure oxidation testwork on Link Zone mineralization in 1998, due to the very poor conventional cyanidation recoveries achieved (20%). Pressure oxidation recoveries of 95% were achieved, however AGF went into receivership after this period and further development work stopped. Aurora

undertook very limited work for three years up until the merger with Abelle in June 2002. Abelle concluded that whole ore roasting had the best opportunity to produce positive economics, due to the potential to produce sulphuric acid from roaster off gas.

A preliminary Open Pit Mining optimization of the Wafi Gold resource was completed in April 2005. A short program of whole ore roasting metallurgical testwork was also completed. Results confirmed previous oxidative testwork results in which cyanide leach recoveries were proportional to the degree of sulphur oxidation. Arsenic volatilization was negligible. The work confirmed the technical viability of whole ore roasting as a process route.

Preliminary testing indicated that roasting offers the best financial return, however, the current open pit resource does not provide an adequate financial return and a number of environmental and technical hurdles would need to be overcome to make this option viable. A fourfold increase in the oxide/transitional resource will be required to meet financial hurdles or a 50-75% increase in primary ore resource.

A pre-feasibility study on both Wafi and Golpu commenced in July 2005. As part of this work a bulk metallurgical sample of Link Zone ore has been collected from a dedicated metallurgical hole which will be used to determine the suitability of two previously untested biooxidation processing options: Whole Ore Heap Biooxidation and concentrate Biooxidation (Geocoat). New ultrafine grinding/oxidation technologies of Activox and Albion are also being considered. This testwork is expected to be completed in March 2006.

Open pit and underground mine optimizations and financial models will be re-run based upon outcomes from the first pass mining study and process evaluation and latest resource model.

Capital Expenditure. No capital expenses were incurred during fiscal 2005 as the feasibility study is still to be performed and no capital expenditure is expected during fiscal 2006.

Golpu Copper-Gold Project

The Golpu Copper-Gold Project, or Golpu Project, is located approximately 1 kilometer northeast of the Wafi gold orebody. The Golpu Project is a dioritic porphyry copper-gold deposit with an Identified Mineral Resource Estimate of 106 million tons at 1.41% copper and 0.65 grams per ton Au. In addition the leached oxide cap to the porphyry copper contains a copper poor inferred resource of 4 million tons at 1.35 grams per ton gold.

The Golpu host lithology is a typical zoned porphyry copper alteration halo grading from potassicphyllitic advanced argillic upwards in the core. Outwards from the core the alteration grades from the above to argillicpotassic to propylitic. The mineralized body is a porphyry copper-gold 'pipe' with approximately 200 meters by 200 meters plan dimensions, slightly north plunge and still going strong at 1.2 kilometers depth, the maximum depth to which it has been drilled.

The surface expression is oxidized and leached to about 150 meters vertical depth resulting in a residual gold only resource from which the copper has been leached. At the oxidation interface a strong 20-30 meters thick zone of supergene copper enrichment is developed which transitions at depth into a lower grade covellite-enargite ore. Beneath this is a zone of more covellite rich mineralization that contains lesser enargite and consequently arsenic. From approximately 300 meters below surface the ore exists in a covellite rich (Arsenic poor) form grading into a chalcopyrite-bornite rich zone from approximately 500 meters to its current known depth of approximately 1.2 kilometers. Harmony is currently reviewing all data relating to the Golpu Project with the objective of performing a pre-feasibility into the development of the project.

The Wafi Golpu Copper-Gold mineralization can be split into four principal zones from a metallurgical perspective:

- Gold Cap – which has had no metallurgical test work, but indications are the ore will be free milling, however the presence of copper will need to be considered.
- Supergene /transitional zone – which consists of an oxidized supergene copper enriched zone overlaying a lower grade covellite-enargite porphyry. Preliminary metallurgical test work undertaken by Rio Tinto has shown that the flotation response is poor with copper recoveries of 70% into a copper concentrate of 25% copper. Blending has been proposed for this ore zone.
- High Arsenic Zone – which consists of a complex suite of copper minerals including arsenic rich enargite and tennatite. Flotation response is good, however the arsenic floats with the concentrate resulting in copper concentrates containing 1 to 3% arsenic, which would incur significant smelter penalties. Controlled blending is also proposed for this ore zone.

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- Low Arsenic Zone – which consists of almost exclusively chalcopyrite, the flotation response is excellent with recoveries of 92% into a 30% copper concentrate.

Gold recovery into concentrate is 60% of copper recovery. A pre-feasibility study to evaluate the development of the Golpu Copper-Gold Project commenced in July 2005. A pre-feasibility team was assembled in July to commence planning future activities, which will include:

- ◆ Geotechnical and resource definition drilling
- ◆ Road upgrades to improve site access
- ◆ Mining optimisation studies
- ◆ Metallurgical testwork and conceptual process route selection
- ◆ Infrastructure studies
- ◆ Human Resource management
- ◆ Environment data collection and studies
- ◆ External Relation data collection and studies
- ◆ Concentrate marketing development

Geography. The Wafi prospect is located near Mt. Watut in Morobe Province, Papua New Guinea, 60 kilometers southwest of Lae and 60 kilometers northwest of Wau. The site is accessed by sealed road (Lae to Bulolo) which comes within 5 kilometers of the eastern edge of the tenements.

The Wafi camp is located at an elevation of approximately 500 meters above sea level. The terrain is mountainous and forested in most areas. Immediately west of the project area, the Watut Valley makes for relatively simple road access to the project. The Wafi Gold and Golpu prospects themselves lie a further 10 kilometers west and at this point are accessed and serviced by helicopter. A dry weather access track was completed between the sealed Lae-Bulolo road and Wafi during fiscal 2005.

Mining reserves. Harmony is not yet in a position to quote mining reserve estimates for either the Wafi Gold or Golpu Copper – Gold projects. Evaluation studies including drilling and pre-feasibility estimates are still underway.

Government royalty and other rights. The metal production from the Wafi Project is subject to a 2% royalty payable on the net return from refined production if refined in Papua New Guinea or 2% royalty on the realized price if refined outside of Papua New Guinea.

Papua New Guinea also has a statutory right to acquire up to a 30% participatory interest in mining development projects, at sunk cost. Once an interest is acquired by Papua New Guinea, it contributes to the further exploration and development costs on a pro rata basis. Papua New Guinea's reservation arises by way of a condition included in all exploration licenses.

Third Party Royalties. Pursuant to the sale agreement of Wafi Mining Ltd to Abelle (via wholly-owned subsidiary companies) from RioTinto, a royalty of 2% on gold production or a 2% NSR (net smelter return) from copper-gold concentrates is payable to Rio Tinto as a deferred acquisition cost.

Capital Expenditure. No capital expenses were incurred during fiscal 2005 as the feasibility study is still to be performed and no capital expenditure is expected during fiscal 2006.

Mt. Muro Project Indonesia

In April 2005 Harmony sold its share of PT Indo Muro Kencana to Straits Resources for A\$3.9 million consisting of 2,265,833 shares at A\$1.715 per share. The Straits Resources shares were subsequently sold on May 18, 2005 for A\$3.364 million.

The Mt. Muro project is owned by PT Indo Muro Kencana, in which Harmony has a 30% interest, and is located in central Kalimantan, Indonesia. The project was placed on care and maintenance by Aurora Gold Ltd in mid 2002 after a number of successful years that saw total gold and silver production reach 1.3 million ounces and 25.54 million ounces, respectively.

Abelle reached agreement with Straits Resources Ltd to form a joint venture to explore and assess the re-development of Mt. Muro and Straits assumed the role of manager and operator of the joint venture from May 1, 2003. Under the agreement with Straits, Abelle retains a free 30% carried interest to the recommencement of commercial gold production and Straits obtained a 70% interest in the project. Straits had to maintain this plant, equipment and infrastructure in good standing and spend a minimum of US\$1 million on exploration per annum over and above holding costs. Straits is an Indonesian operator with considerable

experience and expertise in operating in the Indonesian environment.

Canadian Operations

Bissett

Introduction. Our formerly held Bissett operations, production at which was suspended in the quarter ended September 30, 2001 due to mining operations being uneconomical at then-current gold prices, are located near Bissett in the province of Manitoba, Canada. Prior to the suspension, mining at Harmony's Bissett operations was conducted at depths ranging from 1,200 meters to 1,500 meters. Full production of 1,000 tons of mill throughput per day was achieved by June 2000 prior to the placing of Bissett's operations on the care and maintenance program discussed in " – Mining Operations" below. The transition to the care and maintenance program took place in the quarter ended September 30, 2001. On March 17, 2004, Harmony disposed of 100% of the issued and outstanding shares of Bissett to Rice Lake Joint Venture Inc, a joint venture between San Gold Resources Corporation and Gold City Industries Limited, for C\$7,625,000 (US\$5.6 million), which was made up of C\$3,625,000 (US\$2.6 million) in cash plus C\$4,000,000 (US\$3 million) in shares of San Gold and Gold City. San Gold and Gold City merged during fiscal 2005 to form San Gold Corporation. Harmony owns 7,957,498 common shares in San Gold Corporation, which Harmony is obliged to dispose of before December 31, 2005 in terms of a letter of permission granted to Harmony by the South African Reserve Bank.

REGULATION

Mineral Rights – South Africa

South African law provides for the separate ownership of surface and mineral rights. It is therefore possible for one person to own the surface of a property, another to own rights to precious metals and yet another to own rights to base minerals. Harmony controls mineral rights by way of ownership, mining rights and mining authorizations.

Currently, approximately two-thirds of South Africa's mineral rights are in private hands. The South African government investigated the structure of mineral ownership in the country, with the view of making access to minerals easier for small and emerging mining companies.

After the election of a democratic government in South Africa in 1994, the issue of mineral rights was reviewed.

On October 3, 2002, the South African parliament passed the Mineral and Petroleum Resources Development Act. The Act came into operation on May 1, 2004. The principal objectives set out in the Act are:

- to recognize the internationally accepted right of the state of South Africa to exercise full and permanent sovereignty over all the mineral and petroleum resources within South Africa;
- to give effect to the principle of South Africa's custodianship of its mineral and petroleum resources;
- to promote equitable access to South Africa's mineral and petroleum resources to all the people of South Africa and redress the impact of past discrimination;
- to substantially and meaningfully expand opportunities for historically disadvantaged persons including women, to enter the mineral and petroleum industry and to benefit from the exploitation of South Africa's mineral and petroleum resources;
- to promote economic growth and mineral and petroleum resources development in South Africa;
- to promote employment and advance the social and economic welfare of all South Africans;
- to provide security of tenure in respect of prospecting, exploration, mining and production operations;
- to give effect to Section 24 of the South African Constitution by ensuring that South Africa's mineral and petroleum resources are developed in an orderly and ecologically sustainable manner while promoting justifiable social and economic development;
- to follow the principle that mining companies keep and use their mineral rights, with no expropriation and with guaranteed compensation for mineral rights; and
- to ensure that holders of mining and production rights contribute towards socio-economic development of the areas in which they are operating.

Under the Act, tenure over established operations will be secure for 30 years (and renewable for 30 years thereafter), provided that mining companies obtain new licenses over existing operations within five years of the date of enactment of the Act and fulfill requirements specified in the Mining Charter.

The principles contained in the Mining Charter relate to the transfer, over a ten-year period, of 26% of South Africa's mining assets to historically disadvantaged South Africans, as defined in the Mining Charter. Under the Mining Charter, the South African mining industry has committed to securing financing to fund participation of historically disadvantaged South Africans in an amount of R100 billion within the first five years of the Mining Charter's tenure. The Mining Charter provides for the review of the participation process after five years to determine what further steps, if any, are needed to achieve the 26% target participation. The Mining Charter requires programs for black economic empowerment and the promotion of value-added production, such as jewelry-making and other gold fabrication, in South Africa. The Mining Charter also sets out targets for broad-based black economic empowerment in the areas of human resources, skill development, employment equality, procurement and beneficiation. In addition, the Mining Charter addresses other socio-economic issues such as migrant labor, housing and living conditions.

We actively carry out mining and exploration activities in all of our material mineral rights areas. Accordingly, we do not believe that the Act will have a significant impact on these mining and exploration activities because we will be eligible to apply for new licenses over our existing operations (some of which have already been granted), provided

that we comply with the Mining Charter. There can be no assurance, however, that any licenses would be received. We are currently in consultation with the National Department of Minerals and Energy, in the process of developing a sophisticated approach to setting targets and measuring performance in black economic empowerment, or BEE, and transformation initiatives within Harmony. We refer to this initiative as the “Harmony Transformation Scorecard”.

We have already complied with the requirements of the Mining Charter, with an equivalent of 31% of production ounces qualifying as empowerment credit ounces. We have been working on our program of licensing for the past 18 months, which involved the compilation of a mineral assets register and the identification of all of our economic, mineral and mining rights. We have secured all “old mining rights” and validated existing mining authorizations. Our strategy has been to secure all strategic mining rights on a region-by-region basis. The first application for conversion from “old order” to “new order” mining rights was for the Evander Operations and was lodged on May 21, 2004. The application covers all the operating shafts as well as the Poplar and Rolspruit Projects. The Evander mining license was the first conversion application in the region and in October 2004 we became the first senior company to convert “old order” to “new order” mining rights for our Evander, Randfontein and Elandsrand operations. Although it is not possible to estimate how long it will take for each application to be processed by the regional offices of the Department of Minerals and Energy, we have worked closely with the department to ensure the licenses will be granted as swiftly as possible and we are optimistic that the remaining license conversions will be granted in due course.

The Act also makes reference to royalties being payable to the state in terms of the Royalty Bill. It is anticipated that the Royalty Bill will only come into force in 2009. The introduction of the Royalty Bill as law may have an adverse impact on the profits generated by our operations in South Africa. We are currently evaluating the impact that the proposed Royalty Bill may have with regard to our operations and no assurance can be given as to whether or when the proposed Royalty Bill will be enacted.

The Act (i) limits ministerial discretion, (ii) introduces a first-come first-served principle with respect to the consideration of applications, (iii) introduces a mining advisory board, (iv) provides for compensation for currently held rights, and (v) ensures that current mining right holders; that are actively engaged in developing their rights will not have to reapply for their rights. An aggrieved party will have the right of appeal to either the Director General or the Minister and may only take matters to the courts once that party has exhausted his or her remedies in terms of the appeal procedures that are to be set forth.

Mineral Rights — Australia

In Australia, mineral rights belong to the State. However, where the State has granted freehold title, ownership of minerals other than gold, silver and other precious metals vests in the title holder. The government then issues and administers mining tenements under the relevant mining legislation, and mining companies must pay royalties to the government based on production.

In Western Australia, Mt Magnet, New Hampton and South Kal hold various government mining tenements issued by the Department of Industry and Resources under the Mining Act 1978 (WA). In addition, Hampton Gold Mining Areas is the freehold owner of the Hampton Lands, an area which is not subject to the Mining Act 1978 and in respect of which the government has waived its entitlement to royalties on gold production. Both New Hampton and South Kal conduct mining operations on the Hampton Lands under special leases issued by Hampton Gold Mining Areas in accordance with the Hampton Regulations.

Australian law generally requires that all necessary native title approval be obtained before a mining lease can be granted and mining operations can commence. Mt Magnet, New Hampton and South Kal have approved mining leases for most of their reserves, including all reserves that are currently being mined. If these companies wish to expand operations into additional areas under exploration, the relevant exploration licenses will need to be converted to mining leases prior to commencing mining, and that process will require native title approval on terms to be negotiated with the affected native title parties or otherwise determined in accordance with the Native Title Act 1993. There can be no assurance that any approval would be received.

Environmental Matters

South Africa

Harmony recognizes that the long-term sustainability of our business is as dependent on good management of our environment as it is on the optimal extraction of our mineral resources. It is our duty to assess environmental impacts and where significant pollution or degradation may occur as a result of our activities, take reasonable measures to minimize these and to rectify any impacts that have already been caused.

The overall objectives of Harmony’s environmental management activities are to:

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- clean up the surface environment after mining and ensure certificates of closure;
 - promote “clean” mining and minerals processing;
 - support the company’s social plan requirements (such as the Mineral and Petroleum Resources Development Act (MPRDA) and Mining Charter), BEE and local community involvement;
 - reduce environmental liabilities by 10% per annum; and
 - self-fund environmental rehabilitation through economic activities/savings, thus contributing to the bottom line.

Our approach to environmental management encompasses the following four broad principles:

- all relevant environmental risks should be identified and prioritized;
- environmental issues should be dealt with promptly;
- environmental issues, particularly relating to continuous non-compliance or potentially serious environmental impacts, should be dealt with at the board level; and
- we will adopt the best practicable environmental option; that is, the option that has most benefit, or causes the least damage to the environment, at a cost acceptable to society and affordable to us.

In fiscal 2004, the environmental policy was developed in consultation with various stakeholders such as mine managers, employees and unions. This policy was signed off by the Chairman of the Sustainable Development Committee and our Chief Executive in November 2004. It has subsequently been signed off by each mine manager at signing ceremonies held at each shaft. It commits companies to returning their areas of operation “as close as possible to the pre-mining state, thus creating sustainability and economic viability for generations to come”. The main areas of the policy are:

- that environmental management is a corporate priority;
- that environmental policies, programs and practices will be integrated into the activities of the company;
- that we will strive for continued improvement and efficiency;
- that we will work with government departments and the public to come up with the best sustainable solutions;
- that contractors and suppliers will be required to comply with the Harmony policy; and
- that employees will be informed and educated regarding their environmental responsibilities.

The focus was on implementing an environmental management policy at an operational level during fiscal 2005 and this will continue in fiscal 2006. An in-house environmental awareness presentation that takes cognizance of the approved Environmental Policy Statement has been developed and will be rolled out to the various operations by the end of December 2005. The intention is to make management at our operations aware of the primary role of the environmental manager. Building on this will be the development and presentation of regional environmental management awareness programs, which will include a focus on specific direct and indirect impacts within the region.

Environmental policy and strategy within Harmony, as well as the environmental impact of our operations on regional communities, is overseen by the Sustainable Development Committee. The management of environmental issues at operational level is the responsibility of each operational director, who is supported by line management in the various regions. The environmental management function (EMF) in Harmony resides within the portfolio of risk management. Structures and reporting mechanisms have been put in place to ensure that the board is kept fully informed of environmental matters within the group.

The EMF has been structured to support operational goals. Primarily, this means it will ensure reasonable practicable compliance with legislation, and the promotion of environmental awareness. At a regional level, environmental management officers provide advice and support to the relevant operational management teams. Given the diversity of the environmental issues being dealt with, one of the environmental challenges facing the operations is to effectively access the diverse range of skills necessary to address environmental issues. Rehabilitation and mitigation capacity resides within the various operational functions, such as surface engineering, metallurgy, etc. Where specific capacity is lacking in-house, use is made of external consultants with appropriate specialist expertise. Operational personnel are assisted by the EMF to determine the scope of work and consultants are selected and employed as the need arises. Their selection is conducted in terms of the Harmony procurement policy. Regional environmental officers meet on a quarterly basis as part of a process to encourage networking, information sharing and joint problem-solving. Staff members are encouraged to develop their skills through on-the-job training and external opportunities such as conferences and short courses.

Environmental management at Harmony is guided by the environmental policy, by prevailing environmental laws and the

Environmental Management Program Reports (EMPRs) developed by the Company for each operation, and approved by the Department of Minerals and Energy (DME) which are legally binding. We are not aware of any litigation, current or pending, against the Company in this regard. During the fiscal year 2005, we were issued with three directives from the Department of Water Affairs and Forestry (DWAF) related to the collection, removal and re-use or disposal of extraneous groundwater in the Klerksdorp, Orkney, Stilfontein and Hartebeestfontein (KOSH) area. This follows the liquidation of the DRDGOLD North West operations in this area and the subsequent

liquidation of Stilfontein, which brought an end to their pumping activities and threatened to flood other mines in the area. We continue to comply with the requirements of these directives and are working with other mining companies – AngloGold Ashanti and DRDGOLD – and the various government departments – the DME, DWAF and the Department of Environment and Tourism (DEAT) – to address the fundamental question of liability for defunct operations. We also received a DWAF directive pertaining to the water management of the Western Mining Void water decant. We currently comply with the directive requirements except for the discharge quality criteria. We are in regular contact with DWAF in this regard and are currently minimizing the water discharge quantity by re-use in our metallurgical facilities. The water treatment plant is being upgraded to improve the discharge water quality to enable us to meet the prescribed water quality levels.

Environmental management systems (EMS) form the basis for the implementation of the environmental policy and monitoring compliance. All of the South African operations function within the requirements and conditions of the EMPRs that have been approved by the DME. These EMPRS contain specific as well as generic principles relating to environmental management during the operation of the mine. Closure objectives are set and closure plans formulated within the EMPR. The latter includes investigation of the potential for re-use of existing infrastructure, preparation of a rehabilitation plan, rehabilitation and vegetation of the affected area and post-closure monitoring. Conversion to new order mining rights in line with the MPRDA requires that mining companies report on the extent of compliance with their approved EMPRs. The EMPRs identify individual impacts, mitigation measures and rehabilitation requirements. These have been used as the basis for the development of a proprietary EMS, which is currently being tested, populated with information, and rolled out to the various operations. This proprietary EMS, which encompasses the principles of ISO 14000, is an electronic-based system. The proprietary EMS encompasses the following activities:

- *environmental inspection*: general inspections are performed routinely and systematically with collected data entered into the system to enable follow up actions.
- *risk assessment*: detailed and specific risk assessments are conducted to help identify deviations that may not have been otherwise anticipated.
- *stakeholder communication*: all communication is managed and may result in action items for the organization for which the stakeholder will require follow up feedback. All such communication is logged.
- *monitoring*: impact monitoring is focused on collecting and analyzing environmental data that may well result in follow up actions.
- *licenses/permits*: all details relating to licenses or permits can be registered in the system.
- *major loss, incident and accident notification*: when an incident occurs, initial information about the incident is recorded to trigger a notification process.

The bulk of the significant impacts at Harmony are historic, and are currently managed in terms of site-specific procedures or codes of practice. Any major operational changes will, in future, take cognizance of the Environmental Impact Assessment (EIA) process and adhere to the outcomes of such studies. Furthermore, the continued development of EMSs, with respect to site monitoring and risk assessment, will allow for the inclusion of specific evaluation criteria in the decision-making process. We have conducted internal compliance assessments on all of our EMPRs. Assessments and non-compliance areas are being addressed. The results of the compliance assessment has been included in the application for conversion to new order mining rights.

Harmony is considering the adoption of the international environmental standard ISO 14001. An external consultant has been engaged to assess the current degree of compliance by the operating units with the fundamental principles of ISO14001. Following this, a plan will be developed for the implementation of this standard.

In accordance with legislation, we have established six independent environmental rehabilitation trust funds to make adequate financial provision for the expected cost of environmental rehabilitation at mine closure and for the discharge of our obligations and contingency liability. Each operation estimates its expected environmental closure liability annually and this estimated amount is used to calculate the contributions to be made to the rehabilitation trust funds. The contributions are spread over the operational life-of-mine and contributions are made by each operation on an annual basis. Even though the various investments in the rehabilitation trust funds are pooled, each operational unit has its own account. The accumulated amount in the various South African rehabilitation trust funds as at year-end was R1.17 billion (\$175 million), while the total rehabilitation liability was R1.39 billion (\$208 million) .

The assets of each mine within each fund are ring-fenced and may not be used to cross-subsidize one another. Contributions to the various funds will continue to be made over the operations' life-of-mine and each fund is expected to be fully-funded at the time of closure. Sudden and accidental pollution is covered under our public liability insurance policy. An Asset Management Committee was formed during the year. The aim of this committee is to co-ordinate the activities related to the disposal of assets and subsequent closure of redundant operational sites to an environmentally acceptable standard. The EMF is represented on the

committee at senior management level. An important element of this committee's work is to investigate alternative and appropriate land use, particularly in respect of those assets for which closure is being planned.

Pursuant to South African law, mine properties must be rehabilitated upon closure. Mining companies are required by law to submit Environmental Management Program Reports, or EMPRs, to the Department of Minerals and Energy. EMPRs identify the rehabilitation issues for a mine and must also be approved by other South African government departments including, but not restricted to, the Department of Water Affairs and Forestry.

EMPRs have been prepared and submitted for all of Harmony's South African operations. All of Harmony's South African mining operations have permanent mining authorizations as required in terms of the previous Minerals Act. Harmony is currently in the process of converting these mining authorizations to mining licenses as required under the MPRDA. The application for the Evander Operations has been submitted. Harmony has already obtained certain licenses and does not anticipate any difficulties in this regard. Harmony meets with and intends to continue to meet on a regular basis with the relevant government departments to continue the information sharing process that it has with them and to ensure the environmental impact of Harmony's mining operations are managed in accordance with applicable regulatory requirements and industry standards.

All water uses are now being licensed, and Harmony has submitted water-use registrations required by the National Water Act of 1998. Harmony has also developed water management plans for all of its South African operations. In addition, in response to concerns that water from the Western Basin, located at Harmony's Randfontein operations, might reach the Sterkfontein caves, Harmony has initiated a study to evaluate the extent of this risk and has implemented measures to divert the water away from the Sterkfontein caves.

An environmental surveillance system has been implemented at slimes dams at Harmony's operations to monitor dust generation and fall-out in residential and other areas. This will assist in future dust suppression and the design and measurement of rehabilitation programs.

Australia

Harmony's Western Australian operations are subject to applicable environmental legislation, and also specific site conditions attaching to the mining tenements imposed by the Department of Industry and Resources, operating licenses issued by the Department of Environmental Protection, and water abstraction licenses issued by the Water and Rivers Commission.

As a result, Harmony must make provision for environmental rehabilitation whenever mining operations are conducted. While Harmony believes that its current provision for compliance with such requirements is reasonable, any future changes and development in Australian environmental laws and regulations may adversely affect these Australian operations. The total Australian rehabilitation liability was A\$22.7 million (\$17.3 million) at the end of fiscal 2005.

In Western Australia, rehabilitation obligations under the Mining Act are covered by environmental securities issued by Harmony, or by performance bonds issued by Harmony's bankers. These bonds cannot be relinquished or cancelled without the approval of the Department of Industry and Resources. The amount of the bond is established prior to issuance of the tenement and commencement of operations, and generally is audited by the regional inspector. Thereafter, the amount is reviewed on an annual basis following the issuance by Harmony of an annual environmental report. As areas are successfully rehabilitated, the bond requirement is reduced.

Audits are generally conducted on a bi-annual basis by the Australian Department of Environmental Protection to determine compliance with the relevant operating license(s). There are no outstanding major non-compliance issues against Harmony's licenses.

At each of its mines, Harmony has appointed a person dedicated to environmental matters who, in addition to organizing the implementation of the environmental management programs, monitors the impact of mining on the environment and responds to impacts that require specific attention outside of the normal program of environmental activities.

The primary environmental focus at most of Harmony's operations is water management and the administration of areas outside the operating plants and shafts. The major objective is to ensure that water is of a quality fit for use by downstream users.

Based on current environmental and regulatory requirements, Harmony accrues for the estimated rehabilitation expense in full when mining commences and then amortizes these environmental rehabilitation costs over the operating life of a mine.

Health and Safety Matters

The Mine Health and Safety Act. For many years, the safety of people working in South African mines and quarries was controlled by the Mines and Works Act of 1956 and subsequently the former Minerals Act which was replaced by the Minerals and Petroleum Resources Development Act 28 of 2002. Several incidents in mines in recent years indicated that this legislation needed to be updated and revised. The findings of the Leon Commission of Inquiry into Health and Safety in the Mining Industry in April 1994 led to the drafting of new legislation, which resulted in the Mine Health and Safety Act No. 29 of 1996, which has subsequently been amended by Act 72 of 1997 or the Mine Health and Safety Act. The Mine Health and Safety Act was the result of intensive discussions and consultations between government, employers and employee representatives over an extended period of time, and came into force on January 15, 1997. The objectives of the Mine Health and Safety Act are:

- to protect the health and safety of persons at mines;
- to require employers and employees to identify hazards and eliminate, control and minimize the risks relating to health and safety at mines;
- to give effect to the public international law obligations of South Africa that concern health and safety at mines;
- to provide for employee participation in matters of health and safety through health and safety representatives and the health and safety committees at mines;
- to provide for effective monitoring of health and safety conditions at mines;
- to provide for enforcement of health and safety measures at mines;
- to provide for investigations and inquiries to improve health and safety at mines; and
- to promote:
 - a culture of health and safety in the mining industry;
 - training in health and safety in the mining industry; and
 - co-operation and consultation on health and safety between the State, employers, employees and their representatives.

The Mine Health and Safety Act prescribes general and specific duties for employers and others, determines penalties and a system of administrative fines, and provides for employee participation by requiring the appointment of health and safety representatives, and through the establishment of health and safety committees. It also entrenches the right of employees to refuse dangerous work. Finally, it describes the powers and functions of a mine health and safety inspectorate and the process of enforcement.

It is anticipated that mining companies will incur additional expenditures in order to comply with the legislation's requirements. Management anticipates that such additional expenditures will not have a material adverse effect upon Harmony's results of operations or financial condition, although there can be no assurance of this.

HIV/AIDS Policy. Harmony currently estimates that the HIV/AIDS infection rate among Harmony's South African workforce is approximately 30%, a figure which Harmony believes is consistent with the overall infection rate in South Africa. See *Item 3. "Key Information – Risk Factors – HIV/AIDS poses risks to Harmony in terms of productivity and costs"* and *"Key Information – Risk Factors – The cost of occupational healthcare services may increase in the future."* Harmony is actively pursuing holistic HIV/AIDS awareness campaigns with its South African workforce and is also providing medical assistance and anti-retroviral treatment. Employees who decide to leave their place of work and return home for care are cared for at their homes through the TEBA home based care system, to which Harmony contributes. Harmony currently believes that the prevalence of HIV/AIDS-related diseases among its Australian workforce is not material to its Australian operations.

On September 19, 2003, Harmony entered into an agreement with the NUM, the South African Equity Workers Association and the United Association of South Africa in which Harmony and these labor unions agreed to implement initiatives aimed at reducing the spread of HIV infection among Harmony's South African workforce and the surrounding communities, providing for the treatment and care of employees who are HIV-positive or suffering from HIV/AIDS-related diseases, and ensuring that the rights of employees living with HIV/AIDS are upheld in compliance with existing legislation. In connection with this agreement, Harmony is implementing the "Harmony Declares War Against HIV/AIDS" initiative, a comprehensive strategy to address HIV/AIDS at its South African operations and in surrounding communities. This initiative includes education programs to provide information about HIV/AIDS, sexually transmitted infections and pulmonary tuberculosis. Harmony also provides voluntary testing, counseling, psychotherapy and other support, as well as health care for affected and infected employees, including wellness clinics and treatment at company hospitals and medical stations. As has been its policy prior to the agreement, Harmony will not perform pre-

employment HIV/AIDS testing or require testing for its employees, and will maintain the confidentiality of all employees' or prospective employees' medical information. The major amendment proposed to the agreement for fiscal 2006 is the extension of the program to include all other chronic manageable illnesses inclusive of pulmonary TB and sexually transmitted infections.

To give capacity to the HIV/AIDS initiatives, Harmony has initiated the “Healthiest Workforce Project”. This initiative has a holistic approach to healthy living and focus areas include: nutrition, upgrading of hostel facilities, occupational health, tuberculosis and education on healthy living principles.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion and analysis together with the consolidated financial statements, including the related notes, appearing elsewhere in this annual report.

OVERVIEW

We conduct underground and surface gold mining and related activities, including exploration, processing, smelting, refining and beneficiation. Our operations have grown significantly since 1995, largely through acquisitions. Since 1995, Harmony has expanded from a lease-bound mining operation into an independent world-class gold producer. We are currently the third largest producer of gold in South Africa, producing some 30% of the country's gold output, and the sixth largest gold producer in the world. Harmony's gold sales have increased from 650,312 ounces of gold in fiscal 1995 to approximately 2.97 million ounces of gold in fiscal 2005. As at June 30, 2005, Harmony's mining operations reported total proven and probable reserves of approximately 54.1 million ounces and in fiscal 2005, we processed approximately 25.7 million tons of ore.

We manage our operations on a shaft-by-shaft basis. During fiscal 2005, we categorized our South African operations into four groupings, as follows:

- o **quality shafts**, which are typically those with a larger reserve base and longer life, which form the core of the group's production;
- o **leveraged shafts**, which are those that supplement production and provide the upside in the event of a positive swing in the Rand gold price;
- o **growth shafts**, which comprise the expansion projects established through existing infrastructure, as well as the three new mines we are building in South Africa; and
- o **surface operations**, which comprise the Kalgold opencast mine, all previously mined rock, whether waste or reef and any clean-up operations as well as plant and other infrastructure.

Quality Shafts	Leveraged Shafts	Growth Shafts	Surface Operations
Target	Bambanani	Elandsrand mine and project	Kalgold
Tshepong	Joel	Doornkop mine and project	Freegold
Masimong shaft complex	West Shaft	Phakisa project	Free State
Evander 5	St. Helena		Randfontein
Evander 7	Harmony 2		Target
Evander 8	Merriespruit 1		
Cooke 1	Merriespruit 3		
Cooke 2	Unisel		
Cooke 3	Brand 3		
	Orkney 2		
	Orkney 4		

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported results of our operations. Actual results may differ from those estimates. Harmony has identified the most critical accounting policies upon which its financial status depends. Some of Harmony's accounting policies require the application of significant judgment and estimates by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on Harmony's historical experience, terms of existing contracts, management's view on trends in the gold mining industry and information from outside sources.

Harmony's significant accounting policies are described in more detail in note 2 to the consolidated financial statements. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in reporting Item 18. "Financial Statements." Harmony's management has identified the following as critical accounting policies because estimates used in applying these policies are subject to material risks and uncertainties. Harmony's management believes the following critical accounting policies, together with

the other significant accounting policies discussed in the notes to the consolidated financial statements, affect its more significant judgments and estimates used in the preparation of the consolidated financial statements and could potentially impact Harmony's financial results and future financial performance.

Depreciation and amortization of mining assets

Depreciation and amortization expense is calculated using the units of production method and is based on Harmony's current gold production as a percentage of total expected gold production over the lives of Harmony's mines. A unit is considered to be produced for U.S. GAAP purposes at the time it is physically removed from the mine. The lives of the mines are estimated by Harmony's geology department using proven and probable mineral reserves, as determined in accordance with the SEC's Industry Guide Number 7. The resultant depreciation and amortization expense is then classified as inventory and subject to inventory valuation under U.S. GAAP.

The estimate of the total expected future lives of Harmony's mines could be materially different from the actual amount of gold mined in the future and the actual lives of the mines due to changes in the factors used in determining Harmony's mineral reserves, such as the gold price, foreign currency exchange rates, working costs and working rates (continuous operations mining). We regularly review the lives of the mines and economic capacity of those assets with reference to any events or circumstances that may indicate an adjustment is needed. Given the significance of mining assets to our financial statements, any changes to the life of mine could have a material impact on the annual amortization charge and materially impact on our results of operations and financial conditions. See *Item 3. "Key Information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."*

Business combinations

Harmony accounts for its business acquisitions under the purchase method of accounting. The total value of consideration paid for acquisitions is allocated to the underlying net assets acquired, based on their respective estimated fair values determined by us using internal or external valuations. We use a number of valuation methods to determine the fair value of assets and liabilities acquired including discounted cash flows, external market values, valuations on recent transactions or a combination thereof and others and believes that it uses the most appropriate measure or a combination of measures to value each asset or liability. In addition, we believe that we use the most appropriate valuation assumptions underlying each of those valuation methods based on current information available including discounted rates, market risk rates, entity risk rates, cash flow assumptions and others. The accounting policy for valuation of business acquisitions is considered critical because judgments made in determining the estimated fair value and expected useful lives assigned to each class of assets and liabilities acquired can significantly impact the value of the asset or liability, including the impact on deferred taxes, the respective amortization periods and ultimately net profit. Therefore, the use of other valuation methods, as well as other assumptions underlying these valuation methods, could significantly impact the determination of financial position and results of operations.

Carrying value of goodwill

Harmony evaluates, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. To accomplish this, Harmony compares the fair values of its reporting units to their carrying amounts. If the carrying value of a reporting unit were to exceed its fair value at the time of the evaluation, Harmony would compare the implied fair value of the reporting unit's goodwill to its carrying amount and any shortfall would be charged to statements of operations. Assumptions underlying fair value estimates are subject to risks and uncertainties. If these assumptions change in future, we may need to record impairment charges on goodwill not previously recorded.

Impairment of long-lived assets

Harmony reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate the related carrying amounts may not be recoverable. An asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, including goodwill, if any. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on estimated quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, capital and reclamation costs, all based on detailed life-of-mine plans. The significant assumptions in determining the future cash flows for each individual operating mine at June 30, 2005, apart from production cost and capitalized expenditure assumptions unique to each operation, included a long-term gold price of \$380 per ounce and South African and Australian dollar exchange rates of \$1 = R7.53 and A\$1 = \$0.69, respectively. The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from proven and probable reserves and related exploration stage mineral interests, except for other mine-related exploration potential and greenfields exploration potential discussed separately below,

after taking into account losses during ore processing

and treatment. Estimates of recoverable minerals from such exploration stage mineral interests are risk adjusted based on management's relative confidence in such materials. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex. In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties.

As discussed above under "Amortization of mining assets", various factors could impact Harmony's ability to achieve its forecasted production schedules from proven and probable reserves. Additionally, gold prices, capital expenditure requirements and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. The ability to achieve the estimated quantities of recoverable minerals from exploration stage mineral interests involves further risks in addition to those factors applicable to mineral interests where proven and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material can ultimately be mined economically. Assets classified as other mine-related exploration potential and greenfields exploration potential have the highest level of risk that the carrying value of the asset can be ultimately realized, due to the still lower level of geological confidence and economic modeling.

During the years ended June 30, 2005, 2004 and 2003, write-downs of long-lived assets were \$243.1 million, \$3.1 million and \$117.6 million, respectively. Material changes to any of these factors or assumptions discussed above could result in future impairment charges.

Hedging and financial derivatives

Harmony accounts for its derivative financial instruments in accordance with Statement of Financial Accounting Standards ("SFAS") No. 133. See *Item 11. "Quantitative and Qualitative Disclosures About Market Risk – General."* The determination of the fair value of hedging instruments and financial derivatives, when marked to market, takes into account estimates such as projected commodity prices, interest rates and foreign currency exchange rates under prevailing market conditions, depending on the nature of the hedging and financial derivatives. These estimates may differ materially from actual commodity prices, interest rates and foreign currency exchange rates prevailing at the maturity dates of the hedging and financial derivatives and, therefore, may materially influence the values assigned to the hedging and financial derivatives, which may result in a charge to or an increase in Harmony's earnings at the maturity dates of the hedging and financial derivatives.

Remediation obligations (asset retirement obligations)

Harmony's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which established a uniform methodology for accounting for estimated reclamation and abandonment cost. The Statement was adopted July 1, 2002 when we recorded the estimated present value of reclamation liabilities and increased the carrying amount of the related asset, which resulted in a cumulative effect of a change in accounting principles of \$14.8 million. See Note 26 to the Consolidated Financial Statements. The reclamation costs will be allocated to expense over the life of the related assets and will be adjusted for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate.

Prior to adoption of SFAS No. 143, estimated future reclamation costs were based principally on legal and regulatory requirements. Such costs related to active mines were accrued and charged over the expected operating lives of the mines using the units of production method based on proven and probable reserves.

Accounting for reclamation and remediation obligations requires management to make estimates unique to each mining operation of the future costs we will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by us. Any such increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

For more information regarding the environmental regulations applicable to Harmony's operations, see *Item 3. "Key Information – Risk Factors – Harmony's operations are subject to extensive government regulations,"* and *Item 3. "Key Information – Regulation – Environmental Matters."*

Share-based compensation

Effective July 1, 2001, Harmony adopted Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, or FAS 123, for all share option grants subsequent to that date. FAS 123 requires that Harmony determine the fair value of a share option as of the date of the grant, which is then amortized as share-

based compensation expense in the income statement over the vesting period of the option grant. Harmony has determined the fair value of all its options grants subsequent to July 1, 2001, using the binomial model, which requires that Harmony make assumptions regarding the estimated term of the option, share price volatility and Harmony's expected dividend yield. While Harmony's management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option grant and the related recognition of share-based compensation expense in the consolidated income statement.

Deferred tax asset

We recognize a valuation allowance against its deferred tax assets when it is more likely than not that the asset will not be utilized. Assessing recoverability of deferred tax assets requires management to make significant estimates related to expectation of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations, reversals of deferred tax liabilities and the application of existing tax laws in each jurisdiction. To the extent that future taxable income differs significantly from estimates, our ability to realize the net deferred tax assets recorded at the balance date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which we operate could limit our ability to obtain the future tax benefits represented by deferred tax assets recorded at the balance date.

REVENUE

Substantially all of Harmony's revenues are derived from the sale of gold. As a result, Harmony's operating results are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which Harmony does not have control. See *Item 3. "Key Information – Risk Factors -The profitability of Harmony's operations, and the cash flows generated by those operations, are affected by changes in the market price for gold, which in the past has fluctuated widely."*

As a general rule, Harmony sells the gold it produces at market prices to obtain the maximum benefit from prevailing gold prices and does not enter into hedging arrangements such as forward sales or derivatives that establish a price in advance for the sale of its future gold production. In February 2001, as required by the commitment for financing of the syndicated loan facility that Harmony entered into in connection with the acquisitions of New Hampton and the Elandskraal mines, Harmony protected some of its production from downward movements in the gold price by entering into put options relating to the delivery of 1 million ounces of Harmony's 2001 and 2002 production. The put options covered 83,333 ounces per month for 12 months, commencing on March 29, 2001, at a price of Rand 64,000 per kilogram (Rand 1,990 per ounce). Harmony paid Rand 29 million to secure these put options. Harmony closed out these put options during July 2001 and received Rand 3 million. See *Item 11. "Quantitative and Qualitative Disclosures About Market Risk."*

A significant proportion of the production at Randfontein was already hedged when it was acquired by Harmony. On April 12, 2002, Harmony announced that it had completed the process of closing out all of the Randfontein hedge contracts, including closing forward sales contracts and call options covering a total of approximately 490,000 ounces and forward purchases covering a total of 200,000 ounces.

In addition, a substantial proportion of the production at each of New Hampton and Hill 50 was already hedged when acquired by Harmony and remains hedged. In fiscal 2002, in line with Harmony's strategy of being generally unhedged, Harmony reduced New Hampton's hedge book by over 900,000 ounces. In fiscal 2002, Harmony also combined and restructured the overall hedge portfolio of Harmony's Australian operations (which include New Hampton and Hill 50), after which all of these hedge positions were normal purchase and sales agreements, under which Harmony had to deliver a specified quantity of gold at a future date in exchange for an agreed-upon price. During fiscal 2003, Harmony continued to reduce the hedge book of the Australian operations by delivering into the contracts as required and by closing out certain contracts prior to their delivery date. Forward sales contracts, call options sold and put options purchased covering a total of approximately 330,000 ounces were closed out prior to their delivery dates during fiscal 2003. During fiscal 2004, Harmony continued with its policy to reduce the hedge books inherited through the acquisition of the Australian operations by closing out further contracts totaling 500,000 ounces at a cost of approximately \$15 million. In fiscal 2005, Harmony closed out all the gold lease rate agreements associated for the Australian hedge book and received approximately \$350,000.

For accounting purposes, following the restructuring of the Australian operations hedge book during fiscal 2002, these commodity sales agreements qualified for the normal purchase, normal sales exception of SFAS No. 133 and were accounted for as such. However, following the early close of certain contracts during fiscal 2003, the remaining Australian operations hedge book has been determined to be speculative, and as such does not qualify for the normal purchase, normal sales exception of SFAS No. 133, and is being accounted for at fair value from that date, with changes in fair value reflected in the income statement.

Harmony intends to reduce the remaining hedge positions of the Australian operations gradually by either closing out of the agreements or by delivering gold pursuant to the relevant agreements.

There were no costs involved in the close out of the Australian hedge book in fiscal 2005. The cost to Harmony of closing out certain Australian operations hedge positions in fiscal 2004 and 2003 and Randfontein's hedge positions in fiscal 2002 was approximately \$15 million, \$8.6 million and \$22 million, before taxes, respectively. There was no cost to Harmony involved in closing New Hampton hedge positions in fiscal 2002. There was also no cost to Harmony involved in closing out Randfontein or New Hampton hedge positions in fiscal 2001.

In December 2001, in response to significant depreciation in the Rand and to protect itself against possible appreciation of the Rand against the US dollar, Harmony entered into Rand-US dollar currency forward exchange contracts intended to cover estimated revenues from the Free State operations' planned production for calendar 2002. Harmony fixed the Rand-US dollar exchange rate for a total of \$180 million at an average exchange rate of Rand 11.20 per US dollar. This measure, however, did not fully protect Harmony from sustained fluctuations in the value of the Rand relative to the US dollar as it only covered a limited amount, and expired on December 31, 2002. Harmony does not expect to renew or repeat such foreign currency hedging. See *Item 11. "Quantitative and Qualitative Disclosures About Market Risk – Foreign Currency Sensitivity."*

Significant changes in the price of gold over a sustained period of time may lead Harmony to increase or decrease its production in the near-term.

Harmony's Realized Gold Price

The average gold price in US dollars received by Harmony generally declined from fiscal 1999 through the quarter ended December 31, 2001, but has generally increased since then. In fiscal 2005, the average gold price in US dollars received by Harmony was \$427 per ounce. The market price for gold (and, accordingly, the price received by Harmony) is affected by numerous factors over which Harmony has no control. See *Item 3. "Key Information — Risk Factors — The profitability of Harmony's operations, and the cash flows generated by those operations, are affected by changes in the market price for gold, which in the past has fluctuated widely."*

The following table sets out the average, the high and the low London Bullion Market price of gold and Harmony's average US dollar sales price during the past three fiscal years:

(\$/oz)	Fiscal year ended June 30		
	2005	2004	2003
Average	422	389	333
High	454	427	382
Low	387	343	302
Harmony's average sales price ¹	427	385	330

¹ Harmony's average sales price differs from the average gold price due to the timing of its sales of gold within each year and due to the effect of delivering under the commodity hedge contracts acquired in the New Hampton and Hill 50 transactions.

COSTS

Harmony's cash costs and expenses typically make up over 80% of its total costs. The remainder of Harmony's total costs consists primarily of exploration and new business costs, employment termination costs, corporate and sundry expenditure, and depreciation and amortization. Harmony's cash costs consist primarily of production costs. Production costs are incurred on labor, stores and utilities. Labor costs are the largest component and typically comprise approximately 50% of Harmony's production costs. Harmony reduced its overall cash costs from approximately \$305 per ounce in fiscal 1998 to approximately \$196 in fiscal 2002 but they increased to \$253 per ounce in fiscal 2003 and to \$412 per ounce in fiscal 2005, as a result of the strengthening of the Rand.

Harmony's costs are very sensitive to the Rand-US dollar exchange rate. The South African Rand appreciated significantly against the US dollar in fiscal 2004. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* Appreciation of the Rand against the US dollar increases working costs at Harmony's South African operations when those costs are translated into US dollars. See *Item 3. "Key Information – Risk Factors – Because most of Harmony's production costs are in Rand, while gold is generally sold in US dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the Rand."*

Reconciliation of non-GAAP measures

Total cash costs and total cash costs per ounce are non-GAAP measures.

Harmony's cash costs consist primarily of production costs and include, among other things, ongoing development costs, which are incurred to access ore to produce current mined reserves and are expensed as incurred. Cash costs do not include capital development costs, which are incurred to allow access to the ore body for future mining operations and are capitalized and amortized when the relevant reserves are mined. Harmony's total cash costs also reflect movements in deferred stripping ratios for open pit mines. Harmony charges the cost of stripping (as a production cost) when the actual stripping ratio is below the expected average stripping ratio over the life of the mine.

Harmony has calculated total cash costs and total cash costs per ounce by dividing total cash costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the guidance provided by the Gold Institute, include mine production costs, transport and refinery costs, applicable general and administrative costs, costs associated with movements in production inventories and ore stockpiles and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping and costs associated with royalties. Ongoing employee termination cost is included, however, employee termination costs associated with major restructuring and shaft closures are excluded. Cash costs have been calculated on a consistent basis for all periods presented. Changes in cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and the US dollar and, in the case of the Australian operations, the Australian dollar. Total cash costs and total cash costs per ounce are non-GAAP measures. Total cash costs and total cash costs per ounce should not be considered by investors in isolation or as an alternative to net income, income before tax, operating cash flows or any other measure of financial performance calculated in accordance with U.S. GAAP. In particular, depreciation and amortization would be included in a measure of total costs of producing gold under U.S. GAAP, but is not included in the guidance provided by the Gold Institute. In addition, while the Gold Institute has provided a definition for the calculation of total cash costs and total cash costs per ounce, the calculation of total cash costs and total cash costs per ounce may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, Harmony believes that cash costs per ounce is a useful indicator to investors and management of a mining company's performance as it provides (1) an indication of the cash generating capacities of our mining operations, (2) the trends in cash costs as the company's operations mature, (3) a measure of a company's performance, by comparison of cash costs per ounce to the spot price of gold and (4) an internal benchmark of performance to allow for comparison against other companies.

The following is a reconciliation of total cash costs, as a non-GAAP measure, to the nearest comparable GAAP measure, total production cost under U.S. GAAP:

	2005 \$'000	2004 \$'000	2003 \$'000
Production costs per financial statements	1,217,561	1,172,483	601,143
Deferred stripping costs	15,362	(4,119)	(1,397)
Total cash costs for per ounce calculation – using Gold Institute guidance	1,232,923	1,168,364	599,746
Depreciation and amortization (excluding depreciation on non-mining assets)	110,826	100,943	56,752
Other items to be included in GAAP measure	16,155	(3,646)	(1,081)
Total production cost for per ounce calculation – under U.S. GAAP	1,359,904	1,265,661	655,417

Per ounce calculation:

	2005	2004	2003
Ounces sold	2,965,265	3,225,187	2,366,116
Total cash cost per ounce – using Gold Institute guidance	416	362	253
Total production cost per ounce – under U.S. GAAP	459	392	277

¹ Includes corporate costs and decrease in rehabilitation cost.

Within this disclosure document, Harmony's discussion and analysis is focused on the total cash costs measure as defined by the Gold Institute.

Harmony's total cash costs also reflect movement in deferred stripping ratios for open pit mines. Harmony defers the cost of stripping when the actual stripping ratio exceeds the expected average stripping ratio over the life of

mine. The actual stripping ratio is calculated as the ratio of overburden tons (tons that need to be removed to access ore) to tons of ore mined for the period. Harmony charges the cost of stripping (as a production cost) when the actual stripping ratio is equal to or less than the expected average stripping ratio over the life of the mine. Expected average stripping ratios over the lives of mines are recalculated annually in light of additional knowledge and changes in estimates, including changes to the expected lives of mines. Each ratio is calculated as the ratio of (i) the total overburden tons deferred at the calculation date and future anticipated overburden tons to (ii) the anticipated future ore to be mined. Changes in Harmony's ore reserve statement and mine plan, which will include changes in future ore and overburden tons, will result in changes to the expected average stripping ratio over the life of the mine, which will impact the amounts deferred or charged. In Australia, due to pits' short life, development of open pits are capitalized until the first ore is mined after which it is expensed. See *Item 3. "Key information – Risk Factors – Harmony's gold reserve figures may yield less gold under actual production conditions than Harmony currently estimates."* If the expected average stripping ratio over the life of a mine is revised upwards, relatively lower stripping costs will, in the future, be deferred in each period, or a relatively higher amount will be charged. The opposite is true when the expected average stripping ratio over the life of a mine is revised downwards. These changes would impact on earnings accordingly.

Harmony intends that its deferred stripping calculation should achieve a match between the cost of mining overburden tons to the tons of ore expected to be accessed by removing overburden, by applying the expected average stripping ratio over the life of a mine. Consequently, any changes made to the deferred stripping ratio will have an impact on total cash costs.

Deferred stripping costs are capitalized and released over the Life of Mine. The balance of the deferred stripping assets at June 30, 2005 was \$1.5 million, and is not expected to significantly affect the income statement in the future.

While recognizing the importance of reducing cash costs, Harmony's chief focus is on controlling and, where possible, reducing total costs, including overhead costs. Harmony aims to control total unit costs per ounce produced by maintaining its low total cost structure at its existing operations and implementing this low-cost structure at the new mining operations it acquires. Harmony has been able to reduce total costs by implementing a management structure and philosophy that is focused on reducing management and administrative costs, implementing an ore reserve management system that allows for greater grade control and acquiring higher grade reserves. See *Item 4. "Information on the Company – Business – Strategy."* Harmony has reduced its costs by flattening the management structure at its operating units by removing excess layers of management. Harmony's ore reserve management system relies on a detailed geological understanding of the orebody backed up by closely-spaced sampling and an emphasis on grade control. The acquisition of higher grade reserves and the effect of the implementation of the ore reserve management system have increased the underground recovery grade from Harmony's South African operations (excluding Free Gold in fiscal 2003 and the first quarter of 2004) from 0.123 ounces per ton in fiscal 1998 to 0.165 ounces per ton in fiscal 2005.

EXCHANGE RATES

Harmony's revenues and costs are very sensitive to the Rand-US dollar exchange rate. Currently, the majority of Harmony's earnings are generated in South Africa and, as a result, most of its costs are incurred in Rand. Since gold is generally sold in US dollars, however, most of Harmony's revenues are received in US dollars. The average gold price received by Harmony during fiscal 2005 increased \$42 per ounce to \$427 per ounce from \$385 per ounce during fiscal 2004, but due to the strength of the Rand, Harmony's overall cash costs increased at a higher rate than the level of increase in the gold price received.

Appreciation of the Rand against the US dollar increases working costs at Harmony's South African operations when those costs are translated into US dollars, which serves to reduce operating margins and net income from Harmony's South African operations. Depreciation of the Rand against the US dollar reduces these costs when they are translated into US dollars, which serves to increase operating margins and net income from Harmony's South African operations. Accordingly, strength in the Rand generally results in poorer Rand earnings for Harmony.

The exchange rates obtained when converting US dollars to Rand are set by foreign exchange markets, over which Harmony has no control. The South African Rand depreciated significantly against the US dollar in calendar 2001 and during the first quarter of calendar 2002. The Rand subsequently appreciated significantly against the US dollar during the period from April 1, 2002 through December, 2004 to Rand 5.58 per US\$1.00. Subsequent to December, 2004 the Rand has depreciated marginally against the US dollar. The conversion rate for balance sheet items as at June 30, 2005 is Rand 6.667 per US\$1.00, except for specific items included within shareholders' equity that are converted at the exchange rate prevailing on the date the transaction was entered into. This compares with a conversion rate of Rand 6.228 per US\$1.00 for balance sheet items as at June 30, 2004, reflecting a depreciation of 7% of the Rand against the US dollar when compared with June 30, 2004. Income statement items were converted at the average exchange rate for the fiscal 2005 (Rand 6.182 per US\$1.00), reflecting an appreciation of 10% of the Rand against the US dollar when compared with fiscal 2004. This

appreciation of the Rand against the US dollar caused a significant increase in Harmony's working costs translated into US dollars, which served to decrease operating margins and net income reflected in Harmony's consolidated income statement for fiscal 2005. Depreciation of the Rand against the US dollar would cause a decrease in Harmony's costs in US dollar terms. See *Item 3. "Key Information – Risk Factors – Because most of Harmony's production costs are in Rand, while gold is generally sold in US dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the Rand."*

INFLATION

Harmony's operations have been materially impacted by inflation in recent years. Because Harmony's costs are primarily in Rand and Harmony generally sells its gold in US dollars, movements in the Rand – US dollar exchange rate may further influence the impact of inflation on Harmony's profits. To the extent the Rand depreciates against the US dollar, this depreciation may offset the impact of inflation. However, in fact this was not the case in fiscal 2004 where the Rand appreciated against the US dollar significantly.

SOUTH AFRICAN SOCIO-ECONOMIC ENVIRONMENT

Harmony is a South African company and the majority of its operations are in South Africa. As a result, Harmony is subject to various economic, fiscal, monetary and political policies and factors that affect South African companies generally. See *Item 3. "Key Information – Risk Factors – socio-economic instability in South Africa or regionally may have an adverse effect on Harmony's operations and profits."*

South African companies are subject to significant exchange control limitations. While exchange controls have been relaxed in recent years, South African companies remain subject to significant restrictions on their ability to deploy capital outside of the Southern African Common Monetary Area. As a result, Harmony has historically financed its offshore acquisitions with offshore long-term debt. See *Item 10. "Additional Information – Exchange Controls."*

RESULTS OF OPERATIONS

Years ended June 30, 2005 and 2004

Revenues

Revenue increased \$24.9 million, or 2%, from \$1,240.3 million in fiscal 2004 to \$1,265.2 million in fiscal 2005. This increase was attributable primarily to the higher average sales price of gold received by Harmony, \$427 per ounce in fiscal 2005 compared to \$385 per ounce in fiscal 2004, and the inclusion of Avgold for the whole fiscal year, representing \$70.0 million of the increase. This increase was, however, offset by a reduction in ounces sold at most operations due to lower production.

Harmony's gold sales decreased 259,922 ounces, or 8% from 3,225,187 ounces in fiscal 2004 to 2,965,265 ounces in fiscal 2005. Ounces produced at the Masimong complex decreased by 74,323 ounces, or 32%, as a result of lower tonnage due to underground fires, machinery breakdowns and various strike actions during the fiscal year. The grade recovered was also lower, negatively impacting on the ounces produced.

At Evander 2, ounces produced decreased by 37,408 ounces, or 43% as a result of lower tonnage due to the decision to downscale and combine the shaft with Evander 5. A lower grade recovered also resulted in the lower production. The decision to place Evander 9 on care and maintenance resulted in a decrease of 20,867 ounces. Evander 7 and 8 produced an additional 37,504 ounces and 42,423 ounces, respectively in fiscal 2005. This was due to a significantly higher recovery grade due to mining higher grade areas.

Staggered initial implementation of CONOPS and the planned reduction of operations in terms of the restructuring process at Cooke 1 resulted in a decrease of 25,067 ounces, or 24%, due to the lower tons milled and the significantly lower recovered grade. A reduction of 36,320 ounces at Cooke 2 was also due to staggered initial implementation of CONOPS and the planned reduction of operations in terms of the restructuring process. An increase in the recovered grade was not sufficient to counter the decrease in tons milled, which resulted in the lower ounces recovered.

Elandsrand produced 43,210 ounces less in fiscal 2005 than in fiscal 2004. This was due to the cessation of mining of loss-making panels and the continued lack of flexibility, which resulted in lower tonnage in fiscal 2005 when compared to fiscal 2004. A significant increase in the recovery grade due to the mining of higher grade areas in the new mine was not sufficient to counter the low tons milled.

Mining operations were discontinued at Deelkraal in June 2004, resulting in a decrease of 65,843 ounces in fiscal 2005.

Despite its results being included for the full year as opposed to nine months in fiscal 2004, ounces produced decreased at St. Helena by 22,344 ounces. This was due to the decision to place the shaft on care and maintenance.

The decrease in ounces produced was partially offset by the inclusion of Avgold for the whole year, resulting in an increase of 156,413 ounces.

Also, an increase of 25,439 ounces was produced at Kalgold due to an increase in tons milled as a result of increased plant efficiency and performance at full operation. A slight increase in the recovery grade also impacted on the ounces produced.

Costs

The following table sets out Harmony's total ounces sold and weighted average cash costs per ounce for fiscal 2005 and fiscal 2004:

	Year ended June 30, 2005		Year ended June 30, 2004 ¹		Percentage increase in cash costs
	(oz)	(\$/oz)	(oz)	(\$/oz)	
SOUTH AFRICA					
Free State operations					
Quality ounces					
Masimong	159,981	452	234,307	326	39
Leveraged ounces					
Harmony 2	68,547	490	87,472	368	33
Merriespruit 1	45,559	539	59,062	410	31
Merriespruit 3	54,690	465	76,956	422	10
Unisel	65,011	541	91,020	408	33
Brand 3	46,299	522	59,558	403	30
Brand 5	33	64,242	19,262	692	9,184
Saaiplaas 3	2,541	1,901	26,783	503	278
Surface	9,542	348	26,732	347	—
Evander operations					
Quality ounces					
Evander 2	48,764	635	86,172	376	69
Evander 5	47,093	411	48,103	335	23
Evander 7	130,009	284	92,505	356	(20)
Evander 8	151,936	304	109,513	363	(16)
Leveraged ounces					
Evander 9	2,573	1,168	23,440	386	203
Surface	—	—	1,961	253	—
Randfontein operations					
Quality ounces					
Cooke 1	79,101	426	104,168	304	40
Cooke 2	54,441	488	90,761	377	29
Cooke 3	116,300	435	134,003	374	16
Growth projects					
Doornkop	52,695	512	65,234	353	45
Surface	33,397	423	18,872	349	21
Elandskraal operations					
Growth projects					
Elandsrand	207,371	478	250,581	402	19
Leveraged ounces					
Deelkraal	2,284	313	68,127	555	(44)
Surface	—	—	5,301	498	—
Freegold operations					
Quality ounces					
Tshepong	380,695	309	287,771	359	(14)

	Year ended June 30, 2005		Year ended June 30, 2004 ¹		Percentage increase in cash costs
	(oz)	(\$/oz)	(oz)	(\$/oz)	
Growth projects					
Phakisa	—	—	—	—	—
Leveraged ounces					
Bambanani	197,535	464	213,730	481	94)
Joel	64,464	487	50,590	5179	(6)
Eland	26,782	500	37,337	656	(24)
Kudu/Sable	25,175	750	29,347	548	37
West Shaft	28,165	462	26,565	437	6
Nyala	23,503	748	8,891	4578	64
St. Helena	29,965	837	52,309	600	40
Surface	36,420	424	49,262	487	(913)
ARMgold operations					
Leveraged ounces					
Orkney 1	—	—	322	602	—
Orkney 2	78,449	420	81,434	330	27
Orkney 3	—	—	11,413	564	—
Orkney 4	76,971	396	67,931	298	33
Orkney 6	—	—	11,060	486	—
Orkney 7	—	—	4,533	435	—
Welkom 1	2,734	587	19,226	517	14
Welkom 2	—	—	1,350	405	—
Welkom 3	—	—	1,511	385	—
Welkom 4	—	—	3,922	381	—
Welkom 6	—	—	2,411	371	—
Welkom 7	—	—	9,902	360	—
Avgold operations					
Quality ounces					
Target	209,847	273	53,434	215	27
Surface	1,350	346	—	—	—
Kalgold operations					
Surface	108,195	373	82,756	345	8
AUSTRALASIA					
Mt. Magnet	181,233	336	173,228	336	—
South Kal	115,615	340	120,532	322	6
Papua New Guinea	—	—	—	—	—
Other entities	—	—	44,528	302	—
Total	2,965,265		3,225,187		
Weighted average		412		362	14

¹ Includes nine months of production from Free Gold and ARMgold and two months from production from Avgold's Target operations

Harmony's weighted average cash costs increased by \$50 per ounce, or 13.8%, from \$362 per ounce in fiscal 2004 to \$412 per ounce in fiscal 2005. Cash costs per ounce vary with the working costs per ton (which is, in turn, affected by the number of tons processed) and grade of ore processed. Cash costs expressed in US dollars per ounce also vary with fluctuations in the Rand-US dollar exchange rate, because most of Harmony's working costs are incurred in Rand. The increase in cash costs expressed in US dollars per ounce in fiscal 2005 was attributable primarily to the appreciation of the Rand against the US dollar. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* Cash costs per ounce in US dollars were also negatively impacted by increases in the costs of labor and supplies at Harmony's South African operations due to the implementation of

collective bargaining agreements and the effect of inflation on supply contracts.

At Masimong, cash costs increased by 39%, from \$326 per ounce in fiscal 2004 to \$452 per ounce in fiscal 2005. This was due to higher labor costs as a result of the delayed restructuring at No. 4 shaft. A lower grade also negatively impacted on the cost per ounce.

Brand 5 was placed on care and maintenance during fiscal 2005 and as a result the cash costs increased from \$692 per ounce to \$64,242 per ounce.

Pillar extraction is being conducted at Saaiplaas 3, and this costly form of mining resulted in an increase in cash costs from \$503 per ounce in fiscal 2004 to \$1,901 per ounce in fiscal 2005.

Cash costs increased at Evander 2 from \$376 per ounce in fiscal 2004 to \$635 in fiscal 2005. This was due to a lower output as well as lower recovered grade.

At Evander 7 and 8, cash costs decreased in US dollar terms by 20% and 16% to \$284 and \$304 respectively. This was due to a significant increase in grade recovered due to improved production efficiencies, and partially to an increase in tonnage at Evander 8.

Due to the shaft being placed on care and maintenance, cash costs at Evander 9 increased from \$386 per ounce in fiscal 2004 to \$1,168 per ounce in fiscal 2005.

Lower production due to a change in the mining mix (move from conventional to pillar mining, which is more costly) and seismicity resulted in an increase in the cash per ounce at Cooke 1, from \$304 per ounce in fiscal 2004 to \$426 per ounce in fiscal 2005.

At Cooke 2, the costs involved in the initial implementation of CONOPS as well as the lower production due to the restructuring resulted in an increase of the cash costs from \$377 per ounce in fiscal 2004 to \$488 per ounce in fiscal 2005.

Lower tonnage as well as a lower recovery grade at Doornkop resulted in an increase in cash costs from \$353 per ounce in fiscal 2004 to \$512 per ounce in fiscal 2005.

Underground mining at Deelkraal was stopped during June 2004, due to the lower gold price in Rand terms. Since then vamping and reclamation operations have been ongoing. This resulted in the decrease of \$242, or 43.6%, in cash costs.

Operations were ceased at Eland during fiscal 2005, resulting in a decrease in the cash costs from \$656 per ounce in fiscal 2004 to \$500 per ounce in fiscal 2005.

Cash costs at Kudu/Sable were negatively impacted by lower production, lower recovery grade as well as static fixed costs, resulting in an increase of 37% from \$548 per ounce in fiscal 2004 to \$750 per ounce in fiscal 2005.

Cash costs at Nyala increased from \$457 per ounce in fiscal 2004 to \$748 per ounce in fiscal 2005 as a result of the costs involved in starting up the shaft. This led to the shaft being closed during March 2005.

Lower tonnage as a result of Shaft 4 at St. Helena being placed on care and maintenance during fiscal 2005 as well as a lower recovered grade at St. Helena resulted in an increase in the cash costs from \$600 per ounce in fiscal 2004 to \$837 per ounce in fiscal 2005.

Cash costs at Target increased by 27% from \$215 per ounce in fiscal 2004 to \$273 per ounce in fiscal 2005. This was as a result of the reduction in recovery grade.

Depreciation and amortization

Depreciation and amortization charges increased \$13.5 million, or 12.9%, from \$104.0 million in fiscal 2004 to \$117.5 million in fiscal 2005. This increase was attributable primarily to the appreciation of the Rand against the US dollar, which increased the depreciation charges for the South African operations, as well as the inclusion of Avgold for the full year, which contributed \$12.6 million to the increase. Also contributing to the increase were increases at the following shafts and surface operations due to a decrease in the reserves resulting in accelerated depreciation: Cooke 1 (\$3.3 million), Cooke 2 (\$0.8 million), Doornkop (\$1.2 million), Kalgold (\$1.1 million). The inclusion for a full year as opposed to nine months in 2004 as well as a decrease in its reserves resulted in an increase of \$5.5 million at Tshepong shaft. Decreased production at the following shafts resulted in a decrease during fiscal 2005: Masimong complex (\$0.8 million), Unisel (\$0.6 million), Evander 2 (\$0.7 million), Cooke 3 (\$1.4 million), Deelkraal (\$1.4 million), St. Helena (\$0.9 million), Orkney 2 (\$1.0 million), Orkney 4 (\$1.1 million). Also contributing to the decrease was a decrease of \$7.1 million in the charge for Australia for fiscal 2005.

Impairment of assets

Impairment charges increased from \$3.1 million in fiscal 2004 to \$243.1 million in fiscal 2005. The life of mine plans for the South African operations were revised and adjusted for expected gold production as well as working costs. These plans did not support the carrying value of some of the operations on an undiscounted cash flow basis. As a result, impairments were recorded at the following shafts: Masimong complex (\$15.9 million), Unisel (\$8.9 million), Brand 5 (\$3.1 million), Saaiplaas 3 (\$0.3 million), Free State surface (\$13.8 million), Evander 2 (\$7.8 million), Evander 5 (\$7.5 million), Joel (\$2.1 million), Kudu/Sable (\$6.5 million), Nyala (\$16.6 million), St. Helena (\$20.5 million), Freegold surface (\$6.9 million), ARMgold (\$0.5 million), Kalgold (\$12.4 million). Impairments were also recorded at Mt Magnet (\$51.8 million), South Kalgoorlie (\$36.4 million) and other entities in Australia (\$32.1 million) as a result of management writing down amounts that had been previously capitalized as undeveloped properties, for which they do not expect any future financial benefit, as well as a review performed on the life of mine plans, adjusting for expected gold production as well as working costs.

The impairment for fiscal 2004 was attributable to the depletion of open pit reserves through mining activities in the current year at the South Kalgoorlie operation in Australia. Despite continued exploration around the South Kalgoorlie area in the year, the mine reserves from the open pits were not replaced, which negatively impacted on ore reserves declared at the end of the fiscal year.

Employment termination costs

Employment termination costs increased \$41.5 million, or 131%, from \$31.7 million in fiscal 2004 to \$73.2 million in fiscal 2005. During March 2005, the Company announced that it had commenced a final restructuring process in the Free State region. This affected the Free State, Free Gold, ARMgold and Avgold operations. The Company also announced the decision to downscale certain shafts and this was communicated to the unions by June 30, 2005. A provision for this process was raised at year end. The increase can be primarily attributed to increases in costs at the Free State (increase of \$11.8 million), Randfontein and Elandskraal (\$8.5 million) and Free Gold (increase of \$21.3 million) operations.

Care and maintenance cost of restructured shafts

The charge for the care and maintenance cost of restructured shafts increased from \$nil in fiscal 2004 to \$29.9 million in fiscal 2005. This resulted from excess labor costs relating to employees who did not work or contribute to production and whose employment could not be terminated. The negotiations for the termination were concluded by the fiscal year end.

Corporate expenditure, exploration expenditure and marketing and new business expenditure

Corporate expenditure, exploration expenditure and marketing and new business expenditure increased \$2.4 million, or 6%, from \$42.5 million in fiscal 2004 to \$44.9 million in fiscal 2005. This increase was due primarily to increased corporate expenditures following Harmony's bid for Gold Fields (\$2.9 million) and the commencement of a project to ensure compliance with Sarbanes Oxley requirements (\$2.1 million). In fiscal 2005, the exploration expenditure decreased by \$4.1 million, primarily due to the sale of the Kalplats project as well as Papua New Guinea moving into the capitalization phase. See *Item 4. "Information on the Company – Business – Exploration."*

Share-based compensation

Harmony adopted SFAS No. 123 on July 1, 2002. SFAS No. 123 requires that all share options granted subsequent to that date be fair valued, and that the fair value be recognized as share-based compensation expense over the options vesting period.

Share-based compensation expenses increased by \$7.2 million, or 100.9%, from \$7.1 million in fiscal 2004 to \$14.3 million in fiscal 2005. New options were granted during the year, on August 10, 2004 as well as April 26, 2005. The charge in fiscal 2005 relates to the amortization of the fair value of these 2005 options as well as the 2003 and 2001 options. The charge in fiscal 2004 relates to the amortization of the fair value of 2003 and 2001 option grants for Harmony and its subsidiary Abelle.

Decrease in rehabilitation costs

As from July 1, 2002, the company adopted FAS 143 for accounting for its environmental rehabilitation costs. The decrease in rehabilitation costs in fiscal 2005 relates primarily to decreases in rehabilitation liability at operations in excess of associated capitalized rehabilitation costs (net of accumulated depreciation). The decrease in the rehabilitation liability arose because of increases in the Life of Mine, which resulted in a decrease in the present value of the liability. The gain recognized as a result of the decrease in rehabilitation liabilities in both years was

partially offset by certain expenses that were paid in cash of \$1.0 million in fiscal 2005 and \$1.6 million in fiscal 2004, respectively.

Provision for former employees' post-retirement benefits

Harmony provides for amounts due under its former employees' post-retirement benefits. In fiscal 2005, Harmony provided \$9.1 million for these benefits compared with \$nil million in fiscal 2004, based on updated actuarial valuations performed in fiscal 2005.

Dividends received

Dividend income increased from \$0.5 million in fiscal 2004 to \$2.8 million in fiscal 2005 as a result of dividends received from Gold Fields.

Loss on financial instruments

The loss on financial instruments in fiscal 2005 was \$17.7 million, as compared with a loss in fiscal 2004 of \$32.4 million. The loss relates mainly to the change in the derivative financial liability recorded as a result of the ARM Empowerment Trust transaction as well as to the change in the mark-to-market of derivative instruments inherited as a result of the acquisitions of New Hampton, Hill 50 and Avgold. The amount comprises a loss of \$20.4 million on the ARM Empowerment Trust derivative, a gain of \$8.9 million on the Australian derivatives and a loss of \$6.2 million on derivatives held by Avgold. The loss in fiscal 2004 relates to the change in the mark-to-market of derivative instruments inherited as a result of the acquisitions of New Hampton, Hill 50 and Avgold.

(Loss)/profit on sale of other assets and listed investments

Harmony recorded a loss of \$93.5 million on the sale of other assets and listed investments in fiscal 2005 as compared with a profit of \$4.9 million in fiscal 2004. The loss in fiscal 2005 comprises a loss of \$38.2 million on the sale of the investment in ARM as well as a loss of \$60.2 million on the sale of the investment in Gold Fields. These losses were partially offset by a gain of \$4.9 million on the sale of the investment in Bendigo. During the period that the investment in Bendigo was held by Harmony, an amount of \$1.9 million for impairment of investment in associate was taken to the income statement. Therefore the net amount taken to the income statement was positive \$3.0 million. The profit in fiscal 2004 arose as a result of the disposal of its investments in High River for \$3.1 million, Midas Resources for \$0.01 million and Legend Mining for \$1.7 million.

Impairment of listed investments

Harmony recorded an impairment of its investment in ARM amounting to \$63.2 million in fiscal 2005. Prior to the disposal of the ARM shares to the ARM Empowerment Trust, the market value of ARM shares decreased significantly below cost at which it was acquired. Harmony determined that this decrease was "other-than-temporary" and recorded the unrealized loss as an impairment of listed investment in consolidated statements of operations. See *Item 7. "Related Party Transactions"* for a discussion of the accounting treatment of the investment subsequent to its transfer to the ARM Empowerment Trust.

Profit on sale and loss on dilution of investment in associates

Profit on sale of investments in associates decreased to \$nil in fiscal 2005 from \$77.6 million in fiscal 2004. The amount in fiscal 2004 is attributable to the disposal of Harmony's investment in Highland Gold Limited on October 14, 2003 for \$119.7 million. The investment was acquired at a cost of \$38.8 million and Harmony equity accounted for the earnings from Highland Gold, resulting in a profit of \$77.6 million.

Loss of dilution of investments decreased from \$12.5 million in fiscal 2004 to \$nil in fiscal 2005. The charge in fiscal 2004 is attributable to the dilution of Harmony's investment in ARM. Harmony and ARMgold purchased the investment in ARM through a joint venture, Clidet 454 (Proprietary) Limited for \$230 million. Since the acquisition Harmony has equity accounted for the earnings of ARM. The carrying value of the investment was \$260.9 million at April 30, 2004 before the dilution. Following a range of transactions between Harmony, ARM and ARMI, Harmony's interest in ARM was diluted from 34.5% to 19.0%, resulting in a loss of \$12.5 million on the dilution.

(Loss)/profit on sale of subsidiary

A loss of \$0.1 million was recorded during fiscal 2005 on the sale of subsidiaries, compared to the profit on sale of subsidiaries of \$0.1 million in fiscal 2004. The loss in fiscal 2005 results from the disposal of the entire shareholding of Future, which had a net asset value of \$1.4 million, for \$0.17 million, resulting in a loss of \$1.4 million. This loss was partially offset by profits on the sale of NACS (\$0.1 million) and Ubuntu (\$1.1 million). The entire shareholding of NACS, which had a net asset value of \$0.1 million, was sold for \$0.2 million. Ubuntu's entire

shareholding was sold for \$0.1 million. The net asset value was a negative \$1.0 million. The profit in fiscal 2004 is attributable to the profit on the disposal of Harmony's investment in Harmony Gold (Canada) Incorporated ("Bissett") for C\$7.6 million (\$5.6 million). Harmony disposed of the entire share capital of Bissett in exchange for 5 million ordinary shares in San Gold, 5,714,285 ordinary shares in Gold City and the balance of \$2.6 million in cash. The net asset value of Bissett was \$5.5 million, resulting in a profit of \$0.1 million.

Interest received

Interest received decreased from \$28.0 million in fiscal 2004 to \$21.4 million in fiscal 2005. This decrease was attributable primarily to the decrease in interest earned on bank and call accounts due to lower balances through the year as well as a decrease in the interest rate.

Interest paid

Harmony paid \$65.1 million in interest during fiscal 2005 compared to \$64.3 million during fiscal 2004. A portion of this increase was due to the interest of \$0.8 million on the short-term borrowings for Avgold being included for the full year. Also contributing to the increase is the interest relating to the ARM Empowerment Trust transaction (\$2.6 million). An amount of \$4.1 million relating to the time value of money portion of the rehabilitation costs was included in the interest paid in fiscal 2005, being a decrease of \$3.3 million from fiscal 2004.

Other (expenses)/income

Other income decreased by \$17.9 million, from a positive \$14.2 million in fiscal 2004 to a negative \$3.7 million in fiscal 2005. The decrease is due to the increase in bad debts of \$6.0 million and the increase of \$6.7 million in the net expenses in fiscal 2005. Also contributing was the decrease in the profit on sale of mining assets, with a decrease of \$9.8 million in fiscal 2005, from \$22.3 million in fiscal 2004 to \$12.5 million in fiscal 2005.

Income and mining taxes

South Africa. Harmony pays taxes on mining income and non-mining income. The amount of Harmony's South African mining income tax is calculated on the basis of a formula that takes into account Harmony's total revenue and profits from, and capital expenditures for, mining operations in South Africa. Five percent of total mining revenue is exempt from taxation in South Africa. The amount of revenue subject to taxation is calculated by subtracting capital expenditures from operating profit. The amount by which the adjusted profit figure exceeds 5% of revenue constitutes taxable mining income. Harmony and its subsidiaries each make their own calculation of taxable income.

The tax rate applicable to the mining and non-mining income of a gold mining company depends on whether the company has elected to be exempt from the Secondary Tax on Companies, or STC. The STC is a tax on dividends declared and, at present, the STC tax rate is equal to 12.5%. In 1993, all existing South African gold mining companies had the option to elect to be exempt from STC. If the election was made, a higher tax rate would apply for both mining and non-mining income. In 2005, the tax rates for companies that elected the STC exemption were 45% for mining income and 37% for non-mining income, compared with 36% for mining income and 29% for non-mining income if the STC exemption election was not made. In 2004, the tax rates for companies that elected the STC exemption were 46% for mining income and 38% for non-mining income, compared with 37% for mining income and 30% for non-mining income if the STC exemption election was not made. The change of the tax rate was enacted during March 2005. In 1993, Harmony elected to pay the STC tax. All of Harmony's South African subsidiaries, excluding Avgold, elected the STC exemption. To the extent Harmony receives dividends, such dividends received are offset against the amount of dividends paid for purposes of calculating the amount subject to the 12.5% STC tax.

Income and mining tax	2005	2004
Effective tax rate expense	15%	56%

The effective tax rate for fiscal 2005 was lower than the statutory tax rate of 46% for Harmony and its subsidiaries as a whole. The most significant reason for the decrease in the effective tax rate in fiscal 2005 was related to the further reduction in profitability from fiscal 2004 as well as reduction in estimated life of mines which resulted in lower assumed future tax rates, thus resulting in a reversal of deferred tax into current tax expense.

Australia. Generally, Australia imposes tax on the worldwide income (including capital gains) of all of Harmony's Australian incorporated and tax resident entities. The current income tax rate for companies is 30%. Ongoing business, mining, exploration and rehabilitation costs incurred each year are fully deductible. The cost of plant and capital mining expenditure may be depreciated and deducted over its effective life.

The Australian legislature has introduced a Tax Consolidations Regime, under which from July 1, 2003, Harmony Gold Australia Pty Ltd and its wholly owned Australian subsidiary companies are recognised and taxed as a single entity. Under the consolidations rules all of the Australian subsidiary companies are treated as divisions of Harmony Gold Australia. As a result all inter company transactions between group members are ignored for tax purposes. This allows the group to transfer assets between group members without any tax consequences, and to utilize all tax losses incurred by each company in the group.

Mining operations (other than operations on freehold land) are also subject to a 2.5% gold royalty because the mineral rights are owned by the state. All gold production from the Big Bell and Mt. Magnet operations is subject to this royalty. Most of the production from the South Kalgoorlie operations is from freehold land and is, accordingly, exempt from this royalty.

Withholding tax is payable on dividends, interest and royalties paid by Australian residents to non-residents, which would include any dividends on the shares of Harmony's Australian subsidiaries that are paid to Harmony. In the case of dividend payments to non-residents, a 30% withholding tax applies. However, where the recipient of the dividend is a resident of a country with which Australia has concluded a double taxation agreement, the rate of withholding tax is generally limited to 15% (or 10% where the dividend is paid to a company's parent company). Where dividends are fully taxable, an effective credit is allowed against any withholding tax otherwise payable, regardless of whether a double taxation agreement is in place.

The effective tax rate for fiscal 2003 was lower than the estimated statutory tax rate of 46% for Harmony and its subsidiaries as a whole. The lower effective tax rate is primarily due to the exclusion of the equity income of Free Gold which decreases the Company's effective tax rate expense and the five percent of total mining revenue excluded from the Company's taxable income.

The increase in the effective tax rate expense of 30.1% to 56% in fiscal 2004 from 25.9% fiscal 2003, was as a result of capital losses on which no deferred tax was provided for, resulting in the inflated tax rate.

Papua New Guinea. Harmony is in the process of developing the Hidden Valley Project in Papua New Guinea. We are also reviewing other potential projects and carrying out extensive exploration.

Papua New Guinea mining projects are taxed on a project basis. Therefore each project is taxed as a separate entity, even though it may be one of a number of projects carried on by the same company. Tax losses are generally quarantined and cannot be transferred between projects.

Papua New Guinea mining companies are taxed at a rate of tax of 30%.

Capital development and exploration expenditure incurred in Papua New Guinea is capitalised for tax purposes and can be generally deducted at 25% per annum on a diminishing value basis against project income.

Papua New Guinea imposes dividend withholding tax of 10% on dividends paid by Papua New Guinea mining operations to non residents. Although Papua New Guinea also imposes interest withholding tax on interest off shore, Papua New Guinea mining operations may qualify for an exemption.

Minority interests

Minority interests were \$nil in fiscal 2005 compared to \$1.3 million in fiscal 2004. The minority interest in fiscal 2004 reflects the 13% minority shareholders' interest in the results of Abelle up to the date that Abelle became a wholly-owned subsidiary, as well as the 46.5% outside shareholders' interest in the results of Avgold from May 3, 2004 until May 24, 2004, when Avgold became a wholly-owned subsidiary.

Equity income of joint venture

Equity income of joint venture decreased to \$nil in fiscal 2005 from \$7.9 million in fiscal 2004. The decrease arose due to Free Gold and Clidet becoming wholly-owned subsidiaries as of September 22, 2003 after the merger of Harmony and ARMgold. Therefore, the equity income of joint ventures is for three months of fiscal 2004.

Equity profit / (loss) of associate companies

Equity profit/(loss) of associate companies was decreased from a profit of \$2.0 million in fiscal 2004 to \$nil in fiscal 2005. The profit in fiscal 2004 is primarily attributable to Harmony's proportionate share of profits in Highland Gold (\$1.2 million) and ARM (\$6.0 million) and costs in Avgold (\$1.6 million) and Bendigo (\$3.6 million). The costs in Bendigo relate to exploration expenditure.

Impairment of investment in associate

The impairment of investment in associate decreased from \$2.0 million in fiscal 2004 to \$nil in fiscal 2005. The charge in fiscal 2004 is due to a decrease in the carrying value of Bendigo. At the time of its investment in Bendigo during fiscal 2002, Bendigo's shares were trading at A\$2.90 per share on the Australian stock exchange. During fiscal 2004, the share price decreased to A\$0.88 per share, which is below the carrying value of the investment in Harmony's records, resulting in an impairment of \$2.0 million to reflect the current value of the investment of \$19.9 million.

(Loss) / income before cumulative effect of change in accounting principle

Loss before cumulative effect of change in accounting principle was \$616.5 million in fiscal 2005 compared with the loss of \$31.4 million in fiscal 2004. This decrease was primarily attributable to the appreciation of the Rand against the US dollar, as well as to the factors described above.

Cumulative effect of change in accounting principle, net of tax

There was no charge for the cumulative effect of change in accounting principle.

Net(Loss) Income

Net loss was \$616.5 million in fiscal 2005 compared with the loss of \$31.4 million in fiscal 2004. This decrease is attributed primarily to the appreciation of the Rand against the U.S. dollar, as well as to the factors described above.

Years ended June 30, 2004 and 2003

Revenues

Revenue increased \$458.5 million, or 58.6%, from \$781.8 million in fiscal 2003 to \$1,240.3 million in fiscal 2004. This increase was attributable primarily to the higher average sales price of gold received by Harmony, \$385 per ounce in fiscal 2004 compared to \$330 per ounce in fiscal 2003, and the inclusion of Free Gold and ARMgold for nine months, representing \$392.1 million of the increase and Avgold for two months representing \$19.9 million of the increase.

Harmony's gold sales increased 859,071 ounces, or 36% from 2,366,116 ounces in fiscal 2003 to 3,225,187 ounces in fiscal 2004. This increase in sales was primarily due to the inclusion of sales from Free Gold and ARMgold for nine months (755,800 ounces and 215,015 ounces, respectively), as well as the inclusion of sales from Avgold's Target operations for two months (53,434 ounces).

At the Masimong complex, ounces produced increased by 30.4%, or 54,675 ounces, as a result of increased production from the complex and the significant increase in the recovered grade.

Brand 5 produced 32,434 ounces less in fiscal 2004 than in fiscal 2003. This was due to a decrease in tons as a result of downscaling in preparation for the placement of the shaft on care and maintenance.

At Cooke 1, ounces produced during fiscal 2004 decreased by 16,651 ounces when compared with fiscal 2003. This was due to restructuring as well as a change in the mining mix, with the pillar mining being conducted not allowing for high volumes. Production at Cooke 2 was affected by the reduction of tons milled in line with the restructuring, resulting in a decrease of 25,878 ounces in fiscal 2004. A significant decrease in the recovery grade also impacted on the ounces produced. Cooke 3 produced fewer ounces in fiscal 2004 as a result of lower tons mined. This, together with a reduced recovery grade, resulted in a decrease of 17,550 ounces when compared with fiscal 2003.

At Elandsrand, a decrease of 13,944 ounces in fiscal 2004 was as a result of lower tonnage and recovery grade due to problems experienced with the orepass system, which resulted in waste rock diluting the recovery grade and reduced flexibility in the old mine area.

Deelkraal produced 14,624 ounces less in fiscal 2004 than in fiscal 2003 as a result of fewer tons milled in preparation for the closure of the shaft. A lower recovery grade also contributed to this decrease.

Decreased sales at the Australian operations (171,366 ounces) due primarily to the closure of operations at Big Bell, as well as the lower recovery grade at Mt. Magnet and lower tonnage at South Kalgoorlie, also contributed to the partial offset of the increase in ounces.

Costs

The following table sets out Harmony's total ounces sold and weighted average cash costs per ounce for fiscal 2004 and fiscal 2003:

	Year ended June 30, 2004 ¹		Year ended June 30, 2003 ²		Percentage increase in cash costs
	(oz)	(\$/oz)	(oz)	(\$/oz)	
SOUTH AFRICA					
Free State operations					
Quality ounces					
Masimong	234,307	326	179,632	244	34
Leveraged ounces					
Harmony 2	87,472	368	69,174	228	61
Harmony 4	—	—	292,890	1,716	—
Merriespruit 1	59,062	410	50,545	244	68
Merriespruit 3	76,956	422	65,189	287	47
Unisel	91,020	408	75,439	283	44
Brand 3	59,558	403	46,736	300	34
Brand 5	19,262	692	51,696	373	85
Virginia	—	—	290	866	—
Saaiplaas 3	26,783	503	—	—	—
Surface	26,732	347	24,209	271	28
Evander operations					
Quality ounces					
Evander 2	86,172	376	88,575	230	63
Evander 5	48,103	335	49,769	228	47
Evander 7	92,505	356	106,419	212	68
Evander 8	109,513	363	94,008	290	25
Leveraged ounces					
Evander 9	23,440	386	17,297	269	43
Surface	1,961	253	4,116	221	14
Randfontein operations					
Quality ounces					
Cooke 1	104,168	304	120,819	191	59
Cooke 2	90,761	377	116,639	191	97
Cooke 3	134,003	374	151,553	236	58
Growth projects					
Doornkop	65,234	353	65,906	230	53
Surface	18,872	349	36,973	216	62
Elandsdraal operations					
Growth projects					
Elandsrand	250,581	402	264,525	264	52
Leveraged ounces					
Deelkraal	68,127	555	82,751	315	76
Surface	5,301	498	19,323	234	113
Freegold operations					
Quality ounces					
Tshepong	287,771	359	—	—	—
Growth projects					
Phakisa	—	—	—	—	—
Leveraged ounces					
Bambanani	213,730	481	—	—	—
Joel	50,590	517	—	—	—
Eland	37,337	656	—	—	—

	Year ended June 30, 2004 ¹		Year ended June 30, 2003 ²		Percentage increase in cash costs
	(oz)	(\$/oz)	(oz)	(\$/oz)	
Kudu/Sable	29,347	548	—	—	—
West Shaft	26,565	437	—	—	—
Nyala	8,891	457	—	—	—
St. Helena	52,309	600	—	—	—
Surface	49,262	487	—	—	—
ARMgold operations					
Leveraged ounces					
Orkney 1	322	602	—	—	—
Orkney 2	81,434	330	—	—	—
Orkney 3	11,413	564	—	—	—
Orkney 4	67,931	298	—	—	—
Orkney 6	11,060	486	—	—	—
Orkney 7	4,533	435	—	—	—
Welkom 1	19,226	517	—	—	—
Welkom 2	1,350	405	—	—	—
Welkom 3	1,511	385	—	—	—
Welkom 4	3,922	381	—	—	—
Welkom 6	2,411	371	—	—	—
Welkom 7	9,902	360	—	—	—
Avgold operations					
Quality ounces					
Target	53,434	215	—	—	—
Kalgold operations					
Surface	82,756	345	74,590	222	55
AUSTRALASIA					
Big Bell	—	—	132,579	338	—
Mt. Magnet	173,228	336	182,690	233	44
South Kal	120,532	322	182,851	269	20
Abelle	—	—	11,534	195	—
Other entities	44,528	302	—	—	—
Total	3,225,187		2,366,116		
Weighted average		362		253	43

¹ Includes nine months of production from Free Gold and ARMgold and two months from production from Avgold's Target operations

² Includes two months of production from Abelle.

During fiscal 2003, sales from Free Gold operations amounted to 1,155,428 ounces of gold at an average cost of \$202 per ounce. Because Harmony equity accounted for its 50% interest in Free Gold before it became a wholly-owned subsidiary after the merger with ARMgold, Free Gold's sales are not included in Harmony's sales figures for fiscal 2003 in this annual report and the average cash cost of Free Gold's sales is not used in calculating Harmony's overall average cash costs for fiscal 2003 in this annual report.

Harmony's weighted average cash costs increased by \$109 per ounce, or 43.1% from \$253 per ounce in fiscal 2003 to \$362 per ounce in fiscal 2004. Cash costs per ounce vary with the working costs per ton (which is, in turn, affected by the number of tons processed) and grade of ore processed. Cash costs expressed in US dollars per ounce also vary with fluctuations in the Rand-US dollar exchange rate, because most of Harmony's working costs are incurred in Rand. The increase in cash costs expressed in US dollars per ounce in fiscal 2004 was attributable primarily to the appreciation of the Rand against the US dollar, which caused a significant increase when these costs were translated into US dollars. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rates."* Cash costs per ounce in US dollars were also negatively impacted by lower tonnage at the

following shafts and surface operations: Unisel (decrease of 101,000 tons in fiscal 2004), Brand 5 (decrease of 354,000 tons), Evander surface (decrease of 100,000 tons), Cooke 1 (decrease of 136,000 tons), Cooke 3 (decrease of 109,000 tons), Elandskraal surface (decrease of 777,000 tons) and South Kalgoorlie (decrease of 906,000 tons). If expressed in Rand terms, cash costs per ounce would have increased in fiscal 2004 by 7.6%, due in part to lower production at the following shafts and surface operations: Cooke 1 (decrease of 16,651 ounces in fiscal 2004), Cooke 2 (decrease of 25,878 ounces), Cooke 3 (decrease of 17,550 ounces), Elandsrand (decrease of 13,944 ounces), Deelkraal (decrease of 14,624 ounces), surface at Elandskraal (decrease of 14,022 ounces) as well as South Kalgoorlie (decrease of 62,319 ounces). Also contributing were the introduction of CONOPS at the majority

of the operations and increases in the costs of labor and supplies at Harmony's South African operations due to the implementation of collective bargaining agreements and the effect of inflation on supply contracts.

Depreciation and amortization

Depreciation and amortization charges increased \$43.1 million, or 70.8%, from \$60.9 million in fiscal 2003 to \$104.0 million in fiscal 2004. This increase was attributable primarily to the appreciation of the Rand against the US dollar, which increased the depreciation charges for the South African operations, as well as the inclusion of Free Gold and ARMgold for nine months, representing \$49.7 million of the increase, and the inclusion of Avgold for two months, representing \$5.1 million of the increase. Also contributing to the increase were increases at the following shafts and surface operations due to a decrease in the reserves resulting in accelerated depreciation: Evander 7 (\$1.2 million), Cooke 3 (\$0.9 million), Elandsrand (\$2.6 million) and Kalgold (\$1.3 million). Increased production at Masimong resulted in an increase of \$1.2 million during fiscal 2004. These increases were partially offset by a decrease of \$8.7 million in the charge for Australia for fiscal 2004.

Impairment of assets

Impairment charges decreased from \$117.6 million in fiscal 2003 to \$3.1 million in fiscal 2004. The impairment for fiscal 2004 was attributable to the depletion of open pit reserves through mining activities in the current year at the South Kalgoorlie operation in Australia. Despite continued exploration around the South Kalgoorlie area in the year, the mine reserves from the open pits were not replaced, which negatively impacted on ore reserves declared at the end of the fiscal year.

In fiscal 2003, Harmony reduced its ore reserves estimates at its Australian operations from 2.3 million ounces to 1.5 million ounces. This resulted in revised mine plans being designed for the Australian operations which did not support the carrying value of the Australian operations assets and accordingly an impairment charge of \$117.6 million was recognized.

Employment termination costs

Employment termination costs increased \$26.6 million, or 522%, from \$5.1 million in fiscal 2003 to \$31.7 million in fiscal 2004. This increase is due to the continued process of restructuring for profitability at the Free State, Randfontein, Elandskraal, Evander, Free Gold and ARMgold operations, which has resulted in excess labor that could not be accommodated at other shafts, even with the implementation of CONOPS. On April 2, 2004, the Harmony announced that it had commenced with a restructuring process as a result of the recent weakening of the gold price in Rand per kilogram terms. Some of the older shafts, which had come to the end of their economic lives, were jointly evaluated by Harmony and organized labor and a process to down-scale production at the shafts was initiated. A provision was raised to cover the estimated cost of restructuring at June 30, 2004.

Corporate expenditure, exploration expenditure and marketing and new business expenditure

Corporate expenditure, exploration expenditure and marketing and new business expenditure increased \$15.7 million, or 59%, from \$26.8 million in fiscal 2003 to \$42.5 million in fiscal 2004. This increase was due primarily to increased corporate expenditures following Harmony's acquisition of Abelle's minorities, the merger with ARMgold, the range of transactions with ARMI and ARM for the acquisition of Avgold, costs related to investigating and pursuing new business opportunities and increased expenditures to investigate and develop opportunities to produce value-added products, such as jewelry and other products made of fabricated gold. In fiscal 2004, Harmony also increased exploration expenditure in connection with the Papua New Guinea feasibility study by \$6.5 million and its exploration in Peru by approximately \$0.8 million compared to fiscal 2003. These increases were partially offset by the decrease of \$0.1 million in exploration expenditure at the Kalplats operations. See *Item 4. "Information on the Company – Business – Exploration."*

Share-based compensation

Harmony adopted SFAS No. 123 on July 1, 2002. SFAS No. 123 requires that all share options granted subsequent to that date be fair valued, and that the fair value be recognized as share-based compensation expense over the options vesting period.

Share-based compensation expenses increased by \$5.3 million, or 294.4%, from \$1.8 million in fiscal 2003 to \$7.1 million in fiscal 2004. The charge in the fiscal 2004 relates to the amortization of the fair value of 2003 and 2001 option grants for the Company and its subsidiary Abelle. The fiscal 2003 expense comprised of \$4 million related to the amortization of the fair value of the 2002 and 2003 option grants of the Company and its subsidiary Abelle and a credit of \$2.2 million for options granted in fiscal 2001.

Decrease in rehabilitation costs

As from July 1, 2002, the company adopted SFAS 143 for accounting for its environmental rehabilitation costs. The decrease in rehabilitation costs in fiscal 2004 relates primarily to decreases in rehabilitation liability at operations in excess of associated capitalized rehabilitation costs (net of accumulated depreciation). The decrease in the rehabilitation liability arose as a result of increases in the Life of Mine, which resulted in a decrease in the present value of the liability. The gain recognized as a result of the decrease in rehabilitation liabilities in both years was partially offset by certain expenses that were paid in cash of \$1.6 million in fiscal 2004 and \$3.1 million in fiscal 2003, respectively.

Provision for former employees post-retirement benefits

Harmony provides for amounts due under its former employees post-retirement benefits. In fiscal 2004, Harmony provided \$nil million for these benefits compared with \$0.5 million in fiscal 2003, based on updated actuarial valuations.

Dividends received

Dividends received increased from \$0.3 million in fiscal 2004 to \$0.5 million in fiscal 2005, mainly as a result of the appreciation of the Rand against the U.S. dollar.

Gain / (loss) on financial instruments

The loss on financial instruments in fiscal 2004 was \$32.4 million, as compared with a gain of \$43.2 million in fiscal 2003. The loss in fiscal 2004 relate to the change in the mark-to-market of derivative instruments inherited as a result of the acquisitions of New Hampton, Hill 50 and Avgold. The gain in fiscal 2003 related primarily to the change in the mark-to-market of derivative instruments held by Hill 50 following its acquisition in April 2002.

Profit on sale of other assets and listed investments

Harmony recorded a profit of \$4.9 million on the sale of other assets and listed investments in fiscal 2004, as compared with a gain of \$59.2 million on the sale of other assets and listed investments in fiscal 2003. The profit in fiscal 2004 arose as a result of the disposal of its investments in High River for \$3.1 million, Midas Resources for \$0.01 million and Legend Mining for \$1.7 million. The profit in fiscal 2003 arose on disposal of Harmony's Placer Dome investment in fiscal 2003. The profit was determined by reference to the difference between the proceeds and the cost of the initial investment in Goldfields Australia. Harmony acquired its shares in Placer Dome following Aurion Gold being acquired by Placer Dome. Harmony had acquired its shares in AurionGold following the merger of Goldfields Australia and Delta Gold, with the merged entity being renamed AurionGold.

Profit on sale and loss on dilution of investment in associates

Profit on sale of investments increased from \$nil in fiscal 2003 to \$77.6 million in fiscal 2004. This increase is attributable to the disposal of Harmony's investment in Highland Gold Limited ("Highland Gold") on October 14, 2003 for \$119.7 million. The investment was acquired at a cost of \$38.8 million and Harmony equity accounted for the earnings from Highland Gold, resulting in a profit of \$77.6 million.

Loss of dilution of investments increased from \$nil in fiscal 2003 to \$12.5 million in fiscal 2004. This increase is attributable to the dilution of Harmony's investment in ARM. Harmony and ARMgold purchased the investment in ARM through a joint venture, Clidet 454 (Proprietary) Limited ("Clidet") for \$230 million. Since the acquisition Harmony has equity accounted for the earnings of ARM. The carrying value of the investment was \$260.9 million at April 30, 2004 before the dilution. Following a range of transactions between Harmony, ARM and ARMI, Harmony's interest in ARM was diluted from 34.5% to 19.0%, resulting in a loss of \$12.5 million on the dilution.

Profit on sale of subsidiary

Profit on sale of subsidiary increased from \$nil in fiscal 2003 to \$0.1 million in fiscal 2004. This increase is attributable to the profit on the disposal of Harmony's investment in Harmony Gold (Canada) Incorporated ("Bissett") for C\$7.6 million (\$5.6 million). Harmony disposed of the entire share capital of Bissett in exchange for

5 million ordinary shares in San Gold, 5,714,285 ordinary shares in Gold City and the balance of \$2.6 million in cash. The net asset value of Bisset was \$5.5 million, resulting in a profit of \$0.1 million.

Interest received

Interest received increased by \$6.1 million, or 27.9%, from \$21.9 million in fiscal 2003 to \$28.0 million in fiscal 2004. This increase was attributable primarily to the appreciation of the Rand against the US dollar as well as the inclusion of interest received by Free Gold, which was previously equity accounted for.

Interest paid

Harmony paid \$64.3 million in interest during fiscal 2004 compared to \$36.1 million during fiscal 2003. This increase was due to the interest on the Rand denominated Nedbank loan used to finance the acquisition of the 17.25% interest in Avmin acquired during May 2003 being included for a full year and the inclusion of interest on the BOE Bank loan used to partially fund the acquisition of the Free Gold assets by ARMgold. This increase was partially offset by the decrease in interest paid to BOE Bank on the loan used to partially fund the acquisition of the Free Gold assets by Harmony as a result of the loan being settled early. The amount attributable to the time value of money portion of the rehabilitation costs included in interest paid decreased by \$1.2 million, contributing to the partial offset against the increase.

Other income/(expenses)

Other income increased by \$35.3 million, from a negative \$21.1 million in fiscal 2003 to a positive \$14.2 million in fiscal 2004. The increase was primarily due to profit on sale of property, plant and equipment during fiscal 2004.

Income and mining taxes

South Africa. Harmony pays taxes on mining income and non-mining income. The amount of Harmony's South African mining income tax is calculated on the basis of a formula that takes into account Harmony's total revenue and profits from, and capital expenditures for, mining operations in South Africa. Five percent of total mining revenue is exempt from taxation in South Africa. The amount of revenue subject to taxation is calculated by subtracting capital expenditures from operating profit. The amount by which the adjusted profit figure exceeds 5% of revenue constitutes taxable mining income. Harmony and its subsidiaries each make their own calculation of taxable income.

The tax rate applicable to the mining and non-mining income of a gold mining company depends on whether the company has elected to be exempt from the Secondary Tax on Companies, or STC. The STC is a tax on dividends declared and, at present, the STC tax rate is equal to 12.5%. In 1993, all existing South African gold mining companies had the option to elect to be exempt from STC. If the election was made, a higher tax rate would apply for both mining and non-mining income. In each of 2004 and 2003, the tax rates for companies that elected the STC exemption were 46% for mining income and 38% for non-mining income, compared with 37% for mining income and 30% for non-mining income if the STC exemption election was not made. In 1993, Harmony elected to pay the STC tax. All of Harmony's South African subsidiaries, however, elected the STC exemption. To the extent Harmony receives dividends, such dividends received are offset against the amount of dividends paid for purposes of calculating the amount subject to the 12.5% STC tax.

Income and mining tax	2004	2003
Effective tax rate expense	56%	25.9%

The effective tax rate for fiscal 2004 was greater than the statutory tax rate of 46% for Harmony and its subsidiaries as a whole. The most significant reason for the increase in the effective tax rate in fiscal 2004 was related to the reduction in profitability and estimated life of mines which resulted in lower assumed future tax rates, thus resulting in a reversal of deferred tax into current tax expense.

Australia. Generally, Australia imposes tax on the worldwide income (including capital gains) of all of Harmony's Australian incorporated and tax resident entities. The current income tax rate for companies is 30%. Exploration costs and the depreciation of capital expenditure may be deducted from income. In addition, other expenditures, such as export market development, mine closure costs and the defense of native title claims, may be deducted from income. With effect from July 1, 1998, mining operations (other than operations on freehold land) are also subject to a 2.5% gold royalty because the mineral rights are owned by the state. All gold production from the Big Bell and Mt. Magnet operations is subject to this royalty. Most of the production from the South Kalgoorlie operations is from freehold land and is, accordingly, exempt from this royalty.

With effect from July 1, 2001, the Australian legislature introduced a Uniform Capital Allowance, which allows tax deductions for depreciation attributable to assets and certain other capital expenditures. In addition, under current Australian tax law, certain grouping concessions are available to companies in the same ultimate control group. These concessions include the ability to group losses and obtain capital gains tax roll-over relief from the transfer of assets among two or more entities if the entities are engaged in the same business or if the entities are wholly-owned by the same entity. Harmony's subsidiaries in Australia accordingly qualify to transfer losses from one entity to another in the event that a loss is made in one entity and a profit is generated in another.

Withholding tax is payable on dividends, interest and royalties paid by Australian residents to non-residents, which would include any dividends on the shares of Harmony's Australian subsidiaries that are paid to Harmony. In the case of dividend payments to non-residents, a 30% withholding tax applies. However, where the recipient of the dividend is a resident of a country with which Australia has concluded a double taxation agreement, the rate of withholding tax is generally limited to 15% (or 10% where the dividend is paid to a company's parent company). Where dividends are fully taxable, an effective credit is allowed against any withholding tax otherwise payable, regardless of whether a double taxation agreement is in place.

The effective tax rate for fiscal 2003 was lower than the estimated statutory tax rate of 46% for Harmony and its subsidiaries as a whole. The lower effective tax rate is primarily due to the exclusion of the equity income of Free Gold which decreases our effective tax rate expense and the five percent of total mining revenue excluded from our taxable income.

The increase in the effective tax rate expense of 30.1% to 56% in fiscal 2004 from 25.9% fiscal 2003, was as a result of capital losses on which no deferred tax was provided for, resulting in the inflated tax rate.

Minority interests

Minority interests were a positive \$1.3 million in fiscal 2004, as compared with a negative \$0.5 million in fiscal 2003. The minority interest in fiscal 2004 reflects the 13% minority shareholders' interest in the results of Abelle up to the date that Abelle became a wholly-owned subsidiary, as well as the 46.5% outside shareholders' interest in the results of Avgold from May 3, 2004 until May 24, 2004, when Avgold became a wholly-owned subsidiary. The minority interest in fiscal 2003 reflected the 13% minority shareholders interests in the results of Abelle following the acquisition by Harmony of 87% interest in Abelle in May 2003.

Equity income of joint venture

Equity income of joint venture decreased by \$44.9 million, or 85%, from \$52.8 million in fiscal 2003 to \$7.9 million in fiscal 2004. The decrease arose due to Free Gold and Clidet becoming wholly-owned subsidiaries as of September 22, 2003 after the merger of Harmony and ARMgold. Therefore, the equity income of joint ventures is for three months of fiscal 2004.

Equity profit / (loss) of associate companies

Equity profit/(loss) of associate companies increased from a loss of \$1.2 million in fiscal 2003 to a profit of \$2.0 million in fiscal 2004. The profit in fiscal 2004 is primarily attributable to Harmony's proportionate share of profits in Highland Gold (\$1.2 million) and ARM (\$6.0 million) and costs in Avgold (\$1.6 million) and Bendigo (\$3.6 million). The costs in Bendigo relates to exploration expenditure. The loss in fiscal 2003 reflected Harmony's proportionate share of Highland Gold's profits of \$4 million for fiscal 2003 and its proportionate share of costs incurred by Bendigo of \$5.2 million. The costs were incurred to develop the infrastructure required to access ore below the town of Bendigo.

Impairment of investment in associate

The impairment of investment in associate increased from \$nil to \$2.0 million. This charge is due to a decrease in the carrying value of Bendigo. At the time of its investment in Bendigo during fiscal 2002, Bendigo's shares were trading at A\$2.90 per share on the Australian stock exchange. During fiscal 2004, the share price decreased to A\$0.88 per share, which is below the carrying value of the investment in Harmony's records, resulting in an impairment of \$2.0 million to reflect the then current value of the investment of \$19.9 million.

(Loss) / income before cumulative effect of change in accounting principle

Loss before cumulative effect of change in accounting principle was \$31.4 million in fiscal 2004, compared with the income of \$71.8 million in fiscal 2003. This decrease was primarily attributable to the factors described above.

Cumulative effect of change in accounting principle (SFAS No. 143), net of tax

With effect from July 1, 2002, the Company adopted Statement of Financial Accounting Standard 143, accounting for Asset Retirement Obligations (“SFAS143”). The adoption of SFAS143 resulted in Harmony recording a \$14.8 million credit cumulative effect of a change in accounting principle, net of tax in fiscal 2003.

Net(Loss)/Income

Net loss for the year was \$31.4 million in fiscal 2004, compared with the income of \$86.7 million in fiscal 2003. This decrease is attributed primarily to the appreciation of the Rand against the US dollar, as well as to the factors described above.

RECENT ACCOUNTING PRONOUNCEMENTS

In March 2005, the FASB ratified Emerging Issues Task Force (“EITF”) Issue No. 04-03, “Mining Assets: Impairment and Business Combinations” (“EITF 04-03”). The EITF addressed the concern that an acquired mining asset may be subject to a day-two impairment if the value beyond proven and probable reserves (“VBPP”) and anticipated future market price increases are considered in the purchase price allocation but subsequently excluded in cash flow analysis used in an impairment test performed under SFAS No. 144, “Accounting for the Impairment and Disposal of Long-Lived Assets” (“SFAS No. 144”). The Task Force reached a consensus that an entity should include VBPP and the effects of anticipated fluctuations in the market price of minerals in the value allocated to mining assets in a purchase price allocation, and similarly, include the cash flows associated with VBPP and anticipated fluctuations in the market price of gold in estimates of future cash flows (both discounted and undiscounted) used for determining whether a mining asset is impaired under SFAS No. 144. The Task Force noted in both cases that estimates should be consistent with the estimates of a market participant. The consensus reached by the Task Force was effective for business combinations and asset impairments performed in periods beginning after March 31, 2004. Accordingly, Harmony followed the consensus of the EITF in performing its impairment analyses during the year ended June 30, 2005.

In March 2005, the FASB ratified EITF Issue No. 04-06, “Accounting for Stripping Costs Incurred during Production in the Mining Industry” (“EITF 04-06”). EITF 04-06 addresses the accounting for stripping costs incurred during the production stage of a mine and refers to these costs as post-production stripping costs. EITF 04-06 requires that post-production stripping costs be considered costs of the extracted minerals and recognized as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of post-production stripping costs is appropriate only to the extent product inventory exists at the end of a reporting period. The guidance in EITF 04-06 is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. We will adopt EITF 04-06 on July 1, 2006 and are currently evaluating the impact of EITF 04-06 on the consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, “Share-Based Payment” (“SFAS No. 123R”), which revised SFAS No. 123 and superseded APB 25. SFAS No. 123R requires measurement and recording in the financial statements of the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. The Company anticipates adopting the provisions of SFAS No. 123R on July 1, 2005, using the modified prospective method. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after July 1, 2005. Compensation costs for the unvested portion of awards that are outstanding as of July 1, 2005 will be recognized ratably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant as calculated for the Company’s pro forma disclosure under SFAS No. 123. The effect on net income and earnings per share in the periods following adoption of SFAS No. 123R are expected to be consistent with the pro forma disclosures under SFAS No. 123, except that estimated forfeitures will be considered in the calculation of compensation expense under SFAS No. 123R. Additionally, the actual effect on net income and earnings per share will vary depending upon the number and fair value of options granted in future years compared to prior years.

LIQUIDITY AND CAPITAL RESOURCES

Funding and treasury policies are managed centrally by Harmony. There are no legal or economic restrictions on the ability of Harmony’s subsidiaries to transfer funds to Harmony. Harmony has generally funded its operations and its short-term and long-term liquidity requirements from (i) cash generated from operations, (ii) credit facilities and other borrowings and (iii) sales of equity securities.

Cash Resources

Operations

Net cash provided by operations is primarily affected by the quantities of gold sold, the gold price, the Rand-US dollar exchange rate, cash costs per ounce and, in the case of the Australian operations, the Australian dollar-US dollar exchange rate. A significant adverse change in one or more of these parameters could materially reduce cash provided by operations as a source of liquidity.

Net cash utilized by operations was \$211.1 million in fiscal 2005, as compared with \$90.9 million in fiscal 2004. This increase is attributable primarily to higher costs due to the appreciation of the Rand against the US dollar (which increased costs when translated into U.S. dollars), which more than offset increased gold sales from higher US dollar denominated gold price. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rate"*. Also impacting on the increase was the decrease in the working capital charges of \$81.4 million. Income and mining taxes paid decreased by \$74.9 million in fiscal 2005 and this partially offset the increase in cash paid to suppliers and employees.

Net cash utilized by operations was \$90.9 million in fiscal 2004, as compared with cash generated of \$152.6 million in fiscal 2003. This decrease is attributable primarily to higher costs due to the appreciation of the Rand against the US dollar (which increased costs when translated into US dollars), which more than offset increased gold sales from higher US dollar denominated gold price. See *Item 5. "Operating and Financial Review and Prospects – Exchange Rate"*.

Investing

Net cash generated by investing activities was \$253.4 million in fiscal 2005, as compared with \$58.7 million in fiscal 2004. This increase was mainly due to the increase in the proceeds received for the sale of listed investments (\$234.0 million), including the sale of Gold Fields shares. This was partially offset by the costs for acquiring the investment in Gold Fields, which amounted to \$13.8 million in fiscal 2005. Further contributing to the decrease was a decrease of \$100.2 million in the cash held by subsidiaries on acquisition, from \$100.9 million to \$0.7 million. During fiscal 2005, capital expenditure increased by \$20.8 million to \$133.1 million, which helped offset the increase in the cash generated from investing activities.

Net cash generated by investing activities was \$58.7 million in fiscal 2004, as compared with \$230 million utilized in fiscal 2003. This change was due to the costs of acquiring subsidiaries, joint ventures, associates and other investments being \$85.6 million in fiscal 2004, as opposed to \$243.0 million in fiscal 2003, resulting in a decrease of \$157.4 million. Also, the cash held by subsidiaries increased by \$90.1 million, from \$10.8 million on fiscal 2003 to \$100.9 million in fiscal 2004. Proceeds on disposal of listed investments increased from \$89.6 million in fiscal 2003 to \$146.4 million in fiscal 2004, as well as an increase of \$25.9 million for the disposal of mining assets also impacted on the cash generated. These increases were partially offset by an increase in capital expenditure of \$13.1 million.

Financing

Net cash generated by financing activities was \$7.7 million in fiscal 2005, as compared with \$4.4 million utilized in fiscal 2004. This increase was mainly due to the decrease in dividends paid, from \$54.9 million in fiscal 2004 to \$14.5 million in fiscal 2005, resulting in a decrease of \$40.4 million. This was partially offset by an increase in shares issue expenses, primarily due to the issue of the shares for the investment in Gold Fields, which resulted in a decrease of \$17.4 million in fiscal 2005. Also offsetting the increase was a decrease in the amount of net long-term financing, from \$42.8 million in fiscal 2004 to \$31.9 million in fiscal 2005.

Net cash utilized by financing activities was \$4.4 million in fiscal 2004, as compared to \$155.1 million generated in fiscal 2003. This change was due primarily to a decrease of \$59.7 million in the net long-term borrowing raised. Also, the lower number of ordinary shares issued in fiscal 2004 and the resulting proceeds decreasing from \$151.3 in fiscal 2003 to \$7.7 million in fiscal 2004 had an impact. This was partially offset by the decrease in dividends paid of \$43.7 million.

Outstanding Credit Facilities and Other Borrowings

On June 16, 2001, Harmony issued Rand-denominated senior unsecured fixed rate bonds in an aggregate principal amount of Rand 1,200 million (\$149.3 million at an exchange rate of R8.04 per \$1.00), with semi-annual interest payable at a rate of 13% per annum. These bonds are repayable on June 14, 2006, subject to early redemption at Harmony's option. The bonds have been listed on the Bond Exchange of South Africa. Harmony used the proceeds from the sale of the bonds to retire a portion of a syndicated loan facility and to partially fund the Elandsdraal acquisition. So long as the bonds are outstanding, Harmony may not permit encumbrances on its

present or future assets or revenues to secure indebtedness for borrowed money, without securing the outstanding bonds equally with such indebtedness, except for certain specified permitted encumbrances. Issuance costs of \$1.9 million were incurred and capitalized and are being amortized over the life of the bonds. Included in the amortization charge in the income statement is \$0.6 million (2004: \$0.7 million) (2003: \$0.5 million) for amortization of the bond issue costs. On July 6, 2005 the partial re-purchase of Harmony's HAR1 corporate bond was completed. See "*Recently Retired Credit Facilities and Other Borrowings*".

On July 1, 2002 Free Gold entered into an agreement with St. Helena Gold Mines Limited, a fully owned subsidiary of Gold Fields Limited, to purchase its St. Helena assets for R129 million (\$12.8 million). R120 million (\$11.9 million) was payable on October 29, 2002, being the effective date after the fulfilment of all the conditions precedent. The balance of R9 million (\$0.9 million) is payable by way of a 1% royalty on turnover, monthly in arrears, for a period of 48 months, commencing on the 10th of the month following the effective date. As at September 22, 2003, Free Gold became a fully owned subsidiary of Harmony through Harmony's acquisition of ARMgold Limited.

On July 30, 2003, Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVR) entered into a term loan facility of R116 million (\$16 million) with Nedbank Limited for the purpose of partially funding AVR's purchase of an undivided 26% share of the Mining titles, to be contributed to the Doornkop joint venture with Randfontein. Interest at a fixed rate equal to JIBAR plus the applicable margin plus stamp duties and holding costs shall be repayable to the extent that the borrower received profit participation interest for the interest periods. Unpaid interest shall be capitalized and repaid with the loan amount. The loan amount and any interest accrued is repayable on July 30, 2008. Interest capitalized during the fiscal 2005 was \$1.9 million compared to \$1.7 million in fiscal 2004. During fiscal 2005, Africa Vanguard borrowed an additional R18 million (\$2.8 million) from its holding company Africa Vanguard Resources to service working capital commitments. The loan is uncollateralized and interest free, with no fixed terms of repayment.

During December 2003 Musuku Beneficiation Systems (Proprietary) Limited, a wholly owned subsidiary of the Company, entered into a long term loan facility of R2 million (\$0.3 million) with Auriel Alloys for the purpose of financing the acquisition of Dental Alloy equipment. The loan bears interest at 11% and is payable by way of 60 installments of R50,000 each.

On May 21, 2004 Harmony issued an international unsecured fixed rate convertible bond in an aggregate principal amount of Rand 1,700 million. Interest at a rate of 4.875% per annum is payable semi-annually in arrear on May 21 and November 21, of each year, commencing November 21, 2004. The bonds are convertible at the option of the bondholders at any time on or after July 1, 2004 and up to and including May 15, 2009 unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares, at nominal value Rand 0.50 per share. The bonds are listed on the London Stock Exchange for bonds. Harmony issued the bonds to raise funds in order to refinance its domestic Rand debt. The terms and conditions of the bonds prohibit Harmony and its material subsidiaries from creating any encumbrance or security interest over any of its assets to secure any relevant debt (or any guarantee or indemnity in respect of any relevant debt) without according the same security to the bondholders or without obtaining the prior approval of the bondholders. Including in the amortization charge as per the income statement is \$1.4 million compared to \$0.1 million in 2004 and \$nil million in 2003 for amortization of the bond issue costs.

On April 15, 2005, the ARM Empowerment Trust entered into a term loan facility of R356 million (\$56.7 million) with Nedbank Limited for the purpose of funding the ARM Empowerment Trust's partial acquisition of the ARM shares held by Harmony. The loan bears interest, compounded monthly, at a variable rate linked to JIBAR. Interest capitalized during the year ended June 30, 2005 amounted to \$1.3 million. The loan is repayable on the fifth anniversary of the advance date.

On April 15, 2005 the ARM Empowerment Trust entered into a second term loan facility of R480,400,000 (\$75.4 million) with Nedbank Limited for the purpose of funding the balance of the ARM Empowerment Trust's acquisition of the ARM shares held by the Harmony. The loan bears interest, compounded monthly, at a variable rate linked to the JIBAR. Interest and additional charges capitalized during the year ended June 30, 2005 amounted to \$1.4 million and \$1.1 million, respectively. The loan is repayable on the fifth anniversary of the advance date.

Recently Retired Credit Facilities and Other Borrowings

On May 8, 2003, Harmony entered into a Rand-denominated term loan facility of Rand 850 million (\$130.4 million), all of which has been drawn down, with Nedbank Limited for the purpose of funding Harmony's acquisition of 17.25% of the outstanding share capital of ARM Limited. This facility was guaranteed by Randfontein, Evander, Kalgold and Lydex. The loan was repayable in full on November 8, 2004. The loan bore interest at a rate equal to 3 months' JIBAR plus 1.5% plus specified costs, which was accrued daily from the drawdown date and was payable quarterly in arrears. Harmony settled this loan in full on June 30, 2004.

On April 18, 2002, Harmony entered into a Rand-denominated term loan facility of Rand 500 million (\$76.7 million), all of which has been drawn down, with BoE Bank Limited for the purpose of partially funding (i) Harmony's acquisition of shares in Free Gold and (ii) loans made by Harmony to Free Gold in connection with the acquisition of the Free Gold assets. This facility was secured by a pledge of Harmony's shares in Free Gold and is guaranteed by Randfontein, Evander, Kalgold and Lydex. The loan was repayable in full on April 23, 2006, and eight equal semi-annual installments due beginning October 23, 2002. The loan bore interest at a rate equal to JIBAR plus 1.5% plus specified costs, which is accrued daily from the drawdown date and was payable quarterly in arrears commencing July 23, 2002. Pursuant to the terms of this facility, Harmony was required to maintain specified ratios of earnings to debt service and borrowings, as well as a specified level of consolidated tangible net worth. In addition, pursuant to this facility, Harmony was subject to specified limits on its ability to (i) permit encumbrances over pledged revenues or assets, (ii) make loans or incur specified types of indebtedness, (iii) dispose of more than 25% of its assets or (iv) make distributions to its shareholders if a default or event of default under this term loan facility has occurred and is continuing. Harmony settled this loan in full on May 28, 2004.

On December 24, 2001, Free Gold entered into an agreement with AngloGold Limited to purchase its Free Gold assets for R2,881 million (\$298 million). R1,800 million (\$169 million) was payable on January 1, 2002 at the call rate from this date until the 10th business day after the date of fulfilment of the last of the conditions precedent. The final R400 million (\$38 million) was fully repaid on December 30, 2004 at no interest charge through a Nedbank loan. The balance of the consideration was payable five business days before AngloGold was obliged to pay recoupment tax, capital gains tax and any other income tax on the disposal of the assets at no interest charge. As at September 22, 2003, Free Gold became a fully owned subsidiary of Harmony through Harmony's acquisition of ARMgold.

On March 2, 2001, Harmony entered into a US dollar denominated term loan facility of \$9 million, all of which was drawn down, with BAE Systems plc for the purpose of financing the design, development and construction of a facility for the manufacture and sale of value added gold products at the Free State operations. The loan bore interest at LIBOR plus 2%, accrued daily from the drawdown date, and was repayable on a quarterly basis. The loan was secured by a pledge of certain gold proceeds and other assets from this facility (and limits Harmony's ability to use the facility as security for other obligations) and was repaid in full on April 2, 2005.

Contractual Obligations and Commercial Commitments

Harmony's contractual obligations and commercial commitments consist primarily of credit facilities, as described above, and guarantees for environmental rehabilitation expenses, principally environmental performance bonds required for Harmony's Australian operations, as described in Item 4. "Information on the Company – Regulation – Environmental Matters."

Contractual Obligations on the Balance Sheet

The following table summarizes Harmony's contractual obligations as of June 30, 2005:

Dollars in thousands	Total	Payments Due by Period			
		Less than 12 months July 1, 2005 to June 30, 2006	12-36 Months July 1, 2006 to June 30, 2008	36-60 Months July 1, 2008 to June 30, 2010	After 60 Months Subsequent June 30, 2010
Senior unsecured fixed-rate bonds ¹	192,495	192,495	—	—	—
Convertible uncollateralized bonds ¹	304,710	12,431	24,861	267,418	—
BoE Bank Limited loan facility ¹	26,543	26,543	—	—	—
Africa Vanguard Resources ¹	4,800	—	—	—	4,800
Nedbank – AVR ¹	20,970	—	—	20,970	—

Dollars in thousands	Total	Payments Due by Period			
		Less than 12 months July 1, 2005 to June 30, 2006	12-36 Months July 1, 2006 to June 30, 2008	36-60 Months July 1, 2008 to June 30, 2010	After 60 Months Subsequent June 30, 2010
Gold Fields ¹	822	308	514	—	—
Nedbank – ARM 1 ¹	80,149	—	—	80,149	—
Nedbank – ARM 2 ¹	104,938	—	—	104,938	—
Post retirement health care ²	13,275	153	721	722	11,679
Environmental obligations ³	208,561	—	—	—	208,561
Total contractual obligations	957,263	231,930	26,096	474,197	225,040

¹ See Item 5. “Operating and Financial Review and Prospects – Liquidity and Capital Resources – Credit Facilities and Other Borrowings – Outstanding Credit Facilities and Other Borrowings.”

² This liability relates to post-retirement medical benefits of former employees who retired prior to December 31, 1996 and is based on actuarial valuations conducted during fiscal 2002.

³ Harmony makes provision for environmental rehabilitation costs and related liabilities based on management’s interpretations of current environmental and regulatory requirements. See Item 5. “Operating and Financial Review and Prospects – Critical Accounting Policies.”

Contractual Obligations off the Balance Sheet

The following table summarizes Harmony’s obligation with regards to operating leases:

	Total (\$'000)	Payment Due by Period			
		Less than 12 Months July 1, 2005 to June 30, 2006 (\$'000)	12-36 Months July 1, 2006 to June 30, 2008 (\$'000)	36-60 Months July 1, 2008 to June 30, 2010 (\$'000)	After 60 Months Subsequent to June 30, 2010 (\$'000)
Melrose Arch, South Africa	223	114	109	—	—
Musuku	72	33	39	—	—
Perth Office, Australia	336	112	224	—	—
Peru Office	12	12	—	—	—
Peru flat	7	7	—	—	—
	650	278	372	—	—

The following table sets forth our authorized capital expenditure as of June 30, 2005:

	Capital Expenditure	\$'000
Authorized and contracted for		4,226
Authorized but not yet contracted for		274,318
		278,544

Commercial Commitments

The following table provides details regarding Harmony’s commercial commitments as of June 30, 2005:

	Amount of Commitments Expiring by Period				
	Total (\$'000)	Less than 12 Months July 1, 2004 to June 30, 2005 (\$'000)	12-36 Months July 1, 2005 to June 30, 2007 (\$'000)	36-60 Months July 1, 2007 to June 30, 2009 (\$'000)	After 60 Months Subsequent to June 30, 2009 (\$'000)
Guarantees ¹	22,773	—	—	—	22,773
Capital commitments ²	4,226	4,226	—	—	—
Total commitments expiring by period	26,999	4,226	—	—	22,773

¹ Reflects guarantees for environmental rehabilitation expenses, principally environmental performance bonds required for Harmony's Australian operations. See *Item 4. "Information on the Company – Regulation – Environmental Matters."*

² Capital commitments consist only of amounts committed to external suppliers, although a total of \$683.3 million has been approved by the Board for capital expenditures.

Trend Information

Information on recent trends in Harmony's operations is discussed in *Item 4. "Information on the Company – Business – Strategy"* and "*– Results of Operations*" above.

Working Capital and Anticipated Financing Needs

The Board believes that Harmony's working capital resources, by way of cash generated from operations and existing cash on hand, are sufficient to meet Harmony's present working capital needs. Harmony expects that its business requirements through June 30, 2006 will be financed from internal resources and existing borrowings. For more information on Harmony's planned capital expenditures, see "*– Capital Expenditures*" above and *Item 4. "Information on the Company – Business – Harmony's Mining Operations."* Harmony may, in the future, explore debt and/or equity financing in connection with its acquisition strategy and/or major capital projects. See *Item 3. "Key Information – Risk Factors – Harmony's strategy depends on its ability to make additional acquisitions."* Harmony's Board believes that Harmony will have access to adequate financing on reasonable terms given Harmony's cash-based operations and modest leverage. Harmony's ability to generate cash from operations could, however, be materially adversely affected by increases in cash costs, decreases in production, decreases in the price of gold and appreciation of the rand against the US dollar. In addition, Harmony's ability to obtain additional financing could be limited by covenants in the term loan facility of April 18, 2002 between Harmony and BoE Bank Limited, which imposes debt to earnings ratios and minimum net worth requirements and prevents Harmony from pledging, selling or creating encumbrances over pledged assets including Harmony's shares of Free Gold. Access to financing could also be limited by provisions of Harmony's corporate bonds, under which Harmony may not permit encumbrances on its present or future assets or revenues to secure indebtedness for borrowed money, without securing the outstanding bonds equally and ratably with such indebtedness, except for certain specified permitted encumbrances. See *Item 5. "Operating and Financial Review and Prospects – Liquidity and Capital Resources – Credit Facilities and Other Borrowings – Outstanding Credit Facilities and Other Borrowings."* Future financing arrangements would also be subject to the limits on the Board's borrowing powers described in *Item 10. "Description of Ordinary Shares – Memorandum and Articles of Association – Directors – Borrowing Powers."* In addition, South African companies are subject to significant exchange control limitations, which may impair Harmony's ability to fund overseas operations or guarantee credit facilities entered into by overseas subsidiaries. See *Item "10. Additional Information – Exchange Controls and Other Limitations Affecting Security Holders."*

OTHER FINANCIAL INFORMATION

Export Sales

In fiscal 2005 and fiscal 2004, 83% of Harmony's gold produced in South Africa was refined by Harmony with the balance refined at the Rand Refinery. All of Harmony's gold produced in Australia in fiscal 2005 and 2004 was sold to AGR Matthey, a Perth-based refinery. In fiscal 2004 and fiscal 2003, approximately 85% of Harmony's gold produced in South Africa was refined by Harmony and exported, and the remainder was refined at the Rand Refinery, which is owned by a consortium of the major gold producers in South Africa.

Item 6. Directors, Senior Management and Employees

DIRECTORS AND SENIOR MANAGEMENT

The members of the Board, their principal past affiliations, information on their business experiences and principal outside activities and selected other information are set forth below:

Executive Directors

Bernard Swanepoel (44) BSc (Mining Engineering), BComm (Hons), and the Chief Executive. Bernard started his career with Gengold in 1983, culminating in his appointment as general manager of Beatrix Mine in 1993. He joined Randgold in 1995 as managing director of Harmony. For the past 10 years, Bernard has led the team behind the company's growth and acquisition initiatives. Bernard is a non-executive director on the Board of ARM Limited and is a non-executive member of the Sanlam Board.

Ferdi Dippenaar (44), BComm, BProc, MBA and an Executive Director, Corporate Affairs. Ferdi started his career at the Buffelsfontein goldmine in 1983 and completed his degrees through part-time studies while employed in various financial and administrative capacities at the Gengold mines. In 1996 he became managing director of Grootvlei and of East Rand Proprietary Mines. Following Harmony's acquisition of Grootvlei and Cons Modder, he was appointed Marketing Director of Harmony in 1997. He oversees Harmony's service delivery departments, corporate affairs and the company's investor relations.

Ted Grobicki (56), BSc (Hons) (Geology) MSc (Minerals Exploration) PrSciNat, FIMM, and an Executive Director. After fulfilling various roles within mining and exploration companies in South Africa, Namibia and Zimbabwe, Ted was appointed chief executive of Texas Gulf Inc. (South Africa) in 1979. He has since served at a senior executive level in a wide range of public and private companies in the mining sector and was appointed as non-executive director of Harmony in 1994. With Harmony's merger with Kalgold and WestRand Cons in 1999, he was appointed as executive director focusing on new business. Ted has 30 years' experience in all aspects of the mining industry, including exploration, evaluation, development, mine management and financial and corporate management. He currently oversees the strategic planning processes for Harmony's operations and undertakes a variety of other executive roles in the group. Ted has indicated that he intends to retire at the end of December 2005.

Nomfundo Qangule (38), BComm, BComm (Hons) CTA, CA (SA), Member of CAIB (SA) and appointed the Financial Director of Harmony in July 2004. Prior to joining Harmony, Nomfundo was the Executive Manager of Worldwide African Investment Holdings (Pty) Ltd (WAIH). She was one of the executive committee members of WAIH, responsible for providing strategic direction to the company. Other positions held by Nomfundo while at WAIH include chairperson of the Board of Argil Holdings (Pty) Ltd and non-executive director of CS Holdings Limited where she served as a member of the Remuneration, Audit and Investment committees. In addition she was an Executive Committee member and non-executive Director of Negotiated Benefits Consultants (Pty) Ltd. She worked in the Corporate and International Division of Nedcor Bank Limited as a Credit Manager. Later she joined ABSA Corporate and Merchant Bank's credit division. She is a qualified Chartered Accountant, a member of the Institute of Bankers and holds a certificate in financial markets from Acumen. Nomfundo obtained her BComm degree from Rhodes University and completed her B Compt (Hons) CTA through Unisa.

Non-Executive Directors

Patrice Motsepe (43) BA (Legal), LLB and the non-executive Chairman. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm McGuire Woods Battle and Boothe and was employed by this firm for approximately 3 years. In 2002, he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was winner of the Ernst & Young Best Entrepreneur of the Year Award. In 1994, he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the merger of Anglovaal Mining (Avmin). Patrice is the executive chairman of African Rainbow Minerals Limited (ARM) and the deputy chairman of Sanlam. His various business responsibilities include being President of Business Unity South Africa (BUSAs), which is the voice of organized business in South Africa, president of the Chambers of Commerce and Industry South Africa (CHAMSA), NAFCO and Mamelodi Sundowns Football Club.

Frank Abbott (50), BComm, CA(SA), MBL, non-executive Director. Frank joined the Rand Mines/Barlow Rand Group in 1981, where he obtained broad financial management experience at operational level. He was appointed as financial controller to the newly formed Randgold in 1992 and was promoted to financial director of that group in October 1994. Until 1997, he was also a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Proprietary Mines and a non-executive director of Harmony, which culminated in his appointment as financial director of Harmony in the same year. Following the ARM Limited/ARMI

transaction, it was agreed by the Board that Frank be appointed as Financial Director and board member of ARM Limited, he remains on Harmony's board as non-executive director.

Joaquim Chissano (65), an independent non-executive Director, Mr Chissano was appointed to Harmony's Board of directors with effect from 22 April 2005. Mr. Chissano is the former President of Mozambique who has served that country in many capacities initially as a founding member of the FRELIMO movement and one of the leaders during that country's struggle for independence (1962-1974). During the transition period of nine months that led the country to independence, he served as Prime Minister of the Transition Government (1974-1975). Subsequent to Mozambique's independence in 1975, he was appointed foreign minister and on the death of Samora Machel, assumed the office of President of the Republic and of the FRELIMO Party. He contested the multi-party presidential election held in Mozambique in 1994 and 1999 and won on both occasions. He declined to stand for a further term of office in 2004. His leadership at the helm of the FRELIMO Party and of government, advanced constitutional and economic reforms that helped to stop the devastating civil war and start the process of reconstruction of a shattered economy. More recently (2003-2004), he served as chairman of the African Union. He has the military rank of Major General.

Nolitha Fakude (40), BA (Hons) (Psychology, Education and English) and an independent non-executive Director. Nolitha has been a director of Harmony since September 2002. Nolitha Fakude is the President and chairperson of the Black Management Forum (BMF). Nolitha serves on various boards, including BMF Investment Company, Woolworths Holdings Limited, Business Partners, as well as the Bigen Africa Group Holdings (Pty) Limited. In 2004 Nolitha was appointed by the Gauteng MEC for Economic Affairs as one of the Rainmakers for the Blue IQ project. She also served as executive director of Nedcor Limited and recently accepted an appointment as executive director of Sasol Limited.

Dr. Simo Lushaba (39), BSc (Advanced Biochemistry), MBA, DBA, and an independent non-executive director. Simo has been a director of Harmony since October 2002. Simo also serves as non-executive Chairman of PIKITUP Johannesburg (Pty) Limited and as a non-executive director of Trans-Caledon Tunnel Agency (TCTA). He is currently the Chief Executive of Rand Water.

Rick Menell (50) BA, MA, MSc and deputy non-executive Chairman of Harmony. Trained as a geologist, Rick has been a merchant banker in New York and Melbourne. He also worked as an executive director of Delta Gold in Australia. He joined Avmin (Avmin Limited changed its name to ARM Limited in 2004) in February 1992 as assistant financial manager, mines. He was later appointed manager, finance and administration (mines) and then general manager, corporate services. Rick was appointed managing director of Avmin in 1996 and in 1999 to 2001 served as president of the Chamber of Mines of South Africa. He is also chairman of the South African Tourism Board, chairman of Village Main Reef Gold Mining Company (1934) Limited, a director of the Standard Bank Group Limited, Telkom Limited and Mutual & Federal Insurance Company Limited and a trustee of the National Business Trust. Rick is also the deputy non-executive chairman of ARM Limited. It is expected that Rick will step down towards the end of 2005 as his executive role within ARM Limited increases.

Modise Motloba (39) (BSc), Diploma in Strategic Management, Baruch College, New York and was appointed as an independent non-executive director of Harmony in July 2004. Modise started his career with Rand Merchant Bank in 1993 as a trainee in the treasury division, where he progressed to Money Markets Dealer and Risk Manager. He then moved on to African Merchant Bank in 1998 as the Head of the Money Markets Division. In 2000 he was employed by African Harvest Fund Managers as the Fixed Interest Portfolio Manager & Treasury Specialist and then worked as a Structured Debt and Equity Markets Specialist. He is the former President of the Association of Black Securities and Investment Professionals (ABSIP) and he led ABSIP and the Black Business Council in formulating the Financial Sector Charter with other industry bodies such as the Banking Council, Life Officers' Association and the JSE Limited. Modise is the recipient of the prestigious 2003 Black Business Quarterly Investment Specialist Award which recognizes a leader who made a lasting contribution in the investments arena and broader financial and economic landscape. Modise is a member of the South African Financial Markets Board and a member of the Standing Committee on the Revision of the Bank's Act 1990, under the auspices of the Ministry of Finance. He is also a council member of the NAFCOC/Johannesburg Chamber of Commerce and Industry (JCCI) Unity Committee. He is a director of companies including Wealthridge Investments, Uthajiri Investments and Africa Vukani Investment Management Services.

Cedric Savage (66) BSc (Eng), MBA, ISMP, an independent non-executive Director. Cedric commenced his career in the United Kingdom in 1960 as a graduate engineer with Fairey Aviation and in 1963 returned to South Africa where he worked in the oil (Mobil), textile (Felt & Textiles) and the chicken (Rainbow Chickens Limited) industries. In 1993/1994, he was appointed President of the South African Chamber of Business. He has also served as Chairman of the Board of Governors on the Natal University Development Foundation and as a member of Council of the University of Natal. He joined the Tongaat-Hulett Group in 1977 as Managing Director of Tongaat Foods and progressed to executive Chairman of the Building Materials Division, Chief Executive Officer of The Tongaat-Hulett Group Limited in 1991 and in May 2000, he assumed the dual roles of Chief Executive Officer and executive Chairman. He is currently non-executive chairman of the Tongaat-Hulett Group and serves on a number of other boards.

Dr. M. Nkosi and Mr. M. Fleming retired from the board on June 30, 2005.

Lord Renwick of Clifton KCMG resigned from the board on October 17, 2004.

Mr. M. Gule resigned from the board on December 24, 2004.

Secretary

Marian van der Walt (32) BCom (Law), LLB, Higher Diploma in Tax, Diploma in Insolvency Law and the Company Secretary of Harmony. Marian has nine years of legal experience and was appointed as Secretary on February 3, 2003. She completed her Articles at Roulledges Modise Attorneys and was admitted as an attorney and conveyancer in 1998. She then joined Deloitte and Touche as an Insolvency Practitioner/Administrator. Prior to joining Harmony, she held the positions of Legal Advisor, Credit Manager and Structured Finance Consultant at The Standard Bank of South Africa Limited in the Commercial Properties Division. Marian plays a pivotal role in the achievement of good corporate governance and the Board has empowered her accordingly.

Senior Management

The members of Harmony's senior management, their principal past affiliations, information on their business experiences and principal outside activities and selected other information are set forth below:

Bob Atkinson (53), NHD (Metalliferous Mining). In fiscal 2004, Bob was the Chief Operating Officer at Harmony Gold Australia and was appointed as Executive, Sustainable Development (safety and occupational health) at Harmony in South Africa in July 2004. He serves as Operations Director of Growth Projects. He has more than 30 years' experience in the mining industry. He joined Harmony as production manager in 1986 and served as Operations Manager on the Executive Committee from June 2001 to May 2003.

Jaco Boshoff (36), BSc (Hons), MSc (Geology), Pr.Sci.Nat. Jaco has been with Harmony since April 1996. Since March 2004 he has served as an Ore Resources executive and Competent Person. Prior to this appointment he was the Ore Reserve manager from 1998 to 2004 and before that also held geologist positions at Harmony and at Gengold. Jaco is registered as a professional geological scientist at the South African Council for Natural Scientific Professions and has worked in the mining industry for over 10 years.

Graham Briggs (51), BSc (Hons) (Geology), Pr.Sci.Nat. Graham has approximately 30 years' experience in the mining industry. Graham joined Harmony as New Business Manager in 1995 and is currently the Chief Executive of Harmony Australia and the regional manager for Australasia. Graham started his geological career as a field assistant in 1972 and had exposure to various exploration projects. Before attending university, Graham spent most of his time on gold exploration in the Free State. At Gengold he spent time on various mines including Buffelsfontein, West Rand Consolidated, Grootvlei and ended his career with Gengold as an Ore Reserve Manager at Beatrix. Graham has occupied a varied career in Harmony including a 20 month period in Canada, but as a core focus area, has concentrated on matters related to ore reserve management.

Yusuf Jardien (42), ICSA, PMD (UCT). Yusuf has served on the executive committee and is responsible for Business Process, Information Technology and Change Management. He has more than 20 years of information technology experience and has served as an executive at 3M South Africa and Unibank, responsible for information technology and logistics.

Tracey Jonkheid (35), B.A. Communication (Hons) (cum laude), MBA. Tracey has served as Harmony's internal strategist on a full-time basis since May 2002, in which capacity she advises the executive committee on implementing and integrating initiatives for internal change. She fulfilled this role as an external consultant on a part-time basis for 18 months prior to May 2002. Her background is in the advertising industry where she has worked as a strategist at four of South Africa's largest advertising agencies. Tracey is married to Bernard Swanepoel.

Philip Kotze (45), GDE (Mining Economics) (Wits), NHD (Metalliferous Mining) (Wits), DPLR (UNISA), MDP (Wits Business School). Philip started his career with Anglovaal in 1981. After completing a NHD in Metalliferous Mining in 1984, he joined AngloGold. During his period at AngloGold he was involved with a number of major projects. These included the establishment of mechanized deep level mine and restructuring of operations to optimum profitability. Philip left AngloGold at the end of 1996 and was responsible for starting up Kalahari Goldridge Mining Company, a low grade open pit gold mine in the Kalahari, South Africa. He was responsible for building the mine to design capacity and served as executive director. During 1999, following Harmony's acquisition of Kalgold, Philip became part of the Harmony executive committee. His role in Harmony has been operational in nature and mainly included the integration of new acquisitions .

Jackie Mathebula (35), B.Admin (Hons), MBA. Jackie joined Harmony in September 2002 as an Employee Relations and Industrial Relations Executive. In 2004 his portfolio was changed to Training, Human Resource Development and Occupational Health, and in 2005 to a position of Executive, Corporate Affairs. Prior to joining Harmony he was a General Manager, Human Resources for Gensec Bank, a Human Resources Manager at Gold Fields Limited Group and occupied various positions within the then Iscor Group. His last position at Iscor was that of Works Manager, Human Resources for the specialized steel products business. He also worked for the South African government in the Gazankulu Public Service Commission.

Dawie Mostert (36), PDM, PCM, MDP, Diploma in Labor Relations (DPLR) (Advanced Labor Law). Dawie joined Harmony in 1997 following the acquisition of Grootvlei, where he was the human resources manager. He has approximately 16 years' experience in the mining industry and is responsible for industrial relations.

De Wet Schutte (34), BComm (Acc), BCompt (Hons), CA(SA) and Executive Program University of Virginia (USA). De Wet joined Harmony in May 2004 and is responsible for Exploration and New Business Development. Before joining Harmony, De Wet spent seven years at Iscor Limited (now Ispat Iscor) in various positions including General Manager, Corporate Finance. He also brings experience from Metair Limited where he served as Group Financial Manager.

Peter Steenkamp (44), BSc (Eng), Mine Managers Certificate. Peter currently serves on the executive committee as Operations Director of the Leveraged Shafts. Peter joined Harmony in October 2003 following the merger with ARMgold. Prior to joining Harmony, he was an Executive Director of ARMgold in charge of Gold Operations. Peter has 21 years' experience in the mining industry. His career commenced as trainee miner with the Chamber of Mines Training College and after graduating he worked for Gold Fields Limited as a shift boss. Between 1989 and 1997, he was employed at Vaal Reefs in various positions, including shift boss, mine overseer, technical assistant, section manager and business unit manager. In 1998 he joined ARMgold as a business unit leader.

Boetie Swanepoel (45), BCompt (Hons), CA(SA). Boetie joined Harmony in 1995 as financial manager from Beatrix Mines. Boetie has more than 20 years' financial services experience, mostly in the mining industry. He was appointed to the executive committee in November 2000 and is responsible for the development of Harmony's shaft financial managers and the financial control environment.

Johannes van Heerden (32), BCompt (Hons), CA(SA). Johannes joined Harmony in 1998 as financial manager of the Free State operations, where he obtained broad financial management experience at operational level. Subsequent to that he was appointed as group financial manager in 2001, before being relocated in 2003 to his current location at Harmony Australasia as Chief Financial Officer.

Abre van Vuuren (45) BComm, MDP, DPLR. Abre joined Harmony in 1997 from Grootvlei, where he was human resources manager. He was appointed to the executive committee in November 2000 and is responsible for human resource processes and systems and remuneration. He has approximately 20 years' experience in the mining industry.

B. Saunders resigned on September 2, 2005.

M. Madhi resigned on September 30, 2005.

BOARD PRACTICES

The Articles of Association of Harmony provide that the Board must consist of no less than four and no more than twenty directors at any time. The Board currently consists of twelve directors.

Our Articles of Association provide that the longest serving one-third of directors retire from office at each annual general meeting. Retiring directors normally make themselves available for re-election and are re-elected at the annual general meeting on which they retire. Members of our senior management who are also directors retire as directors in terms of the Articles of Association, but their service as officers is regulated by standard industry employment agreements. According to the Articles of Association, the Board meets not less than quarterly.

Details of directors' service contracts are described under " – Compensation of Directors and Senior Management" and " – Directors' Terms of Employment," below. We also describe significant ways in which Harmony's corporate governance practices differ from practices followed by US companies listed on the NYSE on our website under "Corporate Governance."

In order to ensure good corporate governance, the Board has formed an Executive Committee, an Audit Committee, a Remuneration Committee, a Nomination Committee, an Investment Committee, an Employment

Equity Committee and Sustainable Development Committee. All of the Board committees are comprised of a majority of non-executive directors.

Executive Committee

Harmony's Executive Committee comprises the executive directors and selected senior officers of Harmony, each with his or her own area of responsibility. The Executive Committee consists of a Growth and Investment Committee, a Change Management Steering Committee and IBANDLA, which means "Meeting of Leaders". These committees meet either weekly, bi-weekly or once per month.

The composition of the Executive Committee (with areas of responsibility indicated) is as follows:

Bob Atkinson	Sustainable Development (Safety, Health and Environment), Operations Director (growth shafts)
Jaco Boshoff	Ore Reserves
Graham Briggs	Chief Executive, Harmony Australia
Ferdi Dippenaar	Service Delivery Departments, Corporate Affairs and Investor Relations
Ted Grobicki	Strategic Planning
Yusuf Jardien	Information Technology and Change Management
Tracey Jonkheid	Internal Strategy
Philip Kotze	Operations Director (quality shafts)
Jackie Mathebula	Sustainable Development (Training, Human Resource Development and Occupational Health)
Dawie Mostert	Industrial Relations
Nomfundo Qangule	Group Finance
De Wet Schutte	Exploration and New Business
Peter Steenkamp	Operations Director (leveraged shafts)
Bernard Swanepoel	Chief Executive
Boetie Swanepoel	Operational Finance
Johannes van Heerden	Finance (Australasia)
Abre van Vuuren	Human Resources Processes and Strategy

Audit Committee

Harmony's Audit Committee provides additional assurance to the Board regarding the quality and reliability of financial information used by the Board and the financial statements issued by the company. The committee assists the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal controls and control processes. This is in addition to the assistance with the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance, accounting standards and also provides support to the Board on our risk profile and risk management. All non-audit services provided by our external auditors must and are pre-approved by the Audit Committee.

An Audit Committee Charter has been adopted which sets out the role, responsibilities, duties, authority, membership and meetings of the Audit Committee and can be viewed on Harmony's website.

The Audit Committee meets periodically with our external and independent internal auditors and our executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment is maintained. The committee also monitors proposed changes in accounting policy, reviews the internal audit function and discusses the accounting implications of major transactions. In terms of the Sarbanes Oxley Act of 2002, the Audit Committee is directly responsible for the appointment, compensation and oversight of any auditor employed.

All members of the committee are knowledgeable about the affairs of Harmony and have a working familiarity with basic finance and accounting practices. In addition, members of management and financial personnel attend the Audit Committee meetings to address any questions posed by the members of the committee. Five Audit Committee meetings were held during fiscal 2005.

The independent non-executive members of the Audit Committee are:

- Cedric Savage (chairman)
- Dr Simo Lushaba
- Modise Motloba

Nomination Committee

The Nomination Committee makes recommendations to the Board on all new Board appointments and was formed to ensure that the procedures for appointments to the Board are formal and transparent. The responsibilities and

duties included in the Nomination Committee Charter were taken from the recommendations of the King Report. A copy of the Nomination Committee Charter is available on Harmony's website. The committee consists of three non-executive members, of which the majority are independent. One meeting was held during the year, which were attended by a majority of the members. The committee may invite any other relevant person, such as the Chief Executive, to attend.

The non-executive members of the Nomination Committee are:

- Patrice Motsepe (chairman)
- Nolitha Fakude
- Frank Abbott

Remuneration Committee

The Remuneration Committee meets at least once a year and comprises three non-executive directors, of which two are independent. The primary purpose of the Remuneration Committee is to ensure that our directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance. The remuneration of senior executive members of Harmony are set by a committee of Board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of the shareholders and to the company's financial and commercial health. The Remuneration Committee monitors and strengthens the objectivity and credibility of Harmony directors' and senior executive's remuneration system and to make recommendations to the Board on remuneration packages.

The committee meets whenever necessary to make recommendations relating to the remuneration of senior executives and executive directors. Two meetings were held during fiscal 2005. The Remuneration Committee Charter, which sets out the objectives, role, responsibilities, authority, membership and meeting requirements of the committee, is adhered to by all the members and a copy can be obtained from Harmony's website.

The non-executive members of the committee are:

- Patrice Motsepe (chairman)
- Dr Simo Lushaba
- Cedric Savage

Investment Committee

The Investment Committee was established in January 2004, focusing on major capital projects and acquisitions. The Investment Committee ensures that capital projects have been adequately budgeted for, due diligence and any other company procedures for mergers and acquisitions have been followed and cognizance has been taken of Black Economic Empowerment requirements. The Investment Committee consists of three non-executive members of which two are independent. The Committee meets at least once a year, but may, at its discretion, meet more often depending on the need. Three meetings were held during fiscal 2005. An Investment Committee Charter, which sets out the purpose, responsibilities and duties, authority, membership and meetings of the committee, was approved during fiscal 2005.

The non-executive members (of which two are independent) of the Investment Committee are:

- Dr Simo Lushaba (chairman)
- Frank Abbott
- Cedric Savage

Sustainable Development Committee

This committee monitors health, safety, social, HIV/AIDS and environmental performance and ensures that Harmony remains a committed socially responsible corporate citizen. Its main duties are:

- to develop the framework, policies and guidelines for safety, health, social, HIV/AIDS and environmental management;
- to review the policies and performance of the company, its divisions and its managed subsidiaries and the progressive implementation of its policies;
- to encourage independently managed subsidiaries, associates and significant investments to develop policies, guidelines and practices congruent with our safety, health, social, HIV/AIDS and environmental policies;

- to monitor key indicators on accidents and incidents and, where appropriate, ensure that they are communicated to other companies managed by or associated with the company;
- to consider material national and international regulatory and technical developments in the fields of safety, health, social, HIV/AIDS and environmental management; and
- to facilitate participation, co-operation and consultation on safety, health, social, HIV/AIDS and environmental matters with government, industry, national and international organizations and institutions.

The Sustainable Development Committee makes recommendations to the Board where it deems particular attention required. The committee operates in accordance with specific terms of reference which is currently being reviewed to include matters such as corporate social investment and HIV/AIDS. Four meetings were held during the year which were attended by a majority of the members.

The committee meets periodically and comprises three independent non-executive directors:

- Modise Motloba (chairman)
- Nolitha Fakude
- Rick Menell

Employment Equity Committee

The Employment Equity Committee was established by the Board to ensure that the company meets not only the employment equity regulations stipulated in the Labor Relations Act and in the Mineral and Petroleum Resources Development Act's Mining Charter Scorecard, but also fulfils Harmony's own empowerment credentials. The primary purpose of the Employment Equity Committee is to provide guidance to management in developing and implementing a competitive human resource strategy to ensure that Harmony is able to attract, retain and develop the best possible talent to support superior performance.

The responsibilities and duties of the Employment Equity Committee include:

- ensuring that a sustainable organizational culture, structures and processes are in place that will support the development of employees and to optimize their potential, in line with the Company's needs and requirements;
- auditing, monitoring and reviewing the development and progress of these employees;
- addressing inequalities that may exist in staff profiles and organizational practices;
- reviewing and monitoring whether appropriate support is given to previously disadvantaged staff in order to equip them for successful careers within Harmony.

The committee typically meets at least once a year or more often should the need arise. No committee meeting was held during fiscal year 2005 although employment equity issues were addressed by the Board.

The independent non-executive members of the Employment Equity Committee are:

- Nolitha Fakude (chairman)
- Modise Motloba
- Rick Menell

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT – FISCAL 2005

Name	Directors' fees (\$000)	Salaries and benefits ¹ (\$000)	Retirement contributions during the year (\$000)	Bonuses paid (\$000)	Total Compensation (\$000)
Patrice Motsepe	18	—	—	—	—
Frank Abbott ²	—	—	—	—	—
Nolitha Fakude	22	—	—	—	—
Dr. Simo Lushaba	19	—	—	—	—
Rick Menell	13	—	—	—	—

Name	Directors' fees (\$000)	Salaries and benefits ¹ (\$000)	Retirement contributions during the year (\$000)	Bonuses paid (\$000)	Total Compensation (\$000)
Dr. Morley Nkosi	16	—	—	—	—
Modise Motloba	14	—	—	—	—
Mike Fleming ³	25	—	—	—	—
Lord Robin Renwick ⁴	4	—	—	—	—
Cedric Savage	23	—	—	—	—
Executive⁵					
Bernard Swanepoel	—	296	44	—	340
Ferdi Dippenaar	—	196	32	—	228
Ted Grobicki ⁶	—	382	34	—	416
Mangisi Gule ⁷	—	69	2	—	71
Nomfundo Qangule ⁸	—	175	15	—	190
Senior Management (as a group)⁹	—	2,423	—	—	2,423
TOTAL	154	3,541	127	—	3,668

¹ 4% increase granted to executive directors in October 2004.

² Frank Abbott has waived his non-executive Directors' fee. Frank was the financial director of Harmony until June 30, 2004.

³ Retired from the Board on June 30, 2005.

⁴ Resigned from the Board October 17, 2004.

⁵ Our executive directors have waived their Directors' fees in terms of our Articles of Association.

⁶ Ted Grobicki's salary is paid in \$Aus.

⁷ Mangisi Gule's salary was paid from July 1, 2004 to December 24, 2004, when he resigned from the Board.

⁸ Appointed on 26 July 2004, Nomfundo Qangule's salary is reflected for the 11 month period since the date of her appointment.

⁹ Includes salaries paid to Brenton Saunders and Mohamed Madhi who resigned on September 2, and September 30, 2005, respectively.

Directors Terms of Employment

No Harmony director has a service contract with Harmony or any of its subsidiaries with a notice or contract period of one year or more or with provisions for pre-determining compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind.

The terms of employment by Harmony of the executive directors continue until terminated by reaching the mandatory retirement age of 63 or on service of 30 days' notice by either the employee or Harmony. Each of our executive directors participates in the Harmony share option scheme and a discretionary executive profit share scheme, the latter provided that certain profit targets, set by the Remuneration Committee, are achieved. They have all waived their rights to directors' fees.

The executive directors also benefit from pension contributions, life insurance and medical aid, the value of which is included in the salary details listed above. The total amount currently set aside or accrued by Harmony and its subsidiaries for the payment of these pension, life insurance, medical aid and retirement benefits is approximately R0.793 million (\$0.128 million). The non-executive directors are entitled to fees as agreed at Harmony's annual general meeting from time to time, reimbursement of out-of-pocket expenses incurred on Harmony's behalf and remuneration for other services, such as serving on committees. Currently, each non-executive director is entitled to R20,000 per quarter plus R5,000 per quarter for every Board sub-committee on which he or she serves. It was agreed at a Remuneration Committee meeting held on July 30, 2004 and at a shareholders' meeting in November 2004 that non-executive directors will receive an additional daily fee of R4,000 for any services provided over and above their normal duties as non-executive directors.

The terms of employment of the non-executive directors are not set out in any written agreements.

Share Options

No share options were exercised by those executive directors who were with Harmony during the entire fiscal 2005.

At October 21, 2005, Harmony's directors and senior management held the following share options, totaling less than 1% of Harmony's share capital:

Directors	Number of Share Options	Average strike price	Expiration Dates
Bernard Swanepoel	469,767	51.58	August 2014
Ferdi Dippenaar	237,141	51.58	August 2014
Ted Grobicki	303,700	44.19	August 2014
Nomfundo Qangule	186,124	52.58	August 2014
Patrice Motsepe	—	—	—
Frank Abbott	73,400	49.6	June 2006
Joaquim Chissano	—	—	—
Nolitha Fakude	—	—	—
Dr. Simo Lushaba	—	—	—
Rick Menell	—	—	—
Modise Motloba	—	—	—
Cedric Savage	—	—	—
Senior Management (13 persons)	2,184,395	54.03	August 2014

Share Ownership

The following sets forth, as at June 30, 2005 and at October 21, 2005, the total amount of ordinary shares directly or indirectly owned by the directors and senior management of Harmony. The directors and senior management of Harmony do not own any preference shares.

Holder	Ordinary Shares		Ordinary Shares	
	Number as at June 30, 2005	Percentage	Number as at October 21, 2005	Percentage
Directors				
Non-executive				
P. Motsepe**	—	—	—	—
F. Abbott	—	—	—	—
J. Chissano	—	—	—	—
N. Fakude	—	—	—	—
Dr. S. Lushaba	—	—	—	—
R. Menell	800	*	800	*
M. Motloba	—	—	—	—
Dr. M. Nkosi †	—	—	—	—
M. Fleming †	—	—	—	—
C. Savage	—	—	—	—
Executive Directors	—	—	—	—
B. Swanepoel	—	—	10,000	*
F. Dippenaar	—	—	—	—
N. Qangule	—	—	—	—
T. Grobicki ***	30,000	*	30,000	*
Total Directors (12 persons)	30,800	*	40,800	*
Total Senior Management (13 persons)	—	—	—	—

† Resigned from the Board on June 30, 2005.

* Indicates beneficial ownership of less than 1% of the relevant class of securities.

** The 14% indirect shareholding held by P Motsepe was transferred to ARM Limited in accordance with the ARM transaction in April 2004. See “Related Party Transactions.”

*** All holdings are beneficial, other than the 30,000 held by T. Grobicki on behalf of a trust of which he is a trustee, but not a beneficiary.

Options to purchase a total of 18,213,084 ordinary shares were outstanding on June 30, 2005 which were awarded/allocated to management. The exercise prices of the outstanding options range between Rand 22.90 and Rand 93.00 per share and they expire between 2008 and 2015. Of the outstanding options, options to purchase 2,596,250 ordinary shares were held by directors and senior management of Harmony and its subsidiary companies, as described above. No consideration was payable on the grant of these options. No further share options have been granted since June 30, 2005.

EMPLOYEES

General

The South African underground gold mining industry is very labor-intensive. The Australian gold mining industry involves more mechanized mining, which is less labor intensive. The following table lists the total number of employees at each of Harmony’s operations, together with people working at Harmony’s operations but employed by outside contractors, at June 30 of the past three fiscal years:

	Harmony employees at June 30,			Outside contractors at June 30,		
	2005	2004	2003	2005	2004	2003
South Africa						
Elandskraal	4,149	6,213	6,611	14	24	490
Free State (old)	11,365	10,974	12,317	78	69	686
Free Gold	15,404	17,975	8,573 ^{1,2}	61	84	839
Evander	5,895	7,344	6,770	7	15	1,425
Randfontein	5,640	6,756	7,154	86	92	589
Kalgold	180	188	229	2	—	282
ARMgold	3,530	4,746	—	78	75	—
Avgold	435	534	—	5	—	—
Other	71	667	12	—	—	—
Australia	198	516	255	555	512	309
Canada						
Bissett	—	—	6	—	—	—
Papua New Guinea	200	269	215	35	5	12
Total	47,067	55,913	41,927	921	871	4,945

¹ This represents Harmony’s 50% interest in the Free Gold Joint Venture for 2003 and 2004.

² This includes St. Helena’s employees.

Unionized Labor

South Africa

Labor relations in South Africa are regulated by legislation that entrenches the rights of employees in respect of:

- prescribed minimum levels of compensation and benefits;
- trade union access and membership;

-
- the right to strike;
 - mandatory compensation in the event of termination for operational reasons;
 - affirmative action policies and programs;
 - compensation in the event of occupational illness or injury; and
 - financing of training programs.

In the mining industry in particular, the relationship at work between unions, the company and the state (the so-called tri-partite relationship) is strictly governed and provides for consultation and joint management of many operational issues, including for example, health and safety.

The major unions present and recognized by Harmony are: the National Union of Mineworkers (NUM), the United Association of South Africa (UASA), Mineworkers' Solidarity and the South African Electrical Workers' Association (SAEWA).

Union representation at Harmony in South Africa as at June 30, 2005:

- o NUM 78.5%
- o UASA 7.2%
- o Solidarity 2.0%
- o SAEWA 0.2%
- o Balance (not unionized) 12.10%.

As a result of our highly unionized labor force and the fact that labor costs constitute approximately 50% of production costs, we have attempted to balance union demands with the need to contain and reduce cash costs in order to ensure the long-term viability of its operations.

We have been restructuring our operations, mainly as a result of the external economic factors, and have been working with the unions over the past two years as part of the restructuring process. An agreement was entered into in the first half of 2004 with all unions on principles that are meant to guide the retrenchment process. The agreement was the first of its kind in the gold mining industry. The principles agreed included the following:

- reskilling, retraining and redeployment of surplus employees for alternative vacant positions that may exist at a particular operation or other Harmony operations;
- implementation of CONOPS (described below) to create additional job opportunities;
- transferring surplus or redundant employees to other Harmony operations that have placement opportunities;
- opening up voluntary retrenchment to minimize the impact of restructuring and/or closure of shafts/mines; and
- replacing contractors, who are involved in non-specialized work, with Harmony employees;

In addition, we have concluded a "social plan" agreement, which offers retrenched employees the opportunity to receive portable skills which entail training such as bricklaying, plumbing, carpentry, welding, basic farming and manufacturing. The costs are to be borne on a 50/50 basis between companies and the Department of Labor in respect of South African citizens and 100% in respect of non-South Africans. Our portion of the funding will be sourced from the Social Plan Trust Fund, which is valued at Rand 21 million. In particular, the social plan has been affected by the restructuring in the Free State. In the Free State to date there have been 1,635 compulsory retrenchments and 1,414 voluntary retrenchments.

The restructuring proceeded smoothly in most regions in fiscal 2005, but unfortunately we were unable to implement the agreement with the unions at the Free State operations. The reality was that the loss-makers and mined-out shafts have to be scaled down, closed or placed on care-and-maintenance, not only to stem the losses but also to stop depleting reserves that might become profitable with time at a higher gold price.

At the beginning of January 2005, the NUM withdrew its support for Sunday work permission at all our Free State operations, excluding Target. (Permission for Sunday work is given by the Department of Minerals and Energy (DME) and requires union support). Other delays in the much-needed Free State restructuring program included the receipt on May 6, 2005 of an 11th-hour Labor Court interdict against the planned restructuring.

Therefore, on May 19, 2005 we had to restart our restructuring process, beginning with the issue of a Section 189 notification (in terms of the South African Labor Relations Act) at our affected operations. The Section 189 notification provided for a 60-day notice and consultation period for all potentially affected employees and shafts. Following a period of consultation, negotiation and planning, we signed a new agreement with the NUM on July 19, 2005. This allowed us to right-size the Free State operations and re-implement CONOPS at our two biggest Free State operations, Tshepong and Bamabanani, and later in the year, we will implement CONOPS at the Masimong shaft complex. As part of the agreement, we undertook to replace non-specialized contractors with our own surplus employees, to transfer employees to vacancies at our other South African operations where possible, and to offer voluntary retrenchments for a period of two weeks.

The re-implementation of the CONOPS agreement in the Free State is subject to a successful application for Sunday-work permission, which will be for an initial period of 14-months. The agreement provides for a three-month notice period of either party's intentions to terminate CONOPS. The agreement also provides for the implementation of the job-loss avoidance measures to be monitored and for dispute resolution under the auspices of the Council for Conciliation, Mediation and Arbitration (CCMA).

CONOPS has not been implemented at all shafts, nor will it be. CONOPS will only be efficient at those operations with the sufficient ore reserves and infrastructure capacity. The implementation of CONOPS is not only a sensible business decision, it also aligns our work practices with those of mining companies internationally, makes best use of assets and infrastructure, and maximizes benefits for employees and other stakeholders. By introducing CONOPS, we are, however, going against current and historical practices in South Africa.

Harmony participates in industry-wide Central Chamber of Mines negotiations for Category 3 to 8 semi-skilled employees. Wage negotiations within the Central Chamber of Mines generally take place on a company-wide basis, while negotiations on other working conditions and with other unions and associations take place on a mine-by-mine basis. Employees at Kalgold and Free Gold are not covered by the Central Chamber of Mines negotiations and, accordingly, these employees are not covered by the two-year agreement concluded in August 2001. On May 31, 2002, following a strike, Harmony concluded a one-year wage agreement with Kalgold's NUM branch, resulting in an average wage increase of 9% for workers in the lowest job category, which consists of general laborers, and an average wage increase of 8% for the remainder of the covered employees, which consists of semi-skilled and skilled employees working as plant operatives and artisan assistants.

Harmony experienced no significant strikes in fiscal 2003. In fiscal 2004, following a protected strike that lasted from February 12, 2004 to February 16, 2004, we and the NUM reached an agreement on annual wage increases. NUM accepted our proposal and these employees have now been included in the bi-annual wage agreement.

We experienced a number of strikes during fiscal 2005, one an industry-wide strike and the others mainly related to restructuring. These were all resolved in an amicable fashion. In total, 422,754 shifts were lost in fiscal 2005 at the South African operations as a result of strike action. The most significant strike was the one from March 23, 2005 to April 6, 2005 at our Free State operations, which were mainly about housing and outsourcing issues; 277,452 shifts were lost as a result of the strike.

Australia

Employee relations in Australia are regulated by a combination of federal and state statutes that stipulate minimum standards and provide for collective bargaining and action. All employment contracts are Australian Workplace Agreements under federal and legislation. Our Australian workforce is not unionized.

Harmony continues to work to improve workplace relationships, have effective domestic dispute settlement arrangements and through the establishment of a statutory body, the Commission for Conciliation, Mediation and Arbitration.

Share Option Scheme

Harmony has employee share option schemes under which certain qualifying employees may be granted options to purchase shares in Harmony's authorized but unissued ordinary shares. Of the total 8,000,000 ordinary shares under the specific authority of the directors in terms of the Harmony 2001 Share Option Scheme, 7,572,500 have been offered to participants leaving a balance of 427,500. In addition, a total of 1,065,400 shares were still outstanding under the Harmony 1994 Share Option Scheme. On November 12, 2003, an additional 23,204,960

ordinary shares were approved to be offered to participants under the Harmony 2003 Share Option Scheme. As of June 30, 2005, options for Harmony employees to acquire 13,532,997 ordinary shares were granted, leaving a balance of 9,671,963.

Under the 1994 Share Option Scheme, the maximum number of share options that could be granted was equal to 10% of the outstanding Harmony Ordinary Shares on the date of the grant. At the annual general shareholders' meeting held on November 16, 2001, Harmony's shareholders approved the 2001 Share Option Scheme to replace the 1994 Share Option Scheme. The 2001 Share Option Scheme came into effect on November 16, 2001; however, options previously issued under the 1994 Share Option Scheme remain in force. The terms of the 2001 Share Option Scheme are substantially equivalent to the 1994 Share Option Scheme, except that the maximum number of share options that may be granted under the 2001 Share Option Scheme is a fixed amount (8,000,000) rather than a percentage of share capital. Options granted under the 1994 Share Option Scheme that remain outstanding are not counted against this maximum.

A Share Option Scheme (the 2003 Scheme) was approved by shareholders on November 14, 2003. The total number of shares reserved for the 2003 Scheme was 23,234,960, which represented 9% of the issued share capital of the company as at September 16, 2003. It was the intention at the time to reserve 4% of the then issued share capital for managerial employees and 5% for broad-based participation by non-managerial employees. 5% of the 2003 Scheme has been allocated to management.

Shares which are the subject of lapsed or terminated options and shares which are the subject of options which have been exercised by participants who are no longer employees shall not be regarded as being reserved for the 2003 Share Option Scheme.

The Share Option Schemes may be amended from time to time (whether retrospectively or otherwise) by the Board in any respect (except for certain specific clauses that may only be amended through approval in a general meeting), provided that no such amendment shall operate to alter the terms and conditions of any option granted to a participant prior thereto, without the written consent of that participant and provided that the prior written approval of the JSE has been obtained. Share option allocations are approved by the Remuneration Committee. No share options were re-priced during the 2005 fiscal year.

Broad-Based Scheme

In line with our negotiations with the unions, a decision has been taken to form a separate broad-based employee share option scheme or trust (the Broad-Based Scheme), with the beneficiaries thereof being non-managerial employees and communal employee beneficiary schemes, aimed at benefiting our non-managerial employees and their families. The total number of shares to be reserved for the Broad-Based Scheme will be 5% of our current issued share capital — thus increasing the number of shares available for broad-based participation by non-managerial employees from the initially proposed 12,908,311 to 19,667,060. Options will be granted under the Broad-Based Scheme, subject to certain employee performance linked milestones which can be realistically achieved. Once achieved, the value is unlocked to the Broad-Based Scheme for the ultimate benefit of the non-managerial employees. Management and employees will jointly participate in the structuring of the Broad-Based Scheme, which the company intends forming and implementing during the current financial year. It is the intention of the company to structure the Broad-Based Scheme to maximize recognition of black participation therein, both from the perspective of the Mineral and Petroleum Resources Development Act and the Broad-Based Black Economic Empowerment Act.

Amendment to 2003 Scheme

At the Shareholders' meeting to be held on November 4, 2005, shareholders will be required to approve the amendment of clause 3.2 of the Harmony (2003) Share Option Scheme by substituting it with the following clause:

“3.2 The aggregate number of unissued shares that may be used for the Option Scheme and the Existing Schemes, shall not exceed 14% of the issued share capital of the Company from time to time, which as at 1 September 2005 is represented by 55,067,767 shares. Shares which are the subject of lapsed or terminated options and shares which are the subject of options which have been exercised by participants who are no longer employees shall not be regarded as being reserved for the Option Scheme.”

This ordinary resolution is required as the Harmony (2003) Share Option Scheme limited the aggregate number of shares that may be used for the Scheme and the other existing Schemes to 14% of the issued share capital of the company as at September 16, 2003. The issued share capital of the company has increased substantially since September 16, 2003 and the amendment accommodates this.

Share Purchase Scheme

On November 29, 1999, Harmony adopted a Share Purchase Scheme in which eligible employees may participate. The Share Purchase Scheme provides for a share purchase trust controlled by Harmony. In 2003, Harmony adopted a Share Purchase Scheme in which 1994 and 2001 Share Option Scheme participants respectively were allowed to participate. Up to March 27, 2003, the Share Purchase Scheme was used for the purpose of making loans to employees to exercise their options under the 1994 Share Option Scheme. On March 27, 2003, it was resolved that in view of US legislation the trust would no longer provide recourse loans to employees to acquire shares. Non-executive directors serve as trustees for the share purchase trust. The trustees are not eligible to receive loans from the trust.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

Harmony is an independent gold producer, with no single shareholder exercising control. As of October 21, 2005, the issued share capital of Harmony consisted of 393,401,244 ordinary shares. To the knowledge of Harmony, (A) Harmony is not directly or indirectly owned or controlled (i) by another corporation or (ii) by any foreign government and (B) there are no arrangements (including any announced or expected takeover bid), the operation of which may at a subsequent date result in a change in control of Harmony.

The voting rights of Harmony's major shareholders do not differ from the voting rights of other holders of the same class of shares.

Significant changes in the percentage ownership held by major shareholders in the past three years are described below on "Related Party Transactions".

A list of the 5% holders of our securities as of September 30, 2005 is set forth below:

Holder	Number of Shares	Percentage
1. The Bank of New York ¹	145,265,225	36.9%
2. ARM Ltd. ²	63,632,922	16.2%
3. Allan Gray Ltd.	55,349,494	14.1%
4. JP Morgan Chase Bank ³	24,096,371	6.13%

¹ Depository with respect to the ADRs held on the U.S. register.

² Patrice Motsepe has an indirect holding in ARM Limited.

³ Depository with respect to Harmony's International Depository Shares.

The voting rights of Harmony's major shareholders do not differ from the voting rights of other holders of the same class of shares.

As of October 21, 2005, there were 2,755 holders of record, which accounted for less than 1% of our ordinary shares. In addition, there were 121,566,148 ADRs outstanding at that date, representing 30.9% of our share capital.

RELATED PARTY TRANSACTIONS

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had any interest, direct or indirect, in any transaction since July 1, 2002 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

ARM Limited currently holds 16.2% of Harmony's shares. Patrice Motsepe, Bernard Swanepoel, Frank Abbott and Rick Menell are directors of ARM Limited.

Harmony's shareholding in African Rainbow Minerals Limited, or ARM Limited was diluted in fiscal 2004 following a range of transactions to restructure ARM Limited among Harmony, ARM Limited and ARMI. ARMI is represented by Patrice Motsepe, a non-executive director and chairman of Harmony and executive chairman of ARM Limited. The reorganization principally involved the sale to ARM Limited of (i) ARMI's holding of 35,002,396 shares in Harmony; (ii) all of the issued shares in ARM Platinum, now a subsidiary of ARM Limited; and (iii) the sale of ARMI's interest in certain loans to ARM Mining Consortium Limited. As a result, Harmony's interest in ARM was diluted from 34.5% to 19.84%. In addition, in May 2004, Harmony issued 28,630,526 ordinary shares to ARM in exchange for Avgold shares to acquire a 42.2% holding in Avgold, formerly a subsidiary of ARM Limited. A further 31,888,830 ordinary shares were issued to ARM Limited on May 17, 2004 and May 20, 2004 to acquire the

shareholding of the Avgold minorities and Avgold is now a wholly-owned subsidiary of Harmony. Also as part of the reorganization transactions, ARM Limited acquired the Kalplats platinum discovery and associated mineral rights from Kalgold, a subsidiary of Harmony. Kalgold has renounced its rights to the 2,000,000 ARM Limited shares it received in the acquisition in favor of Harmony.

In fiscal 2005 we decreased our interest in ARM Limited. On February 3, 2005, we undertook a secondary placing of 3,703,704 shares of our holding in ARM Limited at a price of R27.00 per share. On March 15, 2005, we placed another 3,418,803 of our ARM Limited shares at a price of R29.25 per share. Following the ARM Empowerment Trust transaction described below, the remaining 3% shareholding in ARM Limited was sold in the open market on May 27, 2005, at R29.01 (US\$ 4.42) per share, realizing net proceeds of R146,573,431 (US\$ 22,326,494) (translated at US\$1 = R6.565, the rate on May 27, 2005).

On April 21, 2005, we disposed of our 14% investment in ARM Limited (the balance of our shareholding, save for the 3% described above) to The ARM Broad-Based Economic Empowerment (BEE) Trust, known as the ARM Empowerment Trust, for a cash consideration of R829,827,460 (US\$ 136,765,960) representing a price of R29.00 (US\$ 4.78) (translated at US\$1 = R6.0675, the rate on April 21, 2005) per ARM share. The ARM Empowerment Trust has been established for the purpose of holding the ARM Limited shares to further facilitate broad-based empowerment in ARM Limited's shareholder base, which in turn benefits Harmony by enhancing Harmony's empowerment credentials.

Two of our directors, Nomfundo Qangule and Frank Abbott (Financial Director of ARM Limited), are trustees of the ARM Empowerment Trust. ARM is one of Harmony's largest shareholders and BEE partner holding 16.2% of Harmony. On April 15, 2005, the ARM Empowerment Trust entered into a term loan facility of R356,149,124 million (US\$ 56,689,077) (translated at US\$1 = R6.2825, the rate on April 15, 2005) with Nedbank Limited, or Nedbank for the purpose of funding the ARM Empowerment Trust's partial acquisition of the shares Harmony held in ARM. The loan bears interest, compounded monthly, at a variable rate linked to the JIBAR. Interest accrued during the year ended June 30, 2005, amounted to R8 million (US\$ 1.29 million). The loan is repayable on the fifth anniversary of the advance date.

Also on April 15, 2005, the ARM Empowerment Trust entered into a second term loan facility of R480,400,000 million (US\$76,466,375) (translated at US\$1 = R6.2825, the rate on April 15, 2005) with Nedbank for the purpose of funding the balance of the ARM Empowerment Trust's acquisition of the shares Harmony held in ARM Limited. The loan bears interest, compounded monthly, at a variable rate linked to the JIBAR. Interest and additional charges accrued during the year ended June 30, 2005, amounted to R9 million (US\$ 1.5 million) and R7 million (US\$1.1 million). The loan is repayable on the fifth anniversary of the advance date.

The purchase by the ARM Empowerment Trust of the 14% stake in ARM Limited was partially financed and underwritten by Harmony. Although the Trust is fully liable, Nedbank has a put option whereby the second loan of R480,400,000 (US\$76,466,375) can be put to Harmony by Nedbank in the event of default of either of the loans obtained by the Trust in acquiring the shares from Harmony. In addition, Harmony is entitled at any time up to the facilities discharge date to call the loan. The put and call option, together with the fact that two of Harmony's directors are trustees of the ARM Empowerment Trust, resulted in Harmony not being able to demonstrate that control over the shares have been surrendered for accounting purposes. Therefore, Harmony has not been able to reflect the transfer of its investment to the ARM Empowerment Trust as a sale and the total liability to Nedbank and the total investment in ARM Limited has been accounted for in Harmony's consolidated balance sheet. See discussion of ARM Empowerment Trust in consolidated financial statements. This is intended to be unwound as the "B" units in the ARM Empowerment Trust are taken up and paid for by the beneficiaries of the ARM Empowerment Trust.

We acquired several companies owned by ARMI as part of the ARMgold acquisition in September 2003 pursuant to which Harmony acquired all of the shares in ARMgold. These companies had competitive contractual arrangements with ARMgold for the provision of services and supplies related to ARMgold's business which were entered into before the ARMgold merger. These companies provided services and supplies to the merged company and were sold in July 2004 and November 2004. See Note 12 of our consolidated financial statements included in this annual report.

Certain of ARMI's subsidiaries and community development companies established for the benefit of the 60,000 community residents living near the ARM Mining Consortium/Anglo Platinum Joint Venture mine received non-interest bearing loans from ARMgold prior to the ARMgold merger in the aggregate amount of R37 million. No interest was charged due to ARMgold's long-term commitments and contribution to upliftment and empowerment, for which ARMgold has received recognition and credit. These loans were repaid in full as of June 30, 2004.

INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

Item 8. Financial Information

CONSOLIDATED STATEMENTS

Please refer to Item 18. "Financial Statements" of this annual report.

Legal Proceedings

None of Harmony's property is the subject of pending material legal proceedings. We experience a number of claims and legal and arbitration proceedings incidental to the normal conduct of our business. Our management does not believe that liabilities related to such claims and proceedings are likely to be, individually or in the aggregate, material to our consolidated financial condition.

In December 2004, 10 plaintiffs employed at the Elandsrand Mine instituted actions in respect of silicosis claims. The First Defendant in these matters is Anglo American Corporation of South Africa Limited, with Harmony cited as the Second Defendant. These 10 claims constitute test cases in relation to claims for damages for silicosis allegedly contracted by the plaintiffs over their period of employment with Anglo American and Harmony at Elandsrand. The Occupational Diseases and Mine Works Act (unlike other similar legislation) does not contain a clause precluding employees from instituting claims against employers for damages arising from an occupational disease. While we cannot guarantee a favorable result, the Board does not believe that the present 10 test cases present a significant risk and the probabilities vastly favor a dismissal of the actions.

On April 15, 2002, Wadethru Securities (Pty) Ltd, or Megamore, brought an action against Harmony in the High Court in South Africa. Megamore has claimed damages totaling R69,403,299 for various claims relating to a Vamping Agreement and a Sale Agreement in respect of Brand 2 Shaft. Megamore is currently in liquidation and the appointed liquidator will decide whether or not to proceed with this claim. Harmony has prepared a response to each claim to facilitate the liquidator's ability to make a decision. Harmony does not believe the Megamore claims have merit, although there is no guarantee that the liquidator will agree not to proceed with the claim and in fiscal 2005 liquidators indicated that they will not pursue the claim.

On September 23, 2002, Harmony and Durban Roodepoort Deep, another South African gold mining company, filed a complaint with the South African Competition Commission against Iscor, a South African steel producer. The complaint alleges that Iscor is abusing its dominant position by charging excessive prices for its local flat steel products and providing inducements for steel purchasers to refrain from importing competing steel products. The Competition Commission did not refer the complaint to the Competition Tribunal. On February 27, 2004, Harmony and Durban Roodepoort Deep referred the complaint to the Competition Tribunal for determination and the parties to the complaint are in the process of exchanging pleadings. We are presently awaiting a date for the hearing.

Gold Fields Proceedings

There were a number of legal and regulatory proceedings that occurred during the course of the bid for Gold Fields Limited in fiscal 2005 which began in October 2004 and culminated in May 2005 with a South African High Court ruling to the effect that Harmony's subsequent offer for Gold Fields lapsed on December 18, 2004. The ruling did not effect Harmony's initial offer for Gold Fields, which resulted in Harmony owning approximately 11.5% of the issued share capital of Gold Fields, of which approximately 6.1% was sold in June 2005. Following the sale, Harmony holds 26,629,409 Gold Fields shares, representing approximately 5.4% in the issued share capital of Gold Fields.

Dividends and Dividend Policy

We paid interim and final dividends on our ordinary shares in 2003 and 2004. Due to operating conditions and our commitment to expenditure on long-term growth projects, we were not able to declare any dividends in fiscal 2005. An interim dividend was declared by the Board for the first six months of the fiscal year and paid during the third quarter of the fiscal years 2003 and 2004. For information on Harmony's accounting policy relating to dividends, see note 2(w) to the consolidated financial statements.

The following table sets forth the dividends announced and paid in respect of Harmony ordinary shares for the periods indicated.

	Total net dividends per ordinary share (in ZAR)
Final Dividend June 30, 2002	4.25
Interim Dividend December 31, 2002	1.25
Final Dividend June 30, 2003	1.50
Interim Dividend December 31, 2003	0.40
Final Dividend June 30, 2004	0.30

South African law was relaxed to permit the distribution of a company's equity as a dividend, provided that the necessary shareholder or board approval is obtained and, after the distribution of the dividend, the company remains solvent and liquid. Cash dividends, however, may only be paid out of accumulated profits or other distributable reserves. Previously under South African law, a company's equity could not be distributed as a dividend. The amount of dividends, if any, paid in the future will depend on our results of operations, financial condition, cash requirements and other factors deemed relevant by the Board.

Recent Developments

On June 30, 2005, we announced that we would approach the market to purchase up to 25% of the outstanding notional amount of our 13% HAR1 bonds which are listed on the Bond Exchange of South Africa due June 14, 2006. All holders of the bonds were given an equal opportunity to participate in this repurchase. On July 6, 2005, the partial repurchase of Harmony's HAR1 corporate bond was completed. A total of R281.7 million (US\$45.0 million) of the bond's notional value was repurchased at a cost of R294.6 million (US\$47.1 million). This represents 23.5% of the total issue due for redemption in June 2006, compared to an allocated maximum amount for the repurchase of 25% of the total issue. The repurchase was done at a spread of 195 bps above the benchmark government issue (R152). The bond has a semi-annual coupon of 13% and was launched in 2001.

On September 23, 2005, we announced that we had reached agreement with Northern Gold NL on the divestment of our 50% stake in the Burnside Joint Venture for a consideration of A\$24 million (US\$18.3 million) or R117 million.

In terms of the agreement Northern Gold will purchase Harmony's sole purpose subsidiary which holds Harmony's interest in the Burnside JV and the management entity thereof. The purchase consideration of A\$24 million (plus replacement of a A\$1 million performance bond) is payable in tranches comprising:

- A non-refundable deposit of A\$0.25 million.
- A cash payment of A\$4.0 million and an issue of A\$5.0 million of shares (20 million Northern Gold shares) on completion (within six months) and the replacement of a A\$1.0 million performance bond.
- A cash payment of A\$5.0 million and the issue of A\$4.4 million shares (at an issue price equal to the higher of A\$0.25/share and the prevailing 30 day volume weighted average market price) six months after completion, and
- A cash payment of A\$5.35 million payable 18 months after the completion date.

The transaction is subject to normal regulatory approvals that accompany such transactions. The main reason for disposing of our interest was that having a single company controlling leveraged deposits, such as those within the JV, would have been difficult to manage by two companies with contrasting strategies. Harmony will, however, still get exposure to the assets through its shareholding in the controlling company.

Item 9. The Offer and Listing

MARKETS

Stock Exchange Listings and Ticker Codes

The primary listing of our ordinary shares is on the JSE Limited. Our ordinary shares are also listed on stock exchanges in London, Paris and Berlin, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs) and on the New York Stock Exchange in the form of American Depositary Shares (ADSs).

JSE Limited
New York Stock Exchange
London Stock Exchange
Euronext Brussels

HAR
HMY
HRM
HG

OFFERING AND LISTING DETAILS

The high and low sales prices in Rand for Harmony's ordinary shares and warrants on the JSE for the periods indicated were as follows:

	Harmony ordinary shares (Rand per ordinary share)		Harmony warrants ¹ (Rand per warrant)	
	High	Low	High	Low
Fiscal year ended June 30, 2003				
First Quarter	179.90	106.00	135.00	68.10
Second Quarter	161.45	116.90	124.00	76.00
Third Quarter	154.00	90.00	56.21	56.21
Fourth Quarter	115.20	73.44	59.33	57.08
Full Year	179.90	73.44	135.00	56.21
Fiscal year ended June 30, 2004				
First Quarter	117.20	84.00		
Second Quarter	108.50	92.48		
Third Quarter	122.51	95.76		
Fourth Quarter	97.25	61.00		
Full Year	122.51	61.00		
Fiscal year ended June 30, 2005				
Month of				
First Quarter	88.55	58.00		
Second Quarter	93.30	51.00		
Third Quarter	58.50	47.50		
Fourth Quarter	58.80	36.40		
Full Year	93.30	36.40		
Month of				
June 2005	58.80	47.80		
July 2005	61.50	52.10		
August 2005	58.50	46.62		
September 2005	71.99	47.50		
October 2005	74.29	66.00		

¹ Warrants expired as of June 30, 2003.

The high and low sales prices in US dollars for Harmony's ADRs for the periods indicated, as reported the New York Stock Exchange, were as follows:

	Harmony ADRs (\$ per ADR)	
	High	Low
Fiscal year ended June 30, 2003		
First Quarter	17.27	9.98
Second Quarter	18.45	11.62
Third Quarter	18.47	11.08
Fourth Quarter	14.90	10.14
Full Year	18.47	9.98
Fiscal year ended June 30, 2004		
First Quarter	15.95	10.90
Second Quarter	16.75	13.10
Third Quarter	17.80	13.90
Fourth Quarter	15.62	9.25
Full Year	17.80	9.25
Fiscal year ended June 30, 2005		
First Quarter	13.74	9.75
Second Quarter	14.29	9.05

	Harmony ADRs (\$ per ADR)	
	High	Low
Fourth Quarter	8.80	5.96
Full Year	14.29	5.96
Month of		
June 2005	8.80	7.13
July 2005	9.01	7.85
August 2005	8.99	7.21
September 2005	11.23	7.57
October (through October 21, 2005)	10.27	9.83

THE SECURITIES EXCHANGE IN SOUTH AFRICA

The JSE is the sixth largest emerging market exchange and by far the leading exchange in Africa, playing a leadership role in the continent, supporting South Africa's role as the African financial hub. It is also recognized as a leading exchange in the global resources sector.

History

The Securities Exchange in South Africa, now known as JSE Limited, was formed in November 1887. In 1993 the JSE became an active member of the African Stock Exchanges Association. On May 15, 1996, the formal bond market passed from the JSE to the Bond Exchange of South Africa and is separately licensed as a financial market in terms of the Financial Markets Control Act. Following the closure of the open outcry trading floor on June 7, 1996, an order driven, centralized automated trading system known as the JSE Equities Trading, or JET, system was introduced together with dual trading and negotiated brokerage. On August 18, 1997, the Listings division of the JSE introduced a real time news service for the dissemination of company announcements and price sensitive information. SENS (Stock Exchange News Service) ensures early, equal and wide dissemination of all information that is expected to have an effect on the prices of securities that trade on the JSE. In 1998, the JSE introduced an Internet-based Service, the Emerging Enterprise Zone, or the EEZ, to match seekers and providers of capital for small and medium business. In November 1999, the electronic clearing and settlement system, STRATE (Share TRANsactions Totally Electronic) was introduced and the JET system was modified to prepare for the implementation of an open interface to the system via the Application Program Interface. The Alternative Exchange, known as the "AltX", aimed at attracting smaller companies to the JSE, was launched in October 2003 and currently boasts 14 listings with more companies to list by the end of 2005. Yield-X, which trades spot and derivative interest rate products across the yield curve on an automated central order book was introduced in February 2005. Concurrent with its loss of tax-exempt status on July 1, 2005, the JSE Securities Exchange South Africa demutualized, ending its 118 year history as a tax-exempt, member owned, voluntary association to become JSE Limited, a public but unlisted company.

Integrated and Diversified Exchange

The JSE is a fully integrated exchange, which over the last few years has successfully broadened the range of products offered. Historically the JSE derived most of its revenue from the equities market (100% in 2000). However, new products such as derivatives, fixed interest rate products, exchange traded funds, agricultural products and information products has reduced the JSE's reliance on equities (71.5% equities, 17.6% agricultural products and 10.9% financial derivatives in 2004). Turnover in terms of value of equities traded on the JSE increased during 2004/2005 despite the fall in the number of listed companies. Liquidity on the JSE (measured by reference to the total market value of securities traded as a percentage of the total market capitalization) as at September 30, 2005 was 0.28%.

STRATE Settlement

Under STRATE there are essentially two types of clients: controlled and non-controlled. A controlled client is one who elects to keep his shares and cash with his broker and these shares are held in custody at the broker's chosen Custodian Bank, the CSDP. A non-controlled client is one who appoints his own CSDP to act as custodian on his behalf. Equity settlements take place on a contractual T+5 (where T= trade date) settlement cycle. Securities and funds become due for settlement a set number of business days after the trade. Contractual settlement is a market convention embodied in the rules of the JSE which states that a client has a contractual obligation to cause a JSE trade to settle on settlement day. The JSE, in its capacity as Settlement Authority, ensures that all on-market trades entered into by two JSE member firms settle five days after the trade date.

PLAN OF DISTRIBUTION

Not applicable.

SELLING SHAREHOLDERS

Not applicable.

DILUTION

Not applicable.

EXPENSES OF THE ISSUE

Not applicable.

Item 10. Additional Information

SHARE CAPITAL

Not applicable.

MEMORANDUM AND ARTICLES OF ASSOCIATION

This section summarizes certain material provisions of Harmony's Memorandum and Articles of Association, the Companies Act and the JSE listings requirements, each as currently in effect. These descriptions do not purport to be complete and are qualified in their entirety by reference to all of the provisions of those sources. Directions on how to obtain a complete copy of Harmony's Articles of Association are provided under "– Documents on Display" below.

General

Harmony is a public company with limited liability, and is registered under the Companies Act with the Registrar of Companies, Department of Trade and Industry under Registration number 1950/038232/06. Harmony is governed by its Memorandum of Association and Articles of Association, the provisions of the Companies Act and the JSE Listings Requirements. Harmony's operations are also subject to various laws and regulations, including those described in Item 4. "Information on the Company Regulation."

Objects and Purposes

Harmony's objects are set forth in Paragraph 3 of its Memorandum of Association and include:

- to acquire by purchase, cession, grant, lease, exchange or otherwise any movable or immovable property, mines, mineral property, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, lands, farms, buildings, water rights, concessions, grants, rights, powers, privileges, surface rights of every description, servitudes or other limited rights or interests in land and mineral contracts of every description; and any interest therein and rights over the same; and to enter into any contract, option or prospecting contract in respect thereof, and generally to enter into any arrangement that may seem conducive to Harmony's objects or any of them;
- to carry out all forms of exploration work and in particular to search for, prospect, examine, explore and obtain information in regard to mines, mineral properties, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, mining districts or locations and ground and soil supposed to contain or containing precious stones, minerals or metals of every description;
- to open, work, develop and maintain gold, silver, diamond, copper, coal, iron and other mines, mineral and other rights, properties and works, and to carry on and conduct the business of raising, crushing, washing, smelting, reducing and amalgamating ores, metals, minerals and precious stones, and to render the same merchantable and fit for use and to carry on all or any of the businesses of miners, mineralogists, metallurgists, amalgamators, geophysicists, smelters, quarry owners, quarrymen and brickmakers;
- to buy, sell, refine and deal in bullion, specie, coin and precious and base metals, and also precious stones and other products of mining; and
- to employ and pay mining experts, agents and other persons, partnerships, companies or corporations, and to organize, equip and dispatch expeditions for prospecting, exploring, reporting on, surveying, working and developing lands, farms, districts, territories and properties in any part of the world, whether the same are the property of Harmony or otherwise.

Directors

Disclosure of Interests

A Harmony director may not vote in respect of any contract or arrangement in which he or she is interested, and may not be counted in the quorum for the purpose of any resolution regarding such a contract or arrangement. This restriction does not apply, however, to:

- any arrangement for giving the director a security or indemnity in respect of money lent, or an obligation undertaken, by such director for the benefit of Harmony;
- any arrangement by which Harmony gives any security to a third party in respect of a debt or obligation of Harmony for which the director himself or herself has assumed responsibility, in whole or in part, whether under a guarantee or indemnity or by the deposit of a security;
- any contract by the director to subscribe for or underwrite shares or debentures of Harmony;
- any contract or arrangement with a company other than Harmony, in which the director holds or controls, directly or indirectly, no more than one percent of shares representing either (i) any class of the equity share capital of that company or (ii) the overall voting rights of that company; or
- any retirement scheme or fund which relates to both directors and to employees (or a class of employees) and does not accord to any director, as such, any privilege or advantage not generally accorded to the employees to which such scheme or fund relates.

The restrictions preventing directors from voting in respect of contracts or arrangement in which they are interested may be suspended or relaxed at any time, either generally or in respect of particular circumstances, by the holders of 75% Harmony's ordinary shares who are present and voting in a general meeting.

A director, notwithstanding his or her interest, may be counted in the quorum present at any meeting where: (i) he or she or any other director is appointed to hold any office or position of profit in Harmony; (ii) the directors resolve to exercise any of Harmony's rights to appoint, or concur in the appointment of, a director to hold any office or position of profit in any other company; or (iii) the terms of any such appointment are considered or varied. At this meeting, each director may vote on the matters listed above, but no director may vote in respect of his or her own appointment, or the arrangement or variation of the terms of his or her own appointment.

The restrictions described above do not prevent or debar any director, as a holder of any class of Harmony shares, from taking part in or voting upon any question submitted to a vote by that class at a general meeting, regardless of that director's personal interest or concern.

Compensation

The remuneration of the directors of Harmony in their capacity as directors, including fees per directors meeting, and additional compensation for the performance of other services, such as serving on committees, may be established either by a majority of the holders of Harmony's ordinary shares, present and voting in a general meeting, or by a majority of disinterested directors at a meeting of directors, provided they constitute a quorum.

Borrowing Powers

The Harmony directors may raise, borrow or secure the payment of any sums of money for Harmony's purposes as they see fit. However, without the consent of a majority of the holders of Harmony's ordinary shares present and voting in a general meeting, the aggregate principal amount outstanding in respect of monies raised, borrowed or secured by Harmony and any of its subsidiaries may not exceed the greater of (i) Rand 40 million or (ii) the aggregate amount, from time to time, of Harmony's issued and paid up capital, plus the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves, plus Harmony's share premium account and the share premium accounts of Harmony's subsidiaries.

The Companies Act provides that a company may only make a loan to its owner, director or manager with the prior consent of all the members of the company or pursuant to a special resolution relating to a specific transaction.

Rotation

At each annual general meeting of Harmony, one-third of the directors, or, if the number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation. Those directors who

have been longest in office since their last election or re-election shall retire. As between directors of equal seniority, the directors to retire by rotation shall, in the absence of agreement, be selected by lot. If at the date of any annual general meeting, any director shall have held office for a period of at least three years since his or her last election or re-election, he or she shall retire at such meeting, either as one of the directors resigning pursuant to the aforementioned rotation principles, or in addition thereto. At the next general meeting of shareholders, Frank Abbott, Cedric Savage and Patrice Motsepe, are due to retire by rotation at the meeting. Retiring directors are eligible for re-election and said directors have made themselves available for re-election.

If a director is appointed to any Harmony executive office, his or her employment contract may provide that he or she shall be exempt from rotation for the lesser of (i) a period of 5 years or (ii) the period during which he or she continues to hold the relevant executive office. During the relevant period, the director in question shall not be taken into account in determining the retirement of directors by rotation. The number of directors who may be exempt from retirement by rotation in this manner shall not equal or exceed one-half of the total number of the directors at the time of the relevant director's appointment. Currently none of Harmony's directors are exempted from retirement under these provisions.

Qualifications

There is no age limit requirement with regard to retirement or non-retirement of directors. Directors are not required to hold any shares in Harmony to qualify them for appointment as directors.

Share Capital

As of June 30, 2005, the issued share capital of Harmony consisted of 393,341,194 ordinary shares with a par value of rand 0.50 each. As of October 21, 2005, the issued share capital of Harmony consisted of 393,401,244 ordinary shares with a par value of Rand 0.50 each. At the annual general meeting held on November 12, 2004, Harmony authorized share capital was increased from 350,000,000 ordinary shares with a par value of Rand 0.50 each to 450,000,000 ordinary shares with a par value of Rand 0.50 each. Directly following this meeting, an extraordinary shareholders' meeting was held on November 12, 2004, where shareholders approved a further increase of the authorized share capital to 1,200,000,000 ordinary shares with a par value of Rand 0.50 each. The terms of the ordinary shares are described in " – Description of Ordinary Shares" below.

Description of Ordinary Shares

This section summarizes the material provisions of Harmony's ordinary shares as set out in Harmony's Memorandum and Articles of Association, the Companies Act and the JSE listings requirements, each as currently in effect. It does not purport to be complete and is qualified in its entirety by reference to all of the provisions of those sources.

Dividends

Either the Board or a majority of the holders of Harmony ordinary shares, voting in a general meeting, may, from time to time, declare a dividend to be paid to the registered holders of ordinary shares according to their respective rights and interests in the profits, measured in proportion to the number of ordinary shares held by them. Under South African law, a company's equity may be distributed as a dividend, provided that any necessary shareholder approval is obtained and, after the distribution of the dividend, the company remains solvent and liquid. Cash dividends, however, may only be paid out of the profits of the company. Cash dividends paid by Harmony will not bear any interest payable by Harmony. Dividends may be declared either free of, or subject to, the deduction of income tax and any other tax or duty which may be chargeable. There is currently no tax payable in South Africa by the recipients of dividends who are outside South Africa.

Dividends are declared payable to holders of ordinary shares who are registered as such on a record date determined by the Board, which must be after the later of the date of the dividend declaration or the date of confirmation of the dividend. The period between the record date and the date of the closing of the transfer registers in respect of the dividend shall be not less than 14 days.

Holders of Harmony ordinary shares, voting in a general meeting, may not declare a dividend greater than the amount recommended by the directors, but may declare a smaller dividend. Dividends will be paid to the holders of Harmony ordinary shares in proportion to the number of their shares. All unclaimed dividends may be invested or otherwise utilized by the Board for the benefit of Harmony until claimed; provided that dividends unclaimed after a period of twelve years from the date of declaration may be declared forfeited by the Board. Forfeited dividends revert to Harmony.

Any dividend or other sum payable in cash to a holder may be transmitted by a payment method determined by the directors, such as electronic bank transfer or ordinary post to the address of the holder recorded in the register or

any other address the holder may previously have given to Harmony in writing. Harmony will not be responsible for any loss in transmission.

Any dividend may be paid and satisfied, either wholly or in part, by the distribution of specific assets, including shares and debentures of any other company, in cash, or by one or more of such methods, as the Board may determine and direct at the time of the dividend declaration.

When any holders of Harmony ordinary shares reside outside of South Africa, the Board has the power, subject to any applicable laws or regulations, to declare a dividend in a relevant currency other than the Rand and to determine the date on which and the rate of exchange at which the dividend shall be converted into the other currency.

All cash dividends paid by Harmony are expected to be in rand. Holders of ADRs on the relevant record date will be entitled to receive any dividends payable in respect of the ordinary shares underlying the ADRs, subject to the terms of the Deposit Agreement. Cash dividends paid in Rand will be converted by the depository to US dollars and paid by the depository to holders of ADRs, to the extent it can do so on a reasonable basis and can transfer the US dollars to the United States, net of conversion expenses of the depository, and in accordance with the Deposit Agreement.

Voting Rights

Subject to any rights or restrictions attached to any class of ordinary shares, every holder of Harmony ordinary shares who is present in person at a shareholder meeting, or a person present as a representative of holders of one or more ordinary shares, shall on a show of hands have one vote, irrespective of the number of ordinary shares he holds or represents. Every holder of ordinary shares shall, on a poll, have one vote for every ordinary share held by him. A shareholder is entitled to appoint a proxy to attend and speak and vote at any meeting on his or her behalf. The proxy need not be a shareholder. On a poll, a shareholder entitled to more than one vote (or his representative, proxy or agent) need not, if he votes, use all of his votes or cast all of his votes in the same way.

Distribution of Assets on Liquidation

In the event of voluntary or compulsory liquidation, dissolution or winding up, the assets remaining after payment of all the debts and liabilities of Harmony, including the costs of liquidation, will be applied to repay the amount paid up on Harmony's issued capital to holders of Harmony ordinary shares and, thereafter, the balance will be divided pro rata among the holders of Harmony ordinary shares, subject to any special rights or conditions attaching to any shares. Any portion of Harmony's assets may, upon such liquidation, dissolution or winding up, and with the approval of a special resolution, be paid to the ordinary shareholders by the distribution of specific assets or may be vested in trustees for the benefit of such ordinary shareholders.

Redemption/Purchase of Shares

No shares shall be issued which are redeemable by their terms or at the option of any party.

The Companies Act permits companies to establish share incentive trusts and provide funds with which such trusts may purchase securities (including debt and equity securities) of the company or its holding company. These securities are to be held by or for the benefit of employees, including salaried directors. The Companies Act also permits such a trust to loan funds to company employees for the purpose of purchasing or subscribing for Harmony securities, provided that such trusts may not loan funds to directors who do not hold salaried employment or office.

The Companies Amendment Act provides that, with effect from June 1, 1999, a company may approve the acquisition of its own shares by special resolution, if authorized to do so by its articles. A company is not, however, permitted to make any form of payment to acquire any of its own shares if there are reasonable grounds for believing that the company is or, after the payment, would be unable to pay its debts or if, after the payment, the consolidated assets of the company fairly valued would be less than the consolidated liabilities of the company. The procedure for acquisition of shares by a company is regulated, in the case of listed companies, both by the Companies Amendment Act and the Listings Requirements of the JSE. The Companies Amendment Act further provides that a company may make payments to its shareholders if authorized by its articles subject to the liquidity and solvency requirements described above.

Harmony is authorized pursuant to its Articles of Association to approve the acquisition of its shares by special resolution from time to time. Harmony is also authorized pursuant to its Articles of Association to make payments in cash or in specie to any class of its shareholders.

Issue of Additional Shares and Pre-emptive Rights

The Companies Act does not provide holders of any class of Harmony's shares with pre-emptive rights. However, the JSE requires that any new issues of equity shares by companies listed on the exchange must first be offered to existing holders of such shares, in proportion to their current holding.

The JSE will, however, allow a company to issue shares to third parties without first offering them to existing shareholders, in circumstances such as the following:

- pursuant to an employee share incentive scheme the terms of which have been approved by the holders of the relevant class of shares in a general meeting;
- for the acquisition of an asset, provided that if the issue is more than 30% of the company's issued share capital, a simple majority of holders of ordinary shares present and voting, must vote in favor of the acquisition;
- to raise cash by way of a general issue in the discretion of the directors (but not to related parties) of up to 15% of the issued share capital in any one fiscal year at an issue price with a discount not exceeding 10% of the 30-day weighted average trading price prior to the determination date, provided that the holders of ordinary shares, present and voting at a general meeting, must approve the granting of such authority to the directors by a 75% vote; or
- to raise cash by way of a specific issue of a specified number or a maximum number of shares for cash provided that the holders of ordinary shares, other than controlling shareholders, present and voting, vote in favor of the resolution to issue the shares at a general meeting by a 75% vote. In terms of JSE listings requirements, the circular to be sent to all shareholders informing them of the general meeting must include, inter alia:
 - o details of the persons to whom the shares are to be issued if such persons fall into the following categories or other categories identified by the JSE: directors of the company or its subsidiaries or their associates; trustees of employee or directors' share scheme or pension funds; any person having the right to nominate directors of the company; and certain shareholders holding more than 10% of the issued share capital;
 - o if the persons to whom the shares are to be issued are related parties, an independent expert's opinion that the issue price is fair and reasonable; and
 - o should the maximum size of the issue equal or exceed 30% of the company's issued share capital, full listing particulars, which include, inter alia, a reporting accountant's report and, in the case of a mining company, a competent person's report setting out technical details of the company's operations and assets.

Transfer of Shares

Owners of Harmony ordinary shares may transfer any or all of their shares in writing in any common form or in any form approved by the Harmony directors. Every instrument of transfer must be executed by the transferor or, if the directors so determine, by the transferor and the transferee. The transferor will remain the holder of the ordinary shares transferred until the name of the transferee is entered in Harmony's register of members in respect of such ordinary shares.

The Board may refuse to recognize any instrument of transfer that is not duly stamped (if required) or is not accompanied by appropriate evidence of the transferor's title. Such right of refusal will not prevent dealings occurring on an open and proper basis. Harmony retains all instruments of transfer that are registered. Any instrument of transfer that the Board refuses to register is, except in the case of fraud, returned on demand to the person depositing such instrument.

Rights of Minority Shareholders and Fiduciary Duties

Majority shareholders of South African companies have no fiduciary obligations under South African common law to minority shareholders. However, under the Companies Act, a shareholder may, under certain circumstances, seek relief from the court if he has been unfairly prejudiced by the company. The provisions in the Companies Act are designed to provide relief for oppressed shareholders without necessarily overruling the majority's decision. There may also be common law personal actions available to a shareholder of a company.

Although the concepts are similar, the specific interpretations of fiduciary obligations of directors in South Africa may differ from those in the U.S. and certain other countries. In South Africa, the common law imposes on directors a duty to act with care, skill and diligence and fiduciary duties, which include the duty to conduct the company's affairs honestly and in the best interests of the company.

Variation of Rights

Harmony may vary the rights attached to any issued or not yet issued shares by special resolution. However, if at any time the issued share capital is divided into different classes of shares, the rights attached to any class may not be varied except with the consent in writing of the holders of at least 75% of the issued shares of that class or through a resolution passed at a separate general meeting of the holders of the shares of that class. The quorum for such a meeting shall be the lesser of (i) 3 shareholders or (ii) 75% of the shareholders of that class, present in person or by their representatives, agents or proxies, provided that such shareholders must control or hold at least one half of the issued shares of that class. A share shall be a share of a different class from another share if the two shares do not rank *pari passu* in every respect.

Changes in Capital or Objects and Powers of Harmony

The provisions of Harmony's Memorandum and Articles of Association pertaining to changes in Harmony's share capital and powers are substantially equivalent to the provisions of the Companies Act. Harmony may by special resolution:

- increase its authorized or paid-up share capital;
- consolidate and divide all or any part of its shares into shares of a larger amount;
- increase the number of its no par value shares without an increase of its stated capital;
- sub-divide all or any part of its shares having a par value;
- convert all of its ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value and vice versa;
- convert its stated capital constituted by ordinary or preference shares of no par value into share capital consisting of shares having a par value;
- vary the rights attached to any shares whether issued or not yet issued;
- convert any of its issued or unissued shares into shares of another class;
- convert any of its paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination;
- convert any of its issued shares into preference shares which can be redeemed;
- cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorized share capital by the amount of the shares so cancelled; or
- reduce the authorized share capital.

Harmony may by ordinary resolution:

- reduce its issued share capital;
- reduce its stated capital; or
- reduce its capital redemption reserve fund and share premium account.

Meetings of Shareholders

The Harmony directors may at any time convene general meetings of Harmony's shareholders. The directors shall convene a general meeting upon request of shareholders in accordance with the provisions of the Companies Act. No more than fifteen months may elapse between the date of one annual general meeting and the next, and the annual general meeting shall be held within six months after the expiration of each financial year of Harmony.

Harmony is required to provide its members with written notice of meetings, which shall specify the place, the day and time of the meeting. In every notice calling a meeting of Harmony or of any class of members of Harmony, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote in lieu of such person and that a proxy need not also be a member. Notice of a general meeting shall be given to the JSE and to the following persons and no other person shall be entitled to receive notice of general meetings:

- to every member of Harmony except any member who has not supplied to Harmony a registered address for the giving of notices;
- to every person entitled to a share in consequence of the death or insolvency of a member;
- to the directors and auditor for the time being of Harmony; and

-
- by advertisement to the holders of share warrants to bearer.

Annual general meetings and meetings calling for the passage of a special resolution require twenty-one days' notice in writing. Any other general meeting requires no less than fourteen days' notice in writing. A meeting called upon shorter notice shall be deemed to have been duly called if a majority in number of the members having a right to attend and vote at the meeting agree to such a shortened notice period, and if such members hold no less than 95% of the total voting rights of all members.

Harmony business may be transacted at a general meeting only when a quorum of members is present. Three members present personally or by representative and entitled to vote are a quorum.

The annual general meeting deals with and disposes of all matters prescribed by the Harmony Articles of Association and by the Companies Act, including:

- the consideration of the annual financial statements and report of the auditors;
- the election of directors;
- the appointment of auditors; and
- any business arising from the annual financial statements considered at the meeting.

The holder of a general or special power of attorney given by a member, whether the holder is a member or not, shall be entitled to attend meetings of Harmony or of any class of members of Harmony and to vote at such meetings if so authorized by the power of attorney. Any member may appoint a proxy, who need not be a member, to attend, speak and, subject to the provisions of the Companies Act, to vote in his place on a show of hands and on a poll at any general meeting or at any meeting of any class of members. The instrument appointing a proxy to vote at a meeting of Harmony and the power of attorney or other authority shall be deposited at the transfer office of Harmony not later than 48 hours (excluding Saturdays, Sundays and Public Holidays) before the meeting at which the person empowered proposes to vote. No instrument appointing a proxy shall be valid after the end of a period of 6 months commencing on the date on which it is signed unless otherwise expressly stated in the proxy.

Title to Shares

The registered holder or holders of any shares shall, during his or their respective lifetimes and while not subject to any legal incapacity, be the only person or persons recognized by Harmony as having any right to, or in respect of, such shares and, in particular, Harmony shall not be bound to recognize:

- that the registered holder or holders hold such shares upon trust for, or as the nominee of, any other person; or
- that any person, other than the registered holder or holders, holds any contingent, future or partial interest in such shares or any interest in any fractional part of any of such shares.

Where any share is registered in the names of two or more persons they shall be deemed to be joint holders. Accordingly where any member dies, the survivor or survivors, where the deceased was a joint holder, and the executor of the deceased, where the deceased was the sole holder, shall be the only persons recognized by Harmony as having any right to the interest of the deceased in any shares of Harmony.

Harmony may enter in the register as member, no mine official, of Harmony, the name of any person who submits proof of his appointment as the executor, administrator, trustee, curator or guardian in respect of the estate of a deceased member of Harmony or of a member whose estate has been sequestered or of a member who is otherwise under disability or as liquidator of any body corporate in the course of being wound up which is a member of Harmony, and any person whose name has been so entered in the register shall be deemed to be a member of Harmony.

Non-South African Shareholders

There are no limitations imposed by South African law or by the Articles of Association of Harmony on the rights of non-South African shareholders to hold or vote Harmony's ordinary shares or securities convertible into ordinary shares.

Disclosure of Interest in Shares

Until recently, there was generally no requirement in South Africa for persons or a group of persons acting in concert to disclose a beneficial ownership interest in shares. Pursuant to the Companies Amendment Act Number

37 of 1999, where securities of an issuer are registered in the name of a person and that person is not the holder of the beneficial interest in all of the securities so held, it is obliged, at the end of every three-month period after June 30, 1999 (i.e., commencing on September 30, 1999), to disclose to the issuer the identity of each person on whose behalf the registered holder holds securities and the number and class of securities issued by that issuer held on behalf of each such person. Moreover, an issuer of securities may, by notice in writing, require a person who is a registered shareholder, or whom the issuer knows or has reasonable cause to believe to have a beneficial interest in, a security issued by the issuer, to confirm or deny whether or not such person holds that beneficial interest and, if the security is held for another person, to disclose to the issuer the identity of the person on whose behalf a security is held. The addressee of the notice may also be required to give particulars of the extent of the beneficial interest held during the three years preceding the date of the notice. All issuers of securities are obliged to establish and maintain a register of the disclosures described above and to publish in their annual financial statements a list of the persons who hold beneficial interests equal to or in excess of 5% of the total number of securities of that class issued by the issuer together with the extent of those beneficial interests.

Changes in Control

There are various procedures under the Companies Act whereby mergers and takeovers can be effected. These procedures are not exclusive and there are a variety of techniques that can be used to acquire control. All of these procedures are, however, subject to control by the Securities Regulation Panel and the requirements embodied in the Securities Regulation Code on Takeovers and Mergers shall be adhered to. The JSE Listing Requirements also contain certain requirements with regard to the process involved in a merger or takeover. While the requirements of the Securities Regulation Panel and the JSE Listings Requirements might have the general effect of delaying, deferring or preventing a change in control of a company, Harmony's Memorandum and Articles of Association do not impose additional restrictions on mergers or takeovers.

Register of Members

Harmony keeps a register of shareholders at Harmony's office and at the office of Harmony's transfer secretaries in South Africa, and Harmony's transfer secretaries in the United Kingdom keep a branch shareholders' register at their offices.

The register of members includes:

- the names and address of the members;
- the shares held by each member, distinguishing each share by its denoting number, if any, by its class or kind, and by the amount paid or deemed to be paid thereon;
- the date on which the name of any person was entered in the register as a member; and
- the date on which any person ceased to be a member.

Annual Report and Accounts

The Board is required to keep such accounting records and books of account as are prescribed by the Companies Act.

The directors will cause to be prepared annual financial statements and an annual report as required by the Companies Act and the JSE rules. Harmony will deliver a copy of the annual report and annual financial statements to every member not less than twenty-one days prior to the date of each annual general meeting.

MATERIAL CONTRACTS

Harmony enters into material contracts in connection with its business, as described in Item 4. "Information on the Company – Business" and in connection with financing arrangements, as described in Item 5. "Operating and Financial Review and Prospects – Liquidity and Capital Resources.

EXCHANGE CONTROLS

Introduction

The following is a general outline of South African exchange controls. Investors should consult a professional adviser as to the exchange control implications of their particular investments.

The Republic of South Africa's exchange control regulations provide for restrictions on exporting capital from a Common Monetary Area consisting of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland. Transactions between South African residents (including corporations) and between residents of the Common Monetary Area are subject to these exchange controls, which are regulated by the SARB.

Since 1995 a number of exchange control regulations have been relaxed with regard to both residents and nonresidents. The government remains committed to the total abolition of exchange control, but has stated its intention of following a gradual approach. This gradual approach to the abolition of exchange controls adopted by the South African government is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time. The stated objective of the authorities is to reach a point where there is equality of treatment between residents and non-residents in relation to inflows and outflows of capital. South Africa, being classified as an emerging market, is therefore still regarded as a capital importer, hence the controls over capital flows. The risk of capital outflow has been eased over the past five years due to the substantial inflows of foreign portfolio investment and a substantial increase in the country's foreign exchange reserves. Unlimited outward transfers of capital are not permitted at this stage, but the emphasis of regulation is expected to be increasingly on the positive aspects of prudential financial supervision. Further exchange control liberalization will depend to a large extent on the achievement and maintenance of balance of payments and exchange rate stability.

A considerable degree of flexibility is built into the system of exchange control, and the SARB possesses substantial discretionary powers in approving or rejecting the applications that fall outside the authority granted to authorized dealers.

The main purpose of exchange controls is to ensure the timely repatriation of funds into the South African banking system of certain foreign currency acquired by residents of South Africa, whether through transactions of a current or of a capital nature. Timely repatriation of funds will help avoid undue pressure on the country's gold and foreign reserves and an undue depreciation of the exchange rate of the Rand, which in turn would result in significant domestic inflation and a weakening of the country's terms of trade with the rest of the world. Payment of foreign currency and the use of gold and foreign reserves for importation of goods and services into the country is relatively freely allowed.

The comments below relate to exchange controls in force at June 30, 2005. These controls are subject to change at any time without notice. It is not possible to predict whether existing exchange controls will be abolished, continued or modified by the South African Government in the future.

Government Regulatory Considerations

Shares

A foreign investor may invest freely in shares in a South African company, whether listed on the JSE or not. The foreign investor may also sell his or her share investment in a South African company and transfer the proceeds out of South Africa without restriction. However, when the company is not listed on the JSE, the SARB must be satisfied that the sales price of any shares reflects fair market value.

Under present South African exchange control regulations, the ordinary shares and ADSs of Harmony are freely transferable outside the Common Monetary Area between non-residents of the Common Monetary Area. No prior SARB approval is required for the transfer of proceeds to South Africa, in respect of shares listed on the Johannesburg Stock Exchange, provided these funds enter the country through the normal banking channels. In addition, the proceeds from the sale of ordinary shares on the JSE on behalf of those holders of ordinary shares who are not residents of the Common Monetary Area are freely remittable to those holders. Share certificates and warrant certificates held by non-residents will be endorsed with the words "non-resident."

Loans

Generally, the making of loans to Harmony or its subsidiaries, the ability of Harmony and its subsidiaries to borrow from non-South African sources and the repatriation of dividends, interest and royalties by Harmony will be regulated by the Exchange Control Department of the SARB. If a foreign investor wishes to lend capital to a South African company, the prior approval of the SARB must be sought mainly in respect of the interest rate and terms of repayment applicable to such loan.

Interest on foreign loans is freely remittable abroad, provided the loans received prior SARB approval.

Investments

Harmony is also required to seek approval from the SARB to use funds held in South Africa to make investments outside of South Africa.

Dividends

Dividends declared by a quoted company are freely transferable out of South Africa from both trading and non-trading profits earned in South Africa through a major bank as agent for the SARB.

Where 75% or more of a South African company's capital, voting power, power of control or earnings is directly or indirectly controlled by non-residents, such a company is designated an "affected person" by the SARB, and certain restrictions are placed on its ability to obtain local financial assistance. Harmony is not, and has never been, designated an "affected person" by the SARB.

"Affected persons" must apply for SARB approval, for the remittance of dividends offshore, if such companies have made use of local borrowing facilities. As a general matter, an "affected person" that has accumulated historical losses may not declare dividends out of current profits unless and until that person's local borrowings do not exceed the local borrowings limit.

CERTAIN SOUTH AFRICAN TAX CONSIDERATIONS

The discussion in this section is based on current law. Changes in the law may alter the tax treatment of Harmony's ordinary shares or ADSs, as applicable, possibly on a retroactive basis. The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of Harmony's ordinary shares or ADSs and does not cover tax consequences that depend upon your particular tax circumstances. In particular, the following summary addresses tax consequences for holders of ordinary shares or ADSs who are not residents of and who do not carry on business in South Africa, and who hold ordinary shares or ADSs as capital assets (that is, for investment purposes). Harmony recommends that you consult your own tax advisor about the consequences of holding Harmony's ordinary shares or ADSs, as applicable, in your particular situation.

Dividends

With effect from October 1, 1995, South Africa repealed all legislation imposing any withholding tax on dividends. Consequently, Harmony will not be obliged to withhold any form of non-resident shareholders' tax on dividends paid to non-residents of South Africa.

Capital Gains Tax

A capital gains tax is imposed on capital gains realized or shares sold in a South African company. However, only those sellers of shares who are residents of, or have a permanent business establishment in, South Africa will be liable for the tax. The Convention between South Africa and the United States for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains only permits the imposition of an income or withholding tax on gains of a United States resident seller from the sale of shares where such shares form part of the business property of a permanent establishment which the seller has in South Africa or pertain to a fixed base available to the seller in South Africa for the purpose of performing independent personal services.

Stamp Duty on the Shares

South African stamp duty is payable by the company upon the issue of shares at the rate of 0.25% of the higher of the consideration or the market value of the issue price. Such stamp duty will be paid by Harmony.

On a subsequent registration of transfer of shares, South African stamp duty is generally payable for off-market transactions (i.e., other than through a stockbroker) and a marketable securities tax, or MST, is generally payable for on-market transactions (i.e., through a stockbroker), each at 0.25% of the market value of the shares concerned. South African stamp duty and MST is payable regardless of whether the transfer is executed within or outside South Africa. In respect of transactions involving dematerialized shares, uncertified securities tax will be payable at the same rates.

There are certain exceptions to the payment of stamp duty where, for example, the instrument of transfer is executed outside South Africa and registration of transfer is effected in any branch register kept by the relevant company, subject to certain provisions set forth in the South African Stamp Duties Act of 1968. Transfers of ADSs between non-residents of South Africa will not attract South African stamp duty; however, if securities are withdrawn from the deposit facility or the relevant Deposit Agreement is terminated, stamp duty will be payable on the subsequent transfer of the shares. An acquisition of shares from the depository in exchange for ADSs representing the relevant underlying securities will also render an investor liable to South African

stamp duty at the

same rate as stamp duty on a subsequent transfer of shares, upon the registration of the investor as the holder of shares on the company's register.

Capitalization Shares

Capitalization shares distributed at the option of holders of shares in lieu of cash dividends do not incur secondary market tax, or STC, and it has become common practice for listed South African companies to offer capitalization shares in lieu of cash dividends. No South African tax (including withholding tax) is payable in respect of the receipt of these shares by the recipients thereof.

Voting Rights

There are no limitations on the right of non-resident or foreign owners to hold or vote Harmony's ordinary shares imposed by South African law or by Harmony's charter.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Except as described below under the heading "Non-U.S. Holders," the following summary describes the material U.S. federal income tax consequences for a U.S. holder of owning the ordinary shares. For purposes of this summary, references to the ordinary shares include the ADSs, unless the context otherwise requires. You will be a U.S. holder if you are an individual who is a citizen or resident of the United States, a U.S. domestic corporation, or any other person that is subject to U.S. federal income tax on a net income basis in respect of an investment in the ordinary shares. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the ordinary shares. In particular, this summary deals only with U.S. holders that will hold the ordinary shares as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, thrift, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark-to-market treatment, person that will hold the ordinary shares as a hedge against currency risk or as a position in a "straddle" or conversion transaction, tax-exempt organization, or person whose "functional currency" is not the US dollar.

This summary is based on laws, regulations, rulings, and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary.

You should consult your own tax advisors about the tax consequences of holding the ordinary shares, including the relevance to your particular situation of the considerations discussed below, as well as the relevance to your particular situation of state, local, or other tax laws.

If you are not a U.S. holder, or a non-U.S. holder, the discussion below under "– Non-U.S. Holders" will apply to you.

ADSs

In general, if you hold ADSs, you will be treated as the holder of the ordinary shares represented by those ADSs for U.S. federal income tax purposes.

Taxation of Dividends

The gross amount of dividends that you receive in cash (or that are part of a distribution that any shareholder has the right to receive in cash) in respect of the ordinary shares generally will be subject to U.S. federal income taxation as foreign source dividend income.

Dividends paid in South African Rand will be includible in your gross income in a US dollar amount calculated by reference to the exchange rate in effect on the day you receive (or the depository receives, in the case of the ADSs) the dividend. You generally should not be required to recognize any foreign currency gain or loss to the extent such dividends paid in South African Rand are converted into US dollars immediately upon receipt by the applicable party.

Capital Gains

If you sell your ordinary shares, you will recognize capital gain or loss in an amount equal to the difference between the amount you realize on the sale and your adjusted tax basis in the ordinary shares. Such gain or loss generally will be long-term capital gain or loss if you held the ordinary shares for more than one year. Long-term capital gain recognized by an individual U.S. holder is generally subject to a maximum tax rate of 15%. In general,

any capital gain or loss recognized upon the sale or exchange of ordinary shares will be treated as U.S. source income or loss, as the case may be, for U.S. foreign tax purposes. Your ability to offset capital losses against income is subject to limitations.

Deposits and withdrawals of ordinary shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

To the extent that you incur South African stamp duty, MST or uncertified securities tax in connection with a transfer or withdrawal of ordinary shares as described under “ – Certain South African Tax Considerations – Stamp Duty on the Shares” above, such stamp duty, MST or uncertified securities tax will not be a creditable tax for U.S. foreign tax credit purposes.

Non-U.S. Holders

If you are a non-U.S. holder of the ordinary shares, you generally will not be subject to U.S. federal income or withholding tax on dividends received on such ordinary shares, unless such income is effectively connected with your conduct of a trade or business in the United States. If you are a non-U.S. holder of the ordinary shares, you will also generally not be subject to U.S. federal income or withholding tax in respect of gain realized on the sale of such ordinary shares, unless (i) such gain is effectively connected with your conduct of a trade or business in the United States or (ii) in the case of gain realized by an individual non-U.S. holder, you are present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met. If you are a corporate foreign shareholder, effectively connected income may, under certain circumstances, be subject to an additional branch profits tax.

U.S. Information Reporting and Backup Withholding Rules

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding at a rate currently of 28% unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. Holders that are not U.S. persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification of its non-U.S. status in connection with payments received within the United States or through a U.S.-related financial intermediary.

The preceding discussion of certain United States federal income tax consequences is intended for general information only and does not constitute tax advice. Accordingly, each investor should consult its own tax adviser as to particular tax consequences to it of purchasing, holding and disposing of the ordinary shares and warrants, including the applicability and effect of any state, local or foreign laws, and proposed changes in applicable laws.

DIVIDENDS AND PAYING AGENTS

Not applicable.

STATEMENTS BY EXPERTS

Not applicable.

DOCUMENTS ON DISPLAY

Harmony's Memorandum and Articles of Association may be examined at its principal place of business being 4 The High Street, First Floor, Melrose Arch, Melrose North 2196, South Africa. Harmony also files annual and, furnishes interim reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any reports or other information on file at the SEC's public reference room at the following location:

Public Reference Room
100 F Street, NW
Room 1580
Washington D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC filings are also available to the public from commercial document retrieval services. Harmony files electronically with the SEC, and the documents it files are available on the website maintained by the SEC at www.sec.gov.

SUBSIDIARY INFORMATION

Not applicable.

Item 11. *Quantitative and Qualitative Disclosures About Market Risk*

General

Harmony is exposed to market risks, including credit risk, foreign currency, commodity price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Harmony may enter into derivative financial instruments to manage these exposures. Harmony has policies in areas such as counterparty exposure and hedging practices, which have been approved by Harmony's senior management. Harmony does not hold or issue derivative financial instruments for trading or economically speculative purposes.

In accordance with FAS 133, Harmony accounts for its derivative financial instruments as hedging transactions if the following criteria are met:

- both the hedged item and the hedging instrument are specifically identified and documented;
- management documents the nature of the hedging risk and identifies how the effectiveness of the hedge will be assessed;
- the effectiveness of the hedge is tested regularly throughout the life of the hedge, and a hedging instrument is identified as highly effective if it is able to offset changes in the fair value of cash flows from the hedged item by between 80% and 125% of the price at which it was fixed;
- any ineffectiveness of hedged instruments is recognized immediately in the income statement; and
- in the case of a hedge of an anticipated future transaction, there is a high probability that the transaction will occur.

Foreign Currency Sensitivity

In the ordinary course of business, Harmony enters into transactions denominated in foreign currencies (primarily US dollars and Australian dollars). In addition, Harmony incurs investments and liabilities in US dollars, Canadian dollars, British pounds sterling and Australian dollars from time to time. As a result, Harmony is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Harmony does not generally hedge its exposure to foreign currency exchange rates.

Harmony did not have any liability subject to risk of foreign currency exchange rate fluctuations at June 30, 2005 as well as at present. At June 30, 2004 however, Harmony had a liability denominated in foreign currency. The liability amounted to US\$9 million and reflected Harmony's only foreign-currency borrowing, which was a US dollar denominated debt from BAE Systems plc. See *Item 5. "Operating and Financial Review and Prospects – Credit Facilities and Other Borrowings – Outstanding Credit Facilities and Other Borrowings."* Harmony's revenues and costs are very sensitive to the Rand-US dollar exchange rate because gold is generally sold throughout the world in US dollars, but most of Harmony's operating costs are incurred in Rand. Appreciation of the Rand against the US dollar increases working costs at Harmony's South African operations when those costs are translated into US dollars, which serves to reduce operating margins and net income from Harmony's South African operations. Depreciation of the Rand against the US dollar reduces these costs when they are translated into US dollars, which serves to increase operating margins and net income from Harmony's South African operations. See *Item 3. "Key Information – Exchange Rates"* and *Item 3. "Key Information – Risk Factors – Because most of Harmony's production costs are in Rand, while gold is generally sold in US dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the Rand."*

Commodity Price Sensitivity

General

The market price of gold has a significant effect on the results of operations of Harmony, the ability of Harmony to pay dividends and undertake capital expenditures, and the market prices of Harmony's ordinary shares.

Gold prices have historically fluctuated widely and are affected by numerous industry factors over which Harmony does not have any control. See *Item 3. "Key Information – Risk Factors – The profitability of Harmony's operations,*

and the cash flows generated by those operations, are affected by changes in the market price for gold, which in the past has fluctuated widely.” The aggregate effect of these factors, all of which are beyond the control of Harmony, is impossible for Harmony to predict.

Harmony’s Hedge Policy

As a general rule Harmony sells its gold production at market prices. Currently, we generally do not enter into forward sales, derivatives or hedging arrangements to establish a price in advance for the sale of our future gold production, although we may do so in the future. For more detailed information on Harmony’s hedge policy, see *Item 4. “Information on the Company – Business – Hedge Policy.”*

A substantial proportion of the production of both New Hampton and Hill 50 was already hedged when acquired by Harmony. In fiscal 2002, in line with Harmony’s strategy of being generally unhedged, Harmony engaged in a process to reduce the New Hampton and Hill 50 hedge books. In fiscal 2002, Harmony also combined and restructured the overall hedge portfolio of Harmony’s Australian operations (including New Hampton and Hill 50). These hedge positions were classified as normal purchase and sale agreements, under which Harmony had to deliver a specified quantity of gold at a future date subject to the agreed-upon prices. In fiscal 2003, Harmony restructured the overall hedge portfolio of the Australian operations again, in which these hedge agreements were classified as speculative contracts. The mark-to-market movements on these contracts are reflected in the income statement. Harmony has reduced the remaining hedge positions of the Australian operations by primarily closing out the remainder of these hedge agreements. The resulting hedge portfolio, as of June 30, 2005, covered 495,000 ounces over a five-year period at an average strike price of A\$518 per ounce (US\$395 per ounce at an exchange rate of A\$0.76 per US\$1.00).

Commodity Sales Agreements

Harmony’s commodity sales agreements by type of agreement as of June 30, 2005 are set forth below.

	2006	Maturity – Scheduled for Delivery in Fiscal Year			Total	Mark-to-market \$000
		2007	2008	2009		
FORWARD SALES AGREEMENTS						
Ounces	108,000	147,000	100,000	100,000	455,000	(36,828)
A\$/ounce	510	515	518	518	515	
CALL OPTIONS SOLD						
Ounces	30,000	10,000	—	—	40,000	(994)
A\$/ounce	552	562	—	—	554	
Total	148,000	157,000	100,000	100,000	495,000	(37,822)

For accounting purposes, Harmony’s commodity sales agreements do not meet the hedge accounting criteria. The mark-to-market values of these agreements were determined at specific points in time based on independent valuations, using present value methods or standard option value methods with assumptions about commodity prices based on those observed in the gold market. For the determination as of June 30, 2005, a gold price of US\$435 (A\$571) per ounce was used, together with exchange rates of US\$0.76 per A\$1.00 and prevailing market interest rates and volatilities. These values are estimates that involve uncertainties and cannot be determined with precision.

Sensitivity Analysis

A sensitivity analysis of the mark-to-market valuations of Harmony’s commodity sales agreements as of June 30, 2005 is set forth below.

	Gold spot price at June 30, 2005						
Sensitivity to \$ gold spot price	\$30	\$20	\$10	\$435	(\$10)	(\$20)	(\$30)
Mark-to-market (\$ million)	(23.5)	(28.2)	(32.9)	(37.8)	(42.6)	(47.5)	(52.4)
	Weighted average interest rate at June 30, 2005						
Sensitivity to Australian dollar interest rates	1.5%	1.0%	0.5%	5.83%	(0.5%)	(1.0%)	(1.5%)
Mark-to-market (\$ million)	(42.3)	(40.8)	(39.3)	(37.8)	(36.2)	(34.6)	(33.0)

US\$/A\$ exchange rates at June 30, 2005

\$1.00=

Sensitivity to \$/A\$ exchange rates	A\$0.15	A\$0.10	A\$0.05	A\$1.31	(A\$0.05)	(A\$0.10)	(A\$0.15)
<i>Mark-to-market (\$ millions)</i>	(55.9)	(49.5)	(43.3)	(37.8)	(28.4)	(20.0)	(12.5)

Commodity Hedging Experience

During fiscal 2001, Harmony acquired New Hampton, which had a hedge book of approximately 1,500,000 ounces.

During fiscal 2002, Harmony acquired Hill 50, which had a hedge book of approximately 1,354,000 ounces as of March 31, 2002. A condition of Harmony's offer for Hill 50 was that each counterparty to hedge contracts with Hill 50 or any of its subsidiaries agree not to terminate, suspend or rescind these contracts. This condition of the offer was satisfied. In fiscal 2002, in line with Harmony's strategy of being generally unhedged, Harmony reduced New Hampton's hedge book by over 900,000 ounces. In fiscal 2002, Harmony also combined and restructured the overall hedge portfolio of Harmony's Australian operations (including New Hampton and Hill 50). All of these hedge positions were classified as commodity sales agreements, under which Harmony had to deliver a specified quantity of gold at a future date subject to the agreed-upon prices. During fiscal 2003, Harmony restructured these hedge contracts again and classified these hedge portfolios as speculative. All mark-to-market movements are accounted for in the income statement.

During fiscal 2003, Harmony closed out the remaining variable price sales contracts with floors which were inherited through the acquisition of Hill 50. No gold production was sold under these hedging contracts in fiscal 2004 and the derivative contracts, which related to the 2004 fiscal year, were closed out prior to the various delivery dates. During fiscal 2005, Harmony did not close out any hedge contracts.

Realization of Harmony's commodity sales agreements is dependent upon the counterparties performing in accordance with the terms of the relevant contracts. Harmony selects well-established financial institutions as counterparties and has used various different counterparties for its hedging arrangements that have been converted into commodity sales agreements. These counterparties consist of local and international banks, none of which have previously failed to perform as required under Harmony's hedging arrangements. Although Harmony does not anticipate that any of the counterparties will in the future fail to perform as required under Harmony's commodity sales agreements, Harmony's agreements with the counterparties generally do not require the counterparties to provide collateral or other security to support financial instruments subject to credit risk, but do entitle Harmony to monitor the counterparties' credit health in order to protect itself against exposure to the potential credit loss of the counterparties. The commodity sales agreements cover approximately 5% of Harmony's production, individually and aggregated, over the five years for which Harmony's commodity sales agreements exist. None of the counterparties are affiliates or related parties of Harmony.

In fiscal 2004, Harmony sold 3,315,595 ounces of gold at average price of \$385 per ounce. At a gold price of \$250 per ounce, product sales would have amounted to approximately \$829 million for fiscal 2004, a reduction of approximately \$448 million in product sales. In fiscal 2005, Harmony sold 2,965,250 ounces of gold at an average price of \$427 per ounce. At a gold price of \$250, product sales would have amounted to approximately \$741 million for fiscal 2004, a reduction of approximately \$525 million in product sales.

The gold spot price on October 21, 2005 was \$463 per ounce. During fiscal 2005, the gold spot price traded in a range from \$454.20 to \$387.30 per ounce.

Foreign Currency Sensitivity

Harmony's revenues are sensitive to the ZAR/US\$ exchange rates as all of the revenues are generated by gold sales, denominated in US\$. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish a ZAR/US\$ exchange rate in advance for the sale of its future gold production.

Harmony however, inherited forward exchange contracts with the acquisition of Avgold. The contracts do not meet the hedging criteria and the mark-to-market movement is reflected in the income statement.

The maturity schedule of the Harmony Group's currency contracts as at June 30, 2005 are set forth below:

	Maturity – Scheduled for Fiscal Year 2006	Total	Mark-to- market \$000
Forward Exchange Contracts			
US\$ million	39.5	39.5	16,467
Average strike ZAR/US\$ (Buy US\$, sell ZAR, at the agreed exchange rate)	9.54	9.54	
Forward Exchange Call Contracts Sold US\$ million	39.5	39.5	0.4
Average strike ZAR/US\$ (Sell US\$, buy ZAR, at the agreed exchange rate)	9.54	9.54	
Total			16,467

Sensitivity Analysis

A sensitivity analysis of the mark-to-market valuations of Harmony's currency contracts as of June 30, 2005 is set forth below:

	US\$ /ZAR spot rate June 30, 2005 \$1=						
Sensitivity to US \$/ZAR spot rate	R0.15	R0.10	R0.05	R6.67	(R0.05)	(R0.10)	(R0.15)
Mark-to-market (\$ millions)	(15.6)	(15.9)	(16.2)	(16.5)	(16.8)	(17.1)	(17.3)
	Weighted average interest rate at June 30, 2005						
Sensitivity to ZAR interest rates	1.5%	1.0%	0.5%	7.00%	(0.5%)	(1.0%)	(1.5%)
Mark-to-market (\$ millions)	(16.3)	(16.3)	(16.4)	(16.5)	(16.5)	(16.6)	(16.7)

Interest Rate Sensitivity

Gold lease rate swaps. Harmony generally does not undertake any specific actions to cover its exposure to interest rate risk. However, through its acquisitions of New Hampton and Hill 50, Harmony held certain gold lease rate swaps. Harmony closed out all the remaining gold lease rate swaps during fiscal 2005.

Interest rate swaps. On June 14, 2001, Harmony issued Rand-denominated senior unsecured fixed rate bonds in an aggregate principal amount of Rand 1.2 billion (\$180 million at an exchange rate of R6.67 per U.S.\$1.00), with semi-annual interest payable at a rate of 13% per annum. These bonds are repayable on June 14, 2006. In connection with these bonds, Harmony entered into an interest rate swap on Rand 600 million (\$90 million at an exchange rate of R6.67 per U.S.\$1.00). The interest rate swap consists of two tranches: (i) a Rand 400 million (\$60 million at an exchange rate of R6.67 per U.S. \$1.00) tranche which receives a fixed rate of 13% and pays a floating rate of 3 Month JIBAR (reset quarterly) plus 1.8% and (ii) a Rand 200 million (\$30 million at an exchange rate if R6.67 per U.S.\$1.00) tranche which receives a fixed rate of 13% and pays a floating rate at 3 month JIBAR (reset quarterly) plus 2.2%. See *Item 8. "Financial Information – Recent Developments"* for a description of our recent partial buy-back of these bonds.

A sensitivity analysis of the mark-to-market valuations of Harmony's interest rate swaps as of June 30, 2005 is set forth below.

Weighted average ZAR interest rate at June 30, 2005

Sensitivity to South

African Interest Rates	1.5%	1.0%	0.5%	7.00%	(0.5%)	(1.0%)	(1.5%)
<i>Mark-to-market (\$ millions)</i>	(2.6)	(2.9)	(3.2)	(3.6)	(3.9)	(4.2)	(4.5)

The fair values of Harmony's interest rate derivatives were determined at specific points in time by comparing the fixed and floating interest rates based on the current forecast of rates, or the market yield curve, discounted to present value. These values are estimates that involve uncertainties and cannot be determined with precision.

At June 30, 2005, Harmony's assets and liabilities included certain short-term variable rate instruments. The fair value of these instruments would not change significantly as a result of changes in interest rates due to their short-term nature and variable interest rate features.

At June 30, 2005, the fair value of Harmony's US dollar-denominated long-term liabilities, including the short-term portion of such liabilities, was \$ nil.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

GLOSSARY OF MINING TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the general reader in understanding certain terms as used in this annual report.

Alluvial: the product of sedimentary processes in rivers, resulting in the deposition of alluvium (soil deposited by a river).

Arenaceous: said of a sediment or sedimentary rock consisting wholly or in part of sand-sized fragments or having a sandy texture or the texture of such a sediment or rock.

Auriferous: a substance that contains gold ("AU").

Beneficiation: the process of adding value to gold products by transforming gold bullion into fabricated gold products.

Call option: a contract that permits the owner to purchase an asset at a specified price on or before a specified date.

Carbon In Pulp (CIP): a common process used to extract gold from cyanide leach slurries. The process consists of carbon granules suspended in the slurry and flowing counter-current to the process slurry in multiple-staged agitated tanks. The process slurry, which has been leached with cyanide prior to the CIP process, contains solubilized gold. The solubilized gold is absorbed onto the carbon granules, which are subsequently separated from the slurry by screening. The gold is then recovered from the carbon by electrowinning onto steel wool cathodes or by a similar process.

Carbon In Solution (CIS): a process similar to CIP except that the gold, which has been leached by the cyanide into solution, is separated by the process of filtration (solid/liquid separation). The solution is then pumped through six stages where the solution comes into contact with the activated carbon granules.

Cash cost: a measure of the average cost of producing an ounce of gold, calculated by dividing the total cash working costs in a period by the total gold production over the same period. Working costs represent total operating costs less certain administrative expenses, royalties and depreciation. In determining the cash cost of different elements of the operations, production overheads are allocated pro rata.

Conglomerate: a coarse-grained classic sedimentary rock, composed of rounded to subangular fragments larger than 2mm in diameter (granules, pebbles, cobbles, boulders) set in a fine-grained matrix of sand or silt, and commonly cemented by calcium carbonate, iron oxide, silica or hardened clay.

Crosscut: a mine working that is driven horizontally and at right angles to an adit, drift or level.

Cut and fill: a method of underground mining in which a stope is excavated and refilled with material (waste or tailings).

Cut-off grade: the grade at which the total profit from mining the orebodies, under a specified set of mining parameters, is maximized.

Cyanide leaching: the extraction of a precious metal from an ore by its dissolution in a cyanide solution.

Decline: an inclined underground access way.

Deferred Stripping: the removal of overburden through stripping in the current period to access ore expected to be exploited in a future period. Costs incurred with deferred stripping are deferred until the ore is accessed, in order to ensure matching of costs and revenues.

Depletion: the decrease in quantity of ore in a deposit or property resulting from extraction or production.

Development: activities (including shaft sinking and on-reef and off-reef tunneling) required to prepare for mining activities and maintain a planned production level and those costs to enable the conversion of mineralized material to reserves.

Electro-winning: the process of removing gold from solution by the action of electric currents.

Elution: removal of the gold from the activated carbon before the zinc precipitation stage.

Exploration: activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.

Fabricated gold: gold on which work has been performed to turn it into a product, such as jewelry, which differs from a pure investment product, such as a gold bullion bar.

Fluvial: produced by the action of a stream or river.

Footwall: the underlying side of a fault, orebody or stope.

Forward purchase: an agreement for the purchase of a commodity at a specified future date at a fixed price.

Forward sale: the sale of a commodity for delivery at a specified future date and price.

Gold reserves: the gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tons and head grade).

Gold lease rate swap: an agreement to pay a floating lease rate in exchange for the fixed lease rate inherent in establishing the fixed price in one or more forward gold sales.

Grade: the quantity of metal per unit mass of ore expressed as a percentage or, for gold, as ounces of gold per ton of ore.

Greenfield: a potential mining site of unknown quality.

Greenstone: a field term applied to any compact dark-green altered or metamorphosed basic igneous rock that owes its color to the presence of chlorite, actinolite or epidote.

Grinding: reducing mineralized rock to the consistency of fine sand by crushing and abrading in a rotating steel grinding mill.

Head grade: the grade of the ore as delivered to the metallurgical plant.

Heap leaching: a low-cost technique for extracting metals from ore by percolating leaching solutions through heaps of ore placed on impervious pads. Generally used on low-grade ores.

Leaching: dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration on to the activated carbon.

Level: the workings or tunnels of an underground mine that are on the same horizontal plane.

Littoral: of or pertaining to a shore.

Longhole sub-level caving: a process for removing ore in which relatively thin blocks of ore are caused to cave in by successively undermining small panels of ore. The broken and caved ore is then extracted by mechanical means.

Mark-to-market: the current fair value of a derivative based on current market prices or to calculate the current fair value of a derivative based on current market prices, as the case may be.

Measures: conversion factors from metric units to U.S. units are provided below.

Metric unit		U.S. equivalent
1 tonne	= 1 t	= 1.10231 short tons
1 gram	= 1 g	= 0.03215 ounces
1 gram per tonne	= 1 g/t	= 0.02917 ounces per short ton
1 kilogram per tonne	= 1 kg/t	= 29.16642 ounces per short ton
1 kilometer	= 1 km	= 0.621371 miles
1 meter	= 1 m	= 3.28084 feet
1 centimeter	= 1 cm	= 0.3937 inches
1 millimeter	= 1 mm	= 0.03937 inches
1 hectare	= 1 ha	= 2.47105 acres

Metallurgical plant: a processing plant used to treat ore and extract the contained gold.

Mill delivered tons: a quantity, expressed in tons, of ore delivered to the metallurgical plant.

Milling/mill: the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

Mineable: that portion of a mineralized deposit for which extraction is technically and economically feasible.

Mineralization: the presence of a target mineral in a mass of host rock.

Mineralized material: a mineralized body that has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. Such a deposit does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

Morphology: the form or shape of a crystal or mineral aggregate.

Open pit/Open cast/Open cut: mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

Ore: a mixture of mineralized material from which at least one of the contained minerals can be mined and processed at an economic profit.

Ore grade: the average amount of gold contained in a ton of gold bearing ore expressed in ounces per ton.

Ore reserves: that part of mineralized material which at the time of the reserve determination could be economically and legally extracted or produced. Ore reserves are reported as general indicators of the life of mineralized materials. Changes in reserves generally reflect:

- development of additional reserves;
- depletion of existing reserves through production;
- actual mining experience; and
- price forecasts.

Grades of ore actually processed may be different from stated reserve grades because of geologic variation in different areas mined, mining dilution, losses in processing and other factors. Recovery rates vary with the metallurgical characteristics and grade of ore processed. Neither reserves nor projections of future operations should be interpreted as assurances of the economic life of mineralized material nor of the profitability of future operations.

Orebody: a well defined mass of mineralized material of sufficient mineral content to make extraction economically viable.

Ounce: one Troy ounce, which equals 31.1035 grams.

Overburden: the soil and rock that must be removed in order to expose an ore deposit.

Overburden tons: tons that need to be removed to access an ore deposit.

Palaeotopography: the topography implied at some time in the past.

Pay limit: the breakeven grade at which the orebody can be mined without profit or loss, calculated using the forecast gold price, working costs and recovery factors.

Placer: a sedimentary deposit containing economic quantities of valuable minerals mainly formed in alluvial environments.

Precipitate: the solid product of chemical reaction by fluids such as the zinc precipitation referred to below.

Probable reserves: reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Prospect: an area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.

Prospecting license: an area for which permission to explore has been granted.

Proven reserves: reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

Put option: a contract that enables the owner to sell an asset at a specified price on or before a specified date.

Pyrite: a brassy-colored mineral of iron sulfide (compound of iron and sulfur).

Quartz: a mineral compound of silicon and oxygen.

Recovery grade: the actual grade of ore realized after the mining and treatment process.

Reef: a gold-bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold.

Refining: the final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.

Rehabilitation: the process of restoring mined land to a condition approximating its original state.

Sampling: taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

Shaft: a shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

Slimes: the finer fraction of tailings discharged from a processing plant after the valuable minerals have been recovered.

Slurry: a fluid comprising fine solids suspended in a solution (generally water containing additives).

Smelting: thermal processing whereby molten metal is liberated from beneficiated ore or concentrate with impurities separating as lighter slag.

Spot price: the current price of a metal for immediate delivery.

Stockpile: a store of unprocessed ore.

Stockwork: mineralized material consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.

Stope: the underground excavation within the orebody where the main gold production takes place.

Stripping: the process of removing overburden to expose ore.

Sulfide: a mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite, FeS.

Syncline: a basin-shaped fold.

Tailings: finely ground rock from which valuable minerals have been extracted by milling.

Ton: one ton is equal to 2,000 pounds (also known as a “short” ton).

Tonnage: quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.

Tonne: one tonne is equal to 1,000 kilograms (also known as a “metric” ton).

Trend: the arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.

Unconformity: the structural relationship between two groups of rock that are not in normal succession.

Waste: ore rock mined with an insufficient gold content to justify processing.

Waste rock: the non-mineralized rock and/or rock that generally cannot be mined economically that is hoisted to the surface for disposal on the surface normally close to the shaft on an allocated dump.

Yield: the actual grade of ore realized after the mining and treatment process.

Zinc precipitation: a chemical reaction using zinc dust that converts gold solution to a solid form for smelting into unrefined gold bars.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS

At a general meeting held on November 12, 2004, Harmony’s shareholders approved resolutions (i) increasing Harmony’s authorized ordinary share capital from a total of R175,000,000 divided into 350,000,000 ordinary shares of R0.50 each to R225,000,000 divided into 450,000,000 ordinary shares of R0.50 each (ii) authorizing the Board to allot and issue all or any of Harmony’s authorized but unissued ordinary shares for cash to such persons and on such terms as the Board may, without restriction, from time to time, deem fit as and when suitable opportunities arise, but subject to the requirements of the JSE (iii) authorizing Harmony to acquire from time to time such a number of its issued ordinary shares at such price or prices and on such terms and conditions as the Board may determine, but subject to the requirements of the JSE and the requirements of the other exchanges upon which Harmony’s ordinary shares may be quoted or listed. The shareholders also approved amendments to Harmony’s Articles of Association in order to comply with the JSE amended listing requirements.

Directly following the general meeting an extra-ordinary shareholders’ meeting was held on November 12, 2004 regarding the proposed merger with Gold Fields Limited. At this meeting Harmony’s shareholders approved a further increase of the authorized share capital from R225,000,000 divided into 450,000,000 ordinary shares of 50 cents each to R600,000,000 divided into 1,200,000,000 ordinary shares of R0.50 cents each.

At a general meeting held on May 7, 2004, Harmony’s shareholders approved resolutions (i) approving the creation and issuing for cash up to a maximum of 1,700 bonds convertible into new ordinary equity shares of Harmony with

a principal amount of R1,000,000, comprising a maximum aggregate subscription price of R1,700,000,000, (ii) authorizing the directors of Harmony to allot and issue new ordinary shares on and subject to the terms and conditions of the convertible bonds and (iii) authorizing the directors of Harmony to allot and issue equity securities for cash on such terms and conditions as the directors may from time to time at their sole discretion deem fit, but subject to the requirements of the JSE Securities Exchange.

At a general meeting held on November 14, 2003, Harmony's shareholders approved resolutions (i) approving the Harmony (2003) Share Option Scheme, (ii) authorizing the Board to allot and issue all or any of Harmony's authorized but unissued ordinary shares for cash to such persons and on such terms as the Board may, without restriction, from time to time, deem fit as and when suitable opportunities arise, but subject to the requirements of the JSE (iii) authorizing Harmony to acquire from time to time such a number of its issued ordinary shares at such price or prices and on such terms and conditions as the Board may determine, but subject to the requirements of the JSE and the requirements of the other exchanges upon which Harmony's ordinary shares may be quoted or listed. The shareholders also approved amendments to Harmony's Articles of Association in order to comply with the JSE amended listing requirements.

At a general meeting held on September 1, 2003, Harmony's shareholders approved resolutions (i) increasing Harmony's authorized ordinary share capital to a total of R175,000,000 divided into 350,000,000 ordinary shares of R0.50 each, (ii) authorizing the directors to issue and allot the consideration shares to the ARMgold shareholders and (iii) to revise the directors' authority to issue shares for cash.

At a general meeting held on November 15, 2002, Harmony's shareholders approved a resolution authorizing Harmony to acquire from time to time such a number of its issued ordinary shares at such price or prices and on such terms and conditions as the Board may determine, but subject to the requirements of the JSE and the requirements of the other exchanges upon which Harmony's ordinary shares may be quoted or listed.

USE OF PROCEEDS

Not applicable.

Item 15. Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the U.S. Securities Exchange Act of 1934, or the Exchange Act. These rules refer to the controls and other procedures of the company that are designed to ensure that information required to be disclosed by the company in the reports that are filed under the Exchange Act is recorded, processed, summarized and reported within required time periods. Our Chief Executive Officer and our Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report and they have concluded that such controls and procedures were reasonably designed and were effective to ensure that information required to be discussed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized or reported within the time period specified in the rules and forms of the SEC.

Item 16A. Audit Committee Financial Expert

At this time Harmony does not have an individual "audit committee financial expert" as defined by the rules of the SEC. The audit committee members through their collected experience do meet a majority of the definitions of the SEC for an "audit committee financial expert" in both the private and public sectors. The members have served as directors and officers of numerous public companies and have over the years developed a strong knowledge and understanding of generally accepted accounting principles, overseeing the preparation, audit and evaluation of financial statements. Harmony believes that the combined knowledge, skills and experience of the Audit Committee, and their authority to engage outside experts as they deem appropriate to provide them with advice on matters related to their responsibilities, enable them, as a group, to act effectively in the fulfillment of their tasks and responsibilities required under the Sarbanes-Oxley Act of 2002. See *Item 7. "Directors and Management – Board Practices – Audit Committee."*

Item 16B. Code of Ethics

Harmony is committed to promoting the highest standards of behavior and compliance with laws and regulations. It is further committed to integrity and fair dealing in the conduct of its business. This commitment, which is actively endorsed by Harmony's Board of Directors, is based on a fundamental belief that business should be conducted honestly, fairly and legally. All Harmony employees are expected to share Harmony's commitment to high moral, ethical and legal standards. Harmony's commitment to organizational integrity has been codified in a Code of Ethics, which applies equally to all employees and other representatives of Harmony. The term "employees" is

used in the broadest sense and includes: all staff with whom a service contract exists, including management, non-management, directors, contractors, consultants and temporary staff. The Code is designed to inform employees of policies in various areas.

If employees become aware of, or suspect a contravention of the Code, they are encouraged to advise their line manager or the Security Department. Should they wish to remain anonymous, they can also make use of Harmony's "Khuluma" toll-free crime line to report the incident, which is then investigated and dealt with according to Harmony's Disciplinary Code of Conduct. Employees must comply with all applicable laws and regulations, which relate to their activities for and on behalf of Harmony. Employees are expected to ensure that their conduct cannot be interpreted as being in contravention of applicable laws and regulations governing the operations of Harmony, in any way. Harmony does not condone any violation of the law or unethical business dealings by any employee, including any payment for, or other participation in an illegal act, such as bribery. The Code of Ethics is available on Harmony's website at www.harmony.co.za.

Item 16C. Principal Accountant Fees and Services

AUDIT FEES

The following sets forth the aggregate fees billed for each of the two past fiscal years for professional fees to the principal accountants of Harmony for the audit of the annual financial statements or for services normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

Fiscal year ended June 30, 2004	\$1.1 million
Fiscal year ended June 30, 2005	\$1.121 million

AUDIT-RELATED FEES

The following sets forth additional aggregate fees to those reported under "Audit Fees" in each of the last two fiscal years that were provided by the principal accountant that are reasonably related to the performance of the audit or review of the financial statements:

Fiscal year ended June 30, 2004	\$0.6 million
Fiscal year ended June 30, 2005	\$0.915 million

Fees related to interim reviews and review of interim reports and other SEC filings.

TAX FEES

The following sets forth the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning:

Fiscal year ended June 30, 2004	\$0.1 million
Fiscal year ended June 30, 2005	\$0.20 million

Services comprised advice on capital gains tax issues, treatment of tax in respect of acquisitions, guidance on Section 404 Sarbanes Oxley compliance and share option schemes.

ALL OTHER FEES

The following sets forth the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant not described above:

Fiscal year ended June 30, 2004	\$0.1 million
Fiscal year ended June 30, 2005	\$0.123 million

The services comprised consulting advice in respect of corporate governance matters.

AUDIT COMMITTEE APPROVAL

Harmony's audit committee pre-approves every engagement by Harmony of PricewaterhouseCoopers Inc. to render audit or non-audit services. All of the services described above were approved by the audit committee.

Item 16D. Exemptions from Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer

Not applicable.

Item 17. Financial Statements

We have elected to provide financial statements for the fiscal year ended June 30, 2005 and the related information pursuant to Item 18.

Item 18. Financial Statements

Item 19. Exhibits

- 1.1 Memorandum of Association of Harmony, as amended (incorporated by reference to Harmony's Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).
- 1.2 Articles of Association of Harmony, as amended.
- 2.1 Notice to shareholders dated September 3, 2004 in respect of the Annual General Meeting held on November 12, 2004.
- 2.2 Notice to Shareholders dated September 2, 2005 in respect of the Annual General Meeting to be held on November 4, 2005.
- 2.3 Share Exchange Agreement between Avmin and Harmony to acquire the shareholding in Avgold dated February 16, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 2.4 Deposit Agreement among Harmony, The Bank of New York, as Depositary, and owners and holders of American Depositary Receipts, dated as of August 12, 1996, as amended and restated as of October 2, 1996, as further amended and restated as of September 15, 1998 (incorporated by reference to Post-Effective Amendment No. 1 to Harmony's Registration Statement (file no. 333-5410) on Form F-6 filed on May 17, 2001).
- 2.5 Form of ADR (included in Exhibit 2.4).
- 2.6 Excerpts of relevant provisions of the South African Companies Act (incorporated by reference to Harmony's Registration Statement (file no. 0-28798) on Form 20-F filed on September 20, 1996).
- 2.7 Excerpts of relevant provisions of the JSE Securities Exchange South Africa listing requirements (incorporated by reference to Harmony's Registration Statement (file no. 0-28798) on Form 20-F filed on September 20, 1996).
- 2.8 Form of Harmony's senior unsecured 13% bonds due June 14, 2006 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2001 filed on September 26, 2001).
- 2.9 Shareholder Circular to Avgold shareholders dated April 8, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 2.10 Shareholder Circular to Anglovaal Mining Limited's ("ARM") shareholders dated March 23, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 2.11 Trust Deed entered into between Harmony and JPMorgan Corporate Trustee Services Limited dated May 21, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 2.12 Agency Agreement between Harmony, JPMorgan Corporate Trustee Services Limited, JPMorgan Chase Bank and JPMorgan Luxembourg SA dated May 21, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 2.13 Form of Global Bond (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 2.14 Bond Offering Circular dated October 14, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 3 Voting Agreement between ARMI and Clidet 454 (Pty) Ltd signed on February 16, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 4.1 Acquisition and Disposal Agreement between ARMI and Anglovaal Mining Limited's ("ARM") holding in Harmony, ARM Platinum (Pty) Ltd ("ARMPlats") and the African Rainbow Minerals Consortium Limited's debt, signed on February 16, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
- 4.2 Addendum to Acquisition and Disposal Agreement between ARMI and Anglovaal Mining Limited signed on March 15, 2004 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).

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- 4.3 Voting Agreement between ARMI and Clidet 454 (Pty) Ltd signed on February 16, 2004 (see Exhibit 3).
 - 4.4 Harmony (2003) Share Option Scheme, as amended.
 - 4.5 Form of Harmony's senior unsecured 13% bonds due June 14, 2006 (see Exhibit 2.8).
 - 4.6 Joint Venture Agreement between ARMgold Limited, Harmony and Clidet 383 (Proprietary) Limited, dated April 5, 2002 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
 - 4.7 Merger Agreement between ARMgold Limited and Harmony dated September 22, 2003 (incorporated by reference to Harmony's Registration Statement on Form 20-F filed on December 17, 2003).
 - 4.8 Sale of Business Agreement between Anglogold Limited, Clidet 383 (Pty) Ltd and Harmony Gold Mining Company Limited and ARM (Pty) Ltd in respect of the Free Gold assets entered into on December 24, 2001 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2004, as amended, filed on October 14, 2004).
 - 4.9 Sale of Shares Agreement amongst Harmony, ARMgold Harmony Joint Investment Company (Proprietary) Limited, and The ARM Broad-Based Empowerment Trust signed on April 15, 2005.
 - 4.10 Subordination Agreement amongst Harmony, Nedbank Limited and The ARM Broad-Based Empowerment Trust signed on April 15, 2005.
 - 4.11 First Loan Agreement between Nedbank Limited and The ARM Broad-Based Empowerment Trust signed on April 15, 2005.
 - 4.12 First Ranking Cessation and Pledge between The ARM Broad-Based Empowerment Trust and Nedbank Limited signed on April 15, 2005.
 - 4.13 Second Loan Agreement between Nedbank Limited and The ARM Broad-Based Empowerment Trust signed on April 15, 2005.
 - 4.14 Second Ranking Cessation and Pledge between The ARM Broad-Based Empowerment Trust and Nedbank Limited signed on April 15, 2005.
 - 4.15 Flow of Funds Agreement amongst Nedbank Limited, ARMgold Harmony Joint Investment Company (Proprietary) Limited, Harmony and The ARM Broad-Based Empowerment Trust signed on April 15, 2005.
 - 4.16 Right of Pre-emption and Deed of Adherence between Nedbank Limited, Harmony, African Rainbow Minerals & Exploration Investments (Proprietary) Limited and ARMgold Harmony Joint Investment Company (Proprietary) Limited signed on April 15, 2005.
 - 4.17 Agreement of Assignment between African Rainbow Minerals & Exploration Investments (Proprietary) Limited, Harmony, ARMgold Harmony Joint Investment Company (Proprietary) Limited and The Trustees of The ARM Broad-Based Empowerment Trust signed on April 15, 2005.
 - 4.18 Harmony Option Agreement between Harmony and Nedbank Limited signed on April 15, 2005.
 - 4.19 Harmony Undertaking amongst Harmony, ARMgold Harmony Joint Investment Company (Proprietary) Limited and Nedbank Limited signed on April 15, 2005.
 - 8.1 Significant subsidiaries of Harmony Gold Mining Company Limited.
 - 12.1 Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
 - 12.2 Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
 - 13.1 Certification of the chief executive officer, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
 - 13.2 Certification of the chief financial officer, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, Harmony hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

HARMONY GOLD MINING COMPANY LIMITED

By: /s/ Zacharias Bernardus Swanepoel
Z. B. Swanepoel
Chief Executive Officer
Date: November 2, 2005

INDEX TO FINANCIAL STATEMENTS

	Page
Harmony Gold Mining Company Limited	
Report of the Independent Registered Public Accounting Firm	F-2
Consolidated Income Statements for the years ended June 30, 2005, 2004 and 2003	F-3
Consolidated Balance Sheets at June 30, 2005 and 2004	F-6
Consolidated Statements of Cash Flows for the years ended June 30, 2005, 2004 and 2003	F-7
Consolidated Statements of Changes in Shareholders' Equity for the years ended June 30, 2005, 2004 and 2003	F-8
Notes to the Consolidated Financial Statements	F-10
	Page
ARMgold/Harmony Freegold Joint Venture Company (Proprietary) Limited	
Report of the Independent Auditors	F-73
Income Statement for the three month period ended September 30, 2003, the year ended June 30, 2003 and the six month period ended June 30, 2002	F-74
Balance Sheet as at June 30, 2003	F-75
Statement of Shareholders' Equity for the year ended June 30, 2003 and the six month period ended June 30, 2002	F-76
Statement of Cash Flows for the three month period ended September 30, 2003, the year ended June 30, 2003, and the six month period ended June 30, 2002	F-77
Notes to the Financial Statements	F-78

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Harmony Gold Mining Company Limited

We have audited the accompanying consolidated balance sheets of Harmony Gold Mining Company Limited and its subsidiaries as of June 30, 2005 and 2004, and the related consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended June 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Harmony Gold Mining Company Limited and its subsidiaries at June 30, 2005 and 2004, and the results of their operations, their cash flows and changes in shareholders' equity for each of the three years in the period ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2(m)(iv) and note 2(o) to the consolidated financial statements, the Company changed its method of accounting for mineral and surface use rights during the 2004 fiscal year, and its method of accounting for environmental obligations during the 2003 fiscal year, respectively.

PricewaterhouseCoopers Inc.

Chartered Accountants (SA)
Registered Accountants & Auditors
Johannesburg, Republic of South Africa

October 28, 2005

Harmony Gold Mining Company Limited
Consolidated Income Statements
For the years ended June 30

	2005 \$'000	2004 \$'000	2003 \$'000
REVENUES			
Product sales	1,265,200	1,240,339	781,792
COSTS AND EXPENSES			
Production costs exclusive of depreciation and amortization	1,217,562	1,172,483	601,143
Deferred stripping costs	15,362	(4,119)	(1,397)
Depreciation and amortization	117,469	104,045	60,931
Impairment of assets	243,124	3,145	117,594
Employment termination and restructuring costs	73,215	31,668	5,098
Care and maintenance cost of restructured shafts	29,975	—	—
Corporate expenditure	17,969	14,193	7,941
Exploration expenditure	11,676	15,810	10,980
Marketing and new business expenditure	15,310	12,533	7,839
Share-based compensation	14,331	7,135	1,761
Decrease in rehabilitation costs	(1,814)	(17,839)	(9,022)
Post retirement benefits expense	9,137	—	503
	<u>1,763,316</u>	<u>1,339,054</u>	<u>803,371</u>
OPERATING LOSS	(498,116)	(98,715)	(21,579)
OTHER (EXPENSES)/INCOME			
Dividends received	2,785	533	341
(Loss)/gain on financial instruments	(17,672)	(32,385)	43,154
(Loss)/profit on sale of listed investments	(93,470)	4,910	59,243
Impairment of listed investment	(63,234)	—	—
Profit on sale and loss on dilution of investment in associates — net	—	65,097	—
(Loss)/profit on sale of subsidiaries	(114)	115	—
Interest received	21,396	28,029	21,924
Interest paid — net of amounts capitalized of \$1.9 million, \$1.7 million and \$nil in 2005, 2004 and 2003, respectively	(65,074)	(64,289)	(36,066)
Other (expenses)/income	(3,661)	14,155	(21,112)
	<u>(219,044)</u>	<u>16,165</u>	<u>67,484</u>
(LOSS)/INCOME BEFORE TAX, MINORITY INTERESTS, EQUITY INCOME, IMPAIRMENT OF ASSOCIATES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	(717,160)	(82,550)	45,905
Income and mining tax benefit/(expense)	100,693	41,884	(25,255)
(LOSS)/INCOME BEFORE MINORITY INTERESTS, EQUITY INCOME, IMPAIRMENT OF ASSOCIATES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	(616,467)	(40,666)	20,650
Minority interests	—	1,281	(468)
(LOSS)/INCOME BEFORE EQUITY INCOME, IMPAIRMENT OF ASSOCIATES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	(616,467)	(39,385)	20,182
Equity income of joint venture	—	7,918	52,843
Equity profit/(loss) of associated companies	—	2,020	(1,233)
Impairment of investment in associate	—	(1,956)	—
(LOSS)/INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(616,467)	(31,403)	71,792
Cumulative effect of changes in accounting principles, net of tax	—	—	14,770
NET (LOSS)/INCOME	<u>(616,467)</u>	<u>(31,403)</u>	<u>86,562</u>
BASIC (LOSS)/EARNINGS PER SHARE (\$) BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(1.70)	(0.12)	0.40

	2005 \$'000	2004 \$'000	2003 \$'000
FULLY DILUTED (LOSS)/EARNINGS PER SHARE (\$) BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(1.70)	(0.12)	0.39
BASIC (LOSS)/EARNINGS PER SHARE (\$)	(1.70)	(0.12)	0.49
FULLY DILUTED (LOSS)/EARNINGS PER SHARE (\$)	(1.70)	(0.12)	0.47
WEIGHTED AVERAGE NUMBER OF SHARES USED IN THE COMPUTATION OF BASIC EARNINGS PER SHARE	362,499,012	254,240,500	177,954,245
WEIGHTED AVERAGE NUMBER OF SHARES USED IN THE COMPUTATION OF FULLY DILUTED EARNINGS PER SHARE	362,499,012	254,240,500	182,721,629
DIVIDEND PER SHARE (\$)	0.05	0.26	0.57

The accompanying notes are an integral part of these consolidated financial statements

Harmony Gold Mining Company Limited
Consolidated Statements of Comprehensive Income
For the years ended June 30

	2005 \$'000	2004 \$'000	2003 \$'000
(Loss)/income — before cumulative effect of changes in accounting principles	(616,467)	(31,403)	71,792
Cumulative effect of changes in accounting principles, net of tax	—	—	14,770
Net (loss)/income	<u>(616,467)</u>	<u>(31,403)</u>	<u>86,562</u>
Other comprehensive (loss)/income			
Mark-to-market of listed and other investments — unrealized	(43,656)	(52,274)	4,498
Mark-to-market of listed and other investments — realized	105,892	(6,006)	(65,208)
Mark-to-market of environmental trust funds	(1,018)	(64)	—
Mark-to-market of cash flow hedging instruments	—	—	(5,088)
Foreign currency translation adjustment	(185,944)	374,859	250,142
Other comprehensive (loss)/income	<u>(124,726)</u>	<u>316,515</u>	<u>184,344</u>
Comprehensive (loss)/income	<u>(741,193)</u>	<u>285,112</u>	<u>270,906</u>

The accompanying notes are an integral part of these consolidated financial statements

Harmony Gold Mining Company Limited
Consolidated Balance Sheets
At June 30

	2005 \$'000	2004 \$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	266,746	217,022
Receivables	94,730	138,118
Inventories	86,121	84,659
Materials contained in heap leach pads	553	593
Income and mining taxes	3,980	—
Deferred income and mining taxes	138,519	71,132
Total current assets	590,649	511,524
Property, plant and equipment	3,271,019	3,636,773
Other assets	14,328	31,838
Goodwill	30,367	32,480
Restricted cash	7,798	9,922
Investments	642,516	419,378
Investments in associates	—	19,908
TOTAL ASSETS	4,556,677	4,661,823
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	427,544	382,858
Income and mining taxes	—	9,565
Dividends payable	1,211	1,341
Total current liabilities	428,755	393,764
Long-term loans	409,486	509,195
Deferred income and mining taxes	510,298	558,812
Deferred financial liabilities	76,720	91,513
Provision for environmental rehabilitation	120,450	125,917
Provision for social plan	2,109	1,958
Provision for post retirement benefits	13,276	1,584
Commitments and contingencies (Note 29)		
SHAREHOLDERS' EQUITY		
Share capital — 1 200,000,000 (2004: 350,000,000) authorized ordinary shares of 50 South African cents each. Shares issued 394,023,694 (2004: 321,424,077)	31,448	25,204
Additional paid-in capital	3,425,296	2,624,721
(Accumulated loss)/retained earnings	(522,891)	108,029
Deferred share-based compensation	(38,294)	(3,624)
Accumulated other comprehensive income	100,024	224,750
Total shareholders' equity	2,995,583	2,979,080
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,556,677	4,661,823

The accompanying notes are an integral part of these consolidated financial statements

Harmony Gold Mining Company Limited
Consolidated Statements of Cash Flows
For the years ended June 30

	2005 \$'000	2004 \$'000	2003 \$'000
CASH FLOW FROM OPERATIONS			
Sources of cash			
Cash received from customers	1,265,200	1,240,339	781,792
Interest and dividends received	24,181	28,562	22,265
Cash provided by operating activities	1,289,381	1,268,901	804,057
Uses of cash			
Cash paid to suppliers and employees	1,449,346	1,231,713	580,516
Interest paid	42,156	44,189	27,396
Income and mining taxes paid	8,952	83,881	43,514
Cash used in operating activities	1,500,454	1,359,783	651,426
NET CASH (UTILIZED)/GENERATED BY OPERATIONS	(211,073)	(90,882)	152,631
CASH FLOW FROM INVESTING ACTIVITIES			
Net increase in amounts invested in environmental trusts	(251)	(5,529)	(3,733)
Restricted cash	1,585	(8,973)	—
Cash held by subsidiaries on acquisition	723	100,872	10,770
Cash held by subsidiaries at disposal	(1,830)	(69)	—
Loan repaid by Free Gold Company	—	—	21,768
Cash paid for Abelle Mines	—	(85,168)	(105,433)
Investment in Highland Gold	—	—	(7,635)
Investment in ARM	—	—	(115,442)
Investment in High River	—	—	(14,514)
Other direct costs of acquisition of ARMgold	—	(195)	—
Other direct costs of acquisition of Avgold	—	(256)	—
Cash received for Bissett	—	2,598	—
Other direct costs of investment in Gold Fields	(13,802)	—	—
Proceeds on disposal of listed investments	380,363	146,350	89,618
Increase in other non-current investments	(1,204)	(7,677)	(9,352)
Proceeds on disposal of mining assets	20,892	28,981	3,055
Additions to property, plant and equipment	(133,065)	(112,215)	(99,114)
NET CASH GENERATED/(UTILIZED) BY INVESTING ACTIVITIES	253,411	58,719	(230,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term borrowings raised — net	31,899	42,767	102,478
Ordinary shares issued — net of expenses	(9,695)	7,729	151,285
Dividends paid	(14,495)	(54,943)	(98,632)
NET CASH GENERATED/(UTILIZED) BY FINANCING ACTIVITIES	7,709	(4,447)	155,131
EFFECTS OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(323)	64,592	21,067
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,724	27,982	98,817
CASH AND CASH EQUIVALENTS — JULY 1	217,022	189,040	90,223
CASH AND CASH EQUIVALENTS — JUNE 30	266,746	217,022	189,040

The accompanying notes are an integral part of these consolidated financial statements

The principal non-cash transactions are the issue of shares as consideration for business acquisitions and the mark-to-market of listed and other investments. See note 3 and note 21.

Harmony Gold Mining Company Limited
Consolidated Statements of Changes in Shareholders' Equity
For the years ended June 30

	Number of ordinary shares issued	Number of warrants issued	Share capital \$'000	Additional paid-in capital \$'000	(Accumulated loss)/retained earnings \$'000	Accumulated other comprehensive income/(loss) \$'000	Deferred share- based compensation \$'000	Total \$'000
BALANCE — JUNE 30, 2002	169,929,849	8,013,446	14,852	814,491	206,544	(276,109)	(6,652)	753,126
Net income	—	—	—	—	86,562	—	—	86,562
Dividends declared	—	—	—	—	(98,669)	—	—	(98,669)
Issue of shares	—	—	—	—	—	—	—	—
— Public offerings	8,000,000	—	468	123,785	—	—	—	124,253
— Correction of Randfontein offer	114,750	—	7	479	—	—	—	486
Exercise of employee share options	1,846,600	—	93	6,623	—	—	—	6,716
Share issue expenses	—	—	—	(5,318)	—	—	—	(5,318)
Conversion of warrants	5,645,416	(5,645,416)	292	24,856	—	—	—	25,148
Deferred share-based compensation	—	—	—	8,890	—	—	(8,890)	—
Amortization of deferred share-based compensation	—	—	—	—	—	—	3,986	3,986
Share-based compensation	—	—	—	(2,294)	—	—	—	(2,294)
Mark-to-market of listed and other investments — unrealized	—	—	—	—	—	4,498	—	4,498
Mark-to-market of listed and other investments — realized	—	—	—	—	—	(65,208)	—	(65,208)
Mark-to-market of cash flow hedging instruments	—	—	—	—	—	(5,088)	—	(5,088)
Foreign exchange translation adjustment	—	—	—	—	—	250,142	—	250,142
BALANCE — JUNE 30, 2003	185,536,615	2,368,030	15,712	971,512	194,437	(91,765)	(11,556)	1,078,340
Net loss	—	—	—	—	(31,403)	—	—	(31,403)
Dividends declared	—	—	—	—	(55,005)	—	—	(55,005)
Issue of shares	—	—	—	—	—	—	—	—
— Acquisition of 11.5% interest in Avgold	6,960,964	—	455	83,941	—	—	—	84,396
— Acquisition of ARMgold	63,666,672	—	4,308	678,089	—	—	—	682,397
— Acquisition of 42.2% interest in Avgold	28,630,526	—	2,048	411,927	—	—	—	413,975
— Acquisition of Avgold minorities	33,574,367	—	2,474	482,986	—	—	—	485,460
Exercise of employee share options	703,800	—	51	4,401	—	—	—	4,452
Share issue expenses	—	—	—	(11,781)	—	—	—	(11,781)
Conversion of warrants	2,351,133	(2,351,133)	156	13,222	—	—	—	13,378
Warrants expired	—	(16,897)	—	—	—	—	—	—
Consolidation of share trusts	—	—	—	(7,425)	—	—	—	(7,425)
Deferred share-based compensation	—	—	—	(2,151)	—	—	797	(1,354)
Amortization of deferred share-based compensation	—	—	—	—	—	—	7,135	7,135
Mark-to-market of listed and other investments — unrealized	—	—	—	—	—	(52,274)	—	(52,274)
Mark-to-market of listed and other investments — realized	—	—	—	—	—	(6,006)	—	(6,006)
Mark-to-market of environmental trust funds	—	—	—	—	—	(64)	—	(64)
Foreign exchange translation adjustment	—	—	—	—	—	374,859	—	374,859
BALANCE — JUNE 30, 2004	321,424,077	—	25,204	2,624,721	108,029	224,750	(3,624)	2,979,080
Net loss	—	—	—	—	(616,467)	—	—	(616,467)
Dividends declared	—	—	—	—	(14,453)	—	—	(14,453)
Issue of shares	—	—	—	—	—	—	—	—
— Acquisition of 11.5% interest in Gold Fields	72,173,265	—	6,210	760,980	—	—	—	767,190
Exercise of employee share options	426,352	—	34	3,227	—	—	—	3,261
Share issue expenses	—	—	—	(12,957)	—	—	—	(12,957)
Consolidation of share trusts	—	—	—	324	—	—	—	324
Deferred share-based compensation	—	—	—	49,001	—	—	(49,001)	—
Amortization of deferred share-based compensation	—	—	—	—	—	—	14,331	14,331
Mark-to-market of listed and other investments — unrealized	—	—	—	—	—	(43,656)	—	(43,656)
Mark-to-market of listed and other investments — realized	—	—	—	—	—	105,892	—	105,892
Mark-to-market of environmental trust funds	—	—	—	—	—	(1,018)	—	(1,018)
Foreign exchange translation adjustment	—	—	—	—	—	(185,944)	—	(185,944)
BALANCE — JUNE 30, 2005	394,023,694	—	31,448	3,425,296	(522,891)	100,024	(38,294)	2,995,583

The accompanying notes are an integral part of these consolidated financial statements

Harmony Gold Mining Company Limited
Consolidated Statements of Changes in Shareholders' Equity
For the years ended June 30

The following is a reconciliation of the components of accumulated other comprehensive income/(loss) for the periods presented:

	Mark-to-market of cash flow hedging instruments \$'000	Mark-to-market of listed and other investments \$'000	Foreign currency translation adjustment \$'000	Accumulated other comprehensive income/(loss) \$'000
BALANCE — JUNE 30, 2002	5,142	59,771	(341,022)	(276,109)
Mark-to-market of cash flow hedging instruments	(5,088)	—	—	(5,088)
Mark-to-market of listed and other investments — unrealized	—	4,498	—	4,498
Mark-to-market of listed and other investments — realized	—	(65,208)	—	(65,208)
Foreign currency translation adjustment	—	—	250,142	250,142
BALANCE — JUNE 30, 2003	54	(939)	(90,880)	(91,765)
Mark-to-market of listed and other investments — unrealized	—	(52,274)	—	(52,274)
Mark-to-market of listed and other investments — realized	—	(6,006)	—	(6,006)
Mark-to-market of environmental trust funds	—	(64)	—	(64)
Foreign currency translation adjustment	—	—	374,859	374,859
BALANCE — JUNE 30, 2004	54	(59,283)	283,979	224,750
Mark-to-market of listed and other investments — unrealized	—	(43,656)	—	(43,656)
Mark-to-market of listed and other investments — realized	—	105,892	—	105,892
Mark-to-market of environmental trust funds	—	(1,018)	—	(1,018)
Foreign currency translation adjustment	(54)	(68)	(185,822)	(185,944)
BALANCE — JUNE 30, 2005	—	1,867	98,157	100,024

The accompanying notes are an integral part of these consolidated financial statements

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

1 NATURE OF OPERATIONS

Harmony Gold Mining Company Limited (“Harmony”, the “Company” or the “Group”) is engaged in gold mining and related activities, including exploration, extraction, processing and refining. Gold bullion, the Company’s principal product, is currently produced at its operations in South Africa and Australia.

2 ACCOUNTING POLICIES

(a) USE OF ESTIMATES: The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the Company’s consolidated financial statements requires the Company’s management to make estimates and assumptions about current and future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results ultimately may differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis for future cash flow estimates and units-of-production depreciation, depletion and amortization calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other materials in heap leach pads; asset impairments (including impairments of goodwill, long-lived assets, and investments); write-downs of inventory to net realizable value; post employment, post retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; reserves for contingencies and litigation; and the fair value and accounting treatment of financial instruments.

The following are accounting policies used by the Company which, except as described in note 2(m)(iv) and note 2(o) below, have been consistently applied:

(b) CONSOLIDATION:

(i) Consolidated entities: The Group’s consolidated financial statements include the financial statements of the Company, its subsidiaries, and its investments in joint ventures and associates. A company in which the Group has, directly or indirectly, through subsidiary undertakings, a controlling interest is classified as a subsidiary undertaking. In addition, the Company reviews its relationships with other entities to assess if the Company is the primary beneficiary of a variable interest entity. If the determination is made that the Company is the primary beneficiary, then that entity is consolidated. See note 4. The results of any subsidiary acquired or disposed of during the year are consolidated from the effective date of acquisition and up to the effective date of disposal.

Any excess between the purchase price and the fair value of the identifiable net assets of subsidiaries, joint ventures and associates at the date of acquisition is capitalized as goodwill.

Intercompany profits, transactions and balances have been eliminated.

(ii) Investments in associates: An associate is an entity, other than a subsidiary, in which the Group has a material long-term interest and in respect of which the Group exercises significant influence over operational and financial policies, normally owning between 20% and 50% of the voting equity.

Investments in associates are accounted for by using the equity method of accounting based on the most recent audited financial statements of those entities. Equity accounting involves recognizing in the income statement the Group’s share of the associates’ profit or loss for the period. The Group’s interest in the associate is carried in the balance sheet at an amount that reflects the cost of the investment, the Group’s share of post acquisition earnings and other movement in reserves. The carrying value of an associate is reviewed on a regular basis and, if an impairment in the carrying value has occurred, it is written off in the period in which such permanent impairment is identified.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

(iii) Investment in joint ventures: A joint venture is an entity in which the group holds a long-term interest and which is jointly controlled by the Group and one or more venturers under a contractual arrangement. The Group's interest in jointly controlled entities is accounted for under the equity method as described in note 2(b)(ii) above.

(iv) Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, associate, joint venture or business at the date of acquisition. Goodwill on acquisition of subsidiaries and businesses is included in intangible assets. Goodwill on acquisition of associates and joint ventures are included in the carrying value of investments in associates and joint ventures.

Goodwill is not subject to amortization. Instead, the Company evaluates, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. To accomplish this, the Company compares the fair value of its reporting units to their carrying amounts. If the carrying value of a reporting unit were to exceed its fair value, the Company would perform the second step of the impairment test. In the second step, the Company would compare the implied fair value of the reporting unit's goodwill to its carrying amount and any excess of the carrying value over the implied fair value would be charged to operations.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

(c) FOREIGN CURRENCIES:

(i) Foreign entities: For self-sustaining foreign entities, assets and liabilities are translated using the closing rates at year-end, and income statements are translated at average rates. Differences arising on translation are taken directly to shareholders' equity, until the foreign entity is sold or disposed of when the translation differences are recognized in the income statement as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of the foreign entities are treated as assets and liabilities of the foreign entity are translated at the closing rate.

(ii) Foreign currency transactions: Transactions in foreign currencies are converted at the rates of exchange ruling at the date of these transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at balance sheet date. Gains, losses and costs associated with foreign currency transactions are recognized in the income statement in the period to which they relate. These transactions are included in the determination of other income — net.

(iii) Functional currency: The functional currency of the majority of the Group's operations is the South African Rand. The translation differences arising as a result of converting to US dollars using the current exchange rate method are included as a separate component of shareholders' equity.

References to "A\$" refers to Australian currency, "R" to South African currency, and "\$" or "US\$" to United States currency.

(d) FINANCIAL INSTRUMENTS are initially measured at cost. Subsequent to initial recognition these instruments are measured as set out below in terms of the applicable accounting policy. Financial instruments carried on the balance sheet include cash and cash equivalents, money market instruments, investments, receivables, accounts payable, long term loans, interest free loans, forward sales contracts, option contracts, interest rate swaps and gold leases.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

- (e) **CASH AND CASH EQUIVALENTS** are defined as cash on hand, deposits held at call with banks and short term highly liquid investments with insignificant interest rate risk and original maturities of three months or less. Cash and cash equivalents are measured at fair value.
- (f) **NON-CURRENT INVESTMENTS:** Management determines the appropriate classification of its investments in equity securities at the time of purchase and re-evaluates such determinations at each reporting date. Non-current investments comprise of the following:
- (i) **Listed investments:** Investments in listed companies, other than investments in subsidiaries, joint ventures and associates, are carried at fair value. These investments are considered to be available-for-sale investments. Changes in the carrying amount of available-for-sale investments, are excluded from earnings and included as a separate component of shareholders' equity. On disposal of available-for-sale investments, amounts previously included as a separate component of shareholders' equity, are transferred to income/(loss) and included in the determination of the gain/(loss) on disposal of available-for-sale securities. The amount transferred out of equity is determined by reference to the amounts previously included as a separate component of shareholders' equity relating to the specific investment. Unrealized losses are recognized in the determination of net income/(loss) when it is determined that an, other than temporary, significant decline in the value of the investment has occurred.
- (ii) **Unlisted investments** are reflected at cost. If the directors are of the opinion that there has been an impairment in the value of these investments they are written down, with the write down recognized as an expense in the period in which the impairment is determined to have taken place.
- (g) **INVENTORIES** are valued at the lower of cost and net realizable value. The Company's inventories comprise of consumable stores, gold-in-process and ore stockpiles and are accounted for as follows:
- Consumable stores** are valued at average cost, after appropriate provision for redundant and slow moving items.
- Gold-in-process** inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries of the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine, stockpile or leach pad plus the in-process conversion costs, including applicable depreciation relating to the process facility, incurred to that point in the process. Where mechanized mining is used in underground operations, gold-in-process is accounted for at the earliest stage of production when reliable estimates of quantities and costs are capable of being made, normally from when ore is broken underground.
- Stockpiles** represents coarse ore that has been extracted from the mine and is available for further processing. Stockpiles are measured by estimating the number of tons (via truck counts and/or in-put surveys of the ore before stockpiling) added and removed from the stockpile, the number of contained ounces (based on assay data) and the recovery percentage (based on the process for which the ore is destined). Stockpile tonnages are verified by periodic surveys. Stockpiles are valued based on mining costs incurred up to the point of stockpiling the ore, including applicable depreciation and amortization relating to mining operations. Value is added to a stockpile based on the current mining cost per ton plus applicable depreciation and amortization and removed at the average cost per recoverable ounce of gold in the stockpile.
- (h) **MATERIALS CONTAINED IN HEAP LEACH PADS:** The recovery of gold from certain oxide ores is best achieved through the heap leaching process. Under this method, ore is placed on leach pads where it is permeated with a chemical solution, which dissolves the gold contained in the ore. The resulting "pregnant" solution is further processed in a leach plant where the gold in (solution is recovered. For accounting purposes, value is added to leach pads based on current mining costs, including applicable depreciation and amortization relating to mining operations. Value is removed from the leach pad as ounces are recovered in circuit at the leach plant based on the average cost per recoverable ounce of gold on the leach pad.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

The engineering estimates of recoverable gold on the heap leach pads are calculated from quantities of ore placed on the pads (measured tons added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on the leach process and the ore type). In general, the leach pad production cycles project recoveries of approximately 50% to 70% of the placed recoverable ounces during the leaching process, declining at the end of the leaching process.

Although the quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on the pads to the quantities of gold actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and engineering estimates are refined based on actual results over time. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. The ultimate recovery of gold from the pad will not be known until the leaching process is terminated.

The current portion of leach pad inventories is determined based on engineering estimates of the quantities of gold at the balance sheet date that are expected to be recovered during the next twelve months.

- (i) **RECEIVABLES:** Accounts receivable are stated at the gross invoice value adjusted for payments received and an allowance for doubtful debt, where appropriate, to reflect the fair value of the anticipated realizable value. Bad debts are written off during the period in which they are identified.
- (j) **ACCOUNTS PAYABLE** are stated at cost adjusted for payments made to reflect the value of the anticipated economic outflow of resources.
- (k) **HEDGING:** The Company accounts for its hedging activities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 133 ("SFAS No. 133"), Accounting for Derivative Instruments and Hedging Activities, as amended by Statements of Financial Accounting Standards Nos. 137, 138 and 149.

Under SFAS No. 133, all derivatives are recognized on the balance sheet at their fair value, unless they meet the criteria for the normal purchases normal sale exemption. On the date a derivative contract is entered into, the Company designates the derivative as (1) a hedge of the fair value of a recognized asset or liability (fair value hedge), (2) a hedge of a forecasted transaction (cash flow hedge), or (3) a hedge of a net investment in a foreign entity. Certain derivative transactions, while providing effective economic hedges under the Company's risk management policies, do not qualify for hedge accounting. The Company does not currently hold or issue derivative financial instruments for trading or speculative purposes.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a fair value hedge, are recorded in the income statement, along with the change in fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a cash flow hedge, are recognized directly as a separate component of shareholders' equity. Amounts deferred as a component of shareholders' equity are included in the income statement in the same periods during which the hedged firm commitment or forecasted transaction affects net profit or loss.

Hedges of net investment in foreign entities are accounted for similarly to cash flow hedges.

Recognition of derivatives which meet the criteria for the normal purchases, normal sales exemption under SFAS No. 133 are deferred until settlement. Under these contracts the group must physically deliver a specified quantity of gold at a future date at a specified price to the contracted counter party.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Changes in the fair value of derivatives which are not designated as hedges and do not qualify for hedge accounting and the ineffective portion of the derivatives are recognized in the income statement.

The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives designed as hedges to specific assets and liabilities or to specific firm commitments or forecasted transactions. The Group also formally assesses, both at the hedge inception date and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(l) **EXPLORATION COSTS** are expensed as incurred prior to the completion of a final feasibility study to establish proved and probable reserves.

(m) **PROPERTY, PLANT AND EQUIPMENT**

(i) **Mining assets** including mine development costs and mine plant facilities are recorded at cost.

Once an economically feasible orebody with proven and probable reserves has been established, expenditure incurred to further develop the ore body and to establish or expand productive capacity, is capitalized until commercial levels of production are achieved, at which time the costs are amortized as set out below. Development of orebodies includes the development of shaft systems and waste rock removal. These costs are capitalized until the reef horizons are intersected and commercial levels of production can be obtained on a sustainable basis. Mine development costs in the ordinary course to maintain production are expensed as incurred.

Interest on borrowings incurred in respect of assets requiring a substantial period of time to prepare for their intended use are capitalized to the date on which the assets are substantially completed and ready for their intended use.

(ii) **Mining operations placed on care and maintenance:** The net assets of operations placed on care and maintenance are written down to net realizable value. Expenditure on the care and maintenance of these operations is charged against income, as incurred.

(iii) **Non mining fixed assets:** Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation.

(iv) **Mineral and surface use rights** represent mineral and surface use rights for parcels of land both owned and not owned by the Company. Mineral and surface rights include acquired mineral use rights in production, development and exploration stage properties. The amount capitalized related to a mineral and surface rights represents its fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination and are recorded at cost of acquisition.

Production stage mineral interests represent interests in operating properties that contain proven and probable reserves.

Development stage mineral interests represent interests in properties under development that contain proven and probable reserves. *Exploration* stage mineral interests represent interests in properties that are believed to potentially contain

(i) other mineralized material such as inferred material within pits; measured, indicated and inferred material with insufficient drill spacing to qualify as proven and probable reserves; and inferred material in close proximity to proven and probable reserves; (ii) around-mine exploration potential such as inferred material not immediately adjacent to existing reserves and mineralization but located within the immediate mine infrastructure; (iii) other mine-related exploration potential that is not part of measured, indicated or inferred material and is comprised mainly of material outside of the immediate mine area; or (iv) greenfield exploration potential that is not associated with any other production, development or exploration stage property as described above.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

The Company's mineral use rights are enforceable regardless of whether proven or probable reserves have been established. In certain limited situations, the nature of a use changes from an exploration right to a mining right upon the establishment of proven and probable reserves. The Company has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proven and probable reserves and/or undeveloped mineral interests.

On April 30, 2004, the Financial Accounting Standards Board ("FASB") issued a FASB Staff Position ("FSP") amending SFAS No. 141, "Business Combinations" ("SFAS No. 141") and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142") to provide that certain mineral and surface use rights are considered tangible assets and that mineral and surface use rights should be accounted for based on their substance. The FSP is effective for the first reporting period beginning after April 29, 2004, with early adoption permitted. As a result, the Company has adopted this FSP from July 1, 2003 and has reclassified all of its mineral use rights from intangible assets to property, plant and equipment in its balance sheets for all periods presented and effective July 1, 2003, ceased amortization on exploration stage mineral interests prior to the commencement of production.

- (v) **Depreciation and amortization of mineral property interests, mine development costs and mine plant facilities** are computed principally by the units of production method based on estimated total proven and probable reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. Amortization related to development projects is first recognized from the date on which the development project reaches commercial production quantities. Other non-mining fixed assets are depreciated by straight line over estimated useful lives of two to five years.
- (vi) **Amortization of mineral and surface use rights:** Mineral rights associated with *production* stage mineral interests are amortized over the life of mine using the units-of-production method in order to match the amortization with the expected underlying future cash flows. Mineral interests associated with *development* and *exploration* stage mineral interests are not amortized until such time as the underlying property is converted to the production stage.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

(vii) Impairment: The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets, including goodwill, if any. An impairment loss is measured and recorded based on discounted estimated future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production and capital, all based on life-of-mine plans.

The term “recoverable minerals” refers to the estimated amount of gold that will be obtained from proven and probable reserves and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management’s relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex. In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

(n) DEFERRED STRIPPING COSTS: The costs of waste stripping in excess of the expected pit life average stripping ratio are deferred and charged to production when the actual ratio is below the expected average ratio. The expected pit life average stripping ratio is calculated as the ratio of future anticipated waste tonnes to be mined, to anticipated future ore tons to be mined. This ratio is recalculated annually in light of additional knowledge and changes in estimates. The expected pit life ratio is then compared to waste associated with ore mined during the period so as to calculate the deferred stripping costs to be deferred or released for the period.

(o) ENVIRONMENTAL OBLIGATIONS: SFAS No. 143, Accounting for Asset Retirement Obligations (“SFAS No. 143”) was adopted by the Company with effect from July 1, 2002.

Previously the Company accounted for rehabilitation costs and related accrued liabilities, which were based on the Company’s interpretation of current environmental and regulatory requirements, by accruing and expensing these costs over the operating lives of the individual operating mines, principally by the units-of-production method based on estimated above infrastructure proven and probable reserves. Based upon then-current environmental regulations and known rehabilitation requirements, management had included its best estimate of these obligations, on an undiscounted basis, in its rehabilitation accrual.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

SFAS No. 143 applies to legal obligations associated with the retirement of a long-lived asset that result from the acquisition, construction, development and/or the normal operation of a long-lived asset. Under SFAS No. 143 the Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company capitalizes the cost by increasing the carrying value of the related long-lived asset. Changes resulting from revisions in the amount of estimated cash flows are recognized as an increase or decrease in the carrying amount of the rehabilitation liability and the associated capitalized retirement cost. Decreases in the rehabilitation liability in excess of capitalized retirement costs (net of accumulated depreciation) is recognized in the income statement as "Decrease in rehabilitation costs". Over time, the liability is increased to reflect an interest element (accretion) considered in its initial measurement at fair value, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company will record a gain or loss if the actual cost incurred is different than the liability recorded.

The adoption of SFAS No. 143 resulted in the Company recording an increase in property, plant and equipment, net of \$5.6 million; a decrease in provision for environmental rehabilitation of \$13.5 million; an increase in deferred tax liabilities of \$4.3 million and a \$14.8 million credit cumulative effect of a change in accounting principle, net of tax.

Following the adoption of SFAS No. 143, the total amount of recognized liabilities for asset retirement obligations was \$44.6 million. These liabilities mainly relate to the obligations at the Company's active mines to perform reclamation and remediation activities to meet existing environmental laws and regulations that govern the Company's operations.

Environmental liabilities, other than rehabilitation costs which relate to liabilities from specific events, are expensed as incurred.

- (p) **ENVIRONMENTAL TRUST FUNDS:** Contributions are made to the Group's trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the Group's South African mines. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trusts plus growth in the trust funds are included under investments on the balance sheet.
- (q) **PROVISIONS** are recognized when information is available prior to the issuance of financial statements which indicates that it is probable that an asset has been impaired or a liability has been incurred as at the date of the financial statements and can be reasonably estimated.
- (r) **DEFERRED TAXATION:** The Group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method deferred income and mining taxes are recognized for the tax consequences of temporary differences by applying expected future mining tax rates to the differences between the tax base of certain assets or liabilities and their balance sheet carrying amount. The effect on deferred tax of any changes in tax rates is recognized in the income statement during the period in which the change in tax rate occurs.
- The principal temporary differences arise from amortization and depreciation on property, plant and equipment, provisions, deferred financial liability and unredeemed capital expenditure. A valuation allowance is recorded to reduce the carrying value of deferred tax assets if it is more likely than not that such assets will not be realized.
- (s) **PENSION PLANS AND OTHER EMPLOYEE BENEFITS:**
- (i) **Pension plans** are funded through annual contributions. The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate. The Group's liability is limited to its annually determined contributions.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

(ii) **Medical plans:** The Group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using market yields consistent with the term and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in the income statement at re-valuation date. A liability for retirees and their dependents is accrued in full based on actuarial valuations every year.

(iii) **Share-based compensation:** Effective July 1, 2001, the Company adopted SFAS No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123") for all share option grants subsequent to that date. Accordingly, the Company fair values all share options granted subsequent to July 1, 2001, at the date of the option grant. The total fair value of the options granted is recorded as deferred share-based compensation as a separate component of shareholders' equity with a corresponding amount recorded as additional paid-in capital. The deferred share-based compensation is amortized as share-based compensation expense in the income statement over the vesting period of the respective option grant. Prior to July 1, 2001, the Company applied Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25") and its related interpretations in accounting for its employee stock option plan.

The following is a summary of the pro forma effects on reported net income and earnings per share for fiscal 2005, 2004 and 2003 based on the fair value of options granted prior to July 1, 2001:

	2005 \$'000	2004 \$'000	2003 \$'000
(Loss)/income before cumulative effect of change in accounting principle as reported	(616,467)	(31,403)	71,792
Plus: Share-based compensation expense recognized	14,331	7,135	1,761
Less: Pro forma share-based compensation expense based on fair value of all awards granted	(15,618)	(9,446)	(4,821)
Pro forma (loss)/income before cumulative effect of change in accounting principle as reported	(617,754)	(33,714)	68,732
Pro forma basic (loss)/earnings per share before cumulative effect of change in accounting principle - \$	(1.70)	(0.13)	0.39
Pro forma fully diluted (loss)/earnings per share before cumulative effect of change in accounting principle - \$	(1.70)	(0.13)	0.38
Net (loss)/income as reported	(616,467)	(31,403)	86,562
Plus: Share-based compensation expense recognized	14,331	7,135	1,761
Less: Pro forma share-based compensation expense	(15,618)	(9,446)	(4,821)
Pro forma net (loss)/income	(617,754)	(33,714)	83,502
Pro forma basic (loss)/earnings per share - \$	(1.70)	(0.13)	0.47
Pro forma fully diluted (loss)/earnings per share - \$	(1.70)	(0.13)	0.46

The impact on pro-forma income/(loss) before cumulative effect of change in accounting principle, pro forma net income/(loss), pro forma earnings/(loss) per share before cumulative change in accounting principle, pro forma fully diluted earning per share before cumulative effect of change in accounting principle, pro forma basic earnings/(loss) per share and pro forma fully diluted earnings per share in the table above, which shows the effect of the scheme, may not be indicative of the effect in future years. The Company continues to grant share options to new employees. This policy may or may not continue.

The information above is required to be presented as if the Company had accounted for all its employee share options, granted subsequent to December 31, 1995, under the fair value method of that statement. The fair value of options granted in 2001 reported below has been estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

	2001
Expected life (in years)	6.0
Risk free interest rate	11.19%
Volatility	53.81%
Dividend yield	3.33%

The Black Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models required the input of highly subjective assumptions including the expected share price volatility. Because the Company's options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options. The weighted average estimated fair value of employee share options granted during the fiscal 2001 under the HSOS 1994 Scheme was R18.90 per share.

- (t) **REVENUE RECOGNITION:** Product sales arising from gold sales is recognized when the risks and rewards of ownership and title have passed to the buyer under the terms of the applicable agreement and the pricing is determinable. Sales revenue excludes value-added tax but includes the net profit and losses arising from hedging transactions from matched gold sales contracts, which are designated as normal sales contracts. Revenues from silver and other by-products sales are credited to production costs as a by-product credit.
- (u) **INTEREST INCOME:** Interest is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.
- (v) **DIVIDEND INCOME** is recognized when the shareholders' right to receive payment is established, recognized at the last date of registration.
- (w) **DIVIDENDS DECLARED:** Dividends proposed and the related transactions thereon are recognized when declared by the the Board of directors. Dividends paid therefore relate to those declared in the current fiscal year. Dividends are payable in South African Rands.
- Dividends declared which are payable to foreign shareholders are subject to approval by the South African Reserve Bank in terms of South African foreign exchange control regulations. In practice, dividends are freely transferable to foreign shareholders.
- (x) **EARNINGS PER SHARE:** Earnings per share is based on net income divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.
- (y) **COMPARATIVES:** The Company changed the presentation of its income statement in the current year primarily to reflect only "Product sales" as a component of "Revenue", and to reflect "Interest received", "Dividends received" and "Other (expenses)/income" as components of "Other (Expenses)/Income". Therefore, where necessary, comparative figures have been reclassified to conform with changes in presentation in the current fiscal year.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

(z) RECENT ACCOUNTING PRONOUNCEMENTS:

In March 2005, the FASB ratified Emerging Issues Task Force ("EITF") Issue No. 04-03, "Mining Assets: Impairment and Business Combinations" ("EITF 04-03"). The EITF addressed the concern that an acquired mining asset may be subject to a day-two impairment if the value beyond proven and probable reserves ("VBPP") and anticipated future market price increases are considered in the purchase price allocation but subsequently excluded in cash flow analysis used in an impairment test performed under SFAS No. 144, "Accounting for the Impairment and Disposal of Long-Lived Assets" ("SFAS No. 144"). The Task Force reached a consensus that an entity should include VBPP and the effects of anticipated fluctuations in the market price of minerals in the value allocated to mining assets in a purchase price allocation, and similarly, include the cash flows associated with VBPP and anticipated fluctuations in the market price of gold in estimates of future cash flows (both discounted and undiscounted) used for determining whether a mining asset is impaired under SFAS No. 144. The Task Force noted in both cases that estimates should be consistent with the estimates of a market participant. The consensus reached by the Task Force was effective for business combinations and asset impairments performed in periods beginning after March 31, 2004. Accordingly, the Company followed the consensus of the EITF in performing its impairment analyses during the year ended June 30, 2005.

In March 2005, the FASB ratified EITF Issue No. 04-06, "Accounting for Stripping Costs Incurred during Production in the Mining Industry" ("EITF 04-06"). EITF 04-06 addresses the accounting for stripping costs incurred during the production stage of a mine and refers to these costs as post-production stripping costs. EITF 04-06 requires that post-production stripping costs be considered costs of the extracted minerals and recognized as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of post-production stripping costs is appropriate only to the extent product inventory exists at the end of a reporting period. The guidance in EITF 04-06 is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The Company will adopt EITF 04-06 on July 1, 2006 and is currently evaluating the impact of EITF 04-06 on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment" ("SFAS No. 123R"), which revised SFAS No. 123 and superseded APB 25. SFAS No. 123R requires measurement and recording in the financial statements of the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. The Company anticipates adopting the provisions of SFAS No. 123R on July 1, 2005, using the modified prospective method. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after July 1, 2005. Compensation cost for the unvested portion of awards that are outstanding as of July 1, 2005 will be recognized ratably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant as calculated for the Company's pro forma disclosure under SFAS No. 123. The effect on net income and earnings per share in the periods following adoption of SFAS No. 123R are expected to be consistent with the pro forma disclosures under SFAS No. 123, except that estimated forfeitures will be considered in the calculation of compensation expense under SFAS No. 123R. Additionally, the actual effect on net income and earnings per share will vary depending upon the number and fair value of options granted in future years compared to prior years.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

3 ACQUISITION AND DISPOSAL OF BUSINESSES AND INVESTMENTS

(a) Acquisition and disposal of Highland Gold Limited (“Highland Gold”)

On May 31, 2002 the Company acquired ordinary shares representing approximately 25% of the outstanding share capital of Highland Gold for a purchase price of \$18.9 million. On June 28, 2002, Highland Gold issued 7.5 million additional shares to the Company for a purchase price of GBP7,500 (\$11,925 at an exchange rate of \$1.59 per GBP1.00), which increased the Company’s aggregate interest to approximately 32.5% of Highland Gold’s outstanding share capital. Highland Gold completed an initial public offering on the Alternative Investment Market of the London Stock Exchange during December 2002. As part of the initial public offering, the Company subscribed for 2,511,947 Highland Gold ordinary shares for a total consideration of \$8 million. Following completion of the Highland Gold initial public offering, the Company’s aggregate interest in Highland Gold’s outstanding share capital was 31.7%. Highland Gold is a Jersey based company, which holds various Russian gold assets, including a operating gold mine development projects.

Harmony exercised significant influence over the financial and operating policies of Highland Gold and accounted for the investment under the equity method. On October 14, 2003, Harmony disposed of its investment in Highland Gold for \$119.7 million, resulting in a profit on sale of associate of \$77.6 million. See note 11.

(b) Acquisition and disposal of High River Gold Mines Limited (“High River”)

On November 22, 2002, the Company purchased 17,074,861 shares, which approximated to 21% of the outstanding share capital of High River for a cash consideration of \$14.5 million. High River is a company organized under the laws of Ontario, Canada, is listed on the Toronto Stock Exchange and holds gold mining assets in Russia, Canada and West Africa. This 21% investment was acquired at a discount of approximately 16% (\$0.85 cents per share) from the 30 day weighted average share price for the 30 day period prior to the execution of the agreement with Jipangu, a Japanese investment house. The Company did not exercise significant influence over High River and classified the investment as available-for-sale. Shares issued by High River subsequent to the Company’s investment in High River has diluted the Company’s shareholding to approximately 16% of High River’s outstanding share capital.

On October 17, 2003, the Company disposed of its entire investment in High River for cash proceeds of \$22.5 million, resulting in a realized profit of \$3.1 million. See note 9.

(c) Acquisition of Abelle Limited (“Abelle”)

On February 26, 2003, the Company announced an agreement to subscribe for shares in Abelle, and following the completion of such share subscription, the intention to undertake a public takeover bid of Abelle. The share subscription comprised of 35 million ordinary Abelle shares at a price of A\$0.75 per share. The Company also announced its cash takeover bid at A\$0.75 per ordinary share and A\$0.45 per listed warrant, and that it had entered into an irrevocable pre-bid acceptance agreement with one of Abelle’s major shareholders, Guinness Peat Group Plc, to acquire their 19.9% shareholding in Abelle. Abelle is an Australian mining company whose shares and warrants are traded on The Australian Stock Exchange. Abelle has gold mining assets in Australia and Papua New Guinea, which include a 50% interest in the Morobe Project in Papua New Guinea and a 100% interest in both the Wafi project in Papua New Guinea and the Gidgee Project in Western Australia. With effect from May 1, 2003, the Company had acquired a majority shareholding in Abelle and during the period to June 30, 2003, increased its shareholding such that as at June 30, 2003, the Company had acquired 87% of the issued share capital of Abelle.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

On March 15, 2004, the Company further announced that it had made an off-market cash offer to acquire all the remaining ordinary shares and, listed and unlisted options in Abelle that it did not already own. The Harmony offer, valued at approximately \$85.2 million, or A\$125 million, consisted of the following: (1) A\$2.00 per Abelle share; (2) A\$1.70 for each of the listed options in Abelle; and (3) a price equal to the difference between the cash price offered to Abelle shareholders and the exercise price for each of the unlisted options.

The offers were made by Harmony's wholly-owned subsidiary, Harmony Gold Australia (Proprietary) Limited. All the conditions precedent and regulatory requirements were met and Harmony proceeded with the compulsory acquisition of the outstanding shares. As of June 30, 2004, Abelle was a 100% owned subsidiary of Harmony.

Abelle has been treated as a majority owned subsidiary of Harmony since the close of Harmony's initial offer to Abelle shareholders in May 2003. The aggregate purchase consideration relating to the Company's acquisition of a 87% interest in 2003, and the remaining minority interest in 2004, were allocated as follows:

	2004 \$'000	2003 \$'000
Total purchase price	85,168	105,433
Plus: Fair value of liabilities assumed by Harmony		
Accounts payable and accrued liabilities	—	2,320
Deferred financial liability	—	19
Provision for environmental rehabilitation	—	1,335
Deferred tax	24,034	43,308
Less: Fair value of assets acquired by Harmony		
Cash and cash equivalents at acquisition	—	(10,770)
Inventories	—	(1,224)
Accounts receivable	—	(534)
Investments	—	(632)
Property, plant and equipment	(80,115)	(154,153)
Minority interest	(29,087)	—
Minority interest in assets acquired and liabilities assumed	—	14,898
Residual purchase price allocated to goodwill	—	—

(d) Acquisition and disposal of African Rainbow Minerals Limited (“ARM”) (formerly Anglovaal Mining Limited) (“Avmin”)

On May 8, 2003 and May 14, 2003 the Company acquired a 17.25% interest in ARM through its 50% interest in a joint venture with ARMgold Limited, ARMgold/Harmony Joint Investment Company (Proprietary) Limited (“Clidet”). The joint venture company purchased 27,786,362 shares in ARM from Anglo American Plc for a cash consideration of R1,209 million (\$167 million) on May 8, 2003 and a further 11,003,399 shares for a cash consideration of R478 million (\$63 million) on May 14, 2003, giving it a combined interest of 34.5% in the issued share capital of ARM. ARM is listed on the Johannesburg Stock Exchange and has interests in operating gold, manganese, iron, chrome, platinum, and nickel mines in South Africa, as well as cobalt and copper mines in Zambia.

The Company equity accounted its investment in Clidet from May 8, 2003 through September 22, 2003. With the acquisition of ARMgold on September 22, 2003, the Company obtained control over the entire shareholding of Clidet, and have treated it as a subsidiary from that date (see note 3(j) below). Accordingly, the Company equity accounted its investment in ARM, directly, from September 22, 2003.

The Company continued to equity account its investment in ARM through May 3, 2004, the date on which the Company acquired ARM's 42.2% interest in Avgold. Following the acquisition of Avgold, Harmony has classified the investment in ARM as available-for-sale. See note 3(e) below.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

The Company disposed of 5.82% of the 19.5% investment held in ARM in the open market for \$57.3 million through a range of transactions on February 3, 2005, March 15, 2005 and May 27, 2005, resulting in a loss of \$38.2 million. See note 9.

In addition, on April 15, 2005, the Company transferred the remaining 13.68% of the investment in ARM to the ARM Broad-Based Economic Empowerment Trust ("the ARM Empowerment Trust") for an aggregate cash consideration of R829.8 million (\$132.1 million), representing a price of R29 per ARM share. The acquisition of the shares by the ARM Trust was financed through two term loan facilities with Nedbank Limited ("Nedbank"). The second term loan facility of R473.6 million (\$75.4 million) contains a put option whereby Nedbank can put the loan to the Company in the event of default by the ARM Trust. In addition, Harmony is entitled at any time up to the facilities discharge date to call the loan and "step into the shares of Nedbank as the lender". The first term loan facility amounting to R356.2 million (\$56.7 million) is secured by the underlying ARM shares in the ARM Trust. Nedbank is entitled to force the trust to sell the shares if the market price of the ARM shares decrease to a certain level, and also call upon the guarantee by Harmony.

For accounting purposes, the Company did not account for the transfer of the shares to the ARM Trust as a sale. This is because the put and call option on the second term loan facility, as well as the fact that two of Harmony's directors are trustees of the ARM Empowerment Trust, are according to the guidance in SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", indications that Harmony has not surrendered control over the ARM shares. The 13.68% investment therefore continues to be accounted for as "available-for sale" with gains and losses arising from changes in the fair value of the shares excluded from earnings and included as a separate component of stockholders' equity. See note 21. Harmony also considered the appropriate accounting for the fact that, in terms of the stated objective of the ARM Empowerment Trust, the upside on appreciation of the ARM shares legally belongs to the intended beneficiaries of the ARM Empowerment Trust. The Company determined that this "written fixed price call option" would qualify as a derivative instrument under the guidance provided in EITF 00-06 "Accounting for Freestanding Derivative Financial Instruments Indexed to, and Potentially Settled in, the Stock of a Consolidated Subsidiary". Harmony has therefore recorded a derivative financial liability on its balance sheet to reflect the fair value of the net increase in the ARM Empowerment Trust. Any changes in the fair value of the derivative financial liability have been accounted for in the consolidated income statements. See Note 25.

(e) Acquisition of Avgold Limited ("Avgold")

On July 15, 2003, the Company announced that it had acquired a 11.5% interest in Avgold from Anglo South Africa Capital (Proprietary) Limited for a total consideration of \$84.5 million by the issuance of 6,960,964 new Harmony shares. Avgold was listed on the JSE Securities Exchange South Africa and has interests in an operating gold mine, as well as development projects in the Free State province of South Africa. For accounting purposes, the Company equity accounted Avgold since that date, as it exercised significant influence over the financial and operating policies of Avgold.

On November 13, 2003, the Company announced that it had reached in principle an agreement regarding the acquisition of ARM's 42.2% interest in Avgold for a total consideration of \$414.0 million. The transaction was completed on May 3, 2004, by the issuance of 28,630,526 new Harmony shares. Following the acquisition of ARM's 42.2% interest, the Company held 53.7% of the outstanding share capital of Avgold and accounted for Avgold as a subsidiary from that date.

On November 13, 2003, Harmony also announced that it would extend a mandatory offer to purchase the outstanding minority shareholders in Avgold in terms of JSE Securities Exchange South Africa Regulations. Accordingly, Harmony proceeded to extend a mandatory offer of 1 Harmony share for every 10 Avgold shares to the remaining Avgold shareholders in a scheme meeting held on May 3, 2004. The High Court of South Africa approved the scheme of arrangement on May 11, 2004, and the scheme of arrangement was completed by the issuance of 33,574,367 new Harmony shares for a total value of \$485.5 million. This resulted in Harmony owning 100% of the issued share capital of Avgold.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

The total purchase consideration for the acquisition of ARM's 42.2% interest, as well as the mandatory acquisition of minorities, were both measured on November 13, 2003, the date on which both these acquisitions were announced and agreed-upon, and allocated as follows:

	<u>2004</u> <u>\$'000</u>
Shares issued	977,515
Direct costs of acquisition	257
Total purchase price	<u>977,772</u>
Plus: Fair value of liabilities assumed by Harmony	
Accounts payable and accrued liabilities	13,536
Income and mining taxes	7,003
Deferred financial liability	35,777
Provision for environmental rehabilitation	1,299
Minority interest	2,621
Less: Fair value of assets acquired by Harmony	
Cash and cash equivalents at acquisition	(183)
Inventories	(6,036)
Accounts receivable	(5,510)
Investments	(5,793)
Property, plant and equipment	<u>(1,020,486)</u>
Residual purchase price allocated to goodwill	<u>—</u>

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Harmony's acquisition of Avgold from ARM, as well as the mandatory acquisition of minority shareholders, as described above, were components of a series of transactions entered into between Harmony, ARM and African Rainbow Minerals Investment (Proprietary) Limited ("ARMI"). The transactions were all indivisible and no component part thereof allowed to proceed or implemented except in conjunction with all the other component parts.

The transactions contemplated involved, amongst others, a series of acquisitions by ARM in exchange for newly-issued shares. This resulted in a dilution of Harmony's interest in ARM from 34.5% to 19.0%, and accordingly, Harmony recorded a loss on dilution of investment in associate of \$12.5 million on May 3, 2004. See note 11.

In addition, Harmony also entered into a voting pool agreement with ARMI in respect of Harmony's remaining interest in ARM. In terms of the voting pool agreement, ARMI has the power and authority to exercise all of the voting rights attaching to Harmony's ARM shares and to appoint itself as proxy in respect thereof at general and other meetings of ARM. The voting pool agreement is effective until the earlier of: (1) the expiry of a three year period; or (2) the date when all of the old order rights (as defined in the Mineral and Petroleum Resources Development Act, 2002) held by Harmony are converted into appropriate new order rights as defined in the Mineral and Petroleum Resources Development Act, 2002.

Because of the decrease in Harmony's investment in ARM below 20%, as well as the voting pool agreement above, Harmony has ceased equity-accounting for its investment in ARM on May 3, 2004. See note 3(d) above. The investment was classified as available-for-sale marketable equity securities.

(f) Acquisition of African Rainbow Minerals Gold Limited ("ARMgold")

On May 2, 2003, Harmony and ARMgold announced details on a proposed merger of their operations. The transaction was effected by the issuance of two Harmony shares for every three ARMgold shares held, resulting in the issuance of 63,666,672 new Harmony shares. The ratio was calculated with reference to the 30-day volume weighted average traded price of Harmony and ARMgold shares prior to the final negotiation of the terms of the merger. In addition, ARMgold paid a special dividend of R6.00 per ARMgold share prior to the implementation of the merger. The transaction was treated as a purchase of ARMgold by the Company for accounting purposes and was completed on September 22, 2003 following the final court approval of the scheme of arrangements.

The total purchase consideration of \$697.0 million, measured at the market price of the 63,666,672 new Harmony shares on the date the merger was announced and agreed upon, was allocated as follows:

	2004 \$'000
Shares issued	696,775
Direct costs of acquisition	195
Total purchase price	696,970
Plus: Fair value of liabilities assumed by Harmony	
Accounts payable and accrued liabilities	57,837
Income and mining taxes	50,517
Long-term loans	66,092
Deferred tax	206,951
Provision for environmental rehabilitation	30,236
Provision for post retirement benefits	154
Less: Fair value of assets acquired by Harmony	
Cash and cash equivalents at acquisition	(100,689)
Inventories	(4,106)
Accounts receivable	(31,266)
Investments	(171,588)
Property, plant and equipment	(754,795)
Residual purchase price allocated to goodwill	<u>46,313</u>

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

(g) Disposal of Harmony Gold (Canada) Incorporated (“Bissett”)

On March 17, 2004 the Company disposed of its wholly owned subsidiary, Bissett for total proceeds of \$5.6 million to Rice Lake Joint Venture Incorporated, a joint venture controlled by San Gold Resources Corporation (“San Gold”) and Gold City Industries Limited (“Gold City”). The Company received 5,000,000 ordinary shares in San Gold, issued at C\$0.40 per share, and 5,714,285 ordinary shares in Gold City, issued at C\$0.35 per share, as partial consideration for the sale. The balance of \$2.6 million was settled in cash, resulting in a net gain on disposal of subsidiary of \$0.1 million (See note 12). The investments in San Gold and Gold City, both mineral resources companies with secondary listings on the Toronto Stock Exchange, are classified as available-for-sale.

(h) Disposal of interest in Bendigo Mining NL (“Bendigo”)

Harmony acquired an equity interest in Bendigo, a single project Australian gold mining development company whose ordinary shares are listed on the Australian Stock Exchange, on September 13, 2001. Bendigo controls the new Bendigo Gold Project in the historical Bendigo goldfields, which includes all of the mining and exploration rights beneath and in the vicinity of the city of Bendigo in Victoria. During the 2004 fiscal year, the share price of Bendigo decreased to A\$0.88 per share, which was below the carrying value of the equity investment in Harmony’s records. The Company considered the decline in value to be other-than-temporary and recorded an impairment charge of \$3.4 million during the year ended June 30, 2004. On July 7, 2004 Bendigo announced that it had raised A\$100 million in a capital raising exercise, by the issuing of new Bendigo shares at A\$0.72 per share. As a result, Harmony’s shareholding in Bendigo has been diluted from 31.6% to 12.7%, and the Company discontinued equity accounting its investment in Bendigo on July 7, 2004 and classified the remaining 12.7% investment as available-for-sale marketable equity securities. See note 21. Harmony finally sold the remaining interest in Bendigo for aggregate proceeds of \$25.5 million on April 1, 2005, resulting in a realized profit of \$4.9 million. See note 9.

(i) Acquisition and disposal of Gold Fields Limited (“Gold Fields”)

On October 18, 2004, Harmony announced the terms of a proposed merger between Harmony and Gold Fields Limited offering 1.275 newly issued Harmony shares for each Gold Fields Limited share. The proposed merger was structured on the basis of an Initial Offer and a Subsequent Offer. As at December 1, 2004, Harmony had received valid acceptances of the Initial Offer in respect of a total of 57,993,991 shares representing approximately 11.5% of the entire issued share capital of Gold Fields Limited. Between November 30, 2004 and December 14, 2004 Harmony issued 72,173,265 offer shares as consideration for the Initial Offer.

On May 20, 2005 the Witwatersrand Local Division of the High Court of South Africa ruled that Harmony’s subsequent offer for Gold Fields had lapsed at midnight on 18 December 2004. Accordingly, the subsequent offer was no longer in force and no Gold Fields shares tendered into the subsequent offer were accepted.

On June 3, 2005 the Company disposed of 30 million shares in Gold Fields for \$297.6 million, resulting in a loss of \$60.2 million. See note 9.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

(j) Pro-forma information relating to Avgold, ARMgold and Abelle

The consolidated income statements reflect the operating results of Avgold, ARMgold and Abelle since their respective effective acquisition dates.

The following unaudited pro-forma data reflects the consolidated results of the Company as if the acquisitions of Avgold, ARMgold and Abelle had taken place on July 1, 2003.

	2004 \$'000 Unaudited
Revenues	1,479,265
(Loss)/income before cumulative effect of change in accounting principles	(46,454)
Net (loss)/income	(46,454)
Basic (loss)/earnings per share before cumulative effect of change in accounting principles - \$	(0.18)
Fully diluted (loss)/earnings per share before cumulative effect of change in accounting principles - \$	(0.18)
Basic (loss)/earnings per share - \$	(0.18)
Fully diluted (loss)/earnings per share - \$	(0.18)
Average shares used in the computation of basic (loss)/earnings	254,240,500
Average shares used in the computation of fully diluted (loss)/earnings	254,240,500

These pro-forma amounts have been prepared for comparative purposes only and they do not purport to be indicative of the results of operations which actually would have resulted had the business combinations been effected on July 1, 2003 or of future results of operations of the consolidated entities.

4 CONSOLIDATION OF VARIABLE INTEREST ENTITIES

Africa Vanguard Resources (Proprietary) Limited transaction

On January 21, 2003, Randfontein Estates Limited ("Randfontein"), a wholly-owned subsidiary of the Company, entered into an agreement with Africa Vanguard Resources (Proprietary) Limited ("Africa Vanguard Resources"), in terms of which Randfontein disposed of 26% of its mineral rights in respect of the Doornkop Mining Area to Africa Vanguard (Proprietary) Limited ("Africa Vanguard"), a wholly-owned subsidiary of Africa Vanguard Resources. The total purchase consideration amounted to R250 million (\$34 million), which comprised a cash payment of R140 million (\$19 million), and R110 million (\$15 million) payable over a period of 10 years, the monthly payment amount which is determined by reference to a pre-determined gold price formula. On the same day, Randfontein and Africa Vanguard also entered into a joint venture agreement, in terms of which they agreed to jointly conduct a mining operation in respect of the Doornkop Mining Area by means of the Doornkop Joint Venture.

The agreements were subject to the fulfillment of certain conditions precedent, the last of which was fulfilled on August 12, 2003. The agreements were implemented, and the cash portion of the purchase price of \$19 million was received by the Company on August 15, 2003. For accounting purposes, the consideration was not accounted for as a sale as Africa Vanguard has the right to put its share of the Doornkop Joint Venture back to Randfontein for an amount equal to the original purchase consideration.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

In addition, the Company determined that both Africa Vanguard and the Doornkop Joint Venture are variable interest entities because of certain capital structures and contractual relationships, primarily the sharing of the expected residual returns with a party that did not have an equity investment at risk that is considered significant to the total expected residual returns, as well as indications of insufficient equity, as defined by FASB Interpretation No. 46-Revised, "Consolidation of Variable Interest Entities" ("FIN 46-R"). Finally, the Company determined that it is the primary beneficiary of both Africa Vanguard and the Doornkop Joint Venture since it expects to absorb the majority of these entities' expected losses and receive a majority of their residual returns. Accordingly, the Company fully consolidated the results of operations and financial position of Africa Vanguard and the Doornkop Joint Venture from August 12, 2003.

5 OTHER (EXPENSES)/INCOME—NET

	2005 \$'000	2004 \$'000	2003 \$'000
Profit on sale of property, plant and equipment	12,542	22,303	2,129
Foreign exchange gains/(losses)	452	(4,279)	(21,078)
Non-mining bad debts	(6,079)	—	—
Other (expenditure)/income — net	(10,576)	(3,869)	(2,163)
	<u>(3,661)</u>	<u>14,155</u>	<u>(21,112)</u>

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

6 PRODUCTION COSTS

	2005 \$'000	2004 \$'000	2003 \$'000
Production costs include mine production, transport and refinery costs, general and administrative costs, movement in inventories and ore stockpiles as well as transfers to and from deferred stripping. Ongoing employee termination cost is included, however employee termination costs associated with major restructuring and shaft closures are excluded. These costs, analyzed by nature, consist of the following:			
Labor costs, including contractors	768,053	673,483	314,277
Stores and materials	254,124	255,121	145,434
Water and electricity	139,974	124,038	69,634
Hospital costs	23,838	16,960	7,153
Changes in inventory	(4,003)	17,656	(13,265)
Other	35,576	85,225	77,910
	<u>1,217,562</u>	<u>1,172,483</u>	<u>601,143</u>

7 IMPAIRMENT OF ASSETS

	2005 \$'000	2004 \$'000	2003 \$'000
South African operations:			
Free State operations	42,018	—	—
Evander operations	15,324	—	—
Kalgold operations	12,441	—	—
Freegold operations	52,557	—	—
ARMgold operations	479	—	—
Australian operations	<u>120,305</u>	<u>3,145</u>	<u>117,594</u>
	<u>243,124</u>	<u>3,145</u>	<u>117,594</u>

The South African operations recorded an impairment of \$122.8 million at a number of its operations. The adjustment to the expected amount of gold to be produced as well as revised working costs resulted in revised life of mine plans being designed for the South African operations. Utilizing the revised mine plans, a gold price of \$380 per ounce and an exchange rate of \$1=R7.53 the life of mine plans did not support the carrying value of some of the South African operations on an undiscounted cash flow basis. Accordingly an asset impairment of \$122.8 million was charged against income, utilizing a discount rate of 8.2%, which reduced the carrying value of the South African operations assets to \$2,834 million.

The Australian operations recorded an impairment of \$120.3 million during the fiscal year ended June 30, 2005. This impairment relate to a \$52.5 million impairment loss on amounts previously capitalized as undeveloped properties for which no future financial benefits are expected by management. An impairment of \$67.8 million was also recorded on mining assets mainly resulting from a review performed on life of mine plans. The revised life of mine plans included an adjusted Australian dollar gold price and adjustments to estimated production costs. Utilizing the revised mine plans, a gold price of \$380 per ounce and an exchange rate of AU\$1=\$0.69, the life of mine plans did not support the carrying value of some of the Australian operations on an undiscounted cash flow basis. Accordingly, an asset impairment of \$120.3 million was charged against income, utilizing a discount rate of 7%, which reduced the carrying value of the Australian operations assets to \$417 million.

**Notes to the Consolidated Financial Statements
For the years ended June 30**

The Australian operations recorded an impairment of \$3.1 million at its South Kalgoorlie operations, mainly as a result of the depletion of open pit reserves through mining activities in the 2004 fiscal year. Despite continued exploration around the South Kalgoorlie area in the year the mined reserves for open pits were not replaced, which negatively impacted on ore reserves declared at fiscal year end.

The Australian operations reduced their reserve base from 2.3 million ounces in 2002 to 1.5 million ounces in 2003 due to the strength of the Australian dollar compared to the US dollar. This resulted in revised life of mine plans being designed for the Australian operations. Utilizing the revised mine plans and a gold price of \$350 per ounce, the life of mine plans did not support the carrying value of the Australian operations assets on an undiscounted cash flow basis. Accordingly an asset impairment of \$117.6 million was charged against income, utilizing a discount rate of 8%, which reduced the carrying value of the Australian operations assets to \$438 million.

8 EMPLOYMENT TERMINATION AND RESTRUCTURING COSTS

	2005 \$'000	2004 \$'000	2003 \$'000
Free State	20,909	9,083	1,574
Evander	4,005	3,841	1,212
Kalgold	143	—	—
Randfontein and Elandskraal	16,721	8,245	1,716
Australian operations	—	—	596
Freegold	28,076	6,756	—
ARMgold (Welkom and Orkney)	1,872	3,743	—
Avgold	1,489	—	—
	73,215	31,668	5,098

During 2005, the Company incurred employment termination costs amounting to \$7.0 million relating to ongoing restructurings at its operations. This was in addition to the restructuring process announced on April 2, 2004. In addition, in March 2005 Harmony announced that the Company had commenced a final restructuring process in its Free State region following the weakening of the gold price in Rand per kilogram terms. A process to down-scale production at some shafts was initiated and communicated to the unions by 30 June 2005. A provision of \$32.9 million (comprising mainly of employment termination costs) was raised to cover the estimated cost of the restructuring. The provision has been included in accounts payable and accrued liabilities (see note 23). The restructuring is expected to be completed by September 30, 2005.

During the fiscal year ended June 30, 2004, the continued process of restructuring for profitability at the Free State, Randfontein, Elandskraal, Evander, Freegold, Welkom and Orkney operations has resulted in excess labour, which could not be accommodated on other shafts, even with the implementation of continuous operations. The costs of terminating the services of these employees were expensed as incurred. On April 2, 2004 Harmony announced that the Company had commenced a restructuring process following the recent weakening of the gold price in Rand per kilogram terms. Some of the older shafts, which had come to the end of their economic lives, were jointly evaluated by the Company and organised labour, and a process to down-scale production at the shafts was initiated. The detail plan was finalized and announced by June 30, 2004, and accordingly the Company recognized a provision of \$26.4 million (comprising mainly of employment termination costs) to cover the estimated costs of the restructuring. The provision has been included in accounts payable and accrued liabilities (see note 23). Actual costs amounted to \$57.2 million and the provision was fully utilized by September 30, 2004.

During the fiscal year ended June 30, 2003, the continued process of restructuring at the Free State, Randfontein, Elandskraal and Evander operations as a result of the declining Rand per kilogram gold price, have resulted in excess labor, which could not be accommodated on other shafts, becoming redundant and resulted in their services being terminated. In May 2003 the Company announced that the Big Bell Gold Operations had exhausted all economically viable mineralized material at prevailing or immediately foreseeable Australian dollar gold prices and would cease production in July 2003. A provision was raised to cover the estimated cost of terminating the employment of 57 employees at Big Bell. This provision was fully utilized by June 30, 2003.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

The following is a reconciliation of the liability for employment termination costs:

	2005 \$'000	2004 \$'000
Balance at July 1, 2004 and 2003	26,368	—
Employment termination costs paid	(57,244)	—
Provision for employment termination costs	66,174	23,847
Foreign currency translation adjustment	(2,388)	2,521
Balance at June 30, 2005 and 2004	<u>32,910</u>	<u>26,368</u>

9 (LOSS)/PROFIT ON SALE OF LISTED INVESTMENTS

	2005 \$'000	2004 \$'000	2003 \$'000
Profit on sale of investment in Gindalbie Gold NL	9	—	—
Loss on sale of investment in ARM Limited	(38,242)	—	—
Profit on sale of investment in Bendigo NL	4,931	—	—
Loss on sale of investment in Gold Fields Limited	(60,168)	—	—
Profit on sale of investment in Legend Mining Limited	—	1,755	—
Profit on sale of investment in Midas Resources Limited	—	12	—
Profit on sale of investment in High River Gold Mines Limited	—	3,143	—
Profit on sale of investment in Placer Dome Pacific Limited	—	—	59,243
	<u>(93,470)</u>	<u>4,910</u>	<u>59,243</u>

On March 15, 2005 Harmony disposed of its investment in Gindalbie, carried at total cost of A\$0.1 million less a provision for diminution of A\$0.05 million which it received as partial consideration for the sale of tenements on 30 December 2003, for \$0.05 million, resulting in a profit of \$0.01 million.

The Company disposed of 5.82% of the 19.5% investment held in ARM for \$57.3 million through a range of transactions on February 3, 2005, March 15, 2005 and May 27, 2005, resulting in a loss of \$38.2 million (Also refer to note 10).

On April 1, 2005 Harmony disposed of its investment in Bendigo, carried at a total cost of A\$26 million, for \$25.5 million, resulting in a profit of \$4.9 million. Previously an impairment of \$2.0 million was accounted for, resulting in a net profit over the life of the investment of \$2.9 million.

On June 3, 2005 the Company disposed of 30 million shares in Gold Fields for \$297.6 million, resulting in a loss of \$60.2 million.

On March 23, 2004 Harmony disposed of its investment in Legend Mining Limited, acquired at a value of A\$1 million on February 17, 2004 through a share exchange transaction during the sale of Gidgee mine, for \$2.6 million, resulting in a profit of \$1.8 million.

On March 22, 2004 Harmony disposed of its investment in Midas Resources Limited, acquired at a total cost of A\$2 million, for \$1.5 million, resulting in a profit of \$0.01 million.

On October 17, 2003 the Company disposed of its investment in High River. The investment was acquired at a cost of \$14.5 million, resulting in a profit of \$3.1 million.

During the 2003 fiscal year the Placer Dome shares, acquired at a total cost of \$35 million were disposed of, resulting in a profit of \$59 million.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

10 IMPAIRMENT OF LISTED INVESTMENT

	2005 \$'000	2004 \$'000	2003 \$'000
Impairment of shares in listed companies	(63,234)	—	—

Prior to the disposal of the ARM shares to the ARM Empowerment Trust, the market value of ARM shares decreased significantly below the cost at which it was originally acquired. Harmony determined that this decrease was “other-than-temporary” and recorded the unrealized loss as an impairment of listed investment in consolidated statements of operations.

11 PROFIT ON SALE AND LOSS ON DILUTION OF INVESTMENT IN ASSOCIATES — NET

	2005 \$'000	2004 \$'000	2003 \$'000
Profit on sale of investment in Highland Gold Limited	—	77,596	—
Loss on dilution of investment in African Rainbow Minerals Limited	—	(12,499)	—
	—	65,097	—

On October 14, 2003 the Company disposed of its investment in Highland Gold for \$119.7 million. The carrying value of the investment on that date, which was accounted for under the equity method, amounted to approximately \$42.1 million, resulting in a profit of \$77.6 million.

The Company and ARMgold purchased the investment in ARM through a joint venture, Clidet, for \$230 million (See note 3(d)). Since acquisition Harmony equity accounted for the earnings of ARM. The carrying value of the investment was \$260.9 million at April 30, 2004, before the dilution. Following a range of transactions between Harmony, ARM and ARMI, Harmony’s interest in ARM was diluted from 34.5% to 19.0% (See note 3(e)). As a result, Harmony recorded a net loss on dilution of \$12.5 million.

12 (LOSS)/PROFIT ON SALE OF SUBSIDIARIES

	2005 \$'000	2004 \$'000	2003 \$'000
Profit on sale of investment in NACS	128	—	—
Loss on sale of investment in Future	(1,367)	—	—
Profit on sale of investment in Ubuntu	1,125	—	—
Profit on sale of investment in Bissett	—	115	—
	(114)	115	—

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

On July 1, 2004 the Company disposed of the entire share capital of National Accomodation & Catering Services (Proprietary) Limited (NACS) for \$0.2 million. The net asset value of NACS was \$0.1 million, resulting in a profit of \$0.1 million for the Group. The subsidiary was acquired from ARMI as part of the acquisition of ARMgold on 23 September 2003.

On November 29, 2004 the Company disposed of the entire share capital of Future Mining (Proprietary) Limited (Future) for \$0.17. The net asset value of Future was \$1.4 million, resulting in a loss of \$1.4 million for the Group. The subsidiary was acquired from ARMI as part of the acquisition of ARMgold on 23 September 2003.

On November 30, 2004 the Company disposed of the entire share capital of Ubuntu Small Scale Mining (Proprietary) Limited (Ubuntu) for \$0.1 million. The net asset value of Ubuntu was a negative \$1.0 million, resulting in a profit of \$1.1 million for the Group. The subsidiary was acquired from ARMI as part of the acquisition of ARMgold on 23 September 2003.

On March 17, 2004, the Company disposed of the entire share capital of Bissett for \$5.6 million. The proceeds were settled by the issue of 5 000 000 shares in San Gold, 5 714 285 shares in Gold City and the balance of \$2.7 million in cash. The net asset value of Bissett was \$5.5 million, resulting in a profit of \$0.1 million for the Group.

13 TAXATION

The Company's income tax benefit/(expense) comprise of:

	2005 \$'000	2004 \$'000	2003 \$'000
Current income and mining taxes	(12,255)	(5,820)	(29,797)
Deferred income and mining taxes	112,948	47,704	4,542
Total income and mining taxation benefit/(expense)	100,693	41,884	(25,255)

The Company's pre-tax (loss)/income before minority interests and cumulative effect of changes in accounting principles comprise of:

	2005 \$'000	2004 \$'000	2003 \$'000
South Africa	(614,592)	(38,159)	138,259
Foreign	(102,568)	(36,409)	(40,744)
Total	(717,160)	(74,568)	97,515

Mining tax on South African mining income is determined on a formula basis which takes into account the profit and revenue from mining operations during the year. South African non-mining income is taxed at a standard rate. Mining and non-mining income of Australian operations are taxed at a standard tax rate of 30% (2004: 30% and 2003: 30%). Deferred tax is provided at the estimated expected future mining tax rate for temporary differences. Major items causing the Company's income tax provision to differ from the maximum mining statutory tax rate of 45% (2004: 46% and 2003: 46%) were:

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

	2005 \$'000	2004 \$'000	2003 \$'000
Income and mining tax benefit/(expense) on (loss)/income before tax, minority interests and cumulative effect of changes in accounting principles at the maximum statutory mining tax rate	315,417	33,712	(36,807)
Valuation allowance raised against deferred tax assets	—	—	1,736
Non-taxable income / additional deductions	(41,167)	18,063	15,548
Difference between estimated effective mining tax rate and maximum mining statutory rate on timing differences	18,602	(2,467)	(13,870)
Difference between South African mining formula tax rate and maximum mining statutory rate on mining income	(108,338)	9,861	10,306
Difference between non-mining tax rate and maximum mining statutory rate on non-mining income	(12,552)	262	6,590
Change in estimated effective mining tax rate on deferred tax	(71,269)	(17,547)	(8,758)
Income and mining tax benefit/(expense)	100,693	41,884	(25,255)
Effective income and mining tax rate	14%	56%	26%

The components of the Company's consolidated deferred tax assets/(liabilities) are as follows:

	2005 \$'000	2004 \$'000
Deferred income and mining tax assets:		
Deferred financial liability	11,346	12,834
Unredeemed capital expenditure	90,482	60,227
Provisions, including rehabilitation accruals	19,515	17,956
Tax losses	52,707	16,389
Other	173	—
	<u>174,223</u>	<u>107,406</u>
Valuation allowance for deferred tax assets	—	—
Total deferred income and mining tax assets	<u>174,223</u>	<u>107,406</u>
Deferred income and mining tax liabilities:		
Mining assets	(543,679)	(588,675)
Product inventory not taxed	(2,323)	(5,794)
Other	—	(617)
Total deferred income and mining tax liabilities	<u>(546,002)</u>	<u>(595,086)</u>
Net deferred income and mining tax liabilities	<u>(371,779)</u>	<u>(487,680)</u>
Net deferred income and mining tax liabilities comprise of:		
Current deferred income and mining tax assets	138,519	71,132
Non-current deferred income and mining tax liabilities	<u>(510,298)</u>	<u>(558,812)</u>
Net deferred income and mining tax liabilities	<u>(371,779)</u>	<u>(487,680)</u>

As at June 30, 2005 the Group has unredeemed capital expenditure of \$987.0 million (2004: \$921.8 million) and tax losses carried forward of \$266.2 million (2004: \$56.1 million) available for deduction against future South African mining income. These future deductions are utilizable against mining income generated only from the Group's current mining operations in South Africa and do not expire unless the Group ceases to trade for a period longer than one year.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

In terms of Australian taxation legislation, tax losses incurred by Harmony Gold Australia (Proprietary) Limited are carried forward indefinitely. Harmony Gold Australia (Proprietary) Limited has tax losses of \$7.9 million (2004: \$6.0 million) available for utilization against future profits.

14 EARNINGS PER SHARE

	For the year ended June 30, 2005		
	Loss (Numerator) \$'000	Shares (Denominator)	Per-share amount (\$)
Basic loss per share			
Shares outstanding July 1, 2004	—	321,424,077	—
Weighted average number of ordinary shares issued during the year	—	41,074,935	—
Loss available to common shareholders	(616,467)	362,499,012	(1.70)
Effect of dilutive securities			
Share options issued to employees	—	—	—
Diluted loss per share	(616,467)	362,499,012	(1.70)

The inclusion of share options issued to employees as of June 30, 2005, as potential ordinary shares, would have an anti-dilutive effect on diluted loss per share. Accordingly, such additional shares have not been taken into account in the determination of diluted loss per share.

	For the year ended June 30, 2004		
	Loss (Numerator) \$'000	Shares (Denominator)	Per-share amount (\$)
Basic loss per share			
Shares outstanding July 1, 2003	—	185,536,615	—
Weighted average number of ordinary shares issued during the year	—	68,703,885	—
Loss available to common shareholders	(31,403)	254,240,500	(0.12)
Effect of dilutive securities			
Share options issued to employees	—	—	—
Diluted loss per share	(31,403)	254,240,500	(0.12)

The inclusion of share options issued to employees as of June 30, 2004, as potential ordinary shares, would have an anti-dilutive effect on diluted loss per share. Accordingly, such additional shares have not been taken into account in the determination of diluted loss per share.

	For the year ended June 30, 2003		
	Income (Numerator) \$'000	Shares (Denominator)	Per-share amount (\$)
Basic earnings per share before cumulative effect of change in accounting policy			
Shares outstanding July 1, 2002	—	169,929,849	—
Weighted average number of ordinary shares issued during the year	—	8,024,396	—
Income available to common shareholders	71,792	177,954,245	0.40
Effect of dilutive securities			
Share options issued to employees	—	3,197,170	—
Warrants issued	—	1,570,214	—
Diluted earnings per share before cumulative effect of change in accounting policy	71,792	182,721,629	0.39

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

	For the year ended June 30, 2003		
	Income (Numerator) \$'000	Shares (Denominator)	Per-share amount (\$)
Basic earnings per share			
Shares outstanding July 1, 2002	—	169,929,849	—
Weighted average number of ordinary shares issued during the year	—	8,024,396	—
Income available to common shareholders	86,562	177,954,245	0.49
Effect of dilutive securities			
Share options issued to employees	—	3,197,170	—
Warrants issued	—	1,570,214	—
Diluted earnings per share	86,562	182,721,629	0.47

15 RECEIVABLES

	2005 \$'000	2004 \$'000
Value added tax	15,009	19,596
Trade receivables — net of allowance for doubtful accounts of \$1.1 million and \$2.9 million in 2005 and 2004, respectively	9,779	25,108
Gold receivables	43,133	68,835
Prepayments	3,688	4,779
Interest and other	23,121	19,800
	<u>94,730</u>	<u>138,118</u>

16 INVENTORIES

	2005 \$'000	2004 \$'000
Gold in-process	49,937	53,244
Consumable stores	36,184	31,415
	<u>86,121</u>	<u>84,659</u>

17 PROPERTY, PLANT AND EQUIPMENT

	2005 \$'000	2004 \$'000
Mining properties, mine development costs and mine plant facilities — cost	4,641,871	4,764,512
Other non-mining assets — cost	53,321	53,356
Accumulated depreciation and amortization	(1,424,173)	(1,181,095)
	<u>3,271,019</u>	<u>3,636,773</u>

Other non-mining assets consist of freehold land, computer equipment and motor vehicles.

Depreciation of property, plant and equipment amounted to \$134.8 million in 2005, \$102.3 million in 2004 and \$60.4 million in 2003.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

18 OTHER ASSETS

	2005 \$'000	2004 \$'000
Mineral subscriptions, participation rights and slimes dams	7,084	7,584
Deferred stripping	1,511	16,157
Bond issue costs, net of amortization	5,733	8,097
	<u>14,328</u>	<u>31,838</u>
Deferred stripping costs are made up as follows:		
Opening balance	16,157	9,622
(Transfers from)/additions to assets during the period	(4,149)	4,119
Impairment of assets during the period	(11,213)	—
Foreign currency translation differences	716	2,416
Closing balance	<u>1,511</u>	<u>16,157</u>

The deferred stripping balance at the end of fiscal 2005 and 2004 pertains only to Kalgold operations. In terms of the life of mine plan, pre-stripping is performed in the early years. This results in the cost associated with waste stripped at a rate higher than the expected pit life average stripping ratio, being deferred in those years. These costs will be released in the period where the actual stripping ratio decreases to below such expected pit life ratio. The expected pit life average stripping ratios used to calculate the deferred stripping were 8.70 in 2005 and 8.07 in 2004, in respect of the Kalgold operation. These stripping ratios were calculated taking into account the actual strip ratios achieved of 6.01 in 2005 and 15.86 in 2004.

The impairment charge was as a result of the adjustment to the expected amount of gold to be produced, as well as revised working costs, which resulted in revised life of mine plans being designed for Kalgold operations.

19 GOODWILL

The Company allocated the goodwill arising from the ARMgold acquisition (see note 3(f)) primarily to the Tshepong and Phakisa reporting units. The allocation was based on the valuations of those shafts and based on the mine-specific synergies arising from the acquisition that are expected to be realized in future. There have been no impairments or other adjustments to the goodwill since acquisition. The movement in the goodwill balance compared to the prior year relates to currency fluctuations. The goodwill is reflected in the "Freegold" reportable segment. See note 36.

20 RESTRICTED CASH

	2005 \$'000	2004 \$'000
Bissett proceeds held in trust	143	1,679
Australian dissentient shareholders funds	1,334	5,192
Security deposits	6,321	3,051
	<u>7,798</u>	<u>9,922</u>

An amount of C\$0.2 million (2004: C\$2 million) of the proceeds on sale of Bissett is held in trust with Stike and Elliot attorneys in Canada. The amount will be held in trust until clearance is provided by the Canadian tax authority that all outstanding tax obligations by Harmony have been met.

An amount of A\$2 million (2004: A\$8 million) is held to acquire the remaining shares in Australian subsidiaries, as part of the compulsory takeover of shares.

An amount of A\$ 8 million (2004: A\$ 4 million) is held in respects of security deposits on mining tenements and credit cards.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

21 INVESTMENTS

	2005 \$'000	2004 \$'000
Listed investments		
Investments in listed shares (a)	453,712	234,991
Other investments		
Unlisted investments and loans (b)	13,109	11,013
Amounts contributed to environmental trust funds (c)	175,695	173,374
	<u>188,804</u>	<u>184,387</u>
Total non-current investments	<u>642,516</u>	<u>419,378</u>

(a) On January 25, 2005 the Company received 5 million ordinary shares in Peninsula Minerals Limited, issued at A\$0.02 per share, as partial consideration for the sale of tenements. The market value of the investment was \$0.04 million (A\$0.01 per share) on June 30, 2005.

On January 13, 2005 the Company received 500 000 ordinary shares in Atlas Gold Limited, issued at A\$0.20 per share, as partial consideration for the sale of tenements. The market value of the investment was \$0.07 million (A\$0.20 per share) on 30 June 2005.

On November 30, 2004 the Company acquired 56,606,482 ordinary shares in Gold Fields, representing 11.5% of their issued share capital, at a total cost of \$767.2 million by the issue of 1.275 Harmony shares for every Gold Fields' share. Gold Fields is a mineral resources company, primarily gold, which is listed on the JSE and has a secondary listing on the New York Stock Exchange. The investment was classified as an available-for-sale investment since acquisition. On June 3, 2005 the Company disposed of 30 million shares in Gold Fields, representing 6.5% of their issued share capital, for \$297.6 million. These shares were acquired at a total cost of \$415.2 million, resulting in a loss of \$60.2 million. The market value of the remaining investment was \$304.0 million (R76.20 per share) on June 30, 2005, resulting in a decrease of \$17.5 million since acquisition, which was reflected as a component of shareholders' equity. Dividends to the value of \$2.7 million were received from this investment during the current fiscal year.

Harmony's 34.5% investment in 38,789,761 issued ordinary shares of ARM was diluted to 19% on May 3, 2004, by the issue of new shares by ARM, following a range of transactions between Harmony, ARM and ARMI. The result was that the investment in ARM was reclassified from an investment in an associate to an available-for-sale investment. Through the same range of transactions, Harmony disposed of its platinum interest in the Kalplats platinum project to ARM for the issue of 2,000,000 new ordinary shares in ARM. The market value of the investment was \$233.2 million (R34.00 per share) on June 30, 2004, which resulted in a decrease of \$51.1 million in the carrying value of the investment. This decrease is viewed as a temporary decrease in market value and thus recorded as a component of other comprehensive income. The majority of the mark-to-market loss in 2004 relates to the investment in ARM.

In addition, during the 2005 fiscal year Harmony entered into a number of transactions to dispose of the 19.5% investment held in ARM. These transactions included transactions in the open market to dispose of a 5.82% share in ARM on which a realized loss of \$38.2 million was recorded (Refer to note 9) and the transfer of the remaining portion of the investment to the ARM Empowerment Trust. As discussed in note 3(d), Harmony did not account for this transaction as a sale, but continued to mark the remaining available-for-sale investment to market. As discussed in note 24, the shares serve as security for the first and second term loan facilities used by the ARM Empowerment Trust to acquire the shares. The market value of the remaining investment in ARM (held by the ARM Empowerment Trust) at June 30, 2005 was \$146.9 million (R33.99 per share).

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

On March 17, 2004 the Company received 5,000,000 ordinary shares in San Gold, issued at C\$0.40 per share, and 5,714,285 ordinary shares in Gold City, issued at C\$0.35 per share, as partial consideration for the sale of the Company's wholly owned subsidiary, Bissett. San Gold and Gold City are mineral resources companies, which have secondary listings on the Toronto Stock Exchange. The market value of the investment in San Gold was \$1.6 million (C\$0.40 per share) (2004: \$0.6 million (C\$0.19 per share)) on June 30, 2005, resulting in an increase of \$0.2 million (2004: a decrease of \$0.9 million) since acquisition, which was reflected as equity reserves. The market value of the investment in Gold City was \$0.9 million (C\$0.20 per share) (2004: \$1.0 million (C\$0.25 per share)) on June 30, 2005, resulting in a decrease of \$0.6 million (2004: \$0.6 million) since acquisition, which was reflected in other comprehensive income. The movement in the market values of both companies is considered to be temporary.

The following table summarizes the unrealized losses in the market value of the listed investments included in equity since their acquisition on June 30, 2005 and 2004:

	2005 \$'000	2004 \$'000
Environmental trust funds	13	1,031
ARM	—	(58,804)
San Gold	153	(900)
Gold City	(649)	(610)
Gold Fields	(20,748)	—
	<u>(21,231)</u>	<u>(59,283)</u>

- (b) Unlisted investments comprise of various industry related investments and loans, which have been recorded at cost. The directors of the Company perform independent valuations of the investments on an annual basis to ensure that no permanent diminution in the value of the investments has occurred. No dividends were received from these investments in the 2005, 2004 and 2003 fiscal years.
- (c) The environmental trust funds are irrevocable trusts under the Group's control. The cash in the trusts are invested primarily in interest bearing short-term and other investments and approximate their fair value.

22 INVESTMENT IN ASSOCIATES

Investments in associates comprise of the following:

Investment	Description of business	Ownership %		Market value	Market value
		2005	2004	2005 \$'000	2004 \$'000
Bendigo Mining NL	Gold exploration	—	31.6%	—	19,908

The investments in both Bendigo and Highland Gold were made during fiscal 2002. (Refer to note 3 for more details regarding the respective acquisitions). The Company received \$0.4 million dividends from Highland Gold during the 2004 fiscal year. The Company did not receive any dividends from Bendigo during the 2004 and 2005 fiscal years. Harmony has disposed of its investment in Highland Gold for \$119.7 million on October 14, 2003. On July 7, 2004 Bendigo announced that it had raised A\$100 million in a capital raising exercise, through the issuing of new Bendigo shares at A\$0.72 per share. As a result, Harmony's shareholding in Bendigo has been diluted from 31.6% to 12.7%. From this date, Bendigo was classified as an available-for-sale investment. See note 3(h).

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

The following table summarizes the change in value of the Group's investments in associates:

	2005 \$'000	2004 \$'000
Opening carrying amount	19,908	63,782
Shares at cost	—	84,491
Net share of results of associates	—	2,020
Dividend received	—	338
Disposal of associate	—	(42,955)
Associate now consolidated	—	(95,137)
Impairment of investment	—	(1,956)
Associate becoming a listed investment on dilution	(20,303)	—
Foreign currency translation differences	395	9,325
Closing carrying amount	—	19,908

The Company acquired an equity interest in Avgold of 11.5% on July 15, 2003. During May 2004, the Company increased its investment in Avgold above 50% and consolidated its investment in Avgold from that date. During the period August 2003 to April 2004, Avgold was equity accounted by the Company as it exercised significant influence over the financial and operational policies of Avgold (Refer to note 3(e) for more detail regarding the Avgold acquisition).

With the acquisition of ARMgold on September 22, 2003, the Group gained control over the entire shareholding of Clidet. From this date until May 3, 2004, Clidet's 34.5% interest in the outstanding share capital of ARM was equity accounted by the Company as it exercised significant influence over the financial and operational policies of ARM. Harmony's 34.5% investment in 38,789,761 issued ordinary shares of ARM was diluted to 19% on May 3, 2004, by the issuance of new shares by ARM, following a range of transactions between Harmony, ARM and ARMI. The result was that the investment in ARM was reclassified from an investment in an associate to an available-for-sale investment.

23 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2005 \$'000	2004 \$'000
Trade payables	49,664	70,121
Short term portion of long term loans	200,451	93,029
Short term borrowings	2,726	12,870
Payroll and leave liabilities	62,814	106,001
Employment termination costs	32,910	26,368
Accrued liabilities	45,056	64,442
Other liabilities	33,923	10,027
	<u>427,544</u>	<u>382,858</u>

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

24 LONG TERM LOANS

	2005 \$'000	2004 \$'000
Uncollateralized		
Senior uncollateralized fixed rate bonds (a)	179,991	192,694
Fair value adjustment of cash flow hedge	(3,577)	(2,768)
Less : amortized discount	(245)	(524)
	<u>176,169</u>	<u>189,402</u>
Less : short term portion	(176,169)	—
	—	189,402
Convertible uncollateralized fixed rate bonds (b)	254,987	272,983
Africa Vanguard Resources (Proprietary) Limited (c)	4,800	2,149
Total uncollateralized long term loans	<u>259,787</u>	<u>464,534</u>
Collateralized		
BAE Systems Plc (d)	—	9,001
Less : short term portion	—	(9,001)
	—	—
Nedbank Limited (e)	20,970	20,585
AngloGold Limited (f)	—	59,769
Less: short term portion	—	(59,769)
	—	—
Gold Fields Limited (g)	822	1,011
Less : short term portion	(308)	(443)
	514	568
BOE Bank Limited (h)	23,864	47,325
Less : short term portion	(23,864)	(23,817)
	—	23,508
Nedbank Limited (i)	54,542	—
Nedbank Limited (j)	73,494	—
Auriel Alloys (k)	248	—
Less : short term portion	(69)	—
	179	—
Total collateralized long term loans	<u>149,699</u>	<u>44,661</u>
Total long term loans	<u>409,486</u>	<u>509,195</u>

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

- (a) On June 16, 2001, Harmony launched and priced an issue of South African Rand denominated senior uncollateralized fixed rate bonds in an aggregate principal amount of R1,200 million (\$115.5 million), with semi-annual interest payable at a rate of 13% per annum. These bonds will be repayable on June 14, 2006, subject to early redemption at Harmony's option. The bonds are listed on the Bond Exchange of South Africa. The bonds were issued to settle existing debt and fund the purchase of Elandskraal and New Hampton. As long as the bonds are outstanding, Harmony will not permit encumbrances on its present or future assets or revenues to secure indebtedness for borrowed money, without collateralized the outstanding bonds equally and ratably with such indebtedness, except for certain specified permitted encumbrances. Issuance costs of \$1.9 million were incurred and capitalized and are being amortized over the life of the bonds. Included in the amortization charge in the income statement is \$0.6 million (2004: \$0.7 million) (2003: \$0.5 million) for amortization of the bond issue costs. On July 6, 2005 a total of \$45.0 million of the bond's notional value was repurchased at a cost of some \$47.1 million. This represents 23.5% of the total issue due for redemption in June 2006. See note 35(a).
- (b) On May 21, 2004, Harmony issued an international unsecured fixed rate convertible bond in an aggregate principal amount of R1,700 million (\$252 million). Interest at a rate of 4.875% per annum is payable semi-annually in arrears on May 21 and November 21 of each year, commencing November 21, 2004. The bonds mature 5 years from the issue date at their nominal value of R1,700 million unless converted into the company's ordinary shares. The bonds are convertible at the option of the bondholders at any time on or after July 1, 2004 and up to and including May 15, 2009, unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares, at nominal value Rand 0.50 per share. The number of ordinary shares to be issued at such a conversion shall be determined by dividing the principal amount of each bond by the conversion price in effect on the relevant conversion date. The bonds are listed on the London Stock Exchange for Bonds. The terms and conditions of the bonds prohibit Harmony and its material subsidiaries from creating any encumbrance or security interest over any of its assets to secure any relevant debt (or any guarantee or indemnity in respect of any relevant debt) without according the same security to the bondholders or without obtaining the prior approval of the bondholders. Included in the amortisation charge as per the income statement is \$1.4 million (2004: \$0.1 million) (2003: \$nil million) for amortization of the bond issue costs.
- (c) During the year Africa Vanguard borrowed an additional R18 million (\$2.8 million) (2004: R14 million (\$2.0 million)) from its holding company Africa Vanguard Resources to service working capital commitments. The loan is uncollateralized and interest free, with no fixed terms of repayment.
- (d) The loan from BAE Systems Plc was a US dollar denominated term loan of \$9.0 million for financing the design, development and construction of a facility for the manufacture and sale of value added gold products at Harmony's premises in the Free State. The loan was collateralized by a notarial covering bond over certain gold proceeds and other assets and was repaid in full on April 2, 2005. The loan accrued interest at LIBOR plus 2% and interest was repayable on a quarterly basis.
- (e) On July 30, 2003, Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVR) entered into a term loan facility of R116 million (\$16 million) with Nedbank Limited for the purpose of partially funding AVR's purchase of an undivided 26% share of the Mining titles, to be contributed to the Doornkop joint venture with Randfontein. Interest at a fixed rate equal to JIBAR plus the applicable margin plus stamp duties and holding costs shall be repayable to the extent that the borrower received profit participation interest for the interest periods. Unpaid interest shall be accrued and repaid with the loan amount. The loan amount and any interest accrued is repayable on July 30, 2008. Interest capitalized during the year ended June 30, 2005 amounted to \$1.9 million (2004: \$1.7 million and 2003: \$nil).

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

- (f) On December 24, 2001 FreeGold entered into an agreement with AngloGold Limited to purchase its FreeGold assets for R2,881 million (\$298 million). R1,800 million (\$169 million) was payable on January 1, 2002 at the call rate from this date until the 10th business day after the date of fulfilment of the last of the conditions precedent. R400 million (\$38 million) was fully repaid on December 30, 2004 at no interest charge. The balance of the consideration was paid on June 23, 2003, five business days before AngloGold was obliged to pay recoupment tax, capital gains tax and any other income tax on the disposal of the assets, at no interest charge.
- (g) On July 1, 2002 Freegold entered into an agreement with St Helena Gold Mines Limited, a fully owned subsidiary of Gold Fields Limited, to purchase its St Helena assets for R129 million (\$12.8 million). R120 million (\$11.9 million) was payable on October 29, 2002, being the effective date after the fulfilment of all the conditions precedent. The balance of R9 million (\$0.9 million) is payable by way of a 1 % royalty on turnover, monthly in arrears, for a period of 48 months, commencing on the 10th of the month following the effective date.
- (h) On April 5, 2002, ARMgold entered into a term loan facility of R500 million (\$45.3 million) with BOE Bank Limited for the purpose of partially funding ARMgold's acquisition of shares in Freegold and loans made by ARMgold to Freegold in connection with the acquisition of mining assets from AngloGold Limited. The facility is collateralized by a pledge of the following:
- (i) ARMgold's shares in Freegold;
 - (ii) The proceeds to ARMgold from the exercise of call options of Harmony as set out in the Freegold Joint Venture Agreement;
 - (iii) The proceeds to ARMgold of put options purchased by ARMgold to create downside protection on the gold price,
 - (iv) All amounts owing to ARMgold by Freegold; and
 - (v) Monies held to the account of the Distribution Account, being the account to which all distributions by Freegold to ARMgold in the form of the distribution on shares or repayments of interest or capital in respect of unsecured shareholder loans, must be credited. There was no balance on this account at June 30, 2005.
- The loan is repayable over a 4 year period in bi-annual installments of R90 million (\$14.4 million), the first was on December 31, 2002 and the final installment will be on June 30, 2006. The loan bears interest, compounded monthly, at a fixed interest rate of 15,49%.
- (i) On April 15, 2005 the ARM Trust entered into a term loan facility of R356 million (\$56.7 million) with Nedbank Limited for the purpose of funding the ARM Trust's partial acquisition of the shares, the Company held in ARM (Refer note 4). The loan bears interest, compounded monthly, at a fixed rate of 10.02%. Interest accrued during the year ended June 30, 2005 amounted to \$1.3 million. The loan is repayable on the 5th anniversary of the advance date.
- (j) On April 15, 2005 the ARM Trust entered into a second term loan facility of R474 million (\$75.4 million) with Nedbank Limited for the purpose of funding the balance of the ARM Trust's acquisition of the shares, the Company held in ARM (Refer note 4). The loan bears interest, compounded monthly, at a fixed rate of 9.52%. Interest and additional charges accrued during the year ended June 30, 2005 amounted to \$1.4 million and \$1.1 million, respectively. The loan is repayable on the 5th anniversary of the advance date.
- (k) During December 2003 Musuku Beneficiation Systems (Proprietary) Limited, a wholly owned subsidiary of the Company, entered into a long term loan facility of R2 million (\$0.3 million) with Auriel Alloys for the purpose of financing the acquisition of Dental Alloy equipment. The loan bears interest at 11% and is payable by way of 60 instalments of R50,000 each.

The maturity of borrowings is as follows:

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

	2005 \$'000	2004 \$'000
Current	200,451	97,940
Between 1 to 2 years	693	208,397
Between 2 to 5 years	403,993	293,640
Over 5 years	4,800	2,247
Total borrowings	<u>609,937</u>	<u>602,224</u>

25 DEFERRED FINANCIAL LIABILITY

	2005 \$'000	2004 \$'000
Mark-to-market of financial instruments at year end	57,863	91,513
ARM Empowerment Trust	18,857	—
	<u>76,720</u>	<u>91,513</u>

During the fiscal year ended June 30, 2005 Harmony closed out the remaining gold lease rate swaps which were inherited through the acquisition of New Hampton Gold and Hill 50. During the previous fiscal year, Harmony closed out 500,000oz of the New Hampton and Hill 50 hedge books at a cost of R105 million (US\$15 million). These close outs are in accordance with Harmony's strategy of being unhedged.

All forward-pricing commitments and forward exchange contracts do not meet the criteria to qualify for hedge accounting and the mark-to-market movements are reflected in the income statement.

The liability of \$18.9 million represents the fair value of the net increase in the ARM Empowerment Trust. See note 3(d). Changes in the fair value of this derivative financial liability have been accounted for in the consolidated income statements.

Refer to note 32 for more detail on the outstanding financial instruments.

26 PROVISION FOR ENVIRONMENTAL REHABILITATION

The Company's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The following is a reconciliation of the total liability for environmental rehabilitation:

	2005 \$'000	2004 \$'000
Balance as at July 1, 2004 and 2003	125,917	62,977
Additions to liabilities due to acquisitions	—	66,013
Change in estimates due to revisions in timing or amount of cash flows	(3,891)	(13,417)
Accretion expenses	4,053	8,670
Foreign currency translation adjustment	(5,629)	1,674
Balance as at June 30, 2005 and 2004	<u>120,450</u>	<u>125,917</u>

The Company intends to finance the ultimate rehabilitation costs of the South African operations from the money invested with the environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The Company will finance the ultimate rehabilitation costs of the non-South African operations from funds to be set aside for that purpose.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

27 PROVISION FOR SOCIAL PLAN

	2005 \$'000	2004 \$'000
Opening balance	1,958	—
Recognition of present value of future liability	—	1,772
Charge to income statement	299	—
Foreign currency translation adjustment	(148)	186
Closing balance	<u>2,109</u>	<u>1,958</u>

The company has undertaken to donate R50 million (\$8.0 million) over a period of 10 years to The Harmony Gold Mining Company Social Plan Trust in terms of an agreement signed on November 3, 2003. R18.5 million (\$2.7 million) was donated during the 2004 fiscal year and the balance will be donated in instalments of R3.5 million (\$0.6 million) annually over the next 9 years. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the company's workforce, to put measures in place to ensure that the technical and life skills of the company's workforce are developed and to develop the company's workforce in such a manner to avoid or minimize job losses and a decline in employment through turnaround or redeployment strategies.

28 PROVISION FOR POST-RETIREMENT BENEFITS

Most of the supervisory and managerial workers in South Africa participate in the Minemed defined contribution medical scheme, as well as other medical schemes. The Group contributes to these schemes on behalf of current employees and retired employees who retired prior to December 31, 1996 (the "Minemed scheme"). The Group's contributions to these schemes on behalf of retired and current employees amounted to \$10.0 million, \$6.6 million and \$4.4 million for 2005, 2004 and 2003 respectively.

With the exception of some Freegold employees, included from date of acquisition, no post-retirement benefits are available to other workers. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.

An updated actuarial valuation was carried out during the 2005 fiscal year on the Minemed medical scheme following the last actuarial valuation in the 2002 fiscal year.

Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 9%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables, which are generally used in South Africa to represent the mortality of CAWMs, and a medical inflation rate of 6.34%.

The company operates a post retirement medical aid benefit scheme. The amounts were based on an actuarial valuation conducted during the year ended 30 June 2005 and the liability was valued using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2006.

The movements in the present value of the unfunded obligations of the accrued post-retirement health care costs recognised in the balance sheet are as follows:

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

	2005 \$'000	2004 \$'000
Opening balance as previously stated	1,584	1,017
Acquired through the purchase of subsidiary	—	154
Additional provision for the current employees	6,470	—
Contributions paid	(971)	—
Other expenses included in staff costs		
Current service cost	971	—
Interest cost	3,235	—
Net actuarial gains recognised during the year	3,074	—
Foreign currency translation adjustments	(1,087)	413
Balance at the end of the year	<u>13,276</u>	<u>1,584</u>

The principal actuarial assumptions used for accounting purposes were:

Discount rate	9%	4%-12%
Healthcare inflation rate	6.34%	0%-7%
Normal retirement age	60	60

The obligation has been valued using the projected unit credit funding method on past service liabilities.

29 COMMITMENTS AND CONTINGENCIES

	2005 \$'000	2004 \$'000
Capital expenditure commitments		
Contracts for capital expenditure	4,226	12,442
Authorized by the directors but not contracted for	274,318	670,878
	<u>278,544</u>	<u>683,320</u>

This expenditure will be financed from existing cash resources and where appropriate borrowings.

Contingent liabilities		
Guarantees and suretyships	2,666	3,089
Environmental guarantees	20,107	15,800
	<u>22,773</u>	<u>18,889</u>

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Occupational healthcare services

Occupational healthcare services are made available by Harmony to employees from its existing facilities. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. This increased cost, should it transpire, is currently indeterminate. The group is monitoring developments in this regard.

Action was instituted by 10 Plaintiffs employed at Elandsrand Mine in December 2004. The First Defendant in these matters is Anglo American Corporation of South Africa Limited (Anglo American), with Harmony cited as the Second Defendant. These 10 claims constitute test cases in relation to claims for damages for silicosis allegedly contracted by the Plaintiffs over their period of employment with Anglo American and Harmony at Elandsrand. The Board of directors do not believe that the present 10 test cases present a significant risk and the probabilities vastly favour a dismissal of the actions. At this stage, any potential liability can not be reasonably quantified.

30 DISCLOSURES REGARDING FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and equivalents

The carrying amount approximates fair value as a result of the short-term maturity of these instruments.

Investments

It is not practical to determine the fair value of unlisted equity investments. These investments are carried at their original cost in the balance sheet. The fair value of listed equity investments is determined with reference to their market value at the end of each reporting period.

Receivables, accounts payable and accrued liabilities

The carrying amount of receivables, accounts payable and accrued liabilities approximates fair value as a result of the short-term maturity of these items.

Long-term and short-term debt

The fair value of long-term debt is estimated based on the effective interest rate and expected future cash flows. The fair value of short-term debt approximates the carrying value as a result of the short-term maturity periods.

Interest rate swaps

The fair value of interest rate swaps is determined by reference to quoted market prices for similar instruments.

The fair values of financial instruments were as follows:

	2005	
	Carrying value \$'000	Fair Value \$'000
Cash and cash equivalents	266,746	266,746
Receivables	94,730	94,730
Investments in listed securities	453,712	453,712
Investments in unlisted securities	13,109	13,109
Accounts payable and accrued liabilities	427,544	427,544
Long and short-term debt	609,937	609,937
Interest rate swaps	3,577	3,577

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

	2004	
	Carrying value \$'000	Fair Value \$'000
Cash and cash equivalents	217,022	217,022
Receivables	138,118	138,118
Investments in listed securities	234,991	234,991
Investments in unlisted securities	11,014	11,014
Accounts payable and accrued liabilities	382,858	382,858
Long and short-term debt	602,224	602,224
Interest rate swaps	2,768	2,768

31 EMPLOYEE BENEFIT PLANS

(a) PENSION AND PROVIDENT FUNDS: The Group contributes to several defined contribution pension and provident funds governed by the Pension Funds Act, 1946 for the employees of its South African subsidiaries. The pension funds are multi-employer industry plans. The Group's liability is limited to its annually determined contributions.

The provident funds are funded on the "money accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds.

The Australian group companies make contributions to each employee's Superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The Superannuation Guarantee Contributions were set at a minimum of 9% of gross salary and wages for the 2005 fiscal year (2004: 9% and 2003: 9%).

Substantially all the Group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the Group for fiscal 2005 amounted to \$56.0 million (2004 : \$43.4 million and 2003: \$20.5 million).

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

(b) SHARE OPTION SCHEMES

- (i) **HARMONY SHARE OPTION SCHEMES:** The Company currently has three employee share option schemes, being the Harmony (1994) Share Option Scheme (“HSOS 1994 Scheme”), the Harmony (2001) Share Option Scheme (“HSOS 2001 Scheme”) and the Harmony (2003) Share Option Scheme (“HSOS 2003 Scheme”). Pursuant to the rules of the HSOS 1994 Scheme, the HSOS 2001 Scheme and the HSOS 2003 Scheme certain qualifying employees may be granted options to purchase shares in the Company’s authorized but unissued ordinary shares. The HSOS 2001 Scheme was established following approval by the Company’s shareholders during fiscal 2002. The HSOS 2001 Scheme came into effect on November 16, 2001 and the HSOS 2003 Scheme came into effect on November 12, 2003, however, options previously issued under the HSOS 1994 Scheme remain in force. The terms of the HSOS 2001 Scheme and the HSOS 2003 Scheme are substantially equivalent to the terms of the HSOS 1994 Scheme, except that the maximum number of share options that may be granted under the HSOS

2001 Scheme is a fixed amount (8,000,000), rather than a percentage of share capital. Options granted under the HSOS 1994 Scheme are not counted against this maximum. Of the 8,000,000 ordinary shares under the specific authority of the directors in terms of the HSOS 2001 Scheme, 7,572,500 shares have been offered to participants leaving a balance of 427,500 to be offered to eligible employees. Upon the date of adoption of the HSOS 2001 Scheme, 1,065,400 shares were still outstanding under the HSOS 1994 Scheme. Following the adoption of the HSOS 2001 Scheme, no further option grants have been made under the HSOS 1994 Scheme. On June 30, 2005 13,532,997 shares of the 23,204,960 ordinary shares have been offered to participants in terms of the HSOS 2003 Scheme, leaving a balance of 9,671,963. In terms of the rules of the HSOS 1994 Scheme, the HSOS 2001 Scheme and the HSOS 2003 Scheme, the exercise price of the options granted is equal to fair market value of the shares at the date of the grant.

On November 29, 1999, the Company adopted a share purchase scheme (the “Share Purchase Scheme”), in which eligible employees may participate. The Share Purchase Scheme provides for a share purchase trust controlled by the Company. The share purchase trust provides recourse loans to enable employees to acquire shares or exercise their options under the HSOS 1994 Scheme. To date, the Share Purchase Scheme has only been used for the purpose of making recourse loans to employees to enable them to exercise their options under the HSOS 1994 Scheme. The shares acquired by an employee pursuant to the exercise of the option are then pledged by that employee to the share purchase trust to secure repayment of the recourse loan granted by the share purchase trust, plus any interest thereon. The share purchase trust is funded by a loan from the Company, which it repays once it receives repayment of the loans granted to employees. Three non-executive directors of the Company serve as trustees of the share purchase trust. The trustees are not eligible to receive loans from the trust. The Company cancelled the share purchase scheme on March 21, 2003.

Options currently expire no later than 10 years from the grant date. Pursuant to the HSOS 1994 Scheme rules, annually upon anniversary of the grant date, a third of the total options granted are exercisable. Pursuant to the HSOS 2001 Scheme rules, annually upon anniversary of the grant date, a third or a fifth of the total options granted are exercisable, depending on the vesting terms of the respective grant. Pursuant to the HSOS 2003 Scheme rules, annually upon anniversary of the grant date, a fifth of the total options granted are exercisable. Proceeds received by the Company from the exercise are credited to share capital and additional paid in capital.

Details of the activity in the HSOS 1994 Scheme, the HSOS 2001 Scheme and the HSOS 2003 Scheme were as follows (For convenience of the reader, the Rand amounts have been converted to US\$ at the balance sheet date for the respective fiscal years):

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

	Available for grant	Number of share options granted	Average exercise price per share SA Rand	Average exercise price per share US Dollar
Balance as at June 30, 2002	4,978,700	8,987,868	—	—
Share options granted during the year	(1,149,100)	1,149,100	—	—
Share options exercised during the year	—	(2,243,300)	37.04	4.93
Share options forfeited during the year	461,800	(461,800)	—	—
Balance as at June 30, 2003	4,291,400	7,431,868	—	—
Share options exercised during the year	—	(703,800)	41.82	6.07
Share options forfeited during the year	683,934	(683,934)	—	—
Balance as at June 30, 2004	4,975,334	6,044,134	—	—
Share options reserved during the year	23,204,960	—	—	—
Share options granted during the year	(13,532,997)	13,532,997	—	—
Share options exercised during the year	—	(426,352)	45.69	7.39
Share options forfeited during the year	937,695	(937,695)	—	—
Balance as at June 30, 2005	15,584,992	18,213,084	—	—

The options exercisable on June 30, 2005 and 2004 were 2,596,250 and 2,645,738, respectively.

The range of exercise prices for options outstanding at June 30, 2005 was R25.75 to R93.00. The range of exercise prices for options is wide primarily due to the fluctuation of the prices of the Company's share over the period of the grants.

The following tables summarize information relating to the options outstanding at June 30, 2005 (Tables are denominated in South African Rand and US\$ where applicable):

SA Rand	Range of prices	US\$	Number of shares	Contractual life (in years)	Outstanding options weighted average	
					Exercise price SA Rand	Exercise price US\$
22.90 - 27.20		3.43 - 4.08	161,450	4.85	25.39	3.81
35.40 - 49.60		5.31 - 7.44	12,905,548	8.93	41.43	6.21
66.00 - 66.15		9.90 - 9.92	4,120,686	9.03	66.14	9.92
91.60 - 93.00		13.74 - 13.95	1,025,400	7.71	91.64	13.75
Total			18,213,084	8.85	49.70	7.46

SA Rand	Range of prices	US\$	Number of shares	Exercisable options	
				Weighted average exercise price Rand	Weighted average exercise price US\$
22.90 - 27.20		3.43 - 4.08	161,450	25.39	3.81
35.40 - 49.60		5.31 - 7.44	1,900,700	47.70	7.15
66.00 - 66.15		9.90 - 9.92	117,900	66.00	9.90
91.60 - 93.00		13.74 - 13.95	416,200	91.66	13.75
Total			2,596,250	54.19	8.13

These options will expire if not exercised at specific dates ranging from February 2009 to April 2015. Market prices for options exercised during the three fiscal periods ended June 30, 2005 ranged from R50.85 to R135.05

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

In connection with the share purchase scheme described above, the Company follows the provisions of EITF 00-23 "Issues Related to the Accounting for Stock Compensation under APB 25 and FASB Interpretation No. 44" for all options granted subsequent to January 18, 2001 and prior to the adoption of FAS 123 on July 1, 2001, due to the share purchase scheme described above. Pursuant to the guidance in EITF 00-23, the Company applied variable accounting for the 700,000 options granted on April 24, 2001, until the earlier of such date upon which such options were exercised, or the share purchase scheme was cancelled. The Company recognized a share-based compensation credit of \$2.2 million related to this option grant during fiscal 2003.

On July 1, 2001, the Company changed its accounting policy and adopted FAS 123. FAS 123 requires that all share options granted following the date of adoption, be fair valued and that the fair value be recognized as share-based compensation expense over the options vesting period. Accordingly the Company fair valued the 6,130,100 options granted on November 20, 2001 and recorded deferred share-based compensation of \$8.7 million based on a fair value of R9.23 per option granted during the 2002 fiscal year. \$1.7 million, \$2.6 million and \$3.1 million were recognized as share compensation expense during the 2005, 2004 and 2003 fiscal years, respectively, related to the November 20, 2001, option grant. The Company also fair valued the 1,311,000 options granted on March 27, 2003 and recorded deferred share-based compensation of \$7.1 million based on a fair value of R42.78 per option granted during the 2003 fiscal year. \$2.1 million, \$3.3 million and \$0.7 million was recognized as share compensation expense during the 2005, 2004 and 2003 fiscal years, respectively, related to the March 27, 2003, option grant. The Company also fair valued the 3,924,149 options granted on August 10, 2004 and recorded deferred share-based compensation of \$21.3 million based on a fair value of R33.36 per option granted during the 2005 fiscal year. \$8.5 million was recognized as share compensation expense during the 2005 fiscal year, related to the August 10, 2004, option grant. The Company also fair valued the 9,608,848 options granted on April 26, 2005 and recorded deferred share-based compensation of \$27.7 million based on a fair value of R17.57 per option granted during the 2005 fiscal year. \$2.1 million was recognized as share compensation expense during the 2005 fiscal year, related to the April 26, 2005, option grant. The Company used the following assumptions in valuing the option grants:

	April 26, 2005 option grant	August 10, 2004 option grant	March 27, 2003 option grant	November 20, 2001 option grant
Expected life (in years)	5.0	5.0	5.0	3.5
Risk free interest rate	8.37%	9.94%	11.63%	11.50%
Volatility	35.00%	40.00%	45.00%	40.00%
Dividend yield	0.00%	0.00%	1.52%	4.00%

The Company used the binomial method in determining the fair value of the options granted.

Pro forma financial information required by SFAS No. 123 "Accounting for Stock-Based Compensation" regarding net income and earnings per share for the fiscal years 2005, 2004 and 2003 as if the Company had accounted for its employee share options, granted subsequent prior to July 1, 2001, under the fair value method of that statement is presented in note 2(s)(iii) to these financial statements.

- (ii) **ABELLE SHARE OPTION SCHEME:** Prior to the Company's acquisition of the entire outstanding shareholdings in Abelle, Abelle also had a share option scheme (the "Abelle Scheme"). Abelle established the Abelle Scheme to incentivize and to assist in the recruitment, reward and retention of employees of Abelle. All employees may have been granted options to purchase shares in Abelle's authorized but unissued ordinary shares pursuant to the Abelle Scheme rules. The Abelle Scheme was established following approval by Abelle's shareholders during fiscal 2002. The Abelle Scheme came into effect on April 29, 2002. The maximum number of share options that may have been granted under the Abelle Scheme were not to exceed 5% of the total number of Abelle shares in issue. In terms of the rules of the Abelle Scheme, the exercise price of the options granted must be equal to at least 112% of the fair market value of the shares at the date the participant is invited to apply for an option.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Options currently expire no later than 3 years from the grant date. 12 months after the options were granted, 50% of the total option grant are exercisable. 18 months after the options were granted, the remaining 50% of the total option grant is exercisable. Proceeds received by Abelle from the exercise of options are credited to share capital and additional paid in capital.

Details of the activity in the Abelle Scheme was as follows (For convenience of the reader, the Australian dollar amounts have been converted to US\$ at the balance sheet date for the respective fiscal years):

	Available for grant	Number of share options granted	Average exercise price per share AUSS	Average exercise price per share US\$
Balance as at April 30, 2003	7,260,382	2,662,500	—	—
Share options granted during the year	(1,800,000)	1,800,000	—	—
Share options exercised during the year	—	(22,500)	(0.94)	(0.71)
Balance as at June 30, 2003	5,460,382	4,440,000	—	—
Acquisition of outstanding options by Harmony	(5,460,382)	(4,440,000)	—	—
Balance as at June 30, 2004	—	—	—	—

Upon acquisition by Harmony of Abelle on May 1, 2003, the 2,662,500 Abelle options outstanding at a weighted average exercise price of A\$0.53 per option were fair valued. The weighted average fair value of the outstanding options was determined to be A\$0.70 per option, and accordingly deferred share based compensation expense of \$1.3 million was recorded. \$0.78 million and \$0.13 million was recognized as share based compensation expense related to these option grants in fiscal 2004 and fiscal 2003, respectively. A further 1,800,000 Abelle options were granted on June 15, 2003 at A\$1.01 per option. These options were fair valued at A\$0.47 per option and deferred share based compensation of \$0.5 million was recorded. \$0.42 million and \$0.02 million was recognized as share based compensation expense during fiscal 2004 and fiscal 2003, respectively. As part of the acquisition of the remaining interest in Abelle on March 15, 2004, the Company acquired all the outstanding share options. The Company used the following assumptions in valuing the option grants:

	2004
Expected life (in years)	3.0
Risk free interest rate	4.64%
Volatility	53.00%
Dividend yield	0.00%

The Company used the binomial method in determining the fair value of the Abelle options granted.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

32 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS

Harmony is exposed to various market risks, including commodity price risk, foreign currency risk, interest rate risk, liquidity risk and credit risk associated with the underlying assets and liabilities of the company as well as with anticipated transactions. Harmony does not issue derivative financial instruments for trading or speculative purposes. However, following periodic evaluation of these exposures, Harmony may enter into derivative financial instruments to manage these exposures.

Commodity price sensitivity

As a general rule, the Company sells its gold production at market prices. The Company, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production. A significant proportion of New Hampton and Hill 50's production was already hedged when acquired by the Company. During the previous fiscal year, in accordance with Harmony's strategy, a significant portion of the inherited hedge books of both New Hampton and Hill 50, were closed out at a cost of US\$15 million.

It is Harmony's strategy to continuously evaluate the hedge agreements as well as market conditions in order to close these contracts out at the most beneficial time.

The group had the following net forward-pricing commitments against future production at June 30, 2005.

Summary of the group's gold hedge position at June 30, 2005

Year		June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	Total	Mark-to- market \$'000
AUSTRALIAN DOLLAR GOLD							
Forward contracts	Kilograms	3,359	4,572	3,110	3,110	14,151	
	Ounces	108,000	147,000	100,000	100,000	455,000	(36,828)
	A\$ per oz	510	515	518	518	515	
Call options sold	Kilograms	933	311	—	—	1,244	
	Ounces	30,000	10,000	—	—	40,000	(994)
	A\$ per oz	552	562	—	—	554	
Total commodity contracts	Kilograms	4,292	4,883	3,110	3,110	15,395	
	Ounces	138,000	157,000	100,000	100,000	495,000	(37,822)

The mark-to-market of these contracts was a negative R252 million (US\$38 million) at June 30, 2005. The values at June 30, 2005 were based on a gold price of US\$435 (A\$571) per ounce, exchange rates of US\$1 / R6.6670 and A\$1 / US\$0.7622 and prevailing market interest rates and volatilities at that date. These valuations were provided by independent risk and treasury management experts. These contracts are classified as speculative and the marked-to-market movement is reflected in the income statement.

Summary of the group's gold hedge position at June 30, 2004

Year		June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	Total	Mark-to- market \$'000
AUSTRALIAN DOLLAR GOLD								
Forward contracts	Kilograms	5,443	3,359	4,572	3,110	3,110	19,594	
	Ounces	175,000	108,000	147,000	100,000	100,000	630,000	(39,969)
	A\$ per oz	513	510	515	518	518	372	
Call options sold	Kilograms	4,043	933	311	—	—	5,287	
	Ounces	130,000	30,000	10,000	—	—	170,000	(1,849)

	A\$ per oz	512	552	562	—	—	130	
Total commodity	Kilograms	9,486	4,292	4,883	3,110	3,110	24,881	
contracts	Ounces	305,000	138,000	157,000	100,000	100,000	800,000	(41,818)

The mark-to-market of these contracts resulted in a negative value of US\$42 million as at June 30, 2004. These values were based on a gold price of US\$ 393 (A\$ 571) per ounce, exchange rates of US\$1 / R6.2275 and A\$1/ US\$ 0.6894 and prevailing market interest rates at the time. These valuations were provided by independent risk and treasury management experts.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

These marked-to-market valuations are not predictive of the future value of the hedge position, nor of the future impact on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of the valuation, at market prices and rates available at the time.

Foreign currency sensitivity

Harmony's revenues are sensitive to the ZAR/US\$ exchange rates as all of the revenues are generated by gold sales, denominated in US\$. Harmony, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a ZAR/US\$ exchange rate in advance for the sale of its future gold production.

Harmony however, inherited forward exchange contracts with the acquisition of Avgold.

Summary of the group's currency hedge position at June 30, 2005

Year		June 30, 2006	Total	Mark-to- market \$'000
Forward exchange contracts	US\$ million	39	39	(16,467)
(Buy US\$, sell ZAR at the agreed exchange rate)	Average strike ZAR/US\$	9.54	9.54	
Forward exchange call contracts sold	US\$ million	39	39	—
(Sell US\$, buy ZAR at the agreed exchange rate)	Average strike ZAR/US\$	9.54	9.54	(16,467)

The mark-to-market of these contracts was a negative R108 million (US\$16 million) at June 30, 2005. These values were based upon an exchange rate of US\$1/R6.6670 and prevailing market interest rates at the time. Independent risk and treasury management experts provided these valuations. These contracts are classified as speculative and the mark-to-market movement is reflected in the income statement.

Summary of the group's currency hedge position at June 30, 2004

Year		June 30, 2005	June 30, 2006	Total	Mark-to- market \$'000
Forward exchange contracts	US\$ million	79	40	119	(48,128)
(Buy US\$, sell ZAR at the agreed exchange rate)	Average strike ZAR/US\$	9.07	9.54	9.23	
Forward exchange call contracts sold	US\$ million	79	40	119	(358)
(Sell US\$, buy ZAR at the agreed exchange rate)	Average strike ZAR/US\$	9.07	9.54	9.23	(48,486)

The net effect of the above contracts are a US\$ Putt/ ZAR call option sold. The mark-to-market of these Foreign exchange forward and option contracts was a negative US\$48 million as at June 30, 2004. These values were based upon an exchange rate of US\$1/R6.26 and prevailing market interest rates at the time. Independent risk and treasury management experts provided these valuations.

These exchange contracts expire on 31 December 2005.

Interest rates and liquidity risk

Fluctuations in interest rates and gold lease rates impact on the value of short-term cash and financing activities, giving rise to interest rate risk.

Gold Lease Rate Swaps:

The Company generally does not undertake any specific actions to cover its exposure to gold lease rates in respect of its derivative financial instruments. Through its acquisitions of New Hampton Gold and Hill 50, the Company did however acquire certain gold lease rate swaps.

During the fiscal year ending June 30, 2005 Harmony closed out the remaining gold lease rate swaps which were inherited through the acquisition of New Hampton Gold and Hill 50. Through the close out of these agreements, Harmony received R2 million (US\$ 0.3

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Gold lease rate swaps outstanding as at June 30, 2004:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Ounces	585,000	400,000	225,000	125,000	25,000
Lease rate received	1.04%	1.04%	1.05%	1.05%	1.05%

The marked-to-market of these contracts was a positive R8 million (US\$1 million) at June 30, 2004, based on valuations provided by independent treasury and risk management experts. The mark-to-market movement is reflected in the income statement.

Interest Rate Swaps:

The Group has interest rate swap agreements to convert R600 million (US\$80 million) of its R1.2 billion (US\$160 million) fixed rate bond to variable rate debt. The interest rate swap runs over the term of the bond and comprises two separate tranches:

(a) R400 million (US\$53 million) receive interest at a fixed rate of 13% and pay floating at JIBAR (reset quarterly) plus a spread of 1,8%.

(b) R200 million (US\$27 million) receive interest at a fixed rate of 13% and pay floating at JIBAR (reset quarterly) plus a spread of 2,2%.

These transactions which mature in June 2006 are designated as fair value hedges. The mark-to-market value of the transactions was a negative R24 million (US\$4 million) at June 30, 2005 (June 30, 2004: R17 million (US\$3 million)), based on the prevailing interest rates and volatilities at the time. The mark-to-market movement is reflected in the income statement.

Surplus Funds

In the ordinary course of business, the Group receives cash from its operations and is required to fund its working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group is able to actively source financing at competitive rates.

Concentration of credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timely.

Financial instruments, which subject the Company to significant concentrations of credit risk, consist predominantly of cash and cash equivalents, short-term investments and various derivative financial instruments. The Group's financial instruments do not represent a concentration of credit risk as the Group deals with and maintains cash and cash equivalents, short-term investments and derivative financial instruments with a variety of well established financial institutions of high quality and credit standing.

The credit exposure to any one counter party is managed by setting exposure limits, which are reviewed regularly. The Group's debtors and loans are regularly monitored and assessed. An adequate level of provision is maintained.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

33 CASH (UTILIZED)/GENERATED BY OPERATIONS

	2005 \$'000	2004 \$'000	2003 \$'000
Reconciliation of profit before taxation to cash generated from operations:			
(Loss)/income before taxation	(717,159)	(74,568)	97,515
Adjustments for:			
Loss/(profit) on sale of listed investments	93,470	(4,910)	(59,243)
Profit on sale and loss on dilution of investment in associates — net	—	(65,097)	—
Loss/(profit) on sale of subsidiaries	114	(115)	—
Profit on sale of property, plant and equipment	(12,542)	(22,303)	(2,129)
Depreciation and amortization	117,469	104,045	60,931
Impairment of assets	243,124	3,145	117,594
(Gain)/loss on financial instruments	17,672	32,385	(43,154)
Equity income of joint venture	—	(7,918)	—
Equity profit of associated companies	—	(2,020)	—
Impairment of investment in associate	—	1,956	—
Impairment of listed investment	63,234	—	—
Net decrease in provision for environmental rehabilitation	(2,828)	(19,461)	(5,224)
Provision for post retirement benefits	9,137	—	3
Other non cash transactions	13,255	5,564	8,700
Income and mining taxes paid	(8,952)	(83,881)	(43,514)
Cash cost to close out hedges	(34,248)	(19,349)	(8,637)
Share-based compensation	14,331	7,135	1,761
Decrease/(increase) in deferred stripping assets	15,362	(4,119)	(1,397)
Effect of changes in operating working capital items:			
Receivables	38,092	25,400	18,346
Inventories	(7,357)	(700)	(13,126)
Accounts payable and accrued liabilities	(53,247)	33,929	24,205
Cash (utilized)/generated by operations	<u>(211,073)</u>	<u>(90,882)</u>	<u>152,631</u>

34 RELATED PARTY TRANSACTIONS

The Chairman of the Company's Board of directors, Patrice Motsepe, was involved as a related party in the sale of Harmony's interest in ARM. 14% of our shareholding in ARM was sold to the ARM Trust of which Nomfundo Qangule and Frank Abbott, directors of the Company, are trustees (Refer to note 21).

Our largest shareholder up to May 3, 2004, holding approximately 14% of the Company's issued shares since the ARMgold acquisition was ARMI, represented by our Chairman. In terms of the transaction with ARM, these shares were sold to ARM.

The Company has, with effect from September 2003, acquired several companies owned by ARMI. These companies had competitive contractual arrangements with ARMgold for the provision of services and supplies related to ARMgold's business which were entered into before the ARMgold merger. These companies may continue to provide services and supplies to Harmony.

Certain of ARMI's subsidiaries and community development companies established for the benefit of the 60,000 community residents living near the ARM Mining Consortium/Anglo Platinum Joint Venture mine received non-interest bearing loans from ARMgold prior to the ARMgold acquisition in the aggregate amount of R37 million (\$5.1 million). No interest was charged due to ARMgold's long-term commitments and contribution to upliftment and empowerment, for which ARMgold has received recognition and credit. These loans have been repaid in full as at June 30, 2004.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Pieter Taljaard, Andre Wilkens and Michael King, directors of the Company during the 2004 financial year, all held shares directly in ARMgold. Following the acquisition of ARMgold, these shares were converted to Harmony shares.

As at June 30, 2003, A.R. Flemming and Lord Renwick of Clifton KCMG each owned, directly and indirectly, shares in Highland Gold. As such, each of them had an interest in Harmony's investment in Highland Gold at that time, which the Company disposed of on October 17, 2003.

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had any interest, direct or indirect, in any transaction concluded in the 2005, 2004 and 2003 fiscal years, or in any proposed transaction that has affected or will materially affect Harmony or its investment interests or subsidiaries, other than stated above.

None of the directors or members of senior management of Harmony or any associate of such director or member of senior management is currently or has been at any time during the past three fiscal years indebted to Harmony and /or its subsidiaries.

35 SUBSEQUENT EVENTS

- (a) On June 30, 2005 Harmony announced that it would approach the market to purchase up to 25% of the outstanding notional amount (the Repurchase) of its 13% HAR1 bond listed on the Bond Exchange of South Africa due June 14, 2006 (the Bonds). All holders of the Bonds were given an equal opportunity to participate in the Repurchase. On July 6, 2005 the partial re-purchase of Harmony's HAR1 corporate bond was completed. A total of \$45.0 million of the bond's notional value was repurchased at a cost of some \$47.1 million. This represents 23.5% of the total issue due for redemption in June 2006, compared to an allocated maximum amount for the repurchase of 25% of the total issue. The re-purchase was done at a spread of 195 bps above the benchmark government issue (R152). The bond has a semi-annual coupon of 13% and was launched in 2001.
- (b) On September 23, 2005 Harmony announced that it had reached agreement with Northern Gold NL on the divestment of its 50% stake in the Burnside Joint Venture for a consideration of A\$24 million or \$18.3 million. In terms of the agreement Northern Gold will purchase Harmony's sole purpose subsidiary which holds Harmony's interest in the Burnside JV and the management entity thereof. The purchase consideration of A\$24 million (plus replacement of a A\$1 million performance bond) is payable in tranches comprising:
- A non-refundable deposit of A\$0.25 million;
 - A cash payment of A\$4.0 million and an issue of A\$5.0 million of shares (20 million Northern Gold shares) on completion (within six months) and the replacement of a A\$1.0 million performance bond;
 - A cash payment of A\$5.0 million and the issue of A\$4.4 million shares (at an issue price equal to the higher of A\$0.25/share and the prevailing 30 day volume weighted average market price) six months after completion; and
 - A cash payment of A\$5.35 million payable 18 months after the completion date.

The transaction is subject to normal regulatory approvals that accompany such transactions.

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

36 GEOGRAPHICAL AND SEGMENT INFORMATION

The company is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside of South Africa.

The Company's operations are managed on a shaft-by-shaft (geographical) basis and discrete financial information under International Financial Reporting Standards ("IFRS") for each shaft is reviewed by the Company's chief operating decision maker to assess performance and allocate resources. The accompanying geographical and segment information has therefore been presented on a shaft by shaft basis and reconciled to U.S. GAAP.

These operating segments have been grouped together in the following geographic regions: Free State, Evander, Kalgold, Randfontein, Elandskraal, Free Gold, Mt Magnet, South Kalgoolie, Papua New Guinea (Abelle), ARMgold and Avgold. The results of ARMgold and Avgold have been included as part of the South African operations from their acquisition dates, September 23, 2003 and May 1, 2004, respectively. The results of Abelle have been included from May 1, 2003 as part of the Australian operations. The Bissett mine in Canada, which ceased operations at the end of fiscal 2001, has been reported as part of the "other" segment for fiscal 2003 and 2004. The Big Bell, Mt Magnet, South Kal and Abelle mines are located primarily in Western Australia. The Hidden Valley project is located in Papua New Guinea. The Company also has exploration interests in Southern Africa and Australia as well as Peru, which are included in Other. Selling, administrative, general charges and corporate costs are allocated between segments based on the size of activities based on production results.

In addition to the grouping of its operating segments by geographic region, management has also categorized its South African underground operations as follows:

- **quality shafts**, which are typically those with a larger reserve base and longer life, which form the core of the group's production;
- **leveraged shafts**, which are those that supplement production and provide the upside in the event of a positive swing in the Rand gold price;
- **growth shafts**, which comprise the expansion projects established through existing infrastructure, as well as the three new mines the Group is building in South Africa; and
- **surface operations**, which comprise the Kalgold opencast mine, all previously mined rock, whether waste or reef and any clean-up operations as well as plant and other infrastructure.

Management believes that the categorization above is in line with its shaft's strategic roles and the different skill sets, which are currently used to manage them. While the leveraged operations generally require a more short-term, flexible and lean approach, the quality assets require investment over a longer time horizon. This grouping has also enabled increased focus on the completion of the growth projects and in turning them into mines.

During the year ended June 30, 2005, Harmony made certain reclassifications in its operating segment presentation for the years ended June 30, 2004 and 2003 to conform to the groupings discussed above.

Year ended June 30, 2005

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces produced (*) oz
SOUTH AFRICA									
<i>Free State operations</i>							Information not allocated at shaft level		
Quality ounces							Information not allocated at		

Masimong	68,342	72,282	(3,940)	29,930	—	29,930	shaft level	3,736	159,981
Leveraged ounces									
							Information not allocated at shaft level		
Harmony 2	29,295	33,576	(4,281)	806	—	806		—	68,547
Merriespruit 1	19,428	24,552	(5,124)	—	—	—		—	45,559
Merriespruit 3	23,325	25,447	(2,122)	1,373	—	1,373		628	54,690
Unisel	27,798	35,202	(7,404)	10,631	—	10,631		—	65,011
							Information not allocated at shaft level		
Brand 3	19,807	24,150	(4,343)	1,500	—	1,500		—	46,299
Brand 5	8	2,120	(2,112)	—	—	—		—	33
Saaiplaas 3	1,026	4,831	(3,805)	475	—	475		4	2,541

F-58

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces gold produced(*) oz	Tons milled (*) '000
Surface	3,720	3,318	402	37,481	—	37,481		1,589	9,542	467
Other	—	—	—	66,795	593,781	660,576		30	—	—
Total Free State	<u>192,749</u>	<u>225,478</u>	<u>(32,729)</u>	<u>148,991</u>	<u>593,781</u>	<u>742,772</u>	<u>526,506</u>	<u>5,987</u>	<u>452,203</u>	<u>4,006</u>
Evander operations										
Quality ounces										
							Information not allocated at shaft level			
Evander 2	20,695	30,967	(10,272)	3,815	—	3,815		15	48,764	357
Evander 5	20,078	19,353	725	3,684	—	3,684		2	47,093	245
Evander 7	55,502	36,872	18,630	35,750	—	35,750		3,871	130,009	541
Evander 8	64,912	46,245	18,667	31,482	—	31,482		3,472	151,936	734
							Information not allocated at shaft level			
Leveraged ounces										
Evander 9	1,078	3,005	(1,927)	—	—	—		—	2,573	31
Surface	—	—	—	—	—	—		—	—	—
Other	—	—	—	40,101	24,027	64,128		—	—	—
Total Evander	<u>162,265</u>	<u>136,442</u>	<u>25,823</u>	<u>114,832</u>	<u>24,027</u>	<u>138,859</u>	<u>32,672</u>	<u>7,360</u>	<u>380,375</u>	<u>1,908</u>
Randfontein operations										
Quality ounces										
							Information not allocated at shaft level			
Cooke 1	33,888	33,660	228	9,946	—	9,946		266	79,101	520
Cooke 2	23,274	26,560	(3,286)	10,021	—	10,021		122	54,441	403
Cooke 3	49,478	50,565	(1,087)	8,163	—	8,163		—	116,300	740
							Information not allocated at shaft level			
Growth projects										
Doornkop	22,478	26,971	(4,493)	189,448	—	189,448		25,223	52,695	526
Surface	14,185	14,117	68	2,676	—	2,676		6,120	33,397	2,757
Other	—	—	—	—	69,082	69,082		—	—	—
Total Randfontein	<u>143,303</u>	<u>151,873</u>	<u>(8,570)</u>	<u>220,254</u>	<u>69,082</u>	<u>289,336</u>	<u>59,469</u>	<u>31,731</u>	<u>335,934</u>	<u>4,946</u>
Elandsrand operations										
Growth projects										
							Information not allocated at shaft level			
Elandsrand	88,577	99,150	(10,573)	228,343	—	228,343		15,530	207,371	1,019
Leveraged ounces										
Deelkraal	958	714	244	2,514	—	2,514		—	2,284	1
Surface	—	—	—	334	—	334		7	—	—
Other	—	—	—	—	13,495	13,495		—	—	—
Total Elandsrand	<u>89,535</u>	<u>99,864</u>	<u>(10,329)</u>	<u>231,191</u>	<u>13,495</u>	<u>244,686</u>	<u>5,657</u>	<u>15,537</u>	<u>209,655</u>	<u>1,020</u>

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces produced (*) oz	Tons milled (*) '000
Freegold operations										
Quality ounces										
Tshepong	162,958	117,592	45,366	606,626	—	606,626	Information not allocated at shaft level	6,845	380,695	1,700
Growth projects										
Phakisa	—	—	—	258,424	—	258,424	Information not allocated at shaft level	18,756	—	—
Leveraged ounces										
Bambanani	84,165	91,573	(7,408)	82,322	—	82,322	Information not allocated at shaft level	3,893	197,535	1,090
Joel	27,282	31,408	(4,126)	4,206	—	4,206	Information not allocated at shaft level	165	64,464	498
Eland	11,436	13,404	(1,968)	—	—	—	Information not allocated at shaft level	—	26,782	175
Kudu/Sable	10,764	18,885	(8,121)	—	—	—	Information not allocated at shaft level	—	25,175	194
West Shaft	12,049	13,014	(965)	9,640	—	9,640	Information not allocated at shaft level	—	28,165	176
Nyala	9,897	17,587	(7,690)	—	—	—	Information not allocated at shaft level	1,440	23,503	198
St Helena	12,660	25,092	(12,432)	—	—	—	Information not allocated at shaft level	—	29,965	245
Surface	15,407	15,436	(29)	3,376	—	3,376	Information not allocated at shaft level	314	36,420	1,361
Other	—	—	—	—	488,840	488,840	Information not allocated at shaft level	—	—	—
Total Freegold	<u>346,618</u>	<u>343,991</u>	<u>2,627</u>	<u>964,594</u>	<u>488,840</u>	<u>1,453,434</u>	<u>328,115</u>	<u>31,413</u>	<u>812,704</u>	<u>5,637</u>
ARMgold operations										
Leveraged ounces										
Orkney 2	33,279	32,938	341	7,429	—	7,429	Information not allocated at shaft level	—	78,449	413
Orkney 4	32,720	30,517	2,203	9,148	—	9,148	Information not allocated at shaft level	14	76,971	455
Welkom 1	1,164	1,604	(440)	—	—	—	Information not allocated at shaft level	—	2,734	21
Surface	—	—	—	—	—	—	Information not allocated at shaft level	—	—	—
Other	—	—	—	—	13,887	13,887	Information not allocated at shaft level	394	—	—
Total ARMgold	<u>67,163</u>	<u>65,059</u>	<u>2,104</u>	<u>16,577</u>	<u>13,887</u>	<u>30,464</u>	<u>40,604</u>	<u>408</u>	<u>158,154</u>	<u>889</u>
Avgold operations										
Quality ounces										
Target	89,233	57,273	31,960	302,103	—	302,103	Information not allocated at shaft level	8,699	209,847	1,178
Surface	579	467	112	942	—	942	Information not allocated at shaft level	1,790	1,350	88
Other	—	—	—	770,753	9,357	780,110	Information not allocated at shaft level	—	—	—
Total Avgold	<u>89,812</u>	<u>57,740</u>	<u>32,072</u>	<u>1,073,798</u>	<u>9,357</u>	<u>1,083,155</u>	<u>23,789</u>	<u>10,489</u>	<u>211,197</u>	<u>1,266</u>
Kalgold operations										
Surface	46,331	51,554	(5,223)	20,442	—	20,442	Information not allocated at shaft level	(4,145)	108,195	1,855
Other	—	—	—	1,217	7,403	8,620	Information not allocated at shaft level	—	—	—
Total Kalgold	<u>46,331</u>	<u>51,554</u>	<u>(5,223)</u>	<u>21,659</u>	<u>7,403</u>	<u>29,062</u>	<u>4,621</u>	<u>(4,145)</u>	<u>108,195</u>	<u>1,855</u>
Other entities	<u>1,755</u>	<u>—</u>	<u>1,755</u>	<u>900</u>	<u>178,296</u>	<u>179,196</u>	<u>128,734</u>	<u>2,035</u>	<u>—</u>	<u>—</u>
TOTAL SOUTH AFRICA	<u>1,139,531</u>	<u>1,132,001</u>	<u>7,530</u>	<u>2,792,796</u>	<u>1,398,168</u>	<u>4,190,964</u>	<u>1,150,167</u>	<u>100,815</u>	<u>2,668,417</u>	<u>21,527</u>

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces produced (*) oz
AUSTRALASIA									
<i>Mt Magnet</i>	<u>77,242</u>	<u>60,914</u>	<u>16,328</u>	<u>78,172</u>	<u>—</u>	<u>78,172</u>	<u>52,733</u>	<u>15,652</u>	<u>181,233</u>
<i>South Kal</i>	<u>48,427</u>	<u>39,262</u>	<u>9,165</u>	<u>55,289</u>	<u>—</u>	<u>55,289</u>	<u>36,802</u>	<u>10,161</u>	<u>115,615</u>
<i>Papua New Guinea</i>	<u>—</u>	<u>—</u>	<u>—</u>	<u>200,749</u>	<u>—</u>	<u>200,749</u>	<u>1,892</u>	<u>12,051</u>	<u>—</u>
<i>Other</i>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,265</u>	<u>50,145</u>	<u>74,410</u>	<u>36,391</u>	<u>2,178</u>	<u>—</u>
TOTAL									
AUSTRALASIA	<u>125,669</u>	<u>100,176</u>	<u>25,493</u>	<u>358,475</u>	<u>50,145</u>	<u>408,620</u>	<u>127,818</u>	<u>40,042</u>	<u>296,848</u>
TOTAL									
HARMONY	1,265,200	1,232,177	33,023	3,151,271	1,448,313	4,599,584	1,277,985	140,857	2,965,265
Reconciliation of segment data to consolidated financial statements	<u>—</u>	<u>746</u>	<u>(746)</u>	<u>105,897</u>	<u>(148,804)</u>	<u>(42,907)</u>	<u>283,108</u>	<u>—</u>	<u>—</u>
	<u>1,265,200</u>	<u>1,232,923</u>	<u>32,277</u>	<u>3,257,168</u>	<u>1,299,509</u>	<u>4,556,677</u>	<u>1,561,093</u>	<u>140,857</u>	<u>2,965,265</u>

(*) Production statistics are unaudited

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Year ended June 30, 2004

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces gold produced (*) oz	Tons milled (*) '000
SOUTH AFRICA										
Free State operations										
Quality ounces										
Masimong	84,119	70,224	13,895	43,132	—	43,132	Information not allocated at shaft level	4,120	218,325	1,378
Leveraged ounces										
Harmony 2	31,213	29,888	1,325	1,324	—	1,324		—	81,317	643
Merriespruit 1	20,980	22,534	(1,554)	3,448	—	3,448		315	54,565	477
Information not allocated at shaft level										
Merriespruit 3	27,376	30,313	(2,937)	1,088	—	1,088		—	71,156	743
Unisel	32,475	34,566	(2,091)	20,382	—	20,382		1,329	84,308	677
Brand 3	21,412	22,442	(1,030)	6,127	—	6,127		—	55,400	531
Information not allocated at shaft level										
Brand 5	5,702	11,591	(5,889)	3,022	—	3,022		—	14,662	153
Saaiplaas 3	10,331	13,485	(3,154)	5,291	—	5,291		200	26,783	254
Surface	10,215	9,288	927	55,246	—	55,246		2,501	26,732	2,368
Other	—	—	—	71,834	215,497	287,331		1,717	—	—
Total Free State	<u>243,823</u>	<u>244,331</u>	<u>(508)</u>	<u>210,894</u>	<u>215,497</u>	<u>426,391</u>	<u>590,638</u>	<u>10,182</u>	<u>633,248</u>	<u>7,224</u>
Evander operations										
Quality ounces										
Information not available at segmental shaft level										
Evander 2	33,216	32,428	788	13,564	—	13,564		619	86,172	491
Evander 5	18,559	16,095	2,464	9,793	—	9,793		498	48,103	223
Evander 7	35,566	32,968	2,598	37,358	—	37,358		5,034	92,505	577
Evander 8	41,945	39,708	2,237	31,480	—	31,480		5,091	109,513	692
Leveraged ounces										

							Information not allocated at shaft level			
Evander 9	9,079	9,042	37	—	—	—	—	—	23,440	202
Surface	756	496	260	—	—	—	—	2,367	1,961	101
Other	—	—	—	42,881	24,613	67,494	—	—	—	—
Total Evander	<u>139,121</u>	<u>130,737</u>	<u>8,384</u>	<u>135,076</u>	<u>24,613</u>	<u>159,689</u>	<u>35,197</u>	<u>13,609</u>	<u>361,694</u>	<u>2,286</u>

F-62

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Year ended June 30, 2004

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces gold produced (*) oz	Tons milled (*) '000
Randfontein operations										
Quality ounces										
							Information not allocated at shaft level			
Cooke 1	39,891	31,632	8,259	14,902	—	14,902		825	104,168	605
Cooke 2	34,748	34,237	511	12,287	—	12,287		789	90,761	749
Cooke 3	51,283	50,066	1,217	9,774	—	9,774		54	134,003	999
							Information not allocated at shaft level			
Growth projects										
Doornkop	24,913	23,049	1,864	181,018	—	181,018		14,316	65,234	567
Surface	7,264	6,590	674	5,542	—	5,542		4,511	18,872	2,428
Other	—	—	—	—	62,252	62,252		—	—	—
Total										
Randfontein	<u>158,099</u>	<u>145,574</u>	<u>12,525</u>	<u>223,523</u>	<u>62,252</u>	<u>285,775</u>	<u>93,053</u>	<u>20,495</u>	<u>413,038</u>	<u>5,348</u>
Elandsrand operations										
Growth projects										
							Information not allocated at shaft level			
Elandsrand	96,831	100,657	(3,826)	186,201	—	186,201		16,057	250,581	1,437
Leveraged ounces										
Deelkraal	26,206	37,796	(11,590)	50,630	—	50,630		1,305	68,127	522
Surface	2,047	2,640	(593)	891	—	891		294	5,301	451
Other	—	—	—	—	17,777	17,777		—	—	—
Total Elandsrand	<u>125,084</u>	<u>141,093</u>	<u>(16,009)</u>	<u>237,722</u>	<u>17,777</u>	<u>255,499</u>	<u>23,376</u>	<u>17,656</u>	<u>324,009</u>	<u>2,410</u>
Freegold operations										
Quality ounces										
Tshepong	130,491	87,629	42,862	660,790	—	660,790		8,731	339,259	1,584
Growth projects										
Phakisa	—	—	—	258,043	—	258,043		16,845	—	—

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Year ended June 30, 2004

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces gold produced (*) oz	Tons produced (*) '000
Leveraged ounces							Information not allocated at shaft level			
Bambanani	96,943	91,049	5,894	102,781	—	102,781		7,500	251,970	1,4
Joel	22,906	23,403	(497)	7,254	—	7,254		—	59,642	4
Eland	16,952	22,465	(5,513)	—	—	—		274	44,017	3
Kudu/Sable	13,331	14,473	(1,142)	14,341	—	14,341		—	34,597	2
							Information not allocated at shaft level			
West Shaft	12,061	10,167	1,894	11,106	—	11,106		1	31,318	1
Nyala	4,033	3,578	455	15,663	—	15,663		7,276	10,482	1
St Helena	23,643	28,550	(4,907)	19,938	—	19,938		—	61,668	4
Surface	23,850	20,427	3,423	3,368	—	3,368		21	61,192	3,5
Other	—	—	—	—	520,795	520,795		228,305	—	—
Total										
Freegold	<u>344,210</u>	<u>301,741</u>	<u>42,469</u>	<u>1,093,284</u>	<u>520,795</u>	<u>1,614,079</u>	<u>438,523</u>	<u>268,953</u>	<u>894,145</u>	<u>8,2</u>

**ARMgold
operations**

Leveraged ounces							Information not allocated at shaft level			
Orkney 1	123	194	(71)	—	—	—		—	322	—
Orkney 2	31,435	26,892	4,543	10,090	—	10,090		—	81,434	3
Orkney 3	4,425	6,440	(2,015)	427	—	427		464	11,413	1
							Information not allocated at shaft level			
Orkney 4	26,269	20,243	6,026	11,719	—	11,719		160	67,931	4
Orkney 6	4,304	5,378	(1,074)	—	—	—		—	11,060	1
Orkney 7	1,760	1,970	(210)	19	—	19		—	4,533	—
Welkom 1	7,415	9,939	(2,524)	—	—	—		—	19,226	1
Welkom 2	525	547	(22)	—	—	—		—	1,350	—
Welkom 3	592	581	11	—	—	—		—	1,511	—
Welkom 4	1,531	1,496	35	—	—	—		—	3,922	—
							Information not allocated at shaft level			
Welkom 6	935	894	41	—	—	—		—	2,411	—

Welkom 7	3,890	3,566	324	—	—	—	—	9,902		
Surface	—	—	—	—	—	—	—	—		
Other	—	—	—	—	<u>20,097</u>	<u>20,097</u>	<u>614,962</u>	—		
Total										
ARMgold	<u>83,204</u>	<u>78,140</u>	<u>5,064</u>	<u>22,255</u>	<u>20,097</u>	<u>42,352</u>	<u>73,068</u>	<u>615,586</u>	<u>215,015</u>	<u>1,4</u>

F-64

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Year ended June 30, 2004

	Revenue \$'000	Production costs \$'000	Cash Operating profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces gold produced (*) oz	Tons milled (*) '000
Avgold operations										
Quality ounces										
							Information not allocated at shaft level			
Target	19,772	11,514	8,258	384,862	—	384,862		1,175	53,434	228
Other	—	—	—	772,158	22,766	794,924		1,106,736	—	—
Total Avgold	19,772	11,514	8,258	1,157,020	22,766	1,179,786	75,671	1,107,911	53,434	228
Kalgold operations										
							Information not allocated at shaft level			
Surface	31,532	28,511	3,021	38,066	—	38,066		4,405	82,756	1,530
Other	—	—	—	—	17,509	17,509		—	—	—
Total Kalgold	31,532	28,511	3,021	38,066	17,509	55,575	3,293	4,405	82,756	1,530
Other entities	—	—	—	—	278,676	278,676	2,617	1,278	—	—
TOTAL SOUTH AFRICA	1,144,845	1,081,641	63,204	3,117,840	1,179,982	4,297,822	1,335,436	2,060,075	2,977,339	28,728
AUSTRALASIA										
Mt Magnet	67,714	58,202	9,512	122,297	—	122,297	50,794	13,596	173,228	3,058
South Kal	46,651	38,848	7,803	81,053	—	81,053	28,052	5,435	120,532	1,843
Papua New Guinea	—	—	—	211,671	—	211,671	1,222	1,857	—	—
Other entities	17,103	13,458	3,645	12,332	100,353	112,685	73,026	9,614	44,528	326
TOTAL AUSTRALASIA	131,468	110,508	20,960	427,353	100,353	527,706	153,094	30,502	338,288	5,227
TOTAL HARMONY	1,276,313	1,192,149	84,164	3,545,193	1,280,335	4,825,528	1,488,530	2,090,577	3,315,627	33,955
Reconciliation of segment data to consolidated financial statements	(35,974)	(23,785)	(12,189)	70,261	(235,781)	(163,705)	194,213	(1,964,093)	(90,440)	—
	1,240,339	1,168,364	71,975	3,615,454	1,044,554	4,661,823	1,682,743	126,484	3,225,187	33,955

(*) Production statistics are unaudited

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Year ended June 30, 2003

	Revenue \$'000	Production costs \$'000	Cash operating Profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	Ounces gold producer (*) oz	Tone milled (*) '000
SOUTH AFRICA										
Free State operations										
Quality ounces										
Masimong	65,416	48,458	16,958	40,138	—	40,138	Information not allocated at shaft level	7,169	195,607	1,266
Leveraged ounces										
Harmony 2	25,572	17,521	8,051	1,573	—	1,573		46	75,331	586
Harmony 4	105	496	(391)	—	—	—		—	290	3
Merriespruit 1	18,474	13,623	4,851	3,007	—	3,007		221	55,044	438
Merriespruit 3	23,982	20,351	3,631	745	—	745		—	70,991	718
Information not allocated at shaft level										
Unisel	28,018	23,277	4,741	17,023	—	17,023		1,825	82,147	778
Brand 3	17,230	15,195	2,035	5,992	—	5,992		—	50,896	422
Brand 5	19,144	20,573	(1,429)	2,611	—	2,611		39	56,298	507
Virginia	104	251	(147)	—	—	—		—	290	3
Surface	8,067	6,550	1,517	51,017	—	51,017		4,364	24,209	1,164
Other	—	—	—	59,896	293,009	352,905		195	—	—
Total Free State	<u>206,112</u>	<u>166,295</u>	<u>39,817</u>	<u>182,002</u>	<u>293,009</u>	<u>475,011</u>	<u>443,863</u>	<u>13,859</u>	<u>611,103</u>	<u>5,885</u>
Evander operations										
Quality ounces										
Evander 2	28,881	20,373	8,508	10,286	—	10,286		459	88,575	522
Evander 5	16,293	11,356	4,937	9,933	—	9,933		259	49,769	227
Evander 7	34,644	22,518	12,126	28,649	—	28,649		4,044	106,419	566
Information not allocated at shaft level										
Evander 8	30,123	27,293	2,830	22,377	—	22,377		3,977	94,008	676
Leveraged ounces										
Evander 9	5,698	4,660	1,038	154	—	154	Information not allocated at shaft level	—	17,297	153
Surface	1,278	913	365	391	—	391		1,181	4,116	201
Other	—	—	—	40,007	13,173	53,180		887	—	—
Total Evander	<u>116,917</u>	<u>87,113</u>	<u>29,804</u>	<u>111,797</u>	<u>13,173</u>	<u>124,970</u>	<u>38,993</u>	<u>10,807</u>	<u>360,184</u>	<u>2,345</u>

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Year ended June 30, 2003

	Revenue \$'000	Production costs \$'000	Cash operating Profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	gold producer (*) oz	Tone milled (*) '000
Randfontein operations										
Quality ounces										
Cooke 1	39,722	23,017	16,705	12,738	—	12,738		—	20,819	741
Cooke 2	38,255	22,281	15,974	10,326	—	10,326		—	116,639	790
							Information not allocated at shaft level			
Cooke 3	49,829	35,766	14,063	10,257	—	10,257		232	151,553	1,108
Growth projects										
							Information not allocated at shaft level			
Doornkop	21,550	15,126	6,424	5,836	—	5,836		1,635	65,906	523
Surface	12,299	7,995	4,304	—	—	—		1,695	36,973	2,212
Other	—	—	—	132,788	52,413	185,201		468	—	—
Total Randfontein	<u>161,655</u>	<u>104,185</u>	<u>57,470</u>	<u>171,945</u>	<u>52,413</u>	<u>224,358</u>	<u>74,129</u>	<u>4,030</u>	<u>491,890</u>	<u>5,374</u>
Elandsrand operations										
Growth projects										
Elandsrand	86,926	69,864	17,062	124,182	—	124,182		12,757	264,525	1,468
Leveraged ounces										
							Information not allocated at shaft level			
Deelkraal	27,520	26,077	1,443	1,367	—	1,367		2,070	82,751	598
Surface	6,442	4,518	1,924	189	—	189		161	19,323	1,228
Other	—	—	—	—	74,063	74,063		472	—	—
Total Elandsrand	<u>120,888</u>	<u>100,459</u>	<u>20,429</u>	<u>125,738</u>	<u>74,063</u>	<u>199,801</u>	<u>24,962</u>	<u>15,460</u>	<u>366,599</u>	<u>3,294</u>
Freegold operations										
Quality ounces										
							Information not allocated at shaft level			
Tshepong	69,776	33,983	35,793	143,919	—	143,919		2,228	212,383	917
Leveraged ounces										
Bambanani	61,681	36,969	24,712	52,859	—	52,859		2,660	186,629	826
Joel	10,074	8,792	1,282	650	—	650		—	30,827	260
Eland	15,832	9,508	6,324	—	—	—		164	47,835	201
							Information not allocated at shaft level			
Nyala	—	—	—	2,550	—	2,550		—	—	—
Kudu/Sable	5,513	4,456	1,057	—	—	—		194	16,907	105
West Shaft	4,313	3,056	1,257	449	—	449		205	13,017	77
							Information not allocated at shaft level			
St Helena	8,050	10,070	(2,020)	16,976	—	16,976		8,240	25,685	203
Surface	14,462	9,554	4,908	1,441	—	1,441		25	44,432	2,573
Other	—	—	—	7,372	53,418	60,790		23,624	—	—

Total Freegold

<u>189,701</u>	<u>116,388</u>	<u>73,313</u>	<u>226,216</u>	<u>53,418</u>	<u>279,634</u>	<u>104,130</u>	<u>37,340</u>	<u>577,714</u>	<u>5,162</u>
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F-67

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements
For the years ended June 30

Year ended June 30, 2003

	Revenue \$'000	Production costs \$'000	Cash operating Profit/(loss) \$'000	Mining assets \$'000	Unallocated assets \$'000	Total assets \$'000	Total liabilities \$'000	Capital expenditure \$'000	gold producer(*) oz	Tone milled (*) '000
Kalgold operations										
							Information not allocated at shaft level			
Surface	24,536	16,552	7,984	20,933	—	20,933		4,265	74,590	1,195
Other	—	—	—	1,453	25,704	27,157		3,355	—	—
Total Kalgold	<u>24,536</u>	<u>16,552</u>	<u>7,984</u>	<u>22,386</u>	<u>25,704</u>	<u>48,090</u>	<u>2,829</u>	<u>7,620</u>	<u>74,590</u>	<u>1,195</u>
Other entities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>165,793</u>	<u>165,793</u>	<u>1,941</u>	<u>267</u>	<u>—</u>	<u>—</u>
TOTAL SOUTH AFRICA	<u>819,809</u>	<u>590,992</u>	<u>228,817</u>	<u>840,084</u>	<u>677,573</u>	<u>1,517,657</u>	<u>690,847</u>	<u>89,383</u>	<u>2,482,080</u>	<u>23,255</u>
AUSTRALASIA										
Big Bell	<u>42,922</u>	<u>43,600</u>	<u>(678)</u>	<u>18,720</u>	<u>4,489</u>	<u>23,209</u>	<u>26,513</u>	<u>1,080</u>	<u>132,579</u>	<u>2,147</u>
Mt Magnet	<u>61,676</u>	<u>40,908</u>	<u>20,768</u>	<u>124,044</u>	<u>4,728</u>	<u>128,772</u>	<u>100,740</u>	<u>14,870</u>	<u>182,690</u>	<u>2,922</u>
South Kal	<u>57,372</u>	<u>47,451</u>	<u>9,921</u>	<u>73,444</u>	<u>7,053</u>	<u>80,497</u>	<u>85,227</u>	<u>6,299</u>	<u>182,851</u>	<u>2,749</u>
Abelle	<u>3,381</u>	<u>2,145</u>	<u>1,236</u>	<u>157,510</u>	<u>(88,263)</u>	<u>69,247</u>	<u>50,411</u>	<u>123,575</u>	<u>11,534</u>	<u>65</u>
Other entities	<u>—</u>	<u>—</u>	<u>—</u>	<u>46,733</u>	<u>150,774</u>	<u>197,507</u>	<u>(97,231)</u>	<u>11,276</u>	<u>—</u>	<u>—</u>
TOTAL AUSTRALASIA	<u>165,351</u>	<u>134,104</u>	<u>31,247</u>	<u>420,451</u>	<u>78,781</u>	<u>499,232</u>	<u>165,660</u>	<u>157,100</u>	<u>509,654</u>	<u>7,883</u>
TOTAL HARMONY	<u>985,160</u>	<u>725,096</u>	<u>260,064</u>	<u>1,260,535</u>	<u>756,354</u>	<u>2,016,889</u>	<u>856,507</u>	<u>246,483</u>	<u>2,991,734</u>	<u>31,138</u>
Reconciliation of segment data to consolidated financial statements	<u>(203,368)</u>	<u>(125,350)</u>	<u>(78,018)</u>	<u>(277,553)</u>	<u>159,502</u>	<u>(118,051)</u>	<u>(54,417)</u>	<u>(37,341)</u>	<u>(625,618)</u>	<u>(5,162)</u>
	<u>781,792</u>	<u>599,746</u>	<u>182,046</u>	<u>982,982</u>	<u>915,856</u>	<u>1,898,838</u>	<u>802,090</u>	<u>209,142</u>	<u>2,366,116</u>	<u>25,976</u>

(*) Production statistics are unaudited

Harmony Gold Mining Company Limited
Notes to the Consolidated Financial Statements

For the years ended June 30
Notes to the reconciliation of segment data to the consolidated financial statements

(a) Reversal of proportionate consolidation

For management reporting purposes, the Free Gold Company which was a joint venture, was proportionately consolidated until its acquisition on September 22, 2003. Under US GAAP, the equity method of accounting is applied in accounting for joint ventures.

(b) Exploration costs

For management reporting purposes, certain exploration costs are capitalized. US GAAP does not permit the capitalization of exploration and evaluation expenditure.

(c) Business combinations — goodwill

For management reporting purposes, prior to 2004, goodwill was amortized using the straight-line method over the estimated life of the underlying asset. Under US GAAP, goodwill is not subject to amortization. Instead, the Company evaluates, on at least an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. From July 1, 2004, this is in line with management's reporting under IFRS.

(d) Business combinations — acquisition date

For management reporting purposes, the Free Gold Company results have been included from the date upon which the Company assumed joint operational control of the assets together with the seller. Under US GAAP, the Company accounts for its interest in the Free Gold Company from the date that all the conditions precedent to the transaction were met, and the assets were no longer subject to joint operational control.

(e) Business combinations — purchase price

In addition, for management reporting purposes, the purchase price of the initial investment in Free Gold was determined as the sum of a cash payment, the fair value of an interest free loan and the taxes payable on the transaction by the seller. Under US GAAP, the purchase price was determined as the sum of a cash payment, the fair value of the interest free loan, the taxes payable on the transaction by the seller, offset by the cash flows generated by the joint venture during the period the assets were subject to joint operational control with the seller, as the cash flows generated during this period were for the account of the joint venture.

(f) Reversal of previously recognized impairments

For management reporting purposes, certain impairments recognized in prior periods have been reversed. Under US GAAP, the reversal of previously recognized impairments is not permitted.

(g) Provision for environmental rehabilitation

(i) Method of recognition

For management reporting purposes, environmental rehabilitation costs are provided for, based upon the net present value of the expected future obligation and a corresponding asset is raised. Under US GAAP, prior to fiscal 2003, environmental rehabilitation costs have been provided for, based on the units of production method on the expected ultimate rehabilitation amount. Subsequent to fiscal 2003, these liabilities have been recorded similarly to management reporting under IFRS.

(ii) Amortization of rehabilitation asset

The rehabilitation assets carrying value for management reporting purposes is different to that under US GAAP, which results in a different amortization charge.

iii) Revisions to the asset retirement obligation

For management reporting purposes, all changes in the carrying amount of the obligation are recognized in the income statement. Changes resulting from revisions in the timing or amount of estimated cash flows are recognized as an increase or decrease in the carrying amount of the asset retirement obligation and the associated capitalized retirement cost for US GAAP.

In addition, the current discount rate is applied to measure the retirement obligation for management reporting purposes. Under US GAAP any decreases in the asset retirement obligation as a result of downward revisions in cash flow estimates should be treated as a modification of an existing asset retirement obligation, and should be measured at the historical discount rate used to measure the initial asset retirement obligation.

(h) Share-based compensation

For management reporting purposes, share-based compensation expense has not been recognized. Under US GAAP, the Company has recognized share-based compensation expense for the fair value of options granted subsequent to January 18, 2001.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

We have audited the accompanying balance sheets of the ARMGold/Harmony Freegold Joint Venture (Pty) Limited and its subsidiaries (the "Company") as of June 30, 2003 and 2002, and the related consolidated statements of income, cash flows and of changes in shareholders' equity for year ended June 30, 2003 and the six-month period ended 30 June, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures included in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the financial position of the Company as at June 30, 2003 and 2002, and the results of their operations and their cash flows for the year ended June 30, 2003 and the six-month period ended June 30, 2002, in conformity with South African Standards of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

South African Standards of Generally Accepted Accounting Practice vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of the consolidated net income for the year ended June 30, 2003 and the six-month period ended June 30, 2002 and the determination of the shareholders' equity at June 30, 2003 and 2002 to the extent summarized in Note 29 to the financial statements.

*/S/ PRICEWATERHOUSECOOPERS INC. Registered Accountants and Auditors
Chartered Accountants (SA)
Johannesburg, Republic of South Africa
December 12, 2003*

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

INCOME STATEMENT

FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2003, YEAR ENDED JUNE 30, 2003 AND THE SIX MONTH PERIOD ENDED JUNE 30, 2002

	Notes	3 months to 30 September 2003 (unaudited) R'000	12 months 30 June 2003 R'000	6 months 30 June 2002 R'000
Revenue		745,007	3,464,045	1,835,945
Cash operating costs	4	(579,534)	(2,125,466)	(863,262)
Cash operating income		165,473	1,338,579	972,683
Interest received	5	37,638	217,792	37,512
Profit on sale of property		5,731	39,965	2,256
Interest paid	6	(45,917)	(205,842)	(105,002)
Other expenses		38	—	—
Cash income		162,887	1,390,494	907,449
Depreciation and amortization		(32,949)	(139,186)	(60,426)
Ongoing rehabilitation expenses		(6,723)	(16,932)	(20,000)
Restructuring and employment termination costs		(12,157)	—	—
Reversal of provision for rehabilitation		—	5,495	—
Provision for post retirement benefits		—	—	(2,226)
Income before tax	7	111,058	1,239,871	824,797
Taxation	8	(31,021)	(328,369)	(271,680)
Net income for the period		80,037	911,502	553,117

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED**BALANCE SHEET****AS AT JUNE 30, 2003 AND 2002**

	<u>Notes</u>	<u>2003 R'000</u>	<u>2002 R'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	9	2,829,594	2,698,021
Investments	10	554,720	458,647
Investments in subsidiaries and group companies	11	2	—
Restricted cash	14	89,435	—
Total non-current assets		<u>3,473,751</u>	<u>3,156,668</u>
Current assets			
Inventories	12	19,765	15,744
Receivables	13	214,962	118,957
Cash and cash equivalents	14	445,810	1,006,529
Total current assets		<u>680,537</u>	<u>1,141,230</u>
Total assets		<u>4,154,288</u>	<u>4,297,898</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital issued	15	20	20
Retained earnings		1,164,619	553,117
Total shareholders' equity		<u>1,164,639</u>	<u>553,137</u>
Non-current liabilities			
Long term loans	16	1,765,699	2,112,338
Provision for environmental rehabilitation	17	319,959	267,277
Provision for post-retirement benefits	18	2,226	2,226
Deferred tax liability	8	614,216	333,662
Total non-current liabilities		<u>2,702,100</u>	<u>2,715,503</u>
Current liabilities			
Accounts payable and accrued liabilities	19	244,080	1,020,627
Income and mining tax payable	8	43,469	8,631
Total current liabilities		<u>287,549</u>	<u>1,029,258</u>
Total equity and liabilities		<u>4,154,288</u>	<u>4,297,898</u>

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED JUNE 30, 2003 AND THE SIX MONTH PERIOD ENDED JUNE 30, 2002

	Number of shares	Capital R'000	Retained Earnings R'000	Total R'000
Balance at January 1, 2002	—	—	—	—
Shares issued	20,000	20	—	20
Net income for the period	—	—	553,117	553,117
Balance at June 30, 2002	20,000	20	553,117	553,137
Net income for the period	—	—	911,502	911,502
Dividends paid	—	—	(300,000)	(300,000)
Balance at June 30, 2003	20,000	20	1,164,619	1,164,639

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

STATEMENT OF CASH FLOWS

FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2003, YEAR ENDED JUNE 30, 2003 AND THE SIX MONTH PERIOD ENDED JUNE 30, 2002

	Notes	3 months 30 September 2003 R'000	12 months 30 June 2003 R'000	6 months 30 June 2002 R'000
		(Unaudited)		
Cash flow from operations				
Cash received from customers		738,433	3,462,307	1,822,898
Less: payments made to suppliers and employees		541,424	2,339,185	753,340
Cash generated from operations	23	197,009	1,123,122	1,069,558
Interest received		37,638	156,290	37,512
Interest paid		(33,438)	(157,123)	(56,535)
Taxation paid		—	(8,631)	—
Net cash provided by operations		201,209	1,113,658	1,050,535
Cash flow from investing activities				
Acquisition of business	24	—	(120,000)	(1,800,000)
Proceed on disposal of mining assets		9,315	55,259	2,507
Additions to property, plant and equipment		(61,034)	(141,948)	(31,724)
Cost of acquisitions capitalized		—	—	(32)
Loans to subsidiaries		—	(2)	—
Unlisted investments acquired		(1,599)	—	—
Amounts invested in environmental trusts		—	(71)	(14,777)
Net cash utilized in investing activities		(53,318)	(206,762)	(1,844,026)
Cash flow from financing activities				
(Decrease)/Increase in amounts due to holding companies		32,739	(391,303)	1,800,000
Decrease in other borrowings		(481)	(686,877)	—
Ordinary shares issued-net of expenses		—	—	20
Dividends paid		—	(300,000)	—
Net cash generated by financing activities		32,258	(1,378,180)	1,800,020
Net increase in cash and cash equivalents		180,149	(471,284)	1,006,529
Cash and cash equivalents - beginning of period		535,245	1,006,529	—
Cash and cash equivalents - end of period	14	715,394	535,245	1,006,529

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The ARMgold/Harmony Freegold Joint Venture (Pty) Limited (“Free Gold”) operates in the gold mining industry in South Africa. Gold bullion, the Company’s principal product, is produced at its operations and sold in South Africa and internationally.

2. FUNCTIONAL CURRENCY

The functional currency of the Company is the South African Rand.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis except for certain financial instruments, which are carried at fair value. The accounting policies as set out below have been consistently applied, and comply with South African Statements of Generally Accepted Accounting Practice (“SA GAAP”) and the South African Companies Act.

3.2 USE OF ESTIMATES

The preparation of the financial statements in conformity with SA GAAP requires the Company’s management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used by management include the valuation and amortization of long lived assets as well as estimates of exposure and liabilities with regard to rehabilitation costs, employee benefit liabilities and taxation. Actual results could differ from those estimates.

3.3 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at cost including transaction costs. Subsequent to initial recognition, these instruments are measured as set out below. Financial instruments carried on the balance sheet include cash and bank balances, money market instruments, investments, receivables, trade creditors and borrowings.

3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with insignificant interest rate risk and original maturities of three months or less. Cash and cash equivalents are measured at fair value.

3.5 INVESTMENTS

Listed investments

Investments in listed companies are carried at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Movement in the carrying amount of trading securities are charged to the income statement. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

Unlisted investments

Unlisted investments are reflected at fair value, or cost, where fair value cannot reliably be measured. Fair value is based on directors' valuation. If the directors are of the opinion that there has been a permanent impairment in the value of any of these investments, they are written down and recognized as an expense in the period in which the diminution is determined to have taken place.

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3.6 INVENTORIES

Inventories, which include gold in process and supplies, are stated at lower of cost or net realizable value after appropriate allowances for redundant and slow-moving items.

Stores and materials consist of consumable stores and are valued at average cost after appropriate provision for redundant and slow moving items.

Bullion on hand and gold in process represents production on hand after the smelting process. It is valued using the weighted average cost method. Costs include production, amortization and related administration costs.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.7 RECEIVABLES

Accounts receivable are stated at the gross invoice value, adjusted for payments received and an allowance for doubtful debts, where appropriate, to reflect the fair value of the anticipated realizable value. Bad debts are written off during the period in which they are identified.

3.8 ACCOUNTS PAYABLE

Accounts payable are stated at cost, adjusted for payments made to reflect the value of the anticipated economic outflow of resources.

3.9 BORROWINGS

Borrowings are recognized at amortized cost, comprising original debt less principal payments and amortizations.

Interest-free loans are shown at cost, as no fair value can be determined due to the fact that no interest is charged and there are no fixed terms for repayment.

3.10 EXPLORATION COSTS

Exploration costs are expensed as incurred. When a decision is taken that a mining property is capable of commercial production, all further pre-production expenditure is capitalized. Costs related to property acquisitions and mineral and surface rights are capitalized. Where the directors consider that there is little likelihood of the properties or rights being exploited or the value of the exploration rights have diminished below cost, a write down is effected against exploration expenditure.

3.11 PROPERTY, PLANT AND EQUIPMENT

(a) Mining assets

Mining assets, including mine development costs and mine plant facilities are initially recorded at cost, whereafter it is recorded at cost less accumulated amortization and impairment. Costs include pre-production expenditure incurred in the development of the mine and the present value of future decommissioning costs. Interest on borrowings to specifically finance the establishment of mining assets is capitalized until commercial levels of production are achieved. Development costs incurred to evaluate and develop new orebodies, to define mineralization in existing orebodies to establish or expand productive capacity are capitalised. Mine development costs in the ordinary course to maintain production are expensed as incurred. Initial development and pre-production costs relating to a new orebody are capitalized until the orebody achieves

commercial levels of production at which time the costs are amortized as set out below.

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3.11 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Non-mining fixed assets

Land is shown at cost and not depreciated. Buildings and other non-mining fixed assets are shown at cost less accumulated depreciation.

(c) Depreciation and amortization

Depreciation and amortization of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units-of-production method based on the estimated proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits.

Amortization is first charged on mining ventures from the date on which the mining ventures reaches commercial production quantities.

(d) Impairment

The recoverability of the carrying value of the long term assets of the Company, which include development costs, are annually compared to the net book value of the assets, or whenever events or change in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and net selling price. In assessing the value in use, the expected future cash flows from the asset is determined by applying a discount rate to the anticipated pre-tax future cash flows. The discount rate used is the Company's weighted average cost of capital as determined by the Capital Asset Pricing Model. An impairment is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount, to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortized in line with the Company's accounting policies.

A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount. This reversal is recognized in the income statement and is limited to the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior years.

The estimates of future discounted cash flows are subject to risk and uncertainties including the future gold price and exchange rates. It is therefore reasonably possible that changes could occur which may affect the recoverability of mining assets.

3.12 ENVIRONMENTAL OBLIGATIONS

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the Company's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of future rehabilitation cost estimates are recognized and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using rates that reflect the time value of money.

Annual changes in the provision consist of finance cost relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalized to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortized as noted in the Company's accounting policy.

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3.12 ENVIRONMENTAL OBLIGATIONS (Continued)

Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred.

3.13 ENVIRONMENTAL TRUST FUNDS

Annual contributions are made to the Company's trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the company's mines. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trust plus growth in the trust funds are included under investments on the balance sheet.

3.14 PROVISIONS

Provision are recognized when the Company has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3.15 DEFERRED TAXATION

The Company follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method, deferred income and mining taxes are recognized for the tax consequences of temporary differences by applying expected tax rates to the differences between the tax base of certain assets or liabilities and its balance sheet carrying amount. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognized directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any change in tax rates is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortization and depreciation on property, plant and equipment, provisions, post-retirement benefits and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

3.16 PENSION PLANS AND OTHER EMPLOYEE BENEFITS

(a) Pension plans

Pension plans are funded through annual contributions. The Company's contributions to the defined contribution pension plans are charged to the income statement in the period to which they relate. The Company's liability is limited to its annually determined contributions.

(b) Medical plans

The Company provides medical cover to current employees through several funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using market yields consistent with the term and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognized in the income statement.

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3.17 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are converted at the rates of exchange ruling at the date of these transactions. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at balance sheet date. Gains and losses and costs associated with foreign currency transactions are recognised in the income statement in the period to which they relate. These transactions are included in the determination of other income — net.

3.18 REVENUE RECOGNITION

(a) Revenue

Revenue represents gold sales and is recognized when the risks and rewards of ownership has passed to the buyer with delivery from the refinery. Sales revenue excludes value-added tax but includes the net profit and losses arising from financial derivatives that meet the definition of a normal sale to the extent that they relate to that metal and have been matched at the date of the financial statements.

(b) Interest income

Interest is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

3.19 DIVIDENDS DECLARED

Dividends paid are recognized when declared by the Board of directors.

3.20 COMPARATIVES

Comparative figures are for the 6 months ended June 30, 2002, as the Company was operating from effective January 1, 2002. Where necessary the comparative figures have been adjusted to conform with changes in presentation in the current year.

Unaudited income statement information has been provided for the period from July 1, 2003 through September 30, 2003, the effective date in which the remaining 50% interest in the Company was acquired by Harmony Goldmining Company Limited.

4. CASH OPERATING COSTS

	3 months to 30 September 2003 (unaudited) R'000	12 months 30 June 2003 R'000	6 months 30 June 2002 R'000
Cash operating costs include mine production, transport and refinery costs, movement in inventories and ore stockpiles. These costs, analyzed by nature, consist of the following:			
Labour costs, including contractors	371,008	1,279,957	266,108
Stores and materials	143,477	538,651	103,179
Water and electricity	83,355	255,088	57,698
Changes in inventory	(1,786)	(4,138)	(11,818)
Other	(16,520)	55,908	448,095
	<u>579,534</u>	<u>2,125,466</u>	<u>863,262</u>

5. INTEREST RECEIVED

Bank and call accounts	17,302	156,033	17,650
AngloGold	—	204	4,929
Rehabilitation funds	20,246	61,502	14,777
Other	90	53	156
	<u>37,638</u>	<u>217,792</u>	<u>37,512</u>

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6. INTEREST PAID

	3 months to 30 September 2003 (unaudited) R'000	12 months 30 June 2003 R'000	6 months 30 June 2002 R'000
Loans - shareholders	32,738	157,019	29,080
Loan - Anglo	12,479	43,224	75,922
Interest portion of rehabilitation provision accretion	—	5,495	—
Other	700	104	—
	<u>45,917</u>	<u>205,842</u>	<u>105,002</u>

7. INCOME BEFORE TAX

The following have been included in income before tax:

Auditors' remuneration	—	1,116	650
Fees - current year	—	1,116	650

8. TAXATION

Current income and mining taxes	2,099	43,469	8,631
Deferred income and mining taxes	28,922	284,900	263,049
Total income and mining taxes expense	<u>31,021</u>	<u>328,369</u>	<u>271,680</u>

Mining tax on mining income is determined on a formula basis which takes into account the profit and revenue from mining operations during the year. Non-mining income is taxed at a standard rate. Deferred tax is provided at the estimated effective mining tax rate for temporary differences. Major items causing the Company's income tax to differ from the estimated effective mining rate of 30%

(2002: 30%) were:

Income before tax at estimated mining statutory rate	51,087	570,341	379,407
Non-taxable income/additional deductions	(2,144)	(117,986)	25,264
Rate adjustment to reflect estimated effective mining tax rate	(17,040)	(114,833)	(131,172)
Difference between non-mining tax rate and estimated mining statutory rate on non-mining income	(881)	(9,153)	(1,819)
Income and mining tax expense	<u>31,021</u>	<u>328,369</u>	<u>271,680</u>

Deferred income and mining tax liabilities and assets on the balance sheet on 30 June 2003, relate to the following:

Deferred income and mining tax liabilities			
Depreciation and amortization	820,688	812,072	768,152
Product inventory not taxed	4,787	4,787	3,546
Gross deferred income and mining tax liability	<u>825,475</u>	<u>816,859</u>	<u>771,698</u>

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION (Continued)

	3 months to 30 September 2003 (unaudited) R'000	12 months to 30 June 2003 R'000	6 months to 30 June 2002 R'000
Net deferred income and mining tax assets	(181,117)	(193,058)	(443,670)
Unredeemed capital expenditure	(210,000)	(225,563)	(446,868)
Provisions, including rehabilitation accruals	28,883	32,505	3,198
	<u>644,358</u>	<u>623,801</u>	<u>327,988</u>
Net deferred income and mining tax liabilities/(assets)			
	<u>11,377</u>	<u>9,585</u>	<u>(5,674)</u>
	<u>632,981</u>	<u>614,216</u>	<u>333,662</u>
Reconciliation of the movement for the period:			
Opening balance	623,801	327,988	—
Property, plant and equipment	8,616	43,920	768,152
Inventory	—	1,241	3,546
Unredeemed capital expenditure	15,563	221,305	(446,868)
Provisions	(3,622)	29,347	3,158
	<u>644,358</u>	<u>623,801</u>	<u>327,988</u>
Closing balance			

As at June 30, 2003, the Company has unredeemed capital expenditure of R752 million (2002 - R 1,489 million) available for deduction against future mining income. These future deductions are utilizable against mining income generated only from the Company's current mining operations and does not expire unless the Company ceases to trade for a period longer than one year.

Current mining and non-mining tax liability			
Current year	45,567	43,469	8,631
	<u>45,567</u>	<u>43,469</u>	<u>8,631</u>
Due to South African Revenue Services	45,567	43,469	8,631
	<u>45,567</u>	<u>43,469</u>	<u>8,631</u>

9. PROPERTY, PLANT AND EQUIPMENT

Mining properties, mine development costs and mine plant facilities			
Cost at beginning of the year		2,758,447	—
Acquired through the purchase of businesses		145,189	2,726,974
Additions		132,348	31,724
Disposals		(6,778)	(251)
		<u>3,029,206</u>	<u>2,758,447</u>
Accumulated depreciation and amortization at beginning of period		60,426	—
Charge for the period		139,186	60,426
		<u>199,612</u>	<u>60,426</u>
Net book value		<u>2,829,594</u>	<u>2,698,021</u>

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2003 R'000	2002 R'000
Mining properties, mine development costs and mine plant facilities		

An amount of R 1 billion has been guaranteed to BoE Merchant Bank and Harmony Gold Mining Company Ltd in equal portion. This is collateralized by certain of the assets, including all moveable assets. See note 26 below.

10. NON-CURRENT INVESTMENTS

Amounts contributed to environmental trust funds	554,720	458,647
--	---------	---------

The environmental trust funds are irrevocable trusts under the Company's control. The monies in the trusts are invested in interest bearing short-term investments and listed investments and approximate their fair value.

11. INVESTMENTS IN SUBSIDIARIES AND GROUP COMPANIES

	Interest %		
Shares			
Jeanette Gold Mines Ltd	100	—	—
(Amount smaller than R 1,000)			
Loans			
Jeanette Gold Mines Ltd		2	—

12. INVENTORIES

Gold in-process	15,956	11,816
Stores and material at average cost	3,809	3,928
	19,765	15,744

13. RECEIVABLES

Value added tax	12,460	41,163
Trade receivables	16,959	14,558
Metals on consignment	52,320	40,239
Prepayments	95	4,324
Interest	7,771	4,708
Payroll debtors	11,953	3,054
Anglo Gold – current account	71,217	2,027
Other	42,187	8,884
	214,962	118,957

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS

	2003 R'000	2002 R'000
Cash and cash equivalents	445,810	1,006,529
A balance of R 377 million (June 2002 - R 254 million) has been pledged to BoE Merchant Bank in terms of debt guarantee agreements between the Company and BoE Merchant Bank.		
Restricted cash balance	89,435	—
Under agreement with BoE Merchant Bank, certain of the Company's cash resources are restricted for specific use. This restriction will apply until the date that Freegold obtains full title to all mining and lease rights and obtains the permanent mining authorization.		
R 48,4 million of the restricted cash is pledged to the Department of Minerals and Energy.		
Total cash and cash equivalents	<u>535,245</u>	<u>1,006,529</u>

15. SHARE CAPITAL

Share capital		
Authorized		
100,000 ordinary shares of R 1.00 each	100	100
Issued		
20,000 ordinary shares of R1.00 each		
Balance at beginning of period	20	—
Issued during the period	—	20
Balance at end of period	<u>20</u>	<u>20</u>

16. BORROWINGS

Long-term borrowings		
Uncollateralized		
Loans from shareholders		
ARMGold Limited	718,889	914,540
Harmony Gold Mining Company Limited	718,888	914,540
	<u>1,437,777</u>	<u>1,829,080</u>
One billion rand of the loans bear interest at a rate of 15,48845%. No interest is charged on the balance. There is no schedule for repayments on the loans.		
Other loans		
Gold Fields Limited	8,206	—
Less: Short-term portion	(2,578)	—
	<u>5,628</u>	<u>—</u>

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

16. BORROWINGS (Continued)

	2003 R'000	2002 R'000
Long-term borrowings (Continued)		
Uncollateralized (Continued)		
Other loans (Continued)		
On July 1, 2002, Free Gold entered into an agreement with Goldfields to purchase its St Helena operations as a going concern for R 129 million. R 120 million was payable on October 29, 2002 and Free Gold acquired the St Helena operations assets and liabilities effective October 30, 2002. The balance of the consideration is the Net Smelter Revenue, which is 1% of the revenue received from the sale of gold produced by the St Helena operations for 48 months after the effective date. The payments are to be made monthly in arrears within 10 days after the end of each calendar month.		
Total uncollateralized long-term borrowings	1,443,405	1,829,080
Collateralized		
AngloGold	322,294	964,707
Less: short-term portion	—	(681,449)
Total collateralized long-term borrowings	322,294	283,258
Total long-term borrowings	1,765,699	2,112,338

On December 24, 2001, Free Gold entered into an agreement with AngloGold Limited to purchase its Free Gold assets for R 2,741 million which comprised of a cash payment of 1,800 million, R259 million being the fair value of the R400 million interest free loan received from AngloGold of R259 million and R682 million being the reimbursement to AngloGold of the taxes payable on the sale of the Free Gold assets. R1,800 million was paid during April 2002 at the call rate from this date until the 10th business day after the date of fulfillment of the last of the conditions precedent. R400 million is payable on January 1, 2005 at no interest charge. The balance of the consideration became payable on June 23, 2003, five business days before AngloGold was obliged to pay recoupment tax, capital gains tax and any other income tax on the disposal of the assets. No interest was charged on this amount.

Other borrowings

The level of the Company's borrowing powers, as determined by its articles of association, is such that, taking into account the obligations as at June 30, 2003, the Company will have unrestricted access to loan financing for its reasonable foreseeable requirements. As at June 30, 2003, total borrowings amounted to R 1,768 million (2002: R 2,861 million)

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

17. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2003 R'000	2002 R'000
Provision raised for future rehabilitation		
Opening balance	267,277	—
Acquisition of assets and liabilities from businesses	40,390	247,277
Change in estimate and inflation	6,797	20,000
Interest cost	5,495	—
	<u>319,959</u>	<u>267,277</u>

While the ultimate amount of rehabilitation cost to be incurred in the future is uncertain, the Company has estimated that based on current environmental and regulatory requirements, the total costs for the mines, in current monetary terms, will be R 601 million (June 2002 - R 538 million).

The movement in the investments in the Environmental Trust Funds, were as follows:

Opening balance	458,647	—
Transferred from other trust funds	34,500	443,870
Contributions made	71	—
Interest accrued	61,502	14,777
	<u>554,720</u>	<u>458,647</u>
Ultimate estimated rehabilitation cost	600,542	538,376
Amounts invested in Environmental Trust Funds	554,720	458,647
	<u>45,822</u>	<u>79,729</u>

The Company intends to finance the ultimate rehabilitation costs from the monies invested with the environmental trust funds as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure.

18. PROVISION FOR POST-RETIREMENT BENEFITS

The provision for former employees' post-retirement benefits comprise medical benefits for former employees who have retired. The amounts were based on an actuarial valuation conducted during the current year.

The amounts recognized in the balance sheet are as follows:

Present value of unfunded obligation	2,226	2,226
	<u>2,226</u>	<u>2,226</u>

The amount recognized in the income statement are as follows:

Provision for liability	—	2,226
	<u>—</u>	<u>2,226</u>

The movement in the liability recognized in the balance sheet is as follows:

At the beginning of the period	2,226	—
Total expense as above	—	2,226
	<u>2,226</u>	<u>2,226</u>
At the end of the period	2,226	2,226

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

18. PROVISION FOR POST-RETIREMENT BENEFITS (Continued)

	2003 R'000	2002 R'000
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	12%	12%
Assumed medical subsidy inflation	7%	7%

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Short-term portion of long-term borrowings	2,578	681,449
Payroll and leave liabilities	145,915	133,726
Short-term portion of deferred tax	9,585	(5,674)
Harmony Gold Mining Company Ltd	—	140,849
Other (including accrued liabilities)	86,002	70,277
	<u>244,080</u>	<u>1,020,627</u>

Leave liability

Employee entitlements to annual leave are recognized on an ongoing basis. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

20. EMPLOYEE BENEFITS

Number of permanent employees	16,860	13,734
Aggregate earnings:		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	1,011,765	183,575
Retirement benefit costs	63,738	36,732
Medical aid contributions	19,660	19,200
	<u>1,095,163</u>	<u>239,507</u>

21. EMPLOYEE BENEFIT PLANS

Pension and Provident Funds: The Company contributes to several pension and provident funds governed by the Pension Fund Act, 1946. The pension funds are multi-employer industry plans. The Company's liability is limited to its annually determined contributions.

The provident funds are funded on the "money accumulative basis" with the members' and employer's contributions having been fixed in the constitution of funds.

Substantially, all the Company's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the Company for the year ended June 30, 2003 amounted to R 63.7 million (June, 30 2002-R 36.7 million.)

Post Retirement Benefits other than Pensions: Skilled workers participate in the Minemed medical scheme, as well as other medical schemes. As regards the Company, contributions are limited to current employees only. The Company's contribution to the schemes on behalf of the current employees amounted to R 19.6 million (June 2002 -R 19.2 million) for the year.

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFIT PLANS (Continued)

POST RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

No other post-retirement benefits are available to other workers. The medical schemes pay certain medical expenses for current employees and their dependants. Employees pay an annual contribution to these schemes.

An updated actuarial valuation was carried out during the 2002 fiscal year on the Minemed medical scheme following the last actuarial valuation in fiscal 2000.

Assumptions used to determine the liability relating to the Minemed medical scheme included, investment returns of 12%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables and a medical inflation rate of 7%.

22. DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT OF FINANCIAL INSTRUMENTS

Free Gold is exposed to market risks including credit risk, foreign currency, commodity price, interest rate and liquidity risk associated with underlying assets, liabilities and anticipated transactions. Based on periodic evaluation of these exposures, Free Gold may enter into derivative financial instruments to manage these exposures. Free Gold does not hold or issue derivative financial instruments for trading or speculative purposes.

Commodity price sensitivity

As a general rule, Free Gold sells its gold production at market prices and normally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production.

Foreign currency sensitivity

In the ordinary course of business, Free Gold enters into transaction denominated in foreign currency (primarily US Dollars). As a result, Free Gold is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Free Gold does not generally hedge its exposure to foreign currency exchange rates.

Concentration of credit risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consists principally of cash and cash equivalents, short-term investments and various derivatives financial instruments. The Company's financial instruments do not represent a concentration of credit risk because the Company deals and maintains cash and cash equivalents and derivatives financial instruments with a variety of well-established financial institutions of high quality and credit standing. The Company's debtors and loans are regularly monitored and assessed. An adequate level of provision is maintained.

Interest rates and liquidity risk

Fluctuations in interest rates impacts on the value of the short-term cash investments and financing activities, giving rise to interest rate risk. Free Gold generally does not undertake any specific actions to cover its exposure to interest rate risk.

In the ordinary course of business, the Company receives cash from its operations and it is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to provide sufficient liquidity at minimum risk.

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

22. DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT OF FINANCIAL INSTRUMENTS (Continued)

Fair value

The fair value of financial instruments is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables, accounts payables and cash and cash equivalents are a reasonable estimates of their fair values because of the short-term maturity investments. The investments in the environmental trust funds approximates fair values as the funds are invested in short-term maturity investments. The investments are carried at market value. Long-term loans approximate fair value as they are subject to market-based rates.

23. CASH GENERATED FROM OPERATIONS

	3 months to 30 September 2003 (unaudited) R'000	12 months 30 June 2003 R'000	6 months 30 June 2002 R'000
Reconciliation of profit before taxation to cash generated from operations:			
Income before taxation	111,058	1,239,871	824,797
Adjustments for:			
Interest received	(37,638)	(217,792)	(37,512)
Interest paid	45,917	200,347	105,002
Profit on sale of mining assets	(5,731)	(39,965)	(2,256)
Depreciation and amortization	32,949	139,186	60,426
Net change in provision for environmental rehabilitation	6,407	12,292	20,000
Net increase in provision for post-retirement benefits	—	—	2,226
Movement in gold inventory	(1,786)	(4,138)	(11,818)
Bad debts	200	800	170
Other non-cash transactions	(20,245)		
Effect of changes in operating working capital items:			
Receivables	(37,217)	(96,805)	(119,127)
Inventories	161	2,262	(3,928)
Accounts payable and accrued liabilities	(28,500)	(112,936)	231,578
Cash generated by operations	<u>197,009</u>	<u>1,123,122</u>	<u>1,069,558</u>

24. ACQUISITION OF BUSINESSES

With effect from January 1, 2002, the Company purchased the Free Gold assets and liabilities from AngloGold for R 2,741 million. The aggregate fair value of the assets acquired and liabilities assumed were as follows:

	R'000
Environmental trust fund	443,871
Property, plant and equipment	2,726,974
Accounts payable and accrued liabilities	(117,496)
Long-term liabilities	(247,277)
Deferred tax	(64,940)
Total purchase price carried forward	<u>2,741,132</u>

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

24. ACQUISITION OF BUSINESSES (Continued)

	R'000
Total purchase price carried down	2,741,132
Paid for by way of borrowings	(941,132)
Paid for by cash	(1,800,000)
Cash and cash equivalents at acquisition	—
With effect from October 30, 2002, the Company purchased the St Helena assets and liabilities from Gold Fields for R 129 million. The aggregate fair value of the assets acquired and liabilities assumed were as follows:	
Environmental trust fund	34,500
Property, plant and equipment	144,109
Inventory	2,145
Provision for environmental rehabilitation	(40,390)
Deferred tax	(10,912)
Total purchase price	129,452
Paid for by way of royalties	(9,452)
Paid for by cash	(120,000)
Cash and cash equivalents at acquisition	—

25. COMMITMENTS AND CONTINGENCIES

	2003 R'000	2002 R'000
Capital expenditure commitments		
Contracts for capital expenditure	11,193	2,222
Authorized by the directors but not contracted for	840,400	25,072
	851,593	27,294

26. GUARANTEES

BoE Merchant Bank	500,000	500,000
Harmony Gold Mining Company Ltd	500,000	500,000
	1,000,000	1,000,000

An amount of R 1 billion has been guaranteed to BoE Merchant Bank and Harmony Gold Mining Company Ltd in equal portions. This is linked to the ARMGold loan from BoE and will be triggered if ARMGold fails to meet its obligation to BoE. The BoE loan is collateralized by certain assets including all moveable assets. Refer to notes 9 and 14

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

27. RELATED PARTY TRANSACTIONS

Harmony Gold Mining Company and ARMGold have joint control over Freegold and are therefore related parties.

The following related party transactions took place during the year under review:

Party	Transaction	Amount R'000	Basis
Harmony Gold	Intergroup loan-credit balance	718,888	
Harmony Gold	Interest paid	78,510	15.5% interest on R 500 million
Harmony Gold	Consumables purchased	421,600	Cost
Harmony Gold	Service charge	10,791	Cost
Harmony Gold	Assay costs charged	8,812	Cost
ARMGold	Intergroup loan-credit balance	718,889	
ARMGold	Interest paid	78,509	15.5% interest on R 500 million
ARMGold	Assay costs charged	21,639	Cost
ARMGold	Transport costs charged	74	Cost

All of the above transactions took place on normal arm's length basis.

28. GEOGRAPHICAL AND SEGMENTAL ANALYSIS

The Company is a one product mine (gold), mining and operating in the Free State Province in the Republic of South Africa.

29. US GAAP INFORMATION

The financial statements have been prepared in accordance with South African Standards of Generally Accepted Accounting Practice ("SA GAAP") which differs in certain respects from Generally Accepted Accounting Principles in the United States ("US GAAP"). The effect of applying US GAAP principles to net income and shareholders' equity is set out below along with an explanation of applicable differences between SA GAAP and US GAAP:

	2003 R'000	2002 R'000
Net income as reported in accordance with SA GAAP	911,502	553,117
Items increasing/(decreasing) net income:		
Business combinations-acquisition date (i)	—	(312,313)
Business combinations-purchase price (ii)	21,473	15,076
Environmental rehabilitation (iii)	(165)	4,165
Tax effects of the above described adjustments (iv)	(6,392)	8,746
Income before cumulative effect of change in accounting principle	926,418	268,791
Cumulative effect of change in accounting principle, net of tax	(474)	—
Net profit in accordance with US GAAP	925,944	268,791

ARMGOLD/HARMONY FREEGOLD JOINT VENTURE (PTY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

29. US GAAP INFORMATION (Continued)

	2003 R'000	2002 R'000
Shareholders' equity as reported in accordance with SA GAAP	1,164,639	553,137
Items increasing/(decreasing) shareholders' equity:		
Business combinations - acquisition date (i)	(312,313)	(312,313)
Business combinations - purchase price (ii)	36,549	15,076
Environmental rehabilitation (iii)	3,526	4,165
Tax effects of the above described adjustments (iv)	2,354	8,746
Shareholders' equity in accordance with US GAAP	894,755	268,811

(i) Business combinations-acquisition date

Under SA GAAP, the Company accounted for the acquisition of the Free Gold assets from the date upon which the Company assumed joint operational control of the assets together with the seller. Under US GAAP, the Company accounted for the acquisition from May 1, 2002, the first day of the month after which all the conditions precedent to the transaction had been fulfilled and the transaction completed.

(ii) Business combinations-purchase price

Under SA GAAP, the Company determined the final purchase price of the Free Gold assets to be R 2,741, being the sum of a cash payment of R 1,800, the taxes payable by the seller on the transaction of R 682 million (this had been estimated to be R 632 million as at June 30, 2002) and the fair value of a R 400 million interest-free loan being R 259 million. Under US GAAP, the Company determined the purchase price to be R 2,264 million, being the sum of a cash payment of R 1,800 million, the taxes payable by the seller on the transaction of R 682 million and the fair value of the R 400 million interest-free loan being R 270 million, offset by the cash flows of R 488 million generated by the Free Gold assets during the period January 1, 2002 (the date upon which the Company assumed joint operational control) and April 23, 2002 (the date upon which all the conditions precedent to the transaction were fulfilled and the transaction completed).

(iii) Provision for rehabilitation

(a) Method of recognition

Under both SA GAAP and US GAAP, environmental rehabilitation costs are provided for, based upon the net present value of the expected future obligation and a corresponding asset raised. Under US GAAP, prior to fiscal 2003, environmental rehabilitation costs were provided for, based on the units of production method based on the expected ultimate rehabilitation amount.

(b) Amortization of the rehabilitation asset

The rehabilitation assets carrying value under SA GAAP is different to that under US GAAP, which results in a differing amortization charge.

(iv) Tax effects of the above described adjustments

Reflects the tax effects of the above described US GAAP adjustments.

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<FILENAME> u49498exv1w2.txt
<DESCRIPTION> Exhibit 1.2
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NOTICE OF, CONSENT TO APPOINTMENT,
CHANGE OF NAME, OR RESIGNATION BY AUDITOR OR REMOVAL OF AUDITOR
(SECTION 172(3) (C) 269, 271, 273, 276, 277, 278, 280, 322(1)(c) AND 325)

NAME OF COMPANY: HARMONY GOLD MINING COMPANY LIMITED

*MARK THE APPLICABLE SQUARE IN PART 1 OR II

PART I (To be completed by the auditor concerned and to be sent to the company for completion of Part III and lodgement with Registrar)

*A. APPOINTMENT:

[x] I PRICEWATERHOUSECOOPERS INC consent to my appointment as auditor of the above mentioned company as from 01/07/98 19_____ and declare that I am not disqualified in terms of section 275 of the Companies Act, 1973 for the appointment.

[] *B. CHANGE OF NAME:

The firm _____ has with effect from _____
19_____ changed its name and will in future be known as _____

Date: 01/07/98 19_____ Signature: PRICEWATERHOUSECOOPERS INC.

Auditor

Situation of office 13TH FLOOR 35 PRITCHARD Street Postal address: P O BOX 2536
STREET JOHANNESBURG
JOHANNESBURG 2000
2001

PART II (To be completed by the auditor concerned and original too be lodged with Registrar and duplicate to be sent to the company for completion of Part III and lodgement with Registrar)

[X] *C. RESIGNATION:

I COOPERS & LYBRAND resign as auditor of the abovementioned company and declare that-

- (a) as at the date of this notice I have no reason to believe that in the conduct of the affairs of the company a material irregularity has taken place, or is taking place which has caused or is likely to cause financial loss to the company or to any of its members or creditors;
- (b) I reported a material irregularity to the Public Accountants' and Auditors' Board on _____ 19_____ in terms of the Public Accountants' and Auditors' Act, 1951.

(Note: This resignation shall take effect on the date upon which another auditor is appointed in terms of section 280(3) and (4) of the Companies Act, 1973:)

Date 01/07/98 19_____ Signature: COOPERS & LYBRAND

Auditor

PART III (To be completed by company concerned and lodged with Registrar)

D. STATEMENT:

The auditor of the above mentioned company was removed/not reappointed in terms of section 277/278 of the Companies Act, 1973 on _____ 19_____. The vacation of office/particulars pertaining to the matters reflected in Part I/II have been entered in the register in compliance with section 215 of the Companies Act, 1973.

Date: 1-7 1998 Signature: [ILLEGIBLE]

Director/Officer

(To be completed by the auditor or company concerned and lodged with the Registrar)

NOTICE RELATING TO A CHANGE IN RESPECT OF AN AUDITOR DATED _____ 19_____

Name of auditor/ PRICEWATERHOUSECOOPERS INC/

company	HARMONY GOLD MINING COMPANY LIMITED	Return received
		Date stamp of Companies
		Registration Office
Postal Address	P O BOX 2536	
	JOHANNESBURG	
	2000	Invalid if not

(Artikel 170/SECTION 170)

KENNISGEWING VAN GEREГИSTREERDE KANTOOR EN POSADRES VAN MAATSKAPPY
NOTICE OF REGISTERED OFFICE AND POSTAL ADDRESS OF COMPANY

(Moet in tweevoud by inlywing en voor veranderings van adresse ingedien word)

(TO BE LODGED IN DUPLICATE UPON INCORPORATION AND PRIOR TO CHANGE OF ADDRESSES)

[SEAL]

REGISTRASIENOMMER VAN MAATSKAPPY
REGISTRATION NUMBER OF COMPANY 05/38232/06

Naam van maatskappy
NAME OF COMPANY HARMONY GOLD MINING COMPANY LIMITED

P O BOX 1 GLEN HARMONY 9435

(a) Die ligging van die geregistreeerde kantoor en posadres van bogenoemde maatskappy is soos volg:
THE SITUATION OF THE REGISTERED OFFICE AND POSTAL ADDRESS OF THE ABOVE-MENTIONED COMPANY ARE AS FOLLOWS:

(i) Geregistreeerde adres

REGISTERED ADDRESS HARMONY MAIN OFFICES, REMAINDER OF PORTION 3 OF THE FARM

HARMONY FARM 222, PRIVATE ROAD, GLEN HARMONY, VIRGINIA 9430

(ii) Posadres

POSTAL ADDRESS P O BOX 1, GLEN HARMONY, 9435

(b) Die datum van beoogde veranderings in die adresse is
THE DATE OF THE INTENDED CHANGES IN THE ADDRESSES IS 11/2/98

(Beide adresse moet te alle tye verskaf word/BOTH ADDRESSES MUST BE FURNISHED AT ALL TIMES)

/s/ [***] 19-1-98

HANDTEKENING/SIGNATURE DATUM/DATE
(Direkteur/Sektretaris/Beampste/SECRETARY)

Die veranderings tree in werking op/THE CHANGES TAKE EFFECT ON 11/2/98

/s/ [***] 21/1/98

REGISTRATEUR VAN MAATSKAPPYE DATUM/DATE
REGISTRAR OF COMPANIES

KANTOORGEBRUIK/OFFICE USE

Dataverwerking/DATA PROCESSING

(1) Opgeneem/RECORDED
Datum en paraaf
DATE AND INITIALS 248 21/1

Naam van maatskappy
NAME OF COMPANY HARMONY GOLD MINING COMPANY LIMITED

(2) Regstelling/CORRECTIONS

Datum en paraaf
Date and initials_____

Posadres
POSTAL ADDRESS P O BOX 1, GLEN HARMONY, 9435

Datumstempel van Registrasiekantoor
vir Maatskappye
DATE STAMP OF COMPANIES
REGISTRATION OFFICE

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 1973

[SEAL]

SPECIAL RESOLUTION
(Section 200)
(To be lodged in duplicate)

Registration No. of company
05/38232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED
Date notice given to members 13 May 1998 Date resolution passed 10 June 1998
Special resolution passed in terms of section 62(1), 75(1)(a), 75(1)(c)+159 of
the act article 19(a)+19(c) of the articles.

Copy of notice convening meeting attached.

CONTENTS OF RESOLUTION (Use reverse side if necessary)
Resolved:

SEE ANNEXURE A

Rubber stamp of company, if any or of secretaries.

Date 10/06/98 signature /s/ F W BAKER

Secretary

Name (in block capitals) F W BAKER

Delete whichever not applicable.

To be completed by company.

Herewith copy of special resolution as registered.

[SEAL]

Registration No. of company
05/38232/06

Name of company HARMONY GOLD MINING
COMPANY LIMITED
Postal address TO BE UPLIFTED BY
KRANT WAGNER

Not valid unless stamped by Registrar of Companies.

[HARMONY GOLD MINING LOGO]

[SEAL]

ANNEXURE "A"

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 05/38232/06)
Nasdaq trading symbol: HGMCY
("Harmony" or "the company")

DIRECTORS:

L Hewitt (Chairman), Z B Swanepoel (Managing), F Abbott. R A Andrew (British), R A L Atkinson. G P Briggs (Alternate), F Dippenaar. N J Froneman. T S A Grobicki. R A R Kubble. P C Pienaar (Alternate). F R Sullivan

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a general meeting of shareholders of the company will be held at the Harmony Corporate Offices. Building 26A, The Woodlands, Western Service Road. Woodmead. Sandton, on Wednesday, 10 June 1998 at 14.00 (local time in South Africa) for the purpose of considering and, it deemed fit, passing with or without modification, the following special and ordinary resolutions:

1. SPECIAL RESOLUTION NUMBER 1

"Resolved as a special resolution that the company's articles of association be and they are hereby amended by the inclusion of the following new article 188:

188 If, upon any consolidation by the Company of its shares, there are members holding less than 100 shares prior to the consolidation taking effect who become entitled to fractions of consolidated shares, then the Company shall, unless such members have elected to retain such fractions, cause the fractions to be aggregated and sold on such basis as the directors may determine and the Company shall account to such member for the proceeds attributable to each member's fraction."

2. SPECIAL RESOLUTION NUMBER 2

"Resolved as a special resolution that, subject to the passing and registration of special resolution number 1 proposed at the general meeting convened to consider this special resolution, the company's authorised share capital consisting of R37 500 000 divided into 75 000 000 ordinary shares of 50 cents each and its issued share capital consisting of R24 521 900 divided into 49 043 800 ordinary shares of 50 cents each be altered by the consolidation of every 100 ordinary shares of 50 cents each into 1 ordinary share of R50,00 so that -

(a) the authorised share capital shall be R37 500 000 divided into 750 000 ordinary shares of R50,00 each; and

(b) the issued share capital shall be R24 521 900 divided into 490 438 ordinary shares of R50,00 each."

3. SPECIAL RESOLUTION NUMBER 3

"Resolved as a special resolution that, subject to the passing and registration of special resolutions numbers 1 and 2 proposed at the general meeting convened to consider this special resolution and after the sale of fractions of consolidated shares in terms of special resolution number 1 proposed at

such general meeting, the authorised share capital of the company consisting of 750 000 ordinary shares of R50,00,00 each and the issued share capital consisting of 490 438 ordinary shares of R50.00 each, be altered by the subdivision of each existing ordinary share of R50.00 each into 100 ordinary shares of 50 cents each, so that -

- (a) the authorised share capital shall be R37 500 000 divided into 75 000 000 ordinary shares of 50 cents each: and
- (b) the issued share capital shall be R24 521 900 divided into 49 043 800 ordinary shares of 50 cents each."

4. SPECIAL RESOLUTION NUMBER 4

"Resolved as a special resolution that the authorised share capital of the company be increased from R37 509 000 divided into 75 000 000 ordinary shares of 50 cents each to R60 000 000 divided into 120 000 000 ordinary shares of 50 cents each by the creation of 45 000 000 new ordinary shares of 50 cents each ranking pari passu in all respects with the other ordinary shares in the capital of the company."

5. SPECIAL RESOLUTION NUMBER 5

"Resolved as a special resolution that, subject to the passing and registration of special resolution number 4 to be proposed at the general meeting convened to consider this special resolution, paragraph 5 of the company's memorandum of association be amended to read as follows:

'The authorised share capital of the Company is R60 000 000 divided into 120 000 000 ordinary shares of 50 cents each with power to divide the shares in the original or any increased capital into several classes and to attach thereto respectively any preferential, qualified, special or deferred rights, privileges or conditions.'

6. ORDINARY RESOLUTION NUMBER 1

"Resolved, that the directors be authorised to allot and issue, at the applicable offer price as defined in the circular to shareholders dated 12 May 1998 such number of ordinary shares of 50 cents each and options as may be necessary to satisfy the shares and options required by those shareholders and option holders who elect to increase their holdings to 100 shares or 100 options."

7. ORDINARY RESOLUTION NUMBER 2

"Resolved, that the directors be and they are hereby authorised to take all such steps and sign all such documents as are necessary to give effect to the resolutions passed at the general meeting convened to consider this ordinary resolution."

8. ORDINARY RESOLUTION NUMBER 3

"Resolved as an ordinary resolution that the directors of the company be and they are hereby authorised and empowered to allot and issue the unissued ordinary shares in the capital of the company for cash to such person or persons (defined as "the public" by the Johannesburg Stock Exchange) and on such terms and conditions as the directors may, without restriction, from time to time deem fit as and when suitable opportunities arise therefor, but subject to the following requirements of the Johannesburg Stock Exchange:

- (a) This authority shall be valid until the next annual general meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier date;
- (b) A paid press announcement giving full details, including the impact on net asset value and earnings per share of the company, shall be published at the time of any such issue representing, on a cumulative basis within one year, 5 per cent or more of the number of shares in issue prior to the issue in question;
- (c) Issues in the aggregate in terms of this authority in any one financial year shall not exceed 10 per cent of the number of shares in the company's issued share capital, provided that such issues shall not be in the aggregate in any three-year period (commencing on the first day of the company's financial year) exceed 15 per cent of the company's issued share capital;

- (d) In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be 10 per cent of the weighted average trading price of the shares in question (adjusted for any dividend declared but not yet paid or for any capitalisation issue made to the shareholders) as determined over the 30 days prior to the date that the price of the issue is determined or agreed by the directors of the company."

As more than 35 per cent of the company's issued share capital is held by "the public" (as defined in the Listings Requirements of the Johannesburg Stock Exchange), the approval of a 75 percent majority of the votes cast by shareholders present or represented by proxy at the general meeting is required for this resolution to be effective.

9. ORDINARY RESOLUTION NUMBER 4

"Resolved as an ordinary resolution that, subject to the passing and registration of special resolution number 4 set out in the notice convening the general meeting to consider this ordinary resolution, all of the unissued shares in the authorised capital of the company (except for the shares which have been reserved for the Harmony Share Option Scheme and for the allotment and issue to holders of options granted by the company as and when those options are exercised by the holders thereof) be and they are hereby placed under the control of the directors of the company in terms of Sections 221 and 222 of the Companies Act, 1973 ("the Act") with the authority, subject to the provisions of the company's articles of association, the Act and the Listings Requirements of the Johannesburg Stock Exchange, to allot and issue and grant options over such shares to such persons and upon such terms and conditions as the directors of the company in their sole discretion deem fit."

REASONS AND EFFECTS

The reason for special resolution number 1 is to amend the company's articles of association to provide for the sale of fractions of shares arising on the consolidation of shares in respect of those shareholders holding less than 100 shares who do not elect to sell their shares or to increase their oddlot holdings to 100 shares or to retain their oddlot holdings in terms of the oddlot offer proposed in the circular to shareholders and option holders dated 13 May 1998 which accompanies this notice ("the circular"), thereby facilitating the proposals in respect of shareholders who hold less than 100 shares as set out in the circular. The effect of the resolution will be to amend the company's articles of association accordingly.

The reason for special resolutions numbers 2 and 3 is to provide a mechanism to facilitate the reduction in the number of small shareholders in the company in an equitable manner. The effect of special resolution number 2 is to consolidate the authorised and issued share capital so that every 100 shares of 50 cents each become 1 share of R50.00. The effect of special resolution number 3 is to subdivide the authorised and issued share capital so that every 1 share of R50.00 becomes 100 shares of 50 cents each.

The reason for special resolution number 4 is to create 45 000 000 new ordinary shares of 50 cents each in order to allow the company access to additional unissued capital for the future requirements of the company, including as yet unspecified acquisitions as more fully set out in the circular. The effect of special resolution number 4 is to increase the authorised share capital to R50 000 000, divided into 120 000 000 ordinary shares of 50 cents each.

The reason for special resolution number 5 is to reflect in the company's memorandum of association the new authorised share capital of the company pursuant to the increase thereof in terms of special resolution number 4. The effect of the special resolution is to amend paragraph 5 of the company's memorandum of association accordingly.

VOTING AND PROXIES

On a show of hands every shareholder present in person or by proxy or represented in terms of section 188 of the Companies Act, 1973 shall have one vote and on a poll every shareholder present in person or by proxy or so represented shall have one vote for every share held by such shareholder.

The necessary form of proxy (yellow) accompanies this notice. A shareholder entitled to attend and vote at the general meeting may appoint one or more proxies to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the company. Duly completed forms of proxy must be lodged with the South African transfer secretaries. Optimum Registrars (Proprietary) Limited, or the United Kingdom registrar. Computershare Services PLC, at the addresses set out below, by not later than 14:00 on Monday, 8 June 1998.

By order of the board

F W Baker
Secretary

Virginia

13 May 1998

Registered office and postal address

Harmony Main Offices
Remaining Extent of Portion 3 of the farm
Harmony Farm 222
Private Road
Glen Harmony
Virginia
Po Box 1
Glen Harmony, 9435

South African transfer secretaries

Optimum Registrars (Pty)Limited
4th Floor, Edura House
41 Fox Street
Harmony Farm 222
2001 Johannesburg
(PO Box 62391
2107 Marshalltown)

United Kingdom registrar

Computershare Services PLC
PO Box 82
Caxton House
Redcliffo Way
Bristol. BS99 7NH

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 1973

Revenue stamp or
revenue fanking machine
impression R80

SPECIAL RESOLUTION
(Section 200,
(To be lodged in duplicate)

[SEAL]

Registration No. of company
05/38232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED

Date notice given to members 17/9 1999 Date resolution passed 12/11 1999 62(1),
85, 75(1)(a), 56(1), Special resolution passed in terms of section 199 of the
Act/ article 19(a) of the articles.

Copy of notice convening meeting attached.

CONTENTS OF RESOLUTION (Use reverse side if necessary):

Resolved:

SEE ANNEXURE "A" ATTACHED

Rubber stamp of company, if any or of secretaries. _____

Date 17 November 1999 Signature /s/ F Abbott

Director

Name, in block capitals: F ABBOTT

Delete whichever not applicable.

To be completed by company.
Herewith copy of special resolution as registered.

Registration No. of company
05/38232/06

Special resolution
registered this days
[SEAL]

Name of company HARMONY GOLD MINING COMPANY LIMITED

Date stamp of Companies
Registration office
1999-11-30

Postal address TO BE UPLIFTED BY JOHN & KERNICK

Registrar of Companies
/s/ [ILLEGIBLE]

Not valid unless stamped by Registrar of Companies.

[***]

[SEAL]

SPECIAL RESOLUTION NUMBER 1

[***] as a special resolution that the Articles of Association of the Company be and are hereby amended by

[***] amending article 21 by deleting all the words after Memorandum or so that after [***] will read as follows.

[***] 21 The Company may from time to time by special resolution reduce the share capital authorized by its Memorandum.

[***] inserting the following new article 21A.

Subject to the Act and subject to such authorities consents and requirements as may from time to [***] and the Listings [***] of the Johannesburg Stock Exchange and any other stock exchange upon which the [***] Company may be quoted or listed. Company may from time to time reduce its issued share capital share premium account stated capital and/or capital redemption reserve fund the passing of an ordinary resolution.

amending article 22 by-

deleting the words "power in article 21" from the preamble and replacing them with the words powers in articles 21 and 22":

deleting the words "by special resolution" from the preamble:

inserting the words "by special resolution" at the beginning of sub-article (a) and deleting the words "or issued" from sub-article a:

inserting the words "by ordinary resolution" at the beginning of sub-article (b):

inserting the words "by special resolution" at the beginning of sub-article (c), so that after the amendment article 22 will read as follows:

[***] 22 In particular and without prejudice to the generality of the powers in articles 21 and 22. the Company may:

- (a) by special resolution cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of the authorized share capital by the account of the shares so cancelled:
- (b) by ordinary resolution with or without extinguishing or reducing the liability on any of its shares:
 - (i) cancel any issued share capital which is lost, or unrepresented by available assets, or
 - (ii) pay off any issued share capital which is in excess of the requirements of the Company, or
- (c) by special resolution redeem any redeemable preference shares of the Company.

the insertion of the following new articles numbered 22A and 22B

ACQUISITION OF SHARES BY THE COMPANY

22A Notwithstanding anything to the company contained in these articles and subject to the Act and the requirement from time to time of the Johannesburg Stock Exchange and any other stock exchange upon which the shares of the Company may be quoted or listed the Company may from time to time by special resolution approve the acquisition of shares issued by it issued by its holding company.

DISTRIBUTIONS

22B Subject to Section 90 of the Act and to the provision of article 21A the Company is hereby authorised to make payments in cash or in [***] to its shareholders.

[**] as a special resolution that subject to the passing and registration of special resolution number 1 proposed at the annual general meeting [**] to consider this special resolution the Company approves as a general approval in terms of section 85(2) of the Companies Act 1973 [**] the acquisition from [**] to time of such number of ordinary shares of 50 cents each issued by the Company and at such price or [**] and on such other terms and conditions as the directors may from time to time determine but subject to the requirements from time to [**] of any stock exchange upon which the shares of Company may be quoted or listed and to the following requirements of the [**] Stock Exchange:

This authority shall be valid only until the next annual general meeting of the Company of 15 months from the date on which this resolutions is passed whichever is the earlier date.

This authority is limited to the purchase of a maximum of [**] of the Company's issued ordinary share capital at the time the authority is granted

Acquisitions must not be made at a price more than 5 above the [**] average of the market value for the issued ordinary shares of the Company for the 5 business days immediately preceding the date of acquisition

SPECIAL RESOLUTION NUMBER 3

Solved as a special resolution that the Articles of Association of the Company be and are hereby amended by

inserting the words free of charge after the words entitled to receive in the first sentence of article [**] and by deleting from the last sentence of article [**] the words on payment of such fee. If any not exceeding R2.00 (two Rand) and by replacing them with the words free of charge:

deleting from article 34(a) the words and until it be proved to the satisfaction of the directors to have been destroyed and by replacing them with the words the Company is satisfied beyond reasonable doubt that the original has been destroyed:

Inserting the following new article 39A:

39A No fee shall be charged for the registration of a transfer of a share or of any other document relating to or affecting the title to any share

deleting from article 88(a) (iv) the words as an officer or creditor of or as a registered or beneficial shareholder and by replacing them with the words in shares representing no more than one per cent of either any class of the equity share capital or the voting rights

inserting the following words in the relevant sub-paragraphs of article 88(a) (vi):

(i) where the director's interest in the contract transaction or dealing is only by virtue of the other company being a subsidiary of the Company before the semi-colon at the end of sub-paragraph (a):

(ii) Where the director's interest in the contract transaction or dealing is only by virtue of the Company being shareholder of or otherwise interested in the other company before the semi-colon at the end of sub-paragraph (b):

(iii) where the director's interest in the contract transaction or dealing is only by virtue of the other company being the Company's holding company before the semi-colon at the end of sub-paragraph (c):

(iv) where the director's interest in the contract transaction or dealing is only by virtue of the other company being a subsidiary of the Company's holding company before the semi-colon at the end of sub-paragraph (d):

(v) where the director's interest in the contract transaction or dealing is only by virtue of the Company's holding company being a shareholder or otherwise interested in the other company before the comma at the end of sub-paragraph (e):

inserting in article 88(b):

the words by the Company in general meeting before the words at any time:

the following sentence at the end article 88(b) Notwithstanding the provisions of article 58 any decision by the Company in general meeting in terms of this article 88(b) shall be decided by a 75% (seventy five percent) majority of votes.

deleting from article 91 the words not less than 48 (forty eight) hours (excluding Saturdays Sundays and public holidays) and by replacing them with the words not less than 7(seven) days and not more than 42(forty two) days and by inserting the words and of his willingness to serve as a director at the end of article 91.

SPECIAL RESOLUTION NUMBER 4

solved as a special resolution that the authorised share capital of the Company be increased from R60 million divided into 120 million ordinary shares of 50 cents each to R90 million divided into 180 million ordinary shares of 50 cents each by the creation of 60 million new ordinary shares 50 cents each ranking pari passu in all respects with the other ordinary shares in the issued capital of the Company.

SPECIAL RESOLUTION NUMBER 5

[***] as a special resolution that subject to the passing and registration of special resolution number 4 proposed at the annual general meeting [***] to consider this special resolution. paragraph 5 of the Company's Memorandum of association be amended by deleting the figures and [***] R60 million divided into 120 million ordinary shares of 50 cents each and by inserting the figures and words R90 million divided into [***] million ordinary shares of 50 cents each in place thereof.

[LOGO]

HARMONY GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 05/38252806)
Nasdaq trading symbol. HGMCY
("Harmony 'or' the Company")

[SEAL]

Directors: [***] (Chairman), ZB Swanepoel (Chief executive).[***],
R A Andrew (British) [***] Dippenaar. Nj Froneman.
TSA Grobicki.PC Pienaar (Alternate). MF Fleming. FR[***]

Secretary: FW Baker

NOTICE TO SHAREHOLDERS

Notice is hereby given that the annual general meeting of members of Harmony Gold Mining Company Limited will be held at the Harmony Corporate Offices, Second Floor. Building 23, The Woodlands, Western Service Road, Woodmead on 12 November 1999 at 09:00 for the following business:-

1. To receive and consider the audited annual financial statements for the year ended 30 June 1999:
2. To fix the remuneration of the directors in terms of the company's Articles of Association:
3. To elect directors in terms of the company's Articles of Association; and
4. To consider, and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, the reasons for which are stated in the directors' report:

ORDINARY RESOLUTION NUMBER 1:

Resolved that the directors be and hereby are authorised to allot and issue, after providing for the requirements of the Harmony (1994) Share Option Scheme, all or any of the remaining unissued ordinary shares of 50 cents each in the capital of the company (including the new ordinary shares of 50 cents each created in terms of special resolution 4 proposed at the annual general meeting convened to consider this ordinary resolution if special resolution number 4 is approved and registered) at such time or times to such person or persons or bodies corporate upon such terms and conditions as the directors may from time to time at their sole discretion determine, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973) and the requirements of the Johannesburg Stock Exchange.

ORDINARY RESOLUTION NUMBER 2:

Resolved that the directors of the company be and hereby are authorised to allot and issue all or any of the authorized but unissued ordinary shares of 50 cents each in the capital of the company (including the new ordinary shares of 50 cents each created in terms of special resolution 4 proposed at the annual general meeting convened to consider this ordinary resolution if special resolution number 4 is approved and registered for cash to such person or persons (defined as "the public" by the Johannesburg Stock Exchange) and on such terms and conditions as the directors may, without restriction, from time to time, deem fit as and when suitable opportunities arise therefore, but subject to the following requirements of the Johannesburg Stock Exchange:

- (a) This authority shall be valid until the next annual general meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier date:
- (b) A paid press announcement giving full details, including the impact on net asset value and earnings per share of the company, shall be published at the time of any such issue representing, on a cumulative basis within one year, 5 per cent or more of the number of shares in issue prior to the issue in question:
- (c) Issues in the aggregate in terms of this authority in any one financial year should not exceed 10 per cent of the number of shares in the company's issued share capital, provided that such issues shall not in the aggregate in any three year period (commencing on the first day of the company's financial year) exceed 15 per cent of the company's issued share capital:
- (d) In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be 10

per cent of the weighted average trading price of the shares in question (adjusted for any dividend declared but not yet paid or for any capitalisation issue made to the shareholders) as determined or agreed by the directors of the company.

As more than 35 per cent of the company's issued share capital is held by "the public" (as defined in the Listings Requirements of the Johannesburg Stock Exchange), the approval of a 75 per cent majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required for this resolution to be effective.

SPECIAL RESOLUTION NUMBER 2

Resolved as a special resolution that, subject to the passing and registration of special resolution number 1 proposed at the annual general meeting convened to consider this special resolution. the Company approves, as a general approval in terms of section 85(2) of the Companies Act. 1973 (the Act) the acquisition from time to time, of such number of ordinary shares of 50 cents each issued by the Company and at such price or prices and on such other terms and conditions as the directors may from time to time determine, but subject to the requirements from time to time of any stock exchange upon which the shares of the Company may be quoted or listed and to the following requirements of the Johannesburg Stock Exchange:

1. This authority shall be valid only until the next annual general meeting of the Company or 15 months from the date on which this resolution is passed, whichever is the earlier date.
2. This authority is limited to the purchase of a maximum of 10% of the Company's issued ordinary share capital at the time the authority is granted.
3. Acquisition must not be made at a price more than 5% above the weighted average of the market value for the issued ordinary shares of the Company for the 5 business days immediately preceding the date of acquisition.

The reason for and effect of special resolution number 2 is to generally approve, in terms of section 85(2) of the Act, the acquisition by the Company of ordinary shares issued by it subject to the requirements of the Johannesburg Stock Exchange. The directors intend to utilise this authority as such time or times, in respect of such number of shares, at such price and on such terms as they may consider appropriate from time to time. Accordingly, the method by which the Company intends to acquire its securities, the maximum number of securities which will be acquired and the price(s) and date(s) at which the acquisition(s) is(are) to take place are not presently known.

SPECIAL RESOLUTION NUMBER 3

Resolved as a special resolution that the Articles of Association of the Company be and are hereby amended by -

1. inserting the words "free of charge" after the words "entitled to receive" in the first sentence of article 27; and by deleting from the last sentence of article 27, the words on payment of such fee, if any, not exceeding R2,00 (two Rand) "and by replacing them with the words", free of charge;
2. deleting from article 34(a) the words "and until it be proved to the satisfaction of the directors to have been destroyed "and by replacing them with the words" the company is satisfied beyond reasonable doubt that the original has been destroyed;
3. Inserting the following new article 39A;

39A No fee shall be charged for the registration of a transfer of a share or of any other document relating to or affecting the title to any share;
4. deleting from article 88(a)(iv) the words "as an officer or creditor of or as a registered to beneficial shareholder" and by replacing them with the words "in shares representing no more than on per cent of either any class of the equity share capital, or the voting rights"
5. inserting the following words in the relevant sub-paragraphs of article 88(a)(vi):
 - (i) "where the director's interest in the contract, transaction or dealing is only by virtue of the other company being a subsidiary of the Company" before the semi-colon at the end of sub-paragraph(a);
 - (ii) "where the director's interest in the contract, transaction or dealing is only by virtue of the Company being a shareholder of or otherwise interested in the other Company" before the semi-colon at the end of sub-paragraph (b);
 - (iii) "where the director's interest in the contract, transaction or dealing is only by virtue of the other company being the Company's holding company" before the semi-colon at the end of sub-paragraph (c);
 - (iv) "where the director's interest in the contract, transaction or dealing is only by virtue of the other company being a subsidiary of the

Company's holding company" before the semi-colon at the end of sub-paragraph(d);

(v) "where the director's interest in the contract, transaction or dealing is only by virtue of the Company's holding company being a shareholder or otherwise interested in the other company" before the comma at the end of sub-paragraph (e);

6. inserting in article 88(b).
- 6.1 the words "by the Company in general meeting" before the words "at any time";
- 6.2 the following sentence at the end of article 88(b); "Notwithstanding the provisions of article 58, any decision by the Company in general meeting in terms of this article 88(b) shall be decided by a 75% (seventy five percent) majority of votes";
7. deleting from article 91 the words "not less than 48 (forty-eight) hours (excluding Saturdays, Sundays and public holidays)" and by replacing them with the words "not less than 7 (seven) days and more than 42 (forty-two) days and by inserting the words "and of his willingness to serve as a director" at the end of article 91.

[HARMONY LOGO]

[***]AL RESOLUTION NUMBER 1

[***]ed as a special resolution that the Articles of Association of the Company be and are hereby amended by-

amending article 21 by deleting all the words after "Memorandum, or" so that, after the amendment, article 21 will read as follows:

[***]21. The Company may from time to time, by special resolution, reduce the share capital authorised by its Memorandum.";

inserting the following new article 21A:

[***]ct to the Act and subject to such authorities, consents and requirements as may from time to time be stipulated by law and the Listings [***]ements of the Johannesburg Stock Exchange and any other stock exchange upon which the shares of the Company may be quoted or listed, [***]mpany may from time to time reduce its issued share capital, share premium account, stated capital and/or capital redemption reserve fund [***] passing of an ordinary resolution."

amending article 22 by -

deleting the words "power in article 21" from the preamble and replacing them with the words "powers in articles 21 and 22";

deleting the words "by special resolution," from the preamble:

inserting the words "by special resolution," at the beginning of sub-article (a) and deleting the words "or issued" from sub-article (a);

inserting the words "by ordinary resolution," at the beginning of sub-article(b);

inserting the words "by special resolution" at the beginning of sub-article (c), so that, after the amendment, article 22 will read as follows:

[***]22. In particular and without prejudice to the generality of the powers in articles 21 and 22, the Company may:-

- (a) by special resolution, cancel shares, which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorised share capital by the amount of the shares so cancelled;
- (b) by ordinary resolution, with or without extinguishing or reducing the liability on any of its shares;
 - (i) cancel any issued share capital which is lost, or unrepresented by available assets; or
 - (ii) pay off any issued share capital which is in excess of the requirements of the Company; or
- (c) by special resolution redeem any redeemable preference shares of the Company.";

[***]he insertion of the following new articles numbered 22A and 22B:

[***]CQUISITION OF SHARES BY THE COMPANY

22A Notwithstanding anything to the contrary contained in these articles and subject to the Act and the requirements from time to time of the Johannesburg Stock Exchange and any other stock exchange upon which the shares of the Company may be quoted or listed, the Company may from time to time by special resolution approve the acquisition of shares issued by it or issued by its holding company.

[***]ISTRIBUTIONS

22B Subject to Section 90 of the Act and to the provisions of article 21A, the Company is hereby authorised to make payments in cash or in specie to its shareholders.

[***]asons for and effect of special resolution number 1 are to amend the Company's Articles of Association pursuant to the amendments to [***]ns 83 to 90 of the Companies Act, 1973 ("the Act") by -

- inserting new articles 21A, 22A and 22B which authorise the Company to reduce its issued share capital, share premium account and capital

redemption reserve fund by the passing of an ordinary resolution, to approve the acquisition of its issued shares and the issued shares of its holding company and to make payments in cash or in specie to its shareholders;

- amending articles 21 and 22 by replacing the provision that the reduction of the Company's issued share capital (including stated capital, capital redemption reserve fund and share premium account) or the cancellation of the Company's issued share capital which is lost or unrepresented by available assets or the paying off by the Company of any issued share capital which is in excess of the requirements of the Company must be effected by a special resolution with a provision that these actions may be effected by an ordinary resolution.

H A R M O N Y

The reasons for special resolution number 3 are to amend the Company's Articles of Association to bring them into line with the requirements of the London Stock Exchange on which the Company has a secondary listing. The effect of special resolution number 3 is to amend the Company's Articles of Association to provide that:

- new certificates must be issued by the Company free of charge and replacement certificates must be issued by the Company free of charge rather than for a fee not exceeding R2.00 (article 27):
- the Company may only issue a new share warrant to replace one that has been lost if the Company is satisfied beyond reasonable doubt that the original has been destroyed rather than if it is proved to the satisfaction of the directors to have been destroyed (article 34(a):
- The Company may not charge a fee for registering transfer of a share(new article 39A):
- a director may only vote on a contract or arrangement with another company in which he is interested if his interest is in shares representing not more than 1% of the equity share capital or voting rights of the other company (article 88(a)(iv);
- a director is only entitled to vote on a contract, transaction or dealing with a subsidiary, holding company or fellow subsidiary of the Company or a company in which the Company or its holding company is a shareholder or otherwise interested where the director's interest in the contract, transaction or dealing is only by virtue of the existence of such relationship (article 88(a)(iv);
- the decision by the Company to suspend or relax the provisions of article 88 and to ratify a contravention of article 88 shall be taken by a 75% (seventy five percent) majority of votes;
- notice of intention to propose a person at a general meeting as a director who is not, at the time, a retiring director, must be given to the Company not less than 7 days and not more than 42 days before the general meeting and also notice of the candidate's willingness to serve as a director must be given (article 91).

The effect of the resolution will be to amend the relevant articles in the manner set out above.

SPECIAL RESOLUTION NUMBER 4

[***] resolved as a special resolution that the authorised share capital of the Company be increased from R60 million divided into 120 million ordinary shares of 50 cents each to R90 million divided into 180 million ordinary shares of 50 cents each by the creation of 60 million new ordinary shares of 50 cents each ranking pari passu in all respects with the other ordinary shares in the issued capital of the Company:

The reason for special resolution number 4 is to create 60 million new ordinary shares of 50 cents each so as to ensure that the Company has efficient unissued shares in reserve for the future requirements of the Company. The effect of the resolution is to create those new shares and thereby increase the authorised share capital of the company from R60 million to R90 million.

SPECIAL RESOLUTION NUMBER 5

[***] resolved as a special resolution that subject to the passing and registration of special resolution number 4 proposed at the annual general meeting [***] to consider this special resolution, paragraph 5 of the Company's Memorandum of Association be amended by deleting the figures and words "R60 million divided into 120 million ordinary shares of 50 cents each"and by inserting the figures and words "R90 million divided into [***] million ordinary shares of 50 cents each" in place thereof

The reason for special resolution number 5 is to amend the Company's Memorandum of Association to reflect the new authorised share capital the Company pursuant to the increase thereof in terms of special resolution number 4. The effect of the special resolution is to amend paragraph 5 of the Company's Memorandum of Association accordingly.

order of the board

Harmony Gold Mining Company Limited

/s/ [***] 17 September 1999
[***]
Baker

Secretary

POSTAL ADDRESS
Postnet Suite 27
Private Bag X23
Gallo Manor
2052

BUSINESS ADDRESS
2nd Floor
Building 23
The Woodlands
Western Service Road
WoodMead

Revenue stamp or revenue
franking machine
impression R80

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 1973

SPECIAL RESOLUTION
(Section 200)
(To be lodged in duplicate)

Registration No. of Company [SEAL]
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED

Date notice given to members 24 April 2001 Date resolution passed 18 May 2001

Special resolution passed in terms of section 62 And 75 of the Act/*paragraph ___
_____of the memorandum/*article _____of the articles.

Copy of notice convening meeting attached.

Consent to waive period of notice of meeting (CM 25) attached/*not attached

CONTENTS OF RESOLUTION
(Use reverse side if necessary)

Resolved:

SEE ANNEXE "A"

Raober stamp of company, if any or of secretaries.

Date 18 MAY 2001 Signature /s/ FRED BAKER

Secretary

Name (in block capitals) FRED BAKER

* Delete whichever not applicable.

(To be completed by company)

Herewith copy of special resolution as registered.

Registration No. of Company [SEAL]
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED

Postal address [ILLEGIBLE]

Not valid unless stamped by Registrar of Companies.

[***]

16 May 2001

HARMONY GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1950/038232/06)
("COMPANY")

[SEAL]

SPECIAL RESOLUTION NUMBER 1

RESOLVED THAT the articles of association of the Company be and are hereby amended by the insertion of the following articles after the existing article 188-

"REDEEMABLE CONVERTIBLE PREFERENCE SHARES

189 For purposes hereof -

189.1 "PREFERENCE SHARES" means redeemable convertible preference shares having a par value of R0,50 (Fifty Cents) each in the issued share capital of the Company;

189.2 "PREFERENCE SHARE REDEMPTION PRICE" means the par value of the preference shares.

190 The preference shares shall -

190.1 rank as regards return of capital on a winding-up of the Company prior to the ordinary shares and any other class of shares in the Company. Save as set out above, the preference shares shall not be entitled to any participation in the profits or assets of the Company nor, on a winding-up, to any participation in any of the surplus assets of the Company;

190.2 not have the right to receive any dividends out of the profits of the Company nor to participate in any other distribution to the shareholders of the Company.

191 On a winding-up of the Company the preference shares shall confer the right to the payment of an amount equal to the preference share redemption price calculated to the date of payment, which payment shall be in priority to any payment to the holders of any other class of shares in the capital of the Company.

192 The holder of the preference shares ("PREFERENCE SHAREHOLDER") shall have the right, upon 24 (Twenty four) hours prior written notice to the Company (excluding hours of non-business days), to convert all or any number of the preference shares held by it into ordinary shares on a 1 (One) for 1 (One) basis, subject to the preference shareholder paying to the Company (or, where the Company will be placing the converted shares, the party with whom the shares will be placed paying to the Company), simultaneously with the conversion of the preference shares, an amount of R41,50 (Forty One Rands and Fifty Cents) per preference share being converted.

193 All preference shares remaining in issue on the date of expiry of a period of 5 (Five) years from the date of subscription for the preference shares (that have not been converted into ordinary shares) shall be redeemed by the Company on that date at the preference share redemption price.

194 The preference shareholder shall not be entitled to vote, either in person or by proxy, at any meeting of the shareholders of the Company by virtue of or in respect of the

preference shares, unless any one or more of the following circumstances prevail at the date of the meeting -

- 194.1 the preference share redemption price (or any portion thereof) remains in arrear and unpaid after 5 (Five) business days from due date thereof;
- 194.2 a resolution of the shareholders of the Company is proposed which directly affects the rights attached to the preference shares or the interest of the preference shareholder, including a resolution for the winding-up of the Company or the reduction of its share capital or share premium account.
- 195 At any general or adjourned general meeting of the Company at which the preference shareholder is present and entitled to vote, upon a poll, the preference shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the par value of the preference shares held by it bears to the aggregate par value of the entire issued share capital of the Company."

SPECIAL RESOLUTION NUMBER 2

RESOLVED THAT, subject to the passing and registration by the Registrar of Companies of special resolution number 1 above, the authorised share capital of the Company of R90 000 000,00 (Ninety Million Rands) divided into 180 000 000 (One Hundred and Eighty Million) ordinary shares with a par value of R0,50 (Fifty Cents) each, be and is hereby increased to R95 479 452,00 (Ninety Five Million Four Hundred and Seventy Nine Thousand Four Hundred and Fifty Two Rands) divided into 180 000 000 (Two Hundred and Fifty Million) ordinary shares with a par value of R0,50 (Fifty Cents) each and 10 958 904 (Ten Million Nine Hundred and Fifty Eight Thousand Nine Hundred and Four) redeemable convertible preference shares with a par value of R0,50 (Fifty Cents) each.

[HARMONY LOGO]

HARMONY

HARMONY GOLD MINING
COMPANY LIMITED

[SEAL]

(Incorporated in the Republic of South Africa)

(Registration number 1950/038232/06)

("Harmony")

NOTICE OF A GENERAL MEETING

Notice is hereby given that a general meeting of the shareholders of the Company will be held at Randfontein Office Park, Cnr Main Reef Road and Ward Avenue, Randfontein, at 09h00 on Friday, 18 May 2001, to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out below:

SPECIAL RESOLUTION NUMBER 1

"RESOLVED THAT the articles of association of the Company be and are hereby amended by the insertion of the following articles after the existing article 188 -

"REDEEMABLE CONVERTIBLE PREFERENCE SHARES

189 For purposes thereof-

189.1 "PREFERENCE SHARES" means redeemable convertible preference shares having a par value of R0,50 (Fifty Cents) each in the issued share capital of the Company;

189.2 "PREFERENCE SHARE REDEMPTION PRICE" means the par value of the preference shares.

190 The preference shares shall-

190.1 rank as regards return of capital on a winding-up of the Company prior to the ordinary shares and any other class of shares in the Company. Save as set out above, the preference shares shall not be entitled to any participation in the profits or assets of the Company nor, on a winding-up, to any participation in any of the surplus assets of the Company;

190.2 not have the right to receive any dividends out of the profits of the Company nor to participate in any other distribution to the shareholders of the Company.

191 On a winding-up of the Company the preference shares shall confer the right to the payment of an amount equal to the preference share redemption price calculated to the date of payment, which payment shall be in priority to any payment to the holders of any other class of shares in the capital of the Company.

192 The holder of the preference shares ("preference shareholder") shall have the right, upon 24 (Twenty Four) hours prior Witten notice to the Company (excluding hours of non-business days), to convert all or any number of the " preference shares held by it into ordinary shares on a 1 (One) for 1 (One) basis, subject to the preference shareholder paying to the Company (or, where the Company will be placing the converted shares, the party with whom the shares will be placed paying to the Company), simultaneously with the conversion of the preference shares, an amount of R41,50 (Forty One Rands and Fifty Cents) per preference share being converted.

193 All preference shares remaining in issue on the date of expiry of a period of 5 (Five) years from the date of subscription for the preference shares (that have not been converted into ordinary shares) shall be redeemed by the Company on that date at the preference share redemption price.

194 The preference shareholder shall not be entitled to vote, either in person or by proxy, at any meeting of the shareholders of the Company by virtue of or in respect of the preference shares, unless any one or more of the following circumstances prevail at the date of the meeting -

194.1 the preference share redemption price (or any portion thereof) remains in arrear and unpaid after 5 (Five) business days from due date thereof;

194.2 a resolution of the shareholders of the Company is proposed which directly

affects the rights attached to the preference shares or the interest of the preference shareholder, including a resolution for the winding-up of the Company or the reduction of its share capital or share premium account.

195 At any general or adjourned general meeting of the Company at which the preference shareholder is present and entitled to vote, upon a poll, the preference shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the par value of the preference shares held by it bears to the aggregate par value of the entire issued share capital of the Company."

SPECIAL RESOLUTION NUMBER 2

"RESOLVED THAT, subject to the passing and registration by the Registrar of Companies of special resolution number 1 above, the authorised share capital of the Company of R90 000 000,00 (Ninety Million Rands) divided into 180 000 000 (One Hundred and Eighty Million) ordinary shares with a par value of R0,50 (Fifty Cents) each, be and is hereby increased to R95 479 452,00 (Ninety Five Million Four Hundred and Seventy Nine Thousand Four Hundred and Fifty Two Rands) divided into 180 000 000 (One Hundred and Eighty Million) ordinary shares with a par value of R0,50 (Fifty Cents) each and 10 958 904 (Ten Million Nine Hundred and Fifty Eight Thousand Nine Hundred and Four) redeemable convertible preference shares with a par value of R0,50 (Fifty Cents) each."

ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT, subject to the passing and registration by the Registrar of Companies of special resolutions numbers 1 and 2 above, the board of directors of the Company be and is hereby authorised to allot and issue -

- 222 222 (Two Hundred and Twenty Two Thousand Two Hundred and Twenty Two) ordinary shares of R0,50 (Fifty Cents) each to Komanani Mining (Proprietary) Limited at R36,00 (Thirty Six Rands) per share;
- 10 736 682 (Ten Million Seven Hundred and Thirty Six Thousand Six Hundred and Eighty Two) ordinary shares of R0,50 (Fifty Cents) each to the Industrial Development Corporation of South Africa Limited ("IDC") at R36,00 (Thirty Six Rands) per share; and
- 10 958 904 (Ten Million Nine Hundred and Fifty Eight Thousand Nine Hundred and Four) redeemable convertible preference shares of R0,50 (Fifty Cents) each to the IDC at R0,50 (Fifty Cents) per share,

in accordance with the circular to which this notice is attached and in accordance with the Listings Requirements of the JSE Securities Exchange South Africa."

The approval of a 75% (Seventy Five Per Cent) majority of the votes cast by shareholders present or represented by proxy at the general meeting, excluding controlling shareholders, their associates, and any party acting in concert, and, if applicable, any shareholder that is participating in the issue, is required for this resolution to become effective.

ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT, any member of the board of directors of the Company be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of special resolutions numbers 1 and 2 and ordinary resolution number 1 above."

REASONS AND EFFECTS

The reason for special resolution number 1 is to record the terms and conditions attaching to the redeemable convertible preference shares. The effect of special resolution number 1 is to amend the articles of association of the Company so as to provide for the terms and conditions attaching to the redeemable convertible preference shares.

The reason for special resolution number 2 is to authorise the increase in the Company's authorised share capital so as to enable the issue of the preference shares by the Company. The effect of special resolution number 2 is to increase the Company's authorised share capital by 10 958 904 (Ten Million Nine Hundred and Fifty Eight Thousand Nine Hundred and Four) redeemable convertible preference shares.

VOTING AND PROXIES

Each shareholder of the Company who, being an individual, is present in person or by proxy, or being a company, is represented at the general meeting, is entitled to one vote on a show of hands. On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a shareholder of the Company.

A form of proxy (blue) is attached to this circular and, in order to be

effective, must be returned to the transfer secretaries of the Company, Ultra Registrars (Proprietary) Limited or Capita IRG Plc, to reach them by not later than 09:00 on Wednesday, 16 May 2001. The completion of a form of proxy will not preclude a shareholder from attending, speaking and voting at the general meeting to the exclusion of the proxy so appointed.

HARMONY GOLD MINING COMPANY LIMITED

F W Baker

23 April 2001

Secretary

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 1973

FORM CM 26

Revenue stamp or revenue
franking machine
impression R80

SPECIAL RESOLUTION
(Section 200)
(To be lodged in duplicate)

[SEAL]

Registration No. of Company
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED

Date notice given to members 17 MAY 2001 Date resolution passed 8 JUNE 2001
Special resolution passed in terms of section 75 of the Act/*paragraph
_____of the memorandum/*article_____of the articles.

Copy of notice convening meeting attached.
Consent to waive period of notice of meeting (CM 25) attached/*not attached.

CONTENTS OF RESOLUTION
(Use reverse side if necessary)

Resolved:

THAT THE AUTHORISED SHARE CAPITAL OF THE COMPANY BE AND IS HEREBY
INCREASED FROM R95 479 452, DIVIDED INTO 180 MILLION ORDINARY SHARES WITH
A PAR VALUE OF 50 CENTS EACH AND 10 958 904 REDEEMABLE CONVERTIBLE
PREFERENCE SHARES WITH A PAR VALUE OF 50 CENTS EACH TO R130 479 452,
DIVIDED INTO 250 MILLION ORDINARY SHARES WITH A PAR VALUE OF 50 CENTS EACH
AND 10 958 904 REDEEMABLE CONVERTIBLE PREFERENCE SHARES WITH A PAR VALUE
OF 50 CENTS EACH BY THE CREATION OF 70 MILLION NEW ORDINARY SHARES OF 50
CENTS EACH RANKING PARI PASSU IN ALL RESPECTS WITH THE EXISTING ORDINARY
SHARES IN THE ISSUED ORDINARY SHARE CAPITAL OF THE COMPANY.

[***] Stamp of company, if any or of secretaries.

Date 8 June 2001

Signature /s/ Fred Baker

Secretary

Name (in block capitals) FRED BAKER

* Delete whichever not applicable.

(To be completed by company)

Herewith copy of special resolution as registered.

Special resolution
registered this day

Registration No.of Company
1950/038232/06

Date Stamp of Companies
Registration Office

Registrar of Companies
[***]
[SEAL]

Name of company HARMONY GOLD MINING COMPANY LIMIIED

Postal address TO BE COLLECTED

Not valid unless stamped by Registrar of Companies.

[LOGO]
HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1950/038232/06)
("Harmony" or "the Company")

[SEAL]

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the shareholders of the Company will be held at Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein at 09:00 on Friday, 8 June 2001 to consider and, if deemed fit, pass, with or without modifications, the ordinary resolutions and special resolution set out below:

1. ORDINARY RESOLUTION NUMBER 1

"Resolved that the board of directors of the Company be and is hereby authorised to allot and issue a maximum of 30 million ordinary shares of 50 cents each and create, allot and issue a maximum of 10 million detachable warrants to subscribe for one ordinary share for cash (which warrants will be issued on the terms and conditions set out in Annexure 9 to the circular to which this notice is attached) on the terms and at the discount more specifically dealt with in the circular to which this notice is attached and in accordance with the Listings Requirements of the JSE Securities Exchange South Africa ("the Listings requirements")."

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the general meeting, excluding controlling shareholders, their associates, any party acting in concert, and, if applicable, any shareholder participating in the issue, is required for this resolution to be effective.

2. SPECIAL RESOLUTION NUMBER 1

"Resolved that the authorised share capital of the Company be and is hereby increased from R95 479 452, divided into 180 million ordinary shares with a par value of 50 cents each and 10 958 904 redeemable convertible preference shares with a par value of 50 cents each to R125 million, divided into 250 million ordinary shares with a par value of 50 cents each and 10 958 904 redeemable convertible preference shares with a par value of 50 cents each by the creation of 70 million new ordinary shares of 50 cents each ranking pari passu in all respects with the existing ordinary shares in the issued ordinary share capital of the Company."

The reason for special resolution number 1 is to create 70 million new ordinary shares of 50 cents each so as to ensure that the Company has sufficient unissued shares in reserve for the future requirements of the Company. The effect of this resolution is to create those new shares and thereby increase the authorised ordinary share capital of the Company from R90 million to R125 million.

3. ORDINARY RESOLUTION NUMBER 2

"Resolved that, subject to the passing and registration of special resolution number 1, the directors be and are hereby authorised to allot and issue, after providing for the requirements of the Harmony (1994) Share Option Scheme, all or any of the unissued ordinary shares of 50 cents each in the capital of the Company, created in terms of special resolution number 1 referred to above, at such time or times to such person or persons or bodies corporate upon such terms and conditions as the directors may from time to time at their sole discretion determine, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements."

4. ORDINARY RESOLUTION NUMBER 3

"Resolved that, subject to the passing and registration of special resolution number 1, the directors of the Company be and are hereby authorised to allot and issue all or any of the authorised but unissued ordinary shares of 50 cents each in the capital of the Company created in terms of special resolution number 1 for cash to such person or persons (defined as "the public" in the Listings Requirements of the JSE Securities Exchange South Africa) and on such terms and conditions as the directors may, without restriction, from time to time, deem fit as and when suitable opportunities arise therefore, but subject to the following requirements of the JSE Securities Exchange South Africa:

- (a) this authority shall be valid until the Company's next annual general meeting or 15 months from the date on which this resolution is passed, whichever is the earlier date;

- (b) an announcement giving full details, including the effect on net asset value and earnings per share of the Company, shall be published at the time of any such issue representing, on a cumulative basis within one financial year, 5 per cent or more of the number of shares in issue prior to the issue in question;

- (c) issues in the aggregate in terms of this authority in any one financial year may not exceed 15 per cent of the number of shares in the Company's issued share capital;
- (d) in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be 10 per cent of the weighted average traded price of the shares in question over the 30 business days prior to the date on which the price of the shares is determined or agreed by the directors of the Company."

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the general meeting is required for this resolution to be effective.

5. ORDINARY RESOLUTION NUMBER 4

"Resolved that any member of the board of directors of the Company be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions numbers 1, 2 and 3 and special resolution number 1."

VOTING AND PROXIES

Each shareholder of the Company who, being an individual, is present in person or by proxy, or being a company, is represented at the general meeting, is entitled to one vote on a show of hands. On a poll, each shareholder present in person or by proxy or represented shall have one for every share held by such shareholder. A shareholder entitled to attend and vote at the general meeting may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

A form of proxy (blue) is attached to this circular and, in order to be effective, must be returned to the transfer secretaries of the Company, Ultra Registrars (Proprietary) Limited or Capita IRG Plc, to reach them by not later than 09:00 on Wednesday, 6 June 2001. The completion of a form of proxy will not preclude a Harmony shareholder from attending, speaking and voting at the general meeting to the exclusion of the proxy so appointed.

HARMONY GOLD MINING COMPANY LIMITED

FW BAKER
Secretary

17 May 2001

COMPANIES ACT, 1973

Revenue stamp or revenue
franking machine
impression R80

SPECIAL RESOLUTION

(Section 200)
(To be lodged in duplicate)

[SEAL]

Registration No. of Company
1950/038232/06

Name of company _____ HARMONY GOLD MINING COMPANY LIMITED
Date notice given to members 10 SEPTEMBER 2001 Date resolution passed 3 OCTOBER
2001
Special resolution passed in terms of section 62 of the
Act/*paragraph _____ of the memorandum/*article _____ of the articles.

Copy of notice convening meeting attached.

CONTENTS OF RESOLUTION
(Use reverse side if necessary)

Resolved:

THAT HARMONY'S ARTICLES OF ASSOCIATION BE AND ARE HEREBY AMENDED BY THE
INCLUSION OF THE FOLLOWING NEW ARTICLE 189:

189 IF, UPON IMPLEMENTATION OF ANY ODD-LOT OFFER MADE BY THE COMPANY IN
ACCORDANCE WITH THE LISTINGS REQUIREMENTS OF THE JSE SECURITIES
EXCHANGE SOUTH AFRICA, THERE ARE MEMBERS HOLDING LESS THAN 100
SHARES ("ODD-LOTS"), THEN THE COMPANY SHALL, UNLESS SUCH MEMBERS
HAVE ELECTED TO RETAIN THEIR ODD-LOTS OR TO INCREASE THEIR ODD-LOTS
TO HOLDINGS OF 100 SHARES, CAUSE THE ODD-LOTS TO BE SOLD ON SUCH
BASIS AS THE DIRECTORS MAY DETERMINE AND THE COMPANY SHALL ACCOUNT
TO SUCH MEMBERS FOR THE PROCEEDS ATTRIBUTABLE TO THEM."

RUBBER STAMP OF COMPANY, IF ANY OR OF SECRETARIES.

Date 3 OCTOBER 2001

Signature. /s/ Frank Aggot

Director/Secretary/Manager

Name (in block capitals) FRANK AGGOTT

* Delete whichever not applicable.
(To be completed by company)
Herewith copy of special resolution registered.

Registration No. of Company
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED
Postal address SOLNIC
Not valid unless stamped by Registrar of Companies.

[SEAL]

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 1950/038232/06)
(Share Code: HAR ISIN Code: ZAE000015228)
("Harmony")

[SEAL]

Directors:

A R Fleming (Chairman) #*	T S A Grobicki (Chief Operating officer)
Z B Swanepoel (Chief Executive)	M F Fleming(*)
F Abbott (Financial Director)	Lord Renwick of Clifton KCMG #(*)
F Dippenaar (Marketing Director)	Dr G S Sibiyi (*)
Dr A M EDWARDS*	

*Non-executive # British

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Harmony will be held at Randfontein Office Park, corner Main Reef Road and Ward Avenue, Randfontein, at 09:00 on Wednesday, 3 October 2001, for the purpose of considering and, if deemed fit, passing, with or without modification, the following special and ordinary resolutions:

1. SPECIAL RESOLUTION

"Resolved that Harmony's articles of association be and are hereby amended by the inclusion of the following new article 189:

189 If, upon implementation of any odd-lot offer made by the Company in accordance with the Listings Requirements of the JSE Securities Exchange South Africa, there are members holding less than 100 shares ("odd-lots"), then the Company shall, unless such members have elected to retain their odd-lots or to increase their odd-lots to holdings of 100 shares, cause the odd-lots to be sold on such basis as the directors may determine and the Company shall account to such members for the proceeds attributable to them."

2. ORDINARY RESOLUTION NUMBER 1

"Resolved that Lydenburg Exploration Limited ("Lydex"), a wholly-owned subsidiary of Harmony, be and is hereby authorised, in terms of section 89 of the Companies Act, 1973 (Act 61 of 1973), to acquire, at the offer price, the ordinary shares of those odd-lot holders who do not make an election or who elect the cash alternative, to the extent that such odd-lot holdings exceed the ordinary shares required to be transferred to those odd-lot holders who elect the purchase alternative (all as defined in the circular to shareholders dated Monday, 10 September 2001), which ordinary shares will be held by Lydex as treasury stock."

The approval of a 75% majority of the votes cast by the shareholders, excluding controlling shareholders, their associates, a party acting in concert and shareholders not regarded as being public shareholders, present or represented by proxy at the general meeting is required for this ordinary resolution to be effective.

3. ORDINARY RESOLUTION NUMBER 2

"Resolved that the directors be and are hereby authorised to allot and issue, at the offer price (as defined in the circular to shareholders dated Monday, 10 September 2001), such number of ordinary shares of 50 cents each as may be necessary to satisfy the ordinary shares required by those odd-lot holders who elect to increase their holdings to 100 ordinary shares."

The approval of a 75% majority of the votes cast by the shareholders present or represented by proxy at the general meeting is required for this ordinary resolution to be effective.

4. ORDINARY RESOLUTION NUMBER 3

"Resolved that any director or officer of Harmony be and is hereby authorised to take all such steps and sign all such documents as are necessary to give effect to the resolutions passed at the general meeting convened to consider this ordinary resolution."

REASON AND EFFECT

The reason for the special resolution is to provide a mechanism to facilitate the reduction in the number of shareholders holding in aggregate fewer than 100 ordinary shares in an equitable manner. The effect of the special resolution is to amend Harmony's articles of association accordingly.

VOTING AND PROXIES

Each shareholder of Harmony who is registered as such on Friday, 28 September 2001 and who, being an individual, is present in person or by proxy, or being a company, is represented at the general meeting, is entitled to one vote on a show of hands.

On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder.

The necessary form of proxy accompanies this notice. A shareholder entitled to attend and vote at the general meeting may appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a shareholder of Harmony.

By order of the board

F W BAKER
Secretary

Randfontein
10 September 2001

POSTAL ADDRESS

PO Box 2
Randfontein, 1767

BUSINESS ADDRESS

Harmony Corporate Office
Randfontein Office Park
Corner Main Reef Road & Ward Avenue
Randfontein, 1760

TRANSFER SECRETARIES

In South Africa
Ultra Registrars (Proprietary) Limited
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

In the United Kingdom
Capita IRG Plc
Balfour House
390/398 High Road
Illford, Essex IG1 1NQ
England

SPECIAL RESOLUTION
(Section 200)
(To be lodged in duplicate)

[SEAL]

Registration No. of Company
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED. Date notice given to members 23 SEPTEMBER 2003 Date resolution passed 14 NOVEMBER 2003 Special resolution passed in terms of section 62 AND 85 of the Act/*paragraph _____ of the memorandum/*article 22A of the articles.

Copy of notice convening meeting attached.

CONTENTS OF RESOLUTION
(Use reverse side if necessary)

Resolved:
SEE SPECIAL RESOLUTIONS NUMBERS 1 TO 5 IN THE ATTACHED NOTICE.

Rubber stamp of company, if any or of secretaries.

Date 2003-11-27 Signature /s/ MARIAN PETRO VAN WYK

Secretary
Name (in block capitals) MARIAN PETRO VAN WYK

* Delete whichever not applicable.

(To be completed by company)
Herewith copy of special resolution as registered.

Registration No. of Company
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED
Postal address [***]
Not valid unless stamped by Registrar of Companies.

[SEAL]

[HARMONY LOGO]
HARMONY GOLD MINING COMPANY LIMITED
Incorporated in the Republic of South Africa
Registration Number 1950/038232/06
("Harmony" or "Company")

[SEAL]

JSE SHARE CODE HAR NYSE SHARE CODE HMY ISIN CODE ZAE 000015228

DIRECTORS: PT Motsepe (Chairman), ZB Swanepoel (Chief Executive), F Abbott, Dr MMMM Bakane-Tuoane, F Dippenaar, VN Fakude, TSA Grobicki, WM Gule, MW King, DS Lushaba, MF Fleming, Lord Renwick of Clifton KCMG*, CML Savage, Dr SP Sibisi, DV Simelane, Dr RV Simelane, MV Sisulu, P Taljaard, AJ Wilkens

SECRETARY: MP van der Walt

*British

NOTICE TO SHAREHOLDERS

Notice is hereby given that the annual general meeting of Harmony will be held on Friday, 14 November 2003 at 10:00 at Harmony's Corporate Offices, Randfontein Office Park, corner Main Reef Road and Ward Avenue, Randfontein for the following purposes:

- 1 to receive and consider the audited financial statements of the Company for the year ended 30 June 2003;
- 2 to fix the remuneration of the directors. Members will be requested to vary directors' fees from R25 000 per quarter to: R20 000 per quarter, plus R5 000 per quarter for each board committee that a director serves on;
- 3 to elect Messrs PT Motsepe (as chairman), WM Gule, MW King, P Taljaard, AJ Wilkens, CML Savage, DV Simelane, MV Sisulu and Drs MMMM Bakane-Tuoane, SP Sibisi and RV Simelane as directors in terms of the Articles of Association of the Company (short CV's of each director appear in the Annual Report under the heading "Directorate");
- 4 to re-elect Messrs ZB Swanepoel, TSA Grobicki and MF Fleming as directors in terms of the Articles of Association of the Company (short CV's of each director appear in the Annual Report under the heading "Directorate"); and
- 5 to consider, and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, the reasons for and the effects of the special resolutions being stated below:

SPECIAL RESOLUTION NUMBER 1

"Resolved that the Articles of Association of the Company be and are hereby amended by the insertion of the following new Article 2A:

"2A. Unissued shares shall be offered to existing shareholders pro rata to their shareholdings, unless issued in consideration for the acquisition of assets. Subject to the provisions of Section 221 of the Act, shareholders in general meeting may authorise the directors to issue unissued securities and/or options to subscribe for unissued shares as the directors in their discretion think fit, provided such transaction(s) has/have been approved by the JSE."

The reason for special resolution number 1 is to ensure that the Articles of Association of the Company comply with the amended Listings Requirements of the JSE Securities Exchange South Africa ("JSE"). The effect of special resolution number 1 is that the Articles of Association of the Company will be amended. New Article 2A should be read in conjunction with ordinary resolutions numbers 2 and 3 below.

SPECIAL RESOLUTION NUMBER 2

"Resolved that the Articles of Association of the Company be and are hereby amended by the deletion of Article 46 in its entirety and the insertion of the following new Article 46 in its place:

"46. For so long as the Company remains listed on the JSE, notice of all general meetings shall be given to the Listings Division of the JSE and shall be announced through the Stock Exchange New Service ("SENS"), at the same time as such notice is given to the members."

The reason for special resolution number 2 is to ensure that the Articles of Association of the Company comply with the amended Listings Requirements of the JSE. The effect of special resolution number 2 is that the Articles of Association of the Company will be amended so as to provide that Harmony will also be obliged to give notice of its general meetings through SENS.

SPECIAL RESOLUTION NUMBER 3

"Resolved that the Articles of Association of the Company be and are hereby amended by the deletion of Article 103 in its entirety and the insertion in its place of the following new Article 103:

"103. There will not be a quorum at any meeting of the Board unless at least 50% of the members of the Board are present, of which the majority must be non-executive directors. A quorum must further be a disinterested quorum. Thus, a director who has an interest in any matter to be considered at the relevant meeting of the Board may not vote on it and may not be counted for purposes of determining whether or not a quorum is present at the meeting."

Harmony has implemented a Board Charter in addition to its Articles of Association, in order to comply with the requirements of good corporate governance. The reason for special resolution number 3 is to bring the Articles of Association of the Company in line with the provisions of its Board Charter. The effect of special resolution number 3 is that the Articles of Association of the Company will be amended so as to provide that there will not be a quorum at any meeting of the board of directors of the Company unless at least 50% of the disinterested directors are present, of which the majority must be non-executive directors.

SPECIAL RESOLUTION NUMBER 4

"Resolved that the Articles of Association of the Company be and are hereby amended by the deletion of Article 109 in its entirety and the insertion in its place of the following new Article 109:

"109. A resolution signed by a majority of directors (or their alternates, if applicable), who also comprise a quorum for purposes of Board meetings, who are present in the Republic of South Africa at the time when the resolution is signed by the first of such directors, shall be as valid and effective as if it had been passed at a duly constituted meeting of the Board and shall be inserted in the company's minute book. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last director who signed it, unless a statement to the contrary is made in that resolution. A copy of any such resolution shall be sent to all the directors forthwith after the passing thereof."

The reason for special resolution number 4 is to bring the Articles of Association of the Company in line with the provisions of Harmony's Board Charter and also to comply with the amended Listings Requirements of the JSE. The effect of special resolution number 4 is that the Articles of Association of the Company will be amended so as to provide that a round robin resolution will be regarded as being duly passed when the majority of directors present in the Republic of South Africa have signed such resolution, provided that such directors comprise a quorum for purposes of meetings of the board of directors of the Company.

SPECIAL RESOLUTION NUMBER 5

"Resolved that the Company approves, as a general approval in terms of section 85 (2) of the Companies Act, 1973 (Act 61 of 1973) ("the Act") as amended, the acquisition, from time to time, of such number of shares issued by the Company ("Company's Shares") and at such price or prices and on such other terms and conditions as the directors may from time to time determine, but subject to the requirements from time to time of any stock exchange upon which the Company's Shares may be quoted or listed and to the following requirements of the JSE Securities Exchange South Africa ("JSE"):

- (a) the repurchase of the Company's Shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- (b) the authority shall be valid only until the next annual general meeting of the Company or for 15 months from the date on which this special resolution is passed, whichever period is shorter;
- (c) repurchases may not be made at a price more than 10% above the weighted average of the market value for the Company's Shares for the five business days immediately preceding the date on which the transaction is effected;
- (d) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- (e) the Company may only undertake a repurchase of the Company's Shares if, after such repurchase, it still complies with the Listings Requirements of the JSE concerning shareholder spread requirements; and
- (f) the Company or its subsidiaries may not repurchase the Company's Shares during a prohibited period, as defined in the Listings Requirements of the JSE."

The reason for and effect of special resolution number 5 is to generally approve, in terms of section 85(2) of the Act, the acquisition by the Company of ordinary shares issued by it, subject to the Listings Requirements of the JSE. The directors intend to utilise this authority at such time or times, in respect of such number of shares, at such price and on such terms as they may consider appropriate in the circumstances from time to time, provided that any repurchase of securities should not, in the aggregate, in this financial year exceed 20% of the Company's issued share capital of the class concerned. Accordingly, the method by which the Company intends to acquire its securities, the maximum

number of securities which will be acquired and the price(s) and date(s) at which the acquisition(s) is (are) to take place are not presently known. In considering whether or not to act in terms of this general authority, the directors will ensure for a period of twelve months after the date of the notice of the general meeting that:

- a) the Company and its subsidiaries ("Group") will be able, in the ordinary course of business, to pay its debts;
- b) the consolidated assets of the Company and the Group will be in excess of the consolidated liabilities of the Company and the Group. For this purpose, the assets and liabilities will be recognized and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- c) the Company and the Group will have adequate capital and reserves; and
- d) the working capital of the Company and the Group will be adequate for at least twelve months' operations.

When the company has cumulatively repurchased 3% of the initial number of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company will publish an announcement giving details thereof in accordance with Rule 11,27 of the JSE Listings Requirements.

The Company undertakes that it will not enter the market to repurchase the Company's shares in terms of this general authority until such time as the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the JSE Listings Requirements.

Please refer to the Annual Report to which this Notice to Shareholders is attached for details of the Company's directors and management, its major shareholders, material changes, litigation, directors' interests in securities, share capital of the Company and the Directors' Responsibility Statement.

ORDINARY RESOLUTION NUMBER 1

"Resolved that the Harmony (2003) Share Option Scheme ("Scheme") be approved, subject to approval by the directors of the Company and the JSE Securities Exchange South Africa, and that the directors are authorised to take such action as may be required to implement the Scheme, provided that no further allocations are made under the Harmony (1994) Share Option Scheme and the Harmony (2001) Share Option Scheme."

NOTE: A SUMMARY OF THE RULES OF THE SCHEME, AS REQUIRED BY THE JSE, IS ATTACHED HERETO.

The merger with African Rainbow Minerals Gold Limited, acquisitions by the Company and a 5% provision for broad based participation by non-managerial employees of the Company in compliance with the Mining Charter, have necessitated the need for an increase in the amount of options available to employees. The reason for implementing a new scheme, therefore, is to ensure that the Company has a sufficient number of securities available to allot to employees of Harmony.

ORDINARY RESOLUTION NUMBER 2

"Resolved that the directors of the Company be and are hereby authorised to allot and issue, after providing for the requirements of the Harmony (1994) Share Option Scheme, the Harmony (2001) Share Option Scheme and the Harmony (2003) Share Option Scheme, all or any of the remaining unissued shares in the capital of the Company at such time or times to such person or persons or bodies corporate upon such terms and conditions as the directors may from time to time at their sole discretion determine, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Securities Exchange of South Africa."

This ordinary resolution is required in order to comply with the provisions of section 221 of the Act.

ORDINARY RESOLUTION NUMBER 3

"Resolved that the directors of the Company be and are hereby authorised to allot and issue all or any of the authorised but unissued shares in the capital of the Company for cash on such terms and conditions as the directors may from time to time at their sole discretion deem fit, as and when suitable opportunities arise therefor, but subject to the following requirements of the JSE Securities Exchange South Africa ("JSE"):

- a) the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- b) the securities must be issued to public shareholders, as defined in the Listings Requirements of the JSE and not to related parties;
- c) securities which are the subject of general issues for cash:
 - (i) in the aggregate in any one financial year may not exceed 15% of the relevant number of securities in issue of that class (for purposes of determining the securities comprising the 15% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any securities which may be issued in future arising out of the issue of such options/convertible securities);
 - (ii) of a particular class, will be aggregated with any securities that are compulsory convertible into securities of that class, and, in

the case of the issue of compulsory convertible securities, aggregated with the securities of that class into which they are compulsory convertible;

(iii) as regards the number of securities which may be issued (the 15% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:

- (1) less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
- (2) plus any securities of that class to be issued pursuant to:
 - (aa) a rights issue which has been announced, is irrevocable and is fully underwritten; or

- (bb) an acquisition which has had final terms announced, as though they were securities in issue as at the date of application;
- d) the maximum discount at which securities may be issued is 10% of the weighted average traded price of such securities measured over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required for this resolution to be effective. This resolution, if approved by shareholders, shall be valid until the Company's next annual general meeting or for 15 months from the date of the resolution, whichever is the shorter.

After the Company has issued equity securities in terms of this general authority representing, on a cumulative basis within the current financial year, 5% or more of the number of equity securities in issue prior to that issue, the Company will publish an announcement containing full details of the issue in accordance with Rule 11.22 of the JSE Listings Requirements.

VOTING AND PROXIES

Each shareholder of Harmony who, being an individual, is present in person or by proxy, or being a company, is represented at the general meeting, is entitled to one vote on a show of hands. On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a shareholder of Harmony.

Certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting, but wish to be represented thereat must complete and return the attached form of proxy to the transfer secretaries of Harmony, being Ultra Registrars (Pty) Ltd or Capita Registrars, to reach them by no later than 9:00 on 12 November 2003. The completion of a form of proxy will not preclude a Harmony shareholder from attending, speaking and voting at the general meeting to the exclusion of the proxy so appointed.

Dematerialised shareholders other than those who have elected "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and its CSDP or broker.

By order of the Board

/s/MP van der Walt

Harmony Gold Mining Company Limited
MP van der Walt
Secretary
Virginia
23 September 2003

SUMMARY OF THE RULES OF THE PROPOSED
HARMONY (2003) SHARE OPTION SCHEME

As required by the JSE Securities Exchange South Africa ("JSE"), a summary of the rules of the proposed Harmony (2003) Share Option Scheme ("the scheme"), as approved by the JSE and directors, follows hereunder:

1 PARTICIPANTS

Participants under the scheme are limited to employees of Harmony Gold Mining Company Limited ("the company") and its subsidiaries, as well as persons who devote their time exclusively to the service of the Company.

2 AGGREGATE NUMBER OF SECURITIES

The total amount of options allocated under the previous Harmony (1994) Share Option Scheme and the Harmony (2001) Share Option Scheme represent 5% of the company's issued share capital. Due to the requirements of the Mining Charter we intend to reserve a further 5% of our issued share capital for broad based participation by non-managerial employees. In addition, a further 4% of our issued share capital will be reserved as an incentive for managerial staff. The total number of shares reserved for this scheme will therefore be 23 234 960 as at 16 September 2003, which represent 9% of the issued share capital of the company.

No new options will be granted under the Harmony (1994) Share Option Scheme or the Harmony (2001) Share Option Scheme.

There is also a restriction on the number of shares any single participant may acquire, being 0,5% of the issued share capital of the company as at 16 September 2003.

3 ACQUISITION OF SHARES

The price at which an option may be exercised will be in respect of each share, which is the subject of the option, the closing market price of a share on the JSE on the trading day preceding the day on which the option is granted.

4 TERMINATION OF PARTICIPATION

All options outstanding held by an employee shall lapse on the date of such employee's resignation. Options held and exercisable by an employee proceeding on retirement, may be exercised at any time for a period of twelve months from date of retirement. An option lapses automatically 10 (ten) years after the date of granting the option.

5 RIGHTS ATTACHING TO OPTIONS

Options do not rank for dividends and have no voting rights.

A copy of the Harmony (2003) Share Option Scheme will lie open for inspection at the Company's corporate offices, Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, for a period of not less than 14 days prior to this annual general meeting.

[SEAL]

HARMONY GOLD MINING COMPANY LIMITED
Incorporated in the Republic of South Africa
Registration Number. 1950/038232/06
("Harmony" or "Company")

JSE SHARE CODE HAR-NYSE SHARE CODE HMY ISIN CODE ZAE 000015228

PROXY FORM

For use of certificated and "own name" dematerialised shareholders of Harmony ("shareholders") at the annual general meeting of the Company to be held at 10:00 on Friday, 14 November 2003, at Harmony's Corporate Offices, Randfontein Office Park, corner of Main Reef Road and Ward Avenue, Randfontein, and any adjournment thereof ("general meeting").

I/We _____ (NAME IN BLOCK LETTERS)

being the holder/s of _____ shares in the Company, do hereby appoint

1. _____ or failing him/her
2. _____ or failing him/her
3. the chairman of the general meeting,

as my/our proxy to act for me/us and on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions (see note 2):

<TABLE>
<CAPTION>

<S>	<C>	FOR <C>	AGAINST <C>	ABSTAIN <C>
RESOLUTION 1	Adoption of 2003 audited financial statements	_____	_____	_____
RESOLUTION 2	Fixing the remuneration of directors	_____	_____	_____
RESOLUTION 3	Election of directors in terms of the Company's Articles of Association:			
	Dr MMM Bakane-Tuoane	_____	_____	_____
	WM Gule	_____	_____	_____
	MW King	_____	_____	_____
	PT Motsepe (new chairman)	_____	_____	_____
	CML Savage	_____	_____	_____
	Dr SP Sibisi	_____	_____	_____
	DV Simelane	_____	_____	_____
	Dr RV Simelane	_____	_____	_____
	MV Sisulu	_____	_____	_____
	P Taljaard	_____	_____	_____
	AJ Wilkens	_____	_____	_____

</TABLE>

SUMMARY OF THE RULES OF THE PROPOSED
HARMONY (2003) SHARE OPTION SCHEME

As required by the JSE Securities Exchange South Africa ("JSE"), a summary of the rules of the proposed Harmony (2003) Share Option Scheme ("the scheme"), as approved by the JSE and directors, follows hereunder:

1 PARTICIPANTS

Participants under the scheme are limited to employees of Harmony Gold Mining Company Limited ("the company") and its subsidiaries, as well as persons who devote their time exclusively to the service of the Company.

2 AGGREGATE NUMBER OF SECURITIES

The total amount of options allocated under the previous Harmony (1994) Share Option Scheme and the Harmony (2001) Share Option Scheme represent 5% of the company's issued share capital. Due to the requirements of the Mining Charter we intend to reserve a further 5% of our issued share capital for broad based participation by non-managerial employees. In addition, a further 4% of our issued share capital will be reserved as an incentive for managerial staff. The total number of shares reserved for this scheme will therefore be 23 234 960 as at 16 September 2003, which represent 9% of the issued share capital of the company.

No new options will be granted under the Harmony (1994) Share Option Scheme or the Harmony (2001) Share Option Scheme.

There is also a restriction on the number of shares any single participant may acquire, being 0,5% of the issued share capital of the company as at 16 September 2003.

3 ACQUISITION OF SHARES

The price at which an option may be exercised will be in respect of each share, which is the subject of the option, the closing market price of a share on the JSE on the trading day preceding the day on which the option is granted.

4 TERMINATION OF PARTICIPATION

All options outstanding held by an employee shall lapse on the date of such employee's resignation. Options held and exercisable by an employee, proceeding on retirement, may be exercised at any time for a period of twelve months from date of retirement. An option lapses automatically 10 (ten) years after the date of granting the option.

5 RIGHTS ATTACHING TO OPTIONS

Options do not rank for dividends and have no voting rights.

A copy of the Harmony (2003) Share Option Scheme will lie open for inspection at the Company's corporate offices, Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, for a period of not less than 14 days prior to this annual general meeting.

[SEAL]

<TABLE>
<CAPTION>

		FOR	AGAINST	ABSTAIN
<S>	<C>	<C>	<C>	<C>
RESOLUTION 4	Re-election of directors in terms of the Company's Articles of Association:			
	TSA Grobicki	[]	[]	[]
	MF Pieming	[]	[]	[]
	ZB Swanepoel	[]	[]	[]
SPECIAL RESOLUTION NUMBER 1	Insertion of new Article 2A as part of the Company's Articles of Association	[]	[]	[]
SPECIAL RESOLUTION NUMBER 2	Amending Article 46 of the Company's Articles of Association	[]	[]	[]
SPECIAL RESOLUTION NUMBER 3	Amending Article 103 of the Company's Articles of Association	[]	[]	[]
SPECIAL RESOLUTION NUMBER 4	Amending Article 109 of the Company's Articles of Association	[]	[]	[]
SPECIAL RESOLUTION NUMBER 5	Granting authority for share repurchases	[]	[]	[]
ORDINARY RESOLUTION NUMBER 1	Approving the Harmony (2003) Share Option Scheme	[]	[]	[]
ORDINARY RESOLUTION NUMBER 2	Placing the balance of the unissued shares of the Company under the control of the directors	[]	[]	[]
ORDINARY RESOLUTION NUMBER 3	Authorising the directors to issue shares for cash	[]	[]	[]

</TABLE>

Signed at _____ on _____ 2003.

Signature _____

Assisted by me (where applicable) _____

(Note: A shareholder entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his/her stead. Such proxy need not also be a shareholder of the Company).

Please read the notes on the following page under the heading "Notes".

NOTES:

1. A certificated or "own name" dematerialised shareholder may insert the name of a proxy or the names of two alternative proxies of the certificated or "own name" dematerialised shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting"; but any such deletion must be initialed by the certificated or "own name" dematerialised shareholder. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A certificated or "own name" dematerialised shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the certificated or "own name" dematerialized shareholders' votes exercisable thereat. A certificated or "own name" dematerialised shareholder or his proxy is not obligated to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the certificated or "own name" dematerialised shareholder or by his/her proxy.
3. This duly completed form of proxy must be received by the Company's transfer secretaries, Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) or Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, 48 hours before the time fixed for the general meeting.
4. The completion and lodging of this form of proxy will not preclude the relevant certificated or "own name" dematerialised shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to This form or proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the general meeting.
6. Every person present and entitled to vote at the general meeting as a registered member or as a representative of a body corporate shall on a show of hands have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, such person or representative, will have one vote per share.
7. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.
8. Dematerialised shareholders other than those with "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participant ("CSDP") or broker to provide them with a Letter of Representation or they must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the dematerialised shareholder and his/her CSDP or broker.

Revenue stamp or revenue
franking machine
impression R80

SOLNIC SPECIAL RESOLUTION [SEAL]
(Section 200)
(To be lodged in duplicate)

Registration No. of Company
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED

Date notice given to members 20 OCTOBER 2004 Date resolution passed 12 NOVEMBER 2004

Special resolution passed in terms of section 75 of the Act/*paragraph _____ of the memorandum/*article 19 of the articles.

Copy of notice convening meeting attached.

Consent to waive period of notice of meeting (CM 25) attached/*not attached.

CONTENTS OF RESOLUTION
(Use reverse side if necessary)

Resolved:

SEE SPECIAL RESOLUTION IN THE NOTICE ATTACHED HERETO AS ANNEXE "A"

Rubber stamp of company, if any or of secretaries.

Date 2004-11-12

Signature /s/ MARIAN VAN DER WALT

Director/Secretary/Manager

Name (in block capitals) MARIAN VAN DER WALT

* Delete whichever not applicable.

(To be completed by company)

Herewith copy of special resolution as registered.

REGISTRATEUR VAN MAATSKAPPYE EN
VAN BESLOTE KORPORASIES

Registration No. of Company
1950/038232/06

[SEAL]

Name of company HARMONY GOLD MINING COMPANY LIMITED

Postal address SUITE NO 1, PRIVATE BAG X1, MELROSE ARCH

JOHANNESBURG, 2076 SOLNIC

Not valid unless stamped by Registrar of Companies.

SOLNIC HARMONY

HARMONY GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa) [SEAL]
(Registration number 1950/038232/06)
Share code: HAR ISIN: ZAE000015228
("Harmony" or "the Company")

DIRECTORS: P T Motsepe (Chairman), Z B Swanepoel (Chief Executive), F Abbott, F Dippenaar, V N Fakude, T S A Grobicki, W M Gule, Dr D S Lushaba, R P Menell, M Motloba, Dr M Z Nkosi, M F Pleming, V N Qangule (Financial Director), CML Savage

SECRETARY: MP van der Walt

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT A GENERAL MEETING OF HARMONY SHAREHOLDERS WILL BE HELD AT HARMONY'S CORPORATE OFFICE, RANDFONTEIN OFFICE PARK, CORNER MAIN REEF ROAD AND WARD AVENUE, RANDFONTEIN ON FRIDAY, 12 NOVEMBER 2004 AT 11H00 (SOUTH AFRICAN TIME) TO CONSIDER AND, IF DEEMED FIT, TO PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING ORDINARY AND SPECIAL RESOLUTIONS -

ORDINARY RESOLUTION NUMBER 1

"Resolved that, subject to the passing of ordinary resolution number 2 and the passing and registration of the special resolution proposed at this general meeting, the acquisition by the Company of all or any of the shares in the ordinary share capital of Gold Fields Limited, by way of the early settlement offer and the subsequent offer (as defined in the circular to which this notice is attached ("CIRCULAR") in terms of Section 440 of the Companies Act, 1973 (Act 61 of 1973), as amended ("COMPANIES ACT"), a scheme of arrangement in terms of Section 311 of the Companies Act, or otherwise, on the terms and conditions contained in the circular, or on such other terms and conditions as the directors of the Company may deem fit, be and is hereby approved ("OFFERS")."

SPECIAL RESOLUTION

"Resolved that, subject to the passing of ordinary resolutions numbers 1 and 2 proposed at this general meeting, the authorised ordinary share capital of the Company be and is hereby increased from R225,000,000.00 divided into 450,000,000 ordinary shares of R0.50 each to R600,000,000.00 divided into 1,200,000,000 ordinary shares of R0.50 each by the creation of 750,000,000 new ordinary shares of R0.50 each ranking pari passu in all respects with the existing ordinary shares in the authorised share capital of the Company."

The reason for this special resolution is to ensure that the Company has sufficient shares to allot and issue for the purposes of the offers and further opportunities. The effect of this special resolution is to create 750 000 000 new ordinary shares and thereby increase the authorised ordinary share capital of the Company from R225,000,000.00 to R600,000,000.00.

ORDINARY RESOLUTION NUMBER 2

"Resolved that, subject to the passing of ordinary resolution number 1 and the passing and registration of the special resolution proposed at this general meeting, the directors of the Company be and are hereby authorised, as a specific authority in terms of section 221 of the Companies Act, to allot and issue such number of the unissued shares in the capital of the Company (including the new ordinary shares created in terms of the special resolution proposed at this general meeting) as may be necessary to implement the offers."

ORDINARY RESOLUTION NUMBER 3

"Resolved that the directors of the Company be and are hereby authorised, as a general authority in terms of section 221 of the Companies Act, to allot and issue, after providing for the requirements of the Harmony (1994) Share Option Scheme, the Harmony (2001) Share Option Scheme and the Harmony (2003) Share Option Scheme, all or any of the remaining unissued securities in the capital of the Company (including the new ordinary shares created in terms of the special resolution proposed at this general meeting) at such time or times to such person or persons or bodies corporate upon such terms and conditions as the directors may from time to time in their sole discretion determine, subject to the provisions of the Companies Act and the Listings Requirements of the JSE Securities Exchange of South Africa ("JSE")."

ORDINARY RESOLUTION NUMBER 4

"Resolved that the directors of the Company be and are hereby authorised to allot and issue equity securities (including the grant or issue of options or securities that are convertible into an existing class of equity securities) for cash (or the extinction of a liability, obligation or commitment, restraint(s), or settlement of expenses) on such terms and conditions as the directors may from time to time in their sole discretion deem fit, as and when suitable opportunities arise therefor, but subject to the following requirements of the JSE -

- a) the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- b) the equity securities must be issued to public shareholders, as defined in the Listings Requirements of the JSE, and not to related parties;
- c) securities which are the subject of general issues for cash:
 - (i) in the aggregate in any one financial year may not exceed 15% of the relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 15% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities);
 - (ii) of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
 - (iii) as regards the number of securities which may be issued (the 15% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
 1. less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
 2. plus any securities of that class to be issued pursuant to:
 - (aa) a rights issue which has been announced, is irrevocable and is fully underwritten; or
 - (bb) an acquisition which has had final terms announced may be included, as though they were securities in issue as at the date of application;
- d) the maximum discount at which equity securities may be issued is 10% of the weighted average traded price of such equity securities measured over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this meeting is required for this resolution to be effective. This resolution, if approved by shareholders, shall be valid until the Company's next annual general meeting or for 15 months from the date of the resolution, whichever is the shorter.

After the Company has issued equity securities in terms of this general authority representing, on a cumulative basis within the current financial year, 5% or more of the number of equity securities in issue prior to that issue, the Company will publish an announcement containing full details of the issue in accordance with Rule 11.22 of the Listings Requirements of the JSE.

ORDINARY RESOLUTION NUMBER 5

Resolved that subject to the passing of ordinary resolution numbers 1 and 2 and the passing and registration of the special resolution proposed at this general meeting, the directors of the Company be and are hereby authorised, as a specific authority in terms of section 221 of the Companies Act, to allot and issue such number of the unissued shares in the capital of the Company to Mvelaphanda Gold (Proprietary) Limited ("MVELAPHANDA GOLD"), Micawber 325 (Proprietary) Limited ("MEZZ SPV") or to the providers of mezzanine finance in terms of the empowerment transaction ("EMPOWERMENT TRANSACTION") entered into between, inter alia, Mvelaphanda Resources Limited and Gold Fields Limited ("MEZZANINE FINANCIERS"), as the case may be, if ordinary shares in GFI Mining South Africa (Proprietary) Limited ("GOLD FIELDS SOUTH AFRICA") equivalent to 15% of the issued share capital of Gold Fields South Africa are sold to the Company pursuant to the Company exercising its right of call in respect of such shares or pursuant to Mvelaphanda Gold, Mezz SPV or the Mezzanine Financiers, as the case may be, exercising the right to put such shares to the Company, in terms of the empowerment transaction.

ORDINARY RESOLUTION NUMBER 6

"Resolved that any one of the directors of the Company be and is hereby authorised to do all such things, sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary for or incidental to the implementation of the offers and the ordinary and special resolutions proposed at this general meeting."

VOTING AND PROXIES

Each shareholder of Harmony who, being an individual, is present in person or by proxy, or, being a company, is represented at the general meeting, is entitled to one vote on a show of hands: On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a shareholder of Harmony.

Certificated shareholders and dematerialised shareholders with "own name" registration who are unable to attend the general meeting, but wish to be represented thereat must complete and return the attached form of proxy to the transfer secretaries of Harmony, being Ultra Registrars (Proprietary) Limited or Capita IRG plc (trading as Capita Registrars), to reach them by no later than 11 h00 on Wednesday, 10 November 2004. The completion of a form of proxy will not preclude a shareholder from attending, speaking and voting at the general meeting to the exclusion of the proxy so appointed.

Dematerialised shareholders other than those who have elected "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and his CSDP or broker.

By order of the Board
HARMONY GOLD MINING COMPANY LIMITED

MP van der Walt
Secretary
Virginia
20 October 2004

REGISTERED OFFICE

Remaining extent of portion 3 of the farm
Harmony farm 222
Private Road, Glen Harmony
Virginia, 9430
South Africa

TRANSFER SECRETARIES

SOUTH AFRICA
Ultra Registrars (Pty) Ltd
11 Diagonal Street,
Johannesburg, 2001
(P O Box 4844, Johannesburg, 2000)
South Africa

UNITED KINGDOM
Capita IRG plc
(trading as Capita Registrars),
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU, England
United Kingdom

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 1973

Revenue stamp or revenue
franking machine
impression R80

SOLNIC SPECIAL RESOLUTION
(Section 200)
(To be lodged in duplicate)

[SEAL]

Registration No. of Company
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED

Date notice given to members 03 SEPTEMBER 2004 Date resolution passed 12
NOVEMBER 2004

Special resolution passed in terms of section 75 & 85 of the Act/*paragraph
_____ of the memorandum/*article 19 & 22A of the articles.

Copy of notice convening meeting attached.

Consent to waive period of notice of meeting (CM 25) attached/* not attached.

CONTENTS OF RESOLUTION
(Use reverse side if necessary)

Resolved:

SEE SPECIAL RESOLUTIONS NUMBERS 1 AND 2 IN THE NOTICE ATTACHED HERETO AS
ANNEXE "A"

Rubber stamp of company, if any or of secretaries.

Date 2004-11-12

Signature /s/ MARIAN VAN DER WALT

Director/Secretary Manager

Name (in block capitals) MARIAN VAN DER WALT

* Delete whichever not applicable.

(To be completed by company)

[SEAL]

Herewith copy of special resolution as registered.

Registration No. of Company
1950/038232/06

Name of company HARMONY GOLD MINING COMPANY LIMITED

Postal address SUITE NO 1, PRIVATE BAG X1, MELROSE ARCH
JOHANNESBURG, 2076

Not valid unless stamped by Registrar of Companies.

REPUBLIC OF SOUTH AFRICA
COMPANIES ACT, 1973

Revenue stamp or revenue
franking machine
impression

SOLNIC SPECIAL RESOLUTION
(Section 200)
(To be lodged in duplicate)

Registration No. of Company
1950/038232/06

[SEAL]

Name of company HARMONY GOLD MINING COMPANY LIMITED

Date notice given to members 20 OCTOBER 2004 Date resolution passed 12 NOVEMBER 2004

Special resolution passed in terms of section 75 of the Act/*paragraph___ of the memorandum/*article 19 of the articles.

Copy of notice convening meeting attached.

Consent to waive period of notice of meeting (CM 25) attached/*not attached.

CONTENTS OF RESOLUTION
(Use reverse side if necessary)

Resolved:

SEE SPECIAL RESOLUTION IN THE NOTICE ATTACHED HERETO AS ANNEXE "A"

Rubber stamp of company, if any or of secretaries.

Date 2004-11-12

Signature /s/ Marian Van Der Walt

Director/Secretary/Manager

Name (in block capitals) MARIAN VAN DER WALT

* Delete whichever not applicable.

(To be completed by company)

Herewith copy of special resolution as registered.

Special resolution
registered this day
2004-11-17
[SEAL]

Registration No. of Company
1950/038232/06

Date stamp Of Companies
[***]

Name of company HARMONY GOLD MINING COMPANY LIMITED

Registrar of Companies

Postal address SUITE NO 1, PRIVATE BAG X1, MELROSE ARCH
JOHANNESBURG, 2076

Not valid unless stamped by Registrar of Companies.

SOLNIC HARMONY

HARMONY GOLD MINING COMPANY LIMITED [SEAL]
(Incorporated in the Republic of South Africa
(Registration number 1950/038232/06)
Share code: HAR ISIN: ZAE000015228
("Harmony" or "the Company")

DIRECTORS: P T Motsepe (Chairman), Z B Swanepoel (Chief Executive), F Abbott, F Dippenaar, V N Fakude, T S A Grobicki, W M Gule, Dr D S Lushaba, R P Menell, M Motloba, Dr M Z Nkosi, M F Fleming, V N Qangule (Financial Director), CML Savage

SECRETARY: MP van der Walt

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT A GENERAL MEETING OF HARMONY SHAREHOLDERS WILL BE HELD AT HARMONY'S CORPORATE OFFICE, RANDFONTEIN OFFICE PARK, CORNER MAIN REEF ROAD AND WARD AVENUE, RANDFONTEIN ON FRIDAY, 12 NOVEMBER 2004 AT 11H00 (SOUTH AFRICAN TIME) TO CONSIDER AND, IF DEEMED FIT, TO PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING ORDINARY AND SPECIAL RESOLUTIONS -

ORDINARY RESOLUTION NUMBER 1

"Resolved that, subject to the passing of ordinary resolution number 2 and the passing and registration of the special resolution proposed at this general meeting, the acquisition by the Company of all or any of the shares in the ordinary share capital of Gold Fields Limited, by way of the early settlement offer and the subsequent offer (as defined in the circular to which this notice is attached ("CIRCULAR") in terms of Section 440 of the Companies Act, 1973 (Act 61 of 1973), as amended ("COMPANIES ACT"), a scheme of arrangement in terms of Section 311 of the Companies Act, or otherwise, on the terms and conditions contained in the circular, or on such other terms and conditions as the directors of the Company may deem fit, be and is hereby approved ("OFFERS")."

SPECIAL RESOLUTION

"Resolved that, subject to the passing of ordinary resolutions numbers 1 and 2 proposed at this general meeting, the authorised ordinary share capital of the Company be and is hereby increased from R225,000,000.00 divided into 450,000,000 ordinary shares of R0.50 each to R600,000,000.00 divided into 1,200,000,000 ordinary shares of R0.50 each by the creation of 750,000,000 new ordinary shares of R0.50 each ranking pari passu in all respects with the existing ordinary shares in the authorised share capital of the Company."

The reason for this special resolution is to ensure that the Company has sufficient shares to allot and issue for the purposes of the offers and further opportunities. The effect of this special resolution is to create 750 000 000 new ordinary shares and thereby increase the authorised ordinary share capital of the Company from R225,000,000.00 to R600,000,000.00.

ORDINARY RESOLUTION NUMBER 2

"Resolved that, subject to the passing of ordinary resolution number 1 and the passing and registration of the special resolution proposed at this general meeting, the directors of the Company be and are hereby authorised, as a specific authority in terms of section 221 of the Companies Act, to allot and issue such number of the unissued shares in the capital of the Company (including the new ordinary shares created in terms of the special resolution proposed at this general meeting) as may be necessary to implement the offers."

ORDINARY RESOLUTION NUMBER 3

"Resolved that the directors of the Company be and are hereby authorised, as a general authority in terms of section 221 of the Companies Act, to allot and issue, after providing for the requirements of the Harmony (1994) Share Option Scheme, the Harmony (2001) Share Option Scheme and the Harmony (2003) Share Option Scheme, all or any of the remaining unissued securities in the capital of the Company (including the new ordinary shares created in terms of the special resolution proposed at this general meeting) at such time or times to such person or persons or bodies corporate upon such terms and conditions as the directors may from time to time in their sole discretion determine, subject to the provisions of the Companies Act and the Listings Requirements of the JSE Securities Exchange of South Africa ("JSE")."

ORDINARY RESOLUTION NUMBER 4

"Resolved that the directors of the Company be and are hereby authorised to allot and issue equity securities (including the grant or issue of options or securities that are convertible into an existing class of equity securities) for cash (or the extinction of a liability, obligation or commitment, restraint(s), or settlement of expenses) on such terms and conditions as the directors may from time to time in their sole discretion deem fit, as and when suitable opportunities arise therefor, but subject to the following requirements of the JSE -

- a) the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- b) the equity securities must be issued to public shareholders, as defined in the Listings Requirements of the JSE, and not to related parties;
- c) securities which are the subject of general issues for cash:
 - (i) in the aggregate in any one financial year may not exceed 15% of the relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 15% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities);
 - (ii) of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
 - (iii) as regards the number of securities which may be issued (the 15% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
 - 1. less any securities of the class issued, or to be issued in future arising from options/ convertible securities issued, during the current financial year;
 - 2. plus any securities of that class to be issued pursuant to:
 - (aa) a rights issue which has been announced, is irrevocable and is fully underwritten; or
 - (bb) an acquisition which has had final terms announced may be included, as though they were securities in issue as at the date of application;
- d) the maximum discount at which equity securities may be issued is 10% of the weighted average traded price of such equity securities measured over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this meeting is required for this resolution to be effective. This resolution, if approved by shareholders, shall be valid until the Company's next annual general meeting or for 15 months from the date of the resolution, whichever is the shorter.

After the Company has issued equity securities in terms of this general authority representing, on a cumulative basis within the current financial year, 5% or more of the number of equity securities in issue prior to that issue, the Company will publish an announcement containing full details of the issue in accordance with Rule 11.22 of the Listings Requirements of the JSE.

ORDINARY RESOLUTION NUMBER 5

Resolved that subject to the passing of ordinary resolution numbers 1 and 2 and the passing and registration of the special resolution proposed at this general meeting, the directors of the Company be and are hereby authorised, as a specific authority in terms of section 221 of the Companies Act, to allot and issue such number of the unissued shares in the capital of the Company to Mvelaphanda Gold (Proprietary) Limited ("MVELAPHANDA GOLD"), Micawber 325 (Proprietary) Limited ("MEZZ SPV") or to the providers of mezzanine finance in terms of the empowerment transaction ("EMPOWERMENT TRANSACTION") entered into between, INTER ALIA, Mvelaphanda Resources Limited and Gold Fields Limited ("MEZZANINE FINANCIERS"), as the case may be, if ordinary shares in GFI Mining South Africa (Proprietary) Limited ("GOLD FIELDS SOUTH AFRICA") equivalent to 15% of the issued share capita of Gold Fields South Africa are sold to the Company pursuant to the Company exercising its right of call in respect of such shares or pursuant to Mvelaphanda Gold, Mezz SPV or the Mezzanine Financiers, as the case may be, exercising the right to put such shares to the Company, in terms of the empowerment transaction.

ORDINARY RESOLUTION NUMBER 6

"Resolved that any one of the directors of the Company be and is hereby authorised to do all such things, sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary for or incidental to the implementation of the offers and the ordinary and special resolutions proposed at this general meeting."

VOTING AND PROXIES

Each shareholder of Harmony who, being an individual, is present in person or by proxy, or, being a company, is represented at the general meeting, is entitled to one vote on a show of hands. On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a shareholder of Harmony.

Certificated shareholders and dematerialised shareholders with "own name" registration who are unable to attend the general meeting, but wish to be represented thereat must complete and return the attached form of proxy to the transfer secretaries of Harmony, being Ultra Registrars (Proprietary) Limited or Capita IRG plc (trading as Capita Registrars), to reach them by no later than 11h00 on Wednesday, 10 November 2004. The completion of a form of proxy will not preclude a shareholder from attending, speaking and voting at the general meeting to the exclusion of the proxy so appointed.

Dematerialised shareholders other than those who have elected "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and his CSDP or broker.

By order of the Board
HARMONY GOLD MINING COMPANY LIMITED

MP van der Walt
Secretary
Virginia
20 October 2004

REGISTERED OFFICE

Remaining extent of portion 3 of the farm
Harmony farm 222
Private Road, Glen Harmony
Virginia, 9430
South Africa

TRANSFER SECRETARIES

SOUTH AFRICA
Ultra Registrars (Pty) Ltd
11 Diagonal Street,
Johannesburg, 2001
(P O Box 4844, Johannesburg, 2000)
South Africa

UNITED KINGDOM
Capita IRG plc
(trading as Capita Registrars),
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU, England
United Kingdom

COPY.

CERTIFICATE

Under s. 84 of the Companies Act, 1926 (Act No. 46 of 1926), that a Company is entitled to commence business.

I HEREBY CERTIFY

THAT THE

"HARMONY GOLD MINING COMPANY LIMITED"

which was incorporated under the Companies Act, 1926 (Act No. 46 of 1926), on the TWENTY-FIFTH day of AUGUST, 1950, and which has lodged an affidavit that the conditions of s. 84 (2) (b) of the said Act have been complied with, is entitled to commence business.

Given under my hand at PRETORIA this TWENTY-FIFTH day of AUGUST One Thousand Nine Hundred and FIFTY.

Original hereof bears cancelled Inland Revenue Stamps to the value of Seven Shillings and Sixpence.

J. VAN VEIJEREN,
For Registrar of Companies.

THE COMPANIES ACT, 1926.
(AS AMENDED)

[SEAL]

COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

HARMONY GOLD MINING COMPANY LIMITED.
(INCORPORATED IN THE UNION OF SOUTH AFRICA.)

1. The name of the Company is "HARMONY GOLD MINING COMPANY LIMITED."
2. The Registered Office of the Company will be situated in the Transvaal Province of the Union of South Africa.
3. The objects for which the Company is established are :--
 - (a) To acquire by purchase, cession, grant, lease, exchange or otherwise any movable or immovable property, mines, mineral property, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, lands, farms, buildings, waterrights, concessions, grants, rights, powers, privileges, surface rights of every description, servitudes or other limited rights or interests in land and mineral contracts of every description ; and any interest therein and rights over the same ; and to enter into any contract, option or prospecting contract in respect thereof, and generally to enter into any arrangement that may seem conducive to the Company's objects or any of them; and in particular to adopt and acquire the benefits with or without modification of the Agreement referred to in Article 3 of the accompanying Articles of Association.
 - (b) To carry out all forms of exploration work and in particular to search for, prospect, examine, explore and obtain information in regard to mines, mineral properties, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, mining districts or locations and ground and soil supposed to contain or containing precious stones, minerals or metals of every description.
 - (c) To open, work, develop and maintain gold, silver, diamond, copper, coal, iron and other mines, mineral and other rights, properties and works, and to carry on and conduct the business of raising, crushing, washing, smelting, reducing and amalgamating ores, metals minerals and precious stones, and to render the same merchantable and fit for use and to carry on all or any of the businesses of miners, mineralogists, metallurgists, amalgamators, geophysicists, snielters, quarry owners, quarrymen and brickmakers.
 - (d) To buy, sell, reline and deal in bullion, specie, coin and precious and base metals, and also precious stones and other products of mining.
 - (e) To employ and pay mining experts, agents and other persons, partnerships, companies or corporations, and to organize, equip and despatch expeditions for prospecting, exploring, reporting on, surveying, working and developing lands, farms, districts, territories and properties in any part of the world, whether the same are the property of the Company or otherwise.

- (f) To develop the resources of and turn to account any lands or any rights over or connected with land belonging to the Company, or in which the Company is interested, and in particular by clearing, draining, fencing, planting, cultivating, building, improving, forming, irrigating and grazing, and by promoting immigration and emigration, and the establishment of towns, villages and settlements.
- (g) To acquire, take on lease or other agreement, erect, construct, alter, rebuild, equip and maintain, work, use, manage or control buildings, railways, tramways, parks, roads, shafts, furnaces, aqueducts, wharves, sawmills, power stations, hydraulic works, telegraphs, electric works, gasworks, factories, warehouses, ships, quartz crushing and other machinery, works for smelting or treating metals and minerals, draining and pumping appliances or waterworks for the purpose of working the mines, claims or other property for the time being belonging to the Company or any other person.
- (h) To carry on the business of farmers, graziers, planters, coal and iron masters, builders, contractors, dealers in gold and silver and other precious and base metals and diamonds and other precious stones, importers and exporters, carriers, warehousemen, hotel-keepers, store-keepers, publishers, printers, agents and general merchants, and to buy and sell and deal in every commodity, substance and product.
- (i) To acquire by purchase, exchange, amalgamation or otherwise, and to carry on and undertake all or any part of the business, property and liabilities of any person or company carrying on any business which this Company is authorised to carry on, or possessed of property or rights suitable for any of the purposes of this Company and to purchase, acquire, sell and deal with shares or stock or other interest in or securities of any such person or company.
- (j) To establish, manage and assist chemical and assaying laboratories for analytical and testing purposes, particularly for analysing and testing the valuable substances specified or referred to in this clause, and generally to carry on and promote the objects of mineralogists, metallurgists and amalgamators.
- (k) To apply for, purchase or otherwise acquire any patents, privileges, licences, concessions and the like, conferring an exclusive or limited right to use any secret or other information or any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated, directly or indirectly, to benefit the Company, and to use, exercise, develop, grant licences in respect of, or otherwise turn to account the property, rights and information so acquired.
- (l) To negotiate loans for the Company or other persons or bodies, to lend money, securities and other property, to discount bills and deal with all kinds of securities and negotiable instruments, to become sureties and guarantors for any purposes, and generally to carry on the business of financiers, bankers, merchants and money dealers.
- (m) To buy or otherwise acquire, issue, place, sell and lend money on the security of, or otherwise deal with stocks, shares, bonds, debentures and securities of all kinds, and to give any guarantee or security in relation thereto, or otherwise, in connection with any stock, shares, bonds, debentures or securities, but not to carry on the business of stock or share brokers.
- (n) To promote and form, and assist in promoting and forming, and be interested in, and to guarantee the issue of, take or otherwise acquire, hold and dispose of shares, debentures or other securities in or of any other company, syndicate or association, whose objects are similar, or which is calculated in any way to advance the objects of this Company, and to subsidize or otherwise assist any person or any other such company, and to pay and contribute either in cash or shares or partake in the expenses of promoting or establishing any such company or association.

- (o) To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition, and taking over of all or any of the assets and liabilities of the Company, or shall be in any manner calculated to advance, directly or indirectly, the objects or interests of the Company, and to acquire and hold shares, stock or securities of any such company.

- (p) To enter into partnership or into any arrangement for sharing profits, union of interests, joint adventures, reciprocal concessions or co-operation with any person or company, carrying on or engaged in or about to carry on or engage in any business or transactions. which the Company is authorized to carry on or engage in, or any business or transaction capable of being conducted so as to directly or indirectly benefit the Company.
- (q) To purchase, take on lease or in exchange, hire or otherwise acquire any movable and immovable property of any sort or description, and any rights or privileges which the Company may think necessary or convenient for the purposes of its business, and in particular any lands, buildings, servitudes and other rights over immovable property, machinery, plant, goods, licences, trade marks, and privileges generally. To pay for any such properties, rights or privileges either in cash or in shares, debentures or securities of the Company, or of any other company or corporation, or partly in cash and partly by such shares, debentures or securities or otherwise.
- (r) To make, draw, accept, endorse, discount, execute and issue bills of exchange, promissory notes, debentures, bills of lading and other negotiable or transferable instruments or securities, and to open any banking or similar account and to operate thereon whether the same be in credit or debit.
- (s) To borrow or raise or secure the payment of money or the performance of any obligation in such manner and upon such terms as the Company may think fit, and in particular by the issue of debentures or debenture stock, perpetual or otherwise, and as security for such money to mortgage or pledge the whole or any part of the property, assets or revenues of the Company, present or future (including its uncalled capital), and to transfer or to confer any special rights and privileges on the lenders or holders of such debentures or debenture stock.
- (t) To invest, lend and deal with any moneys of the Company not immediately required for carrying on the business of the Company, and in such manner and on such conditions and to such persons or companies as may from time to time be determined, and whether upon security or without security, and to realize, vary, reinvest or otherwise deal with such moneys as may from time to time be determined, provided always that no money shall be invested or lent upon the stock or shares of the Company.
- (u) Generally to carry on and undertake any business (except the business of stock and share brokers), undertaking, transaction or operation, whether mercantile, commercial, financial, manufacturing or trading within the scope of these objects, such as an individual capitalist may lawfully undertake and carry out.
- (v) To carry on any other business, whether manufacturing or otherwise, which may seem to the Company capable of being conveniently carried on in connection with any of the above specified objects, or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (w) To sell, improve, manage, develop, lease, mortgage, dispose of, give in exchange, turn to account, abandon or otherwise deal with all or any part of the property and rights of the Company, including the granting of power to work, on any terms which may from time to time be deemed fit, any mines or claims of the Company.
- (x) To sell or otherwise dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures, debenture stock or securities of any other company having objects altogether or in part similar to those of this Company.
- (y) To transfer to or otherwise cause to be vested in any company or person or persons all or any of the lands and properties of the Company, to be held in trust for the Company or on such trusts for working, developing or disposing of the same as may

be considered expedient.

- (z) To amalgamate with any person or company carrying on or about to carry on business similar to that which the Company may carry on, or any business capable of being conducted so as to benefit the Company directly or indirectly.
- (aa) To distribute, by way of dividend or bonus, amongst the members, such specific assets belonging to the Company as may be determined by the Company, and in particular shares, stock, debentures or

securities of any other company held by or otherwise belonging to the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.

- (bb) To pay the costs, charges and expenses preliminary and incidental to the formation, establishment and registration of the Company, and to remunerate any parties for services rendered, or to be rendered, in procuring or assisting to procure persons to become members of the Company, or in placing or assisting to place any debentures, debenture stock or other securities of the Company, or in or about the formation or promotion of the Company or the conduct of its business.
- (cc) To promote and aid in the promotion of measures for the protection and advancement of the mining industry, townships, forestry, agriculture, irrigation or other ventures in the Orange Free State and elsewhere, and to promote and oppose legislative and other measures affecting the said industry, and to apply any part of the Company's funds for such purposes.
- (dd) To apply for, promote and obtain any Provincial Ordinance or Act of the Union of South Africa or any colonial or foreign parliament for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution or extending its objects or for any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company's interests, and to make any arrangement with any government or authority, supreme, local, municipal or otherwise, that may seem conducive to the Company's objects or any of them, and to apply any part of the Company's funds for any such purposes.
- (ee) To establish and support or aid in the establishment and support of associations, institutions, clubs, hospitals, funds, trusts and conveniences calculated to benefit the Company or any of the officers or ex-officers or employees or ex-employees of the Company, or any other persons who are rendering or have rendered services to the Company, or any of the dependants or connections of any such persons, and to grant to any such persons, dependants or connections pensions, gratuities and allowances, and to make payments towards insurance thereof respectively, and generally to make donations, subscribe or guarantee money to or for charitable or benevolent objects or to or for any exhibition, or to or for any public, general or useful object.
- (ff) To procure the Company to be registered or recognized in any other country or state, and to procure quotations of the shares, options, stock or debentures of the Company in local or foreign exchanges.
- (gg) To open and keep a duplicate register and/or a branch or foreign register of registers of shares, debentures or stock in such country or state as the Company may think advisable and again to close the same, and to allocate any number of shares, debentures or stock in the Company to such register or registers.
- (hh) To do all or any of the above things in any part of the world, and as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise, and either alone or in conjunction with others, and either absolutely or conditionally.
- (ii) To do all such other things as are incidental, or which the Company may think conducive to the attainment of the above objects, and so that the words " company " in this clause shall, except when used with reference to the Company, be deemed to include any partnership or other body of persons, whether incorporated or not incorporated and whether domiciled in the Union of South Africa or elsewhere, and so that the objects specified in each paragraph of the clause shall, except when otherwise expressed in such paragraph, be regarded as independent objects, and shall be in no wise limited or restricted by reference to or inference

from the terms of any other paragraph or the name of the Company.

4. The liability of the members is limited.

[***]

5. The capital of the Company is (Pound) 5,000 (FIVE THOUSAND POUNDS) divided into 20,000 (TWENTY THOUSAND) shares of FIVE SHILLINGS each, with power to divide the shares in the original or any increased capital into several classes, and to attach thereto respectively any preferential, qualified, special or deferred rights. privileges or conditions.

WE, the several persons whose names, addresses and occupations are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

<TABLE>

<CAPTION>

Signatures of Subscribers.	FULL Names and Addresses of Subscribers.	Occupation of Subscribers	Number of Shares (in words) taken by Subscribers.
<S> R.Richdale	<C> Gordon Victor Richdale Richdale The Corner House, 77 Commissioner Street, JOHANNESBURG.	<C> Director of Companies	<C> Five Hundred
[***]Anderson	Peter Hamilton Anderson The Corner House, 77 Commissioner Street, JOHANNESBURG.	Director of Companies	Five Hundred
[***]Bernstein	Bertrand Leon Bernstein 71 Fox Street, JOHANNESBURG	Director of Companies	Five Hundred
J. M. Ewing	John Meyrick Montgomery Ewing 75 Fox Street, JOHANNESBURG	Director of Companies	Five Hundred
W.M. Frames Anderson	William Minett Frames The Corner House, 77 Commissioner Street, JOHANNESBURG	Director of Companies	Five Hundred
[***]Jones	Hervey West Jones 75 Fox Street, JOHANNESBURG	Director of Companies	Five Hundred
[***]A.Lawrence	William Henry Arthur Lawrence The Corner House, 77 Commissioner Street JOHANNESBURG.	Director of Companies	Five Hundred
[***]Menell	Simeon Gordon Menell 71 Fox Street, JOHANNESBURG.	Director of Companies	Five Hundred
[***]Reekie	Thomas Reekie, The Corner House 77 Commissioner Street, JOHANNESBURG.	Director of Companies	Five Hundred
[***]Wilson	William Douglas Wilson 44 Main Street, JOHANNESBURG.	Director of Companies	Five Hundred
=====			
TOTAL NUMBER OF SHARES TAKEN			FIVE THOUSAND
=====			=====

</TABLE>

[***]D at JOHANNESBURG this 24th day of August, 1950

1/- Revenue
Stamp Cancelled

[***]ESS to the above Signatures:

SIGNATURE: M.B. Dunderdale.
FULL NAME: Miles Berkeley Dunderdale.
OCCUPATION: Secretarial Assistant.
ADDRESS: The Corner House,
77, Commissioner Street,
JOHANNESBURG.

THE COMPANIES ACT, 1973

(As amended)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

HARMONY GOLD MINING COMPANY LIMITED

05/38232/06

(As adopted by Special Resolution passed on the 19th October 1984)

INDEX TO ARTICLES OF ASSOCIATION

of

HARMONY GOLD MINING COMPANY LIMITED

<TABLE>
<CAPTION>

	ARTICLE	PAGE
	-----	-----
<S>	<C>	<C>
TABLES "A" and "B"		2
INTERPRETATION	1	2-3
ALLOTMENT AND ISSUE OF CAPITAL	2-18	3-6
ALTERATION OF CAPITAL	18-20	6-8
REDUCTION OF CAPITAL	21-22	8-9
- Acquisition Of Shares By The Company	22A	9
- Distributions	22B	9
MEMBERSHIP		
- Title to Shares	23-26	10-11
- Share Certificates	27-31	11-12
- Share Warrants	32-35	12-13
- Instruments of Transfer	36-39	14-15
GENERAL MEETINGS		
- Constitution	40-47	15-17
- Quorum	48	17
- Chairman	49-50	18
- Adjournment	51-54	18-19
- Business	55-57	19
- Resolutions	58-64	19-21
- Entitlement to Vote	65-66	21-22
- Representation, Proxies and Powers of Attorney	67-75	22-25
DIRECTORS		
- Number	76	25
- Appointment	77-79	25-26
- Qualification	80	26
- Management of the Company	81	26
- Powers	82-84	27
- Remuneration	85-86	27-28

</TABLE>

<TABLE>

<S>

- Disclosure of Interests	<C> 87-89	<C> 28-30
- Rotation	90-92	30-31
- Vacation of Office	93-94	31-32
- Alternate Directors	95-98	32-33
DIRECTORS' MEETINGS		
- Constitution	99-106	33-34
- Resolutions	107-108	34
- Circulated Resolutions	109	35
EXECUTIVE DIRECTORS	110-114	35-33
COMMITTEES	115-121	35-37
AGENTS	122-123	38
BORROWING POWERS	124-129	38-40
RESERVES	130-131	40-41
DIVIDENDS		
- Declaration	132-135	41
- Payment	136-140	42-43
- Forfeiture	141	43
CAPITALISATION	142-145	43-44
PENSION FUNDS	146-147	44
CLUBS AND CHARITIES	148	45
RECORDS		
- Registers	149-154	45-47
- Minutes	155-155	47
- Accounting Records	157-159	47-48
ANNUAL FINANCIAL STATEMENTS	160-162	48
AUDIT	163-169	49-50
NOTICES		
- By Hand or by Post	170-172	51
- By Advertisement	173-175	52
- Procedure	176-179	52-53
- Notice of General Meetings	180	53
VALIDITY OF ACTS	181-183	53-54
WINDING-UP	184-185	54
LIABILITY	186-188	54-55
CONSOLIDATION OF SHARES	188	55

</TABLE>

REPUBLIC OF SOUTH AFRICA

COMPANIES ACT, 1973

(as amended)

ARTICLES OF ASSOCIATION OF A COMPANY HAVING

A SHARE CAPITAL NOT ADOPTING SCHEDULE 1

(Section 60(1) : Regulation 18)

Registration No. of Company

05/38232/06

Name of Company: HARMONY GOLD MINING COMPANY LIMITED

("the Company")

TABLES "A" AND "B"

- A. The Articles of Table "A" and Table "B" contained in Schedule 1 to the Companies Act, 1973, shall not apply to the Company.
- B. The Articles of the Company are as follows:

INTERPRETATION

- 1. In the interpretation of these Articles and unless inconsistent with the context, words signifying the singular number shall include the plural and vice versa, and words importing persons shall include companies and corporations and words signifying the masculine gender shall include the feminine gender and words defined in the Statutes shall have the meaning there assigned to them unless the context otherwise indicates, and the following words and expressions shall have the following meanings unless excluded by the subject or context, namely:
 - (a) "Act" means the Companies Act No. 61 of 1973, as amended from time to time;
 - (b) "agent" means an agent duly appointed under general or special power of attorney;
 - (c) "director" includes any person occupying the position of director or alternate director of a company, by whatever name he may be designated, or the directors acting as a board;
 - (d) "Gazette" means the Government Gazette of the Republic;
 - (e) "listed company" means a company any of whose shares are listed on The Johannesburg Stock Exchange;
 - (f) "member" means a registered holder of shares in the Company;

- (g) "Memorandum" means the Memorandum of Association of the Company;
- (h) "office" means the registered office for the time being of the Company;
- (i) "representative" means a representative of a company or other body corporate appointed in terms of Section 188 of the Act;
- (j) "Republic" means the Republic of South Africa as existing from time to time;
- (k) "transfer office" means the office for the time being of the transfer secretaries or of the United Kingdom registrars and transfer agents;
- (l) "writing" means any writing however produced or communicated, including a telex or telegram, and appearing in any one or more forms of any kind, including manuscript, typescript, print, lithograph and photography;
- (m) "year" means the Company's financial year and "month" means a calendar month;
- (n) "shares" and "debentures" mean respectively the shares and debentures from time to time of the Company;
- (o) the headings appearing herein are inserted for reference purposes only and shall not affect the interpretation of these Articles.

ALLOTMENT AND ISSUE OF CAPITAL

2. Shares may, subject to the provisions of articles 4 to 19 inclusive, be allotted and issued by the Company to such persons, at such times, on such terms and conditions and with such preferred, deferred or other rights and with such restrictions in regard to dividend, voting, return of share capital or otherwise as the Company in general meeting may determine.

3. The Company in general meeting may delegate to the directors, to such extent and on such conditions as the Company may, in its sole discretion, see fit, the power conferred on the Company in terms of article 2 to prescribe to whom, at what time or times and on what terms and conditions any unissued shares, or certain specified unissued shares, may be allotted and issued. Such delegated power shall be subject to the restrictions contained in Sections 221 and 222 of the Act.
4. The Company may, before the issue of any new shares, determine that the same or any of them shall be offered in the first instance and either at par or at a premium or at a stated value in respect of shares having no par value, to all the members in proportion to the amount of the capital held by them, or make any other provision as to the allotment and issue of the new shares.
5. Except insofar as is otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to transfer and transmission and otherwise.
6. Nothing contained in these Articles shall preclude the directors from allowing the allotment of any shares to be renounced in favour of some other person.
7. Shares may be issued at par or at a premium or, subject to Section 81 of the Act, at a discount, or may be issued at a stated value in respect of shares having no par value.
8. No partly paid-up shares shall be allotted or issued except in terms of Section 92 of the Act.
9. Where the Company issues shares at a premium, whether for cash, or otherwise, a sum equal to the aggregate amount of value of the premiums on those shares shall be transferred to an account to be called the Share Premium Account.
10. Subject to any restrictions contained in Section 80 of the Act, the Company may at any time pay a commission to any person in consideration for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure any subscription (whether absolutely or

conditionally) for any shares in the Company. Such commission shall not exceed 10% (ten per centum) of the issue price of such shares and may be paid or agreed to be paid out of capital or out of profit, whether current or carried forward or standing to reserve, or out of both capital and profit. Any such commission may be satisfied in whole or in part in fully paid-up shares in the Company, provided that no such commission, or any portion thereof, shall be paid in shares without the prior approval of the Company in general meeting.

11. Where shares are issued for the purpose of raising money to defray expenses incurred in the construction or provision of any works, buildings or plant, then, if such works, buildings or plant, as the case may be, cannot be made profitable for a lengthy period, interest may (subject to any restrictions contained in Section 79 of the Act), be paid at a rate to be determined by the Company, or by the directors. Such interest shall not exceed any maximum rate permitted in terms of Section 79 of the Act.
12. No shares shall be issued which are, or which at the option of any party are, liable to be redeemed, other than preference shares.
13. Where the Company issues, for cash, shares having no par value, the entire proceeds of the issue of the shares shall be transferred to the Stated Capital Account.
14. If shares having no par value are issued by the Company for a consideration other than cash, a sum equal to the value of the consideration as determined by the directors shall be transferred to the Stated Capital Account.
15. The Share Premium Account and the Stated Capital Account may be applied by the Company in writing off:
 - (a) the preliminary expenses of the Company;
 - (b) the expenses of, or the commission paid on, the creation or issue of any shares created or issued for cash or for a consideration other than cash.
16. No new capital may be issued in the form of stock but paid-up shares may be converted into stock in terms of article 19(j).

17. The rights, privileges and advantages enjoyed by any number of shares converted to stock shall accrue to the stock arising from such conversion and shall be enjoyed by the several stockholders in proportion to the quantities of stock respectively held by them. Notwithstanding the foregoing, at any meeting of the members of the Company and at any meeting of any class of members of the Company:
- (a) on a show of hands, no stockholder shall be entitled to vote unless the stock held by him is proportionally equivalent to at least one of the shares from which such stock arises; and
 - (b) on a poll, each stockholder shall have the same number of votes as if such stock consisted of as many units of equivalent number and value as the number and par value of the shares so converted.

Save as aforesaid and subject to article 18, all the provisions contained in these Articles shall, as far as circumstances permit, apply to stock as well as to shares.

18. The several holders of any stock may transfer their respective interests therein, or any part of such interests, in such manner as the Company in general meeting shall direct, but in default of such directive then in the same manner and subject to the same regulations as and subject to which any paid-up shares may be transferred, or as near thereto as circumstances will permit. The directors may from time to time, if they think fit, fix the minimum amount of stock transferable.

ALTERATION OF CAPITAL

19. The Company may by special resolution:
- (a) increase its authorised share capital by such sum divided into shares of such amount or by such number of shares of no par value as the resolution shall prescribe;

- (b) increase its paid-up share capital constituted by shares of no par value by transferring reserves or profits to the Stated Capital Account, with or without an issue of shares, but no such shares shall be issued except to the extent authorised by the Memorandum;
- (c) consolidate and divide all or any part of its shares having a par value into shares of a larger amount than its existing shares having a par value;
- (d) increase the number of its no par value shares without an increase of its stated capital;
- (e) sub-divide all or any part of its shares having a par value into shares of smaller amount than its existing shares having a par value;
- (f) convert all of its ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value; provided that there shall be transferred to the Stated Capital Account:
 - (i) the whole of such ordinary or preference share capital, as the case may be; and
 - (ii) the whole of the share premium account or that part thereof attributable to the shares so converted;
- (g) convert its stated capital constituted by ordinary or preference shares of no par value into share capital consisting of shares having a par value; provided that there shall be transferred to the Share Capital Account or Accounts of the Company the whole of the Stated Capital Account or that part thereof attributable to the shares so converted; fractions, fractional surpluses or amounts arising in respect of the nominal share capital or the Stated Share Capital may be rounded off but material reductions shall be placed to a non-distributable reserve;
- (h) vary the rights attached to any shares whether issued or not yet issued;

- (i) convert any of its issued or unissued shares into shares of another class;
 - (j) convert any of its paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination; or
 - (k) convert any of its issued shares into preference shares which can be redeemed, subject to the provisions of Section 99 of the Act
20. If at any time the issued share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by the terms of issue of that class, may not be varied except with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate general meeting of the holders of shares of that class, and the provisions of Section 199 of the Act and the provisions of these articles shall mutatis mutandis apply to the said resolution and meeting as if the resolution were a special resolution and the meeting were a general meeting of the Company. Notwithstanding the foregoing, the quorum of such a meeting shall be at least 3 (three) members, or 75% (seventy five per centum) of the members of that class, whichever is the lesser, present in person or by their representatives, agents or proxies, holding at least one half of the issued shares of that class. A share shall be a share of a different class from another share if the two shares do not rank pari passu in every respect.

REDUCTION OF CAPITAL

21. The Company may from time to time, by special resolution, reduce the share capital authorised by its Memorandum.
- 21A. Subject to the Act and subject to such authorities, consents and requirements as may from time to time be stipulated by law and the Listings Requirements of the Johannesburg Stock Exchange and any other stock exchange upon which the shares of the Company may be quoted or listed, the Company may from time to time reduce its issued share capital, share premium account, stated capital and/or capital redemption reserve fund by the passing of an ordinary resolution.

22. In particular and without prejudice to the generality of the powers in article 21 and 22, the Company may:-
- (a) by special resolution, cancel shares, which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorised share capital by the amount of the shares so cancelled;
 - (b) by ordinary resolution, with or without extinguishing or reducing the liability on any of its shares:
 - (i) cancel any issued share capital which is lost, or unrepresented by available assets; or
 - (ii) pay off any issued share capital which is in excess of the requirements of the Company; or
 - (c) by special resolution redeem any redeemable preference shares of the Company.

ACQUISITION OF SHARES BY THE COMPANY

- 22A Notwithstanding anything to the contrary contained in these articles and subject to the Act and the requirements from time to time of the Johannesburg Stock Exchange and any other stock exchange upon which the shares of the Company may be quoted or listed, the Company may from time to time by special resolution approve the acquisition of shares issued by it or issued by its holding company.

DISTRIBUTIONS

- 22B Subject to Section 90 of the Act and to the provisions of article 21A, the Company is hereby authorised to make payments in cash or in specie to its shareholders.

MEMBERSHIP

TITLE TO SHARES

23. The registered holder or holders of any shares shall, during his or their respective lifetimes and while not subject to any legal incapacity, be the only person or persons recognized by the Company as having any right to or in respect of such shares and, in particular, the Company shall not be bound to recognise:
 - (a) that the registered holder or holders hold such shares upon trust for, or as the nominees of, any other person; or
 - (b) that any person, other than the registered holder or holders, holds any contingent, future or partial interest in such shares or any interest in any fractional part of any of such shares.
24. Where any share is registered in the names of two or more persons they shall be deemed to be joint holders. Accordingly where any member dies, the survivor or survivors, where the deceased was a joint holder, and the executor of the deceased, where the deceased was the sole holder, shall be the only persons recognised by the Company as having any right to the interest of the deceased in any shares of the Company.
25. The Company may enter in the register as a member, nomine officii, of the Company, the name of any person who submits proof of his appointment as the executor, administrator, trustee, curator or guardian in respect of the estate of a deceased member of the Company or of a member whose estate has been sequestrated or of a member who is otherwise under disability or as the liquidator of any body corporate in the course of being wound up which is a member of the Company, and any person whose name has been so entered in the register shall be deemed to be a member of the Company.
26. A person producing evidence of his entitlement to any shares in terms of article 25 shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before

being registered as a member in respect of such shares, be entitled to vote in respect of such shares at any general meeting, or at any meeting of the holders of that class of shares to which such shares belong, except in terms of the provisions of article 65 (b) and (c).

SHARE CERTIFICATES

27. Every person whose name is entered in the register of members as the holder of shares of any class and every person who transfers a part of his holding of shares of any class shall be entitled to receive free of charge within 21 (twenty-one) days after allotment or lodgment for transfer 1 (one) certificate for all, or for the balance of, his shares of that class, as the case may be. The Company may at its discretion adopt the certification procedure provided for in Section 136 of the Act. A certificate for any shares registered in the names of two or more persons shall be delivered to the person first named in the register as a holder thereof, and such delivery shall satisfy the entitlement of all joint holders of such shares to share certificates in pursuance of this article. If a share certificate is defaced, lost or destroyed, it may be renewed free of charge and on such terms, if any, as to evidence and indemnity as the directors may think fit.
28. Certificates of title to shares, options on shares, or other documents of title shall be issued under the authority of the directors, or under the authority of any local committee duly authorised by resolution of the directors, in such manner and form as the directors shall, subject to articles 29, 30 and 31, from time to time prescribe.
29. Every certificate of title to shares or options on shares shall specify the number and type of shares in respect of which they are issued.
30. If any shares are numbered, all such shares shall be numbered in numerical progression beginning with the number one and each share certificate shall specify the numbers of the shares in respect of which it is issued. If any shares do not have distinguishing numbers, each certificate in respect of such shares shall be numbered in numerical progression and shall be distinguished by its appropriate number.

31. Every certificate of title to shares or to options on shares shall bear the signature of 2 (two) directors and of the secretary or transfer secretary or of 2 (two) members of a local committee and of the local secretary or transfer secretary or alternatively shall be under the seal of the Company and shall bear the signature of one director and of the secretary or transfer secretary or of one member of a local committee and of the local secretary or transfer secretary. All such signatures shall be autographic unless the directors by resolution shall determine that the said signatures generally or in any particular case or cases shall be affixed by some method of mechanical signature which is controlled by the internal or external auditors or transfer auditors or bankers of the Company or such other person as may be acceptable to any stock exchange upon which the Company's shares may from time to time be listed or quoted.

SHARE WARRANTS

32. The directors or, if so authorised, any local committee appointed by them, may issue warrants relating to fully paid-up shares, stating that the bearer is entitled to the shares therein specified, and may provide, by coupons or otherwise, for the payment of future dividends on the shares represented by such warrants. The directors may from time to time determine the terms and conditions upon which share warrants shall be issued.
33. (a) The bearer of a share warrant may at any time deposit the warrant at the transfer office of the Company, and while the warrant remains deposited the depositor shall have the same right to sign a requisition to call a meeting of the Company, and to attend, vote and exercise the other privileges of a member at any meeting as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant, provided that such share warrant shall be deposited at the transfer office not later than 48 (forty-eight) hours (Saturdays, Sundays and public holidays excluded) before the meeting. Not more than one person shall be recognised as depositor of the share warrant. The Company shall, on written request, return the deposited share warrant to the depositor.

- (b) Except in terms of paragraph (a), no bearer of a share warrant shall sign a requisition to call a meeting of the Company, or shall attend, vote or exercise any other privilege of a member at a meeting of the Company, or be entitled to receive any notices from the Company; but the bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holder of the shares included in the warrant.
- (c) The bearer of a share warrant shall be entitled, on surrendering it for cancellation, to have his name entered as a member in the register of members.

34. The directors may from time to time determine:

- (a) the conditions upon which any new share warrants or coupons may be issued in place of warrants worn out, defaced or destroyed; provided however, that no new share warrant shall be issued in place of one alleged to be lost unless the Company is satisfied beyond reasonable doubt that the original has been destroyed; and
- (b) the conditions upon which any share warrant may be surrendered for cancellation with a view to entering the name of the holder in the register of members and issuing in place of such share warrant a share certificate or certificates in respect of the shares in question.

The holder of a share warrant shall be bound by any determination by the directors in terms of this article 34 for the time being in force whether made before or after the issue of such warrant.

35. A share warrant shall be transferred by delivery of the warrant and not by instrument of transfer, and the provisions of articles 36 to 39 inclusive shall not apply to share warrants.

INSTRUMENTS OF TRANSFER

36. Any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the directors may approve.
37. Every such instrument shall be executed by the transferor, or if the directors determine, by the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.
38. Every power of attorney given by a member authorising the transfer of shares, shall, when lodged, produced or exhibited to the Company or any of its officers, be deemed as between the Company and the grantor of the power to continue and remain in full force and effect, and the Company may allow that power to be acted upon until such time as express notice in writing of its revocation has been lodged at the transfer office. Notwithstanding receipt of such notice of revocation the Company shall be entitled to give effect to any instrument of transfer which is certified by an official of the Company to have been received by the Company prior to the receipt of such revocation provided that such instrument would, but for such revocation, have been validly and regularly executed. The Company shall not be bound to allow the exercise of any act or matter by an agent for a member unless a duly certified copy of that agent's authority be produced and lodged with the Company.
39. Every instrument of transfer shall be left at the transfer office accompanied by a certificate of the shares to be transferred unless such instrument of transfer has been certified in terms of Section 136 of the Act. The directors may dispense with the production of the certificate on good cause being shown. The directors may decline to recognise any instrument of transfer unless:
 - (a) the instrument of transfer is accompanied by the share certificate to which it relates, (or is certified in terms of Section 136 of the Act), and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and
 - (b) the share transfer duty thereon has been paid.

All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the directors may decline to register shall, except in the case of fraud, be returned, on demand, to the person depositing the same.

- 39A No fee shall be charged for the registration of a transfer of a share or of any other document relating to or affecting the title to any share.

GENERAL MEETINGS

CONSTITUTION

40. The Directors may at any time convene general meetings of the Company. The directors shall convene a general meeting upon the requisition of members in terms of Section 181 of the Act. The members empowered by Section 180 of the Act may convene a general meeting in terms of that section.
41. (a) The Company shall hold its first annual general meeting within 18 (eighteen) months after the date of its incorporation and thereafter it shall hold an annual general meeting in respect of each financial year; provided that not more than 15 (fifteen) months shall elapse between the date of one annual general meeting and that of the next, and that an annual general meeting shall be held within 6 (six) months after the expiration of each financial year of the Company. Other general meetings of the Company may be held at any time.
- (b) Notwithstanding the provisions of article 41 (a), if the Company is not a listed company, the Company shall not be required to hold an annual general meeting if all the members entitled to attend and vote at an annual general meeting sign a resolution in accordance with the provisions of Section 179 of the Act before the expiration of the time limits referred to in article 41 (a).
42. An annual general meeting or any other general meeting shall be held at such time and place as the directors shall appoint unless the meeting is convened under

Sections 179,181,182 or 183 of the Act, in which case such meeting shall be held at such time and place, and subject to such conditions, as may be determined in pursuance of such sections.

43. An annual general meeting and a meeting called for the passing of a special resolution shall be called by not less than 21 (twenty-one) clear days' notice in writing and any other general meeting shall be called by not less than 14 (fourteen) clear days' notice in writing, so that the notice period shall not include the day on which it is served, or deemed to be served, or the date on which the meeting is to be held. A meeting may be called by shorter notice and shall be deemed to have been duly called if it is so agreed by a majority in number of the members having a right to attend and vote at the meeting, being a majority holding not less than 95% (ninety-five per centum) of the total voting rights of all members.
44. Notwithstanding the provisions of article 43 no resolution requiring special notice shall be effective unless notice of the intention to move such resolution has been given to the Company not less than 28 (twenty-eight) days before the meeting at which it is to be moved, and unless notice of the resolution is given by the Company to the members in accordance with the provisions of Section 186 of the Act. Notwithstanding the foregoing, if notice of an intention to move a special resolution is given to the Company before the Company issues notice to its members calling a general meeting, then such notice of intention to move such resolution shall be deemed to be validly given even if the meeting is called for a day 28 (twenty-eight) days or less after such notice of intention to move such resolution is given to the Company.
45. Any notice calling a general meeting which is given by the Company to its members shall specify the place, the day and the time of the meeting and shall be given in the manner hereinafter specified or in such other manner, if any, as may be determined" by the directors or by the Company in general meeting. Such notice shall comply with the provisions of Section 189 of the Act. If the Company maintains a branch register, then notice of the meeting may, in the case of members whose names are entered on the branch register, be given from the transfer office where such branch register is kept.

- 46. if the Company is a listed company notice of all general meetings shall be given to the Manager (Listings) of The Johannesburg Stock Exchange at the same time as such notice is given to members.
- 47. The Company shall, on the requisition in writing of such number of members as is specified in the Act, and unless the Company otherwise resolves, at the expense of the requisitioners, give to members entitled to receive notice of any annual general meeting, notice of any resolution which is to be moved at that meeting and circulate to such members any statement prepared by the requisitionists relating to the matter referred to in the proposed resolution or to the business to be dealt with at that meeting, provided that such notice does not exceed one thousand words.

QUORUM

- 48. Subject to the provisions of article 51 no business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Three (3) members present personally or by representative and entitled to vote shall be a quorum, provided that:
 - (a) if the Company is a subsidiary (but not a wholly owned subsidiary) of a listed company then the quorum shall be the representative of its holding company together with 2 (two) other members present personally or by representative;
 - (b) if the Company is a wholly-owned subsidiary of any company then the quorum shall be the representative of its holding company.

A company or other body corporate present at a meeting by its duly appointed representative shall be deemed to be personally present at the meeting and such representative shall enjoy all the powers conferred upon a representative under the provisions of Section 188 of the Act.

CHAIRMAN

49. The chairman, if any, or in his absence the deputy chairman, if any, of the Board of directors shall preside as chairman of every general meeting of the Company.
50. If there is no such chairman, or if at any meeting he is not present within 15 (fifteen) minutes after the time appointed for holding the meeting, or if he is unwilling to act as chairman, the members present in person or by representative or agent or proxy shall choose another director as chairman, and if no such director be present, or if all the directors present decline to take the chair, then the members present in person or by representative, agent or proxy shall choose one of their number to be chairman.

ADJOURNMENT

51. If within one half hour after the time appointed for any meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, and in any other case it shall stand adjourned to a date to be determined by the directors (which date shall not be earlier than 7 (seven) days and not later than 21 (twenty-one) days after the date of the meeting) at the same time and place (or if such place be not available at such other place as the directors may appoint). If at such adjourned meeting a quorum is not present within one half hour after the time appointed for the meeting, the members present in person or by representative, agent or proxy shall be a quorum, unless the Company is a subsidiary of a listed company, in which case the meeting shall be dissolved.
52. The chairman may, with the approval of any meeting at which a quorum is present (at the time of approval) and shall if so directed by the meeting, at any time and from time to time adjourn the meeting to a date, time and place specified by the meeting, or in default of such specification to be determined by the directors.
53. Where a meeting stands adjourned in pursuance of articles 51 or 52 the directors shall, upon a date not later than 3 (three) days after the adjournment publish in a newspaper circulating in the province where the office of the Company is situated a notice stating:

- (a) the date, time and place to which the meeting has been adjourned;
- (b) the matter before the meeting when it was adjourned;
- (c) the ground for the adjournment; and
- (d) the business to be considered at the adjourned meeting.

54. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting which was adjourned.

BUSINESS

55. The annual general meeting shall deal with and dispose of all matters prescribed by the Act and by these Articles. These shall include inter alia: the consideration of the annual financial statements and report of the auditors; the election of directors; the appointment of auditors; and any business arising from the annual financial statements which are laid before the meeting, and subject to the provisions of the Act any matters capable of being dealt with by any general meeting of the Company.

56. All business to be laid before a general meeting other than an annual general meeting shall be specified in the notice convening such meeting.

57. Notwithstanding the provisions of articles 55 and 56 no business shall be transacted at any meeting of the Company unless notice of the meeting is given, where applicable, in terms of articles 43 and 44.

RESOLUTIONS

58. At any general meeting a resolution put to the vote of the members shall, except in the case of a special resolution, be decided by a majority of votes.

59. In the case of an equality of votes, the chairman of the meeting shall, either on a show of hands or on a poll, be entitled to a casting vote in addition to the vote or votes to which he may be entitled as a member.
60. Every resolution shall, unless a poll is demanded in terms of article 61, be decided on a show of hands. A declaration by the chairman that a resolution has on a show of hands been carried, or carried unanimously or by a particular majority, or rejected, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of this fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
61. A poll may be demanded on any question, save the election of the chairman, by:
 - (a) the chairman; or
 - (b) not less than 5 (five) members having the right to vote at the meeting; or
 - (c) a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
 - (d) a member or members entitled to vote at the meeting and holding in aggregate not less than one-tenth of the issued share capital of the Company;and such demand may be made either before or immediately after the result of a show of hands is declared.
62. The demand for a poll may be withdrawn by the persons making it at any time prior to the commencement of the ballot.
63. If a poll is duly demanded it shall be taken in such manner as the chairman shall decide and either at once, or, if the chairman shall think fit, after an interval or adjournment or otherwise, provided that a poll on the question of an adjournment shall be taken at the meeting, without adjournment. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuation of the

meeting for the transaction of any business other than the question upon which the poll is demanded.

64. Notwithstanding any postponement of the taking of the poll the result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded, and shall be subject to Section 203(2) of the Act.

ENTITLEMENT TO VOTE

65. Subject to any special provisions governing preference shares, and to the provisions of the Act, every member or the representative, proxy or agent of such member, as the case may be, shall on a show of hands have one vote and upon a poll shall have one vote for every share held by such member, provided that:
- (a) no person shall be entitled to exercise more than one vote on a show of hands;
 - (b) the vote of a minor, or of a woman married subject to the marital power, or of a member for whom a curator bonis has been appointed, shall not be accepted and the vote of the guardian or husband or curator bonis of such member, as the case may be, shall, for the purposes of this Article, be deemed to be the vote of such member provided that 48 (forty-eight) hours (excluding Saturdays, Sundays and public holidays) at least before the meeting at which such guardian, husband or curator bonis proposes to vote he shall satisfy the directors that he is such guardian, husband or curator bonis or that the directors have previously admitted his right to vote in respect of the share or shares in question;
 - (c) the vote of any person having title to a share on the death or insolvency of any member shall be deemed to be the vote of such member provided that 48 (forty-eight) hours (excluding Saturdays, Sundays and public holidays) at least before the time of holding the meeting at which such person proposes to vote he shall satisfy the directors that he is so entitled or that the directors have

previously admitted his right to vote in respect of the share or shares in question;

- (d) where a share is held jointly by 2 (two) or more members any one of such persons may vote in person or by representative, proxy or agent as if such person were solely entitled to such share, but if more than one of the joint holders be present in person or by representative, proxy or agent, that one of the said persons whose name stands first in the register in respect of such share or the representative, proxy or agent of such person, as the case may be, shall alone be entitled to vote in respect of such share; and where there are several executors or administrators of a deceased member who are entitled to vote in terms of paragraph (c) of this Article, then such executors and administrators shall for the purpose of this Article be deemed to be joint holders of the share of the deceased.

- 66. On a poll a member entitled to more than one vote, or the representative, proxy or agent of such member, as the case may be, need not, if he votes, use all the votes of such member or cast all the votes which he uses in the same way.

REPRESENTATION, PROXIES AND POWERS OF ATTORNEY

- 67. Any company which is a member may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any general meeting of the Company or adjournment thereof, and the person so authorised shall be entitled to exercise the same powers on behalf of the company which he represents as that company could exercise if it were an individual member. A company so represented at any meeting of the Company or adjournment thereof shall be deemed to be a member personally present at such meeting or adjournment. The directors may but shall not be obliged to require proof to their satisfaction of the authority of any person signing on behalf of such company.
- 68. The holder of a general or special power of attorney given by a member, whether the holder is a member or not, shall be entitled to attend meetings of the Company or of

any class of members of the Company and to vote at such meetings if so authorised by such power of attorney.

- 69. Any member may appoint a proxy, who need not be a member, to attend, speak and, subject to the provisions of Section 197 of the Act, to vote in his place on a show of hands and on a poll at any general meeting or at any meeting of any class of members. The instrument appointing a proxy to vote at a meeting of the Company shall be deemed also to confer authority to demand or join in demanding a poll, and, for the purposes of Section 198 of the Act, a demand by a person as proxy for a member shall be the same as a demand by the member.
- 70. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his agent, or if the appointer is a body corporate, under the hand of an officer or agent authorised by the body corporate. The proxy need not be a member of the company.
- 71. The instrument appointing a proxy shall be in the following form or as near thereto as circumstances permit or in such other form as the directors may approve:

"I, _____ of
 _____ being a
 member of the _____ Limited,
 hereby appoint _____
 of _____ or failing
 him _____, of
 _____ or failing him
 the Chairman of the meeting, as my proxy to attend and speak and vote
 on a show of hands or on a poll for me and on my behalf at the annual
 general meeting or general meeting (as the case may be) of the
 Company to be held on the ____ day _____ of and at any adjournment
 thereof, as follows:

<TABLE>
<CAPTION>

	In favour of <C>	Against <C>	Abstain <C>
<S> Resolution	_____	_____	_____
Resolution	_____	_____	_____
Resolution </TABLE>	_____	_____	_____

(Indicate instruction to proxy by way of a cross in space provided above).

(A member entitled to attend and vote at a meeting shall be entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company).

Unless otherwise instructed, my proxy may vote as he thinks fit.

SIGNED this _____ day of _____ 19____

Signature

- 72. The directors may at the expense of the Company send by post or otherwise to the members forms of proxy in terms of article 71, with or without stamped envelopes to facilitate the return of such forms, for use at any general meeting or any meeting of any class of members of the Company. If for the purpose of any meeting forms of proxy are issued at the expense of the Company, such forms shall be issued to all, and not to some only, of the members entitled to receive notice of, and to vote at, such meeting.
- 73. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, and any power of attorney entitling an agent to vote on behalf of a member in pursuance of article 68 or, in lieu of any such power or authority, a notarially certified copy, shall be deposited at the transfer office of the

Company not later than forty-eight hours (excluding Saturdays, Sundays and public holidays) before the meeting at which the person empowered proposes to vote, and no effect shall be given to any instrument of proxy or power of attorney unless such instrument or power is deposited in the manner required by this Article.

74. No instrument appointing a proxy shall be valid after the end of a period of 6 (six) months commencing on the date on which it is signed unless otherwise expressly stated in the proxy, and no proxy form shall be used at an adjourned meeting which could not have been used at the original meeting. If a proxy form is received duly signed but with no indication as to how the person named therein should vote on any issue, the proxy may vote or abstain from voting as he sees fit.
75. A vote given in terms of an instrument of proxy shall be valid in relation to any meeting of the Company or any meeting of any class of members of the Company notwithstanding the previous death of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received at the transfer office of the Company 48 (forty-eight) hours (excluding Saturdays, Sundays and public holidays) before the commencement of the meeting.

DIRECTORS

NUMBER

76. Unless otherwise determined by the Company in general meeting the number of directors shall, in the case of a listed company, be not less than 4 (four) nor more than 20 (twenty). In the case of a Company which is not listed the number of directors shall not be less than 2 (two) nor more than 20 (twenty).

APPOINTMENT

77. The first directors of the Company shall be those persons appointed in writing by the subscribers to the Memorandum; provided that if no such appointment has been

made, the first directors of the Company shall be the subscribers to the Memorandum. In the case of an existing company adopting these Articles, the directors in office at the date of such adoption shall continue in office subject to the provisions of these Articles.

- 78. The Company in general meeting may from time to time appoint directors.
- 79. The directors shall have power at any time to appoint any eligible person as a director, either to fill a casual vacancy, or as an addition to the Board, but the total number of the directors shall not at any time exceed the maximum number fixed. Any director so appointed shall hold office only until the next following annual general meeting of the Company and then shall be eligible for election.

QUALIFICATION

- 80. Directors shall not be required to hold any shares in the Company to qualify them for appointment as directors.

MANAGEMENT OF THE COMPANY

- 81. The business of the Company shall be managed by the directors who may pay all expenses incurred in promoting and incorporating the Company, and may exercise all such powers of the Company as are not by the Act, or by these Articles, required to be exercised by the Company in general meeting. The directors shall exercise the said powers in accordance with these Articles and in accordance with such regulations, not inconsistent with these Articles, as may be prescribed by the company in general meeting. This article shall be construed liberally and the powers herein conferred shall not be limited by reference to any power specifically conferred upon the directors in terms of any of these Articles.

POWERS

82. The directors shall have power to enter into a provisional contract for the sale or alienation of the whole or the major part of the property and assets of the Company and the rights belonging thereto or connected therewith, provided that such provisional contract shall only become binding on the Company if such contract is ratified and confirmed by a resolution passed by the Company in general meeting in accordance with Section 228 of the Act.
83. The directors may take all steps which may be necessary or expedient in order to enable the shares, stock, debentures and other securities of the Company to be introduced and dealt with and quoted upon any stock exchange in any country and may accept responsibility for and pay and discharge all taxes, duties, fees, expenses or other sums which may be payable in relation to any of the matters aforesaid.
84. The directors may exercise the voting power conferred by any shares in any other company held or owned by the Company in such manner as they think fit, and in particular may exercise such voting power in favour of any resolution appointing them or any of them as directors or officers of such company or any resolution providing for the payment of remuneration to such directors or officers.

REMUNERATION

85. The directors shall be entitled to such remuneration as may be determined from time to time by the Company in general meeting or by a quorum of disinterested directors. In addition, the directors shall be entitled to all reasonable expenses in travelling to and from meetings of the directors.
86. If any director be called upon to perform extra services or to make any special exertions in going or residing abroad, or otherwise, for any of the purposes of the Company, the Company in general meeting or a quorum of disinterested directors may determine the remuneration to be paid to any such director for such extra services or special exertions. Such remuneration may be so determined either by way of a salary or a fixed sum or a percentage of profits or otherwise and such

remuneration may be either in addition to, or in substitution for any other remuneration determined under article 85. The Company may also refund to such director all reasonable expenses incurred by him while acting in the course of the business of the Company.

DISCLOSURE OF INTERESTS

87. Every director shall comply with the provisions of Sections 234 to 240, inclusive, of the Act.
88. (a) Save as is set out in sub-paragraph (d), a director shall not vote in respect of any contract or arrangement in which he is interested (and if he shall do so his vote shall not be counted) nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting, but this shall not apply to any of the following matters:
- (i) Any arrangement for giving to him any security or indemnity in respect of money lent by him or obligation undertaken by him for the benefit of the Company.
 - (ii) Any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.
 - (iii) Any contract by him to subscribe for or underwrite shares or debentures of the Company.
 - (iv) Any contract or arrangement with any other company in which he is interested in shares representing no more than one per cent of either any class of the equity share capital, or the voting rights of that company.

- (v) Any such scheme or fund as is referred to in Article 146, which relates both to directors and to employees or a class of employees and does not accord to any director as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates.
- (vi) Any contracts, transactions or dealings of any nature whatsoever between the Company and any other company -
 - (a) which is its subsidiary, where the director's interest in the contract, transaction or dealing is only by virtue of the other company being a subsidiary of the Company; or
 - (b) in which it is a shareholder or is otherwise interested, where the director's interest in the contract, transaction or dealing is only by virtue of the Company being a shareholder of or otherwise interested in the other company; or
 - (c) which is its holding company, where the director's interest in the contract, transaction or dealing is only by virtue of the other company being the Company's holding company; or
 - (d) which is a subsidiary of its holding company, where the director's interest in the contract, transaction or dealing is only by virtue of the other company being a subsidiary of the Company's holding company; or
 - (e) in which its holding company is a shareholder or is otherwise interested, where the director's interest in the contract, transaction or dealing is only by virtue of the Company's holding company being a shareholder or otherwise interested in the other company.
- (b) The provisions of this Article may by the Company in general meeting at any time be suspended or relaxed to any extent and either generally or in respect

of any particular contract, arrangement or transaction and any particular contract, arrangement or transaction carried out in contravention of this Article may be ratified by the Company in general meeting. Notwithstanding the provisions of article 58, any decision by the Company in general meeting in terms of this article 88(b) shall be decided by a 75% (seventy five percent) majority of votes.

- (c) A director, notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other director is appointed to hold any office or place of profit under the Company or whereat the directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinbefore mentioned are considered or varied, and he may vote on any such matter other than in respect of his own appointment or the arrangement or variation of the terms thereof.

- 89. Nothing contained in article 88 shall be taken or construed to prevent or debar any director as a member of the Company from taking part in or voting upon any question submitted to a general meeting, whether that director be personally interested or concerned in that question or not.

ROTATION

- 90. If the Company is a listed company all the directors shall retire at the first annual general meeting of the Company and thereafter at each annual general meeting one-third of the directors, or, if the number is not a multiple of three, then the number nearest to, but not exceeding, one-third shall retire from office. Subject to the provisions of article 111 the directors retiring in terms of the preceding sentence shall be the directors who have been longest in office since their last election or re-election. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected by lot. Notwithstanding anything herein contained, if at the date of any annual general meeting any director shall have held office for a period of at least 3 (three) years since his last election or re-election, he

shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or in addition thereto. A retiring director shall act as a director throughout the meeting at which he retires.

91. Retiring directors shall be eligible for re-election, but no person not being a retiring director shall be eligible for election to the office of director at any general meeting unless he, or some member intending to propose him, has not less than 7 (seven) days and not more than 42 (forty-two) days before the meeting left at the office of the Company a notice in writing duly signed signifying his candidature for the office, or the intention of such member to propose him and of his willingness to serve as a director.
92. If the Company is not a listed company the above provisions relating to rotation of directors shall not apply.

VACATION OF OFFICE

93. The office of director shall, notwithstanding the provisions of any agreement between the Company and the director, be vacated, ipso facto, if the director:
 - (a) ceases to be a director or becomes prohibited from becoming a director by virtue of any provision of the Act; or
 - (b) ceases to be a director by virtue of rotation in terms of article 90, unless re-appointed; or
 - (c) resigns his office by notice in writing to the Company; or
 - (d) is removed by ordinary resolution of the Company of which special notice has been given, provided that the other formalities prescribed by Section 220 of the Act are complied with; or
 - (e) is removed by resolution in writing signed by all his co-directors; or

- (f) is absent for more than 6 (six) months, without permission of the directors from meetings of directors held during that period, is not represented at any of the said meetings by an alternate director and is removed by resolution in writing signed by a majority of his co-directors; or
- (g) becomes insane; or
- (h) becomes insolvent or compounds with his creditors or is sequestrated, whether provisionally or finally.

94. Nothing contained in article 93 shall prejudice any claim for damages arising from a breach of any agreement of service entered into between the Company and a director.

ALTERNATE DIRECTORS

- 95. Each director shall have the power to nominate any person, whether a member of the Company or not, to act as alternate director in his place during his absence or inability to act as such director, provided that the appointment of such alternate director shall be approved by the board.
- 96. An alternate director, while acting in the place of the director who appointed him, shall exercise and discharge all the powers, duties and functions of the director he represents.
- 97. Unless the Company so resolves in general meeting, an alternate director shall not be entitled to any remuneration or to receive reimbursement of any expenses which he has incurred while acting in the course of the business of the Company but must look to the director appointing him for such remuneration or reimbursement.
- 98. An alternate director shall cease to hold office:
 - (a) when the director who appointed him ceases to be a director; or

- (b) when the director who appointed him gives notice to the Company that the alternate director representing him has ceased to do so; or
- (c) when the alternate director resigns his office; or
- (d) when the alternate director is removed by a resolution signed by all the directors, other than the director who appointed him; or
- (e) when the alternate director would, if he were a full director, cease to hold office as director.

DIRECTORS' MEETINGS

CONSTITUTION

- 99. The directors may meet at such intervals as they may determine from time to time.
- 100. Where any director wishes to call a meeting of directors at any time other than established in terms of article 99 he shall instruct the secretary to that effect and the secretary shall give notice of the meeting.
- 101. Every meeting of directors shall, except in a case of urgency, be called on not less than 7 (seven) days' written notice. Every such notice shall state the date, place and time of the meeting.
- 102. In the case of in any matter requiring urgent attention a meeting of directors may be called on less than 7 (seven) days' notice and such notice may be given in writing or verbally or by telephone, telex or cable, as is practicable in the circumstances.
- 103. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall be not less than 2 (two).
- 104. The continuing directors may act notwithstanding any vacancy in their body, but if their number is reduced below the number fixed in terms of these Articles as the

minimum number of directors, the continuing directors may act for the purpose of increasing the number of directors to that number or for the purpose of convening a general meeting of the Company, but for no other purpose.

105. The directors may elect a chairman and deputy chairman of the board of directors and determine the period for which they are to hold office, provided that if the Company is a listed company the period of such appointment shall not exceed 1 (one) year. If no such chairman or deputy chairman is elected, or if at any meeting of directors the chairman and failing such chairman, the deputy chairman, is not present within 10 (ten) minutes after the time appointed for holding the meeting, the directors present may elect one of their number to be chairman of the meeting.
106. The directors may regulate and adjourn their meetings as they think fit.

RESOLUTIONS

107. Resolutions shall be determined by a majority of votes of the directors present at a meeting of directors and in the event of an equality of votes the chairman shall only have a second or casting vote if more than 3 (three) directors are present at the meeting.
108. Subject to the provisions of these Articles in regard to the number of directors necessary to form a quorum, a director may authorise any other director to vote for him at any meeting or meetings at which neither he nor any alternate director appointed by him is present. Any director so authorised shall, in addition to his own vote, have a vote for each director by whom he is authorised. Such authority must be granted in writing or given by telex or telegram and any such document, telex or telegram shall be produced at the meeting or at the first of the meetings at which such authority is exercised, and shall be left with the secretary for filing.

CIRCULATED RESOLUTIONS

109. A resolution in writing signed by a quorum of directors who may at the time be present in the town where the office of the Company is situate shall be as valid as if it had been passed at a meeting of the directors duly held and constituted. Where a director is not so present, but has an alternate who is so present, then such resolution must be signed by the alternate. Any such resolution may consist of several documents in like form, each signed by one or more of the signatories to the resolution. A copy of the resolution of the directors passed in terms of this Article shall be sent to all the directors forthwith after the passing thereof and the resolution shall be entered in the directors' Minute Book and be noted at the next succeeding meeting of the directors.

EXECUTIVE DIRECTORS

110. The directors may from time to time appoint one or more of their body to any executive office in the Company, and may from time to time remove or dismiss the person or persons so appointed and appoint another person or persons in his or their place or places. Every such appointment shall be made by a quorum of disinterested directors. No director shall be appointed to any such office for a period in excess of 5 (five) years at any one time.

111. If a director is appointed to any executive office in the Company the contract under which he is appointed may provide that he shall not for a period of 5 (five) years or for the period during which he continues to hold that office, whichever period is the shorter, be subject to retirement by rotation. In such case he shall not be taken into account in determining the retirement of directors by rotation. Notwithstanding the foregoing, where the Company is a listed company the number of directors who may be appointed to an executive office on the condition that they shall not be subject to retirement by rotation shall not equal or exceed one-half of the total number of the directors at the time of such appointment.

112. The remuneration of executive directors appointed in terms of article 110 shall from time to time be fixed by a quorum of disinterested directors or by the Company in general meeting.
113. The directors may from time to time entrust to and confer upon a managing director or other executive director for the time being such of the powers exercisable under these Articles by the directors as they may deem fit, and may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.
114. A person appointed to an executive office in terms of article 110 shall be subject to the like provisions relating to vacation of office as the other directors of the Company, and if he ceases to hold the office of director from any cause he shall ipso facto cease to hold such executive office.

COMMITTEES

115. The directors may delegate any of their powers to a committee or committees consisting of such member or members of their body as they think fit. Any committee so formed shall, in the exercise of the powers so delegated conform to any rules issued by the directors from time to time.
116. A committee may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within 10 (ten) minutes after the time appointed for holding the same, the members present may elect 1 (one) of their number to be chairman of such meeting.
117. A committee may meet and adjourn as it may think fit. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the event of an equality of votes the chairman shall have no second or casting vote.
118. Any director who serves on any committee or who devotes special attention to the business of the Company in such capacity may be paid such extra remuneration, in

addition to any other remuneration to which he may be entitled as a director, by way of salary or otherwise as a disinterested quorum of directors may determine.

119. Without prejudice to the general powers of the directors the directors may:

- (a) appoint persons resident in a foreign country to be a local committee for the Company in that country; remove or suspend such local committee or any members thereof; and fix and vary the remuneration payable to the members of any such committee;
- (b) open transfer offices of the Company and close the same at their discretion;
- (c) appoint and remove agents to represent the Company for such purposes as the directors may determine;
- (d) give such agents the power to appoint substitute agents to act in their place during their absence or inability to act, to remove such substitutes, and to appoint others; and
- (e) grant to such committee members or agents power to appoint other persons as co-committee members or joint agents.

120. Each local committee member shall have the power to nominate and appoint from time to time an alternate committee member with full power and authority to act in his place during his absence or inability to act, and to remove such alternate and to appoint another in his place. All such appointments shall be subject to the approval of the directors. No local committee member or his alternate shall be obliged to be a member of the Company.

121. Any director may act on any local committee appointed in terms of article 119 when present in the country for which the committee is appointed to act, and may take part in the proceedings of such committee and have the same rights and privileges as any member of the committee permanently resident in the country for which the committee is appointed.

AGENTS

122. The directors may at any time and from time to time by power of attorney appoint any person or persons to be the agent or attorney of the Company for such purposes and with such powers, authorities and discretions, not exceeding those vested in or exercisable by the directors under these Articles, and for such period and subject to such conditions as the directors may from time to time think fit, and any such appointment may, if the directors think fit, be made in favour of the members or any of the members of any local committee established under article 119, or in favour of any company or the members, directors, nominees, or managers of any company or firm or in favour of any varying body of persons, whether nominated directly or indirectly by the directors.
123. Any such agent or attorney may be authorised by the directors to delegate all or any of the powers, authorities and discretions for the time being vested in them.

BORROWING POWERS

124. Subject to articles 125 and 127 the directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company as they see fit, and in particular may pass mortgage bonds or issue debentures or debenture stock of the Company whether unsecured or secured by all or any part of the property of the Company, whether present or future.
125. Where the Company is a listed company and is not a subsidiary of a listed company, the directors shall so restrict the borrowing of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies (as regards subsidiary companies in so far as by such exercise they can procure) and that the aggregate principal amount outstanding in respect of monies so raised, borrowed or secured by the Company and any of its subsidiary companies for the time being (hereinafter referred to as "the Group"), as the case may be, exclusive of inter-company borrowings, shall not except with the consent of the Company in general meeting, exceed R40 000 000 (forty million rand) or the aggregate from time to time of the issued and paid-up capital of the Company,

together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves (including minority interests in subsidiary companies and provisions for deferred taxation), any share premium accounts of the Company and its subsidiaries certified by the Company's auditors and as attached to or forming part of the last annual financial statements of the Company or of the Group, as the case may be, which shall have been drawn up to be laid before the Company in general meeting at the relevant time, whichever is the greater, provided that no such sanction shall be required to the borrowing of any monies intended to be applied and actually applied within 90 (ninety) days in the repayment (with or without any premium) of any monies then already borrowed and outstanding and notwithstanding that such new borrowing may result in the abovementioned limit being exceeded.

126. For the purposes of article 125 "borrowings" shall:-

- (a) without limitation, include monetary guarantees executed by the Company or by any controlled company or subsidiary of the Company other than:
 - (i) guarantees in respect of the borrowing of moneys, where the amount of such borrowing is already included in the aggregate referred to in article 125;
 - (ii) guarantees of the obligations of any subsidiary where such obligations arise from acts which, if they had been performed by the Company as principal, would not constitute borrowings within the meaning of this Article;

provided that where the guarantees have been executed to secure bank overdraft or other facilities, of a variable nature, such guarantees shall only be deemed to be borrowings to the extent to which such overdraft or other facilities are used from time to time;

- (b) not include any borrowing by the Company from any of its subsidiaries or by any of its subsidiaries from the Company or from any other of its subsidiaries.

127. In the event that the Company is a subsidiary of a listed holding company, the total amount owing by the Company in respect of monies so raised, borrowed or secured shall not exceed the amount authorised by its listed holding company.
128. No lender or person dealing with the Company shall be obliged to see or enquire whether the restrictions imposed by articles 125 and 127 are observed.
129. Debentures, debenture stock, bonds and other instruments of debt may be issued at par or at a discount or at a premium, and with any special privileges as to redemption, surrender and drawings, provided that no special privileges as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise shall be given save with the sanction of the Company in general meeting.

RESERVES

130. The directors may, before declaring or recommending any dividends, set aside out of the amount available for dividends such sum as they think proper as a reserve or an addition thereto. The directors may divide the reserve into such special funds as they think fit, with full power to employ the assets constituting such fund or funds in the business of the Company or they may invest the same upon such investments (other than shares of the Company) as they may select without being liable for any depreciation of or loss in consequence of such investments, whether the same be usual or authorised investments for trust funds or not.
131. The reserve may, at the discretion of the directors, be applicable for the equalisation of dividends or for making provision for exceptional losses, expenses or contingencies or the extension or development of the Company's business or for writing down the value of any of the assets of the Company, or for repairing, improving and maintaining any buildings, plant, machinery or works connected with the business of the Company, or to cover the loss in wear and tear or other depreciation in value of any property of the Company, or for any other purpose to which the profits of the Company may be properly applied, and the directors may at Any time divide among the members by way of bonus or special dividends any part of

the reserve which in their opinion is not required for the purposes aforesaid, and as may be permitted by the Statutes.

DIVIDENDS

DECLARATION

132. The Company in general meeting or the directors may from time to time declare a dividend to be paid to the members in proportion to the number of their shares.
133. No larger dividend shall be declared by the Company in general meeting than is recommended by the directors, but the Company in general meeting may declare a smaller dividend.
134. No dividend shall be declared except out of the profits of the Company. The declaration of the directors as to the amount of the profits of the Company shall be conclusive.
135. (a) Dividends shall be declared in South African currency provided that the directors shall have power, where any members of the Company reside outside the Republic, to declare a dividend in any other relevant currency subject to such laws or regulations as may be applicable thereto, and in such event to determine the date on which and the rate of exchange at which it shall be converted into the other currency.
(b) No dividend shall bear interest against the Company.
(c) Dividends may be declared either free or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

PAYMENT

136. Dividends shall be payable to shareholders standing registered as at a date to be determined which date shall be subsequent to the date of declaration or the date of confirmation of the dividend, whichever is the later. The period between the later of the said dates and the date of the closing of the transfer registers in respect of the dividend shall where the Company is a listed company be not less than 14 (fourteen) days.
137. Any dividend declared may be paid and satisfied, either wholly or in part, by the distribution of specific assets, and in particular of shares or debentures of any other company, or in cash, or in any one or more of such ways, as the directors may at the time of declaring the dividend determine and direct. If any difficulty arises in the course of such distribution the directors may settle the manner of distribution as they think expedient, and in particular may assign a value to any specific assets, determine that cash payments shall be made to any members upon the basis of such valuation and vest any such assets in trustees upon trust for the persons entitled to the dividend in such manner as they see fit.
138. Any dividend may be paid by cheque, warrant, coupon or otherwise as the directors may from time to time determine, and may, if paid otherwise than by coupon, be sent by post to the last registered address of the member entitled thereto or, in the case of a joint holding, of the member first named in the register in respect of such holding, or may be sent to any other address specified for the purpose by such member or first named member, as the case may be.
139. The payment of such cheque or warrant or the surrender of any coupon shall be a good discharge to the Company of the obligation to pay the amount specified in such document. In any case where several persons are registered as the joint holders of any share, any one of such persons may give effectual receipt for all dividends and payments on account of dividends in respect of such share.
140. The Company shall not be responsible for the loss of, or any delay in, the transmission of any cheque, warrant or other document sent through the post to the

registered address of any member whether or not such document was so sent at the request of such member.

FORFEITURE

141. All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Any dividend remaining unclaimed for a period of 12 (twelve) years from the date of declaration thereof may be declared by the directors to be forfeited to the Company.

CAPITALISATION

142. The Company may appropriate any sum forming part of the undivided profits which stand to the credit of the reserves of the Company or which are otherwise available for dividend:
- (a) in pursuance of a special resolution, to Stated Capital Account in terms of article 19(b);
 - (b) in pursuance of an ordinary resolution, to a non-distributable reserve designated for the purpose, if such sum does not at such time form part of a non-distributable reserve.
143. The reserves of the Company, including the non-distributable reserves, may at any time be applied in paying up shares of the Company and in issuing such shares to the members of the Company in accordance with the provisions of these Articles relating to the issue of shares. Any such shares may be distributed among existing holders of the class of shares to which such shares belong, pro rata to their existing holdings, or may be dealt with in such other manner as the Company or the directors, as the case may be, may, subject to these Articles, determine.
144. If any difficulty arises in the issue of any shares in terms of article 143 the directors may settle the same as they think expedient, and in particular they may issue

certificates, fix the value for distribution of such shares, make cash payments to any holders of shares on the basis of the value so fixed in order to adjust rights, and vest any shares or assets in trustees upon trust for the persons entitled to participate in such issue as may seem just and expedient to the directors.

145. A contract or memorandum shall be filed where appropriate in accordance with Section 93 of the Act and the directors may appoint any person to sign such contract on behalf of the persons entitled to participate in the issue, and such contract may provide for the acceptance by such holders of the shares to be allotted to them respectively in satisfaction of their claims.

PENSION FUNDS

146. The directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension, provident retirement annuity or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to:
- (a) any persons who are or were at any time in the employment or service of: the Company; or any company which is a subsidiary of the Company; or any company which is allied to or associated with the Company; or
 - (b) any persons who are or who were at any time salaried directors or salaried officers of the Company or of any other company referred to in (a) above; and
 - (c) the wives, widows, families and dependants of any persons specified in (a) (b).
147. A director shall be entitled to participate in and retain for his own benefit any donation, gratuity, pension, allowance or emolument granted in terms of article 146.

CLUBS AND CHARITIES

148. The directors may establish or subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the general interests and well-being of the Company or of any companies or persons referred to in article 146, and make payments for or towards the insurance of any such persons, and subscribe or guarantee money for any charitable or benevolent objects or for any exhibition, or for any public, general or useful object, and do any of the matters aforesaid either alone or in conjunction with any other person.

RECORDS

REGISTERS

149. The directors shall keep and maintain a register of members of the Company in one of the official languages of the Republic and an index thereto as provided in Sections 105 and 106 of the Act. In addition to any such register the Company may maintain a branch register under the provisions of Section 107 of the Act.

150. There shall be entered in the register of members:

- (a) the names and addresses of the members;
- (b) the shares held by each member, distinguishing each share by its denoting number, if any, by its class or kind, and by the amount paid or deemed to be paid thereon;
- (c) the date on which the name of any person was entered in the register as a member;
- (d) the date on which any person ceased to be a member.

151. The directors shall keep and maintain:

- (a) a register of directors and officers of the Company and shall enter therein the particulars required by Section 215 of the Act; and
- (b) a register of interests of directors and officers in contracts, in one of the official languages of the Republic, and shall enter therein the particulars of any declarations of interest made under Sections 234, 235 and/or 237 of the Act; and
- (c) a register of interests of directors, past directors, officers and other persons in the shares and debentures of the Company and shall enter therein the particulars of any such interests declared under Section 230 of the Act.

152. The directors shall keep and maintain:

- (a) a register of pledges, notarial bonds, mortgage bonds and notarial debentures in accordance with the provisions of Section 127 of the Act; and
- (b) a register of debenture holders in accordance with the provisions of Section 128 of the Act.

153. Each of the registers referred to in articles 149,150, 151 and 152:

- (a) shall be kept at the office or at any office of the Company in the Republic where the work of making up such register is carried out or at the office of an agent of the Company in the Republic where the work of making up such register is carried out;
- (b) shall, except in the case of the register of members when such register is closed under the provisions of article 154, be open to the inspection of members during business hours, subject to any reasonable restriction from time to time imposed by the Company in general meeting.

154. The transfer books and register of members may, upon notice being given by advertisement in the Gazette and a newspaper circulating in the district in which the registered office is situate, and in the case of any branch register in the manner required by Section 108 of the Act, be closed during such time as the directors think fit, but not exceeding in total 60 (sixty) days in any year.

MINUTES

155. The directors shall in terms of Sections 204 and 242 of the Act cause minutes of the following matters to be inserted in books kept for the purpose:
- (a) all resolutions and other proceedings of any general meeting or any meeting of any class of members of the Company;
 - (b) all resolutions and other proceedings of any meeting of the directors or of any executive or other committee.

Such minutes shall specify, without limitation, all resolutions to appoint directors and all resolutions passed in terms of article 109 and shall record the names of all directors attending meetings of the directors or of any executive or other committee.

156. Any minutes of a meeting of the Company or of the directors or of any executive or other committee, and any extract therefrom purporting to be signed by any one director and the secretary, shall be receivable in evidence of the matters recorded therein. Any minutes of any resolution made in pursuance of article 109, and any extract therefrom purporting to be signed by any one director and the secretary, shall be receivable in evidence of the matters recorded therein.

ACCOUNTING RECORDS

157. The directors shall cause accounting records to be kept in accordance with Section 284 of the Act.

158. The accounting records referred to in article 157 shall be kept at the office or at such other place or places as the directors may think fit.
159. The accounting records shall be open to inspection by any of the directors at any time. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions the accounting records of the Company or any of them shall be open to inspection by members not being directors, and, subject to the rights granted to members in terms of the Act, no member other than a director shall be entitled to inspect any of the accounting records or other documents of the Company unless authorised by the directors or by the Company in general meeting.

ANNUAL FINANCIAL STATEMENTS

160. The directors shall from time to time, in accordance with Sections 286 and 288 of the Act, cause to be prepared and laid before the Company in general meeting such annual financial statements, group annual financial statements and group reports, if any, as are referred to in these sections.
161. The directors shall in accordance with Section 303 of the Act, prepare or cause to be prepared half-yearly interim reports, copies of which shall be sent to every member of the Company and to the Registrar.
162. Not less than 21 (twenty-one) days before the date of any annual general meeting a copy of the relevant annual financial statements and group annual financial statements to be laid before such meeting shall be delivered or sent by post to the registered address of every member and debenture holder of the Company and shall also be sent to the Company's auditors and to the Registrar. In addition and simultaneously, where the Company is a listed company, 3 (three) copies of the aforesaid financial statements shall be forwarded to The Johannesburg Stock Exchange. Nothing contained in this Article shall impose a duty on the directors to send copies of such documents to any person whose address is not known to the Company or, where any shares or debentures are jointly held, to more than one of the joint holders of such shares or debentures.

AUDIT

163. An auditor or auditors shall be appointed in accordance with Chapter X of the Act. An auditor may be a member of the Company but no person shall be eligible to be appointed as an auditor of the Company who has any interest otherwise than as a member, in any transaction to which the Company is a party, or who holds any office in the Company other than that of auditor, whether as director, manager, secretary or otherwise. If an auditor during his term of office as auditor, acquires an interest, or is appointed to an office, which renders him ineligible for appointment as an auditor, then such person shall ipso facto cease to be an auditor of the Company.
164. An auditor of the Company shall, subject to the provisions of the Act and of article 163, hold office until another appointment or other appointments to the office shall be made at a general meeting of the Company.
165. Any casual vacancy occurring in the office of auditor may be filled up by the directors and any person so appointed shall, subject to the provisions of Sections 275, 277 and 278 of the Act, continue in office until the first general meeting held after the appointment of such person, provided that if such general meeting fails to appoint an auditor in the place of the auditor whose office was vacated and if the person appointed by the directors to fill the place of such person be the only existing auditor of the Company, then such person may continue in office until such time as the Company in general meeting appoints an auditor or auditors or until the directors appoint some other person to fill the casual vacancy.
166. The remuneration of the auditors shall be fixed by the directors.
167. At least once in every year the accounting records of the Company shall be audited. For this purpose:
 - (a) the auditors shall be supplied with copies of the annual financial statements intended to be laid before the Company in general meeting;
 - (b) the auditors shall at all times have access to the books and accounts of the Company;

- (c) the auditors may, for the purposes of the audit, examine the directors or officers of the Company.

In addition to such audit the auditors shall make a report to the members in compliance with the Act.

- 168. If the Company is a holding company as defined in Section 1 of the Act, then the directors' report which is included in the consolidated or group annual financial statements issued by the Company in terms of the Act shall disclose:
 - (a) full details of all matters material to an understanding of the state of affairs and business of the Company and the profit and loss earned or incurred by the Company and its subsidiary companies, if any;
 - (b) the matters prescribed by Schedule 4 of the Act where these are applicable; and
 - (c) where the Company is a listed company, full details of all special resolutions and resolutions (excluding resolutions of a routine nature passed in the normal course of business) passed at general meetings of the Company's subsidiary companies since the date of the previous annual financial statements of the Company.
- 169. The financial statements of the Company for any year, where certified by the auditors and laid before a general meeting, shall be deemed to be correct, and shall not in any case be re-opened, provided that if any error is discovered in such statements within a period of 3 (three) months following such general meeting, then such statements shall forthwith be corrected and re-certified by the auditors and thenceforth shall be deemed to be correct.

NOTICES

BY HAND OR BY POST

170. Subject to the provisions of articles 173 and 174 any notice to be given by the Company to a member shall be given by hand or sent by post by a prepaid letter addressed to the registered address of such member.
171. Where notice is to be given by hand or by post then:
- (a) in the case of the joint holders of any share, such notice shall be effected by giving notice to the joint holder whose name appears first in the register of members in respect of such share; and notice so given shall be sufficient notice to all the holders of such share;
 - (b) in the case of any share registered in the name of a member who is a minor, or subject to the marital power, or insolvent, or deceased or for whom a curator bonis has been appointed or is under judicial management or is in liquidation, notice may be given by hand to the person claiming to be entitled to the share in consequence of such state of affairs or may be sent by post in a prepaid letter addressed to such person by name, or by the title of representative of the deceased, or trustee of the insolvent or by any like description, at any address supplied for the purpose by such person, provided that if no such address has been supplied, notice may be given in the manner in which the same might have been given had such state of affairs not existed.
172. Any notice or document delivered or sent by post or left at the registered address of any member in pursuance of these Articles shall, notwithstanding that such member be then deceased, and whether or not the Company has received notice of his decease, be deemed to have been duly served in respect of any shares, whether held solely or jointly with other persons, unless some other person be registered in his stead as a holder or joint holder thereof, and such service shall, for all purposes, be deemed to be sufficient notice to his or her heirs, executors or administrators and/or to any joint holder of such shares.

BY ADVERTISEMENT

173. Notice to the holder of a share warrant shall, unless the conditions of issue provide that such holder shall receive notices by hand or by post, be given by advertisement.
174. Where any notice is required by these Articles to be given by the Company to the members or any of them such notice may be given by advertisement.
175. Any notice which must be given, or which may be given by advertisement shall, subject to the provisions of the Act, be inserted in a newspaper circulating in Johannesburg and, if the registered office of the Company is situated outside the Transvaal, in a newspaper circulating in the town or district in which the registered office of the Company is situated; provided that where a branch register or transfer office has been established, such advertisement shall also be inserted in at least one newspaper circulating in the district in which such branch register or transfer office is located.

PROCEDURE

176. In every notice calling a meeting of the Company or of any class of members of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote in lieu of such person, and that a proxy need not also be a member.
177. Any notice by post shall be deemed to have been served at the time when the letter containing the same was posted, and in proving the giving of the notice by post it shall be sufficient to prove that the letter, envelope or wrapper containing the notice was properly addressed and posted.
178. Where a given number of days notice or notice extending over any period is required to be given, the day of service shall not, unless it is otherwise provided, be counted in such number of days or period.

179. Every person who by operation of law, transfer or other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which, prior to the date on which his name and address is entered on the register, is given to the person from whom he derives his title to such share.

NOTICE OF GENERAL MEETINGS

180. Notice of a general meeting shall be given:

- (a) to every member of the Company except any member who has not supplied to the Company a registered address for the giving of notices;
- (b) to every person entitled to a share in consequence of the death or insolvency of a member;
- (c) to the directors and the auditor for the time being of the Company; and
- (d) by advertisement to the holders of share warrants to bearer.

No other person shall be entitled to receive notice of general meetings.

VALIDITY OF ACTS

- 181. Accidental omission to give notice of any general meeting to any member of the Company or the non-receipt of such notice by any member shall not invalidate any resolution passed at any such meeting.
- 182. All acts done at any meeting of the directors or at any executive or other committee of the directors, or by any person acting as a director, shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the director or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

183. No provision of these Articles and no regulation prescribed by the Company in general meeting shall retrospectively invalidate any prior act of the directors which would have been valid had such article or regulation not been enacted.

WINDING UP

184. If the Company is wound-up, then the assets remaining after payment of all the debts and liabilities of the Company, including the costs of liquidation, shall be applied to repay to the members the amount paid up on the issued capital of the Company and thereafter the balance shall be distributed to the members in proportion to their respective shareholdings; provided that the provisions of this Article shall be subject to the rights of the holders of any shares issued upon special conditions.
185. Any part of the assets of the Company, including any shares or securities of other companies, may on a winding-up, and with the sanction of a special resolution of the Company, be paid to the members of the Company in specie, or may be vested in trustees for the benefit of such members, and the liquidation of the Company may thereupon be concluded and the Company dissolved.

LIABILITY

186. Subject to the provisions of Sections 247 and 248 of the Act, every director, manager, auditor or secretary and other officer or employee of the Company shall be indemnified and held harmless by the Company against, and it shall be the duty of the directors out of the funds of the Company to pay, all costs, losses and expenses, including travelling expenses, which any such officer or employee may incur or become liable to pay by reason of any contract entered into, or any act or omission done or omitted to be done by him in the discharge of his duties or in his capacity as such officer or employee.
187. Subject to the provisions of the Act, no director, manager, secretary or other officer or employee of the Company shall be liable for any act or omission of any other director, manager, secretary or other officer or employee of the Company; or for joining in any

receipt or other act; or for any loss or expense suffered by the Company in consequence of any absence of, or any defect in, any title to any property acquired by order of the directors for or on behalf of the Company; or for any absence of, or defect in, any security upon which any of the moneys of the Company shall be invested; or for any loss or damage arising from the insolvency or delictual act of any person with whom any moneys, securities or assets shall be deposited; or for any loss or damage occasioned by any error of judgment or oversight on the part of such director, manager, secretary or other officer or employee; or for any other loss, damage or misfortune whatever which shall happen in or in relation to the execution of his office or employment, unless the same be attributable to his own negligence, default, breach of duty or breach of trust.

188. If, upon any consolidation by the Company of its shares, there are members holding less than 100 shares prior to the consolidation taking effect who become entitled to fractions of consolidated shares, then the Company shall, unless such members have elected to retain such fractions, cause the fractions to be aggregated and sold on such basis as the directors may determine and the Company shall account to such member for the proceeds attributable to each member's fraction.

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1. A certificated or "own name" dematerialised shareholder may insert the name of a proxy or the names of two alternatives proxies of the certificated or "own name" dematerialised shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting"; but any such deletion must be initialed by the certificated or "own name" dematerialised shareholder. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A certificated or "own name" dematerialised shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the certificated shareholders' votes exercisable thereat. A certificated or "own name" dematerialised shareholder or his proxy is not obligated to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the certificated or "own name" dematerialised shareholder or by his/her proxy.

3. This duly completed form of proxy must be received by the Company's transfer secretaries. Ultra Registrar (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) or Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, by no later than 48 hours before the time fixed for the general meeting.

4. The completion and lodging of this form of proxy will not preclude the relevant certificated or "own name" dematerialised shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to this form or proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the general meeting.

6. Every person present and entitled to vote at the general annual meeting as a registered member or as a representative of a body corporate shall on a show of hands have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, such person or representative, will have one vote per share.

7. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.

8. Dematerialised shareholders other those with "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participants ("CSDP") or broker to provide them with a Letter of Representation or they must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholders and their CSDP or broker.

(HARMONY(TM) LOGO)

HARMONY GOLD MINING COMPANY LIMITED
Incorporated in the Republic of South Africa
Registration Number 1950/038232/06
("Harmony" or "Company")

JSE Share code: HAR NYSE Share Code: HMY ISIN Code : ZAE 000015228

DIRECTORS: P T Motsepe (Chairman), Z B Swanepoel (Chief Executive), F Abbott, F Dippenaar, V N Fakudef, T S A Grobicki, W M Gule, Dr. D.S. Lushaba, R. P. Menell, M Motloba, Dr M Z Nkosi, M F Fleming, V N Qangule, Lord Renwick of Clifton
KCMG*, CML Savage

SECRETARY: MP van der Walt

* British

Please refer to the Annual Report for details of the Company's directors and management, its major shareholders, material changes, litigation, directors' interests in securities, share capital and the Directors' Responsibility Statement.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the annual general meeting of Harmony will be held on Friday, 12 November 2004 at 10:00 at Harmony's Corporate Offices,

Randfontein Office Park, corner Main Reef Road and Ward Avenue, Randfontein for the following purposes:

1. to receive and adopt the audited financial statements of the Company for the year ended 30 June 2004, including the reports of the directors and auditors.
2. to fix the remuneration of the directors. In addition to the standard director's fee, shareholders will be requested to agree to an additional R4000 per day to be paid to a non-executive director who performs any additional duties over and above his or her normal duties as non-executive director.
3. to re-elect a number of directors by way of a single resolution.
4. to re-elect Dr M Z Nkosi, Mr R P Menell, Mr M Motloba and Ms N V Qangule, who have been appointed by the board as directors in terms of the Articles of Association of the Company (a short CV of each director appears in the Annual Report to which this notice is attached ("Annual Report") under the heading "Directorate");
5. to re-elect Mr F Dippenaar, Ms V N Fakude and Dr S Lushaba, who retire by rotation and have made themselves available for re-election, as directors in terms of the Articles of Association of the Company (a short CV of each director appears in the Annual Report under the heading "Directorate") and
6. to consider and if deemed fit to pass with or without modification the following ordinary and special resolutions, the reasons for and the effects of the special resolutions being stated below.

SPECIAL RESOLUTION NUMBER 1

"Resolved that the authorised ordinary share capital of the Company be increased from Illegible cents each to R225 000 000 divided into 450 000 000 ordinary shares at 50 cents each by the creation of 100 000 000 new ordinary shares of 50 cents each ranking pari passu in all respects with the existing ordinary shares in the authorised share capital of the Company."

The reason for this special resolution number 1 is to ensure that the Company has sufficient authorised but unissued shares available for the purpose of future opportunities. The effect of this special resolution number 1 is to create 1 00 000 000 new ordinary shares and thereby increase the authorised ordinary share capital of the Company from R175 000 000 to R225 000 000.

SPECIAL RESOLUTION NUMBER 2

"Resolved that the Company may, as a general approval in terms section Illegible the Companies Act, 1973 Illegible 1973), as amended, acquire, from time to time, such number of its securities at such price or prices and on such other terms and conditions as the directors may from time to time determine, but subject to the requirements from time to time, of any stock exchange upon which the Company's securities may be quoted or listed and to the following requirements of the JSE Securities Exchange South Africa ("JSE").

(A) the repurchase of securities shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;

(B) the repurchase of securities must be authorised by the Company's Articles of Association;

(C) the authority shall be valid only until the next annual general meeting of the Company or for 15 months from the date on which this special resolution is passed, whichever period is shorter;

(D) repurchases may not be made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;

(E) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;

(F) the Company may only undertake a repurchase of the securities if, after such repurchase, it still complies with the Listings Requirements of the JSE concerning shareholder spread requirements; and

(G) the Company or its subsidiaries may not repurchase the Company's shares during a prohibited period, as defined in the Listings Requirements of the JSE."

The reason for and effect of special resolution number 2 is to generally approve, in terms of section 85(2) of the Companies Act, 1973 (Act 61

of 1973), as amended (Act"), the acquisition by the Company of securities issued by it, subject to the

Listings Requirements of the JSE Securities Exchange South Africa ("JSE"). The directors intend to utilise this authority at such time or times in respect of such number of securities, at such price and or such terms as they may consider appropriate in the circumstances from time to time, provided that any repurchase of securities should not, in the aggregate, in this financial year exceed 20% of the Company's issued securities of the class concerned. Accordingly, the method by which the Company intends to acquire its securities, the maximum number of securities which will be acquired and the price(s) and date(s) at which the acquisition(s) is (are) to take place are not presently known. In considering whether or not to act in terms of this general authority the directors will ensure for a period of 12 months after the date of the notice of general meeting that:

- (A) the Company and its subsidiaries ("Group") will be able, in the ordinary course of business, to pay its debts;
- (B) the consolidated assets of the Company and the Group will be in excess of the consolidated liabilities of the Company and the Group. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- (C) the Company and the Group will have adequate capital and reserves; and
- (D) the working capital of the Company and the Group will be adequate for ordinary business purposes.

When the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company will publish an announcement giving details thereof in accordance with Rule 11.27 of the Listings Requirements of the JSE.

The Company undertakes that it will not enter the market to repurchase the Company's securities in terms of this general authority until such time as the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the Listings Requirements of the JSE.

"Resolved that the directors of the Company be and are hereby authorised to allot and issue, after providing for the requirements of the Harmony (1994) Share Option Scheme, the harmony (2001) Share Option Scheme and the Harmony (2003) Share Option Scheme, all or any of the remaining unissued securities in the capital of the Company at such time or times to such person or persons or bodies corporate upon such terms and conditions as the directors may from time to time at their sole discretion determine, subject to the provisions of the Companies Act, 1973 (Act 6) of 1973), as amended, and the Listings Requirements of the JSE Securities Exchange of South Africa."

This ordinary resolution is required in order to comply with the provisions of section 221 of the Act.

ORDINARY RESOLUTION NUMBER 2

"Resolved that the directors of the Company be and are hereby authorised to allot and issue equity securities (including the grant or issue of options or securities that are convertible into an existing class of equity securities) for cash (or the extinction of a liability, obligation or commitment, restraint(s), or settlement or expenses) on such terms and conditions as the directors may from time to time at their sole discretion deem fit, as and when suitable opportunities arise therefor, but subject to the following requirements of the JSE Securities Exchange South Africa ("JSE"):

(A) the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

(B) the equity securities must be issued to public shareholders, as defined in the Listings Requirements of the JSE and not to related parties;

(C) the equity securities which are the subject of general issues for cash;

(I) in the aggregate in any one financial year may not exceed 15% of the relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 15% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities);

(II) of a particular class, will be aggregated with any securities that are compulsory convertible into securities of that class, and, in the case of the issue of compulsory convertible securities, aggregated with the securities of that class into which they are compulsory convertible;

(III) as regards the number of securities which may be issued (the 15% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:

(1) less any securities of the class issued, or to be in future arising from options/convertible securities issued, during the current year;

(2) plus any securities of that class to be issued pursuant to:

(aa) a rights issue which has been announced is irrevocable and is fully underwritten; or

(bb) an acquisition which has had final terms announced may be included, as though they were securities in issue as at the date of application;

(D) the maximum discount at which equity securities may be issued is 10% of the weighted average traded price of such securities measured over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period."

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required for this resolution to be effective. This resolution, if approved by shareholders, shall be valid until the Company's next annual general meeting or for 15 months from the date of the resolution, whichever is the shorter.

After the Company has issued equity securities in terms of this general authority representing, on a cumulative basis within the current financial year, 5% or more of the number of equity securities in issue prior to that issue, the Company will publish an announcement containing full details of the issue in accordance with Rule 11.22 of the Listings Requirements of the JSE.

VOTING AND PROXIES

Each shareholder of Harmony who, being an individual, is present in person or by proxy, or, being a company, is represented at the general meeting, is entitled to one vote on a show of hands. On a poll, each shareholder present in person or by proxy or represented shall have one vote for every share held by such shareholder. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a shareholder of Harmony.

Certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting, but wish to be represented thereat must complete and return the attached form of proxy to the transfer secretaries of Harmony, being Ultra Registrars (Proprietary) Limited or Capita Registrars, to reach them by no later than 9:00 on 10 November 2004. The completion of a form of proxy will not preclude a shareholder from attending, speaking and voting at the general meeting to the exclusion of the proxy so appointed.

Dematerialised shareholders other than those who have elected "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and its CSDP or broker.

By order of the Board

/s/ MP van der Walt

Harmony Gold Mining Company Limited
MP van der Walt
Secretary
Virginia

3 September 2004

HARMONY GOLD MINING COMPANY LIMITED (HARMONY(TM) LOGO)
Incorporated in the Republic of South Africa
Registration Number 1950/038232/06
("Harmony" or "Company")

JSE Share code: HAR NYSE Share Code: HMY ISIN Code: ZAE 000015228

PROXY FORM

For use of certified shareholders of Harmony ("shareholders") at the annual general meeting of Harmony to be held at 10:00 on Friday, 12 November 2004, at Harmony's Corporate Office, Randfontein Office Park, corner of Main Reef Road and Ward Avenue, Randfontein, and any adjournment thereof ("the general meeting").

I/We _____
_____ (NAME IN BLOCK LETTERS)

being the holder/s of _____ shares in the Company, do hereby appoint

- 1. _____ or failing him/her
- 2. _____ or failing him/her
- 3. the chairman of the general meeting,

as my/our proxy to act for me/us and on my/our behalf at the general meeting, which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions (see note 2):

<TABLE>
<CAPTION>

	FOR	AGAINST	ABSTAIN
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<S>	<C>	<C>	<C>
RESOLUTION 1	Adoption of 2003 audited		

Financial Statements

- RESOLUTION 2 To fix the remuneration of directors
- RESOLUTION 3 To elect and re-elect a number of directors by single resolution
- RESOLUTION 4 To re-elect directors in terms of the Company's Articles of Association:
R Menell
M Motloba
Dr M Z Nkosi
N V Qangule
- RESOLUTION 5 To re-elect directors in terms of the Company's Articles of Association.
F Dippenaar
N Fakude
Dr S Lushaba
- SPECIAL RESOLUTION NUMBER 1 To increase the authorised share capital
- SPECIAL RESOLUTION NUMBER 2 To grant authority for repurchases of securities
- ORDINARY RESOLUTION NUMBER 1 To place the balance of the unissued securities of the Company under the control of the directors
- ORDINARY RESOLUTION NUMBER 2 To authorise the directors to issue securities for cash

Signed at _____ on _____ 2004.

Signature _____

Assisted by me (where applicable) _____

(Note: A shareholder entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his/ her stead. Such proxy need not also be a shareholder of the Company).

PLEASE READ THE NOTE ON THE FOLLOWING PAGE UNDER THE HEADING "NOTES".

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[HARMONY(TM) LOGO]

Notice to Shareholders
Annual Report 2005

Harmony Gold Mining Company Limited

Incorporated in the Republic of South Africa
Registration Number 1950/038232/06
("Harmony" or "Company")
JSE Share code: HAR; NYSE Share code: HMY;
ISIN Code: ZAE 000015228

Directors

P T Motsepe* (Chairman), Z B Swanepoel (Chief Executive),
F Abbott*, J A Chissano*#, F Dippenaar, V N Fakude*,
TSA Grobicki, Dr. DS Lushaba*, R Menell*, M Motloba*,
N V Qangule, C M L 'Savage
*Non-Executive;# Mozambican

Secretary

M P van der Walt

Please refer to the Annual Report for details of the Company's directors and management, its major shareholders, material changes, litigation, directors' interests in securities, share capital and the Directors' Responsibility Statement.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the annual general meeting of Harmony will be held on Friday, 4 November 2005 at 10:00 at Harmony's Corporate Offices, Randfontein Office Park, corner Main Reef Road and Ward Avenue, Randfontein for the following purposes:

- 1 to receive and adopt the audited financial statements of the Company for the year ended 30 June 2005, including the reports of the directors and auditors;
- 2 to fix the remuneration of the directors;
- 3 to elect Mr JA Chissano as director in terms of the Articles of Association of the Company (a short CV appears in the Annual Report under the heading Directorate);
- 4 to re-elect Mr Frank Abbott, Mr Patrice Motsepe and Mr Cedric Savage who retire by rotation and have made themselves available for re-election, as directors in terms of the Articles of Association of the Company (short CVs of each director appear in the Annual Report under the heading Directorate); and
- 5 to consider, and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, the reasons for and the effects of the special resolutions being stated below:

SPECIAL RESOLUTION NUMBER 1

"Resolved that the Company may, as a general approval in terms of section 85 (2) of the Companies Act, 1973 (Act 61 of 1973), as amended, acquire, from time to time, such number of its securities at such price or prices and on such other terms and conditions as the directors may from time to time determine, but subject to the requirements from time to time of any stock exchange upon which the Company's securities may be quoted or listed and to the following requirements of the JSE Limited (JSE):

- (a) the repurchase of securities shall be effected through the order book

FINDING YOUR WAY TO THE AGM

[MAP]

operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;

- (b) the repurchase of securities must be authorised by the Company's Articles of Association;
- (c) the authority shall be valid only until the next annual general meeting of the Company or for 15 months from the date on which this special resolution is passed, whichever period is shorter;
- (d) repurchases may not be made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- (e) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- (f) the Company may only undertake a repurchase of the securities if, after such repurchase, it still complies with the Listings Requirements of the JSE concerning shareholder spread requirements; and
- (g) the Company or its subsidiaries may not repurchase the Company's shares during a prohibited period, as defined in the Listings Requirements of the JSE.

The reason for and effect of special resolution number 1 is to generally approve, in terms of section 85(2) of the Companies Act, 1973 (Act 61 of 1973), as amended (the Act) the acquisition by the Company of securities issued by it, subject to the Listings Requirements of the JSE. The directors intend to utilise this authority at such time or times, in respect of such number of securities, at such price and on such terms as they may consider appropriate in the circumstances from time to time, provided that any repurchase of securities should not, in the aggregate, in this financial year exceed 20% of the Company's issued securities of the class concerned. Accordingly, the method by which the Company intends to acquire its securities, the maximum number of securities which will be acquired and the price(s) and date(s) at which the acquisition(s) is (are) to take place are not presently known. In considering whether or not to act in terms of this general authority, the directors will ensure, for a period

of 12 months after the date of the notice of the general meeting, that:

- (a) the Company and its subsidiaries (the Group) will be able, in the ordinary course of business, to pay its debts;
- (b) the consolidated assets of the Company and the Group will be in excess of the consolidated liabilities

1 Harmony Annual Report 2005

of the Company and the Group. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;

- (c) the Company and the Group will have adequate capital and reserves; and
- (d) the working capital of the Company and the Group will be adequate for ordinary business purposes.

When the Company has cumulatively repurchased 3% of the initial number of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company will publish an announcement giving details thereof in accordance with Rule 11.27 of the Listings Requirements of the JSE. The Company undertakes that it will not enter the market to repurchase the Company's securities in terms of this general authority until such time as the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in accordance with Schedule 25 of the Listings Requirements of the JSE.

RANDFONTEIN OFFICE PARK

[MAP]

ORDINARY RESOLUTION NUMBER 1

"Resolved that, subject to the approval of the JSE and the directors of the Company, the Harmony (2003) Share Option Scheme (approved by shareholders on 14 November 2003) be amended by the deletion of clause 3.2 and the substitution thereof by the following:

- 3.2 The aggregate number of unissued shares that may be used for the Option Scheme and the Existing Schemes, shall not exceed 14% of the issued share capital of the Company from time to time, which as at 1 September 2005 is represented by 55 067 767 shares. Shares which are the subject of lapsed or terminated options and shares which are the subject of options which have been exercised by participants who are no longer employees shall not be regarded as being reserved for the Option Scheme."

This ordinary resolution is required as the Harmony (2003) Share Option Scheme (Scheme) limited the aggregate number of shares that may be used for the Scheme and the Existing Schemes (as defined therein) to 14% of the issued share capital of the company as at 16 September 2003. The issued share capital of the company has increased substantially since 16 September 2003 and the amendment accommodates this.

ORDINARY RESOLUTION NUMBER 2

"Resolved that the directors of the Company be and are hereby authorised to allot and issue, after providing for the requirements of the Harmony (1994) Share Option Scheme, the Harmony (2001) Share Option Scheme and the Harmony (2003) Share Option Scheme, 10% of the remaining unissued securities in the capital of the Company, being 80 665 881 ordinary shares of 50 cents each as at 1 September 2005, at such time or times to such person or persons; or bodies corporate upon such terms and conditions as the directors may from time to time at their sole discretion determine, subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of JSE Limited."

This ordinary resolution is required in order to comply with the provisions of section 221 of the Act and has been limited to ensure that not all of the current unissued share capital, being 806 658 806 ordinary shares as at 1 September 2005, be placed under the control of the directors.

ORDINARY RESOLUTION NUMBER 3

"Resolved that the directors of the Company be and are hereby authorised to allot and issue equity securities including the grant or issue of options or securities that are convertible into an existing class of equity securities for cash (or the extinction of a liability, obligation or commitment, restraint(s), or settlement of expenses) on such terms and conditions as the directors may from time to time at their sole discretion deem fit, as and when suitable opportunities arise therefore, but subject to the following requirements of the JSE:

- (a) the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- (b) the equity securities must be issued to public shareholders, as defined in the Listings Requirements of the JSE, and not to related parties;

- (c) equity securities which are the subject of general issues for cash:
- (i) in the aggregate, in any one financial year, may not exceed 15% of the relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 15% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities);
 - (ii) of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
 - (iii) as regards the number of securities which may be issued (the 15% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
 - (1) less any securities of the class issued, or to be issued in future arising from options/ convertible securities issued, during the current financial year;
 - (2) plus any securities of that class to be issued pursuant to:
 - (aa) a rights issue which has been announced, is irrevocable and is fully underwritten; or
 - (bb) an acquisition which has had final terms announced may be included, as though they were securities in issue as at the date of application;
- (d) the maximum discount at which equity securities may be issued is 10% of the weighted average traded price of such securities measured over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period. "The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting is required for this if approved by shareholders, shall be valid until the Company's next annual general meeting or for 15 months from the date of the resolution, whichever is the shorter." After the Company has issued equity securities in terms of this general authority representing, on a cumulative basis within the current financial year, 5% or more of the number of equity securities in issue prior to that issue, the Company will publish an announcement containing full details of the issue in accordance with Rule 11.22 of the Listings Requirements of the JSE.

The Company will only transact in derivative transactions relating to the repurchase of securities if, with regard to the price of the derivative:

- (i) the strike price of any put option written by the Company less the value of the premium received by the Company for that put option may not be greater than the fair value of a forward agreement based on a spot price not greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- (ii) the strike price of any call option may be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected at the time of entering into the derivative agreement, but the company may exercise the call option if it is more than 10% "out of the money";
- (iii) the strike price of the forward agreement may be greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected but limited to the fair value of a forward agreement calculated from a spot price not greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected.

VOTING AND PROXIES

Each shareholder of Harmony who, being an individual, is present in person or by proxy, or, being a company, is represented at the general meeting, is entitled to one vote on a show of hands. On a poll, each shareholder present in person or

by proxy or represented shall have one vote for every share held by such shareholder. A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a shareholder of Harmony.

Certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting, but who wish to be represented thereat must complete and return the attached form of proxy to the transfer secretaries of Harmony, being Eyethu Registrars (Proprietary) Limited or Capita Registrars, to reach them by no later than 10:00 (SA time) on 2 November 2005. The completion of a form of proxy will not preclude a shareholder from attending, speaking and voting at the general meeting to the exclusion of the proxy so appointed.

Dematerialised shareholders other than those who have elected "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participant (CSDP) or broker to provide them with a letter of representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and its CSDP or broker.

By order of the Board
Harmony Gold Mining Company Limited

/s/ MP van der Walt

MP van der Walt
Secretary
Virginia, South Africa
2 September 2005

3 Harmony Annual Report 2005

HARMONY GOLD MINING COMPANY LIMITED
INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA
REGISTRATION NUMBER 1950/038232/06
(HARMONY OR THE COMPANY)

JSE SHARE CODE: HAR; NYSE SHARE CODE: HMY; ISIN CODE: ZAE 000015228

PROXY FORM

For use by certificated shareholders and "own name" dematerialised shareholders of Harmony (shareholders) at an annual general meeting of Harmony to be held at 10:00 (SA time) on Friday, 4 November 2005, at the Harmony Corporate Office, Randfontein Office Park, corner of Main Reef Road and Ward Avenue, Randfontein, and any adjournment thereof (the annual general meeting).

I/We _____ (NAME IN BLOCK LETTERS)

being the holder/s of _____ shares in the Company, do hereby appoint

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions (see note 2):

<TABLE>
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<S>	<C>	FOR ----- <C>	AGAINST ----- <C>	ABSTAIN ----- <C>
RESOLUTION 1	Adoption of 2004/2005 audited Financial Statements			
RESOLUTION 2	To fix the remuneration of directors			
RESOLUTION 3	To elect directors in terms of the company's Articles of Association: Mr JA Chissano			
RESOLUTION 4	To re-elect directors in terms of Harmony's Articles of Association: Mr F Abbott Mr PT Motsepe Mr CMA Savage			
SPECIAL RESOLUTION NUMBER 1	Granting authority for share repurchases			
ORDINARY RESOLUTION NUMBER 1	Amending clause 3.2 of the Harmony (2003) Share Option Scheme			
ORDINARY RESOLUTION NUMBER 2	Placing 10% of the unissued ordinary shares of the company under directors' control			
ORDINARY RESOLUTION NUMBER 3	Authorising the directors to issue shares for cash			

</TABLE>

Signed at _____ on _____ 2005.

Signature _____

Assisted by me (where applicable) _____

(Note: A shareholder entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his/her stead. Such proxy need not also be a shareholder of the Company).

PLEASE READ THE NOTES ON THE FOLLOWING PAGE UNDER THE HEADING "NOTES".

NOTES:

1. A certificated or "own name" dematerialised shareholder may insert the name of a proxy or the names of two alternatives proxies of the certificated or "own name" dematerialised shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting"; but any such deletion must be initialled by the certificated or "own name" dematerialised shareholder. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A certificated or "own name" dematerialised shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the certificated shareholders' votes exercisable thereat. A certificated or "own name" dematerialised shareholder or his proxy is not obligated to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the certificated or "own name" dematerialised shareholder or by his/her proxy.
3. This duly completed form of proxy must be received by the Company's transfer secretaries, Eyethu Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) or Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England 48 hours before the time fixed for the general meeting.
4. The completion and lodging of this form of proxy will not preclude the relevant certificated or "own name" dematerialised shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to this form or proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the general meeting.
6. Every person present and entitled to vote at the general annual meeting as a registered member or as a representative of a body corporate shall on a show of hands have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, such person or representative, will have one vote per share.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Dematerialised shareholders other than those with "own name" registration who wish to attend the general meeting must request their Central Securities Depository Participant (CSDP) or broker to provide them with a Letter of Representation or they must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholders and their CSDP or broker.

Russell & Associates

<PAGE> 8

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HARMONY (2003) SHARE OPTION SCHEME

1 DEFINITIONS

In this Option Scheme the following words and expressions have the meaning assigned thereto and words signifying the singular shall include the plural and vice versa:

- 1.1 "AUDITORS" means the auditors for the time being of the Company;
- 1.2 "COMPANY" means HARMONY GOLD MINING COMPANY LIMITED (Registration Number 1950/038232/06);
- 1.3 "DIRECTORS" means the board of directors of the Company or any committee thereof to whom the powers of the directors in respect of the Option Scheme are delegated in terms of the Company's articles of association;
- 1.4 "EMPLOYEE" means any employee of the Company or its subsidiaries from time to time and any person who is employed by a company or close corporation with whom the Company has entered into an agreement in terms of which the services of such person are provided exclusively to the Company or any of its subsidiaries for the time being;
- 1.5 "EXISTING SCHEMES" means:
 - 1.5.1 Harmony (1994) Share Option Scheme;
 - 1.5.2 Harmony (2001) Share Option Scheme;
- 1.6 "JSE" means the JSE Securities Exchange South Africa;

- 1.7 "OPTION" means an option to purchase or subscribe for shares in the Company granted in terms of the Option Scheme;
- 1.8 "PARTICIPANT" means an employee or retired employee;
- 1.9 "RETIRED EMPLOYEE" means any employee who has retired in terms of the rules of any pension and/or provident fund in existence for the benefit of any employee and of which the employee is a member of any such fund who has reached the prescribed retirement age as determined by a service contract between the Company and the employee concerned;
- 1.10 "OPTION SCHEME" means HARMONY (2003) SHARE OPTION SCHEME;
- 1.11 "SHARE" means an ordinary share of R0,50 in the capital of the Company.

2 OBJECT

The object and purpose of the Option Scheme is to grant options to employees to enable them to acquire fully paid shares in the Company in the manner and on the terms and conditions set out in the Option Scheme.

3 SHARES AVAILABLE FOR THE OPTION SCHEME

- 3.1 The aggregate number of fully paid shares which any one participant may acquire in terms of the Option Scheme (read with the Existing Schemes) will not exceed 1 290 831 shares, which represents 0.5% (one comma five percent) of the issued share capital of the Company as at 16 September 2003.
- 3.2 The aggregate number of unissued shares that may be used for the Option Scheme (read with the Existing Schemes) shall not exceed 36 096 604 shares, which represents 14% (ten percent) of the issued

share capital of the Company as at 16 September 2003. Shares which are the subject of lapsed or terminated options and shares which are the subject of options which have been exercised by participants who are no longer employees shall not be regarded as being reserved for the Option Scheme.

3.3 Subject always to the provisions of section 223 of the Companies Act, 1973 (Act 61 of 1973), as amended, the members of the Company may from time to time in general meeting, reserve unissued shares and place those unissued shares under the control of the directors for the purpose of the Option Scheme.

4 OPTIONS

4.1 The directors may grant options to employees selected by the directors or the trustees, as the case may be, for that purpose.

4.2 The directors may specify when granting an option and/or impose such objective conditions by way of performance targets, in respect of both the individual and the Company, which they consider fair and reasonable to be satisfied before that option may be exercised, and in this respect the directors may at their discretion subsequently amend or waive such objective conditions if events occur which cause the directors reasonably to consider that it would be more just so to amend or waive the conditions. Such conditions shall be notified to the participant on date of grant of the option.

4.3 The directors shall determine the number of shares which are to be the subject of each option.

4.4 The price at which an option may be exercised will be in respect of each share which is the subject of the option, the closing market price of a share on the JSE, as certified by the secretary of the

Company, on the trading day preceding that on which the employee is granted the option.

- 4.5 Subject to clause 4.10 each option granted will remain in force for a period of 10 years after the date of granting the option.
- 4.6 Each option may only be exercised in multiples of 100 shares.
- 4.7 Each option may only be exercised by a participant at such time or times over a period commencing not less than one year from date on which the option was granted as the directors may have determined and notified in writing to the participant when the option was granted to the participant, provided that notwithstanding, the foregoing:
 - 4.7.1 upon the death of a participant, all of the options held by such participant, whether or not such options could then have been exercised by the participant in terms of the above provisions of this clause 4.7 may, subject to clause 4.10.1, to be exercised by the executor(s) of his estate;
 - 4.7.2 upon the retirement of a participant, all of the options held by such participant which could then have been exercised by the participant in terms of the above provisions of this clause 4.7 and such of the remaining options, held by such participant which the directors, in their sole discretion, may permit to be exercised by the participant notwithstanding that they could not then have been exercised by the participant in terms of the above provisions of this clause 4.7 may, subject to clause 4.10.2 and 4.14, be exercised by the participant; and
 - 4.7.3 the directors shall be entitled, in their absolute discretion and from time to time, to permit an option to be exercised in respect of all or part of the shares which are the subject of that option.

For the purpose of this sub-clause 4.7, a reference to "SHARES WHICH ARE THE SUBJECT OF THAT OPTION" refers to the number of shares at the date when the option was granted.

Notwithstanding anything contained in this scheme, unless the directors otherwise determine by notice in writing, an option may be exercised by an employee or retired employee in the event that a person and/or his concert party or parties (as defined in the Rules of the Securities Regulation Panel) acquired such number of shares in the Company as results in the person and/or his concert party or parties having to make an offer to all other shareholders of the Company in terms of the Rules of the Securities Regulation Panel.

4.8 Notwithstanding anything contained in the Option Scheme, unless the directors otherwise agree in writing, a participant:

4.8.1 shall not be entitled to dispose of any shares acquired by him pursuant to his exercise of an option for so long as he is an employee;

4.8.2 shall lodge any share certificate(s) issued to him in terms of clause 4.12.4 with the secretary of the Company until the expiry of the period referred to in clause 4.8.1.

4.9 Each option may only be exercised in writing and shall be signed by the participant concerned or, if after his death it is exercised by the executor(s) of his estate, by the executor(s) and:

4.9.1 must be delivered to the secretary of the Company;

4.9.2 must be accompanied by the option price in cash for the shares to which that exercise relates; and

- 4.9.3 if it is not signed by the participant personally, must be accompanied by proof, to the satisfaction of the directors, of the authority of the signatory.
- 4.10 An option will lapse:
 - 4.10.1 one year after the death of the participant; or
 - 4.10.2 subject to clause 4.14, one year after the retirement of a participant or, in the case of options which the directors permit to be exercised by the participant as referred to in 4.7.2 such shorter period as the directors may have determined when giving such permission; or
 - 4.10.3 subject to clauses 4.13 and 4.14, immediately on an employee ceasing to be employed as such for reasons other than death or retirement; or
 - 4.10.4 if the interest of a participant in terms of or arising out of the Option Scheme is attached under any circumstances whatsoever and the directors pass a resolution to that effect; or
 - 4.10.5 if the directors, in their sole discretion, consider that an employee has committed an act which would justify summary dismissal at common law or that a participant has committed an act or omitted to do anything which adversely affected or could adversely affect the interest of the Company in a material way.
- 4.11 Neither an option or any rights granted thereunder may be transferred, ceded, pledged or alienated in any way whatsoever.
- 4.12 The shares in respect of which each option is exercised:
 - 4.12.1 will be fully paid;

- 4.12.2 will rank pari passu with existing issued shares;
- 4.12.3 will be allotted and issued by the directors within 14 days after the exercise of the option in terms of clause 4.9;
- 4.12.4 will be issued to the participant to whom the option was granted as the beneficial owner thereof and a certificate will be issued therefor;

and the directors will procure that a listing is applied therefor on the stock exchanges on which the Company's shares are listed and quoted.

- 4.13 Notwithstanding the provisions of clause 4.10.3, if a participant ceases to be an employee only because of retrenchment or because the participant's employer has sold the business in respect of which the participant was employed, the directors shall be entitled to determine that an option granted to that participant shall not lapse and shall remain in force on the same terms and conditions mutatis mutandis, as set out in the Option Scheme, provided that:
 - 4.13.1 the directors have given written notice of that determination to the participant in question;
 - 4.13.2 in the written notice referred to in clause 4.13.1 the directors shall be entitled, at their sole discretion, to determine that the option may only be exercised within a shorter period than would otherwise have applied;
 - 4.13.3 the directors shall not be entitled to grant further options to such participant, unless such participant subsequently qualifies under clause 1.4; and

- 4.13.4 the directors shall, notwithstanding anything contained in the Option Scheme, at any time in their sole discretion, be entitled to withdraw the notice given in terms of clause 4.13.1 by giving written notice of that withdrawal to the participant in question, in which event any option which was the subject of that notice shall lapse forthwith.
- 4.14 If a participant takes voluntary retirement before having reached pensionable age in terms of the rules of any pension and/or provident fund in existence for the benefit of the participant and of which the participant is a member, or if any participant who is not a member of any such fund retires (whether in terms of a service contract between the company and the participant concerned or otherwise) before having reached the prescribed retirement age, each option held by the participant shall immediately lapse, provided that the directors shall be entitled, in their sole discretion, to determine that an option granted to that participant shall not lapse and shall remain in force on the same terms and conditions, mutatis mutandis, as set out in the Option Scheme, provided that:
 - 4.14.1 the directors have given written notice of that determination of the participant in question;
 - 4.14.2 in the written notice referred to in clause 4.14.1 the directors shall be entitled, at their sole discretion, to determine that the option may only be exercised within a shorter period than would otherwise have applied;
 - 4.14.3 the directors shall not be entitled to grant further options to such participant, unless such participant subsequently qualifies under clause 1.4; and

4.14.4 the directors shall notwithstanding anything contained in the Option Scheme, at any time and in their sole discretion, be entitled to withdraw the notice given in terms of clause 4.14.1 by giving written notice of that withdrawal to the participant in question, in which event any option which was the subject of that notice shall lapse forthwith.

5 GENERAL

5.1 Any dispute arising under the Option Scheme shall be referred to the auditors who shall decide thereon and that decision shall be final and binding on all parties to the dispute and may not be challenged under any circumstances.

5.2 The Option Scheme may, subject always to clause 5.3, be amended from time to time (whether retrospectively or otherwise) by the directors in any respect, provided that:

5.2.1 no such amendment shall operate to adversely alter the terms and conditions of any option granted to a participant prior thereto, without the written consent of that participant; and

5.2.2 the prior approval of the JSE has been obtained.

5.3 No amendment may be made to clauses 1.4, 3.1, 3.2, 4.4, 4.5 and 4.12.2 without the approval of the Company in general meeting.

5.4 If:

5.4.1 the issued shares of the Company are consolidated or sub-divided or in any other way reorganised; or

5.4.2 the issued ordinary share capital of the Company is reduced;

the number of shares which are the subject of any option and/or the purchase price thereof shall be adjusted in such manner as the auditors determine to be appropriate and in making such determination, the auditors shall ensure that as far as possible in the circumstances, participants are not prejudiced or given benefits beyond those provided for in the Option Scheme. The auditors shall confirm to the directors in writing that any such adjustments were calculated on a reasonable basis. The directors shall notify the participant of that adjustment which will be binding on the Company and on the participant.

- 5.5 If the Company undertakes a rights offer, each unexercised option held by a participant will be deemed to have been amended by adding to the number of shares which are the subject of the unexercised option, such number of shares or other securities for which the participant would have been entitled to subscribe in terms of the rights offer if the participant had been registered as a shareholder of the Company at the record date of the rights offer in respect of the shares which are the subject of the participant's unexercised options. All of the provisions of the Option Scheme shall apply, mutatis mutandis, to such additional shares or other securities provided that the price payable by the participant for the additional shares or other securities when the participant exercises the option in question shall be the price which would have been payable by the participant for such shares or additional securities if the participant had been a shareholder of the Company at the time of the rights offer and had subscribed for such shares or securities in terms of the rights offer.
- 5.6 If the Company allots additional shares by the capitalisation of the Company's profits and/or reserves and/or share premium:

- 5.6.1 the directors shall reserve for a participant to whom an option has been granted such number of shares as is equal to the additional capitalisation shares to which he would have been entitled had he been the owner of the shares which are the subject of the option at the date on which the capitalisation shares are allotted;
- 5.6.2 simultaneously with the allotment referred to in clause 4.12.3, the directors shall allot and issue to the participant the percentage of the shares reserved for him in terms of clause 5.6.1 as the number of shares in respect of which were the subject of the option at the date referred to in clause 5.6.1. The provisions of clause 4.12 shall apply, mutatis mutandis, to the allotment and issue referred to in this sub-clause 5.6.2.
- 5.7 The directors shall be entitled, subject to the provisions of the Option Scheme, to make and establish such rules and regulations and to amend those rules and regulations, from time to time, as they may deem expedient or necessary for the proper implementation and administration of the Option Scheme.
- 5.8 The Company shall summarise in its annual financial statements the number of shares which were available to be utilised for purposes of the Option Scheme at the commencement of the financial period in question, the number of shares in respect of which options have been granted during the financial period in question and the number of shares reserved for the Option Scheme in respect of which options have not been granted on the last day of the financial period in question.
- 5.9 Executive directors may not be appointed to administer the Option Scheme. At least two non-executive directors must be appointed to

administer the Option Scheme, provided that they do not benefit from or participate in the Option Scheme.

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SALE OF SHARES AGREEMENT

Amongst

HARMONY GOLD MINING COMPANY LIMITED

ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" SALE OF SHARES AGREEMENT AMONGST HARMONY GOLD MINING COMPANY LIMITED, ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED AND THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN REPRESENTED BY ITS TRUSTEES BEING NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART), HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE), FRANK ABBOTT AND DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE), DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

SALE OF SHARES AGREEMENT

Amongst

HARMONY GOLD MINING COMPANY LIMITED

ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY)
LIMITED

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

<S>	<C>	<C>
1.	PARTIES.....	1
2.	DEFINITIONS AND INTERPRETATION.....	1
3.	INTRODUCTION.....	11
4.	SUSPENSIVE CONDITIONS.....	11
5.	SALE AND PURCHASE.....	14
6.	PURCHASE PRICE.....	14
7.	PAYMENT OF THE PURCHASE PRICE.....	14
8.	DELIVERY OF THE SALE SHARES.....	15
9.	OWNERSHIP, RISK AND BENEFIT.....	15
10.	TRANSACTION INDIVISIBLE.....	16
11.	REPRESENTATIONS AND WARRANTIES.....	16
12.	SECURITY.....	18
13.	BREACH.....	19
14.	CONFIDENTIALITY.....	19
15.	NOTICES AND DOMICILIA.....	21
16.	GOVERNING LAW.....	23
17.	JURISDICTION.....	23
18.	SEVERABILITY.....	24
19.	GENERAL.....	24
20.	COSTS.....	25
21.	COUNTERPARTS.....	26

</TABLE>

SALE OF SHARES AGREEMENT

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 HARMONY GOLD MINING COMPANY LIMITED;

1.1.2 ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED;

1.1.3 THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 HEREIN REPRESENTED BY ITS TRUSTEES BEING:

1.1.3.1 NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART);

1.1.3.2 HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE);

1.1.3.3 FRANK ABBOTT; and

1.1.3.4 DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE).

1.2 The Parties agree as set out below.

2. DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

2.2 Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:

2.2.1 "ASSIGNMENT AGREEMENT" means the written agreement concluded, or to be concluded, between Harmony, ARMI, AHJIC and the Trust on or about the Signature Date pursuant to which inter alia the Voting Agreement is amended in certain respects and the Trust agrees to be bound by the provisions of the Voting Agreement;

2.2.2 "AGREEMENT" means this Sales of Shares Agreement;

2.2.3 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;

2.2.4 "AHJIC'S CSDP" means, in relations to AHJIC, Nedbank Limited, being a depositary institution accepted by STRATE as a participant in terms of the Securities Services Act, 2004, with whom AHJIC holds a dematerialised securities account;

2.2.5 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated according to the company laws of South Africa;

2.2.6 "ARMI" means African Rainbow Minerals & Exploration Investments (Proprietary) Limited (Registration No. 1997/020158/07), a private company duly incorporated according to the company laws of South Africa;

- 2.2.7 "BUSINESS DAY" means any day other than a Saturday, Sunday or an official public holiday in South Africa in accordance with the Public Holidays Act, 1994;
- 2.2.8 "COMPANIES ACT" means the Companies Act, 1973;
- 2.2.9 "DEED OF ADHERENCE" means the written deed entitled "Right of Preemption and Deed of Adherence " concluded or to be concluded amongst Nedbank, Harmony, ARMI and AHJIC on or about the Signature Date;
- 2.2.10 "EFFECTIVE DATE" means, notwithstanding the Signature Date:
- 2.2.10.1 if all of the Suspensive Conditions have been fulfilled or waived (where capable of waiver) before 14h30 on the Fulfilment Date, the Fulfilment Date; or
- 2.2.10.2 if all of the Suspensive Conditions have been fulfilled or waived (where capable of waiver) as at or after 14h30 on the Fulfilment Date, the 1st (first) Business Day following the Fulfilment Date;
- 2.2.11 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date;
- 2.2.12 "FIRST RANKING CESSION AND PLEDGE" means the written cession and pledge in security entitled "First Ranking Cession and Pledge " by the Trust in favour of Nedbank dated on or about the Signature Date as security for its obligations under the Second Loan Agreement;
- 2.2.13 "FLOW OF FUNDS AGREEMENT" means the written agreement entitled "Flow of Funds Agreement" concluded or to be concluded between

Nedbank, the Trust, AHJIC and Harmony on or about the Signature Date;

- 2.2.14 "FULFILMENT DATE" means the day on which all of the Suspensive Conditions shall have been fulfilled or waived (where capable of waiver) in accordance with the terms of this Agreement;
- 2.2.15 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.16 "HARMONY OPTION AGREEMENT" means the written agreement entitled "Harmony Option Agreement" concluded or to be concluded between Harmony and Nedbank on or about the Signature Date;
- 2.2.17 "HARMONY UNDERTAKING" means the written undertaking by Harmony and AHJIC in favour of Nedbank dated on or about the Signature Date pursuant to which Harmony undertakes that it will utilise a portion of the proceeds payable to AHJIC in respect of the sale of the ARM Shares pursuant to this Agreement to repay in full on the Effective Date the principal amount outstanding together with all amounts of accrued and unpaid interest and all other amounts due and payable to Nedbank pursuant to a loan agreement between Nedbank and Harmony dated 24 December 2004, in accordance with the provisions of clause 12 of that loan agreement;
- 2.2.18 "JSE" means the JSE Securities Exchange, South Africa;
- 2.2.19 "NEDBANK" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), a registered bank and public company duly incorporated according to the company and banking laws of South Africa;

2.2.20 "PARTIES" means:

2.2.20.1 AHJIC;

2.2.20.2 Harmony; and

2.2.20.3 the Trust,

and "PARTY" means, as the context requires, any of them;

2.2.21 "PURCHASE PRICE" means the aggregate sum of R829 827 460 (Eight Hundred and Twenty Nine Million Eight Hundred and Twenty Seven Thousand Four Hundred and Sixty Rand), being an amount of R29 (Twenty-nine Rand) per Sale Share;

2.2.22 "SALE SHARES" means 28 614 740 (twenty-eight million six hundred and fourteen thousand seven hundred and forty) ordinary par value shares of R0,05 (five cents) each in the issued share capital of ARM listed on the JSE and constituting 14% (fourteen percent) of the entire issued share capital of ARM as at the Signature Date, and "SALE SHARE" means, as the context requires, any of them;

2.2.23 "SECOND LOAN AGREEMENT" means the written agreement entitled "Second Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date;

2.2.24 "SECOND RANKING CESSION AND PLEDGE" means the written reversionary cession and pledge in security, entitled "Second Ranking Cession and Pledge" by the Trust in favour of Nedbank dated on or about the Signature Date as security for its obligations under the First Loan Agreement;

- 2.2.25 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement in time;
- 2.2.26 "SOUTH AFRICA" means the Republic of South Africa as constituted from time to time;
- 2.2.27 "STRATE" means STRATE Limited (Registration No. 1998/022242/06), a public company duly incorporated according to the company laws of South Africa, which is a registered central securities depository and which is responsible for the electronic custody and settlement system of the JSE; and
- 2.2.28 "SUBORDINATION AGREEMENT" means the written agreement entitled "Subordination Agreement" concluded or to be concluded between the Trust, Harmony and Nedbank on or about the Signature Date;
- 2.2.29 "SUSPENSIVE CONDITIONS" means the suspensive conditions stipulated in clause 4.1;
- 2.2.30 "TRANSACTION DOCUMENTS" means, collectively:
 - 2.2.30.1 this Agreement;
 - 2.2.30.2 the First Loan Agreement;
 - 2.2.30.3 the Second Loan Agreement;
 - 2.2.30.4 the Harmony Option Agreement;
 - 2.2.30.5 the First Ranking Cession and Pledge;
 - 2.2.30.6 the Second Ranking Cession and Pledge;

- 2.2.30.7 the Harmony Undertaking;
- 2.2.30.8 the Subordination Agreement;
- 2.2.30.9 the Voting Agreement;
- 2.2.30.10 the Deed of Adherence;
- 2.2.30.11 the Assignment Agreement;
- 2.2.30.12 the Flow of Funds Agreement;
- 2.2.30.13 any other agreement or document that may be designated as a Transaction Document for the purposes of this Agreement and the other Transaction Documents by written agreement between Harmony, the Trust and Nedbank; and
- 2.2.30.14 any written amendment to the agreements and documents referred to in clauses 2.2.30.1 to 2.2.30.13 and which amendment shall to the extent that Harmony is not a party thereto, be approved by Harmony, which approval shall not be unreasonably withheld or delayed,
and "TRANSACTION DOCUMENT" means, as the context requires, any one of them;
- 2.2.31 "TRUST" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and Nedbank, Harmony, Frank Abbott and Deneys Reitz Trustees (Proprietary) Limited (each as trustees) on 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust";

2.2.32 "TRUST'S CSDP" means, in relation to the Trust, Nedbank Limited, being a depository institution accepted by STRATE as a participant in terms of the Securities Services Act, 2004, with whom the Trust holds a dematerialised securities account; and

2.2.33 "VOTING AGREEMENT" means the written agreement entitled "Voting Agreement" concluded amongst ARMI, Harmony and AHJIC on 16 February 2004.

2.3 Any reference in this Agreement to:

2.3.1 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;

2.3.2 "law" shall be construed as any law (including common or customary law) or statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

2.3.3 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing; and

2.3.4 a "subsidiary" shall be construed in accordance with the Companies Act.

2.4 Unless inconsistent with the context or save where the contrary is expressly indicated:

- 2.4.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
- 2.4.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;
- 2.4.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the next succeeding Business Day;
- 2.4.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the next succeeding Business Day;
- 2.4.5 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;
- 2.4.6 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented; and
- 2.4.7 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement.
- 2.5 Unless inconsistent with the context, an expression which denotes:

- 2.5.1 any one gender includes the other genders;
- 2.5.2 a natural person includes an artificial person and vice versa; and
- 2.5.3 the singular includes the plural and vice versa.
- 2.6 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 2.7 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.
- 2.8 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 2.9 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.
- 2.10 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem

generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.

2.11 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

3. INTRODUCTION

3.1 AHJIC is the owner of the Sale Shares and is entitled to dispose thereof.

3.2 AHJIC wishes to sell, and the Trust wishes to purchase, the Sale Shares upon the terms and conditions set out in this Agreement.

4. SUSPENSIVE CONDITIONS

4.1 This entire Agreement, save for the provisions of this clause 4 and of clauses 1, 2, 12, 14, 15, 16, 17, 18, 19, 20 and 21 which shall be of immediate force and effect, is subject to the fulfilment of the suspensive conditions on or before 22 April 2005, or such other date as may be agreed in writing between the Parties on or before that date, that:

4.1.1 the members of AHJIC resolve in terms of Section 228 of the Companies Act to approve the transactions contemplated in this Agreement;

4.1.2 ARMI has consented in writing to the sale of the Sale Shares by AHJIC to the Trust;

4.1.3 each of the following Transaction Documents has been signed by the parties thereto and has become unconditional in accordance with its terms by the fulfilment or (to the extent capable of waiver) waiver of

any suspensive conditions provided for therein (other than any suspensive condition which requires that this Agreement is signed and becomes unconditional):

- 4.1.3.1 the First Loan Agreement;
- 4.1.3.2 the Second Loan Agreement;
- 4.1.3.3 the First Ranking Cession and Pledge;
- 4.1.3.4 the Second Ranking Cession and Pledge;
- 4.1.3.5 the Harmony Option Agreement;
- 4.1.3.6 the Harmony Undertaking;
- 4.1.3.7 the Subordination Agreement;
- 4.1.3.8 the Deed of Adherence;
- 4.1.3.9 the Flow of Funds Agreement; and
- 4.1.3.10 the Assignment Agreement;
- 4.1.4 there has been delivered to Nedbank a copy of the memorandum of association, articles of association, certificate of incorporation, (if applicable) certificate to commence business, and (if applicable) any certificate(s) of change of name of each of AHJIC and Harmony;
- 4.1.5 there has been delivered to Nedbank a copy of a resolution of the respective boards of directors of AHJIC and Harmony and the trustees of the Trust approving the execution and performance of the

Transaction Documents to which they are a party and the terms and conditions thereof and authorising a named person or persons to sign the Transaction Documents to which they are a party and any documents to be delivered by it pursuant to such Transaction Documents; and

- 4.1.6 there has been delivered to Nedbank a certificate of a duly authorised officer of each of AHJIC and Harmony setting out the names and signatures of the persons authorised to sign the Transaction Documents to which it is a party and any documents to be delivered pursuant to such Transaction Documents on its behalf.
- 4.2 The Parties shall, where it is within their respective power to do so, use their respective reasonable commercial endeavours to procure the fulfilment of the Suspensive Conditions as soon as reasonably possible after the Signature Date.
- 4.3 The:
 - 4.3.1 Suspensive Conditions set out in clauses 4.1.4, 4.1.5 and 4.1.6 have been inserted in this Agreement for the benefit of Nedbank and accordingly upon written request by Harmony and/or AHJIC, any such Suspensive Condition may be waived or the date for fulfilment thereof extended by Nedbank by written notice to Harmony and AHJIC by no later than the date stipulated for the fulfilment thereof. The provisions of this clause 4.3.1 are stipulated for the benefit of Nedbank which shall be capable of acceptance by it in writing at any time;
 - 4.3.2 Suspensive Condition set out in clause 4.1.3 has been inserted in this Agreement for the benefit of all of the Parties and accordingly may only be waived by written agreement between the Parties by no later than the date stipulated for the fulfilment thereof;

4.3.3 Suspensive Conditions set out in clauses 4.1.1 and 4.1.2 are incapable of waiver.

4.4 In the event that the Suspensive Conditions are not fulfilled or waived on or before 22 April 2005, or any extension thereof or such other date as may be agreed in writing between the Parties on or before that date, then this Agreement, save for the provisions of this clause 4 and of clauses 1,2, 12, 14, 15, 16, 17, 18, 19, 20 and 21 which shall remain of full force and effect, shall never become of any force or effect and none of the Parties shall have any claim against any other Party for anything done hereunder or arising herefrom, save as a result of a breach of any of the provisions of this clause 4 by any Party, and the Parties shall be restored to the status quo ante.

5. SALE AND PURCHASE

With effect on the Effective Date, AHJIC hereby sells and the Trust hereby purchases the Sale Shares subject to the terms and conditions of this Agreement.

6. PURCHASE PRICE

In consideration for the sale by AHJIC to the Trust in respect of the Sale Shares, the Trust will pay to AHJIC the Purchase Price.

7. PAYMENT OF THE PURCHASE PRICE

The Trust shall pay the Purchase Price in cash to AHJIC on the Effective Date without deduction or set-off by paying the Purchase Price by electronic transfer into the following bank account:

7.1 Account Name : Harmony Gold Mining Company Limited -
Treasury Account;

- 7.2 Bank : ABSA Bank Limited;
- 7.3 Account Number : 40 4873 7227;
- 7.4 Branch : Virginia;
- 7.5 Branch Code : 334635.

8. DELIVERY OF THE SALE SHARES

Subject to the payment by the Trust to AHJIC of the Purchase Price in accordance with the provisions of clause 7:

- 8.1 the disposal and transfer by AHJIC of the Sale Shares to the Trust and the acquisition of ownership of the Sale Shares by the Trust, shall be effected on the Effective Date by the transfer of ownership from AHJIC to the Trust in accordance with section 91A(4) of the Companies Act and the Rules of STRATE, by the debiting of the account of AHJIC in ARM's sub-register maintained by AHJIC's CSDP and the crediting of the account of the Trust in ARM's sub-register maintained by the Trust's CSDP; and
- 8.2 AHJIC hereby irrevocably and in rem suam authorises the Trust, with power of substitution, to instruct AHJIC's CSDP to cause all of the Sale Shares to be transferred in terms of section 91A(4) of the Companies Act to the Trust or its nominee in accordance with the terms of this Agreement and to do all such things and take all such steps as the Trust in its discretion considers necessary in order to effect that transfer.

9. OWNERSHIP, RISK AND BENEFIT

Ownership of, and risk and benefit in and to, the Sale Shares shall pass to the Trust with effect from (and including) the Effective Date.

10. TRANSACTION INDIVISIBLE

The sale by AHJIC, and the purchase by the Trust, of the Sale Shares constitute a single and indivisible sale by AHJIC, and purchase by the Trust, of all of the Sale Shares.

11. REPRESENTATIONS AND WARRANTIES

11.1 Each Party hereby represents and warrants in favour of the other Parties on the Signature Date, on each day between the Signature Date and the Effective Date and on the Effective Date that:

11.1.1 it has procured the taking of all necessary corporate and other actions to authorise the execution of this Agreement;

11.1.2 this Agreement is legal and binding on, and enforceable against, it in accordance with its terms; and

11.1.3 the provisions of this Agreement are not in material conflict with, and will not constitute a breach of, the provisions of any other agreement or undertaking which is binding on it.

11.2 Each of AHJIC and Harmony hereby represent and warrant in favour of the Trust on the Signature Date, on each day between the Signature Date and the Effective Date and on the Effective Date that it is a company duly organised and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under this Agreement.

11.3 The Trust hereby represents and warrants in favour of Harmony and AHJC on the Signature Date, on each day between the Signature Date and the Effective

Date and on the Effective Date that it is a trust duly established and existing in accordance with the laws of South Africa.

- 11.4 AHJIC hereby represents and warrants in favour of the Trust on the Signature Date, on each day between the Signature Date and the Effective Date and on the Effective Date that:
 - 11.4.1 the directors of AHJIC have the necessary authority to sell, and will have taken all steps necessary to authorise the sale of, the Sale Shares to the Trust in accordance with the terms of this Agreement;
 - 11.4.2 AHJIC is the owner of the Sale Shares;
 - 11.4.3 AHJIC has the right to sell the Sale Shares to the Trust in accordance with the terms of this Agreement;
 - 11.4.4 AHJIC will be able, entitled and authorised on the Effective Date to validly and effectively deliver and transfer the Sale Shares to the Trust in accordance with the terms of this Agreement; and
 - 11.4.5 subject to the terms of the Voting Agreement (as amended by the Assignment Agreement), no person has or will have on the Effective Date any right (including any option, right of first refusal or right of preemption) to purchase or otherwise acquire any of the Sale Shares and AHJIC is able to deliver and transfer the Sale Shares to the Trust free and clear of any prior right, lien, charge or encumbrance.
- 11.5 Save for the representations and warranties set out in clauses 11.1, 11.2, 11.4 and 11.5 the Trust agrees that the Sale Shares are sold voetstoots and that AHJIC is not bound by any other representations or warranties whether express or implied, with regard to the Sale Shares.

- 11.6 Each of the representations and warranties given by each Party to the other Parties in terms of clauses 11.1, 11.2, 11.4 and 11.5 shall:
 - 11.6.1 prima facie be deemed to be a representation of fact inducing the other Parties to enter into this Agreement and to sell or purchase, as the case may be, the Sale Shares in terms of this Agreement;
 - 11.6.2 be presumed to be material unless the contrary is proved;
 - 11.6.3 insofar as any of the representations or warranties is promissory or related to a future event, be deemed to have been given as at the due date for fulfilment of the promise or for the happening of the event, as the case may be; and
 - 11.6.4 be a separate representation or warranty and in no way be limited or restricted by reference to or inference from the terms of any other representation or warranty.

12. SECURITY

All of the obligation of AHJIC hereunder shall be secured by the signature of Harmony to this Agreement, which hereby binds itself as surety and co-principal debtor in solidum with AHJIC for all of the obligations of AHJIC in terms of this Agreement (including, without limitation, claims for damages) and for this purpose Harmony hereby renounces the benefits of excussion, division, de duobus vel pluribus reis debendi, non numeratae pecuniae, non cause debiti, revision of accounts and no value received with the meaning and effect of which Harmony declares it is acquainted.

13. BREACH

If any Party commits a breach or fails in the observance of any of the terms and conditions hereof and fails to remedy such default or breach within 10 (ten) Business Days of delivery of written notice requiring it so to do, then the non-defaulting Party shall be entitled to cancel this Agreement against the defaulting Party or to claim immediate payment and/or performance by the defaulting Party of all of the defaulting Party's obligations whether or not the due date for payment and/or performance shall have arrived, in either event without prejudice to the non-defaulting Party's rights to claim damages. The foregoing is without prejudice to such other rights as the non-defaulting Party may have at law; provided always that, notwithstanding anything to the contrary contained in this Agreement, the non-defaulting Party shall not be entitled to cancel this Agreement for any breach by the defaulting Party unless such breach is a material breach going to the root of this Agreement and is incapable of being remedied by a payment in money, or if it is capable of being remedied by a payment in money, the defaulting Party fails to pay the amount concerned within 10 (ten) Business Days after such amount has been determined.

14. CONFIDENTIALITY

14.1 None of the Parties shall issue any press release or any other public document or make any public statement, in each case relating to or connected with or arising out of the agreement or the matters contained therein (save for any such release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange) without obtaining the prior approval of the other Parties to the contents thereof and the manner of its presentation and publication; provided that such approval shall not be unreasonably withheld or delayed.

- 14.2 In the case of a release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange, the Party liable so to give, make or publish the same shall give to the other Parties as much advance warning thereof as is reasonable in the circumstances together with drafts or a copy thereof as soon as it is at liberty so to do.
- 14.3 Every Party shall at all times keep confidential (and ensure that its employees and agents shall keep confidential) any information which it has acquired or may acquire in relation to any of the other Parties or to any matter arising from or in connection with this Agreement, save for any information:
 - 14.3.1 which is publicly available or becomes publicly available through no act or default of the first mentioned Party; or
 - 14.3.2 which was in the possession of that Party prior to its disclosure otherwise than as a result of any breach by a Party of any obligation of confidentiality owed to the other Parties whether pursuant to this Agreement or otherwise; or
 - 14.3.3 which is disclosed to that Party by a third party which did not acquire the information under an obligation of confidentiality; or
 - 14.3.4 which is independently acquired by that Party as a result of work carried out by a person to whom no disclosure of such information has been made, and shall not use or disclose such information except:
 - 14.3.5 with the consent of the other Parties; or
 - 14.3.6 in accordance with an order of court of competent jurisdiction; or

14.3.7 in order to comply with any law or governmental regulations by which the Party concerned is bound; or

14.3.8 where necessary for the purpose of enforcing its rights under this Agreement.

14.4 The provisions of this clause 14 shall survive any termination of this Agreement.

15. NOTICES AND DOMICILIA

15.1 NOTICES

15.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

15.1.1.1 AHJIC: Block 27
 Randfontein Office Park
 Corner Main Reef Road and
 Ward Avenue
 RANDFONTEIN

 Telefax No. : (011)411 2398
 Attention : The Company Secretary

15.1.1.2 HARMONY: Block 27
 Randfontein Office
 Park
 Corner Main Reef Road and
 Ward Avenue
 RANDFONTEIN

Telefax No. : (011)411 2398
Attention : The Company Secretary

15.1.1.3 TRUST: c/o African Rainbow Minerals
Limited
ARM House
29 Impala Road
Chislehurst
SANDTON

Telefax No. : (011)883 5609
Attention : The Company Secretary

15.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.

15.1.3 Any Party may by written notice to the other Parties change its chosen address and/or telefax number for the purposes of clause 15.1.1 to any other address(es) and/or telefax number, provided that the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.

15.1.4 Any notice given in terms of this Agreement shall:

15.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;

15.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.

15.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

15.2 DOMICILIA

15.2.1 Each of the Parties chooses its physical address referred to in clause 15.1.1 above as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

15.2.2 Any Party may by written notice to the other Parties change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after deemed receipt of the notice by the other Parties pursuant to clause 15.1.4.

16. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

17. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

18. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

19. GENERAL

- 19.1 This document constitutes the sole record of the Agreement between the Parties in regard to the subject matter thereof.
- 19.2 None of the Parties shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 19.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all the Parties.
- 19.4 No latitude, extension of time or other indulgence which may be given or allowed by any Party to the other Parties in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in

terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

- 19.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.
 - 19.6 None of the Parties shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties, which consent may not unreasonably be withheld or delayed.
20. COSTS
- 20.1 The costs of and incidental to the negotiation, preparation and execution of this Agreement and the implementation of the transactions contemplated herein shall be paid in accordance with the terms of the First Loan Agreement.
 - 20.2 Any stamp duty or uncertificated securities tax payable in respect of the sale and transfer of the Sale Shares in accordance with the terms of this Agreement shall be paid in equal proportions by the Trust and Harmony.
 - 20.3 All legal costs incurred by any Party in consequence of any default of the provisions of this Agreement by any of the other Parties shall be payable on demand by the defaulting Party on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction

or enforcement of any judgment awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

21. COUNTERPARTS

This Agreement may be executed by each Party signing a separate copy thereof and each of the copies together shall constitute the Agreement of the Parties.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY LIMITED

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
ARMGOLD HARMONY JOINT INVESTMENT COMPANY
(PROPRIETARY) LIMITED

/s/ Frank Abbott

Name: Frank Abbott
Capacity: Director
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION) (AS TRUSTEE
OF THE TRUST)

/s/ Bradley Maxwell

Name: Bradley Maxwell for Anton Taljaard
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Clive Stewart

Name: Clive Stewart
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY
LIMITED (AS TRUSTEE OF THE TRUST)

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

/s/ Frank Abbott

FRANK ABBOTT (AS TRUSTEE OF THE TRUST)

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
DENEYS REITZ TRUSTEES (PROPRIETARY)
LIMITED (AS TRUSTEE OF THE TRUST)

/s/ Lionel Charles Shawe

Name: Lionel Charles Shawe
Capacity: Authorised Signatory
Who warrants his authority hereto

</TEXT>
</DOCUMENT>

<DOCUMENT>
<TYPE> EX-4.10
<FILENAME> u49498exv4w10.txt
<DESCRIPTION> Exhibit 4.10
<TEXT>

SUBORDINATION AGREEMENT

Amongst

HARMONY GOLD MINING COMPANY LIMITED

and

NEDBANK LIMITED
(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND
HEREIN REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAW)

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" SUBORDINATION AGREEMENT AMONGST HARMONY GOLD MINING COMPANY LIMITED AND NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION) AND THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN REPRESENTED BY ITS TRUSTEES BEING NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART), HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE), FRANK ABBOTT AND DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE), DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

SUBORDINATION AGREEMENT

Amongst

HARMONY GOLD MINING COMPANY LIMITED

and

NEDBANK LIMITED
(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

<S>

1. PARTIES	1
2. DEFINITIONS AND INTERPRETATION	1
3. INTRODUCTION	8
4. HARMONY SUBORDINATION IN FAVOUR OF NEDBANK	9
5. CESSION	11
6. DURATION	11
7. REPRESENTATIONS AND WARRANTIES	12
8. BREACH	13
9. CONFIDENTIALITY	14
10. NOTICES AND DOMICILIA	15
11. GOVERNING LAW	17
12. JURISDICTION	18
13. SEVERABILITY	18
14. GENERAL	18
15. COSTS	19
16. COUNTERPARTS	20

</TABLE>

SUBORDINATION AGREEMENT

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 HARMONY GOLD MINING COMPANY LIMITED;

1.1.2 NEDBANK LIMITED (ACTING THROUGH ITD NEDBANK CAPITAL DIVISION); and

1.1.3 THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 HEREIN REPRESENTED BY ITS TRUSTEES BEING:

1.1.3.1 NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART);

1.1.3.2 HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE);

1.1.3.3 FRANK ABBOTT; and

1.1.3.4 DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE).

1.2 The Parties agree as set out below.

2. DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

- 2.2 Unless the context dictates otherwise, the following words and expressions shall bear the following meanings and cognate expressions shall bear corresponding meanings:
- 2.2.1 "AGREEMENT" means this Subordination Agreement;
- 2.2.2 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;
- 2.2.3 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.4 "EFFECTIVE DATE" means "Effective Date" as defined in the Sale of Shares Agreement;
- 2.2.5 "FINAL DISCHARGE DATE" means the date which is the later of:
- 2.2.5.1 the First Facility Discharge Date; and
- 2.2.5.2 the Second Facility Discharge Date;
- 2.2.6 "FIRST FACILITY DISCHARGE DATE" means the date upon which the First Facility Outstandings have been fully and finally paid and discharged;
- 2.2.7 "FIRST FACILITY OUTSTANDINGS" means, at any time and from time to time, the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable to Nedbank under the First Loan Agreement;

2.2.8 "FIRST FACILITY RIGHTS" means an undivided interest in the aggregate of Nedbank's rights, title and interest:

2.2.8.1 under the First Loan Agreement;

2.2.8.2 under the Second Ranking Cession and Pledge; and

2.2.8.3 to the First Facility Outstandings,

which Harmony shall be entitled or obliged, as the case may be, to acquire pursuant to an exercise by Harmony of the Harmony Call Option, or pursuant to an exercise by Nedbank of the Harmony Put Option, as the case may be, in accordance with the terms of the Harmony Option Agreement;

2.2.9 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date;

2.2.10 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated in accordance with the company laws of South Africa;

2.2.11 "HARMONY CALL OPTION" means the "Call Option" as defined in the Harmony Option Agreement;

2.2.12 "HARMONY OPTION AGREEMENT" means the written agreement entitled "Harmony Option Agreement" concluded or to be concluded between Harmony and Nedbank on or about the Signature Date;

2.2.13 "HARMONY PUT OPTION" means the "Put Option" as defined in the Harmony Option Agreement;

2.2.14 "HARMONY SUBORDINATED CLAIMS" means all sums, liabilities and obligations (whether actual, contingent, present or future) due or owing by the Trust to Harmony from whatsoever cause and howsoever arising, including but not limited to, any claims which Harmony may now or in future have against the Trust in connection with or arising from the Nedbank First Facility Rights;

2.2.15 "NEDBANK" means Nedbank Limited (Registration No. 1951/00009/06), a public company and registered bank duly incorporated according to the company and banking laws of South Africa;

2.2.16 "NEDBANK CLAIMS" means all sums, liabilities and obligations (whether actual, contingent, present or future) due or owing by the Trust to Nedbank under or in connection with the Transaction Documents;

2.2.17 "PARTIES" means:

2.2.17.1 the Trust;

2.2.17.2 Harmony; and

2.2.17.3 Nedbank,

and "PARTY" means, as the context requires, any one of them;

2.2.18 "SALE OF SHARES AGREEMENT" means the written agreement entitled "Sale of Shares Agreement" concluded or to be concluded between Harmony, AHJIC and the Trust on or about the Signature Date;

- 2.2.19 "SECOND FACILITY DISCHARGE DATE" means the date upon which the Second Facility Outstandings have been fully and finally repaid and discharged;
 - 2.2.20 "SECOND FACILITY OUTSTANDINGS" means, at any time and from time to time the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable to Nedbank under the Second Loan Agreement;
 - 2.2.21 "SECOND LOAN AGREEMENT" means the written agreement entitled "Second Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date;
 - 2.2.22 "SECOND RANKING CESSION AND PLEDGE" means the written reversionary cession and pledge in security, entitled "Second Ranking Cession and Pledge" by the Trust in favour of Nedbank dated on or about the Signature Date as security for its obligations under the First Loan Agreement;
 - 2.2.23 "TRANSACTION DOCUMENTS" means the "Transaction Documents" as defined in the First Loan Agreement;
 - 2.2.24 "TRUST" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and the Lender, Harmony, and Frank Abbott and Deneys Reitz Trustees (Proprietary) Limited (each as trustees) on 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust".
- 2.3 Any reference in this Agreement to:
- 2.3.1 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;

- 2.3.2 "law" shall be construed as any law (including common or customary law) or statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court; and
- 2.3.3 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.
- 2.4 Unless inconsistent with the context or save where the contrary is expressly indicated:
 - 2.4.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
 - 2.4.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;
 - 2.4.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the next succeeding Business Day;
 - 2.4.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the next succeeding Business Day;

- 2.4.5 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;
- 2.4.6 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented; and
- 2.4.7 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement.
- 2.5 Unless inconsistent with the context, an expression which denotes:
 - 2.5.1 any one gender includes the other genders;
 - 2.5.2 a natural person includes an artificial person and vice versa; and
 - 2.5.3 the singular includes the plural and vice versa.
- 2.6 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 2.7 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.

- 2.8 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 2.9 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.
- 2.10 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.
- 2.11 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

3. INTRODUCTION

Nedbank has entered into, or will enter into, the Transaction Documents to which it is or will be a party on, inter alia, the condition that Harmony subordinates the Harmony Subordinated Claims in favour of the Nedbank Claims.

4. HARMONY SUBORDINATION IN FAVOUR OF NEDBANK

Harmony agrees, subject to the terms and conditions of the Transaction Documents and, in particular, to the provisions of clause 9.4 of the First Loan Agreement, that for so long as the Trust is indebted (whether actually, potentially or contingently) to Nedbank under any Transaction Document:

- 4.1 Harmony will not claim or accept, directly or indirectly, payment of the Harmony Subordinated Claims;
- 4.2 Harmony subordinates for the benefit of Nedbank the Harmony Subordinated Claims so as to enable the Nedbank Claims to receive preferent payment above the Harmony Subordinated Claims and that:
 - 4.2.1 the Nedbank Claims will rank in preference to the Harmony Subordinated Claims;
 - 4.2.2 in any sequestration of (whether provisional or final) or judicial management of or compromise of the Trust, Harmony will diligently and timeously prove or seek to prove claims (the "LIQUIDATION CLAIMS") in respect of the Harmony Subordinated Claims. Harmony hereby, with effect from the Effective Date, cedes to and in favour of Nedbank all of its rights, title and interest in and to the Liquidation Claims. Nedbank hereby accepts cession of Harmony's rights, title and interest in and to the Liquidation Claims on the basis that any amount in excess of the Nedbank Claims on realisation of such rights shall be paid to Harmony;
- 4.3 Harmony will not dispose of, alienate or encumber the Harmony Subordinated Claims (save in accordance with the Transaction Documents) or deal therewith in any manner whatsoever without the prior

written consent of Nedbank; which consent shall be given if any person to whom any part of the Harmony Subordinated Claims are disposed, alienated or encumbered agrees in writing to be a Party to this Agreement and to be bound by the terms and conditions of this Agreement in the same manner and to the same extent as Harmony;

- 4.4 Harmony will not, without the prior written consent of Nedbank:
 - 4.4.1 call up and/or collect the Harmony Subordinated Claims;
 - 4.4.2 institute legal proceedings against the Trust in respect of the Harmony Subordinated Claims;
 - 4.4.3 receive any value or repayment whether in cash or otherwise of the Harmony Subordinated Claims; or
 - 4.4.4 save as may expressly be provided for in any Transaction Document, petition or apply for or vote for or in favour of any resolution for the winding-up, dissolution or administration or any analogous or similar process with regard to the Trust; or
 - 4.4.5 save in accordance with the Transaction Documents, cede, assign or make over any right that has accrued or may accrue in respect of the Harmony Subordinated Claims; provided that any person to whom any such right has been ceded, assigned or made over shall agree in writing to be a Party to this Agreement and to be bound by the terms and conditions of this Agreement in the same manner and to the same extent as Harmony;
- 4.5 Harmony and the Trust will not, without the prior written consent of Nedbank, apply set-off in respect of the Harmony Subordinated Claims; and

4.6 Harmony shall procure that the Harmony Subordinated Claims shall:

4.6.1 save to the extent that Harmony takes assignment of the First Facility Rights and becomes a party to the Second Ranking Cession and Pledge, be and shall remain unsecured;

4.6.2 not be subject to any other term or condition contrary to the terms of this Agreement or the Transaction Documents.

5. CESSION

Nedbank shall be entitled to cede any of its rights and/or transfer the whole or any part of its benefit under this Agreement and/or delegate any of its obligations under this Agreement without the consent of any other Party to any person to whom all or a corresponding part of its rights, benefits or obligations under any Transaction Document are ceded, assigned, delegated or transferred. To the extent that any splitting of claims arises as a result of any cession, transfer and/or delegation as aforesaid, such other Parties hereby consent to such splitting of claims.

6. DURATION

6.1 This Agreement shall commence on the Effective Date and terminate on the Final Discharge Date.

6.2 This Agreement may not be terminated by Harmony or the Trust prior to the Final Discharge Date without the prior written consent of Nedbank.

7. REPRESENTATIONS AND WARRANTIES

7.1 Each Party hereby represents and warrants in favour of the other Parties in relation to itself on the Signature Date, on each day between the Signature Date and the Effective Date and on the Effective Date that:

7.1.1 save for the Trust, it is a company duly organised and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under this Agreement and in respect of the Trust, it is a trust duly established and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under this Agreement;

7.1.2 it has procured the taking of all necessary corporate and other actions to authorise the execution of this Agreement;

7.1.3 this Agreement is legal and binding on, and enforceable against, it in accordance with its terms;

7.1.4 the provisions of this Agreement are not in material conflict with, and will not constitute a breach of, the provisions of any other agreement or undertaking which is binding on it;

7.2 Each of the representations and warranties given by each Party to the other Parties in terms of clause 7.1 shall:

7.2.1 prima facie be deemed to be a representation of fact inducing the other Parties to enter into this Agreement;

7.2.2 be presumed to be material unless the contrary is proved;

7.2.3 insofar as any of the representations or warranties is promissory or related to a future event, be deemed to have been given as at the due date for fulfilment of the promise or for the happening of the event, as the case may be; and

7.2.4 be a separate representation or warranty and in no way be limited or restricted by reference to or inference from the terms of any other representation or warranty.

8. BREACH

If any Party hereto commits a breach or fails in the observance of any of the terms and conditions hereof and fails to remedy such default or breach within 10 (ten) Business Days of delivery of written notice requiring it so to do, or, if such breach is not capable of being remedied within 10 (ten) Business Days, then the non-defaulting Party shall be entitled to cancel this Agreement against the defaulting Party or Parties or to claim immediate payment and/or performance by the defaulting Party or Parties of all of the defaulting Party's or Parties' obligations whether or not the due date for payment and/or performance shall have arrived, in either event without prejudice to the non-defaulting Party's rights to claim damages. The foregoing is without prejudice to such other rights as the non-defaulting Party may have at law; provided always that, notwithstanding anything to the contrary contained in this Agreement, the non-defaulting Party shall not be entitled to cancel this Agreement, for any breach by the defaulting Party or Parties unless such breach is a material breach going to the root of this Agreement and is incapable of being remedied by a payment in money, or if it is capable of being remedied by a payment in money, the defaulting Party or Parties fails to pay the amount concerned within 10 (ten) Business Days after such amount has been determined.

9. CONFIDENTIALITY

- 9.1 None of the Parties shall issue any press release or any other public document or make any public statement, in each case relating to or connected with or arising out of the agreement or the matters contained therein (save for any such release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange) without obtaining the prior approval of the other Parties to the contents thereof and the manner of its presentation and publication; provided that such approval shall not to be unreasonably withheld or delayed.
- 9.2 In the case of a release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange, the Party liable so to give, make or publish the same shall give to the other Parties as much advance warning thereof as is reasonable in the circumstances together with drafts or a copy thereof as soon as it is at liberty so to do.
- 9.3 Every Party shall at all times keep confidential (to ensure that its employees and agents shall keep confidential) any information which it has acquired or may acquire in relation to any of the other Parties or to any matter arising from or in connection with this Agreement, save for any information:
 - 9.3.1 which is publicly available or becomes publicly available through no act or default of the first mentioned Party; or
 - 9.3.2 which was in the possession of that Party prior to its disclosure otherwise than as a result of any breach by a Party of any obligation of confidentiality owed to the other Parties whether pursuant to this Agreement or otherwise; or

- 9.3.3 which is disclosed to that Party by a third party which did not acquire the information under an obligation of confidentiality; or
- 9.3.4 which is independently acquired by that Party as a result of work carried out by a person to whom no disclosure of such information has been made, and shall not use or disclose such information except:
 - 9.3.5 with the consent of the other Parties; or
 - 9.3.6 in accordance with an order of court of competent jurisdiction; or
 - 9.3.7 in order to comply with any law or governmental regulations by which the Party concerned is bound; or
 - 9.3.8 where necessary for the purpose of enforcing its rights under this Agreement.
- 9.4 The provisions of this clause 9 shall survive any termination of this Agreement.

10. NOTICES AND DOMICILIA

10.1 NOTICES

10.1.1 Each Party chooses the addresses set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

10.1.1.1 HARMONY: Block 27
Randfontein Office Park
Corner Main Reef Road and Ward Avenue
RANDFONTEIN

Telefax No. : (011) 411 2398
Attention : The Company Secretary

10.1.1.2 NEDBANK: 4th Floor, F Block
135 Rivonia Road
Sandown
SANDTON
2057

Telefax No. : (011) 294 8421
Attention : Head of Specialised Finance

10.1.1.3 TRUST: c/o African Rainbow Minerals Limited
ARM House
29 Impala Road
Chislehurst
SANDTON

Telefax No. : (011) 883 5609
Attention : The Company Secretary

10.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.

10.1.3 Any Party may by written notice to the other Parties change its chosen address and/or telefax number for the purposes of clause 10.1.1 to any other address(es) and/or telefax number, provided that the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.

10.1.4 Any notice given in terms of this Agreement shall:

10.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;

10.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.

10.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

10.2 DOMICILIA

10.2.1 Each of the Parties chooses its address referred to in clause 10.1.1 above as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

10.2.2 Any Party may by written notice to the other Parties change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after deemed receipt of the notice by the other Parties pursuant to clause 10.1.4.

11. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

12. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

13. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

14. GENERAL

- 14.1 This document constitutes the sole record of the Agreement between the Parties in regard to the subject matter thereof.
- 14.2 No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 14.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the

provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of the Parties.

- 14.4 No latitude, extension of time or other indulgence which may be given or allowed by any Party to the other Parties in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
 - 14.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.
 - 14.6 Save as is specifically provided in this Agreement, no Party shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties, which consent may not unreasonably be withheld or delayed.
15. COSTS
- 15.1 The costs of and incidental to the negotiation, preparation and execution of this Agreement and the implementation of the transactions contemplated herein shall be paid in accordance with the terms of the First Loan Agreement.

15.2 All legal costs incurred by any Party in consequence of any default of the provisions of this Agreement by any other Party or Parties shall be payable on demand by the defaulting Party or Parties on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgment awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

16 COUNTERPARTS

This Agreement may be executed by each Party signing a separate copy thereof and each of the copies together shall constitute the Agreement of the Parties.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING
COMPANY LIMITED

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION)

/s/ Kevin Ryder

Name: Kevin Ryder
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Mark Saunders Tyler

Name: Mark Saunders Tyler
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH
ITS NEDBANK CAPITAL DIVISION) (AS
TRUSTEE OF THE TRUST)

/s/ Bradley Maxwell

Name: Bradley Maxwell for Anton Taljaard
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Clive Stewart

Name: Clive Stewart
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY LIMITED
(AS TRUSTEE OF THE TRUST)

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

/s/ Frank Abbott

FRANK ABBOTT (AS TRUSTEE OF THE TRUST)

SIGNED at SANDTON on this the 15th day of April 2005.

For and on behalf of
DENEYS REITZ TRUSTEES (PROPRIETARY)
LIMITED (AS TRUSTEE OF THE TRUST)

/s/ Lionel Charles Shawe

Name: Lionel Charles Shawe
Capacity: Authorised Signatory
Who warrants his authority hereto

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</DOCUMENT>

<DOCUMENT>
<TYPE> EX-4.11
<FILENAME> u49498exv4w11.txt
<DESCRIPTION> Exhibit 4.11
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FIRST LOAN AGREEMENT

Between

NEDBANK LIMITED
(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" FIRST LOAN AGREEMENT BETWEEN NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION) AND THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN REPRESENTED BY ITS TRUSTEES BEING NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART), HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE), FRANK ABBOTT AND DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE), DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

FIRST LOAN AGREEMENT

Between

NEDBANK LIMITED
(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

<S>	<C>	<C>
1.	PARTIES.....	1
2.	DEFINITIONS AND INTERPRETATION.....	1
3.	INTRODUCTION.....	20
4.	EARLY TERMINATION EVENTS.....	21
5.	PURPOSE.....	21
6.	LOAN.....	22
7.	INTEREST.....	23
8.	REPAYMENT.....	23
9.	COLLECTION ACCOUNT.....	24
10.	VOLUNTARY PREPAYMENT.....	25
11.	MANDATORY PREPAYMENT.....	26
12.	PAYMENTS.....	27
13.	REPRESENTATIONS AND WARRANTIES.....	28
14.	POSITIVE UNDERTAKINGS.....	30
15.	NEGATIVE UNDERTAKINGS.....	31
16.	FINANCIAL INFORMATION.....	34
17.	INCREASED/DECREASED COSTS.....	34
18.	EVENTS OF DEFAULT.....	37
19.	BREAKAGE COSTS / GAINS.....	40
20.	RENUNCIATION OF BENEFITS.....	41
21.	CERTIFICATE OF INDEBTEDNESS.....	41
22.	DEFAULT INTEREST.....	41
23.	CESSION AND ASSIGNMENT.....	42

</TABLE>

<PAGE> 5

<TABLE>

<S> <C>

24.	NOTICES AND DOMICILIA.....	43
25.	GOVERNING LAW.....	45
26.	JURISDICTION.....	45
27.	SEVERABILITY.....	45
28.	GENERAL.....	45
29.	COSTS.....	46

</TABLE>

FIRST LOAN AGREEMENT

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION); and

1.1.2 THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 HEREIN REPRESENTED BY ITS TRUSTEES BEING:

1.1.2.1 NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART);

1.1.2.2 HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE);

1.1.2.3 FRANK ABBOTT; and

1.1.2.4 DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE).

1.2 The Parties agree as set out below:

2 DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

- 2.2 Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:
- 2.2.1 "ADVANCE DATE" means the "Effective Date" as defined in the Sale of Shares Agreement;
- 2.2.2 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;
- 2.2.3 "AGREEMENT" means this First Loan Agreement;
- 2.2.4 "APPLICABLE MARGIN" means 2,25% (two comma two five percent) nacm;
- 2.2.5 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.6 "ARM DISTRIBUTION" means any payment in respect of the ARM Shares by or on behalf of ARM to the Borrower, by way of dividend, capital reduction (including, but not limited to, any share repurchase), interest, principal, fee, royalty or other distributions or payments whether or not made to the shareholders of ARM generally;
- 2.2.7 "ARMI" means African Rainbow Minerals & Exploration Investments (Proprietary) Limited (Registration No. 1997/020158/07), a private company duly incorporated according to the company laws of South Africa;

- 2.2.8 "ARM SHARE PROCEEDS" means the proceeds of any ARM Distribution and all proceeds received by the Borrower or to which the Borrower is or becomes entitled, by virtue of the sale or other disposal of any ARM Shares or by virtue of the vesting of any of the ARM Shares in any beneficiary of the Borrower;
- 2.2.9 "ARM SHARES" means 28 614 740 (twenty-eight million six hundred and fourteen thousand seven hundred and forty) ordinary par value shares of R0,05 (five cents) each in the issued share capital of ARM listed on the JSE and constituting 14% (fourteen percent) of the issued share capital of ARM as at the Signature Date to be purchased by the Borrower from AHJIC pursuant to the Sale of Shares Agreement;
- 2.2.10 "ARREAR INTEREST RATE" means the greater of:
 - 2.2.10.1 the Prime Rate plus 2% (two percent); and
 - 2.2.10.2 the Repo Rate plus 2% (two percent);
- 2.2.11 "ASSIGNMENT AGREEMENT" means the written agreement concluded, or to be concluded, between Harmony, ARMI, AHJIC and the Borrower on or about the Signature Date pursuant to which inter alia the Voting Agreement is amended in certain respects and the Borrower agrees to be bound by the provisions of the Voting Agreement;
- 2.2.12 "AUDITORS" means the Borrower's statutory auditors from time to time;
- 2.2.13 "BORROWER" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and the Lender, Harmony, Frank Abbott and Deneys Reitz Trustees (Proprietary) Limited (each as trustees) on 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust";

- 2.2.14 "BREAKAGE COSTS" means such costs referred to in clause 19.1.1;
- 2.2.15 "BREAKAGE GAINS" means such amounts referred to in clause 19.1.2;
- 2.2.16 "BUSINESS DAY" means any day other than a Saturday, Sunday or an official public holiday in South Africa in accordance with the Public Holidays Act, 1994;
- 2.2.17 "COLLECTION ACCOUNT" means the bank account to be opened and maintained by the Borrower with the Lender in accordance with clause 9 of this Agreement and any replacement bank account from time to time;
- 2.2.18 "COMPANIES ACT" means the Companies Act, 1973;
- 2.2.19 "CPI" means the consumer price index for all expenditure groups:
Metropolitan and other urban areas (B2000=100) as published from time to time by Statistics SA in Statistical Release PI041.1 provided that if, after the Signature Date:
- 2.2.19.1 such index shall cease to be published; or
- 2.2.19.2 either the Lender or the Borrower should notify the other on reasonable grounds that, due to a change in circumstances, the index is no longer representative, then,
in any such circumstances, the Lender and the Borrower will use such other official information or index calculating the rate of inflation as may be available and acceptable to them, or failing such acceptance, then, for the purposes of this Agreement, an alternative index shall be determined by a majority decision of a panel of 3 (three) independent chartered accountants of South Africa appointed by the Chief

Economist of the Lender, which determination, and any determination by such panel as to the date from which any alternative index shall take effect, shall be binding upon the Parties. The costs of obtaining such determination shall be borne by the Borrower;

- 2.2.20 "DEED OF ADHERENCE" means the written deed entitled "Right of Pre-Emption and Deed of Adherence" concluded or to be concluded amongst the Lender, Harmony, ARMI and AHJIC on or about the Signature Date;
- 2.2.21 "DISTRIBUTION" means any payment by or on behalf of the Borrower by way of income or capital or other distribution or payments by or on behalf of the Borrower to any of its beneficiaries;
- 2.2.22 "ENCUMBRANCE" means any mortgage, pledge, lien, assignment or cession conferring security, hypothecation, security interest, preferential right or trust arrangement or any other agreement or arrangement, the effect of which is the creation of security;
- 2.2.23 "EVENT OF DEFAULT" means an event of default as set out in clause 18;
- 2.2.24 "FINAL DISCHARGE DATE" means the date which is the later of:
 - 2.2.24.1 the First Facility Discharge Date; and
 - 2.2.24.2 the Second Facility Discharge Date;
- 2.2.25 "FINAL REPAYMENT DATE" means the date which is the earlier of:
 - 2.2.25.1 the 5th (fifth) anniversary of the Advance Date; and

- 2.2.25.2 the date upon which the First Facility Outstandings become repayable by the Borrower pursuant to the provisions of this Agreement;
- 2.2.26 "FIRST FACILITY DISCHARGE DATE" means the date upon which the First Facility Outstandings have been fully and finally repaid and discharged;
- 2.2.27 "FIRST FACILITY OUTSTANDINGS" means, at any time and from time to time, the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable, including but not limited to, Breakage Costs, to the Lender under this Agreement;
- 2.2.28 "FIRST RANKING CESSION AND PLEDGE" means the written cession and pledge in security entitled "First Ranking Cession and Pledge" by the Borrower in favour of the Lender dated on or about the Signature Date as security for its obligations under the Second Loan Agreement;
- 2.2.29 "FLOW OF FUNDS AGREEMENT" means the written agreement entitled "Flow of Funds Agreement" concluded or to be concluded between the Lender, the Borrower, AHJIC and Harmony on or about the Signature Date;
- 2.2.30 "GAAP" means Generally Accepted Accounting Practice in South Africa, as the same may be revised from time to time;
- 2.2.31 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.32 "HARMONY OPTION AGREEMENT" means the written agreement entitled "Harmony Option Agreement" concluded or to be concluded between Harmony and Nedbank on or about the Signature Date;

- 2.2.33 "HARMONY UNDERTAKING" means the written undertaking by Harmony and AHJIC in favour of the Lender dated on or about the Signature Date pursuant to which Harmony undertakes that it will utilise a portion of the proceeds payable to AHJIC in respect of the sale of the ARM Shares pursuant to the Sale of Shares Agreement to repay in full on the Advance Date the principal amount outstanding together with all amounts of accrued and unpaid interest and all other amounts due and payable to the Lender pursuant to a loan agreement between the Lender and Harmony dated 24 December 2004, in accordance with the provisions of clause 12 of that loan agreement;
- 2.2.34 "INDEBTEDNESS" shall be construed so as to include any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;
- 2.2.35 "INDEXED" means in relation to any sum, that sum adjusted annually to take account of year-on-year changes in the CPI since the Signature Date;
- 2.2.36 "INSOLVENCY EVENT" means in relation to any person, any of the following events or circumstances:
- 2.2.36.1 a meeting is convened to consider or pass a resolution, an order or a declaration is made, a petition is presented, legal proceedings are commenced or any other step is taken for the liquidation, winding-up, judicial management, curatorship or dissolution of such person's assets, business or estate or with a view to a composition, assignment or arrangement of such person's creditors;

- 2.2.36.2 such person is unable (or admits inability) to pay its debts generally as they fall due or is, or admits to being, otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its Indebtedness;
- 2.2.36.3 the issue of a certificate in terms of Section 346(3) of the Companies Act or the lodging with any Master of the High Court or other officer in the public service designated for such purpose by any Master of the High Court of a copy of an application for the provisional or final, winding-up or placing into judicial management, or any analogous or similar process, of that person;
- 2.2.36.4 such person begins negotiations or takes any proceedings or other step with a view to the general readjustment, rescheduling or deferral of its Indebtedness (or any part thereof which it would otherwise be unable to pay when due) or proposes to take any such step; or
- 2.2.36.5 any liquidator, curator, judicial manager or the like is appointed in respect of such person or any material part of its assets or such person requests any such appointment;
- 2.2.37 "INTEREST PERIOD" means each period of 91 (ninety-one) days during the Term commencing on the Advance Date save that the final Interest Period will be shortened to end on the Final Repayment Date;

2.2.38 "INTEREST RATE" means, in respect of each Interest Period, an interest rate equal to the aggregate of JIBAR, the Applicable Margin and the Lender Regulatory Costs;

2.2.39 "JIBAR" means, in respect of each Interest Period:

2.2.39.1 the quarter-year (91-day) Johannesburg Inter-Bank Agreed Rate as quoted by SAFEX and published on the Quotation Date for deposits in a comparable amount to that on which interest is to accrue and which appears on the Reuters Screen SAFEY Page at 11:00 a.m. Johannesburg time on the Quotation Date, expressed as a percentage and converted to a nacm rate; or

2.2.39.2 if the quarter-year (91-day) Johannesburg Inter-Bank Agreed Rate is not quoted, the arithmetic mean (rounded upward to the nearest 4 (four) decimal places) of the mid-market deposit rates for South African currency deposits, as quoted on the respective money markets Reuters Page by the Reference Banks at approximately 11:00 a.m. Johannesburg time on the Quotation Date, expressed as a percentage and converted to a nacm rate;

2.2.40 "JSE" means the JSE Securities Exchange, South Africa;

2.2.41 "LENDER" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), a registered bank and public company duly incorporated according to the banking and company laws of South Africa;

2.2.42 "LENDER REGULATORY COSTS" means the holding costs of all liquid assets and other reserving costs incurred by the Lender under the Banks Act, 1990 and regulations thereunder attributable to the Loan for each Interest Period as quoted on the first day of each Interest Period by the

Lender's Treasury Department and expressed as a nacm rate, it being recorded, for the avoidance of doubt, that the Lender Regulatory Costs as at the Signature Date amount to 0,31% (zero comma three one percent) expressed as a nacm rate;

2.2.43 "LOAN" means the aggregate principal amount for the time being outstanding hereunder;

2.2.44 "LOAN AMOUNT" means the principal amount of R480 400 000 (Four Hundred and Eighty Million Four Hundred Thousand Rand);

2.2.45 "MATERIAL ADVERSE EFFECT" means a material adverse effect, in the reasonable opinion of the Lender, on:

2.2.45.1 the ability of any Obligor to perform any or all of its material obligations under the terms of any Transaction Document to which it is a party; and/or

2.2.45.2 the validity or enforceability of any Transaction Document or the rights or remedies of the Lender under any of the Transaction Documents;

2.2.46 "OBLIGOR" means:

2.2.46.1 the Borrower; and

2.2.46.2 Harmony,

and "OBLIGORS" means, as the context requires, both of them;

2.2.47 "PARTIES" means:

2.2.47.1 the Lender; and

2.2.47.2 the Borrower,

and "PARTY" means, as the context requires, either of them;

2.2.48 "PERMITTED DISTRIBUTIONS" means:

2.2.48.1 any Distributions by the Borrower of the ARM Shares or of any vested income rights or vested capital rights attributable or related to the ARM Shares as expressly provided for in the Trust Deed; or

2.2.48.2 any Distribution made with the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;

2.2.49 "PERMITTED ENCUMBRANCE" means:

2.2.49.1 any Encumbrance created by operation of law; provided that the same is discharged within 90 (ninety) days of its creation or, in the reasonable opinion of the Lender, is being contested in good faith;

2.2.49.2 any Encumbrance created pursuant to the terms and conditions of the Security Documents; or

2.2.49.3 any Encumbrance created with the prior written consent of the Lender;

2.2.50 "PERMITTED INDEBTEDNESS" means:

2.2.50.1 any Indebtedness incurred or permitted under any Transaction Document or incurred pursuant to or for the purposes of giving effect to any provision of any Transaction Document;

2.2.50.2 any Indebtedness not exceeding R100 000 (One Hundred Thousand Rand) during any calendar year of the Borrower incurred in respect of the administrative costs and expenses of the Borrower (including, without limitation, in respect of auditing fees);

2.2.50.3 any Indebtedness incurred with the prior written consent of the Lender, which shall not be unreasonably withheld or delayed;

2.2.51 "PRIME RATE" means the prime overdraft rate of interest from time to time publicly quoted as such by the Lender, calculated on a 365 (three hundred and sixty-five) day factor, irrespective of whether or not the year is a leap year, nominal annual compounded monthly in arrear, as certified by any manager of the Lender, whose appointment as such shall not be necessary to prove, which certificate shall serve as prima facie proof of its content;

2.2.52 "QUOTATION DATE" means, in relation to the determination of JIBAR for any Interest Period, the first day of that Interest Period;

2.2.53 "REFERENCE BANKS" means the Lender, The Standard Bank of South Africa Limited, FirstRand Bank Limited and Absa Bank Limited;

2.2.54 "REPO RATE" means on any particular day, the repurchase tender rate on that day quoted by the South African Reserve Bank;

- 2.2.55 "SALE OF SHARES AGREEMENT" means the written agreement entitled "Sale of Shares Agreement" concluded or to be concluded between Harmony, AHJIC and the Borrower on or about the Signature Date;
- 2.2.56 "SECOND FACILITY DISCHARGE DATE" means the date upon which the Second Facility Outstandings have been fully and finally repaid and discharged;
- 2.2.57 "SECOND FACILITY OUTSTANDINGS" means, at any time and from time to time the aggregate of all amounts of principal, accrued and unpaid interest and any other amounts due and payable, including but not limited to any breakage costs, to the Lender under the Second Loan Agreement;
- 2.2.58 "SECOND LOAN AGREEMENT" means the written agreement entitled "Second Loan Agreement" concluded or to be concluded between the Lender and the Borrower on or about the Signature Date;
- 2.2.59 "SECOND RANKING CESSION AND PLEDGE" means the written reversionary cession and pledge in security entitled "Second Ranking Cession and Pledge" by the Borrower in favour of the Lender dated on or about the Signature Date as security for its obligations under this Agreement;
- 2.2.60 "SECURITY DOCUMENTS" means:
 - 2.2.60.1 the First Ranking Cession and Pledge;
 - 2.2.60.2 the Second Ranking Cession and Pledge; and
 - 2.2.60.3 any further agreements or documents entered into at any time by or on behalf of the Borrower or any other person as security for the Borrower's obligations to the Lender under the Transaction

Documents to which it is a party, and which agreements or documents shall, to the extent that Harmony is not a party thereto, be approved by Harmony, which approval shall not be unreasonably withheld or delayed;

- 2.2.61 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement;
- 2.2.62 "SOUTH AFRICA" means the Republic of South Africa as constituted from time to time;
- 2.2.63 "SUBORDINATION AGREEMENT" means the written agreement entitled "Subordination Agreement" concluded or to be concluded between the Borrower, Harmony and the Lender on or about the Signature Date;
- 2.2.64 "TERM" means the period from the Advance Date to the First Facility Discharge Date;
- 2.2.65 "TRANSACTION DOCUMENTS" means, collectively:
 - 2.2.65.1 this Agreement;
 - 2.2.65.2 the Second Loan Agreement;
 - 2.2.65.3 the Sale of Shares Agreement;
 - 2.2.65.4 the Harmony Option Agreement;
 - 2.2.65.5 the Security Documents;
 - 2.2.65.6 the Harmony Undertaking;

- 2.2.65.7 the Subordination Agreement;
- 2.2.65.8 the Voting Agreement;
- 2.2.65.9 the Deed of Adherence;
- 2.2.65.10 the Flow of Funds Agreement; and
- 2.2.65.11 the Assignment Agreement;
- 2.2.65.12 any other agreement or document that may be designated as a Transaction Document for the purposes of this Agreement and the other Transaction Documents by written agreement between Harmony, the Borrower and the Lender;
- 2.2.65.13 any written amendment to the agreements and documents referred to in clauses 2.2.65.1 to 2.2.65.12, and which amendment shall, to the extent that Harmony is not a party thereto, be approved by Harmony, which approval shall not be unreasonably withheld or delayed,

and "TRANSACTION DOCUMENT" means, as the context requires, any one of them;
- 2.2.66 "TRUST DEED" means the trust deed of the Borrower contemplated by clause 4.1.1;
- 2.2.67 "TRUST EXPENDITURE" means all costs, expenses and fees incurred by the Trust in giving effect to the transactions contemplated in the Transaction Documents plus value-added tax, where applicable in a total amount not exceeding R100 000 (One Hundred Thousand Rand) per calendar year of the Borrower or such greater amount as may be

approved by the Lender in writing (but excluding the costs, expenses and fees contemplated by clauses 23.4 and 29.1);

2.2.68 "VOTING AGREEMENT" means the written agreement entitled "Voting Agreement" concluded between ARMI, AHJIC and Harmony on 16 February 2004.

2.3 Any reference in this Agreement to:

2.3.1 an "affiliate" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;

2.3.2 "assets" includes properties, revenues and rights of every description;

2.3.3 a "holding company" shall be construed in accordance with the Companies Act;

2.3.4 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;

2.3.5 "continuing", in the context of an Event of Default, means:

2.3.5.1 where the Event of Default or its consequences are incapable of remedy that Event of Default is deemed to be continuing unless it has been expressly waived in writing by the Lender and any conditions of such waiver have been fulfilled to the reasonable satisfaction of the Lender;

2.3.5.2 in any other case, that Event of Default is deemed to be continuing unless and until either:

- 2.3.5.2.1 it has been expressly waived in writing by the Lender and any conditions of such waiver have been fulfilled to the reasonable satisfaction of the Lender; or
- 2.3.5.2.2 it has been remedied within the applicable remedy period by any person;
- 2.3.6 the "control" by one entity of another entity shall be construed so as to mean the power of the first such entity to direct the management and the policies of the second such entity, whether through the ownership of voting capital, by contract or by any other means;
- 2.3.7 "law" shall be construed as any law (including common or customary law) or statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;
- 2.3.8 "nacm" means nominal annual compounded monthly in arrears;
- 2.3.9 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
- 2.3.10 "repay" (or any derivative form thereof) shall, subject to any contrary indication, be construed to include "prepay" or, as the case may be, the corresponding derivate form thereof;
- 2.3.11 a "subsidiary" shall be construed in accordance with the Companies Act; and

- 2.3.12 "tax" shall be construed so as to include any tax, levy, impost or other charge of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or delay in paying any of the same).
- 2.4 Unless inconsistent with the context or save where the contrary is expressly indicated:
 - 2.4.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on an)' Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
 - 2.4.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;
 - 2.4.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the immediately preceding Business Day;
 - 2.4.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the next succeeding Business Day;
 - 2.4.5 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;

- 2.4.6 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented;
- 2.4.7 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement; and
- 2.4.8 references to day/s, month/s or year/s shall be construed as Gregorian calendar day/s, month/s or year/s;
- 2.4.9 a time of day shall be construed as a reference to Johannesburg time.
- 2.5 Unless inconsistent with the context, an expression which denotes:
 - 2.5.1 any one gender includes the other genders;
 - 2.5.2 a natural person includes an artificial person and vice versa; and
 - 2.5.3 the singular includes the plural and vice versa.
- 2.6 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 2.7 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.

- 2.8 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 2.9 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.
- 2.10 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.
- 2.11 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.
- 3. INTRODUCTION
 - 3.1 The Borrower wishes to borrow the Loan Amount.
 - 3.2 The Lender is willing to lend the Loan Amount to the Borrower for the purposes set out in clause 5.1 upon the terms and conditions set out in this Agreement.

4. EARLY TERMINATION EVENTS

4.1 If:

4.1.1 a written trust deed in form and substance reasonably satisfactory to the Lender, which reduces to writing the oral agreement reached in establishing the Trust has not been entered into and lodged with the Master of the High Court within 30 (thirty) days after the Signature Date; or

4.1.2 the Master of the High Court has not issued letters of authority to the trustees of the Borrower within 30 (thirty) days after the date of lodgement of the Trust Deed with the Master of the High Court as contemplated by clause 4.1.1,

then:

4.1.3 the Borrower shall forthwith pay to the Lender all of the First Facility Outstandings; and

4.1.4 this Agreement shall automatically terminate upon the Lender's receipt of the amounts payable in terms of clause 4.1.3.

4.2 The provisions of clause 4.1 are without prejudice to any rights which the Lender may have under any of the other Transaction Documents.

5. PURPOSE

5.1 The Borrower shall use the Loan Amount for the purposes of funding:

- 5.1.1 a portion of the purchase price payable by the Borrower for the ARM Shares in accordance with the terms of the Sale of Shares Agreement; and
- 5.1.2 the duties, costs and expenses incurred in connection with the purchase by the Borrower of the ARM Shares and in connection with the implementation of the transactions contemplated by the Transaction Documents.
- 5.2 Without prejudice to the obligations of the Borrower under clause 5.1, the Lender shall not be obliged to concern itself with the application of any sum borrowed by the Borrower pursuant to this Agreement.
- 6. LOAN
 - 6.1 The Lender hereby agrees to lend to the Borrower, which hereby agrees to borrow, the Loan Amount with effect from (and inclusive of) the Advance Date upon the terms and conditions set out in this Agreement.
 - 6.2 The Loan Amount shall be loaned and advanced to the Borrower by the Lender on the Advance Date by the Lender making payment of the Loan Amount, without deduction or set-off, as provided for in the Flow of Funds Agreement.
 - 6.3 The Borrower acknowledges that the advance by the Lender of the Loan Amount in accordance with the provisions of clause 6.2 shall constitute a valid and proper discharge by the Lender of its obligation to lend and advance the Loan Amount to the Borrower in terms of this Agreement.

7. INTEREST

- 7.1 The Loan shall bear interest during each Interest Period during the Term at the Interest Rate.
- 7.2 Interest on the Loan during the Term shall:
 - 7.2.1 accrue at the Interest Rate on a day to day basis;
 - 7.2.2 be calculated on the actual number of days elapsed in each Interest Period (inclusive of the first day of such Interest Period but exclusive of the last day of such Interest Period) and, for the purposes of calculation, be based on a year of 365 (three hundred and sixty-five) days, irrespective of whether the year in question is a leap year; and
 - 7.2.3 subject to clause 7.3 to the extent not paid, be capitalised on the last day of each Interest Period.
- 7.3 Notwithstanding anything to the contrary herein contained, the Borrower shall be obliged to pay to the Lender, on the last Business Day of each month, such amount of accrued interest as is necessary to ensure that the amount of accrued interest does not exceed 80% (eighty percent) of the Loan at that date.

8. REPAYMENT

- 8.1 The Borrower shall, subject to the provisions of clauses 10, 11 and 18, repay the First Facility Outstandings to the Lender on the Final Repayment Date.
- 8.2 The Borrower shall not repay all or any parts of the Loan except at the times and in the manner expressly provided for in this Agreement and shall not be entitled to re-borrow any amounts repaid.

9. COLLECTION ACCOUNT

- 9.1 The Borrower shall establish and shall maintain the Collection Account with the Lender in the name of the Borrower within a period of 30 (thirty) days after the Advance Date.
- 9.2 The Borrower shall procure that the mandates and operating procedures for the Collection Account shall be in accordance with the provisions of this Agreement and to the reasonable satisfaction of the Lender.
- 9.3 The Borrower shall either procure that any ARM Share Proceeds are paid directly into the Collection Account or, where it is not possible to procure such direct payment, immediately upon receipt of any ARM Share Proceeds pay the same into the Collection Account.
- 9.4 Subject to the provisions of the Transaction Documents, no withdrawal or transfer may be made from the Collection Account other than the ARM Share Proceeds which the Borrower shall use only for the purpose of making the following payments in the following order of priority:
 - 9.4.1 first, to pay the Trust Expenditure;
 - 9.4.2 second, to pay interest accrued under the Second Loan Agreement;
 - 9.4.3 third, to pay interest accrued under this Agreement;
 - 9.4.4 fourth, to pay in full any amounts of principal (including capitalised interest) and all other amounts due and payable under the Second Loan Agreement; and
 - 9.4.5 fifth, to pay in full any amounts of principal (including capitalised interest) and all other amounts due and payable under this Agreement.

9.5 The restrictions contained in any of the Transaction Documents on the withdrawal of funds from the Collection Account shall not affect the obligations of the Borrower to make all payments required to be made to the Lender on the due date for payment in accordance with the Transaction Documents.

9.6 Neither the ability of the Borrower to make any withdrawal from the Collection Account in accordance with this Agreement nor any such withdrawal shall be construed as a waiver by the Lender of any of its rights or remedies under the Transaction Documents or affect (to the extent possible) any of the Encumbrances created pursuant to the Transaction Documents.

10. VOLUNTARY PREPAYMENT

10.1 At any time prior to the Final Repayment Date, the Borrower may, by giving to the Lender not less than 5 (five) Business Days prior written notice to that effect, prepay without penalty all or any part of the First Facility Outstandings at any time during the Term, provided that no such prepayments shall be in an amount of less than R1 000 000 (One Million Rand) (or an integral multiple thereof) or the First Facility Outstandings, whichever is the lesser provided that the preceding restrictions shall not apply to any prepayment funded by a BEE Capital Contribution in accordance with the terms of the Transaction Documents, and provided further that the Borrower may not use the ARM Share Proceeds or any portion thereof to make such prepayment prior to the Second Facility Discharge Date or while there remain Second Facility Outstandings which are due and payable to the Lender.

10.2 Any notice of prepayment pursuant to clause 10.1 shall:

10.2.1 be irrevocable;

- 10.2.2 specify a date upon which such prepayment is to be made which shall be the last day of an Interest Period;
- 10.2.3 specify the amount of the prepayment; and
- 10.2.4 oblige the Borrower to make such prepayment on such date.

11. MANDATORY PREPAYMENT

11.1 Notwithstanding the provisions of clauses 8, 9 and 10:

- 11.1.1 the Borrower shall be obliged, during the period commencing on the Second Facility Discharge Date and ending on the First Facility Discharge Date and provided that there are no Second Facility Outstandings which are due and payable to the Lender, to utilise 100% (one hundred percent) of all ARM Share Proceeds to pay the Trust Expenditure and thereafter the First Facility Outstandings to the Lender in an amount equal to any remaining balance of the ARM Share Proceeds or, if less, in the amount of the First Facility Outstandings, by no later than 5 (five) Business Days after the date of receipt by the Borrower of any such ARM Share Proceeds; and
- 11.1.2 if, following a review by the Lender of the financial position of Harmony as at 30 September 2005, to be conducted by the Lender on or before 31 December 2005, the Lender is not satisfied in its reasonable discretion with the financial position of Harmony and the risk assumed by the Lender in relation to Harmony's obligations under the Harmony Put Option and Harmony has not provided security to the satisfaction of the Lender (which includes, but is not limited to, the Lender being satisfied that such security is not, or would not be, impeachable upon the occurrence of any Insolvency Event in respect of Harmony) for the performance of its obligations under the Harmony Option Agreement

within 10 (ten) Business Days, the Borrower shall be obliged within 5 (five) Business Days of written demand by the Lender to pay the First Facility Outstandings to the Lender.

11.2 Save as may be expressly provided for in clause 9.4 and any of the Transaction Documents, the Lender shall not be entitled to require the Borrower to utilise, and the Borrower shall not utilise, any of the ARM Share Proceeds to pay the First Facility Outstandings prior to the Second Facility Discharge Date.

12. PAYMENTS

12.1 All payments to be made by the Borrower to the Lender in terms of this Agreement shall be made in Rands at or before 12h00 on the due date for payment in immediately available funds free from set-off, withholding taxes, costs, charges, expenses or any other deductions to the Lender's bank account with the following details:

12.1.1 Bank : Nedbank Limited;

12.1.2 Account Name : Nedbank Capital - Project Administration;

12.1.3 Branch : 100 Main Street;

12.1.4 Branch Code : 19-79-05;

12.1.5 Account Number: 1979 373 078.

12.2 Any payment made by the Borrower in terms of this Agreement shall be appropriated first towards the payment of any fees, costs, charges or expenses due and payable to the Lender and, without prejudice to the Lender's right to claim such fees, costs, charges or expenses, as notified by the Lender to the

Borrower not less than 5 (five) days before such amounts are due and payable, thereafter to the payment of any accrued and unpaid interest, and thereafter to the repayment of the Loan.

12.3 The Borrower shall not have the right to defer, adjust or withhold any payment due to the Lender in terms of or arising out of this Agreement or to obtain deferment of judgment for such amount or any execution of such judgment by reason of any set-off or counter claim due to any other contractual or delictual claims or causes of whatsoever nature or howsoever arising.

13. REPRESENTATIONS AND WARRANTIES

13.1 The Borrower hereby represents and warrants in favour of the Lender on the Signature Date, on each day between the Signature Date and the Advance Date and on the Advance Date that:

13.1.1 it is a trust duly established and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under the Transaction Documents to which it is a party;

13.1.2 it has procured the taking of all necessary corporate and other action to authorise the execution of the Transaction Documents to which it is a party;

13.1.3 each Transaction Document to which it is a party is legal and binding on, and enforceable against, it in accordance with its terms;

13.1.4 the provisions of each Transaction Document to which it is a party are not in material conflict with, and will not constitute a breach of the provisions of, any other agreement or undertaking which is binding on it;

- 13.1.5 no limitation on the powers of the Borrower to borrow will be exceeded as a result of the borrowings under this Agreement;
- 13.1.6 no limitation of the powers of the Borrower to create security will be exceeded as a result of the creation of the security in accordance with the terms of the Security Documents to which it is a party;
- 13.1.7 there is no dispute, litigation or proceeding pending or threatened against the Borrower which could reasonably be expected to have a Material Adverse Effect;
- 13.1.8 no Insolvency Event has occurred in respect of the Borrower;
- 13.1.9 its obligations under each Transaction Document to which it is a party will rank at least pari passu with all of its other unsecured and unsubordinated Indebtedness;
- 13.1.10 no Event of Default has occurred and is continuing;
- 13.1.11 it will use the Loan Amount only for the purposes set out in clause 5.
- 13.2 Each of the representations and warranties given by the Borrower in terms of clause 13.1 shall:
 - 13.2.1 prima facie be deemed to be a representation of fact inducing the Lender to enter into the Transaction Documents to which it is a party;
 - 13.2.2 be presumed to be material unless the contrary is proved;
 - 13.2.3 insofar as any of the warranties is promissory or relates to a future event, be deemed to have been given as at the due date for fulfilment of the promise or for the happening of the event, as the case may be; and

13.2.4 be a separate warranty and in no way be limited or restricted by reference to or inference from the terms of any other warranty.

14. POSITIVE UNDERTAKINGS

The Borrower hereby agrees and undertakes that, until the First Facility Discharge Date, it shall:

- 14.1 obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required in or by the laws and regulations of South Africa to enable it lawfully to enter into and perform its obligations under the Transaction Documents to which it is a party or to ensure the legality, validity, enforceability or admissibility in evidence in South Africa of the Transaction Documents to which it is a party;
- 14.2 notify the Lender of the occurrence of any event forthwith upon becoming aware thereof, which results in or may reasonably be expected to result in any of the representations and warranties contained in clause 13 being untrue;
- 14.3 deliver to the Lender all documents and other information reasonably required by the Lender to enable it to comply with its obligations under the Financial Intelligence Centre Act, 2001 within a period of 30 (thirty) days after the Advance Date;
- 14.4 procure that the Collection Account is opened with the Lender within a period of 30 (thirty) days after the Advance Date;
- 14.5 promptly inform the Lender in writing of the occurrence of any Event of Default forthwith upon becoming aware thereof and from time to time, if so requested by the Lender in writing, confirm to the Lender in writing that, save

as previously notified to the Lender or as notified in such confirmation, no such Event of Default has occurred and/or is continuing;

- 14.6 do all things to maintain its existence in full force and effect;
- 14.7 duly comply with all of its obligations under each Transaction Document to which it is a party;
- 14.8 subject to the provisions of clause 15.3, maintain its ownership of, and full, good and proper title to, the ARM Shares (except to the extent the same are subject to a Permitted Encumbrance);
- 14.9 take all reasonable steps to ensure that material accuracy and completeness of all information supplied to the Lender in connection with this Agreement during the Term; and
- 14.10 keep proper records and permit inspection thereof and ensure that the Lender will, on not less than 2 (two) Business Days' prior written notice (other than in circumstances where an Event of Default has occurred and is continuing, in which event no notice shall be required), be allowed to have access to the assets, books and records of the Borrower and to inspect the same during normal business hours.

15. NEGATIVE UNDERTAKINGS

The Borrower hereby agrees and undertakes that, until the First Facility Discharge Date, it shall not:

- 15.1 save for Permitted Encumbrances, create or permit to subsist or arise any Encumbrance over all or any of its present or future revenues or assets;

- 15.2 make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person;
- 15.3 with the exception of a general offer to shareholders or an expropriation in terms of section 311 and/or section 440K of the Companies Act or the sale or realisation of the ARM Shares in accordance with the terms of this Agreement and/or any Transaction Document, sell, lease, transfer or otherwise dispose of or grant any right of pre-emption or right of first refusal in respect of all or any of the ARM Shares, or vest any ARM Share in any beneficiary of the Borrower:
 - 15.3.1 prior to the date on which the Trust Deed is executed by the parties thereto, lodged with the Master of the High Court and the letters of authority in respect thereof have been issued to the trustees of the Borrower by the Master of the High Court, without the prior written consent of the Lender and subject to such conditions as the Lender may reasonably impose for the provision of such consent; and
 - 15.3.2 on or after the date contemplated by clause 15.3.1, other than in the manner permitted by the Trust Deed,

provided that should the ARM Shares be subject to any such a general offer to shareholders or any such expropriation, the Borrower shall utilise the proceeds of such disposal of the ARM Shares to first pay the Second Facility Outstandings and thereafter to pay the First Facility Outstandings to the Lender;
- 15.4 acquire or have any assets other than the donation by the founder of the Borrower, the ARM Shares, the ARM Share Proceeds and such other assets as may be contemplated by this Agreement and the Trust Deed without the

Lender's prior written consent, which shall not be unreasonably withheld or delayed;

- 15.5 enter into, or agree to enter into, any agreements other than the Transaction Documents to which it is a party without the prior written consent of the Lender which shall not be unreasonably withheld or delayed;
- 15.6 conduct any business other than in accordance with the terms of the Transaction Documents;
- 15.7 amend, vary, cancel or terminate, or agree to any amendment, variation, cancellation or termination of, any Transaction Document to which it is a party nor waive, or agree to any waiver of, any of its rights, privileges or benefits under the Transaction Documents to which it is a party without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;
- 15.8 amend, vary or alter, or allow any resolution or oral agreement of its trustees, founder and/or beneficiaries to be passed for the amendment, variation or alteration of the Trust without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;
- 15.9 save as contemplated by the Transaction Documents, appoint or constitute any income or capital beneficiaries or grant any further interests in its trust assets without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;
- 15.10 save for Permitted Indebtedness, incur any Indebtedness;
- 15.11 save for Permitted Distributions, make or pay any Distribution.

16. FINANCIAL INFORMATION

16.1 The Borrower shall:

16.1.1 as soon as the same become available, but in any event within 90 (ninety) days after the end of each of its financial years during the Term, deliver a copy of its audited annual financial statements to the Lender for such financial year; and

16.1.2 on the written request of the Lender, furnish the Lender with such information about its financial condition as the Lender may reasonably require.

16.2 The Borrower shall ensure that:

16.2.1 each set of financial statements delivered by it pursuant to clause 16.1.1 is prepared in accordance with GAAP; and

16.2.2 each set of financial statements delivered by it pursuant to clause 16.1.1 has been audited by the Auditors and signed by 2 (two) trustees of the Borrower.

17. INCREASED/DECREASED COSTS

17.1 If at any time or times during the period commencing on the Signature Date and ending on the First Facility Discharge Date:

17.1.1 any new law, ruling or regulation as promulgated, given or adopted by the government of South Africa;

17.1.2 there are any changes to any present or future law, ruling or regulation by the government of South Africa;

- 17.1.3 there are any changes in the interpretation or administration of any law, ruling or regulation by any relevant monetary or fiscal authority having jurisdiction over the Lender;
- 17.1.4 there are any amendments to the Banks Act, 1990;
- 17.1.5 there is any compliance by the Lender with any directive or request, whether or not having the force of law, from any monetary or fiscal authority having jurisdiction over the Lender;
- 17.1.6 there are any changes in commercial practice or legislation which affect the reserving or asset requirements of the Lender,

which is of general application applicable to all banks in South Africa and which would or does:
- 17.1.7 subject the Lender to any taxes, duties or other charges in respect of this Agreement or change the basis of taxation of the Lender in respect of the payments of capital or interest/fees payable to the Lender in respect of the provision by the Lender of funding in respect of this Agreement (except for changes in the rate of taxation on the overall net income of the Lender); or
- 17.1.8 impose, or modify or deem applicable any reserve, special deposit or similar requirements against assets of, deposits with or for the account of, or credit extended by the Lender to the Borrower or reduce the requirements in respect of any such reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Lender to the Borrower; or
- 17.1.9 not arise solely as a result of the Lender's gross negligence;

17.1.10 impose on the Lender any other obligation or condition affecting this Agreement,

and the result of any of the above is to increase the costs (the "INCREASED COSTS") to the Lender of making or maintaining any advance in terms of this Agreement or to reduce any amount or amounts received or receivable by the Lender under this Agreement, then the Borrower shall pay to the Lender on demand and while such circumstances continue, such amount or amounts which will compensate the Lender for such additional cost or reduced receipts.

17.2 If there is any decrease in any costs (the "DECREASED COST") in respect of which the Borrower would have been obliged to pay an amount to the Lender under clause 17.1 if such cost had constituted an Increased Cost and in respect of which the Lender directly benefits, then the Lender acting in good faith shall pay to the Borrower, promptly after it becomes aware of it, the amount of such Decreased Cost provided that such Decreased Cost is directly attributable to this Agreement (and identifiable as such) and the Lender is satisfied that such Decreased Cost will not have to be reimbursed to any other person in any way.

17.3 If required by the Borrower, the auditors of the Lender shall certify amounts referred to in clause 17.1. The costs of the certification shall be borne by the Lender if the Lender's calculation of the cost of such additional cost or reduced receipts exceeds that as certified by such auditors and by the Borrower if the result of the Lender's calculation is equal to or less than that as certified by such auditors.

18. EVENTS OF DEFAULT

- 18.1 Each of the events set out below is an Event of Default (whether or not caused by any reason outside the control of the Borrower):
- 18.1.1 any Obligor fails to pay any sum due by it under any Transaction Document to which it is a party at the time stipulated and does not remedy such failure within 3 (three) days after receipt of notice calling upon it to do so, and in the manner provided for in this Agreement unless such failure is due to the banking payment and/or settlement system by which that Obligor is obliged to make such payment and such payment is made within 3 (three) Business Days of its due date; or
- 18.1.2 any Obligor commits any breach or omits to observe or cause to be observed any of the obligations or undertakings expressed to be assumed by it under or in relation to any of the Transaction Documents to which it is a party (other than a failure to pay any sum when due) and such breach or omission is not remedied (if capable of remedy) within 10 (ten) Business Days of receipt by that Obligor of a written notice from the Lender requiring remedy thereof; or
- 18.1.3 any representation or warranty made or deemed to be made or repeated by any Obligor in or pursuant to any of the Transaction Documents to which it is a party or in any notice, certificate or statement referred to or delivered under any Transaction Document, is or proves to be incorrect and such incorrect representation, warranty, notice, certificate or statement has a Material Adverse Effect; or
- 18.1.4 any Indebtedness of any Obligor in excess of R10 000 000 (Ten Million Rand) is not paid when due or becomes due and payable, unless such claim is disputed and such dispute is resolved in favour of that Obligor

within a period of 14 (fourteen) days after such claim has been made, or any creditor of any Obligor becomes entitled to declare any such Indebtedness due and payable, prior to the date when it would otherwise have become due and payable or any guarantee or indemnity given by any Obligor in respect of Indebtedness is not honoured when due and called upon; or

- 18.1.5 a creditor for an amount in excess of R10 000 000 (Ten Million Rand) attaches or takes possession of, or execution or other process is levied or enforced against, any material asset of any Obligor; or
- 18.1.6 the security constituted by any Security Document ceases to confer the security it created when originally granted or is not validly created as contemplated in the relevant Security Document or any of the Security Documents (or any material provision thereof) ceases to be legal, valid, binding and enforceable; or
- 18.1.7 an Insolvency Event occurs in relation to any Obligor; or
- 18.1.8 any steps are taken to enforce any Encumbrance securing a debt exceeding an amount of R10 000 000 (Ten Million Rand) over all or any part of the assets and/or undertaking of any Obligor and such steps are not successfully defended or stopped by such Obligor within a period of 30 (thirty) days after the commencement of such steps; or
- 18.1.9 any Obligor suspends or ceases or threatens to suspend or cease to carry on its business; or
- 18.1.10 all or a material part of the undertakings, assets, rights or revenues of, or shares or other ownership interests in, any Obligor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; or

- 18.1.11 it becomes unlawful at any time for any Obligor to perform all or any of its material obligations under any Transaction Document and the Parties are unable to agree on alternative arrangements within 10 (ten) Business Days of the Lender notifying the Borrower of such illegality; or
- 18.1.12 any Obligor repudiates any Transaction Document to which it is a party or does or causes or permits to be done any actual thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- 18.1.13 any judgement for an amount exceeding R10 000 000 (Ten Million Rand) is taken against any Obligor, and that Obligor fails within 15 (fifteen) Business Days of it becoming aware thereof either to satisfy same or to take steps and thereafter actively to pursue such steps to successfully appeal or set aside such judgement; or
- 18.1.14 any event or series of events occurs or circumstance arises which has or may in the future be likely to have a Material Adverse Effect.
- 18.2 Upon, or at any time after, the occurrence of an Event of Default, the Lender may, without prejudice to any other rights it may have in terms of this Agreement or at law, by written notice to the Borrower:
 - 18.2.1 declare all or any part of the First Facility Outstandings to be immediately due and payable whereupon the First Facility Outstandings shall become immediately due and payable; and/or
 - 18.2.2 enforce any or all of its rights under the Security Documents if the First Facility Outstandings or any part thereof have not been paid timeously in accordance with clause 18.2.1.

19. BREAKAGE COSTS / GAINS

19.1 If, for any reason any portion of the First Facility Outstandings is repaid or becomes due and payable on any date other than on the last day of an Interest Period, there shall be:

19.1.1 payable by the Borrower to the Lender, on the occurrence of such event, in addition to any other amounts payable in terms of this Agreement, the amount (if any) by which:

19.1.1.1 the present value of such amount, calculated by discounting such amount from the last day of the Interest Period during which such amount is repaid or becomes due and payable to the date of calculation (excluding the last day and including the first day) (the "CALCULATION PERIOD") at 0.1% (zero point one percent) below the Lender's Swap Curve bid rate which appears on the Reuters screen NDIRS page at 11h00 Johannesburg time on the date of calculation interpolated for a corresponding payment for a period which corresponds to the Calculation Period, expressed as a nacm yield rate,

exceeds:

19.1.1.2 the present value of such amount, calculated by discounting such amount for the Calculation Period at the aggregate of the then-applicable JIBAR Rate (converted to a nacm rate) and the costs referred to in clause 17; or

19.1.2 deducted from the amount owing to the Lender by the Borrower (or, if no such amount is owing, payable by the Lender to the Borrower), the amount (if any) by which the amount calculated in terms of clause 19.1.1.2 exceeds that calculated in terms of clause 19.1.1.1,

such amount, in either case, to be calculated and certified by a manager of the Lender, which certificate shall serve as prima facie proof of its contents.

20. RENUNCIATION OF BENEFITS

The Borrower renounces all benefits of the exceptions of "no value received", "non numeratae pecuniae", "non causa debiti", and "errore calculi", the meaning and effect of which it declares it understands.

21. CERTIFICATE OF INDEBTEDNESS

A certificate signed by any director or manager of the Lender (whose appointment need not be proved) as to the existence of and the amount of Indebtedness by the Borrower to the Lender, that such amount is due and payable, the amount of interest accrued thereon and as to any other fact, matter or thing relating to the Borrower's Indebtedness to the Lender in terms of this Agreement, shall be sufficient proof of the contents and correctness thereof for the purposes of provisional sentence, summary judgement or any other proceedings, shall be valid as a liquid document for such purpose and shall in addition, be prima facie proof for purposes of pleading or trial in any action instituted by the Lender arising herefrom.

22. DEFAULT INTEREST

Interest calculated at the Arrear Interest Rate shall accrue on the outstanding balance of all amounts due and payable but unpaid by the Borrower from time to time in terms of this Agreement. Such interest shall be calculated on a daily basis from the due date of each such overdue amount to date of actual payment thereof (both before and after judgement (if any)) and shall be compounded monthly in arrears and shall be paid by the Borrower on demand.

23. CESSION AND ASSIGNMENT

- 23.1 The Lender shall be entitled to cede, assign or delegate all, or any part of, its rights and/or obligations, as the case may be, under this Agreement or under any Security Document to:
- 23.1.1 the Reference Banks and/or any of their affiliates without the consent of the Borrower; and/or
- 23.1.2 any other person with the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed, subject to a maximum aggregate number of 10 (ten) assignees.
- 23.2 To the extent that any such cession, assignment or delegation results in a splitting of claims against the Borrower, the Borrower hereby consents to such splitting of claims.
- 23.3 The Borrower is aware that the Lender intends to conclude the Harmony Option Agreement pursuant to which the Lender shall be entitled, or obliged as the case may be, to cede, assign or delegate all of its rights and or obligations, as the case may be under this Agreement, to Harmony and the Borrower hereby consents to such cession, assignment and/or delegation.
- 23.4 In the event of any such cession, assignment or delegation, the Lender (the "EXISTING LENDER") shall procure that an inter-creditor agent is appointed to represent itself and such person(s) (the "NEW LENDER") on such terms and conditions as may be agreed between the Existing Lender, the New Lender and such appointed inter-creditor agent and subject to the prior written approval of such terms by the Borrower, which shall not be entitled to withhold such approval unnecessarily. The Borrower shall bear any fees or

expenses charged by such inter-creditor agent up to a maximum amount of R150 000 (One Hundred and Fifty Thousand Rand) (Indexed) per annum.

24. NOTICES AND DOMICILIA

24.1 NOTICES

24.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

24.1.1.1 LENDER: 4th Floor, F Block
135 Rivonia Road
Sandown
SANDTON

Telefax No. : (011) 294 8421
Attention : Head of Specialised Finance

24.1.1.2 BORROWER: c/o African Rainbow Minerals Limited
ARM House
29 Impala Road
Chislehurst
SANDTON

Telefax No. : (011) 883 5609
Attention : The Company Secretary

24.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.

24.1.3 Either Party may by written notice to the other Party change its chosen address and/or telefax number for the purposes of clause 24.1.1 to any other address(es) and/or telefax number, provided that the change shall

become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.

24.1.4 Any notice given in terms of this Agreement shall:

24.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;

24.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.

24.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

24.2 DOMICILIA

24.2.1 Each of the Parties chooses its physical address referred to in clause 24.1 as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

24.2.2 Either Party may by written notice to the other Party change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after deemed receipt of the notice by the other Party pursuant to clause 24.1.4.

25. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

26. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

27. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

28. GENERAL

- 28.1 This document constitutes the sole record of the agreement between the Parties in regard to the subject matter thereof.
- 28.2 No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.

- 28.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all the Parties.
- 28.4 No latitude, extension of time or other indulgence which may be given or allowed by any Party to any other Party in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
- 28.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.
- 28.6 Save as is specifically provided in this Agreement, no Party shall be entitled to cede, assign or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties affected by such transfer of rights or obligations, which consent may not unreasonably be withheld or delayed.
29. COSTS
- 29.1 The Borrower and Harmony shall, in equal shares, bear the costs of and incidental to the negotiation, preparation and execution of the Transaction

Documents and (save to the extent expressly indicated to the contrary in any Transaction Document) the implementation of the transactions contemplated therein.

29.2 All legal costs incurred by either Party in consequence of any default of the provisions of this Agreement by the other Party shall be payable on demand by the defaulting Party on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgment awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH
ITS NEDBLANK CAPITAL DIVISION)

/s/ Kevin Ryder

Name: Kevin Ryder
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Mark Saunders Tyler

Name: Mark Saunders Tyler
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION) (AS TRUSTEE
OF THE BORROWER)

/s/ Bradley Maxwell

Name: Bradley Maxwell for Anton Taljaard
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Clive Stewart

Name: Clive Stewart
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY
LIMITED (AS TRUSTEE OF THE BORROWER)

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

/s/ Frank Abbott

FRANK ABBOTT (AS TRUSTEE OF THE
BORROWER)

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
DENEYS REITZ TRUSTEES
(PROPRIETARY) LIMITED (AS TRUSTEE
OF THE BORROWER)

/s/ Lionel Charles Shawe

Name: Lionel Charles Shawe
Capacity: Authorised Signatory
Who warrants his authority hereto

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<DOCUMENT>
<TYPE> EX-4.12
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<DESCRIPTION> Exhibit 4.12
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FIRST RANKING CESSION AND PLEDGE

Between

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAW)

and

NEDBANK LIMITED

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A ", BEING:

"A" FIRST RANKING CESSION AND PLEDGE BETWEEN THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN REPRESENTED BY ITS TRUSTEES BEING NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART), HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE), FRANK ABBOTT AND DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE) AND NEDBANK LIMITED, DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

FIRST RANKING CESSION AND PLEDGE

Between

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAW)

and

NEDBANK LIMITED

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

<S>

1.	PARTIES.....	1
2.	DEFINITIONS AND INTERPRETATION.....	1
3.	INTRODUCTION.....	8
4.	CESSION AND PLEDGE.....	9
5.	WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS BY THE PLEDGOR.....	9
6.	DELIVERY OF DOCUMENTS.....	12
7.	RIGHTS, POWERS AND PRIVILEGES ATTACHING TO THE ARM SHARES AND THE RIGHTS AND INTERESTS.....	13
8.	REALISATION.....	14
9.	APPROPRIATION OF PROCEEDS.....	17
10.	AUTHORITY.....	18
11.	RELEASE OF ARM SHARES TO THE BEE BENEFICIARIES.....	18
12.	DURATION.....	19
13.	ADDITIONAL SECURITY.....	19
14.	CESSION.....	19
15.	PLEDGOR BOUND NOTWITHSTANDING CERTAIN CIRCUMSTANCES.....	20
16.	ARM SHARES AND RIGHTS AND INTERESTS TO BE KEPT FREE OF ENCUMBRANCES..	21
17.	EXEMPTION FROM LIABILITY.....	21
18.	CERTIFICATE OF INDEBTEDNESS.....	22
19.	RENUNCIATION OF BENEFITS.....	22
20.	CONFIDENTIALITY.....	22
21.	NOTICES AND DOMICILIA.....	24

</TABLE>

<TABLE>		
<S>		<C>
22.	GOVERNING LAW.....	26
23.	JURISDICTION.....	26
24.	SEVERABILITY.....	26
25.	GENERAL.....	27
26.	COSTS.....	28
27.	COUNTERPARTS.....	29
</TABLE>		

FIRST RANKING CESSION AND PLEDGE

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 HEREIN REPRESENTED BY ITS TRUSTEES BEING:

1.1.1.1 NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART);

1.1.1.2 HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE);

1.1.1.3 FRANK ABBOTT; and

1.1.1.4 DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE); and

1.1.2 NEDBANK LIMITED.

1.2 The Parties agree as set out below.

2. DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

- 2.2 Words and expressions defined in the Second Loan Agreement shall (unless otherwise defined in this Agreement) bear the same meanings where used in this Agreement. In addition, unless inconsistent with the context the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:
- 2.2.1 "AGREEMENT" means this First Ranking Cession and Pledge;
- 2.2.2 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;
- 2.2.3 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated in accordance with the company laws of South Africa;
- 2.2.4 "BEE BENEFICIARIES" means Historically Disadvantaged South Africans who are or will become beneficiaries of the Pledgor in accordance with the terms of the Trust Deed;
- 2.2.5 "CLAIMS" means all current and future claims which the Pledgor has or will have against ARM in respect of the ARM Shares;
- 2.2.6 "EFFECTIVE DATE" means the Advance Date;
- 2.2.7 "FIRST FACILITY OUTSTANDINGS" means, at any time and from time to time, the aggregate of all amounts of principal, accrued and unpaid interest and

all and any other amounts due and payable, including but not limited to, Breakage Costs, to the Nedbank under the First Loan Agreement;

2.2.8 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between Nedbank and the Pledgor on or about the Signature Date;

2.2.9 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;

2.2.10 "HISTORICALLY DISADVANTAGED SOUTH AFRICANS" shall bear the meaning ascribed to that term in the Broad Based Socio Economic Empowerment Charter for the South African Mining Industry published by the Department of Minerals and Energy of the Government of South Africa;

2.2.11 "NEDBANK" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), a registered bank and public company duly incorporated according to the banking and company laws of South Africa;

2.2.12 "PARTIES" means:

2.2.12.1 the Pledgor; and

2.2.12.2 Nedbank,

and "PARTY" means, as the context requires, mean either of them;

- 2.2.13 "PLEDGOR" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and Nedbank, Harmony, Frank Abbott and Deneys Reitz Trustees (Proprietary) Limited (each as trustees) on 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust";
- 2.2.14 "RIGHTS AND INTERESTS" means all of the Pledgor's rights of any nature whatsoever to and interests of any nature whatsoever in the ARM Shares, the ARM Share Proceeds, the Claims and the Collection Account, whether actual, prospective or contingent, direct or indirect, whether a claim to the payment of money or to the performance of any other obligation, and whether or not the said rights and interests were within the contemplation of the Parties at the Signature Date;
- 2.2.15 "SECOND LOAN AGREEMENT" means the written agreement entitled "Second Loan Agreement" concluded or to be concluded between Nedbank and the Pledgor on or about the Signature Date;
- 2.2.16 "SECOND RANKING CESSION AND PLEDGE" means the reversionary cession and pledge in security entitled "Second Ranking Cession and Pledge" by the Pledgor in favour of Nedbank dated on or about Signature Date pursuant to which the Pledgor pledges the ARM Shares and cedes in securitatem debiti its reversionary rights, title and interest in and to the Rights and Interests to Nedbank as security for its obligations under the First Loan Agreement;
- 2.2.17 "SECURED OBLIGATIONS" means all of the obligations or Indebtedness (actual or contingent), present or future, from whatsoever cause and howsoever arising which the Pledgor may now or at any time hereafter

owe or have towards Nedbank under or in connection with the Second Loan Agreement;

2.2.18 "SECURITY CESSION" means the cession in securitatem debiti and pledge contemplated by this Agreement as such obligations or Indebtedness are amended from time to time in terms of clause 15.1.2;

2.2.19 "SECURITIES SERVICES ACT" means the Securities Services Act, 2004;

2.2.20 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement in time;

2.2.21 "STRATE" means STRATE Limited (Registration No. 1998/022242/06), a public company duly incorporated in accordance with the company laws of South Africa, and registered as a central securities depository in terms of the Securities Services Act.

2.3 Unless inconsistent with the context or save where the contrary is expressly indicated:

2.3.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;

2.3.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;

- 2.3.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the previous Business Day;
- 2.3.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the subsequent Business Day;
- 2.3.5 an "affiliate" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;
- 2.3.6 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;
- 2.3.7 a "holding company" shall be construed in accordance with the Companies Act;
- 2.3.8 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
- 2.3.9 a "subsidiary" shall be construed in accordance with the Companies Act;
- 2.3.10 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;

- 2.3.11 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented;
- 2.3.12 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement; and
- 2.3.13 references to day/s, month/s or year/s shall be construed as Gregorian calendar day/s, month/s or year/s.
- 2.4 Unless inconsistent with the context, an expression which denotes:
 - 2.4.1 any one gender includes the other genders;
 - 2.4.2 a natural person includes an artificial person and vice versa; and
 - 2.4.3 the singular includes the plural and vice versa.
- 2.5 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 2.6 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.

- 2.7 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 2.8 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.
- 2.9 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.
- 2.10 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

3. INTRODUCTION

As security for the due performance of the Secured Obligations, the Pledgor has agreed to pledge all of the ARM Shares and cede in securitatem debiti all of the Rights and Interests to Nedbank on the terms and conditions set out in this Agreement.

4. CESSION AND PLEDGE

With effect from the Effective Date, the Pledgor hereby pledges to Nedbank all of the ARM Shares and cedes in securitatem debiti to Nedbank all of the Rights and Interests, as a continuing general covering collateral security for the due, proper and timeous payment and performance in full of all of the Secured Obligations, on the terms and conditions set out in this Agreement, which pledge and cession Nedbank hereby accepts.

5. WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS BY THE PLEDGOR

5.1 The Pledgor, on each day that this Agreement is in force:

5.1.1 subject to clause 11 and as may be expressly provided for in the Transaction Documents, warrants and represents that it is and will remain the sole and beneficial owner of the ARM Shares and the Rights and Interests to the exclusion of all others and, save as expressly provided for in the Voting Agreement, no person has an option or right of refusal over the ARM Shares and/or the Rights and Interests;

5.1.2 warrants and represents that with effect from the Effective Date the ARM Shares are fully paid for and constitute the Pledgor's entire shareholding in ARM;

5.1.3 warrants and represents that the ARM Shares have been issued by ARM in accordance and compliance with all applicable laws and/or regulations;

5.1.4 warrants and represents that the ARM Shares pledged and the Rights and Interests ceded to Nedbank under this Agreement have not been pledged

and/or ceded (either outright or as security), discounted, factored, mortgaged under notarial bond or otherwise, or otherwise disposed of or hypothecated, nor are they subject to any other rights in favour of any person (including without limitation any rights of pre-emption) save as expressly provided in the Voting Agreement;

- 5.1.5 warrants and represents that all obligations undertaken by it under this Agreement have been authorised by all necessary corporate and/or other action and neither the terms of the oral agreement in terms of which the Pledgor has been established nor any trust instrument in relation to the Pledgor places any limitations or restrictions on the ability of the Pledgor to pledge the ARM Shares and cede the Rights and Interests as provided for in this Agreement;
- 5.1.6 warrants and represents that to the best of its knowledge and belief the issue of the Security Cession and the fulfilment of its obligations in accordance with the terms thereof do not contravene any law, regulation or any contractual obligation binding on it;
- 5.1.7 waives any and all rights in respect of the ARM Shares and/or the Rights and Interests which it may have in conflict with the rights of Nedbank under this Agreement;
- 5.1.8 save for the Second Ranking Cession and Pledge and the provisions of the Transaction Documents, acknowledges that it may not pledge, cede, assign or transfer or in any other manner encumber or deal with the ARM Shares and/or the Rights and Interests without the prior written consent of Nedbank (which consent shall not be unreasonably withheld or delayed);

- 5.1.9 agrees that on the occurrence of any breach or default in respect of any Secured Obligation and a failure to remedy such breach or default in accordance with the terms of the Second Loan Agreement, it will forthwith pay over to Nedbank any interest or other benefits of any nature accrued and/or received in respect of the ARM Shares and the Rights and Interests relating to the period after such a breach by depositing the same into a nominated account as Nedbank may from time to time direct in writing.
- 5.2 Should the ARM Shares and/or the Rights and Interests be subject to any right in breach of the representation and warranty in clause 5.1.3, then, without prejudice to any other rights that Nedbank may have, any reversionary or other interests the Pledgor may have in the ARM Shares and/or the Rights and Interests are also ceded to Nedbank, and if the holder of that cession or right is entitled to possession of any of the documents referred to in clause 6 below, and it exercises that right, then the Pledgor shall deliver photocopies of the documents to Nedbank, and as soon as the holder of that cession or right ceases to be entitled to possession or gives up possession, the Pledgor shall deliver the relevant documents to Nedbank.
- 5.3 It is recorded that Nedbank has entered into the Transaction Documents to which it is a party on the strength of and relying on the warranties and representations in this clause 5, each of which shall be deemed to be separate warranties and representations, given without prejudice to any other warranty or representation, and deemed to be material representations inducing Nedbank to enter into the Transaction Documents to which it is a party.

6. DELIVERY OF DOCUMENTS

- 6.1 If Nedbank calls upon the Pledgor in writing to do so, the Pledgor shall deliver to Nedbank proof to the satisfaction of Nedbank that the ARM Shares have been transferred to the Pledgor in accordance with section 91A(4) of the Companies Act.
- 6.2 In accordance with the rules of STRATE the Pledgor irrevocably authorises Nedbank as its agent in rem suam to take all steps necessary to ensure that an appropriate entry is made in the securities account of the Pledgor recording the Security Cession in terms of this Agreement.
- 6.3 The Pledgor hereby authorises Nedbank, upon the occurrence of an Event of Default, in its discretion to perfect and complete the pledge of the ARM Shares, or any of them, by registration, delivery, transfer or otherwise and to transfer the ARM Shares to any nominee or to a central securities depository (as defined in the Securities Services Act) and without reference to the Pledgor.
- 6.4 When all the Secured Obligations have been unconditionally and irrevocably finally discharged or released, as the case may be, Nedbank shall be entitled as cessionary under the, Second Ranking Cession and Pledge, to take all steps to ensure that an appropriate entry is made in the securities account of the Pledgor recording the cession in securitatem debiti pursuant to the Second Ranking Cession and Pledge.
- 6.5 The Pledgor shall deliver to Nedbank any documents relating to the ARM Shares and/or the Rights and Interests for which it may at any time reasonably call and which are, or should reasonably be, in the Pledgor's possession, which documents shall be delivered to Nedbank within a reasonable period, as agreed

between Nedbank and the Pledgor, and failing such agreement, within 10 (ten) Business Days.

6.6 The Pledgor shall generally do everything that may be required by Nedbank for the purposes of and to give effect to this Agreement, failing which Nedbank may, if possible, attend thereto and recover from the Pledgor any expenses incurred in doing so.

7. RIGHTS, POWERS AND PRIVILEGES ATTACHING TO THE ARM SHARES AND THE RIGHTS AND INTERESTS

7.1 This Agreement operates in respect of all rights, powers and privileges attaching to the ARM Shares and the Rights and Interests, including but not limited to those set out in clause 7.2 below and such rights, powers and privileges shall accordingly vest in Nedbank with the power to exercise them either in its own name or in the name of the Pledgor, upon the occurrence of any breach of the Secured Obligations which has not been remedied in accordance with the terms of the Second Loan Agreement and is continuing. Alternatively, the Pledgor shall, if Nedbank so directs, exercise its rights, powers and privileges in its own name and in accordance with Nedbank's directions to the greatest extent permitted by applicable law.

7.2 Such rights, powers and privileges attaching to the ARM Shares and/or the Rights and Interests include (but are not limited to) the following:

7.2.1 the right to receive payment of that portion of the dividends and other benefits which become due in respect of the ARM Shares and/or the Rights and Interests from time to time;

7.2.2 the right to receive notice of every general meeting of shareholders of the ARM which are to be forwarded to Nedbank just as if it were a shareholder of ARM; and

7.2.3 the right to attend every general meeting of the shareholders of ARM and to exercise the votes attaching to the ARM Shares at such meetings;

7.3 For the avoidance of doubt, for so long as the Pledgor is not in breach of the Secured Obligations, the provisions of clause 7.1 and 7.2 above will not apply.

8. REALISATION

8.1 If the Pledgor commits any breach or default of the Secured Obligations and fails to remedy such breach or default in accordance with the terms of the Second Loan Agreement, the Pledgor hereby irrevocably and unconditionally authorises and empowers Nedbank or its nominee, without any further authority or consent of any nature whatsoever required from the Pledgor, and in the name of Nedbank or in the name of the Pledgor to:

8.1.1 exercise all or any of the rights, including voting rights attached to the ARM Shares, powers and privileges and enforce all or any obligations attaching to the ARM Shares and/or the Rights and Interests in such manner and on such terms as Nedbank in its sole discretion deems fit; and/or

8.1.2 receive payment for, delivery of and/or performance in respect of, the ARM Shares and/or the Rights and Interests in its own name; and/or

8.1.3 at Nedbank's election:

- 8.1.3.1 to perfect or complete the pledge of the ARM Shares, or any of them, by registration, delivery, transfer or otherwise and to transfer the ARM Shares to any nominee or nominees or to a central securities depository (as defined in the Securities Services Act); and/or
- 8.1.3.2 to sell or otherwise realise the ARM Shares and/or the Rights and Interests or any one of them either by public auction or by private treaty, in the latter case on reasonable notice to the Pledgor not exceeding 10 (ten) Business Days, as Nedbank may deem fit; and/or
- 8.1.3.3 to take over the ARM Shares and/or the Rights and Interests at a fair value which, in the absence of agreement within 10 (ten) Business Days after delivery by Nedbank to the Pledgor of a written notice stating that Nedbank intends to exercise its rights pursuant to this clause 8.1.3.3, shall be determined by an independent accountant agreed to by the Parties or, failing agreement within 5 (five) Business Days, appointed, at the request of either Party, by the President for the time being of the Southern African Institute of Chartered Accountants (or the successor body thereto) (which independent accountant shall act as an expert and not as an arbitrator, shall be instructed to make his determination within 10 (ten) Business Days of being requested to do so and shall determine the liability for his charges which will be paid accordingly, provided that if any determination is manifestly unjust and the court exercises its general power, if any, to correct such determination, the Parties shall be bound thereby) and, subject to the provisions of clause 9, set off the purchase price payable by Nedbank for the ARM Shares

and/or the Rights and Interests against the Pledgor's indebtedness to Nedbank in respect of the Secured Obligations on the basis that any excess on realisation or any balance owing to the Pledgor, as the case may be, will be paid to the Pledgor and any shortfall will remain as a debt due by the Pledgor to Nedbank; and/or

- 8.1.4 institute any legal proceedings which Nedbank may deem necessary in connection with any sale or other realisation or transfer of any of the ARM Shares and/or the Rights and Interests by Nedbank or its nominee; and/or
- 8.1.5 to convey valid title in the ARM Shares and/or the Rights and Interests to any purchaser thereof (including Nedbank) and/or to take all such further or other steps as Nedbank may consider necessary to deal with the ARM Shares and/or the Rights and Interests.
- 8.2 Nedbank acknowledges and agrees that the exercise of its rights in terms of clause 8.1 and any action taken by it pursuant thereto shall be subject to the terms and conditions contained in the Voting Agreement.
- 8.3 On Nedbank taking any actions in terms of clause 8.1, or otherwise as required by Nedbank, the Pledgor shall on demand by Nedbank:
 - 8.3.1 notify ARM in writing that payment for, delivery of or performance in respect of the ARM Shares and/or the Rights and Interests must be made to Nedbank, and that payment, delivery or performance to the Pledgor or to anyone else will not constitute valid payment, delivery or performance, and Nedbank shall be entitled to do likewise. The Pledgor shall on demand by Nedbank provide proof that such notification has been duly given;

- 8.3.2 refuse to accept any payment, delivery or performance tendered in respect of any of the ARM Shares and/or the Rights and Interests in order that such payment, delivery or performance be tendered to Nedbank, which will apply any payment so received in accordance with the provisions of clause 9;
 - 8.3.3 at its own cost carry out any lawful directions Nedbank may give in regard to the realisation of the ARM Shares and/or the Rights and Interests and sign any document or do any other reasonable and lawful act necessary to vest the ARM Shares and/or the Rights and Interests in Nedbank, to enable the sale or disposition of the ARM Shares and/or the Rights and Interests, which may otherwise be necessary or required to perfect the Security Cession created in this Agreement.
 - 8.4 Notwithstanding anything to the contrary contained in this Agreement, Nedbank shall not be obliged to take any particular steps to collect or otherwise enforce its rights in respect of the ARM Shares and/or the Rights and Interests.
9. APPROPRIATION OF PROCEEDS

Nedbank shall apply the net proceeds of all amounts received pursuant to the sale or other realisation of the ARM Shares and/or the Rights and Interests (after deducting all properly evidenced costs and expenses incurred by Nedbank in relation to such realisation) in reduction or discharge, as the case may be, of the Pledgor's obligations under the Secured Obligations in its sole discretion as it deems fit. Any amount remaining thereafter shall be paid to the Pledgor provided that all of the Secured Obligations and any other obligations (whether actual or contingent, present or future) of the Pledgor pursuant to the Second Ranking Cession and Pledge, have been completely, unconditionally and irrevocably fulfilled.

10. AUTHORITY

If at any time during this Agreement Nedbank become entitled to exercise its rights under clause 8.1, the Pledgor hereby authorises and appoints Nedbank irrevocably and in rem suam as the Pledgor's attorney and agent in the Pledgor's name, place and stead to sign and execute:

10.1 any proxy in favour of Nedbank or its nominee to enable Nedbank to exercise any voting rights attaching to the ARM Shares or any of them; and

10.2 such documents as may be necessary:

10.2.1 in order to render the ARM Shares and/or the Rights and Interests or any of them negotiable including, without limitation, the signature of transfer declarations;

10.2.2 to enable Nedbank to receive payment of the purchase price of the ARM Shares and/or the Rights and Interests subject to the provisions of clause 9;

10.2.3 to enable Nedbank to exercise any of its rights granted to it herein.

11. RELEASE OF ARM SHARES TO THE BEE BENEFICIARIES

11.1 It is recorded that the Pledgor has been established inter alia, for the purposes of facilitating black economic empowerment and ownership in relation to ARM by permitting BEE Beneficiaries to become beneficiaries of the Pledgor and thereby obtaining a beneficial interest in and to the ARM Shares.

11.2 Accordingly, Nedbank hereby undertakes in favour of the Pledgor that upon a BEE Beneficiary becoming a beneficiary of the Pledgor and the consequent

payment by the Pledgor to Nedbank of an amount calculated in accordance with terms of the Trust Deed in reduction of the Secured Obligations, it shall release from pledge in terms of this Agreement such number of the ARM Shares pledged in its favour pursuant to this Agreement as may be specified by, and in accordance with the terms of, the Trust Deed and take all steps to ensure that an appropriate entry is made in the securities account of the Pledgor recording the release from pledge of such ARM Shares to the Pledgor.

12. DURATION

This Agreement is a continuing covering security and will ipso facto terminate only upon the unconditional and irrevocable fulfilment of all the Secured Obligations. In particular, this Agreement shall not terminate by reason solely of the fact that there may at any time be reduced obligations or debts owing by the Pledgor under the Second Loan Agreement.

13. ADDITIONAL SECURITY

This Agreement is in addition to and not in substitution for any other security held or hereafter to be held by Nedbank from any party in connection with the Secured Obligations, or otherwise and Nedbank shall, without prejudice to its rights hereunder, be entitled to release any such additional security held by it.

14. CESSION

14.1 Nedbank shall be entitled to cede any of its rights and/or transfer the whole or any part of its benefit under this Agreement and/or delegate any of its obligations under this Agreement without the consent of the Pledgor to any person to whom all or a corresponding part of its rights, benefits or obligations

under Second Loan Agreement are ceded, assigned, delegated or transferred in accordance with the terms of the Second Loan Agreement.

14.2 To the extent that any such cession, transfer or delegation results in a splitting of claims against the Pledgor, the Pledgor hereby consents to such splitting of claims.

15. PLEDGOR BOUND NOTWITHSTANDING CERTAIN CIRCUMSTANCES

15.1 The Pledgor agrees that on signature hereof it will be bound in terms of this Agreement to the full extent thereof, despite the fact that:

15.1.1 any intended additional security from the pledgor for the Secured Obligations may not be obtained or protected or may be released or may cease to be held for any other reason;

15.1.2 Nedbank and the Pledgor may agree a variation or novation of any of the Secured Obligations;

15.1.3 Nedbank may grant any indulgence to the pledgor or any surety or may not exercise any one or more of its rights hereunder or under the Secured Obligations, either timeously or at all;

15.1.4 any insolvency, administration, judicial management, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings by or against Nedbank, the Pledgor, the Pledgor or any other person; and

15.1.5 any other fact or circumstance may arise (including any act or omission by Nedbank) on which the Pledgor or any surety might otherwise be able to rely on a defence based on prejudice, waiver or estoppel.

15.2 If the Pledgor suffers any loss arising from any of the facts, circumstances, acts or omissions referred to above, the Pledgor will have no claim against Nedbank in respect thereof.

16. ARM SHARES AND RIGHTS AND INTERESTS TO BE KEPT FREE OF ENCUMBRANCES

The Pledgor shall at all times keep the ARM Shares and the Rights and Interests free of Encumbrances, (save as for such Encumbrances created or required to be created in terms of the Transaction Documents) and shall not prejudice, compromise, grant any indulgences or agree to vary the terms of any document creating the ARM Shares and the Rights and Interests without the prior written consent of Nedbank.

17. EXEMPTION FROM LIABILITY

Nedbank and its officers, trustees, agents, beneficiaries, employees and advisors shall not be liable for any loss or damage, whether direct, indirect, consequential or otherwise, suffered by the Pledgor arising from any cause in connection with this Agreement, whether the loss or damage results from breach of contract (whether total, fundamental or otherwise), delict, negligence or any other cause and whether this Agreement has been terminated or not, other than as a result of Nedbank's gross negligence or wilful misconduct.

18. CERTIFICATE OF INDEBTEDNESS

A certificate signed by any manager or director of Nedbank whose appointment need not be proved, reflecting the amount owing by the Pledgor in relation to Nedbank under the Transaction Documents and the due date for payment of such amounts will be prima facie evidence of the contents thereof.

19. RENUNCIATION OF BENEFITS

The Pledgor hereby renounces the legal benefits and exceptions of excussion, division, non numeratae pecuniae, non causa debiti, revision of accounts and errore calculi, the Pledgor declaring itself to be fully acquainted with the full meaning and effect of this renunciation.

20. CONFIDENTIALITY

20.1 Neither Party shall issue any press release or any other public document or make any public statement, in each case relating to or connected with or arising out of the agreement or the matters contained therein (save for any such release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange) without obtaining the prior approval of the other Party to the contents thereof and the manner of its presentation and publication; provided that such approval shall not to be unreasonably withheld or delayed.

20.2 In the case of a release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange, the Party liable so to give, make or publish the same shall give to the other Party as much advance warning thereof as is reasonable in the

circumstances together with drafts or a copy thereof as soon as it is at liberty so to do.

- 20.3 Each Party shall at all times keep confidential (and to ensure that its employees and agents shall keep confidential) any information which it has acquired or may acquire in relation to any of the other Party or to any matter arising from or in connection with this Agreement, save for any information:
 - 20.3.1 which is publicly available or becomes publicly available through no act or default of either Party; or
 - 20.3.2 which was in the possession of that Party prior to its disclosure otherwise than as a result of any breach by a Party of any obligation of confidentiality owed to the other Parties whether pursuant to this Agreement or otherwise; or
 - 20.3.3 which is disclosed to that Party by a third party which did not acquire the information under an obligation of confidentiality; or
 - 20.3.4 which is independently acquired by that Party as a result of work carried out by a person to whom no disclosure of such information has been made, and shall not use or disclose such information except:
 - 20.3.5 with the consent of the other Party; or
 - 20.3.6 in accordance with an order of court of competent jurisdiction; or

20.3.7 in order to comply with any law or governmental regulations by which the Party concerned is bound; or

20.3.8 where necessary for the purpose of enforcing its rights under this Agreement.

20.4 The provisions of this clause 20 shall survive any termination of this Agreement.

21. NOTICES AND DOMICILIA

21.1 NOTICES

21.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

21.1.1.1 PLEDGOR: c/o African Rainbow Minerals Limited
ARM House
29 Impala Road
Chislehurst
SANDTON

Telefax No. : (011) 883 5609
Attention : The Company Secretary

21.1.1.2 NEDBANK: 4th Floor, F Block
135 Rivonia Road
SANDTON
2196

Telefax No. : (011)294 8421
Attention : Head of Specialised Finance

- 21.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.
- 21.1.3 Either Party may by written notice to the other Party change its chosen address and/or telefax number for the purposes of clause 21.1.1 to any other address(es) and/or telefax number, provided that the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.
- 21.1.4 Any notice given in terms of this Agreement shall:
 - 21.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;
 - 21.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.
- 21.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

21.2 DOMICILIA

21.2.1 Each of the Parties chooses its address set out opposite its name in clause 21.1 as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

21.2.2 Either Party may by written notice to the other Party change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after the receipt or deemed receipt of the notice by the other Party pursuant to clause 21.1.4.

22. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

23. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

24. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions,

phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

25. GENERAL

- 25.1 This document constitutes the sole record of the Agreement between the Parties in regard to the subject matter thereof.
- 25.2 Neither Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 25.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of both the Parties.
- 25.4 No latitude, extension of time or other indulgence which may be given or allowed by either Party to the other Party in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by either Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

25.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.

25.6 Save as is specifically provided in this Agreement no Party shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Party, which consent may not unreasonably be withheld or delayed.

26. COSTS

26.1 The costs of and incidental to the negotiation, preparation and execution of this Agreement and the implementation of the transactions contemplated herein shall be paid in accordance with the terms of the First Loan Agreement.

26.2 All legal costs incurred by either Party in consequence of any default of the provisions of this Agreement by the other Party shall be payable on demand by the defaulting Party on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgement awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

27. COUNTERPARTS

This Agreement may be executed by each Party signing a separate copy thereof and each of the copies together shall constitute the Agreement of the Parties.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION)

/s/ Kevin Ryder

Name: Kevin Ryder
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Mark Saunders Tyler

Name: Mark Saunders Tyler
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION) (AS TRUSTEE
OF THE PLEDGOR)

/s/ Bradley Maxwell

Name: Bradley Maxwell for Anton Taljaard
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Clive Stewart

Name: Clive Stewart
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY
LIMITED (AS TRUSTEE OF THE PLEDGOR)

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

/s/ Frank Abbott

FRANK ABBOTT (AS TRUSTEE OF THE PLEDGOR)

SIGNED at SANDTON on this the 15th day of April 2005.

For and on behalf of
DENEYS REITZ TRUSTEES
(PROPRIETARY) LIMITED (AS TRUSTEE OF
THE PLEDGOR)

/s/ Lionel Charles Shawe

Name: Lionel Charles Shawe
Capacity: Authorised Signatory
Who warrants his authority hereto

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SECOND LOAN AGREEMENT

Between

NEDBANK LIMITED
(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A ", BEING:

"A" SECOND LOAN AGREEMENT BETWEEN NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION) AND THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN REPRESENTED BY ITS TRUSTEES BEING NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART), HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE), FRANK ABBOTT AND DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLESSHAWE), DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

SECOND LOAN AGREEMENT

Between

NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

<S>

1.	PARTIES.....	1
2.	DEFINITIONS AND INTERPRETATION.....	1
3.	INTRODUCTION.....	22
4.	EARLY TERMINATION EVENTS.....	22
5.	PURPOSE.....	23
6.	LOAN.....	23
7.	INTEREST.....	24
8.	REPAYMENT.....	25
9.	COLLECTION ACCOUNT.....	25
10.	VOLUNTARY PREPAYMENT.....	26
11.	MANDATORY PREPAYMENT.....	27
12.	PAYMENTS.....	28
13.	REPRESENTATIONS AND WARRANTIES.....	29
14.	POSITIVE UNDERTAKINGS.....	31
15.	NEGATIVE UNDERTAKINGS.....	32
16.	FINANCIAL INFORMATION.....	34
17.	ARM SHARES COVENANT.....	35
18.	INCREASED/DECREASED COSTS.....	36
19.	EVENTS OF DEFAULT.....	38
20.	BREAKAGE COSTS / GAINS.....	41
21.	RENUNCIATION OF BENEFITS.....	42
22.	CERTIFICATE OF INDEBTEDNESS.....	42
23.	DEFAULT INTEREST.....	43

</TABLE>

<PAGE> 5

<TABLE>

<S>

24.	CESSION AND ASSIGNMENT.....	43
25.	NOTICES AND DOMICILIA.....	44
26.	GOVERNING LAW.....	46
27.	JURISDICTION.....	46
28.	SEVERABILITY.....	46
29.	GENERAL.....	47
30.	COSTS.....	48

</TABLE>

SECOND LOAN AGREEMENT

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION);

1.1.2 THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 HEREIN REPRESENTED BY ITS TRUSTEES BEING:

1.1.2.1 NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART);

1.1.2.2 HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE);

1.1.2.3 FRANK ABBOTT; and

1.1.2.4 DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE).

1.2 The Parties agree as set out below:

2. DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

- 2.2 Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:
- 2.2.1 "ADVANCE DATE" means the "Effective Date" as defined in the Sale of Shares Agreement;
- 2.2.2 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;
- 2.2.3 "AGREEMENT" means this Second Loan Agreement;
- 2.2.4 "APPLICABLE MARGIN" means 2,75% (two comma seven five percent) nacm;
- 2.2.5 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.6 "ARM DISTRIBUTION" means any payment in respect of the ARM Shares by or on behalf of ARM to the Borrower, by way of dividend, capital reduction (including, but not limited to, any share repurchase), interest, principal, fee, royalty or other distributions or payments whether or not made to the shareholders of ARM generally;
- 2.2.7 "ARMI" means African Rainbow Minerals & Exploration Investments (Proprietary) Limited (Registration No. 1997/020158/07), a private company duly incorporated according to the company laws of South Africa;

- 2.2.8 "ARM SHARE PROCEEDS" means the proceeds of any ARM Distribution and all proceeds received by the Borrower or to which the Borrower is or becomes entitled, by virtue of the sale or other disposal of any ARM Shares or by virtue of the vesting of any of the ARM Shares in any beneficiary of the Borrower;
- 2.2.9 "ARM SHARES" means 28 614 740 (twenty-eight million six hundred and fourteen thousand seven hundred and forty) ordinary par value shares of R0,05 (five cents) each in the issued share capital of ARM listed on the JSE and constituting 14% (fourteen percent) of the issued share capital of ARM as at the Signature Date to be purchased by the Borrower from AHJIC pursuant to the Sale of Shares Agreement;
- 2.2.10 "ARM SHARES MARKET VALUE" means on each day during the Term, the market value of the Encumbered ARM Shares, being the Volume Weighted Average Price of an ARM share on the JSE on that day in respect of the 10 (ten) Exchange Business Days immediately preceding that day multiplied by the aggregate number of Encumbered ARM Shares on that day;
- 2.2.11 "ARM SHARES TO OUTSTANDINGS RATIO" means:
 - 2.2.11.1 the ARM Shares Market Value; divided by
 - 2.2.11.2 the aggregate of the Second Facility Outstandings plus the Harmony Option Outstandings which are due and payable to the Lender;
- 2.2.12 "ARREAR INTEREST RATE" means the greater of:
 - 2.2.12.1 the Prime Rate plus 2% (two percent); and

2.2.12.2 the Repo Rate plus 2% (two percent);

2.2.13 "ASSIGNMENT AGREEMENT" means the written agreement concluded or to be concluded between the Harmony, ARMI, AHJIC and the Borrower on or about the Signature Date pursuant to which inter alia the Voting Agreement is amended in certain respects and the Borrower agrees to be bound by the provisions of the Voting Agreement;

2.2.14 "AUDITORS" means the Borrower's statutory auditors from time to time;

2.2.15 "BORROWER" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and the Lender, Harmony, Frank Abbott and Deneys Reitz Trustees (Proprietary) Limited (each as trustees) an 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust";

2.2.16 "BREAKAGE COSTS" means such costs referred to in clause 20.1.1;

2.2.17 "BREAKAGE GAINS" means such amounts referred to in clause 20.1.2;

2.2.18 "BUSINESS DAY" means any day other than a Saturday, Sunday or an official public holiday in South Africa in accordance with the Public Holidays Act, 1994;

2.2.19 "COLLECTION ACCOUNT" means the bank account to be opened and maintained by the Borrower with the Lender in accordance with clause 9 of this Agreement and clause 9 of the First Loan Agreement and any replacement bank account from time to time;

2.2.20 "COMPANIES ACT" means the Companies Act, 1973;

- 2.2.21 "CPI" means the consumer price index for all expenditure groups: Metropolitan and other urban areas (B2000=100) as published from time to time by Statistics SA in Statistical Release PI041.1 provided that if, after the Signature Date:
- 2.2.21.1 such index shall cease to be published; or
- 2.2.21.2 either the Lender or the Borrower should notify the other on reasonable grounds that, due to a change in circumstances, the index is no longer representative, then,
- in any such circumstances, the Lender and the Borrower will use such other official information or index calculating the rate of inflation as may be available and acceptable to them, or failing such acceptance, then, for the purposes of this Agreement, an alternative index shall be determined by a majority decision of a panel of 3 (three) independent chartered accountants of South Africa appointed by the Chief Economist of the Lender, which determination, and any determination by such panel as to the date from which any alternative index shall take effect, shall be binding upon the Parties. The costs of obtaining such determination shall be borne by the Borrower;
- 2.2.22 "DEED OF ADHERENCE" means the written deed entitled "Right of Pre-Emption and Deed of Adherence" concluded or to be concluded amongst the Lender, Harmony, ARMI and AHJ1C on or about the Signature Date;
- 2.2.23 "DISTRIBUTION" means any payment by or on behalf of the Borrower by way of income or capital or other distribution or payments by or on behalf of the Borrower to any of its beneficiaries;

- 2.2.24 "ENCUMBERED ARM SHARES" means, at any time and from time to time, such number of the ARM Shares as are subject to the pledge under the First Ranking Cession and Pledge;
- 2.2.25 "ENCUMBRANCE" means any mortgage, pledge, lien, assignment or cession conferring security, hypothecation, security interest, preferential right or trust arrangement or any other agreement or arrangement, the effect of which is the creation of security;
- 2.2.26 "EVENT OF DEFAULT" means an event of default as set out in clause 19;
- 2.2.27 "EXCHANGE BUSINESS DAY" means any day that is a trading day on the JSE but does not include a day on which trading on the JSE is scheduled to close prior to its regular weekday closing time;
- 2.2.28 "FINAL DISCHARGE DATE" means the date which is the later of:
 - 2.2.28.1 the First Facility Discharge Date; and
 - 2.2.28.2 the Second Facility Discharge Date;
- 2.2.29 "FINAL REPAYMENT DATE" means the date which is the earlier of:
 - 2.2.29.1 the 5th (fifth) anniversary of the Advance Date; and
 - 2.2.29.2 the date upon which the Second Facility Outstandings become repayable by the Borrower pursuant to the provisions of this Agreement;
- 2.2.30 "FIRST FACILITY DISCHARGE DATE" means the date upon which the First Facility Outstandings have been fully and finally repaid and discharged;

- 2.2.31 "FIRST FACILITY OUTSTANDINGS" means, at any time and from time to time, the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable, including but not limited to, breakage costs, to the Lender under the First Loan Agreement;
- 2.2.32 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between the Lender and the Borrower on or about the Signature Date;
- 2.2.33 "FIRST RANKING CESSION AND PLEDGE" means the written cession and pledge in security entitled "First Ranking Cession and Pledge" by the Borrower in favour of the Lender dated on or about the Signature Date as security for its obligations under this Agreement;
- 2.2.34 "FLOW OF FUNDS AGREEMENT" means the written agreement entitled "Flow of Funds Agreement" concluded or to be concluded between the Lender, the Borrower, AHJIC and Harmony on or about the Signature Date;
- 2.2.35 "GAAP" means Generally Accepted Accounting Practice in South Africa, as the same may be revised from time to time;
- 2.2.36 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.37 "HARMONY CALL OPTION" means the "Call Option" as defined in the Harmony Option Agreement;

- 2.2.38 "HARMONY OPTION AGREEMENT" means the written agreement entitled "Harmony Option Agreement" concluded or to be concluded between Harmony and the Lender on or about the Signature Date;
- 2.2.39 "HARMONY PUT OPTION" means the "Put Option" as defined in the Harmony Option Agreement;
- 2.2.40 "HARMONY OPTION OUTSTANDINGS" means, at any time and from time to time, the aggregate of all amounts due and payable by Harmony to the Lender under the Harmony Option Agreement pursuant to an exercise by:
 - 2.2.40.1 the Lender of the Harmony Put Option; or
 - 2.2.40.2 Harmony of the Harmony Call Option,
 - as the case may be;
- 2.2.41 "HARMONY UNDERTAKING" means the written undertaking by Harmony and AHJIC in favour of the Lender dated on or about the Signature Date pursuant to which Harmony undertakes that it will utilise a portion of the proceeds payable to AHJIC in respect of the sale of the ARM Shares pursuant to the Sale of Shares Agreement to repay in full on the Advance Date the principal amount outstanding together with all amounts of accrued and unpaid interest and all other amounts due and payable to the Lender pursuant to a loan agreement between the Lender and Harmony dated 24 December 2004, in accordance with the provisions of clause 12 of that loan agreement;
- 2.2.42 "INDEBTEDNESS" shall be construed so as to include any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;

- 2.2.43 "INDEXED" means in relation to any sum, that sum adjusted annually to take account of year-on-year changes in the CPI since the Signature Date;
- 2.2.44 "INSOLVENCY EVENT" means in relation to any person, any of the following events or circumstances:
 - 2.2.44.1 a meeting is convened to consider or pass a resolution, an order or a declaration is made, a petition is presented, legal proceedings are commenced or any other step is taken for the liquidation, winding-up, judicial management, curatorship or dissolution of such person's assets, business or estate or with a view to a composition, assignment or arrangement of such person's creditors;
 - 2.2.44.2 such person is unable (or admits inability) to pay its debts generally as they fall due or is, or admits to being, otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its Indebtedness;
 - 2.2.44.3 the issue of a certificate in terms of Section 346(3) of the Companies Act or the lodging with any Master of the High Court or other officer in the public service designated for such purpose by any Master of the High Court of a copy of an application for the provisional or final, winding-up or placing into judicial management, or any analogous or similar process, of that person;

- 2.2.44.4 such person begins negotiations or takes any proceedings or other step with a view to the general readjustment, rescheduling or deferral of its Indebtedness (or any part thereof which it would otherwise be unable to pay when due) or proposes to take any such step; or
- 2.2.44.5 any liquidator, curator, judicial manager or the like is appointed in respect of such person or any material part of its assets or such person requests any such appointment;
- 2.2.45 "INTEREST PERIOD" means each period of 91 (ninety-one) days during the Term commencing on the Advance Date save that the final Interest Period will be shortened to end on the Final Repayment Date;
- 2.2.46 "INTEREST RATE" means, in respect of each Interest Period, an interest rate equal to the aggregate of JIBAR, the Applicable Margin and the Lender Regulatory Costs;
- 2.2.47 "JIBAR" means, in respect of each Interest Period:
 - 2.2.47.1 the quarter-year (91-day) Johannesburg Inter-Bank Agreed Rate as quoted by SAFEX and published on the Quotation Date for deposits in a comparable amount to that on which interest is to accrue and which appears on the Reuters Screen SAFEX Page at 11:00 a.m. Johannesburg time on the Quotation Date, expressed as a percentage and converted to a nacm rate; or
 - 2.2.47.2 if the quarter-year (91-day) Johannesburg Inter-Bank Agreed Rate is not quoted, the arithmetic mean (rounded upward to the nearest 4 (four) decimal places) of the mid-market deposit rates for South African currency deposits, as quoted on the respective money markets Reuters Page by the Reference Banks at approximately

11:00 a.m. Johannesburg time on the Quotation Date, expressed as a percentage and converted to a nacm rate;

- 2.2.48 "JSE" means the JSE Securities Exchange, South Africa;
- 2.2.49 "LENDER" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), a registered bank and public company duly incorporated according to the banking and company laws of South Africa;
- 2.2.50 "LENDER REGULATORY COSTS" means the holding costs of all liquid assets and other reserving costs incurred by the Lender under the Banks Act, 1990 and regulations thereunder attributable to the Loan for each Interest Period as quoted on the first day of each Interest Period by the Lender's Treasury Department and expressed as a nacm rate, it being recorded, for the avoidance of doubt, that the Lender Regulatory Costs as at the Signature Date amount to 0,31% (zero comma three one percent) expressed as a nacm rate;
- 2.2.51 "LOAN" means the aggregate principal amount for the time being outstanding hereunder;
- 2.2.52 "LOAN AMOUNT" means the principal amount of R356 149 124 (Three Hundred and Fifty-six Million One Hundred and Forty-nine Thousand One Hundred and Twenty-four Rand);
- 2.2.53 "MATERIAL ADVERSE EFFECT" means a material adverse effect, in the reasonable opinion of the Lender, on:
 - 2.2.53.1 the ability of any Obligor to perform any or all of its material obligations under the terms of any Transaction Document to which it is a party; and/or

2.2.53.2 the validity or enforceability of any Transaction Document or the rights or remedies of the Lender under any of the Transaction Documents;

2.2.54 "OBLIGOR" means:

2.2.54.1 the Borrower; and

2.2.54.2 Harmony,

and "OBLIGORS" means, as the context requires, both of them;

2.2.55 "PARTIES" means:

2.2.55.1 the Lender; and

2.2.55.2 the Borrower,

and "PARTY" means, as the context requires, either of them;

2.2.56 "PERMITTED DISTRIBUTIONS" means:

2.2.56.1 any Distributions by the Borrower of the ARM Shares or any vested income rights or vested capital rights attributable or related to the ARM Shares as expressly provided for in the Trust Deed; or

2.2.56.2 any Distribution made with the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;

2.2.57 "PERMITTED ENCUMBRANCE" means:

2.2.57.1 any Encumbrance created by operation of law; provided that the same is discharged within 90 (ninety) days of its creation or, in the reasonable opinion of the Lender, is being contested in good faith;

2.2.57.2 any Encumbrance created pursuant to the terms and conditions of the Security Documents; or

2.2.57.3 any Encumbrance created with the prior written consent of the Lender;

2.2.58 "PERMITTED INDEBTEDNESS" means:

2.2.58.1 any Indebtedness incurred or permitted under any Transaction Document or incurred pursuant to or for the purposes of giving effect to any provision of any Transaction Document;

2.2.58.2 any Indebtedness not exceeding R100 000 (One Hundred Thousand Rand) during any calendar year of the Borrower incurred in respect of the administrative costs and expenses of the Borrower (including, without limitation, in respect of auditing fees);

2.2.58.3 any Indebtedness incurred with the prior written consent of the Lender which shall not be unreasonably withheld or delayed;

2.2.59 "PRIME RATE" means the prime overdraft rate of interest from time to time publicly quoted as such by the Lender, calculated on a 365 (three hundred and sixty-five) day factor, irrespective of whether or not the year is a leap year, nominal annual compounded monthly in arrear, as certified by any manager of the Lender, whose appointment as such shall not be necessary to prove, which certificate shall serve as prima facie proof of its content;

- 2.2.60 "QUOTATION DATE" means, in relation to the determination of JIBAR for any Interest Period, the first day of that Interest Period;
- 2.2.61 "REFERENCE BANKS" means the Lender, The Standard Bank of South Africa Limited, FirstRand Bank Limited and Absa Bank Limited;
- 2.2.62 "REPO RATE" means on any particular day, the repurchase tender rate on that day quoted by the South African Reserve Bank;
- 2.2.63 "SALE OF SHARES AGREEMENT" means the written agreement entitled "Sale of Shares Agreement" concluded or to be concluded between Harmony, AHJIC and the Borrower on or about the Signature Date;
- 2.2.64 "SECOND FACILITY DISCHARGE DATE" means the date upon which the Second Facility Outstandings have been fully and finally repaid and discharged;
- 2.2.65 "SECOND FACILITY OUTSTANDINGS" means, at any time and from time to time the aggregate of all amounts of principal, accrued and unpaid interest and any other amounts due and payable, including but not limited to any Breakage Costs, to the Lender under this Agreement;
- 2.2.66 "SECOND RANKING CESSION AND PLEDGE" means the written reversionary cession and pledge in security entitled "Second Ranking Cession and Pledge" by the Borrower in favour of the Lender dated on or about the Signature Date as security for its obligations under the First Loan Agreement;
- 2.2.67 "SECURITY DOCUMENTS" means:
 - 2.2.67.1 the First Ranking Cession and Pledge;

- 2.2.67.2 the Second Ranking Cession and Pledge; and
- 2.2.67.3 any further agreements or documents entered into at any time by or on behalf of the Borrower or any other person as security for the Borrower's obligations to the Lender under the Transaction Documents to which it is a party, and which agreements or documents shall, to the extent that Harmony is not a party thereto, be approved by Harmony, which approval shall not be unreasonably withheld or delayed;
- 2.2.68 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement;
- 2.2.69 "SOUTH AFRICA" means the Republic of South Africa as constituted from time to time;
- 2.2.70 "SUBORDINATION AGREEMENT" means the written agreement entitled "Subordination Agreement" concluded or to be concluded between the Borrower, Harmony and the Lender on or about the Signature Date;
- 2.2.71 "TERM" means the period from the Advance Date to the Second Facility Discharge Date;
- 2.2.72 "TRANSACTION DOCUMENTS" means, collectively:
 - 2.2.72.1 this Agreement;
 - 2.2.72.2 the First Loan Agreement;
 - 2.2.72.3 the Sale of Shares Agreement;
 - 2.2.72.4 the Harmony Option Agreement;

- 2.2.72.5 the Security Documents;
- 2.2.72.6 the Harmony Undertaking;
- 2.2.72.7 the Subordination Agreement;
- 2.2.72.8 the Voting Agreement;
- 2.2.72.9 the Deed of Adherence;
- 2.2.72.10 the Flow of Funds Agreement;
- 2.2.72.11 the Assignment Agreement;
- 2.2.72.12 any other agreement or document that may be designated as a Transaction Document for the purposes of this Agreement and the other Transaction Documents by written agreement between Harmony, the Borrower and the Lender; and
- 2.2.72.13 any written amendment to the agreements and documents referred to in clauses 2.2.72.1 to 2.2.72.12, and which amendment shall, to the extent that Harmony is not a party thereto, be approved by Harmony, which approval shall not be unreasonably withheld or delayed,

and "TRANSACTION DOCUMENT" means, as the context requires, any one of them;
- 2.2.73 "TRUST DEED" means the trust deed of the Borrower contemplated by clause 4.1.1;

- 2.2.74 "TRUST EXPENDITURE" means all costs, expenses and fees incurred by the Trust in giving effect to the transactions contemplated in the Transaction Documents plus value-added tax, where applicable in a total amount not exceeding R100 000 (One Hundred Thousand Rand) per calendar year of the Borrower or such greater amount as may be approved by the Lender in writing (but excluding the costs, expenses and fees contemplated by clauses 24.3 and 30.1);;
 - 2.2.75 "VOLUME WEIGHTED AVERAGE PRICE" means for any period in respect of the ARM Shares the aggregate consideration paid for all ordinary shares in the share capital of ARM traded on the JSE on each Exchange Business Day during that period divided by the total number of ordinary shares in the share capital of ARM traded on the JSE on each Exchange Business Day during that period and for the purpose of this definition an Exchange Business Day shall include any Exchange Business Day regardless of whether or not any ordinary shares in the share capital of ARM were traded on that day;
 - 2.2.76 "VOTING AGREEMENT" means the written agreement entitled "Voting Agreement" concluded or to be concluded between ARMI, AHJIC and Harmony on 16 February 2004.
- 2.3 Any reference in this Agreement to:
- 2.3.1 an "affiliate" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;
 - 2.3.2 "assets" includes properties, revenues and rights of every description;
 - 2.3.3 a "holding company" shall be construed in accordance with the Companies Act;

- 2.3.4 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;
- 2.3.5 "continuing", in the context of an Event of Default, means:
 - 2.3.5.1 where the Event of Default or its consequences are incapable of remedy that Event of Default is deemed to be continuing unless it has been expressly waived in writing by the Lender and any conditions of such waiver have been fulfilled to the reasonable satisfaction of the Lender;
 - 2.3.5.2 in any other case, that Event of Default is deemed to be continuing unless and until either:
 - 2.3.5.2.1 it has been expressly waived in writing by the Lender and any conditions of such waiver have been fulfilled to the reasonable satisfaction of the Lender; or
 - 2.3.5.2.2 it has been remedied within the applicable remedy period by any person;
- 2.3.6 the "control" by one entity of another entity shall be construed so as to mean the power of the first such entity to direct the management and the policies of the second such entity, whether through the ownership of voting capital, by contract or by any other means;
- 2.3.7 "law" shall be construed as any law (including common or customary law) or statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

- 2.3.8 "nacm" means nominal annual compounded monthly in arrears;
- 2.3.9 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
- 2.3.10 "repay" (or any derivative form thereof) shall, subject to any contrary indication, be construed to include "prepay" or, as the case may be, the corresponding derivate form thereof;
- 2.3.11 a "subsidiary" shall be construed in accordance with the Companies Act; and
- 2.3.12 "tax" shall be construed so as to include any tax, levy, impost or other charge of a similar nature (including, without limitation, any penalty or interest payable in connection with any failure to pay or delay in paying any of the same).
- 2.4 Unless inconsistent with the context or save where the contrary is expressly indicated:
 - 2.4.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
 - 2.4.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;

- 2.4.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the immediately preceding Business Day;
- 2.4.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the next succeeding Business Day;
- 2.4.5 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;
- 2.4.6 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented;
- 2.4.7 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement;
- 2.4.8 references to day/s, month/s or year/s shall be construed as Gregorian calendar day/s, month/s or year/s; and
- 2.4.9 a time of day shall be construed as a reference to Johannesburg time.
- 2.5 Unless inconsistent with the context, an expression which denotes:
 - 2.5.1 any one gender includes the other genders;
 - 2.5.2 a natural person includes an artificial person and vice versa; and

- 2.5.3 the singular includes the plural and vice versa.
- 2.6 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 2.7 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.
- 2.8 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 2.9 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.
- 2.10 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.

2.11 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

3. INTRODUCTION

3.1 The Borrower wishes to borrow the Loan Amount.

3.2 The Lender is willing to lend the Loan Amount to the Borrower for the purposes set out in clause 5.1 upon the terms and conditions set out in this Agreement.

4. EARLY TERMINATION EVENTS

4.1 If:

4.1.1 a written trust deed in form and substance reasonably satisfactory to the Lender, which reduces to writing the oral agreement reached in establishing the Trust has not been entered into and lodged with the Master of the High Court within 30 (thirty) days after the Signature Date; or

4.1.2 the Master of the High Court has not issued letters of authority to the trustees of the Borrower within 30 (thirty) days after the date of lodgement of the Trust Deed with the Master of the High Court as contemplated by clause 4.1.1,

then:

4.1.3 the Borrower shall forthwith pay to the Lender all of the Second Facility Outstandings; and

4.1.4 this Agreement shall automatically terminate upon the Lender's receipt of the amounts payable in terms of clause 4.1.3.

4.2 The provisions of clause 4.1 are without prejudice to any rights which the Lender may have under any of the other Transaction Documents.

5. PURPOSE

5.1 The Borrower shall use the Loan Amount for the purposes of funding:

5.1.1 a portion of the purchase price payable by the Borrower for the ARM Shares in accordance with the terms of the Sale of Shares Agreement; and

5.1.2 the duties, costs and expenses incurred in connection with the purchase by the Borrower of the ARM Shares and in connection with the implementation of the transactions contemplated by the Transaction Documents.

5.2 Without prejudice to the obligations of the Borrower under clause 5.1, the Lender shall not be obliged to concern itself with the application of any sum borrowed by the Borrower pursuant to this Agreement.

6. LOAN

6.1 The Lender hereby agrees to lend to the Borrower, which hereby agrees to borrow, the Loan Amount with effect from (and inclusive of) the Advance Date upon the terms and conditions set out in this Agreement.

6.2 The Loan Amount shall be loaned and advanced to the Borrower by the Lender on the Advance Date by the Lender making payment of the Loan

Amount, without deduction or set-off, as provided for in the Flow of Funds Agreement.

6.3 The Borrower acknowledges that the advance by the Lender of the Loan Amount in accordance with the provisions of clause 6.2 shall constitute a valid and proper discharge by the Lender of its obligation to lend and advance the Loan Amount to the Borrower in terms of this Agreement.

7. INTEREST

7.1 The Loan shall bear interest during each Interest Period during the Term at the Interest Rate.

7.2 Interest on the Loan during the Term shall:

7.2.1 accrue at the Interest Rate on a day to day basis;

7.2.2 be calculated on the actual number of days elapsed in each Interest Period (inclusive of the first day of such Interest Period but exclusive of the last day of such Interest Period) and, for the purposes of calculation, be based on a year of 365 (three hundred and sixty-five) days, irrespective of whether the year in question is a leap year; and

7.2.3 subject to clause 7.3, to the extent not paid, be capitalised on the last day of each Interest Period.

7.3 Notwithstanding anything to the contrary herein contained, the Borrower shall be obliged to pay to the Lender, on the last Business Day of each month, such amount of accrued interest as is necessary to ensure that the amount of accrued interest does not exceed 80% (eighty percent) of the loan at that date.

8. REPAYMENT

8.1 The Borrower shall, subject to the provisions of clauses 10, 11 and 19, repay the Second Facility Outstandings to the Lender on the Final Repayment Date.

8.2 The Borrower shall not repay all or any parts of the Loan except at the times and in the manner expressly provided for in this Agreement and shall not be entitled to re-borrow any amounts repaid.

9. COLLECTION ACCOUNT

9.1 The Borrower shall establish and shall maintain the Collection Account with the Lender in the name of the Borrower within a period of 30 (thirty) days after the Advance Date.

9.2 The Borrower shall procure that the mandates and operating procedures for the Collection Account shall be in accordance with the provisions of this Agreement and to the reasonable satisfaction of the Lender.

9.3 The Borrower shall either procure that any ARM Share Proceeds are paid directly into the Collection Account or, where it is not possible to procure such direct payment, immediately upon receipt of any ARM Share Proceeds pay the same into the Collection Account.

9.4 Subject to the provisions of the Transaction Documents, no withdrawal or transfer may be made from the Collection Account other than the ARM Share Proceeds which the Borrower shall use only for the purpose of making the following payments in the following order of priority:

9.4.1 first, to pay the Trust Expenditure;

9.4.2 second, to pay interest accrued under this Agreement;

- 9.4.3 third, to pay interest accrued under the First Loan Agreement;
 - 9.4.4 fourth, to pay in full any amounts of principal (including capitalised interest) and all other amounts due and payable under this Agreement; and
 - 9.4.5 fifth, to pay in full any amounts of principal (including capitalised interest) and all other amounts due and payable under the First Loan Agreement.
 - 9.5 The restrictions contained in any of the Transaction Documents on the withdrawal of funds from the Collection Account shall not affect the obligations of the Borrower to make all payments required to be made to the Lender on the due date for payment in accordance with the Transaction Documents.
 - 9.6 Neither the ability of the Borrower to make any withdrawal from the Collection Account in accordance with this Agreement nor any such withdrawal shall be construed as a waiver by the Lender of any of its rights or remedies under the Transaction Documents or affect (to the extent possible) any of the Encumbrances created pursuant to the Transaction Documents.
10. VOLUNTARY PREPAYMENT
- 10.1 At any time prior to the Final Repayment Date, the Borrower may, by giving to the Lender not less than 5 (five) Business Days prior written notice to that effect, prepay without penalty all or any part of the Second Facility Outstandings at any time during the Term, provided that no such prepayments shall be in an amount of less than R1 000 000 (One Million Rand) (or an integral multiple thereof) or the Second Facility Outstandings, whichever is the lesser provided that the preceding restrictions shall not apply to any

prepayment funded by a BEE Capital Contribution in accordance with the terms of the Transaction Documents.

10.2 Any notice of prepayment pursuant to clause 10.1 shall:

10.2.1 be irrevocable;

10.2.2 specify a date upon which such prepayment is to be made which shall be the last day of an Interest Period;

10.2.3 specify the amount of the prepayment; and

10.2.4 oblige the Borrower to make such prepayment on such date.

11. MANDATORY PREPAYMENT

11.1 Notwithstanding the provisions of clauses 8, 9 and 10 the Borrower shall be obliged, during the Term to utilise 100% (one hundred percent) of all ARM Share Proceeds to pay the Trust Expenditure and thereafter the Second Facility Outstandings to the Lender in an amount equal to any remaining balance of the ARM Share Proceeds or, if less, in the amount of the Second Facility Outstandings, by no later than 5 (five) Business Days after the date of receipt by the Borrower of any such ARM Share Proceeds.

11.2 Save as may be expressly provided for in clause 9.4 and any of the Transaction Documents, the Borrower shall not utilise any of the ARM Share Proceeds to pay the First Facility Outstandings prior to the Second Facility Discharge Date.

12. PAYMENTS

12.1 All payments to be made by the Borrower to the Lender in terms of this Agreement shall be made in Rands at or before 12h00 on the due date for payment in immediately available funds free from set-off, withholding taxes, costs, charges, expenses or any other deductions to the Lender's bank account with the following details:

12.1.1 Bank: Nedbank Limited;

12.1.2 Account Name: Nedbank Capital - Project Administration;

12.1.3 Branch: 100 Main Street;

12.1.4 Branch Code: 19-79-05;

12.1.5 Account Number: 1979 373 078.

12.2 Any payment made by the Borrower in terms of this Agreement shall be appropriated first towards the payment of any fees, costs, charges or expenses due and payable to the Lender and, without prejudice to the Lender's right to claim such fees, costs, charges or expenses, as notified by the Lender to the Borrower not less than 5 (five) days before such amounts are due and payable, thereafter to the payment of any accrued and unpaid interest, and thereafter to the repayment of the Loan.

12.3 The Borrower shall not have the right to defer, adjust or withhold any payment due to the Lender in terms of or arising out of this Agreement or to obtain deferment of judgment for such amount or any execution of such judgment by reason of any set-off or counter claim due to any other contractual or delictual claims or causes of whatsoever nature or howsoever arising.

13. REPRESENTATIONS AND WARRANTIES

13.1 The Borrower hereby represents and warrants in favour of the Lender on the Signature Date, on each day between the Signature Date and the Advance Date and on the Advance Date that:

13.1.1 it is a trust duly established and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under the Transaction Documents to which it is a party;

13.1.2 it has procured the taking of all necessary corporate and other action to authorise the execution of the Transaction Documents to which it is a party;

13.1.3 each Transaction Document to which it is a party is legal and binding on, and enforceable against, it in accordance with its terms;

13.1.4 the provisions of each Transaction Document to which it is a party are not in material conflict with, and will not constitute a breach of the provisions of, any other agreement or undertaking which is binding on it;

13.1.5 no limitation on the powers of the Borrower to borrow will be exceeded as a result of the borrowings under this Agreement;

13.1.6 no limitation of the powers of the Borrower to create security will be exceeded as a result of the creation of the security in accordance with the terms of the Security Documents to which it is a party;

- 13.1.7 there is no dispute, litigation or proceeding pending or threatened against the Borrower which could reasonably be expected to have a Material Adverse Effect;
- 13.1.8 no Insolvency Event has occurred in respect of the Borrower;
- 13.1.9 its obligations under each Transaction Document to which it is a party will rank at least pari passu with all of its other unsecured and unsubordinated Indebtedness;
- 13.1.10 no Event of Default has occurred and is continuing;
- 13.1.11 it will use the Loan Amount only for the purposes set out in clause 5.
- 13.2 Each of the representations and warranties given by the Borrower in terms of clause 13.1 shall:
 - 13.2.1 prima facie be deemed to be a representation of fact inducing the Lender to enter into the Transaction Documents to which it is a party;
 - 13.2.2 be presumed to be material unless the contrary is proved;
 - 13.2.3 insofar as any of the warranties is promissory or relates to a future event, be deemed to have been given as at the due date for fulfilment of the promise or for the happening of the event, as the case may be; and
 - 13.2.4 be a separate warranty and in no way be limited or restricted by reference to or inference from the terms of any other warranty.

14. POSITIVE UNDERTAKINGS

The Borrower hereby agrees and undertakes that, until the Second Facility Discharge Date, it shall:

- 14.1 obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required in or by the laws and regulations of South Africa to enable it lawfully to enter into and perform its obligations under the Transaction Documents to which it is a party or to ensure the legality, validity, enforceability or admissibility in evidence in South Africa of the Transaction Documents to which it is a party;
- 14.2 notify the Lender of the occurrence of any event forthwith upon becoming aware thereof, which results in or may reasonably be expected to result in any of the representations and warranties contained in clause 13 being untrue;
- 14.3 deliver to the Lender all documents and other information reasonably required by the Lender to enable it to comply with its obligations under the Financial Intelligence Centre Act, 2001 within a period of 30 (thirty) days after the Advance Date;
- 14.4 procure that the Collection Account is opened with the Lender within a period of 30 (thirty) days after the Advance Date;
- 14.5 promptly inform the Lender in writing of the occurrence of any Event of Default forthwith upon becoming aware thereof and from time to time, if so requested by the Lender in writing, confirm to the Lender in writing that, save as previously notified to the Lender or as notified in such confirmation, no such Event of Default has occurred and/or is continuing;
- 14.6 do all things to maintain its existence in full force and effect;

- 14.7 duly comply with all of its obligations under each Transaction Document to which it is a party;
- 14.8 subject to the provisions of clause 15.3, maintain its ownership of, and full, good and proper title to, the ARM Shares (except to the extent the same are subject to a Permitted Encumbrance);
- 14.9 take all reasonable steps to ensure that material accuracy and completeness of all information supplied to the Lender in connection with this Agreement during the Term; and
- 14.10 keep proper records and permit inspection thereof and ensure that the Lender will, on not less than 2 (two) Business Days' prior written notice (other than in circumstances where an Event of Default has occurred and is continuing, in which event no notice shall be required), be allowed to have access to the assets, books and records of the Borrower and to inspect the same during normal business hours.

15. NEGATIVE UNDERTAKINGS

The Borrower hereby agrees and undertakes that, until the Second Facility Discharge Date, it shall not:

- 15.1 save for Permitted Encumbrances, create or permit to subsist or arise any Encumbrance over all or any of its present or future revenues or assets;
- 15.2 make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person;
- 15.3 with the exception of a general offer to shareholders or an expropriation in terms of section 311 and/or section 440K of the Companies Act or the sale or

realisation of the ARM Shares in accordance with the terms of this Agreement and/or any Transaction Document, sell, lease, transfer or otherwise dispose of or grant any right of pre-emption or right of first refusal in respect of all or any of the ARM Shares, or vest any ARM Share in any beneficiary of the Borrower:

- 15.3.1 prior to the date on which the Trust Deed is executed by the parties thereto, lodged with the Master of the High Court and the letters of authority in respect thereof have been issued to the trustees of the Borrower by the Master of the High Court, without the prior written consent of the Lender and subject to such conditions as the Lender may reasonably impose for the provision of such consent; and
- 15.3.2 on or after the date contemplated by clause 15.3.1, other than in the manner permitted by the Trust Deed,

provided that should the ARM Shares be subject to any such a general offer to shareholders or any such expropriation, the Borrower shall utilise the proceeds of such disposal of the ARM Shares to first pay the Second Facility Outstandings and thereafter to pay the First Facility Outstandings to the Lender;
- 15.4 acquire or have any assets other than the donation by the founder of the Borrower, the ARM Shares, the ARM Share Proceeds and such other assets as may be contemplated by this Agreement and the Trust Deed without the Lender's prior written consent which shall not be unreasonably withheld or delayed;
- 15.5 enter into, or agree to enter into, any agreements other than the Transaction Documents to which it is a party without the prior written consent of the Lender which shall not be unreasonably withheld or delayed;

- 15.6 conduct any business other than in accordance with the terms of the Transaction Documents;
- 15.7 amend, vary, cancel or terminate, or agree to any amendment, variation, cancellation or termination of, any Transaction Document to which it is a party nor waive, or agree to any waiver of, any of its rights, privileges or benefits under the Transaction Documents to which it is a party without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;
- 15.8 amend, vary or alter, or allow any resolution or oral agreement of its trustees, founder and/or beneficiaries to be passed for the amendment, variation or alteration of the Trust without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;
- 15.9 save as contemplated by the Transaction Documents, appoint or constitute any income or capital beneficiaries or grant any further interests in its trust assets without the prior written consent of the Lender, which consent shall not be unreasonably withheld or delayed;
- 15.10 save for Permitted Indebtedness, incur any Indebtedness;
- 15.11 save for Permitted Distributions, make or pay any Distribution.
- 16. FINANCIAL INFORMATION
 - 16.1 The Borrower shall:
 - 16.1.1 as soon as the same become available, but in any event within 90 (ninety) days after the end of each of its financial years during the Term, deliver a copy of its audited annual financial statements to the Lender for such financial year; and

16.1.2 on the written request of the Lender, furnish the Lender with such information about its financial condition as the Lender may reasonably require.

16.2 The Borrower shall ensure that:

16.2.1 each set of financial statements delivered by it pursuant to clause 16.1.1 is prepared in accordance with GAAP; and

16.2.2 each set of financial statements delivered by it pursuant to clause 16.1.1 has been audited by the Auditors and signed by 2 (two) trustees of the Borrower.

17 ARM SHARES COVENANT

17.1 If, at any time during the Term, the ARM Shares to Outstandings Ratio is less than 1,5 (one comma five) times, the Lender shall be entitled to require the Borrower, by written notice to the Borrower, in which case the Borrower shall be obliged, to pay such amount of the Second Facility Outstandings to the Lender within 30 (thirty) days after the date of such written notice so as to ensure that the ARM Shares to Outstandings Ratio shall be not less than 1,5 (one comma five) times immediately after the implementation of the action referred to in this clause 17.1.

17.2 Should the ARM Shares to Outstandings Ratio at any time during the aforesaid 30 (thirty) day period be less than 1,35 (one comma three five) times, and should the Borrower have failed to restore the ARM Shares to Outstandings Ratio to 1,35 (one comma three five) times or higher within 5 (five) days after receipt of written notice from the Lender to do so, the Lender shall be entitled to exercise its rights under clause 19.2.

18. INCREASED/DECREASED COSTS

18.1 If at any time or times during the period commencing on the Signature Date and ending on the Second Facility Discharge Date:

18.1.1 any new law, ruling or regulation as promulgated, given or adopted by the government of South Africa;

18.1.2 there are any changes to any present or future law, ruling or regulation by the government of South Africa;

18.1.3 there are any changes in the interpretation or administration of any law, ruling or regulation by any relevant monetary or fiscal authority having jurisdiction over the Lender;

18.1.4 there are any amendments to the Banks Act, 1990;

18.1.5 there is any compliance by the Lender with any directive or request, whether or not having the force of law, from any monetary or fiscal authority having jurisdiction over the Lender;

18.1.6 there are any changes in commercial practice or legislation which affect the reserving or asset requirements of the Lender,

which is of general application applicable to all banks in South Africa and which would or does:

18.1.7 subject the Lender to any taxes, duties or other charges in respect of this Agreement or change the basis of taxation of the Lender in respect of the payments of capital or interest/fees payable to the Lender in respect of the provision by the Lender of funding in respect of this Agreement

(except for changes in the rate of taxation on the overall net income of the Lender); or

18.1.8 impose, or modify or deem applicable any reserve, special deposit or similar requirements against assets of, deposits with or for the account of, or credit extended by the Lender to the Borrower or reduce the requirements in respect of any such reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Lender to the Borrower; or

18.1.9 not arise solely as a result of the Lender's gross negligence;

18.1.10 impose on the Lender any other obligation or condition affecting this Agreement,

and the result of any of the above is to increase the costs (the "INCREASED COSTS") to the Lender of making or maintaining any advance in terms of this Agreement or to reduce any amount or amounts received or receivable by the Lender under this Agreement, then the Borrower shall pay to the Lender on demand and while such circumstances continue, such amount or amounts which will compensate the Lender for such additional cost or reduced receipts.

18.2 If there is any decrease in any costs (the "DECREASED COST") in respect of which the Borrower would have been obliged to pay an amount to the Lender under clause 18.1 if such cost had constituted an Increased Cost and in respect of which the Lender directly benefits, then the Lender acting in good faith shall pay to the Borrower, promptly after it becomes aware of it, the amount of such Decreased Cost provided that such Decreased Cost is directly attributable to this Agreement (and identifiable as such) and the Lender is

satisfied that such Decreased Cost will not have to be reimbursed to any other person in any way.

18.3 If required by the Borrower, the auditors of the Lender shall certify amounts referred to in clause 18.1. The costs of the certification shall be borne by the Lender if the Lender's calculation of the cost of such additional cost or reduced receipts exceeds that as certified by such auditors and by the Borrower if the result of the Lender's calculation is equal to or less than that as certified by such auditors.

19. EVENTS OF DEFAULT

19.1 Each of the events set out below is an Event of Default (whether or not caused by any reason outside the control of the Borrower):

19.1.1 any Obligor fails to pay any sum due by it under any Transaction Document to which it is a party at the time stipulated and does not remedy such failure within 3 (three) days after receipt of notice calling upon it to do so, and in the manner provided for in this Agreement unless such failure is due to the banking payment and/or settlement system by which that Obligor is obliged to make such payment and such payment is made within 3 (three) Business Days of its due date; or

19.1.2 any Obligor commits any breach or omits to observe or cause to be observed any of the obligations or undertakings expressed to be assumed by it under or in relation to any of the Transaction Documents to which it is a party (other than a failure to pay any sum when due) and such breach or omission is not remedied (if capable of remedy) within 10 (ten) Business Days of receipt by that Obligor of a written notice from the Lender requiring remedy thereof; or

- 19.1.3 any representation or warranty made or deemed to be made or repeated by any Obligor in or pursuant to any of the Transaction Documents to which it is a party or in any notice, certificate or statement referred to or delivered under any Transaction Document, is or proves to be incorrect and such incorrect representation, warranty, notice, certificate or statement has a Material Adverse Effect; or
- 19.1.4 any Indebtedness of any Obligor in excess of R10 000 000 (Ten Million Rand) is not paid when due or becomes due and payable, unless such claim is disputed and such dispute is resolved in favour of that Obligor within a period of 14 (fourteen) days after such claim has been made, or any creditor of any Obligor becomes entitled to declare any such Indebtedness due and payable, prior to the date when it would otherwise have become due and payable or any guarantee or indemnity given by any Obligor in respect of Indebtedness is not honoured when due and called upon; or
- 19.1.5 a creditor for an amount in excess of R10 000 000 (Ten Million Rand) attaches or takes possession of, or execution or other process is levied or enforced against, any material asset of any Obligor; or
- 19.1.6 the security constituted by any Security Document ceases to confer the security it created when originally granted or is not validly created as contemplated in the relevant Security Document or any of the Security Documents (or any material provision thereof) ceases to be legal, valid, binding and enforceable; or
- 19.1.7 an Insolvency Event occurs in relation to any Obligor; or
- 19.1.8 any steps are taken to enforce any Encumbrance securing a debt exceeding an amount of R10 000 000 (Ten Million Rand) over all or

any part of the assets and/or undertaking of any Obligor and such steps are not successfully defended or stopped by such Obligor within a period of 30 (thirty) days after the commencement of such steps; or

- 19.1.9 any Obligor suspends or ceases or threatens to suspend or cease to carry on its business; or
- 19.1.10 all or a material part of the undertakings, assets, rights or revenues of, or shares or other ownership interests in, any Obligor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; or
- 19.1.11 it becomes unlawful at any time for any Obligor to perform all or any of its material obligations under any Transaction Document and the Parties are unable to agree on alternative arrangements within 10 (ten) Business Days of the Lender notifying the Borrower of such illegality; or
- 19.1.12 any Obligor repudiates any Transaction Document to which it is a party or does or causes or permits to be done any actual thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- 19.1.13 any judgement for an amount exceeding R10 000 000 (Ten Million Rand) is taken against any Obligor, and that Obligor fails within 15 (fifteen) Business Days of it becoming aware thereof either to satisfy same or to take steps and thereafter actively to pursue such steps to successfully appeal or set aside such judgement; or
- 19.1.14 any event or series of events occurs or circumstance arises which has or may in the future be likely to have a Material Adverse Effect; or

19.1.15 the ARM Shares to Outstandings Ratio is at any time less than 1,35 (one comma three five) times and is not increased to at least 1,35 (one comma three five) times as contemplated by clause 17.2.

19.2 Upon, or at any time after, the occurrence of an Event of Default, the Lender may, without prejudice to any other rights it may have in terms of this Agreement or at law, by written notice to the Borrower:

19.2.1 declare all or any part of the Second Facility Outstandings to be immediately due and payable whereupon the Second Facility Outstandings shall become immediately due and payable; and/or

19.2.2 enforce any or all of its rights under the Security Documents if the Second Facility Outstandings or any part thereof have not been paid timeously in accordance with clause 19.2.1.

20. BREAKAGE COSTS / GAINS

20.1 If, for any reason any portion of the Second Facility Outstandings is repaid or becomes due and payable on any date other than on the last day of an Interest Period, there shall be:

20.1.1 payable by the Borrower to the Lender, on the occurrence of such event, in addition to any other amounts payable in terms of this Agreement, the amount (if any) by which:

20.1.1.1 the present value of such amount, calculated by discounting such amount from the last day of the Interest Period during which such amount is repaid or becomes due and payable as the case may be to the date of calculation (excluding the last day and including the first day) (the "CALCULATION PERIOD") at 0.1% (zero point one percent) below the Lender's Swap Curve bid rate which appears

on the Reuters screen NDIRS page at 11h00 Johannesburg time on the date of calculation interpolated for a corresponding payment for a period which corresponds to the Calculation Period, expressed as a nacm yield rate,

exceeds:

20.1.1.2 the present value of such amount, calculated by discounting such amount for the Calculation Period at the aggregate of the then-applicable JEBAR Rate (converted to a nacm rate) and the costs referred to in clause 18; or

20.1.2 deducted from the amount owing to the Lender by the Borrower (or, if no such amount is owing, payable by the Lender to the Borrower), the amount (if any) by which the amount calculated in terms of clause 20.1.1.2 exceeds that calculated in terms of clause 20.1.1.1,

such amount, in either case, to be calculated and certified by a manager of the Lender, which certificate shall serve as prima facie proof of its contents.

21 RENUNCIATION OF BENEFITS

The Borrower renounces all benefits of the exceptions of "no value received", "non numeratae pecuniae ", "non causa debiti", and "errore calculi", the meaning and effect of which it declares it understands.

22. CERTIFICATE OF INDEBTEDNESS

A certificate signed by any director or manager of the Lender (whose appointment need not be proved) as to the existence of and the amount of Indebtedness by the Borrower to the Lender, that such amount is due and payable, the amount of interest accrued thereon and as to any other fact, matter or thing relating to the Borrower's Indebtedness to the Lender in terms of this Agreement, shall be sufficient proof of the contents and correctness thereof for the purposes of provisional sentence,

summary judgement or any other proceedings, shall be valid as a liquid document for such purpose and shall in addition, be prima facie proof for purposes of pleading or trial in any action instituted by the Lender arising herefrom.

23. DEFAULT INTEREST

Interest calculated at the Arrear Interest Rate shall accrue on the outstanding balance of all amounts due and payable but unpaid by the Borrower from time to time in terms of this Agreement. Such interest shall be calculated on a daily basis from the due date of each such overdue amount to date of actual payment thereof (both before and after judgement (if any)) and shall be compounded monthly in arrears and shall be paid by the Borrower on demand.

24. CESSION AND ASSIGNMENT

24.1 The Lender shall be entitled to cede, assign or delegate all, or any part of, its rights and/or obligations, as the case may be, under this Agreement or under any Security Document to:

24.1.1 the Reference Banks and/or any of their affiliates without the consent of the Borrower; and/or

24.1.2 any other person with the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed,

subject to a maximum aggregate number of 10 (ten) assignees.

24.2 To the extent that any such cession, assignment or delegation results in a splitting of claims against the Borrower, the Borrower hereby consents to such splitting of claims.

24.3 In the event of any such cession, assignment or delegation, the Lender (the "EXISTING LENDER") shall procure that an inter-creditor agent is appointed to represent itself and such person(s) (the "NEW LENDER") on such terms and conditions as may be agreed between the Existing Lender, the New Lender and such appointed inter-creditor agent and subject to the prior written approval of such terms by the Borrower, which shall not be entitled to withhold such approval unnecessarily. The Borrower shall bear any fees or expenses charged by such inter-creditor agent up to a maximum amount of R150 000 (One Hundred and Fifty Thousand Rand) (Indexed) per annum.

25. NOTICES AND DOMICILIA

25.1 NOTICES

25.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

25.1.1.1 LENDER: 4th Floor, F Block
135 Rivonia Road
Sandown
SANDTON

Telefax No. : (011)294 8421
Attention: Head of Specialised Finance

25.1.1.2 BORROWER: c/o African Rainbow Minerals Limited
ARM House
29 Impala Road
Chislehurst
SANDTON

Telefax No. : (011)883 5609
Attention: The Company Secretary

- 25.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.
- 25.1.3 Either Party may by written notice to the other Party change its chosen address and/or telefax number for the purposes of clause 25.1.1 to any other address(es) and/or telefax number, provided that the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.
- 25.1.4 Any notice given in terms of this Agreement shall:
 - 25.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;
 - 25.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.
- 25.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.
- 25.2 DOMICILIA
 - 25.2.1 Each of the Parties chooses its physical address referred to in clause 25.1 as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

25.2.2 Either Party may by written notice to the other Party change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after deemed receipt of the notice by the other Party pursuant to clause 25.1.4.

26. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

27. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

28. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

29. GENERAL

- 29.1 This document constitutes the sole record of the agreement between the Parties in regard to the subject matter thereof.
- 29.2 No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 29.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all the Parties.
- 29.4 No latitude, extension of time or other indulgence which may be given or allowed by any Party to any other Party in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
- 29.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.
- 29.6 Save as is specifically provided in this Agreement, no Party shall be entitled to cede, assign or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties affected by

such transfer of rights or obligations, which consent may not unreasonably be withheld or delayed.

30. COSTS

30.1 The Borrower and Harmony shall, in equal shares, bear the costs of and incidental to the negotiation, preparation and execution of the Transaction Documents and (save to the extent expressly indicated to the contrary in any Transaction Document) the implementation of the transactions contemplated therein, in accordance with the terms of the First Loan Agreement.

30.2 All legal costs incurred by either Party in consequence of any default of the provisions of this Agreement by the other Party shall be payable on demand by the defaulting Party on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgment awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH
ITS NEDBANK CAPITAL DIVISION)

/s/ Kevin Ryder

Name: Kevin Ryder
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Mark Saunders Tyler

Name: Mark Saunders Tyler
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH
ITS NEDBANK CAPITAL DIVISION) (AS
TRUSTEE OF THE BORROWER)

/s/ Bardley Maxwell

Name: Barley Maxwell for Anton Taljaard
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Clive Stewart

Name: Clive Stewart
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY
LIMITED (AS TRUSTEE OF THE BORROWER)

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

/s/ FRANK ABBOTT

FRANK ABBOTT (AS TRUSTEE OF THE
BORROWER)

SIGNED at SANDTON on this the 14th day of April 2005.

For and on behalf of
DENEYS REITZ TRUSTEES
(PROPRIETARY) LIMITED (AS TRUSTEE OF
THE BORROWER)

/s/ Lionel Charles Shawe

Name: Lionel Charles Shawe
Capacity: Authorised Signatory
Who warrants his authority hereto

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SECOND RANKING CESSION AND PLEDGE

Between

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAW)

and

NEDBANK LIMITED

DENEYS REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" SECOND RANKING CESSION AND PLEDGE BETWEEN THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN REPRESENTED BY ITS TRUSTEES BEING NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART), HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE), FRANK ABBOTT AND DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE) AND NEDBANK LIMITED, DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

SECOND RANKING CESSION AND PLEDGE

Between

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

and

NEDBANK LIMITED

DENEYS REITZ
ATTORNEYS

TABLE OF CONTENTS

<S>	<C>	<C>
1.	PARTIES	1
2.	DEFINITIONS AND INTERPRETATION	1
3.	INTRODUCTION	8
4.	CESSION AND PLEDGE	9
5.	WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS BY THE PLEDGOR	9
6.	DELIVERY OF DOCUMENTS	12
7.	RIGHTS, POWERS AND PRIVILEGES ATTACHING TO THE ARM SHARES AND THE REVERSIONARY RIGHTS AND INTERESTS.....	13
8.	REALISATION	14
9.	APPROPRIATION OF PROCEEDS	18
10.	AUTHORITY	18
11.	RELEASE OF ARM SHARES TO THE BEE BENEFICIARIES	19
12.	DURATION	20
13.	ADDITIONAL SECURITY	20
14.	CESSION	20
15.	PLEDGOR BOUND NOTWITHSTANDING CERTAIN CIRCUMSTANCES	21
16.	ARM SHARES AND REVERSIONARY RIGHTS AND INTERESTS TO BE KEPT FREE OF ENCUMBRANCES	22
17.	EXEMPTION FROM LIABILITY	22
18.	CERTIFICATE OF INDEBTEDNESS	22
19.	RENUNCIATION OF BENEFITS	23
20.	CONFIDENTIALITY	23
21.	NOTICES AND DOMICILIA	25

</TABLE>

<TABLE>

<S>	<C>	<C>
22.	GOVERNING LAW	27
23.	JURISDICTION	27
24.	SEVERABILITY	27
25.	GENERAL	28
26.	COSTS	29
27.	COUNTERPARTS	29

</TABLE>

SECOND RANKING CESSION AND PLEDGE

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 HEREIN REPRESENTED BY ITS TRUSTEES BEING:

1.1.1.1 NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART);

1.1.1.2 HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE);

1.1.1.3 FRANK ABBOTT; and

1.1.1.4 DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE); and

1.1.2 NEDBANK LIMITED.

1.2 The Parties agree as set out below.

2. DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

- 2.2 Words and expressions defined in the First Loan Agreement shall (unless otherwise defined in this Agreement) bear the same meanings where used in this Agreement. In addition, unless inconsistent with the context the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:
- 2.2.1 "AGREEMENT" means this Second Ranking Cession and Pledge;
- 2.2.2 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;
- 2.2.3 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated in accordance with the company laws of South Africa;
- 2.2.4 "BEE BENEFICIARIES" means Historically Disadvantaged South Africans who are or will become beneficiaries of the Pledgor in accordance with the terms of the Trust Deed;
- 2.2.5 "CLAIMS" means all current and future claims which the Pledgor has or will have against ARM in respect of the ARM Shares;
- 2.2.6 "EFFECTIVE DATE" means the Advance Date;
- 2.2.7 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between Nedbank and the Pledgor on or about the Signature Date;

- 2.2.8 "FIRST RANKING CESSION AND PLEDGE" means the written cession and pledge in security entitled "First Ranking Cession and Pledge" by the Pledgor in favour of Nedbank dated on or about the Signature Date pursuant to which the Pledger cedes in securitatem debiti the Rights and Interests and pledges the ARM Shares to Nedbank as security for its obligations under the Second Loan Agreement;
- 2.2.9 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.10 "HISTORICALLY DISADVANTAGED SOUTH AFRICANS" shall bear the meaning ascribed to that term in the Broad Based Socio Economic Empowerment Charter for the South African Mining Industry published by the Department of Minerals and Energy of the Government of South Africa;
- 2.2.11 "NEDBANK" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), a registered bank and public company duly incorporated according to the banking and company laws of South Africa;
- 2.2.12 "PARTIES" means:
 - 2.2.12.1 the Pledgor; and
 - 2.2.12.2 Nedbank,and "PARTY" means, as the context requires, either of them;

- 2.2.13 "PLEDGOR" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and Nedbank, Harmony, Frank Abbott and Deneys Reitz Trustees (Proprietary) Limited (each as trustees) on 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust";
- 2.2.14 "REVERSIONARY RIGHTS AND INTERESTS" means all of the Pledgor's reversionary rights, taking into account the First Ranking Cession and Pledge, of any nature whatsoever to and reversionary interests of any nature whatsoever in the Rights and Interests;
- 2.2.15 "RIGHTS AND INTERESTS" means all of the Pledgor's rights of any nature whatsoever to and interests of any nature whatsoever in the ARM Shares, the ARM Share Proceeds, the Claims and the Collection Account, whether actual, prospective or contingent, direct or indirect, whether a claim to the payment of money or to the performance of any other obligation, and whether or not the said rights and interests were within the contemplation of the Parties at the Signature Date;
- 2.2.16 "SECOND LOAN AGREEMENT" means the written agreement entitled "Second Loan Agreement" concluded or to be concluded between Nedbank and the Pledgor on or about the Signature Date;
- 2.2.17 "SECURED OBLIGATIONS" means all of the obligations or Indebtedness (actual or contingent), present or future, from whatsoever cause and howsoever arising which the Pledgor may now or at any time hereafter owe or have towards Nedbank under or in connection with the First Loan Agreement;

- 2.2.18 "SECURITY CESSION" means the reversionary cession in securitatem debiti and pledge contemplated by this Agreement;
- 2.2.19 "SECURITIES SERVICES ACT" means the Securities Services Act, 2004;
- 2.2.20 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement in time;
- 2.2.21 "STRATE" means STRATE Limited (Registration No. 1998/022242/06), a public company duly incorporated in accordance with the company laws of South Africa, and registered as a central securities depository in terms of the Securities Services Act.
- 2.3 Unless inconsistent with the context or save where the contrary is expressly indicated:
 - 2.3.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
 - 2.3.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;
 - 2.3.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the previous Business Day;

- 2.3.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the subsequent Business Day;
- 2.3.5 an "affiliate" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;
- 2.3.6 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;
- 2.3.7 a "holding company" shall be construed in accordance with the Companies Act;
- 2.3.8 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
- 2.3.9 a "subsidiary" shall be construed in accordance with the Companies Act;
- 2.3.10 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;
- 2.3.11 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have

been, or may from time to time be, amended, varied, novated or supplemented;

2.3.12 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement; and

2.3.13 references to day/s, month/s or year/s shall be construed as Gregorian calendar day/s, month/s or year/s.

2.4 Unless inconsistent with the context, an expression which denotes:

2.4.1 any one gender includes the other genders;

2.4.2 a natural person includes an artificial person and vice versa; and

2.4.3 the singular includes the plural and vice versa.

2.5 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.

2.6 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.

2.7 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after

any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

2.8 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.

2.9 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.

2.10 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

3. INTRODUCTION

3.1 As security for the due performance of the Secured Obligations, the Pledgor has agreed to pledge all of the ARM Shares, subject to the First Ranking Cession and Pledge, and cede in securitatem debiti all of the Reversionary Rights and Interests to Nedbank on the terms and conditions set out in this Agreement.

3.2 As security for its obligations under the Second Loan Agreement, the Pledgor has ceded and pledged in security the Rights and Interests to Nedbank in terms of the First Ranking Cession and Pledge.

4. CESSION AND PLEDGE

With effect from the Effective Date, the Pledgor, subject to the First Ranking Cession and Pledge hereby pledges to Nedbank all of the ARM Shares and cedes in securitatem debiti to Nedbank all of the Reversionary Rights and Interests, as a continuing general covering collateral security for the due, proper and timeous payment and performance in full of all of the Secured Obligations, on the terms and conditions set out in this Agreement, which pledge and cession Nedbank hereby accepts.

5. WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS BY THE PLEDGOR

5.1 The Pledgor, on each day that this Agreement is in force:

5.1.1 warrants and represents that, save for the rights granted to Nedbank under the First Ranking Cession and Pledge and as may be expressly provided for in the Transaction Documents, it is and will remain the sole and beneficial owner of the ARM Shares and the Reversionary Rights and Interests to the exclusion of all others and, save as expressly provided for in the Voting Agreement, no person has an option or right of refusal over the ARM Shares and/or the Reversionary Rights and Interests;

- 5.1.2 warrants and represents that with effect from the Effective Date the ARM Shares are fully paid for and constitute the Pledgor's entire shareholding in ARM;
- 5.1.3 warrants and represents that the ARM Shares have been issued by ARM in accordance and compliance with all applicable laws and/or regulations;
- 5.1.4 warrants and represents that, save for the First Ranking Cession and Pledge the ARM Shares pledged and the Reversionary Rights and Interests ceded to Nedbank under this Agreement have not been pledged and/or ceded (either outright or as security), discounted, factored, mortgaged under notarial bond or otherwise, or otherwise disposed of or hypothecated, nor are they subject to any other rights in favour of any person (including without limitation any rights of pre-emption) save as provided for in the Voting Agreement;
- 5.1.5 warrants and represents that, save for the First Ranking Cession and Pledge, all obligations undertaken by it under this Agreement have been authorised by all necessary corporate and/or other action and neither the terms of the oral agreement in terms of which the Pledgor has been established nor any trust instrument in relation to the Pledgor places any limitations or restrictions on the ability of the Pledgor to pledge the ARM Shares and cede the Reversionary Rights and Interests as provided for in this Agreement;
- 5.1.6 warrants and represents that to the best of its knowledge and belief the issue of the Security Cession and the fulfilment of its obligations in accordance with the terms thereof do not contravene any law, regulation or any contractual obligation binding on it;

- 5.1.7 waives any and all rights in respect of the ARM Shares and/or the Reversionary Rights and Interests which it may have in conflict with the rights of Nedbank under this Agreement;
- 5.1.8 acknowledges that, save for the First Ranking Cession and Pledge and the provisions of the Transaction Documents, it may not pledge, cede, assign or transfer or in any other manner encumber or deal with the ARM Shares and/or the Reversionary Rights and Interests without the prior written consent of Nedbank (which consent shall not be unreasonably withheld or delayed);
- 5.1.9 agrees that subject to the First Ranking Cession and Pledge, on the occurrence of any breach or default in respect of any Secured Obligation and a failure to remedy such breach or default in accordance with the terms of the First Loan Agreement, it will forthwith pay over to Nedbank any interest or other benefits of any nature accrued and/or received in respect of the ARM Shares and the Reversionary Rights and Interests relating to the period after such a breach by depositing the same into a nominated account as Nedbank may from time to time direct in writing.
- 5.2 It is recorded that Nedbank has entered into the Transaction Documents to which it is a party on the strength of and relying on the warranties and representations in this clause 5, each of which shall be deemed to be separate warranties and representations, given without prejudice to any other warranty or representation, and deemed to be material representations inducing Nedbank to enter into the Transaction Documents to which it is a party.

6. DELIVERY OF DOCUMENTS

- 6.1 If Nedbank calls upon the Pledgor in writing to do so, the Pledgor shall deliver to Nedbank proof to the satisfaction of Nedbank that the ARM Shares have been transferred to the Pledgor in accordance with section 91A(4) of the Companies Act.
- 6.2 With effect from the date upon which the pledge of the ARM Shares under the First Ranking Cession and Pledge terminates and if this Agreement has not terminated pursuant to clause 12, Nedbank shall after the exercise of it's rights under the First Ranking Cession and Pledge for the purposes of perfecting the Security Cession contemplated under this Agreement, in accordance with the rules of STRATE, take all steps necessary to ensure that an appropriate entry is made in the securities account of the Pledgor recording the Security Cession in terms of this Agreement until all of the Secured Obligations have been unconditionally and finally discharged or released, as the case may be.
- 6.3 The Pledgor hereby authorises Nedbank (subject to the First Ranking Cession and Pledge), upon the occurrence of a Event of Default, in its discretion to perfect and complete the pledge of the ARM Shares, or any of them, by registration, delivery, transfer or otherwise and to transfer the ARM Shares to any nominee or nominees or to a central securities depository (as defined in the Securities Services Act) and without reference to the Pledgor.
- 6.4 The Pledgor shall deliver to Nedbank any documents relating to the ARM Shares and/or the Reversionary Rights and Interests for which it may at any time reasonably call and which are, or should reasonably be, in the Pledgor's possession, which documents shall be delivered to Nedbank within a reasonable

period, as agreed between Nedbank and the Pledgor, and failing such agreement, within 10 (ten) Business Days.

6.5 The Pledgor shall generally do everything that may be required by Nedbank for the purposes of and to give effect to this Agreement, failing which Nedbank may, if possible, attend thereto and recover from the Pledgor any expenses incurred in doing so.

7 RIGHTS, POWERS AND PRIVILEGES ATTACHING TO THE ARM SHARES AND THE REVERSIONARY RIGHTS AND INTERESTS

7.1 This Agreement operates in respect of all rights, powers and privileges attaching to the ARM Shares subject to the First Ranking Cession and Pledge and the Reversionary Rights and Interests, including but not limited to those set out in clause 7.2 below and such rights, powers and privileges shall accordingly vest in Nedbank with the power to exercise them either in its own name or in the name of the Pledgor, upon the occurrence of any breach of the Secured Obligations which has not been remedied in accordance with the terms of the First Loan Agreement and is continuing, alternatively, the Pledgor shall, if Nedbank so directs, exercise its rights, powers and privileges in its own name and in accordance with Nedbank's directions to the greatest extent permitted by applicable law.

7.2 The rights, powers and privileges attaching to the ARM Shares subject to the First Ranking Cession and Pledge and/or the Reversionary Rights and Interests include (but are not limited to) the following:

- 7.2.1 the right to receive payment of that portion of the dividends and other benefits which become due in respect of the ARM Shares and/or the Reversionary Rights and Interests from time to time.
- 7.2.2 the right to receive notice of every general meeting of shareholders of ARM which are to be forwarded to Nedbank just as if it were a shareholder of ARM; and
- 7.2.3 the right to attend every general meeting of the shareholders of ARM and to exercise the votes attaching to the ARM Shares at such meetings.
- 7.3 For the avoidance of doubt, for so long as the Pledgor is not in breach of the Secured Obligations, the provisions of clause 7.1 and 7.2 above will not apply.

8. REALISATION

- 8.1 Subject to clause 8.5, if the Pledgor commits any breach or default of the Secured Obligations and fails to remedy such breach or default in accordance with the terms of the First Loan Agreement the Pledgor hereby irrevocably and unconditionally authorises and empowers Nedbank or its nominee, without any further authority or consent of any nature whatsoever required from the Pledgor, and in the name of Nedbank or in the name of the Pledgor to, subject to the First Ranking Cession and Pledge:
 - 8.1.1 exercise all or any of the rights, including voting rights attached to the ARM Shares, powers and privileges and enforce all or any obligations attaching to the ARM Shares and/or the Reversionary Rights and Interests in such manner and on such terms as Nedbank in its sole discretion deems fit; and/or

- 8.1.2 receive payment for, delivery of and/or performance in respect of, the ARM Shares and/or the Reversionary Rights and Interests in its own name; and/or
- 8.1.3 at Nedbank's election:
 - 8.1.3.1 to perfect or complete the pledge of the ARM Shares, or any of them, by registration, delivery, transfer or otherwise and to transfer the ARM Shares to any nominee or nominees or to a central securities depository (as defined in the Securities Services Act); and/or
 - 8.1.3.2 to sell or otherwise realise the ARM Shares and/or the Reversionary Rights and Interests or any one of them either by public auction or by private treaty, in the latter case on reasonable notice to the Pledgor not exceeding 10 (ten) Business Days, as Nedbank may deem fit; and/or
 - 8.1.3.3 to take over the ARM Shares and/or the Reversionary Rights and Interests at a fair value which, in the absence of agreement within 10 (ten) Business Days after delivery by Nedbank to the Pledgor of a written notice stating that Nedbank intends to exercise its rights pursuant to this clause 8.1.3.3, shall be determined by an independent accountant agreed to by the Parties or, failing agreement within 5 (five) Business Days, appointed, at the request of either Party, by the President for the time being of the Southern African Institute of Chartered Accountants (or the successor body thereto) (which independent accountant shall act as an expert and not as an arbitrator, shall be instructed to make his determination within

10 (ten) Business Days of being requested to do so and shall determine the liability for his charges which will be paid accordingly, provided that if any determination is manifestly unjust and the court exercises its general power, if any, to correct such determination, the Parties shall be bound thereby) and, subject to the provisions of clause 9, set off the purchase price payable by Nedbank for the ARM Shares and/or the Reversionary Rights and Interests against the Pledgor's indebtedness to Nedbank in respect of the Secured Obligations on the basis that any excess on realisation or any balance owing to the Pledgor, as the case may be, will be paid to the Pledgor and any shortfall will remain as a debt due by the Pledgor to Nedbank; and/or

- 8.1.4 institute any legal proceedings which Nedbank may deem necessary in connection with any sale or other realisation or transfer of any of the ARM Shares and/or the Reversionary Rights and Interests by Nedbank or its nominee; and/or
- 8.1.5 to convey valid title in the ARM Shares and/or the Reversionary Rights and Interests to any purchaser thereof (including Nedbank) and/or to take all such further or other steps as Nedbank may consider necessary to deal with the ARM Shares and/or the Reversionary Rights and Interests.
- 8.2 Nedbank acknowledges and agrees that the exercise of its rights in terms of clause 8.1 and any action taken by it pursuant thereto shall be subject to the terms and conditions contained in the Voting Agreement.
- 8.3 On Nedbank taking any actions in terms of clause 8.1, or otherwise as required by Nedbank, the Pledgor shall on demand by Nedbank:

- 8.3.1 notify ARM in writing that payment for, delivery of or performance in respect of the ARM Shares and/or the Reversionary Rights and Interests must be made to Nedbank, and that payment, delivery or performance to the Pledgor or to anyone else will not constitute valid payment, delivery or performance, and Nedbank shall be entitled to do likewise. The Pledgor shall on demand by Nedbank provide proof that such notification has been duly given;
- 8.3.2 refuse to accept any payment, delivery or performance tendered in respect of any of the ARM Shares and/or the Reversionary Rights and Interests in order that such payment, delivery or performance be tendered to Nedbank, which will apply any payment so received in accordance with the provisions of clause 9;
- 8.3.3 at its own cost carry out any lawful directions Nedbank may give in regard to the realisation of the ARM Shares and/or the Reversionary Rights and Interests and sign any document or do any other lawful act necessary to vest the ARM Shares and/or the Reversionary Rights and Interests in Nedbank, to enable the sale or disposition of the ARM Shares and/or the Reversionary Rights and Interests, which may otherwise be necessary or required to perfect the Security Cession created in this Agreement.
- 8.4 Notwithstanding anything to the contrary contained in this Agreement, Nedbank shall not be obliged to take any particular steps to collect or otherwise enforce its rights in respect of the ARM Shares and/or the Reversionary Rights and Interests.
- 8.5 Notwithstanding anything to the contrary contained in this Agreement, Nedbank shall not be entitled to take any steps to collect or otherwise enforce its rights in

respect of the ARM Shares and/or the Reversionary Rights and Interests until all amounts due and payable to Nedbank under the First Ranking Cession and Pledge have been unconditionally and irrevocably paid to Nedbank.

9. APPROPRIATION OF PROCEEDS

Nedbank shall apply the net proceeds of all amounts received pursuant to the sale or other realisation of the ARM Shares and/or the Reversionary Rights and Interests (after deducting all properly evidenced costs and expenses incurred by Nedbank in relation to such realisation) in reduction or discharge, as the case may be, of the Pledgor's obligations under the Secured Obligations in its sole discretion as it deems fit. Any amount remaining thereafter shall be paid to the Pledgor provided that all of the Secured Obligations have been completely, unconditionally and irrevocably fulfilled.

10. AUTHORITY

If at any time during this Agreement Nedbank become entitled to exercise its rights under clause 8.1, the Pledgor hereby authorises and appoints Nedbank irrevocably and in rem suam as the Pledgor's attorney and agent in the Pledgor's name, place and stead to sign and execute:

- 10.1 any proxy in favour of Nedbank or its nominee to enable Nedbank to exercise any voting rights attaching to the ARM Shares or any of them; and
- 10.2 such documents as may be necessary:

10.2.1 in order to render the ARM Shares and/or the Reversionary Rights and Interests or any of them negotiable including, without limitation, the signature of transfer declarations;

10.2.2 to enable Nedbank to receive payment of the purchase price of the ARM Shares and/or the Reversionary Rights and Interests subject to the provisions of clause 9;

10.2.3 to enable Nedbank to exercise any of its rights granted to it herein.

11. RELEASE OF ARM SHARES TO THE BEE BENEFICIARIES

11.1 It is recorded that the Pledgor has been established inter alia, for the purposes of facilitating black economic empowerment and ownership in relation to ARM by permitting BEE Beneficiaries to become beneficiaries of the Pledgor and thereby obtaining a beneficial interest in and to the ARM Shares.

11.2 Accordingly, Nedbank hereby undertakes in favour of the Pledgor that upon a BEE Beneficiary becoming a beneficiary of the Pledgor and the consequent payment by the Pledgor to Nedbank of an amount calculated in accordance with terms of the Trust Deed in reduction of the Secured Obligations, it shall release from pledge in terms of this Agreement such number of the ARM Shares pledged in its favour pursuant to this Agreement as may be specified by, and in accordance with the terms of, the Trust Deed and take all steps to ensure that an appropriate entry is made in the securities account of the Pledgor recording the release from pledge of such ARM Shares to the Pledgor.

12. DURATION

This Agreement is a continuing covering security and will ipso facto terminate only upon the unconditional and irrevocable fulfilment of all the Secured Obligations. In particular, this Agreement shall not terminate by reason solely of the fact that there may at any time be reduced obligations or debts owing by the Pledgor under the First Loan Agreement.

13. ADDITIONAL SECURITY

This Agreement is in addition to and not in substitution for any other security held or hereafter to be held by Nedbank from any party in connection with the Secured Obligations, or otherwise and Nedbank shall, without prejudice to its rights hereunder, be entitled to release any such additional security held by it.

14. CESSION

14.1 Nedbank shall be entitled to cede any of its rights and/or transfer the whole or any part of its benefit under this Agreement and/or delegate any of its obligations under this Agreement without the consent of the Pledgor to any person to whom all or a corresponding part of its rights, benefits or obligations under First Loan Agreement are ceded, assigned, delegated or transferred in accordance with the terms of the First Loan Agreement.

14.2 To the extent that any such cession, transfer or delegation results in a splitting of claims against the Pledgor, the Pledgor hereby consents to such splitting of claims.

15 PLEDGOR BOUND NOTWITHSTANDING CERTAIN CIRCUMSTANCES

- 15.1 The Pledgor agrees that on signature hereof it will be bound in terms of this Agreement to the full extent thereof, despite the fact that:
 - 15.1.1 any intended additional security from the Pledgor for the Secured Obligations may not be obtained or protected or may be released or may cease to be held for any other reason;
 - 15.1.2 Nedbank and the Pledgor may agree a variation or novation of any of the Secured Obligations;
 - 15.1.3 Nedbank may grant any indulgence to the Pledgor or any surety or may not exercise any one or more of its rights hereunder or under the Secured Obligations, either timeously or at all;
 - 15.1.4 any insolvency, administration, judicial management, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings by or against Nedbank, the Pledgor or any other person; and
 - 15.1.5 any other fact or circumstance may arise (including any act or omission by Nedbank) on which the Pledgor or any surety might otherwise be able to rely on a defence based on prejudice, waiver or estoppel.
- 15.2 If the Pledgor suffers any loss arising from any of the facts, circumstances, acts or omissions referred to above, the Pledgor will have no claim against Nedbank in respect thereof.

16. ARM SHARES AND REVERSIONARY RIGHTS AND INTERESTS TO BE KEPT FREE OF ENCUMBRANCES

The Pledgor shall at all times keep the ARM Shares and the Reversionary Rights and Interests free of Encumbrances, (save as for such Encumbrances created or required to be created in terms of the Transaction Documents) and shall not prejudice, compromise, grant any indulgences or agree to vary the terms of any document creating the ARM Shares and the Reversionary Rights and Interests without the prior written consent of Nedbank.

17 EXEMPTION FROM LIABILITY

Nedbank and its officers, trustees, agents, beneficiaries, employees and advisors shall not be liable for any loss or damage, whether direct, indirect, consequential or otherwise, suffered by the Pledgor arising from any cause in connection with this Agreement, whether the loss or damage results from breach of contract (whether total, fundamental or otherwise), delict, negligence or any other cause and whether this Agreement has been terminated or not, other than as a result of Nedbank's gross negligence or wilful misconduct.

18. CERTIFICATE OF INDEBTEDNESS

A certificate signed by any manager or director of Nedbank whose appointment need not be proved, reflecting the amount owing by the Pledgor in relation to Nedbank under the Transaction Documents and the due date for payment of such amounts will be prima facie evidence of the contents thereof.

19. RENUNCIATION OF BENEFITS

The Pledgor hereby renounces the legal benefits and exceptions of excussion, division, non numeratae pecuniae, non causa debiti, revision of accounts and errore calculi, the Pledgor declaring itself to be fully acquainted with the full meaning and effect of this renunciation.

20 CONFIDENTIALITY

- 20.1 Neither Party shall issue any press release or any other public document or make any public statement, in each case relating to or connected with or arising out of the agreement or the matters contained therein (save for any such release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange) without obtaining the prior approval of the other Party to the contents thereof and the manner of its presentation and publication; provided that such approval shall not to be unreasonably withheld or delayed.
- 20.2 In the case of a release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange, the Party liable so to give, make or publish the same shall give to the other Party as much advance warning thereof as is reasonable in the circumstances together with drafts or a copy thereof as soon as it is at liberty so to do.
- 20.3 Each Party shall at all times keep confidential (and to ensure that its employees and agents shall keep confidential) any information which it has acquired or may acquire in relation to the other Party or to any matter arising from or in connection with this Agreement, save for any information:

- 20.3.1 which is publicly available or becomes publicly available through no act or default of either Party; or
- 20.3.2 which was in the possession of that Party prior to its disclosure otherwise than as a result of any breach by that Party of any obligation of confidentiality owed to the other Party whether pursuant to this Agreement or otherwise; or
- 20.3.3 which is disclosed to that Party by a third party which did not acquire the information under an obligation of confidentiality; or
- 20.3.4 which is independently acquired by that Party as a result of work carried out by a person to whom no disclosure of such information has been made,
and shall not use or disclose such information except:
 - 20.3.5 with the consent of the other Party; or
 - 20.3.6 in accordance with an order of court of competent jurisdiction; or
 - 20.3.7 in order to comply with any law or governmental regulations by which the Party concerned is bound; or
 - 20.3.8 where necessary for the purpose of enforcing its rights under this Agreement.
- 20.4 The provisions of this clause 20 shall survive any termination of this Agreement.

21. NOTICES AND DOMICILIA

21.1 NOTICES

21.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

21.1.1.1 PLEDGOR: c/o African Rainbow Minerals Limited
ARM House
29 Impala Road
Chislehurst
SANDTON
Telefax No. : (011)883 5609
Attention : The Company Secretary

21.1.1.2 NEDBANK: 4th Floor, F Block
135 Rivonia Road
SANDTON
2196
Telefax No. : (011)294 8421
Attention : Head of Specialised
Finance

21.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.

21.1.3 Either Party may by written notice to the other Party change its chosen address and/or telefax number for the purposes of clause 21.1.1 to any

other address(es) and/or telefax number, provided that the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.

21.1.4 Any notice given in terms of this Agreement shall:

21.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;

21.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission;

unless the contrary is proved.

21.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

21.2 DOMICILIA

21.2.1 Each of the Parties chooses its address set out opposite its name in clause 21.1 as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

21.2.2 Either Party may by written notice to the other Party change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be

effective on the 14th (fourteenth) day after the receipt or deemed receipt of the notice by the other Party pursuant to clause 21.1.4.

22. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

23. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

24. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

25. GENERAL

- 25.1 This document constitutes the sole record of the Agreement between the Parties in regard to the subject matter thereof.
- 25.2 Neither Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 25.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of both the Parties.
- 25.4 No latitude, extension of time or other indulgence which may be given or allowed by either Party to the other Party in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by either Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
- 25.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.

25.6 Save as is specifically provided in this Agreement, no Party shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Party, which consent may not unreasonably be withheld or delayed.

26. COSTS

26.1 The costs of and incidental to the negotiation, preparation and execution of this Agreement and the implementation of the transactions contemplated herein shall be paid in accordance with the terms of the First Loan Agreement.

26.2 All legal costs incurred by either Party in consequence of any default of the provisions of this Agreement by the other Party shall be payable on demand by the defaulting Party on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgement awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

27. COUNTERPARTS

This Agreement may be executed by each Party signing a separate copy thereof and each of the copies together shall constitute the Agreement of the Parties.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION)

/s/ [***]

Name: [***]
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ MARK SAUNDERS TYLER

Name: MARK SAUNDERS TYLER
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION) (AS TRUSTEE
OF THE PLEDGOR)

/s/ BRADLEY MAXWELL

Name: BRADLEY MAXWELL FOR ANTON TALJAARD
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ CLIVE STEWART

Name: CLIVE STEWART
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY
LIMITED (AS TRUSTEE OF THE PLEDGOR)

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

/s/ FRANK ABBOTT

FRANK ABBOTT (AS TRUSTEE OF THE PLEDGOR)

SIGNED at SANDTON on this the 15th day of April 2005.

For and on behalf of
DENEYS REITZ TRUSTEES
(PROPRIETARY) LIMITED (AS TRUSTEE
OF THE PLEDGOR)

/s/ Lionel Charles Shawe

Name: Lionel Charles Shawe
Capacity: Authorised Signatory
Who warrants his authority hereto

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FLOW OF FUNDS AGREEMENT

Amongst

NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL
DIVISION)

ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED

HARMONY GOLD MINING COMPANY LIMITED

and

THE ARM BROAD-BASED EMPOWERMENT TRUST

AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" FLOW OF FUNDS AGREEMENT AMONGST NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION), ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED AND HARMONY GOLD MINING COMPANY LIMITED AND THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN REPRESENTED BY ITS TRUSTEES BEING NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART), HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE), FRANK ABBOTT AND DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE), DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

FLOW OF FUNDS AGREEMENT

Amongst

NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)
ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED
HARMONY GOLD MINING COMPANY LIMITED

and

THE ARM BROAD-BASED EMPOWERMENT TRUST
AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 AND HEREIN
REPRESENTED BY ITS TRUSTEES BEING

NEDBANK LIMITED
(REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART)

HARMONY GOLD MINING COMPANY LIMITED
(REPRESENTED BY NOMFUNDO QANGULE)

FRANK ABBOTT

and

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED
(REPRESENTED BY LIONEL CHARLES SHAWE)

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

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	<C>
1. PARTIES	1
2. DEFINITIONS AND INTERPRETATION	2
3. RECORDAL	8
4. FLOW OF FUNDS	9
5. IRREVOCABLE UNDERTAKINGS	11
6. SAVINGS	11
7. BREACH	12
8. CONFIDENTIALITY	12
9. NOTICES AND DOMICILIA	14
10. GOVERNING LAW	16
11. JURISDICTION	16
12. SEVERABILITY	16
13. GENERAL	17
14. COSTS	18
SCHEDULE 1 : DENEYS REITZ TRUST ACCOUNT	22

</TABLE>

FLOW OF FUNDS AGREEMENT

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION);

1.1.2 ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED;

1.1.3 HARMONY GOLD MINING COMPANY LIMITED; and

1.1.4 THE ARM BROAD-BASED EMPOWERMENT TRUST AN ORAL TRUST ESTABLISHED BY ORAL AGREEMENT ON 15 APRIL 2005 HEREIN REPRESENTED BY ITS TRUSTEES BEING:

1.1.4.1 NEDBANK LIMITED (REPRESENTED BY ANTON TALJAARD AND CLIVE DONALD STEWART);

1.1.4.2 HARMONY GOLD MINING COMPANY LIMITED (REPRESENTED BY NOMFUNDO QANGULE);

1.1.4.3 FRANK ABBOTT; and

1.1.4.4 DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED (REPRESENTED BY LIONEL CHARLES SHAWE).

1.2 The Parties agree as set out below.

2. DEFINITIONS AND INTERPRETATION

- 2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.
- 2.2 Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:
- 2.2.1 "ADVANCE DATE" means the "Advance Date" as defined in the First Loan Agreement;
- 2.2.2 "AGREEMENT" means this Flow of Funds Agreement;
- 2.2.3 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;
- 2.2.4 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.5 "ARM SHARES PURCHASE PRICE" means the purchase price payable by the Trust to AHJIC for the purchase of the ARM Shares pursuant to the Sale of Shares Agreement, being an amount of R829 827 460 (Eight Hundred and Twenty-nine Million Eight Hundred and Twenty-seven Thousand Four Hundred and Sixty Rand);
- 2.2.6 "BUSINESS DAY" means any day other than a Saturday, Sunday or an official public holiday in South Africa in accordance with the Public Holidays Act, 1994;

- 2.2.7 "DENEYS REITZ" means Deneys Reitz Inc. (Registration No. 1984/003385/21);
- 2.2.8 "DENEYS REITZ TRUST ACCOUNT" means the trust bank account of Deneys Reitz details of which are listed in Schedule 1 hereto;
- 2.2.9 "DENEYS REITZ TRUSTEES" means Deneys Reitz Trustees (Proprietary) Limited (Registration No. 1993/003017/07), a private company duly incorporated according to the company laws of South Africa;
- 2.2.10 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date;
- 2.2.11 "FIRST LOAN AMOUNT" means the principal amount of R480 400 000 (Four Hundred and Eighty Million Four Hundred Thousand Rand), to be lent and advanced by Nedbank to the Trust pursuant to the First Loan Agreement, which principal amount includes the funds required by the Trust to pay the Trust Transaction Cost Portion;
- 2.2.12 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.13 "HARMONY LOAN AGREEMENT" means the written agreement entitled "Loan Agreement" concluded between Nedbank and Harmony on 24 December 2004;
- 2.2.14 "HARMONY LOAN OUTSTANDINGS" means the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable by Harmony to Nedbank under the Harmony Loan Agreement which:

- 2.2.14.1 as at 15 April 2005 is an amount equal to R401 555 591,23 (Four Hundred and One Million Five Hundred and Fifty-five Thousand and Ninety-one Rand and Twenty-three cents); and
- 2.2.14.2 as at 18 April 2005 will be an amount equal to R401 866 709,48 (Four Hundred and One Million Eight Hundred and Sixty-six Thousand Seven Hundred and Nine Rand and Forty-eight cents);
- 2.2.15 "HARMONY TRANSACTION COSTS PORTION" means 50% (fifty percent) of the Transaction Costs, payable by Harmony, in the amount of R6 269 108 (Six Million Two Hundred and Sixty-nine Thousand One Hundred and Eight Rand);
- 2.2.16 "HARMONY UNDERTAKING" means the written agreement entitled "Harmony Undertaking" concluded or to be concluded amongst Harmony, Nedbank and AHJIC on or about the Signature Date;
- 2.2.17 "NEDBANK" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), a registered bank and public company duly incorporated according to the banking and company laws of South Africa;
- 2.2.18 "PARTIES" means Nedbank, AHJIC, the Trust and Harmony and "PARTY" shall, as the context requires, mean any one of them;
- 2.2.19 "SALE OF SHARES AGREEMENT" means the written agreement entitled "Sale of Shares Agreement" concluded or to be concluded between Harmony, AHJIC and the Borrower on or about the Signature Date;
- 2.2.20 "SECOND LOAN AGREEMENT" means the written agreement entitled "Second Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date;

- 2.2.21 "SECOND LOAN AMOUNT" means the principal amount of R356 149 124 (Three Hundred and Fifty-six Million One Hundred and Forty-nine Thousand One Hundred and Twenty-four Rand), to be lent and advanced by Nedbank to the Trust pursuant to the Second Loan Agreement;
- 2.2.22 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement in time;
- 2.2.23 "TRANSACTION COSTS" means all costs, expenses and fees of and related to the transactions contemplated in the Transaction Documents, including but not limited to, arranging fees and uncertified securities tax, being an amount of R12 538 216 (Twelve Million Five Hundred and Thirty-eight Thousand Two Hundred and Sixteen Rand), payable by:
- 2.2.23.1 Harmony, in the case of the Harmony Transaction Cost Portion; and
- 2.2.23.2 the Trust, in the case of the Trust Transaction Cost Portion;
- 2.2.24 "TRANSACTION DOCUMENTS" means the "Transaction Documents" as defined in the Sale of Shares Agreement;
- 2.2.25 "TRUST" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and Nedbank, Harmony, Frank Abbott and Deneys Reitz Trustees (each as trustees) on 15 April 2005 known as the "ARM Broad-Based Empowerment Trust";
- 2.2.26 "TRUST TRANSACTION COSTS PORTION" means 50% (fifty percent) of the Transaction Costs, payable by the Trust, in an amount of R6 269 108 (Six Million Seven Hundred and Sixty-nine Thousand One Hundred and Eight Rand) plus an additional amount of R452 556 (Four Hundred and Fifty-two Thousand Five Hundred and Fifty-six Rand).
- 2.3 Any reference in this Agreement to:

- 2.3.1 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;
- 2.3.2 "law" shall be construed as any law (including common or customary law) or statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;
- 2.3.3 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing; and
- 2.3.4 a "schedule" shall, subject to any contrary indication, be construed as a reference to a schedule hereof.
- 2.4 Unless inconsistent with the context or save where the contrary is expressly indicated:
 - 2.4.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
 - 2.4.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;
 - 2.4.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the next succeeding Business Day;

- 2.4.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the next succeeding Business Day;
- 2.4.5 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;
- 2.4.6 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented; and
- 2.4.7 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement.
- 2.5 Unless inconsistent with the context, an expression which denotes:
 - 2.5.1 any one gender includes the other genders;
 - 2.5.2 a natural person includes an artificial person and vice versa; and
 - 2.5.3 the singular includes the plural and vice versa.
- 2.6 The schedules to this Agreement form an integral part hereof and words and expressions defined in this Agreement shall bear, unless the context otherwise requires, the same meaning in such schedules. To the extent that there is any conflict between the schedules to this Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- 2.7 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the

same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.

- 2.8 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.
 - 2.9 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
 - 2.10 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.
 - 2.11 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.
 - 2.12 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.
3. RECORDAL
- 3.1 In terms of the Transaction Documents, the Parties are required, in various capacities, to advance and transfer funds on certain dates.

3.2 The Parties wish to regulate the flow of funds on the relevant dates and this Agreement sets out the manner and the order in which the funds will flow.

4. FLOW OF FUNDS

4.1 Subject to the fulfilment or waiver of the suspensive conditions in the applicable Transaction Documents, on the Advance Date:

4.1.1 Nedbank shall advance the First Loan Amount to the Trust;

4.1.2 Nedbank shall advance the Second Loan Amount to the Trust;

4.1.3 the Trust shall pay the ARM Shares Purchase Price to AHJIC;

4.1.4 AHJIC shall pay to Harmony, in part repayment of Harmony's shareholder loan account, an amount equal to the ARM Share Purchase Price;

4.1.5 Harmony shall pay the Harmony Loan Outstandings to Nedbank; and

4.1.6 Harmony shall pay the Harmony Transaction Costs Portion into the Deneys Reitz Trust Account.

4.2 The provisions of clause 4.1 serve to record the respective Parties' payment obligations under the Transaction Documents to which they are a party. Notwithstanding the provisions of the relevant Transaction Documents, the Parties hereby agree that the flow of funds referred to in clauses 4.1.1, 4.1.2, 4.1.3, 4.1.4 and 4.1.5 shall practically be effected in the following manner:

4.2.1 Nedbank shall, on the Advance Date, advance the aggregate of the First Loan Amount and the Second Loan Amount, less an amount equal to the Trust Transaction Costs Portion, directly to Harmony into the following bank account:

Account Name : Harmony Gold Mining Company Limited - Treasury Account;
Bank : ABSA Bank Limited;
Account No. : 40 4873 7227;
Branch : Virginia;
Branch Code : 334635.

4.2.2 The portion of the First Loan Amount required by the Trust to fund the Trust Transaction Costs Portion shall be advanced by Nedbank directly into the Deneys Reitz Trust Account on the Advance Date.

4.2.3 Immediately upon receipt of the First Loan Amount and the Second Loan Amount, less an amount equal to the Trust Transaction Costs Portion in accordance with clause 4.2.1, Harmony shall repay the Harmony Loan Outstandings to Nedbank by payment into the following bank account:

4.2.3.1 Bank : Nedbank Limited;

4.2.3.2 Account Name : Nedbank Capital - Project Administration;

4.2.3.3 Branch : 100 Main Street;

4.2.3.4 Branch Code : 19-79-05;

4.2.3.5 Account Number : 1979 373 078.

4.2.4 Accordingly, the Trust acknowledges that the advance of the First Loan Amount and Second Loan Amount in accordance with the provisions of clause 4.1 and this clause 4.2 shall constitute a valid and proper discharge by

Nedbank of its obligation to lend and advance the First Loan Amount and Second Loan Amount to the Trust in terms of the First Loan Agreement and Second Loan Agreement respectively.

4.2.5 Similarly AHJIC acknowledges and agrees that the payments referred to in this clause 4.2 have been made by and on its behalf and that it has accordingly received the benefit of the ARM Shares Purchase Price.

4.3 Nedbank has instructed Deneys Reitz to hold the Harmony Transaction Costs Portion and the Trust Transaction Costs Portion in trust in an interest bearing account for the benefit of the Trust until such time as Nedbank instructs Deneys Reitz to pay out such amounts to such persons as instructed. The signature of this Agreement shall constitute the authority contemplated in terms of Section 78(2A) of the Attorneys Act, 1979.

5. IRREVOCABLE UNDERTAKINGS

5.1 The provisions of clause 4 constitute irrevocable payment instructions by the relevant Parties to effect the flow of funds as set out in clause 4.

5.2 The instruction by the Parties in respect of the flow of funds set out in this Agreement are irrevocable and shall not be capable of being terminated by any Party.

5.3 On completion of the flow of funds described in clause 4, the Parties hereby agree that the disbursements, payments and repayments contemplated in the underlying obligations in respect of such flow of funds will have been made and the obligations of each of the relevant Parties with respect to such disbursements, payment and repayments will have been fulfilled and discharged.

6. SAVINGS

6.1 Save to the extent expressly set out in this Agreement the terms of the Transaction Documents shall remain unaltered and of full force and effect.

6.2 In the event of any conflict between the provisions of this Agreement and the provisions of the Transaction Documents, the provisions of this Agreement shall prevail.

7. BREACH

If any Party commits a breach or fails in the observance of any of the terms and conditions hereof and fails to remedy such default or breach within 10 (ten) Business Days of delivery of written notice requiring it so to do, then the non-defaulting Party shall be entitled to cancel this Agreement against the defaulting Party or to claim immediate payment and/or performance by the defaulting Party of all of the defaulting Party's obligations whether or not the due date for payment and/or performance shall have arrived, in either event without prejudice to the non-defaulting Party's rights to claim damages. The foregoing is without prejudice to such other rights as the non-defaulting Party may have at law; provided always that, notwithstanding anything to the contrary contained in this Agreement, the non-defaulting Party shall not be entitled to cancel this Agreement for any breach by the defaulting Party unless such breach is a material breach going to the root of this Agreement and is incapable of being remedied by a payment in money, or if it is capable of being remedied by a payment in money, the defaulting Party fails to pay the amount concerned within 10 (ten) Business Days after such amount has been determined.

8. CONFIDENTIALITY

8.1 None of the Parties shall issue any press release or any other public document or make any public statement, in each case relating to or connected with or arising out of the agreement or the matters contained therein (save for any such release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange) without obtaining the prior approval of the other Parties to the contents thereof and the manner of its presentation and publication; provided that such approval shall not be unreasonably withheld or delayed.

- 8.2 In the case of a release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange, the Party liable so to give, make or publish the same shall give to the other Parties as much advance warning thereof as is reasonable in the circumstances together with drafts or a copy thereof as soon as it is at liberty so to do.
- 8.3 Every Party shall at all times keep confidential (and ensure that its employees and agents shall keep confidential) any information which it has acquired or may acquire in relation to any of the other Parties or to any matter arising from or in connection with this Agreement, save for any information:
 - 8.3.1 which is publicly available or becomes publicly available through no act or default of the first mentioned Party; or
 - 8.3.2 which was in the possession of that Party prior to its disclosure otherwise than as a result of any breach by a Party of any obligation of confidentiality owed to the other Parties whether pursuant to this Agreement or otherwise; or
 - 8.3.3 which is disclosed to that Party by a third party which did not acquire the information under an obligation of confidentiality; or
 - 8.3.4 which is independently acquired by that Party as a result of work carried out by a person to whom no disclosure of such information has been made, and shall not use or disclose such information except;
 - 8.3.5 with the consent of the other Parties; or
 - 8.3.6 in accordance with an order of court of competent jurisdiction; or
 - 8.3.7 in order to comply with any law or governmental regulations by which the Party concerned is bound; or

8.3.8 where necessary for the purpose of enforcing its rights under this Agreement.

8.4 The provisions of this clause 7 shall survive any termination of this Agreement.

9. NOTICES AND DOMICILIA

9.1 NOTICES

9.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

9.1.1.1 AHJIC:

Block 27
Randfontein Office Park
Corner Main Reef Road and Ward
Avenue
RANDFONTEIN

Telefax No. : (011)411 2398
Attention : The Company Secretary

9.1.1.2 HARMONY:

Block 27
Randfontein Office Park
Corner Main Reef Road and Ward
Avenue
RANDFONTEIN

Telefax No. : (011)411 2398
Attention : The Company Secretary

9.1.1.3 NEDBANK:

4th Floor, F Block
135 Rivonia Road
Sandown
SANDTON

Telefax No. : (011) 294 8421
Attention : Head of Specialised Finance

9.1.1.4 TRUST: c/o African Rainbow Minerals
Limited
ARM House
29 Impala Road
Chislehurst
SANDTON

Telefax No. : (011)883 5609
Attention : The Company Secretary

9.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.

9.1.3 Any Party may by written notice to the other Parties change its chosen address and/or telefax number for the purposes of clause 9.1.1 to any other address(es) and/or telefax number, provided that the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.

9.1.4 Any notice given in terms of this Agreement shall:

9.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;

9.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.

9.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written

notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

9.2 DOMICILIA

9.2.1 Each of the Parties chooses its physical address referred to in clause 9.1.1 above as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

9.2.2 Any Party may by written notice to the other Parties change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after deemed receipt of the notice by the other Parties pursuant to clause 9.1.4.

10. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

11. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

12. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In

particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

13. GENERAL

- 13.1 This document constitutes the sole record of the Agreement between the Parties in regard to the subject matter thereof.
- 13.2 None of the Parties shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 13.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all the Parties.
- 13.4 No latitude, extension of time or other indulgence which may be given or allowed by any Party to the other Parties in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
- 13.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and

necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.

13.6 None of the Parties shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties, which consent may not unreasonably be withheld or delayed.

14. COSTS

14.1 The Trust and Harmony shall bear the costs of and incidental to the negotiation, preparation and execution of this Agreement and the implementation of the transactions contemplated herein in accordance with the terms of the First Loan Agreement and this Agreement.

14.2 All legal costs incurred by any Party in consequence of any default of the provisions of this Agreement by any of the other Parties shall be payable on demand by the defaulting Party on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgment awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION)

/s/ Kevin Ryder

Name : Kevin Ryder
Capacity: AUTHORISED SIGNATORY
Who warrants his authority hereto

/s/ Mark Saunders Tyler

Name: Mark Saunders Tyler
Capacity: AUTHORISED SIGNATORY
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY LIMITED

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
ARMGOLD HARMONY JOINT INVESTMENT
COMPANY (PROPRIETARY) LIMITED

/s/ Frank Abbott

Name: Frank Abbott
Capacity: Director
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION) (AS TRUSTEE OF
THE TRUST)

/s/ Bradley Maxwell

Name: Bradley Maxwell for Anton Taljaard
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Clive Stewart

Name: Clive Stewart
Capacity: Authorised Signatory
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY
LIMITED (AS TRUSTEE OF THE TRUST)

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

/s/ Frank Abbott

Frank Abbott (AS TRUSTEE OF THE TRUST)

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
DENEYS REITZ TRUSTEES
(PROPRIETARY) LIMITED (AS TRUSTEE OF THE
TRUST)

/s/ Lionel Charles Shawe

Name: Lionel Charles Shawe
Capacity: Authorised Signatory
Who warrants his authority hereto

SCHEDULE 1

DENEYS REITZ TRUST ACCOUNT

<TABLE>
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Account Name : Deneys Reitz Inc. Trust Account
Account No : 505 101 009 81
Bank : First National Bank
Branch : Wierda Valley
Branch Code : 260 950
Reference : NED1059
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RIGHT OF PRE-EMPTION AND DEED OF ADHERENCE

between

NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

and

HARMONY GOLD MINING COMPANY LIMITED

and

AFRICAN RAINBOW MINERALS & EXPLORATION
INVESTMENTS (PROPRIETARY) LIMITED

and

ARMGOLD HARMONY JOINT INVESTMENT COMPANY
(PROPRIETARY) LIMITED

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" RIGHT OF PRE-EMPTION AND DEED OF ADHERENCE BETWEEN NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION) AND HARMONY GOLD MINING COMPANY LIMITED AND AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED AND ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED, DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

RIGHT OF PRE-EMPTION AND DEED OF
ADHERENCE

between

NEDBANK LIMITED (acting through its Nedbank Capital division)
(a limited liability public company registered in accordance
with the laws of South
Africa under Registration No. 1951/000009/06)
("NEDBANK")

and

HARMONY GOLD MINING COMPANY LIMITED
(a limited liability public company registered in accordance
with the laws of South
Africa under Registration No. 19501/038232/06)
("HARMONY")

and

AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS
(PROPRIETARY) LIMITED
(a limited liability private company registered in
accordance with the laws of South
Africa under Registration No. 1997/020158/07)
("ARMI")

and

ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY)
LIMITED
(a limited liability private company registered in accordance with the
laws of South Africa under Registration No. 2002/032163/07, formerly
named Clidet No 454
(Proprietary) Limited)
("AHJIC")

(CLIFFE DEKKER LOGO)
Attorneys

WHEREAS -

- A. Nedbank, Harmony, Deneys Reitz Trustees (Proprietary) Limited and Frank Abbott are the trustees of the ARM Broad-Based Empowerment Trust, an oral trust established by oral agreement between them as trustees and Frank Abbott as founder on 15 April 2005 ("TRUST").
- B. AHJIC intends selling 28,614,740 (twenty eight million six hundred and fourteen thousand seven hundred and forty) ordinary shares ("ARM SHARES") in the issued share capital of African Rainbow Minerals Limited (Registration No. 1933/004580/06) ("ARM") to the Trust.
- C. The Trust intends entering into an agreement of assignment with Harmony, AHJIC and ARMI ("AGREEMENT OF ASSIGNMENT"), in terms of which Harmony and AHJIC's rights and obligations under the voting agreement entered into between the parties hereto (other than Nedbank) on 16 February 2004 ("VOTING AGREEMENT") are assigned to the Trust and certain amendments are made to the Voting Agreement.
- D. In terms of the Voting Agreement as amended by the Agreement of Assignment ("AMENDED VOTING AGREEMENT"), the Trust will be entitled to pledge the ARM Shares as security, provided that the counter party to the pledge agrees in writing, as the holder of the pledge and before the pledge takes effect, to grant to ARMI a right of pre-emption over the ARM Shares, upon terms and conditions reasonably satisfactory to ARMI.
- E. The Trust has agreed to pledge the ARM Shares to Nedbank ("PLEDGE") as security for all of the Trust's obligations under two loan agreements entered, or to be entered, into between the Trust and Nedbank, in terms of which Nedbank had agreed to lend and advance an aggregate amount of R836,549,124.00 (eight hundred and thirty six

(CLIFFE DEKKER LOGO)

million five hundred and forty nine thousand one hundred and twenty four rands) to the Trust, which amount the Trust will apply in payment of the purchase price of the ARM Shares to AHJIC and in paying costs in respect thereof and as contemplated by the documents relating to the purchase of the ARM Shares.

THE PARTIES ACCORDINGLY AGREE THAT:

- 1 Nedbank confirms that it has been furnished with a copy of the Agreement of Assignment and the Voting Agreement.
- 2 Nedbank agrees that its right, as the pledgee of the ARM Shares in terms of the Pledge, to exercise all voting rights attaching to the ARM Shares (or any of them), shall be subject and subordinate to ARMI's prior right to exercise all those voting rights in terms of the Amended Voting Agreement, provided that, if Nedbank exercises its right under the Pledge to realise and dispose of the ARM Shares, or any of them, in any manner permitted by the Pledge (whether by taking them over in its own name or by any disposal to anyone else) ARMI's prior right to exercise all the voting rights attaching to the ARM Shares so realised and disposed of, shall cease with effect from the completion of the disposal.
- 3 Nedbank hereby grants to ARMI a right of pre-emption over the ARM Shares on the same terms and conditions mutatis mutandis as those contained in clause 10 of the Voting Agreement, prior to amendment by the Agreement of Assignment. The right of pre-emption shall apply during the Lock-up Period (as defined in the Amended Voting Agreement) only, notwithstanding the fact that clause 10 of the Voting Agreement applies for a period of 5 (five) years from the first day after the end of the said Lock-up Period applicable in terms of the Amended Voting Agreement.
- 4 ARMI agrees that the terms and conditions of the right of pre-emption referred to in clause 3 are satisfactory to it and the Pledge will accordingly

(CLIFFE DEKKER LOGO)

comply with the provisions of clause 7.5 of the Amended Voting Agreement.

- 5 Nedbank hereby undertakes to and in favour of ARMI to observe, perform and be bound by all the provisions of clause 10 of the Voting Agreement, prior to amendment by the Agreement of Assignment, but only in respect of the ARM Shares, and those provisions shall be applied mutatis mutandis as if and on the assumptions that Nedbank were the Trust and the ARM Shares were the remaining Controlled Shares (as defined in the Amended Voting Agreement), so that if Nedbank were to foreclose on the ARM Shares and exercise its right to realise them, it shall be obliged, before effecting the realisation, to offer the ARM Shares to ARMI in accordance with those provisions mutatis mutandis, on the assumptions specified in this clause 5.
- 6 ARMI acknowledges and agrees that it shall not have any rights in or to any of the ARM Shares sold to a third party after the provisions of this document have been fully complied with.
- 7 This document is supplemental to and shall be read with and be part of the Amended Voting Agreement and, insofar as it is relevant, the Voting Agreement, and accordingly all the provisions of the Amended Voting Agreement which are not expressly referred to in clause 5, but which are relevant to the provisions that are so referred to, shall apply to this document mutatis mutandis to the extent that they are relevant and can be so applied.
- 8 Without limiting the generality of clause 7, clause 18 of the Voting Agreement shall apply to this document and for the purposes of any notice to be given to Nedbank or legal process to be served upon it in accordance with those provisions, Nedbank chooses the following address and telefax number:

(CLIFFE DEKKER LOGO)

Nedbank 4th Floor
135 Rivonia Road
Sandown
Telefax No.: +27 11 294 8421
Attention: The Head: Specialised Finance

SIGNED at SANDTON on 15 APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING
THROUGH ITS NEDBANK CAPITAL DIVISION)

/s/ Kevin Ryder

Signature:

Kevin Ryder
Name of Signatory:

Authorised Signatory
Designation of Signatory:

/s/ Mark Saunders Tyler

Signature:

Mark Saunders Tyler
Name of Signatory:

Authorised Signatory
Designation of Signatory:

(CLIFFE DEKKER LOGO)

SIGNED at SANDTON on 15 APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY LIMITED

/s/ Nomfundo Qangule

Signature:

Nomfundo Qangule
Name of Signatory:

Director
Designation of Signatory:

SIGNED at SANDTON on 15 APRIL 2005.

For and on behalf of
AFRICAN RAINBOW MINERALS & EXPLORATION
INVESTMENTS (PROPRIETARY) LIMITED

/s/ Frank Abbott

Signature:

Frank Abbott
Name of Signatory:

Duly Authorised
Designation of Signatory:

SIGNED at SANDTON on 15 APRIL 2005.

For and on behalf of
ARMGOLD HARMONY JOINT INVESTMENT COMPANY
(PROPRIETARY) LIMITED

/s/ Frank Abbott

Signature:

Frank Abbott
Name of Signatory:

Director
Designation of Signatory:

(CLIFFE DEKKER LOGO)

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AGREEMENT OF ASSIGNMENT

between

AFRICAN RAINBOW MINERALS & EXPLORATION
INVESTMENTS (PROPRIETARY) LIMITED

and

HARMONY GOLD MINING COMPANY LIMITED

and

ARMGOLD HARMONY JOINT INVESTMENT COMPANY
(PROPRIETARY) LIMITED

and

THE TRUSTEES OF THE ARM BROAD-BASED
EMPOWERMENT TRUST

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" AGREEMENT OF ASSIGNMENT BETWEEN AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED AND HARMONY GOLD MINING COMPANY LIMITED AND ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED AND THE TRUSTEES OF THE ARM BROAD-BASED EMPOWERMENT TRUST, DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

AGREEMENT OF ASSIGNMENT

between

AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED

and

HARMONY GOLD MINING COMPANY LIMITED

and

ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED

and

THE TRUSTEES OF THE ARM BROAD-BASED EMPOWERMENT TRUST

CONTENTS

<TABLE>		
<S>		<C>
1.	INTERPRETATION.....	5
2.	SUSPENSIVE CONDITION AND CONSENT.....	6
3.	ASSIGNMENT.....	6
4.	RELEASES FOR HARMONY AND CLIDET.....	7
5.	AMENDMENTS TO THE VOTING AGREEMENT.....	7
6.	SAVING.....	12
</TABLE>		

APPENDIX 1 - The Voting Agreement (clause 1.1.5)

AGREEMENT OF ASSIGNMENT

between

AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED

(a private company incorporated in accordance with the laws of South Africa under Registration No. 1997/020158/07 with its principal office at ARM House, 29 Impala Road, Chislehurst, 2146, South Africa)

("ARMI")

and

HARMONY GOLD MINING COMPANY LIMITED

(a company incorporated in accordance with the laws of South Africa under Registration No. 1950/038232/06 with its registered office at Remaining Extent of Portion 3 of the farm Harmony, Farm 222, Private Road, Glen Harmony, Virginia 9430)

("Harmony")

and

ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED

(formerly Clidet No 454 (Proprietary) Limited, a private company incorporated in accordance with the laws of South Africa under Registration No. 2002/032163/07 with its registered office at Remaining Extent of Portion 3 of the farm Harmony, Farm 222, Private Road, Glen Harmony, Virginia 9430)

("Clidet")

and

the following persons in their capacities as the Trustees of the ARM Broad-based Empowerment Trust, an inter vivos trust created in terms of an oral agreement entered into on 15 April 2005:

HARMONY

FRANK ABBOTT

NEDBANK LIMITED (acting through its Nedbank Capital division)

(a public company incorporated in accordance with the laws of South Africa under Registration No. 1951/000009/06 with its principal office at c/o Nedbank, 135 Rivonia Road, Sandown)

("Nedbank")

DENEYS REITZ TRUSTEES (PROPRIETARY) LIMITED

(a private company incorporated in accordance with the laws of South Africa under Registration No. 1993/003017/07 with its principal office at 82 Maude Street, Sandton)

(all of whom are "the Trustees")

WHEREAS

- A. Clidet (which is a wholly owned subsidiary of Harmony) owns shares comprising approximately 16,5% (sixteen comma five per cent), and ARMI owns approximately 43% (forty three per cent), of the issued share capital of ARM.
- B. In terms of a Voting Agreement dated 16 February 2004, between ARMI, Harmony and Clidet, Harmony and Clidet granted ARMI the right to exercise all of Harmony and Clidet's voting rights (apart from a few exceptions) of their ARM Shares, subject to certain terms and conditions.

- C. Harmony and Clidet have approached ARMI for ARMI's consent for Clidet to dispose of 28 614 740 (twenty eight million six hundred and fourteen thousand seven hundred and forty) of its ARM Shares to the Trustees for the purposes of the Trust.
- D. ARMI has agreed to that disposal upon and subject to the terms and conditions of this Agreement.
- E. ARMI has already consented to the sale by Harmony of its ARM Shares and by Clidet of certain of its ARM Shares.

1. INTERPRETATION

1.1 Definitions

For the purposes of this Agreement and the preamble above, unless the context requires otherwise:

- 1.1.1 "this Agreement" means this agreement of assignment;
- 1.1.2 "Assignment Date" means the date on which the suspensive condition in clause 2 below is fulfilled and takes effect;
- 1.1.3 "the Trust" means the ARM Broad-Based Empowerment Trust, an inter vivos trust which was created in terms of an oral agreement on 15 April 2005;
- 1.1.4 "the Trustees" means the trustees acting in their capacities as trustees of the Trust;
- 1.1.5 "Voting Agreement" means the Voting Agreement dated 16 February 2004, between ARMI, Harmony and Clidet, which is referred to in the preamble above and of which a copy is attached as Appendix 1.

1.2 Application of Voting Agreement

Words and expressions defined in the Voting Agreement (as amended by this Agreement), and not defined in this Agreement, shall have the same meanings in this Agreement as those ascribed to them in the Voting Agreement as so amended.

1.3 Headings and Sub-headings

All the headings and sub-headings in this Agreement are for convenience only and are not to be taken into account for the purposes of interpreting it.

2. SUSPENSIVE CONDITION AND CONSENT

2.1 This Agreement is subject to the suspensive condition that Clidet sells and transfers 28 614 740 (twenty eight million six hundred and fourteen thousand seven hundred and forty) ARM Shares to the Trustees pursuant to the sale agreement between them dated 15 April 2005.

2.2 If that condition is not fulfilled this Agreement shall fall away and be of no further force or effect.

2.3 ARMI hereby agrees to the sale and transfer referred to in clause 2.1 above, subject to the condition that the Trustees enter into and sign this Agreement.

3. ASSIGNMENT

3.1 Harmony and Clidet assign to the Trustees, who accept the assignment of, all of Harmony and Clidet's rights and obligations under the Voting Agreement so that the Trustees shall be substituted on the Assignment Date in all respects for Harmony and Clidet under the Voting Agreement as if the Trustees had entered

into the Voting Agreement in their places, and upon and subject to the terms and conditions of this Agreement.

3.2 ARMI consents to the assignment in clause 3.1 above.

4. RELEASES FOR HARMONY AND CLIDET

Harmony, Clidet and ARMI agree that with effect from the Assignment Date:

4.1 Harmony and Clidet shall be irrevocably and unconditionally released by ARMI from all of their respective obligations to ARMI under the Voting Agreement;

4.2 ARMI in turn will be released irrevocably and unconditionally by Harmony and Clidet from all of its obligations to them under the Voting Agreement.

5. AMENDMENTS TO THE VOTING AGREEMENT

ARM and the Trustees agree that with effect from the Assignment Date the Voting Agreement shall be amended in the following respects:

5.1 Clause 1.1.4

5.1.1 The definition in clause 1.1.4 of "Avmin" shall be deleted and substituted by the following definition:

'"ARM" means African Rainbow Minerals Limited, formerly Anglovaal Mining Limited, a public company incorporated in accordance with the laws of South Africa under Registration No. 1933/004580/06 with its principal office at ARM House, 29 Impala Road, Chislehurst, 2146, South Africa'".

5.1.2 All references to "Avmin" in the Voting Agreement shall accordingly be references to ARM.

5.2 Clause 1.1.5

5.2.1 The definition in clause 1.1.5 of "Avmin Shares" shall be deleted and substituted by the following definition:

'"ARM Shares" means ordinary shares of R0.05 (five cents) each in ARM'S share capital'".

5.2.2 All references to "Avmin Shares" in the Voting Agreement shall accordingly be references to ARM Shares.

5.3 Clause 1.1.9

The definition in clause 1.1.9 of "Controlled Shares" shall be deleted and substituted by the following definition:

'"Controlled Shares" means the 28 614 740 (twenty eight million six hundred and fourteen thousand seven hundred and forty) ARM Shares which the Trustees' own (having acquired them from Clidet), and which represent approximately 14% (fourteen per cent) of ARM'S issued share capital on the Assignment Date, and shall include all Incremental ARM Shares which may be allotted to the Trustees from time to time'".

5.4 Clause 1.1.13

The definition in clause 1.1.13 of "Harmony Additional Shares" shall be deleted.

5.5 Clause 1.1.14

The definition in clause 1.1.14 of "Incremental Avmin Shares" shall be deleted and substituted by the following definition:

' "Incremental ARM Shares" means any new ARM Shares which may be allotted and issued by ARM to the Trustees from time to time, during the period commencing on the Assignment Date and terminating at the end of the Lock-up Period, as bonus or capitalisation shares or pursuant to a Rights Offer and which are attributable to the Controlled Shares" '.

5.6 Clause 1.1.22

The definition in clause 1.1.22 Of "Parties" shall be deleted and substituted by the following definition:

' "Parties" means ARM and the Trustees, the parties to this Agreement and where the context so requires includes their transferees in terms of clause 9.3 below; and "Party" means any one of them as the context may require" '.

5.7 Clause 4.1

Clause 4.1 Shall be deleted and substituted by the following new clause 4.1:

' "4. LOCK-UP PERIOD

For the purposes of this Agreement the "Lock-up Period" shall mean the period which commenced on the Effective Date and remains in force until the earlier of the following events:

4.1 the expiry of 3 (three) years from the Effective Date; or

4.1.2 when all of the old order rights held by Harmony and ARM, their respective subsidiaries, any company (not being a subsidiary of either) 30% (thirty per cent) or more of whose issued share capital is owned (directly or indirectly) by Harmony or ARM (as the case may be) and any other company which by virtue of Harmony's or ARM'S ownership or control of it would be an HDSA company, are converted into appropriate new order rights in terms of the MPRD Act."

5.8 Clauses 7.2, 7.3 and 7.4

5.8.1 The provisions of clauses 7.2, 7.3 and 7.4 shall be deleted and fall away.

5.8.2 ARMI and the Trustees record that simultaneously with the sale and transfer referred to in clause 2.1 above:

- (a) Nedbank is releasing from its pledge the ARM Shares which were pledged to it by Clidet as security for a loan advanced by Nedbank to Harmony during December 2004 after the earlier Pledge Agreement referred to in clause 7.2.1 of the Voting Agreement (prior to its amendment in terms of this Agreement) had fallen away; and
- (b) the Trustees are exercising their right under clause 7.5 of the Voting Agreement (as amended by this Agreement) to pledge all of the Controlled ARM Shares (which they are acquiring from Harmony pursuant to the sale and transfer referred to in clause 2.1 above) to Nedbank, subject to compliance by Nedbank with the requirements of that clause.

5.9 Clauses 8 and 9

5.9.1 All the provisions of clause 8 shall be deleted and fall away.

5.9.2 The provisions of clause 9, in so far as they impose any restrictions on ARMI's right to transfer any of its ARM Shares at any time, shall be deleted and fall away.

5.9.3 The Trustees acknowledge that with effect from the Assignment Date ARMI shall be entirely free to transfer to any person all the ARM Shares owned or

held by it at any time, now or in the future and whether directly or indirectly, and nothing in the Voting Agreement shall affect or restrict or otherwise prejudice its right to do so.

5.10 Clauses 10, 11 and 13

All the provisions of clauses 10, 11 and 13 shall be deleted and fall away.

5.11 Clauses 18.1.2 and 18.1.3

The Trustees choose for the purposes of clause 18.1.2 and 18.1.3 the following address and telefax number:

'c/o ARM
29 Impala Road
Chislehurst

Telefax No: (011) 883-5609''

5.12 Clause 20

The provisions of clause 20 shall be deleted and fall away.

5.13 Appendices 1 and 2

5.13.1 The provisions of Appendix 1 to the Voting Agreement shall be deleted and fall away.

5.13.2 ARMI and the Trustees acknowledge that the cession of ARMgold's rights against Nedbank pursuant to the Deed of Cession attached as Appendix 2 to the Voting Agreement fell away with the Pledge Agreement referred to in clause 5.8.2(a) above, and that accordingly Appendix 2 shall no longer form part of the Voting Agreement.

5.14 Clause Numbers

The deletion of clauses and sub-clauses in terms of the amendments made in accordance with this clause 5 shall not affect the numbering of the remaining clauses of the Voting Agreement.

6. SAVING

Save for the amendments to the Voting Agreement effected in terms of clause 5 above, all the provisions of the Voting Agreement shall continue to remain of full force and effect between ARMI and the Trustees.

SIGNED at Sandton on 15 April 2005.

For: AFRICAN RAINBOW MINERALS &
EXPLORATION INVESTMENTS
(PROPRIETARY) LIMITED

/s/ Frank Abbott

Signatory: Frank Abbott
Capacity: Duly Authorised
Authority: Resolution

SIGNED at SANDTON on 15 APRIL 2005

For: HARMONY GOLD MINING COMPANY LIMITED

/s/ Nomfundo Qangule

Signatory: Nomfundo Qangule
Capacity: DIRECTOR
Authority: RESOLUTION

SIGNED at Sandton on 15 April 2005

For: ARMGOLD HARMONY JOINT INVESTMENT
COMPANY (PROPRIETARY) LIMITED

/s/ Frank Abbott

Signatory: Frank Abbott
Capacity: Director
Authority: Resolution

SIGNED BY THE TRUSTEES OF THE ARM BROAD-BASED EMPOWERMENT TRUST
at SANDTON on 15 APRIL 2005.

For: HARMONY GOLD MINING COMPANY LIMITED
AS TRUSTEE

/s/ Nomfundo Qangule

Signatory: Nomfundo Qangule
Capacity: DIRECTOR
Authority: RESOLUTION

/s/ Frank Abbott

Frank Abbott as TRUSTEE

For: NEDBANK LIMITED

/s/ Clive Stewart

Signatory: Clive Stewart
Capacity: AUTHORISED SIGNATORY
Authority: RESOLUTION

/s/ Bradley Maxwell

Signatory: Bradley Maxwell
Capacity: Authorised Signatory,
Power of Attorney
Authority: Resolution

For: DENEYS REITZ TRUSTEES (PROPRIETARY)
LIMITED AS TRUSTEE

/s/ Lionel Charles Shawe

Signatory: Lionel Charles Shawe
Capacity: AUTHORISED SIGNATORY
Authority: RESOLUTION

ORIGINAL OF:

VOTING AGREEMENT

between

AFRICAN RAINBOW MINERALS &
EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED

and

HARMONY GOLD MINING COMPANY LIMITED

and

CLIDET NO.454 (PROPRIETARY) LIMITED

(ARMI LOGO)

(HARMONY LOGO)

(BOWMAN GILFILLAN LOGO)

African Law Firm of the year - Corporate - 2003 / 2004 (UK legal publisher
Chambers & Partners) Global Competition Review - Top 100 competition law firm

VOTING AGREEMENT

between

AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED

and

HARMONY GOLD MINING COMPANY LIMITED

and

CLIDET NO 454 (PROPRIETARY) LIMITED

CONTENTS

<TABLE>		
<S>	<C>	<C>
1.	INTERPRETATION.....	4
2.	PROVISIONS WHICH TAKE IMMEDIATE EFFECT.....	9
3.	SUSPENSIVE CONDITIONS.....	9
4.	LOCK-UP PERIOD.....	9
5.	SUBDIVISION AND CONSOLIDATION OF THE CONTROLLED SHARES.....	10
6.	IRREVOCABLE AUTHORITY.....	11
7.	LOCK-UP OF THE CONTROLLED SHARES.....	11
8.	RESTRICTIONS ON ARMI.....	12
9.	PERMITTED TRANSFERS.....	13
10.	ARMI'S RIGHT OF FIRST REFUSAL OVER ANY REMAINING CONTROLLED SHARES...	14
11.	MANDATORY OFFER.....	22
12.	RIGHTS OFFERS.....	22
13.	JOINT AND SEVERAL.....	24
14.	BREACH.....	24
15.	CONFIDENTIALITY.....	24
16.	GENERAL.....	25
17.	DISPUTE RESOLUTION.....	26
18.	ADDRESSES FOR LEGAL PROCESS AND NOTICES.....	27
19.	COSTS OF THIS AGREEMENT.....	29

</TABLE>
APPENDICES

1. Market value of non-cash consideration (clause 10.1.5.2)
2. Form of cession (clause 7.4)

VOTING AGREEMENT

between

AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED

(a private company incorporated in accordance with the laws of South Africa under Registration No. 1997/020158/07 with its principal office at ARM House, 29 Impala Road, Chislehurst, 2146, South Africa)

("ARMI")

and

HARMONY GOLD MINING COMPANY LIMITED

(a company incorporated in accordance with the laws of South Africa under Registration No. 1950/038232/06 with its registered office at Remaining Extent of Portion 3 of the farm Harmony, Farm 222, Private Road, Glen Harmony, Virginia 9430)

("Harmony")

and

CLIDET NO 454 (PROPRIETARY) LIMITED

(a private company incorporated in accordance with the laws of South Africa under Registration No. 2002/032163/07 with its registered office at Remaining Extent of Portion 3 of the farm Harmony, Farm 222, Private Road, Glen Harmony, Virginia 9430)

("Clidet")

WHEREAS

- A. Clidet, which is a wholly owned subsidiary of the Harmony Group of Companies, owns 38 789 761 (thirty eight million seven hundred and eighty nine thousand seven hundred and sixty one) Avmin Shares which represent approximately 34.5% (thirty four point five per cent) of Avmin's issued share capital.
- B. ARMI, Harmony and Avmin are entering into a series of merger transactions with one another, to merge certain of their interests into Avmin and establish Avmin as a black controlled mineral resources company under the control of ARMI.
- C. Upon the implementation of those merger transactions ARMI will own approximately 43.37% (forty three point three seven per cent) and Clidet's holding will be diluted down to approximately 19.17% (nineteen point one seven per cent) of Avmin's issued share capital.
- D. The Parties are entering into this Agreement as one of, and as a requirement of, the merger transactions, to vest control of Avmin in ARMI.

THE PARTIES ACCORDINGLY AGREE THAT:

1. INTERPRETATION

1.1 Definitions

For the purposes of this Agreement and the preamble above, unless the context requires otherwise:

1.1.1 "this Agreement" means this voting agreement;

1.1.2 "ARMI Transaction" means the Acquisition and Disposal Agreement which is being entered into between ARMI and Avmin, as one of the Merger Transactions, in terms of which Avmin is acquiring, in effect, certain, assets of ARMI and allotting and issuing 87 750 417 new Avmin Shares to ARMI, which, after their allotment, will constitute approximately 43.37% of Avmin's issued share capital;

- 1.1.3 "ARMgold" means African Rainbow Minerals Gold Limited;
- 1.1.4 "Avmin" means Anglovaal Mining Limited, a public company incorporated in accordance with the laws of South Africa under Registration No. 1993/004580/06;
- 1.1.5 "Avmin Shares" means ordinary shares of R0.05 each in Avmin's share capital;
- 1.1.6 "Business Day" means any day other than a Saturday, Sunday or statutory holiday in South Africa;
- 1.1.7 "the Code" means the Securities Regulation Code on Takeovers and Mergers and the Rules of the Securities Regulation Panel, promulgated in terms of the Companies Act;
- 1.1.8 "Companies Act" means the Companies Act, 1973;
- 1.1.9 "Controlled Shares" means the 38 789 761 (thirty eight million seven hundred and eight nine thousand seven hundred and sixty one) Avmin Shares which Clidet owns and will continue to own upon the implementation of the ARMI Transaction, and which will represent approximately 19.17% of Avmin's issued share capital after the Effective Date, and shall include all Incremental Avmin Shares which may be allotted to Clidet from time to time;
- 1.1.10 "Effective Date" means the date on which this Agreement becomes unconditional as provided for in clause 3.3 below;
- 1.1.11 "Encumber" means, in relation to the Controlled Shares, to pledge, cede as security, mortgage or otherwise hypothecate any such share, or subject any such share to any lien, preferential right, trust arrangement or other similar arrangement for the purpose of securing any obligation owed to any person, or having the effect of any such share becoming security for any such obligation, or to let them under any lease or lend them under any loan agreement, and "Encumbrance" shall have a corresponding meaning;
- 1.1.12 "Excluded Voting Rights" means, in relation to the Controlled Shares, the right to vote on any special resolution, or on an ordinary resolution required for the purposes of section 228 of the Companies Act or a resolution to approve a scheme of arrangement in terms of section 311 of the Companies Act, or any other resolution which, if approved, would result in a disposal of the Controlled Shares or any of them by Clidet;

- 1.1.13 "Harmony Additional Shares" means 2 000 000 ordinary shares in the issued share capital of Avmin, acquired in terms of an agreement between Avmin, African Rainbow Minerals Platinum (Proprietary) Limited, Harmony and Kalahari Goldridge Mining Company Limited, concluded at about the same time as this agreement;
- 1.1.14 "Incremental Avmin Shares" means any new Avmin Shares which may be allotted and issued by Avmin to Clidet from time to time, during the period commencing on the Effective Date and terminating 5 years after the Lock-up Period, as bonus or capitalisation shares or pursuant to a Rights Offer and which are attributable to the Controlled Shares;
- 1.1.15 "JSE" means the JSE Securities Exchange South Africa;
- 1.1.16 "JSE Price" means, in relation to any Controlled Shares purchased by ARML in terms of clause 10.2 below, a price per share which is equal to the volume weighted average of the traded prices of an Avmin Share on the JSE over the 30 days ending 1 Business Day before the date of the offer, as certified by Harmony's sponsor for the time being, whose certificate shall be prima facie evidence of that price per share;
- 1.1.17 "LAs" shall have the meaning ascribed to it in the listing requirements of the JSE;
- 1.1.18 "Lock-up Period" means the period specified in clause 4 below;
- 1.1.19 "Meeting" means any meeting of any kind of the members of Avmin or any class of them, including without being limited to any general meeting or class meeting convened in terms of Avmin's articles of association, any meeting or class meeting convened in terms of the Companies Act and any other formal meeting of members of any kind;
- 1.1.20 "Mining Charter" means the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry, dated 11 October 2002;
- 1.1.21 "MPRD Act" means the Mineral and Petroleum Resources Development Act, 2002;
- 1.1.22 "Parties" means ARML, Harmony and Clidet, the parties to this Agreement and where the context so requires includes their transferees in terms of clause 9.3 below; and "Party" means any one of them as the context may require;
- 1.1.23 "Rights Offer" shall have the meaning ascribed to it in the listing requirements of the JSE;

- 1.1.24 "Signature Date" means the last date on which this Agreement is signed by the Parties;
- 1.1.25 "Transfer" means, in relation to any property, any form of delivery or transfer, whether actual or symbolic, and includes any underlying contract for any such delivery or transfer including without being limited to any sale, donation or other contract for the alienation of ownership of the property in question; and
- 1.1.26 "Voting Rights" means, in relation to the Controlled Shares, the right to exercise all the votes carried by the Controlled Shares at any Meeting which Clidet, as the owner of the Controlled Shares, would be entitled to attend and at which it would be entitled to exercise those votes, but not the Excluded Voting Rights (which are excluded).

1.2 General Interpretation

For the purposes of this Agreement the following rules of construction shall apply, unless the context requires otherwise:

- 1.2.1 a reference to any one gender, whether masculine, feminine or neuter, includes the other two;
- 1.2.2 any reference to a person includes, without being limited to, any individual, body corporate, unincorporated association or other entity recognised under any law as having a separate legal existence or personality;
- 1.2.3 any word or expression defined in, and for the purposes of this Agreement shall, if expressed in the singular include the plural and vice versa, and a cognate word or expression shall have a corresponding meaning;
- 1.2.4 references to a statutory provision include any subordinate legislation made from time to time under that provision and references to a statutory provision include that provision as from time to time modified or re-enacted as far as such modification or re-enactment applies, or is capable of applying, to this Agreement or any transaction entered into in accordance with this Agreement;

- 1.2.5 a "law" shall be construed as any law (including common law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure or enactment of any government, local government, statutory or regulatory body or court and shall be deemed to include the rules and other requirements of any applicable stock exchange;
 - 1.2.6 references in this Agreement to "clauses" and "Appendices" are to clauses of, and appendices to, this Agreement;
 - 1.2.7 any reference in this Agreement to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or that other agreement, document or instrument as amended, varied, novated or substituted from time to time;
 - 1.2.8 words and expressions defined in the Companies Act which are not defined in this Agreement shall have the same meanings in this Agreement as those ascribed to them in the Companies Act;
 - 1.2.9 any word and expression defined in any clause shall, unless the application of the word or expression is specifically limited to the clause in question, bear the meaning ascribed to the word or expression throughout this Agreement;
 - 1.2.10 no rule of construction shall be applied to the disadvantage of a Party to this Agreement because that Party was responsible for or participated in the preparation of this Agreement or any part of it;
 - 1.2.11 where any number of days is prescribed, if the last day falls on a day which is not a Business Day, it shall be deemed to fall on the next succeeding Business Day.
- 1.3 Headings and Sub-headings
- All the headings and sub-headings in this Agreement are for convenience only and are not to be taken into account for the purposes of interpreting it.

2. PROVISIONS WHICH TAKE IMMEDIATE EFFECT

The provisions of this clause 2 and clauses 1,3, 14, 15, 16, 17, 18 and 19 shall take effect and become operative immediately upon the Signature Date.

3. SUSPENSIVE CONDITIONS

3.1 All the provisions of this Agreement, except for those which take effect and become operative immediately in terms of clause 2 above, shall be subject to the fulfilment by 30 April 2004 or such later date as the Parties may agree in writing (which agreement shall not be unreasonably withheld or delayed), of the suspensive condition that the ARMI Transaction will have been duly entered into, that it will have become unconditional and taken effect, and that the 87 750 417 (eighty seven million seven hundred and fifty thousand four hundred and seventeen) new Avmin Shares to be acquired by ARMI in accordance with its terms will have been duly allotted and issued to ARMI.

3.2 If that suspensive condition is not fulfilled by 30 April 2004 or such later date as may be agreed upon in writing (which agreement shall not be unreasonably withheld or delayed), then the provisions of this Agreement that are suspended shall not take effect and those that have taken effect and become operative shall fall away, unless otherwise provided for in this Agreement.

3.3 If that suspensive condition is fulfilled, then all the provisions of this Agreement which were suspended in terms of clause 3.1 above shall also take effect and become operative, and the whole of this Agreement shall accordingly become unconditional.

4. LOCK-UP PERIOD

4.1 For the purposes of this Agreement the "Lock-up Period" shall mean the period which commences on the Effective Date and remains in force until the earlier of the following events:

4.1.1 the expiry of 3 (three) years from the Effective Date; or

4.1.2 when all of the old order rights held by Harmony, its subsidiaries, any company (not being a subsidiary) whose issued share capital is 30% (thirty per cent) or more owned (directly or indirectly) by Harmony and any other company which by virtue of Harmony's ownership or control of it would be an HDSA company, are converted into appropriate new order rights in terms of the MPRD Act.

4.2 For the purposes of clause 4.1 above:

4.2.1 "HDSA company" shall have the meaning ascribed to it in the Mining Charter;

4.2.2 "new order rights" means any one of the following rights which is issued in terms of (and as defined in) the MPRD Act, as a result of the conversion of an old order right:

4.2.2.1 a prospecting right;

4.2.2.2 a mining right;

4.2.2.3 a mining permit; or

4.2.2.4 a retention permit;

4.2.3 "old order rights" shall have the meaning ascribed to them in the Transitional Arrangements in Schedule II to the MPRD Act.

5. SUBDIVISION AND CONSOLIDATION OF THE CONTROLLED SHARES

If at any time while this Agreement remains in force any of the Controlled Shares are subdivided into more shares or consolidated into fewer shares they shall still remain Controlled Shares and be subject to all of the provisions of this Agreement.

6. IRREVOCABLE AUTHORITY

6.1 Clidet hereby grants to ARMI irrevocably and in rem suam the power and authority to do all of the following in Clidet's name during the Lock-up Period:

6.1.1 to exercise all of the Voting Rights of the Controlled Shares at any Meeting at which they are exercisable, as fully and as effectually in all respects as if ARMI itself were the absolute owner of those rights; and

6.1.2 to appoint itself as Clidet's proxy for the Controlled Shares, for the purposes of any such Meeting and to complete in such manner as it deems fit, and sign, any form of proxy required for that purpose.

6.2 ARMI shall be obliged to consult Harmony at least 5 (five) days before any Meeting about the way in which it proposes to exercise all the voting rights which it will be entitled to exercise at the Meeting, including the Voting Rights of the Controlled Shares, with a view to reaching a consensus with Harmony (if possible), provided that nothing in this clause shall preclude or restrict in any way ARMI's rights to exercise all of the voting rights of its own Avmin Shares and all of the Voting Rights of the Controlled Shares in such way as it deems fit, at the Meeting in question.

7. LOCK-UP OF THE CONTROLLED SHARES

7.1 Clidet may not Transfer or, subject to clauses 7.2 to 7.5 below, Encumber the Controlled Shares or any of them during the Lock-up Period, without ARMI's prior written consent.

7.2 ARMI acknowledges that:

7.2.1 Clidet has pledged 19 394 880 (nineteen million three hundred and ninety four thousand eight hundred and eighty) (the "pledged shares") of the Controlled Shares to Nedbank Limited ("Nedbank"), as security for certain obligations of Harmony to Nedbank, in terms of a Pledge in Security Agreement dated 5 June 2003 (the "Pledge Agreement");

- 7.2.2 Nedbank, as the pledgee, has granted to Harmony's wholly owned subsidiary, ARMgold, a right of pre-emption over the pledged shares in terms of a separate joint venture agreement dated 27 May 2003 (the "Pre-emption Agreement").
- 7.3 ARMI agrees that the pledged shares may remain pledged to Nedbank in accordance with the Pledge agreement.
- 7.4 Harmony undertakes that, subject to Nedbank's consent (if necessary), ARMgold will cede all of its rights under the Pre-emption Agreement to ARMI substantially in accordance with the form of cession which is attached as Appendix 2, and that ARMgold will sign and enter into that cession immediately after the Signature Date.
- 7.5 Notwithstanding anything to the contrary anywhere else in this Agreement, Clidet shall be entitled to Encumber the Controlled Shares, or any of them, at any time, even during the Lock-up Period, provided that the counter party to the Encumbrance agrees in writing, as the holder of the Encumbrance and before the Encumbrance takes effect, to grant to ARMI a right of pre-emption over the Controlled Shares to be Encumbered, upon terms and conditions reasonably satisfactory to ARMI.
- 8. RESTRICTIONS ON ARMI
 - 8.1 In order to ensure that it will continue to own (directly or indirectly) during the Lock-up Period, as many Avmin Shares as will be required, together with all of the Controlled Shares which Clidet is obliged to retain during that period, to constitute more than 50% (fifty per cent) of Avmin's issued equity share capital, ARMI undertakes and warrants to Harmony that:
 - 8.1.1 it will not, during the Lock-up Period, Transfer any of its Avmin Shares which are so required to make up that number;
 - 8.1.2 more than 50% (fifty per cent) of its own issued share capital is at the Signature Date and, during the Lock up Period, will continue to be owned and controlled by "Historically Disadvantaged South Africans" as contemplated in the Mining Charter.

- 8.2 ARMI shall be free to Transfer any of its Avmin Shares not required to satisfy its obligations in terms of clause 8.1 above, and accordingly nothing in this Agreement shall preclude it from Transferring any of its Avmin Shares not so required.
- 8.3 ARMI shall also be free to Encumber any of its Avmin Shares at any time, provided that if it proposes to Encumber any of its Avmin Shares required to satisfy its obligations in terms of clause 8.1 above, the counter party to the Encumbrance agrees in writing, as the holder of the Encumbrance and before the Encumbrances takes effect; to grant to Harmony a right of pre-emption over the Avmin Shares to be so Encumbered, upon conditions reasonably satisfactory to Harmony.
- 9. PERMITTED TRANSFERS
 - 9.1 For the purposes of this clause 9 "locked-up shares" shall mean:
 - 9.1.1 in relation to Clidet, the Controlled Shares;
 - 9.1.2 in relation to ARMI, the Avmin Shares which it is not permitted to Transfer in terms of clause 8.1 above.
 - 9.2 Notwithstanding anything to the contrary anywhere else in this Agreement any Transfer by ARMI of all (and not fewer than all) of its locked-up shares to any other company which is its wholly owned subsidiary shall be permitted, provided that:
 - 9.2.1 the transferee continues to be a wholly owned subsidiary of ARMI for as long as it holds all (and not fewer than all) of the locked-up shares;
 - 9.2.2 no Transfer may be effected in terms of this clause 9.2 unless and until the transferee will have first agreed in writing to become a party to and be bound by this Agreement in accordance with the requirements of clause 9.4 below; and
 - 9.2.3 ARMI shall continue to be bound by this Agreement and undertakes that if the transferee, after having taken transfer of the locked-up shares, ceases to be

its wholly owned subsidiary, the transferee will prior to so ceasing Transfer all (and not fewer than all) of the locked-up shares back to ARMI.

9.3 Any Transfer by Clidet of all (and not fewer than all) of its locked-up shares subject to the same provisions as those applicable to ARMI in clause 9.2 above (which shall apply mutatis mutandis) shall be permitted except that:

9.3.1 the transferee may be any wholly owned subsidiary of Harmony;

9.3.2 the provisions of clause 9.2.3 shall apply to Harmony as well as Clidet.

9.4 Where a transferee is required to become a party to and be bound by this Agreement it shall be required to enter into and sign a deed of adherence to observe, perform and be bound by all the terms of this Agreement which are capable of applying to it, and no Transfer may be effected to it unless and until such a deed has been executed.

10. ARMI'S RIGHT OF FIRST REFUSAL OVER ANY REMAINING CONTROLLED SHARES

At the end of the Lock-up Period ARMI shall have a right of first refusal to purchase from Clidet all of the Controlled Shares then owned by Clidet (the "remaining Controlled Shares") in accordance with the following provisions:

10.1 Third Party Transactions off the JSE

10.1.1 If Clidet wishes to Transfer any of the remaining Controlled Shares to any person other than ARMI, in a transaction off the JSE, it shall first offer to sell the remaining Controlled Shares in question (the "offered shares") to ARMI in accordance with the provisions of this clause 10.1, provided that no such offer may be made by Clidet unless and until it will have received a written offer (the "third party offer") from a bona fide unrelated third party (the "third party") for the acquisition of the offered shares.

10.1.2 Any offer ("the offer") by Clidet to ARMI of the offered shares in terms of clause 10.1 above, shall be made in writing and shall comply with the following requirements:

- 10.1.2.1 it shall be delivered to ARMI at its address set out in clause 18.1 below and shall be accompanied by a true copy of the third party offer;
- 10.1.2.2 the offer shall, if and to the extent that such information is available to Clidet, specify the true identity of the third party and, if it is a company, details of its shareholders up to (whether directly or indirectly) its holding company (if any), and shall include any further particulars (if applicable) required in terms of clause 10.1.5.1 below;
- 10.1.2.3 it shall contain and be subject to all the terms and conditions of the third party offer, provided that to the extent that those terms and conditions are in conflict with or otherwise inconsistent with any of the provisions of this clause 10.1, the provisions of this clause 10.1 shall prevail and the terms and conditions set out in the third party offer shall be deemed to be altered accordingly;
- 10.1.2.4 it shall specify the purchase price ("the offer price") to be paid for the offered shares, which must be a sum payable in South African rands;
- 10.1.2.5 it shall be irrevocable until 5.30 p.m. on the last of 30 (thirty) days ("the cut-off time") from its receipt by ARMI;
- 10.1.2.6 it shall not be capable of partial acceptance unless otherwise specified by Clidet in the offer;
- 10.1.2.7 it shall specify that it may be accepted by ARMI, only by giving written notice to Clidet's address specified in clause 18.1 below (or any other address specified in the offer), by the cut-off time.
- 10.1.3 If the offer is duly accepted by ARMI, then the sale and purchase (the "purchase agreement") of the offered shares which will result shall be on the terms and conditions of the third party offer, subject however to the following

provisions which shall take precedence and prevail over any of the terms and conditions of the third party offer:

- 10.1.3.1 the purchase agreement shall be subject to the suspensive conditions that:
 - (a) any consent or approval which may be required under any law, as a necessary pre-requisite for the sale and purchase or its implementation is duly obtained;
 - (b) the rules and listing requirements of each stock exchange on which the offered shares are listed are duly complied with;
- 10.1.3.2 the purchase price payable by ARMI shall be the price specified in the offer in accordance with clause 10.1.2.4 above;
- 10.1.3.3 the offered shares shall be sold and purchased free from all claims, liens, pledges and other hypothecations and encumbrances;
- 10.1.3.4 payment of the purchase price by ARMI shall be made within the period specified in the third party offer or within a period of 30 (thirty) days after its acceptance by ARMI, or immediately after any regulatory or other consent which may be necessary is obtained, whichever of those periods ends the later, provided that if such payment occurs after the due date for payment specified in the offer, ARMI shall pay interest on the offer price at the prime rate (as determined in terms of clause 10.1.6 below) from the payment date specified in the third party offer until the date of payment;
- 10.1.3.5 Clidet shall, against payment by ARMI in terms of clause 10.1.3.4 above or if applicable, clause 10.1.3.9 below, deliver the offered shares (being uncertificated securities) to ARMI in accordance with the requirements of section 91A of the

Companies Act, and both Parties shall take all such steps and do everything required of them for that purpose.;

- 10.1.3.6 Clidet shall do all such other things and execute all such other documents as ARMI may reasonably require to give effect to the purchase agreement;
- 10.1.3.7 each Party shall use reasonable endeavours to obtain any regulatory or other consents that may be needed to enable the purchase agreement to be implemented. If such consents are refused, the purchase agreement shall become void and the Parties shall be released from their obligations under this clause 10.1.3, and ARMI shall forfeit its pre-emptive rights in respect of any proposed future Transfers of, and only to the extent of, that number of remaining Controlled Shares which is equal to the number of offered shares;
- 10.1.3.8 ARMI may within the 30 (thirty) day period referred to in clause 10.1.3.4 above provide Clidet with a written statement by ARMI's financiers (if any) to the effect that they are prepared to provide the necessary funds to ARMI to enable it to purchase the offered shares at the end of the 30 (thirty) day period;
- 10.1.3.9 if ARMI provides the written statement referred to in clause 10.1.3.8 above, and if the funds referred to in that clause are not available at the end of the 30 (thirty) day period in question then, provided that ARMI provides proof, to the reasonable satisfaction of Clidet, before the end of the 30 (thirty) day period, that payment of the purchase price will be made within a further 30 (thirty) days from the end of the first 30 (thirty) day period, ARMI shall have an additional 30 (thirty) day period from the end of the first 30 (thirty) day period to pay the purchase price;
- 10.1.3.10 should ARMI commit a material breach of the purchase agreement or fail to make payment at the end of the first 30 (thirty) day period or the additional 30 (thirty) day period, as the case may be, Clidet shall without prejudice to its other rights in

law be entitled to cancel the purchase agreement and ARMI shall forfeit its pre-emptive rights in respect of any proposed future Transfers of, and only to the extent of, that number of remaining Controlled Shares which is equal to the number of offered shares.

- 10.1.4 Should the offer not be accepted by ARMI by the cut-off time, then Clidet shall be entitled to accept the third party offer for all (and not fewer than all) of the offered shares, provided that:
 - 10.1.4.1 the third party offer is accepted within 14 (fourteen) days from the date on which Clidet receives written notification from ARMI of its rejection of the offer or the offer expires, whichever is the earlier;
 - 10.1.4.2 the agreement with the third party which results from the acceptance of its offer (the "third party transaction") is not made for a price or on terms and conditions which are more favourable to the third party than those offered to ARMI in terms of the offer, provided that if the whole or any part of the consideration to be paid by the third party (the "third party consideration") is not payable in South African rands, the market value in South African rands, (as determined in accordance with clause 10.1.5 below) of so much of it as is not payable in South African rands (the "non-cash consideration") may not be more favourable, or result in a more favourable third party consideration, than the offer price and the terms and conditions first offered to ARMI in terms of the offer;
 - 10.1.4.3 subject to clauses 10.1.3.7 and 10.1.3.10 above, should the third party offer not be accepted within the 14 (fourteen) days referred to in clause 10.1.4.1, all the provisions of this clause 10.1 shall continue to remain in force for, and apply to, all of the remaining Controlled Shares (including the offered shares), so that none of them may be Transferred to any other person without first being offered again to ARMI in terms of this clause 10.1.

- 10.1.5 The market value of any non-cash consideration referred to in the proviso to clause 10.1.4.2 above, whatever the nature of that non-cash consideration may be, shall be determined in accordance with the following provisions:
- 10.1.5.1 The offer to be delivered to ARMI shall include the following further particulars: The nature and details of the non-cash consideration making up or included in the third party consideration, and Clidet's opinion on its market value which may not be a value that results in the third party consideration being lower than the offer price, based on Clidet's opinion.
- 10.1.5.2 If ARMI does not agree with Clidet's opinion in the offer on the market value of the non-cash consideration in question, by the cut-off time, then that market value shall be determined in accordance with the provisions of Appendix 1, subject to the following:
- (a) the cut-off time shall be extended until 5.30 p.m. on the last of 5 (five) Business Days from the date on which the market value of the non-cash consideration in question will have been determined in accordance with Appendix 1;
 - (b) if the market value of the non-cash consideration has to be determined by the "third merchant bank" in terms of Appendix 1, then the third merchant bank shall review the third party consideration and the offer price, but it shall be instructed to determine (and its mandate shall be limited accordingly) merely whether or not the third party consideration is more favourable to the third party than the offer price.
- 10.1.5.3 If the market value of the non-cash consideration is so determined at a value that results in the third party consideration being equal to or greater than the offer price, or not more favourable to the third party than the offer price (as the case may be) then the offer shall be open for acceptance by ARMI until the

extended cut-off time referred to in clause 10.1.5.2(a) above; and if ARMI does not exercise its right to purchase the offered shares before that extended cut-off time, Clidet shall be free to Transfer them to the third party for the third party consideration in accordance with and subject to the provisions of this clause 10.

10.1.5.4 If the market value of the non-cash consideration is so determined at a value that results in the offer price being greater than the third party consideration or more favourable to the third party (as the case may be), then; unless otherwise agreed in writing, the offer shall lapse and fall away and Clidet must again follow the procedure set forth in this clause 10.1 prior to the Transfer of the remaining Controlled Shares, including the offered shares.

10.1.6 For the purposes of clause 10.1.3 above "prime rate" means the rate (per cent per annum) from time to time charged by ABSA Bank Limited for similar amounts on unsecured overdraft to its prime customers in good standing in the private sector, as certified by the manager of that bank whose appointment need not be proved, calculated on a daily basis and compounded monthly in arrear.

10.2 Sales on the JSE

10.2.1 If Clidet wishes to sell any of the remaining Controlled Shares otherwise than under a third party transaction in accordance with clause 10.1 above, it shall first offer to sell the shares in question (the "offered shares") to ARMI in accordance with the provisions of this clause 10.2.

10.2.2 Any offer (the "offer") by Clidet to ARMI of the offered shares in terms of clause 10.2.1 above shall be made in writing and shall comply with the following requirements:

10.2.2.1 the offer shall be open for acceptance by ARMI for 3 (three) Business Days after ARMI receives the offer;

- 10.2.2.2 it shall specify the purchase price to be paid for the offered shares, which shall be the JSE Price multiplied by the number of offered shares, payable in South African rands;
- 10.2.2.3 it shall be irrevocable until 5.30 p.m. on the last of 3 (three) Business Days (the "cut-off time") from its receipt by ARMI;
- 10.2.2.4 it shall not be capable of partial acceptance unless otherwise specified by Clidet in the offer;
- 10.2.2.5 it shall specify that it may be accepted by ARMI, only by giving written notice to Clidet's address specified in clause 18.1 below (or any other address specified in the offer), by the cut-off time.
- 10.2.3 if the offer is duly accepted by ARMI, then the agreement for the sale and purchase of the offered shares which results (the "purchase agreement") shall be on the same terms and conditions as those set out in clauses 10.1.3.1 to 10.1.3.10 above, which shall be applied mutatis mutandis, provided that the purchase price payable by ARMI shall be the price specified in clause 10.2.2.2 above.
- 10.2.4 should any such offer not be accepted by ARMI by the cut-off time, then Clidet shall be entitled to sell the offered shares on the JSE at any price in the ordinary course, provided that:
 - 10.2.4.1 if any of the offered shares are not sold in that way within 30 (thirty) days from the date on which ARMI rejects Clidet's offer in writing or the offer expires, whichever is the earlier, all of the remaining Controlled Shares (including the offered shares which are not so sold within that period) shall continue to remain subject to this right of pre-emption and may not be Transferred without first being offered again to ARMI in terms of this clause 10;
 - 10.2.4.2 Clidet shall be obliged to furnish to ARMI on request satisfactory proof of the sale of all the offered shares which will have been

sold within that period of 30 (thirty) days as contemplated in clause 10.2.4.1 above.

10.3 ARMI's right of pre-emption in terms of this clause 10 shall take effect and become operative from the first day after the end of the Lock-up Period and remain in force for a period of 5 (five) years from that date, and its exercise of this right of pre-emption for any part of those shares during that period will not affect a continuing application of this right of pre-emption to the rest of the remaining Controlled Shares during the same period.

11. MANDATORY OFFER

If ARMI purchases any Controlled Shares from Clidet, pursuant to clause 10 above, and if the purchase is an 'affected transaction' for the purposes of the Code, ARMI undertakes to Harmony and Clidet that, unless exempted under the Code, it will make a mandatory offer to the other shareholders of Avmin, including Clidet in respect of any of its remaining Controlled Shares, subject to and in accordance with the requirements of the Code.

12. RIGHTS OFFERS

Should Avmin make a Rights Offer at any time during the period from the Effective Date until the end of the 5 (five) years referred to in clause 10.3 above (being the 5 (five) years for which ARMI's right of pre-emption remains in force), which Clidet does not wish to accept for any of the Controlled Shares, ARMI shall have the right of first refusal to purchase the rights which Clidet does not wish to accept (the "unwanted rights") on the following terms:

12.1 Clidet shall be obliged to offer the unwanted rights to ARMI (unless prohibited from doing so by law or by the Listing Requirements of the JSE) at least 6 (six) Business Days before the last date to trade the LAs issued for the rights offer.

12.2 Any offer (the "offer") by Clidet to ARMI of the unwanted rights in terms of clause 12.1 above shall be made in writing and shall comply with the following requirements:

- 12.2.1 the offer shall be open for acceptance by ARMI for 3 (three) Business Days after ARMI receives the offer;
- 12.2.2 it shall specify the purchase price to be paid for the unwanted rights, which if the rights are listed on the JSE shall be a price calculated for them at the rate of the volume weighted average of the traded prices of a single right on the JSE over the 3 (three) days ending 1 (one) Business Day before the date of the offer, as certified by Harmony's sponsor for the time being whose certificate shall be prima facie evidence of that price;
- 12.2.3 it shall be irrevocable until 5.30 p.m. on the last of 3 (three) Business Days (the "cut-off time") from its receipt by ARMI;
- 12.2.4 it shall not be capable of partial acceptance unless otherwise specified by Clidet in the offer;
- 12.2.5 it shall specify that it may be accepted by ARMI, only by giving written notice to Harmony and Clidet at their addresses specified in clause 18.1 below (or any other address specified in the offer), by the cut-off time.
- 12.3 If the offer is duly accepted by ARMI then the agreement for the sale and purchase of the unwanted rights which results shall be on the following terms and conditions:
 - 12.3.1 the purchase price payable by ARMI shall be the price specified in the offer in accordance with clause 12.2.2 above;
 - 12.3.2 that purchase price shall be payable in South African rands against renunciation of the unwanted rights to ARM;
- 12.4 Should the offer not be accepted by ARMI by the cut-off time, then Clidet shall be entitled to sell the unwanted shares on the JSE at any price in the ordinary course, or to any third party off the JSE for a purchase price and terms which are not more favourable than the purchase price and terms specified in clause 12.3 above.

13. JOINT AND SEVERAL

Harmony warrants to ARMI that Clidet will comply with and perform all of its obligations under this Agreement and shall be jointly and severally liable for all of those obligations.

14. BREACH

Without prejudice to any other rights or remedies which any Party may have, each Party acknowledges and agrees that damages would not be an adequate remedy for any breach by it of this Agreement and any other Party shall be entitled to the remedies of interdict, specific performance and other equitable relief for any threatened or actual breach of any such provisions by it or any other relevant person and no proof of special damages shall be necessary for the enforcement by any Party of the rights under this Agreement.

15. CONFIDENTIALITY

15.1 Announcements

No Party shall publish any announcement of this transaction through any of the media until the other Parties shall have approved in writing the proposed announcement (which approval shall not be unreasonably withheld or delayed). Any Party may, however, publish such announcement (without such approval) if required to do so by law or by any securities exchange or regulatory or governmental body to which it is subject, wherever situated; provided only that such Party shall, if it is Harmony or Clidet consult ARMI, or if it is ARMI consult Harmony, before publishing the announcement, and shall provide the Party to be consulted with a copy of the announcement prior to such publication.

15.2 Confidentiality

All information or documents which may be made available to any Party by either of the others for the purposes of this Agreement, whether before or after the Signature Date, shall be kept in the strictest confidence by the receiving Party.

16. GENERAL

16.1 Communications between the Parties

All notices, demands and other oral or written communications given or made by or on behalf of a Party to the other Parties shall be in English or accompanied by a certified translation into English.

16.2 Remedies

No remedy conferred by this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, by statute or otherwise. Each remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law, by statute or otherwise. The election of any one or more remedy by any of the Parties shall not constitute a waiver by such Party of the right to pursue any other remedy.

16.3 Severance

If any provision of this Agreement, which is not material to its efficacy as a whole, is rendered void, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

16.4 Entire Agreement

16.4.1 This Agreement (including the Appendices) constitutes the entire agreement between the Parties in regard to its subject matter.

16.4.2 No Party shall have any claim or right of action arising from any undertaking, representation or warranty not included in this Agreement or the Appendices.

16.5 Variations

No agreement to vary, add to or cancel this Agreement shall be of any force or effect unless recorded in writing and signed by or on behalf of all of the Parties.

16.6 Assignment

Save as otherwise provided anywhere in this Agreement, no Party may cede any of its rights or delegate any of its obligations under this Agreement.

16.7 General Co-operation

The Parties shall co-operate with each other and execute and deliver to each other such other instruments and documents and take such other actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights and the intended purpose of this Agreement.

16.8 Counterparts

This Agreement may be signed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each Party may enter into this Agreement by signing any such counterpart

16.9 Governing law

The validity of this Agreement, its interpretation, the respective rights and obligations of the Parties and all other matters arising in any way out of it or its expiration or earlier termination for any reason shall be determined in accordance with the laws of South Africa.

17. DISPUTE RESOLUTION

17.1 AFSA Arbitration

In the event of there being any dispute or difference between the Parties arising out of this Agreement, or in connection with it, or regarding its interpretation, validity, execution, implementation, termination or cancellation, the said dispute or difference shall on written demand by any Party to the dispute be submitted to arbitration in Johannesburg in accordance with the rules of the Arbitration Foundation of Southern Africa ("AFSA").

17.2 Appeals

Any Party to the arbitration may appeal the decision of the arbitrator or arbitrators in terms of the Rules of AFSA.

17.3 Court Relief

Nothing herein contained shall be deemed to prevent or prohibit a Party to the arbitration from applying to the appropriate court for urgent relief.

17.4 Proceedings in Camera

Any arbitration in terms of this clause 17 shall be conducted in camera and the Parties shall treat as confidential and not disclose to any third party details of the dispute submitted to arbitration, the conduct of the arbitration proceedings or the outcome of the arbitration, without the written consent of all the Parties thereto.

17.5 Survival Beyond Termination or Cancellation

The provisions of this clause 17 shall remain binding upon the Parties notwithstanding any termination or cancellation of this Agreement for any reason whatsoever.

17.6 Prescription

The Parties agree that the written demand by any Party to the dispute in terms of clause 17.1 that the dispute or difference be submitted to arbitration, is to be deemed to be a legal process for the purpose of interrupting extinctive prescription in terms of the Prescription Act, No. 68 of 1969.

18. ADDRESSES FOR LEGAL PROCESS AND NOTICES

18.1 The Parties choose for the purposes of this Agreement the following addresses and telefax numbers:

- 18.1.1 ARM ARM House
29 Impala Road
Chislehurst

Telefax No: (011) 883-5609
- 18.1.2 Harmony Block 27
Randfontein Office Park
Cnr Main Reef Road & Ward Avenue
Randfontein

Telefax No. (011) 692-3879
- 18.1.3 Clidet Block 27
Randfontein Office Park
Cnr Main Reef Road & Ward Avenue
Randfontein

Telefax No. (011) 692-3879
- 18.2 Any legal process to be served on a Party may be served on it at the physical address specified for it in clause 18.1 and it chooses that address as its domicilium citandi et executandi for all purposes under this Agreement.
- 18.3 Any notice or other communication to be given to a Party in terms of this Agreement shall be valid and effective only if it is given in writing, provided that any notice given by telefax shall be regarded for this purpose as having been given in writing.
- 18.4 A notice to a Party which is correctly addressed and delivered to the Party by hand at the physical address specified for it in clause 18.1 shall be deemed to have been received on the day of delivery, provided it was delivered to a responsible person during ordinary business hours and provided that a copy of any notice intended for Clidet alone must be given to Harmony.
- 18.5 Each notice by telefax to a Party at the telefax number specified for it in clause 18.1 shall be deemed to have been received (unless the contrary is proved) within 4 (four) hours of transmission if it is transmitted during normal business hours of the receiving Party or within 4 (four) hours of the beginning of the next Business Day after it is transmitted, if it is transmitted outside those business hours.

18.6 Notwithstanding anything to the contrary in this clause 18, a written notice or other communication actually received by a Party (and for which written receipt has been obtained) shall be adequate written notice or communication to it notwithstanding that the notice was not sent to or delivered at its chosen address.

18.7 Each Party may by written notice to the other Parties change its physical address or telefax number for the purposes of clause 18.1 to any other physical address or telefax number provided that the change shall become effective on the 7th (seventh) day after the receipt of the notice.

19. COSTS OF THIS AGREEMENT

Each Party shall pay its own costs incurred by it to its attorneys and other professional advisers for the preparation and signing of this Agreement and its Appendices.

20. HARMONY CONTROLLED SHARES

The parties acknowledge that in addition to the Controlled Shares acquired by Clidet, Harmony will acquire the Harmony Additional Shares and the provisions of this Agreement shall apply mutatis mutandis to those Shares.

SIGNED at SANDTON ON 16 FEBRUARY 2004.

For: AFRICAN RAINBOW MINERALS &
EXPLORATION INVESTMENTS
(PROPRIETARY) LIMITED

/s/ Illegible

Signatory: Illegible
Who warrants that he is authorised

SIGNED at SANDTON ON 16 FEBRUARY 2004.

For: HARMONY GOLD MINING COMPANY LIMITED

/s/ F. Abbott

Signatory: F. Abbott
Who warrants that he is authorised

SIGNED at SANDTON ON 16 FEBRUARY 2004.

For: CLIDET NO 454
(PROPRIETARY) LIMITED

/s/ A. Taljaard

Signatory: A. Taljaard
Who warrants that he is authorised

MARKET VALUE OF NON-CASH CONSIDERATION

If the market value of any non-cash consideration to be-paid by the third party in terms of the third party transaction is required to be determined in terms of clause 10.1.5.2 of the Agreement, then it shall be determined in accordance with the following terms and procedures:

1. DEFINITIONS

For the purpose of this Appendix:

- 1.1 "the Agreement" means the voting agreement to which this Appendix is attached and of which it forms part;
- 1.2 "market value" means the cash price which a willing buyer would pay to a willing seller for the non-cash consideration in an arms-length sale, where both the buyer and the seller have knowledge of all relevant facts and circumstances;
- 1.3 "independent investment banker" means a top-tier international investment banking firm which is independent of each Party and has expert knowledge for the valuation of the kind of non-cash consideration in question;
- 1.4 "Parties" means ARMI and Clidet and where the context so requires includes their transferees in terms of clause 9.2 of the Agreement, and "Party" means either of them as the context may require.

2. APPOINTMENTS OF INDEPENDENT INVESTMENT BANKER

Each Party shall within 5 (five) Business Days from the date on which the cut-off time occurs, at its sole expense, select one independent investment banker to determine on its behalf the market value of the non-cash consideration. Each Party shall procure that the independent investment banker selected by it shall complete its determination of the market value of the non-cash consideration within 30 (thirty) days after having the matter submitted to it in accordance with this clause 2. The independent investment bankers shall have access to all documents, records, work papers, facilities and personnel necessary to make their determination.

3. COMPARISON OF VALUATIONS

At the expiration of that 30 (thirty) day period each Party shall disclose in writing to the other the market value of the non-cash consideration as determined by its independent investment banker. If the greater of the two valuations is equal to or less than 105% (one hundred and five per cent) of the lower of the valuations, then the market value of the non-cash consideration shall be deemed to be equal to the average of the two valuations.

4. ARBITRATING INVESTMENT BANKER

4.1 If the greater of the two valuations is greater than 105% (one hundred and five per cent) of the lower valuation, then, within 5 (five) Business Days after the valuations are determined in accordance with clause 2 above, and unless otherwise agree by the Parties in writing, the two independent investment bankers shall jointly select a third independent investment banker (the "arbitrating investment banker") to determine the market value of the non-cash consideration. The arbitrating investment banker shall have access to all documents, records, work papers, facilities and personnel necessary to make its determination.

4.2 The arbitrating investment banker shall review only the valuations put before it by the two independent investment bankers appointed by the Parties in terms of clause 2 above and shall be instructed in accordance with clause 10.1.5.2(b) of the Agreement.

5. FEES AND EXPENSES OF THE ARBITRATING INVESTMENT BANKER

The fees and expenses of the arbitrating investment banker shall be shared equally by the Parties.

DEED OF CESSION

BETWEEN

AFRICAN RAINBOW MINERALS GOLD LIMITED

(a public company incorporated in accordance with the laws of South Africa under Registration No. 1997/015869/06 with its principal office at ARM House, 29 Impala Road, Chislehurst, 2146, South Africa)

("ARMgold")

AFRICAN RAINBOW MINERALS & EXPLORATION INVESTMENTS (PROPRIETARY) LIMITED

(a private company incorporated in accordance with the laws of South Africa under Registration No. 1997/020158/07 with its principal office at ARM House, 29 Impala Road, Chislehurst, 2146, South Africa)

("ARMI")

WHEREAS

- A. Clidet is a joint venture company whose issued share capital is owned equally by ARMgold and Harmony.
- B. Clidet is the owner of 38 789 761 (thirty eight million seven hundred and eighty nine thousand seven hundred and sixty one) Avmin Shares of which it has pledged 19 394 880 (nineteen million three hundred and ninety four thousand eight hundred and eighty) (the "pledged shares") to Nedbank Limited ("Nedbank"), as security for certain obligations Harmony.

- C. Nedbank, as the pledgee of the pledged shares, has granted a right of pre-emption (the "Pre-emption Right") to ARMgold (a wholly owned subsidiary of Harmony) in terms of certain provisions of the joint venture agreement dated 27 May 2003 (the "JV Agreement") between Harmony, ARMgold and Clidet, so that if Nedbank were to foreclose on the pledged shares and exercise its right to realise them, it will be obliged before effecting the realisation, to offer the pledged shares for sale to ARMgold in accordance with the relevant provisions of the JV Agreement read with the Deed of Adherence dated 12 June 2003, to that agreement, between Harmony, ARMgold, Clidet and Nedbank.
- D. Clidet is entering into a voting agreement (the "Voting Agreement") with ARMI and Harmony to confer on ARMI, among other matters, the right to exercise certain votes carried by Clidet's Avmin Shares, including the pledged shares.
- E. It is a requirement of the Voting Agreement that ARMgold enters into this Deed of Cession with ARMI.

THE PARTIES ACCORDINGLY AGREE THAT

1. INTERPRETATION

For the purposes of this Deed of Cession words and expressions defined in the Voting Agreement, and not in this Deed of Cession, shall have the same meanings in this Deed of Cession as those ascribed to them in the Voting Agreement.

2. THE CESSION

ARMgold hereby cedes to ARMI, which accepts the cession, of all of ARMgold's rights (the "Ceded Rights") against Nedbank in respect of the Pre-emption Right, provided that this cession shall only take effect subject to and upon the fulfilment of the suspensive conditions in clause 3 below.

3. SUSPENSIVE CONDITIONS

3.1 The cession of the Ceded Rights in terms of this Deed of Cession shall be subject to the fulfilment of the following suspensive conditions:

3.1.1 that all the provisions of the Voting Agreement take effect, so that the whole of the Voting Agreement becomes unconditional; and

3.1.2 that Nedbank's consent, if necessary, is obtained in accordance with the requirements of the Pre-emption Right.

3.2 If those conditions are fulfilled then the cession of the Ceded Rights in terms of this Deed of Cession shall take effect without any further act or instrument.

4. NEDBANK'S CONSENT

If Nedbank's consent is necessary for the cession of the Ceded Rights, and if it is withheld for any reason, then ARMgold agrees to exercise the Pre-emption Right, if it is required to:

4.1 do so in writing by ARMI, in which event ARMI shall be obliged to purchase the pledged shares from ARMgold for the same price as that, and on the same terms and conditions as those, on which ARMgold itself would be obliged to purchase the pledged shares from Nedbank (or its nominee) as a result of so exercising the Pre-emption Right; and

4.2 reimburse ARMgold with all reasonable costs necessarily incurred by ARMgold in complying with that requirement.

5. DISPUTE RESOLUTION

The provisions of clause 17 (Dispute Resolution) of the Voting Agreement shall apply mutatis mutandis to ARMgold and ARMI for the provisions of this Deed of Cession, as if they were expressly incorporated herein.

SIGNED at _____ on _____ 2004.

For: AFRICAN RAINBOW MINERALS GOLD
LIMITED

Signatory: _____

Capacity: _____

Authority: _____

SIGNED at _____ on _____ 2004.

For: AFRICAN RAINBOW MINERALS &
EXPLORATION INVESTMENTS
(PROPRIETARY) LIMITED

Signatory: _____

Capacity: _____

Authority: _____

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HARMONY OPTION AGREEMENT

Between

HARMONY GOLD MINING COMPANY LIMITED

and

NEDBANK LIMITED

(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" HARMONY OPTION AGREEMENT BETWEEN HARMONY GOLD MINING COMPANY LIMITED AND NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION), DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

HARMONY OPTION AGREEMENT

Between

HARMONY GOLD MINING COMPANY LIMITED

and

NEDBANK LIMITED

(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

<S>

1.	PARTIES.....	<C> 1
2.	DEFINITIONS AND INTERPRETATION.....	1
3.	INTRODUCTION.....	10
4.	SUSPENSIVE CONDITION.....	11
5.	PUT OPTION.....	12
6.	CALL OPTION.....	14
7.	NOMINATION.....	17
8.	REPRESENTATIONS AND WARRANTIES.....	18
9.	DEFAULT INTEREST.....	20
10.	BREACH.....	20
11.	CESSION.....	20
12.	NOTICES AND DOMICILIA.....	21
13.	GOVERNING LAW.....	23
14.	JURISDICTION.....	23
15.	SEVERABILITY.....	23
16.	GENERAL.....	23
17.	COSTS.....	25
18.	COUNTERPARTS.....	25

</TABLE>

HARMONY OPTION AGREEMENT

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 HARMONY GOLD MINING COMPANY LIMITED; and

1.1.2 NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION).

1.2 The Parties agree as set out below.

2. DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

2.2 Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:

2.2.1 "ACCELERATION NOTICE" means the written notice delivered by Nedbank to the Trust in accordance with the provisions of clause 18 of the First Loan Agreement declaring the First Facility Outstandings to be immediately due and payable by the Trust;

2.2.2 "AGREEMENT" means this Harmony Option Agreement;

2.2.3 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private

company duly incorporated according to the company laws of South Africa;

- 2.2.4 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.5 "ARM SHARES" means 28 614 740 (twenty-eight million six hundred and fourteen thousand seven hundred and forty) ordinary par value shares of R0,05 (five cents) each in the issued share capital of ARM listed on the JSE and constituting 14% (fourteen percent) of the issued share capital of ARM as at the Signature Date to be purchased by the Trust from AHJIC pursuant to the Sale of Shares Agreement;
- 2.2.6 "ARREAR INTEREST RATE" means the greater of:
 - 2.2.6.1 the Prime Rate plus 2% (two percent); and
 - 2.2.6.2 the Repo Rate plus 2% (two percent);
- 2.2.7 "BUSINESS DAY" means any day other than a Saturday, Sunday or an official public holiday in South Africa in accordance with the Public Holidays Act, 1994;
- 2.2.8 "CALL EXERCISE DATE" means the date on which Harmony notifies Nedbank in writing of the exercise of the Call Option in accordance with the provisions of clause 6;
- 2.2.9 "CALL OPTION" means the irrevocable call option which Harmony is granted by Nedbank entitling Harmony to purchase the First Facility Rights from Nedbank on the terms and conditions of this

Agreement;

- 2.2.10 "CLOSING DATE" means the 5th (fifth) Business Day after the Call Exercise Date or the Put Exercise Date, as the case may be;
- 2.2.11 "EFFECTIVE DATE" shall bear the meaning ascribed to that term in the Sale of Shares Agreement;
- 2.2.12 "EVENT OF DEFAULT" means an "Event of Default" as defined in the First Loan Agreement;
- 2.2.13 "FIRST FACILITY DISCHARGE DATE" means the date upon which the First Facility Outstandings have been fully and finally repaid and discharged;
- 2.2.14 "FIRST FACILITY OUTSTANDINGS" means, at any time and from time to time and in respect of the First Loan Agreement, the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable to Nedbank under the First Loan Agreement;
- 2.2.15 "FIRST FACILITY EXCLUDED OBLIGATIONS" means, in respect of the First Loan Documents, all of Nedbank's obligations from time to time arising under the First Loan Documents solely as a result of Nedbank's gross negligence or wilful misconduct;
- 2.2.16 "FIRST FACILITY RIGHTS" means an undivided interest in the aggregate of Nedbank's rights, title and interest:
 - 2.2.16.1 under the First Loan Documents; and
 - 2.2.16.2 to the First Facility Outstandings;

- 2.2.17 "FIRST LOAN AMOUNT" means the principal amount of R480 400 000 (Four Hundred and Eighty Million Four Hundred Thousand Rand);
- 2.2.18 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date;
- 2.2.19 "FIRST LOAN DOCUMENTS" means:
 - 2.2.19.1 the First Loan Agreement; and
 - 2.2.19.2 the Second Ranking Cession and Pledge;
- 2.2.20 "HARMONY" means Harmony Gold Mining Company Limited (Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.21 "HARMONY STEP-IN AMOUNT" means a principal amount equal to the First Facility Outstandings on the Closing Date, which amount will be certified in writing by any director or manager of Nedbank, whose appointment as such shall not be necessary to prove, which certificate shall serve as prima facie proof of its content;
- 2.2.22 "JSE" means the JSE Securities Exchange, South Africa;
- 2.2.23 "NEDBANK" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), its successors in title, assignees and transferees, a registered bank and public company duly incorporated according to the banking and company laws of South Africa;

2.2.24 "OPTION PERIOD" means the period commencing on the Effective Date and ending on the First Facility Discharge Date (both days inclusive);

2.2.25 "PARTIES" means:

2.2.25.1 Nedbank; and

2.2.25.2 Harmony,

and "PARTY" means, as the context requires, either of them;

2.2.26 "PRIME RATE" means the prime overdraft rate of interest from time to time publicly quoted as such by Nedbank, calculated on a 365 (three hundred and sixty-five) day factor, irrespective of whether or not the year is a leap year, nominal annual compounded monthly in arrear, as certified by any manager of Nedbank, whose appointment as such shall not be necessary to prove, which certificate shall serve as prima facie proof of its content;

2.2.27 "PUT EXERCISE DATE" means the date on which Nedbank notifies Harmony in writing of the exercise of the Put Option in accordance with the provisions of clause 5;

2.2.28 "PUT OPTION" means the irrevocable put option which Nedbank is granted by Harmony to entitle Nedbank to sell the First Facility Rights to Harmony on the Closing Date on the terms and conditions of this Agreement;

2.2.29 "PUT OPTION EVENT" means:

2.2.29.1 the occurrence of any Event of Default; and

- 2.2.29.2 the delivery by Nedbank to the Trust of an Acceleration Notice;
- 2.2.30 "REPO RATE" means on any particular day, the repurchase tender rate on that day quoted by the South African Reserve Bank;
- 2.2.31 "SALE OF SHARES AGREEMENT" means the written agreement entitled "Sale of Shares Agreement" concluded or to be concluded between Harmony, AHJIC and the Trust on or about the Signature Date;
- 2.2.32 "SECOND RANKING CESSION AND PLEDGE" means the written reversionary cession and pledge in security entitled "Second Ranking Cession and Pledge" by the Trust in favour of Nedbank dated on or about the Signature Date as security for its obligations under the First Loan Agreement;
- 2.2.33 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement in time;
- 2.2.34 "SOUTH AFRICA" means the Republic of South Africa as constituted from time to time;
- 2.2.35 "SUSPENSIVE CONDITION" means the suspensive condition stipulated in clause 4.1;
- 2.2.36 "TRANSACTION DOCUMENTS" means the "Transaction Documents" as defined in the First Loan Agreement;
- 2.2.37 "TRUST" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and Nedbank, Harmony, Frank Abbott and Deneys Reitz Trustees

(Proprietary) Limited (each as trustees) on 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust".

2.3 Any reference in this Agreement to:

2.3.1 an "affiliate" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;

2.3.2 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;

2.3.3 a "holding company" shall be construed in accordance with the Companies Act, 1973;

2.3.4 "law" shall be construed as any law (including common or customary law) or statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

2.3.5 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing; and

2.3.6 a "subsidiary" shall be construed in accordance with the Companies Act, 1973.

2.4 Unless inconsistent with the context or save where the contrary is expressly indicated:

- 2.4.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
- 2.4.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;
- 2.4.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the next succeeding Business Day;
- 2.4.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the next succeeding Business Day;
- 2.4.5 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;
- 2.4.6 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented; and
- 2.4.7 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement.

- 2.5 Unless inconsistent with the context, an expression which denotes:
 - 2.5.1 any one gender includes the other genders;
 - 2.5.2 a natural person includes an artificial person and vice versa; and
 - 2.5.3 the singular includes the plural and vice versa.
- 2.6 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 2.7 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.
- 2.8 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 2.9 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title permitted assigns or liquidators, as the case may be.

2.10 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.

2.11 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

3. INTRODUCTION

3.1 Nedbank has agreed to lend the First Loan Amount to the Trust in terms of the First Loan Agreement in order to partially fund:

3.1.1 the purchase by the Trust of the ARM Shares in accordance with the terms of the Sale of Shares Agreement; and

3.1.2 the duties, costs and expenses incurred in connection with the purchase by the Trust of the ARM Shares and in connection with the implementation of the transactions contemplated by the Transaction Documents.

3.2 It is a condition of the loan of the First Loan Amount by Nedbank in terms of the First Loan Agreement that the Put Option be granted to Nedbank by Harmony.

3.3 Harmony is willing to grant the Put Option to Nedbank subject to being granted the Call Option by Nedbank.

3.4 The Parties wish to enter into this Agreement to record the terms and conditions of the Call Option and the Put Option and matters incidental or relating thereto.

4. SUSPENSIVE CONDITION

- 4.1 This entire Agreement, save for the provisions of this clause 4 and of clauses 1, 2, 10, 11, 12, 13, 14, 15, 16, 17 and 18 which shall be of immediate force and effect, is subject to the fulfilment of the Suspensive Condition on or before 22 April 2005, or such other date as may be agreed in writing between the Parties on or before that date, that the Sale of Shares Agreement is signed by the parties thereto and becomes unconditional in accordance with its terms by the fulfilment or (to the extent capable of waiver) waiver of any suspensive conditions provided for therein (other than any suspensive condition which requires that this Agreement is signed and becomes unconditional).
- 4.2 The Parties shall, where it is within their respective power to do so, use their respective reasonable commercial endeavours to procure the fulfilment of the Suspensive Condition as soon as reasonably possible after the Signature Date.
- 4.3 The Suspensive Condition is not capable of waiver.
- 4.4 In the event that the Suspensive Condition is not fulfilled on or before 22 April 2005, or such other date as may be agreed in writing between the Parties on or before that date, then this Agreement, save for the provisions of this clause 4 and of clauses 1, 2, 10, 11, 12, 13, 14, 15, 16, 17 and 18 which shall remain of full force and effect, shall never become of any force or effect and no Party shall have any claim against any other Party for anything done hereunder or arising herefrom, save as a result of a breach of any of the provisions of this clause 4 by any Party, and the Parties shall be restored to the status quo ante.

5. PUT OPTION

- 5.1 With effect from, and inclusive of, the Effective Date, Harmony hereby grants to Nedbank an irrevocable put option to require Harmony to purchase the First Facility Rights at any time upon the occurrence of the Put Option Event during the Option Period, in which event Harmony will be obliged to purchase the First Facility Rights from Nedbank on the Closing Date.
- 5.2 No consideration is payable by Nedbank to Harmony for the granting of the Put Option.
- 5.3 The Put Option shall be exercisable by Nedbank by addressing a notice in writing to that effect to Harmony.
- 5.4 Should the Put Option be properly exercised in accordance with the provisions of clause 5.3, then:
 - 5.4.1 Harmony shall pay the Harmony Step-in Amount in cash without deduction or set-off directly to Nedbank on the Closing Date by electronic transfer into the following bank account:
 - 5.4.1.1 Bank: Nedbank Limited;
 - 5.4.1.2 Account Name: Nedbank Capital - Project Administration;
 - 5.4.1.3 Branch: 100 Main Street;
 - 5.4.1.4 Branch Code: 19-79-05; and
 - 5.4.1.5 Account Number: 1979 373 078;

5.4.2 Nedbank shall, and hereby does, against payment of the Harmony Step-in Amount in accordance with clause 5.4.1, on the Closing Date:

5.4.2.1 cede, assign and transfer the First Facility Rights to Harmony; and

5.4.2.2 delegate to Harmony all of Nedbank's obligations under the First Loan Documents, save for the First Facility Excluded Obligations, to the extent related to the First Facility Rights,

without recourse to Nedbank;

5.4.3 Nedbank shall, against payment of the Harmony Step-in Amount in accordance with clause 5.4.1, on the Closing Date deliver the duly signed original First Loan Documents or notarially certified copies thereof to Harmony;

5.4.4 Harmony hereby, with effect from the Closing Date, accepts:

5.4.4.1 the cession, assignment and transfer of the First Facility Rights to Harmony pursuant to clause 5.4.2.1; and

5.4.4.2 the delegation to Harmony of all of Nedbank's obligations under the First Loan Documents, save for the First Facility Excluded Obligations, to the extent related to the First Facility Rights pursuant to clause 5.4.2.2, which obligations Harmony hereby assumes,

without recourse to Nedbank.

- 5.5 After the Closing Date, if Nedbank receives any amount in respect of the First Facility Rights then it shall promptly pay that amount to Harmony.
- 5.6 All reasonable costs of the cession, assignment and transfer of the First Facility Rights shall be borne and paid by Harmony.
- 5.7 It is specifically agreed that it shall not be a defence in favour of Harmony that the Trust has been sequestrated (whether provisionally or finally) or is insolvent or is under judicial management (or any equivalent thereof) or has not been validly or lawfully established or that any trustee thereof has not been validly or lawfully appointed or is not entitled to bind the Trust and notwithstanding any of the foregoing Harmony shall be obliged to pay the Harmony Step-in Amount to Nedbank in accordance with the provisions of this clause 5 upon exercise of the Put Option by Nedbank.
- 5.8 Notwithstanding anything to the contrary contained in this Agreement, the Put Option shall lapse and cease to be of any force or effect if:
 - 5.8.1 the Call Option is validly exercised by Harmony; and
 - 5.8.2 Harmony shall have paid the Harmony Step-in Amount to Nedbank pursuant to the exercise of the Call Option, it being recorded for the sake of clarity, that if the Call Option is validly exercised by Harmony but the Harmony Step-in Amount has not yet been paid to, and received by, Nedbank, Nedbank shall be entitled to exercise the Put Option in accordance with the provisions of this Agreement, and in which case the Put Option shall supersede the Call Option.
- 6. CALL OPTION
 - 6.1 With effect from, and inclusive of, the Effective Date, Nedbank hereby grants to Harmony an irrevocable call option entitling Harmony, at any

time during the Option Period to purchase the First Facility Rights following the exercise of the Call Option, in which event Nedbank will be obliged to sell the First Facility Rights to Harmony on the Closing Date.

- 6.2 No consideration is payable by Harmony to Nedbank for the granting of the Call Option.
- 6.3 The Call Option shall be exercisable by Harmony by addressing a notice in writing to that effect to Nedbank.
- 6.4 Should the Call Option be properly exercised in accordance with the provisions of clause 6.3, then:
 - 6.4.1 Harmony shall pay the Harmony Step-in Amount in cash to Nedbank without deduction or set-off directly to Nedbank on the Closing Date by electronic transfer into the following bank account:
 - 6.4.1.1 Bank: Nedbank Limited;
 - 6.4.1.2 Account Name: Nedbank Capital - Project Administration;
 - 6.4.1.3 Branch: 100 Main Street;
 - 6.4.1.4 Branch Code: 19-79-05; and
 - 6.4.1.5 Account Number: 1979 373 078;
 - 6.4.2 Nedbank shall, and hereby does, against payment of the Harmony Step-in Amount in accordance with clause 6.4.1, on the Closing Date:

- 6.4.2.1 cede, assign and transfer the First Facility Rights to Harmony; and
- 6.4.2.2 delegate to Harmony all of Nedbank's obligations under the First Loan Documents, save for the First Facility Excluded Obligations, to the extent related to the First Facility Rights,
 - without recourse to Nedbank;
- 6.4.3 Nedbank shall, against payment of the Harmony Step-in Amount in accordance with clause 6.4.1, on the Closing Date deliver the duly signed original First Loan Documents, or notarially certified copies thereof to Harmony;
- 6.4.4 Harmony hereby, with effect from the Closing Date, accepts:
 - 6.4.4.1 the cession, assignment and transfer of the First Facility Rights to Harmony pursuant to clause 6.4.2.1; and
 - 6.4.4.2 the delegation to Harmony of all of Nedbank's obligations under the First Loan Documents, save for the First Facility Excluded Obligations, to the extent related to the First Facility Rights pursuant to clause 6.4.2.2, which obligations Harmony hereby assumes,
 - without recourse to Nedbank.
- 6.5 After the Closing Date, if Nedbank receives any amount in respect of the First Facility Rights then it shall promptly pay that amount to Harmony.
- 6.6 All reasonable costs of the cession, assignment and transfer of the First Facility Rights shall be borne by Harmony.

- 6.7 It is Specifically agreed that it shall not be a defence in favour of Harmony that the Trust has been sequestrated (whether provisionally or finally) or is insolvent or is under judicial management (or any equivalent thereof) and notwithstanding any of the foregoing, Harmony shall be obliged to pay the Harmony Step-in Amount to Nedbank in accordance with the provisions of this clause 6 upon exercise of the Call Option by Harmony.
- 6.8 Notwithstanding anything to the contrary contained in this Agreement, the Call Option shall lapse and cease to be of any force or effect if:
 - 6.8.1 the Put Option is validly exercised by Nedbank; and
 - 6.8.2 Harmony shall have paid the Harmony Step-in Amount to Nedbank pursuant to the exercise of the Put Option.
- 7. NOMINATION
 - Harmony may nominate a third party optionee (the "NOMINATED OPTIONEE") to perform Harmony's obligations following the exercise of the Call Option or the Put Option, as the case may be, under this Agreement as follows:
 - 7.1 the Nominated Optionee need not be in existence at the time this Agreement is signed but must be in existence at the time of the nomination;
 - 7.2 both the nomination and the Nominated Optionee's acceptance of the nomination must be in writing and must be delivered to Nedbank by no later than the Call Exercise Date or 1 (one) Business Day after the Put Exercise Date, as the case may be;
 - 7.3 if a nomination and an acceptance are duly delivered as set out in clause 7.2, Harmony's rights and obligations in terms of this Agreement will

automatically and simultaneously be deemed to be assigned to the Nominated Optionee;

- 7.4 Harmony's right to nominate a third party as optionee is conditional on Harmony not being in breach of any obligation under this Agreement;
- 7.5 Harmony is hereby bound as surety and co-principal debtor for the Nominated Optionee's obligations to Nedbank arising out of this Agreement and Harmony hereby waives the benefits of excussion and division, the full meaning and effect of which Harmony declares that it understands;
- 7.6 the suretyship in clause 7.5 shall remain of full force and effect until all of the Nominated Optionee's obligations to Nedbank have been fully and finally paid and performed notwithstanding:
 - 7.6.1 any indulgence, concession, lenience or extension of time which may be shown or given by Nedbank to the Nominated Optionee; or
 - 7.6.2 the failure to acquire or the acquisition or release by Nedbank of any surety or other security for the Nominated Optionee's obligations in terms of this Agreement.
- 8. REPRESENTATIONS AND WARRANTIES
 - 8.1 Each Party hereby represents and warrants in favour of the other Party that
 - 8.1.1 it is a company duly organised and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under this Agreement;

- 8.1.2 it has procured the taking of all necessary corporate and other action to authorise the execution and performance of this Agreement;
- 8.1.3 this Agreement is legal and binding on, and enforceable against, it in accordance with its terms;
- 8.1.4 the provisions of this Agreement are not in conflict with, and will not constitute a breach of the provisions of any other agreement or undertaking which is binding on it; and
- 8.1.5 no litigation, arbitration or administrative proceedings which may have a material adverse affect on its ability to perform its obligations under this Agreement are presently current or pending or, to its knowledge, threatened against it.
- 8.2 Each of the representations and warranties given by each Party to the other Party in terms of clause 8.1 shall:
 - 8.2.1 prima facie be deemed to be a representation of fact inducing the other Party to enter into this Agreement;
 - 8.2.2 be presumed to be material unless the contrary is proved;
 - 8.2.3 insofar as any of the warranties is promissory or relates to a future event, be deemed to have been given as at the due date for fulfilment of the promise or for the happening of the event, as the case may be; and
 - 8.2.4 be a separate warranty and in no way be limited or restricted by reference to or inference from the terms of any other warranty.

9. DEFAULT INTEREST

Interest calculated at the Arrear Interest Rate shall accrue on the outstanding balance of all amounts due and payable but unpaid by Harmony from time to time in terms of this Agreement. Such interest shall be calculated on a daily basis from the due date of each such overdue amount to date of actual payment thereof (both before and after judgment (if any)) and shall be compounded monthly in arrears and shall be paid by Harmony on demand.

10. BREACH

The Parties agree that the cancellation of this Agreement in the event of a breach would be an inappropriate and insufficient remedy and that irreparable damage would occur if the provisions of this Agreement were not complied with. It is accordingly agreed that, in the event of a breach which is not remedied by the defaulting Party within 3 (three) Business Days after the date of written notice calling upon it to do so, the aggrieved Party shall be entitled (without prejudice to any other rights which it may have in law save for the right to cancel this Agreement) to an order for specific performance and to recover any damages which it may have suffered.

11. CESSION

11.1 Nedbank shall be entitled to cede any of its rights and/or transfer the whole or any part of its benefit under this Agreement and/or delegate any of its obligations under this Agreement without the consent of Harmony to any person to whom all or a corresponding part of its rights, benefits or obligations under First Loan Agreement are ceded, assigned, delegated or transferred in accordance with the terms of the First Loan Agreement.

11.2 To the extent that any such cession, transfer or delegation results in a splitting of claims against Harmony, Harmony hereby consents to such splitting of claims.

12. NOTICES AND DOMICILIA

12.1 NOTICES

12.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

12.1.1.1 HARMONY: Block 27
Randfontein Office Park
Corner Main Reef Road and Ward Avenue
RANDFONTEIN

Telefax No.: (011)411 2398
Attention: The Company Secretary

12.1.1.2 NEDBANK: 4th Floor, F Block
135 Rivonia Road
SANDTON
2196

Telefax No.: (011)294 8421
Attention: Head of Specialised Finance

12.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.

12.1.3 Either Party may by written notice to the other Party change its chosen address and/or telefax number for the purposes of clause 12.1.1 to any other address(es) and/or telefax number, provided that

the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.

12.1.4 Any notice given in terms of this Agreement shall:

12.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;

12.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.

12.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

12.2 DOMICILIA

12.2.1 Each of the Parties chooses its physical address referred to in clause 12.1 as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.

12.2.2 Either Party may by written notice to the other Party change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after deemed receipt of the notice by the other Party pursuant to clause 12.1.4.

13. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

14. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

15. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

16. GENERAL

16.1 This document constitutes the sole record of the agreement between the Parties in regard to the subject matter thereof.

- 16.2 No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 16.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all the Parties.
- 16.4 No latitude, extension of time or other indulgence which may be given or allowed by any Party to any other Party in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
- 16.5 The parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.
- 16.6 Save as is specifically provided in this Agreement, no Party shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties affected by such transfer of rights or obligations, which consent may not unreasonably be withheld or delayed.

17. COSTS

17.1 The costs and expenses of and incidental to the negotiation, preparation and execution of this Agreement and (save where expressly provided to the contrary in this Agreement) the implementation of the transactions contemplated herein shall be paid in accordance with the terms of the First Loan Agreement.

17.2 All legal costs incurred by any Party in consequence of any default of the provisions of this Agreement by any other Party shall be payable on demand by the defaulting Party on the scale as between attorney and own client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgement awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

18. COUNTERPARTS

This Agreement may be executed by each Party signing a separate copy thereof and each of the copies together shall constitute the Agreement of the Parties.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY LIMITED

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH
ITS NEDBANK CAPITAL DIVISION)

/s/ Kevin Ryder

Name: Kevin Ryder
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Mark Saunders Tyler

Name: Mark Saunders Tyler
Capacity: Authorised Signatory
Who warrants his authority hereto

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<DOCUMENT>
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HARMONY UNDERTAKING

Amongst

HARMONY GOLD MINING COMPANY LIMITED

and

ARMGOLD HARMONY JOINT INVESTMENT COMPANY
(PROPRIETARY) LIMITED

and

NEDBANK LIMITED
(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

DENEYS | REITZ
ATTORNEYS

NOTARIAL CERTIFICATE

I, THE UNDERSIGNED,

MARK ROBERT KYLE

OF SANDTON IN THE GAUTENG PROVINCE OF THE REPUBLIC OF SOUTH AFRICA, NOTARY PUBLIC BY LAWFUL AUTHORITY DULY ADMITTED AND SWORN, DO HEREBY CERTIFY AND ATTEST UNTO ALL WHOM IT MAY CONCERN THAT I HAVE THIS DAY COLLATED AND COMPARED WITH THE ORIGINAL THEREOF, THE COPY HERETO ANNEXED MARKED "A", BEING:

"A" HARMONY UNDERTAKING AMONGST HARMONY GOLD MINING COMPANY LIMITED AND ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED AND NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION), DATED 15 APRIL 2005

AND I, THE SAID NOTARY, DO FURTHER CERTIFY AND ATTEST THAT THE SAME IS A TRUE AND FAITHFUL COPY OF THE SAID ORIGINAL AND AGREES THEREWITH IN EVERY RESPECT. AN ACT WHEREOF BEING REQUIRED, I HAVE GRANTED THESE PRESENTS UNDER MY NOTARIAL FORM AND SEAL, TO SERVE AND AVAIL AS OCCASION SHALL OR MAY REQUIRE.

THUS DONE AND SIGNED AT SANDTON AFORESAID ON THIS THE 26TH DAY OF APRIL IN THE YEAR TWO THOUSAND AND FOUR.

NOTARY PUBLIC

DENEYS REITZ ATTORNEYS
SANDTON

HARMONY UNDERTAKING

Amongst

HARMONY GOLD MINING COMPANY LIMITED

and

ARMGOLD HARMONY JOINT INVESTMENT COMPANY
(PROPRIETARY) LIMITED

and

NEDBANK LIMITED
(ACTING THROUGH ITS NEDBANK CAPITAL DIVISION)

DENEYS | REITZ
ATTORNEYS

TABLE OF CONTENTS

<TABLE>

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1. PARTIES	1
2. DEFINITIONS AND INTERPRETATION	1
3. INTRODUCTION	7
4. REPAYMENT OF THE HARMONY LOAN OUTSTANDINGS	8
5. AHJIC UNDERTAKING	9
6. REPRESENTATIONS AND WARRANTIES	9
7. BREACH	11
8. CONFIDENTIALITY	12
9. NOTICES AND DOMICILIA	13
10. GOVERNING LAW	15
11. JURISDICTION	16
12. SEVERABILITY	16
13. GENERAL	16
14. COSTS	17
15. COUNTERPARTS	18

</TABLE>

HARMONY UNDERTAKING

1. PARTIES

1.1 The Parties to this Agreement are:

1.1.1 HARMONY GOLD MINING COMPANY LIMITED;

1.1.2 ARMGOLD HARMONY JOINT INVESTMENT COMPANY (PROPRIETARY) LIMITED; and

1.1.3 NEDBANK LIMITED (ACTING THROUGH ITS NEDBANK CAPITAL DIVISION).

1.2 The Parties agree as set out below.

2. DEFINITIONS AND INTERPRETATION

2.1 The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

2.2 Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:

2.2.1 "AGREEMENT" means this Harmony Undertaking;

2.2.2 "AHJIC" means ARMGold Harmony Joint Investment Company (Proprietary) Limited (Registration No. 2002/032163/07), a private company duly incorporated according to the company laws of South Africa;

- 2.2.3 "ARM" means African Rainbow Minerals Limited (Registration No. 1933/004580/06), a public company duly incorporated according to the company laws of South Africa;
- 2.2.4 "ARM SHARES" means 28 614 740 (twenty-eight million six hundred and fourteen thousand seven hundred and forty) ordinary par value shares of R0,05 (five cents) each in the issued share capital of ARM listed on the JSE Securities Exchange, South Africa and constituting 14% (fourteen percent) of the issued share capital of ARM as at the Signature Date to be purchased by the Trust from AHJIC pursuant to the Sale of Shares Agreement;
- 2.2.5 "BUSINESS DAY" means any day other than a Saturday, Sunday or an official public holiday in South Africa in accordance with the Public Holidays Act, 1994;
- 2.2.6 "DISTRIBUTION" means any payment in respect of Harmony's shareholding in AHJIC by or on behalf of AHJIC to Harmony, or to any person that directly or indirectly controls Harmony, by way of dividend, capital reduction (including, but not limited to, any share repurchase), interest, principal, fee, royalty, shareholder loan repayment or other distributions or payments whether or not made to the shareholders of AHJIC generally;
- 2.2.7 "EFFECTIVE DATE" shall bear the meaning ascribed to that term in the Sale of Shares Agreement;
- 2.2.8 "FIRST LOAN AGREEMENT" means the written agreement entitled "First Loan Agreement" concluded or to be concluded between Nedbank and the Trust on or about the Signature Date pursuant to which Nedbank lends and advances an amount of R480 400 000

(Four Hundred and Eighty Million Four Hundred Thousand Rand) to the Trust;

2.2.9 "HARMONY" means Harmony Gold Mining Company Limited

(Registration No. 1950/038232/06), a public company duly incorporated according to the company laws of South Africa;

2.2.10 "HARMONY LOAN AGREEMENT" means the written agreement entitled "Loan Agreement" concluded between Nedbank and Harmony on 24 December 2004;

2.2.11 "HARMONY LOAN OUTSTANDINGS" means, at any time and from time to time and in respect of the Harmony Loan Agreement, the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable to Nedbank under the Harmony Loan Agreement;

2.2.12 "NEDBANK" means Nedbank Limited (Registration No. 1951/000009/06) (acting through its Nedbank Capital division), a public company and registered bank duly incorporated according to the company and banking laws of South Africa;

2.2.13 "PARTIES" means:

2.2.13.1 AHJIC;

2.2.13.2 Harmony; and

2.2.13.3 Nedbank,

and "PARTY" means, as the context requires, either of them;

2.2.14 "SALE OF SHARES AGREEMENT" means the written agreement entitled "Sale of Shares Agreement" concluded or to be concluded between Harmony, AHJIC and the Trust on or about the Signature Date;

2.2.15 "SIGNATURE DATE" means the date of the signature of the Party last signing this Agreement in time;

2.2.16 "SOUTH AFRICA" means the Republic of South Africa as constituted from time to time;

2.2.17 "TRUST" means the trustees for the time being of an oral trust established by oral agreement between Frank Abbott (as founder) and Nedbank, Harmony, Frank Abbott and Deneys Reitz Trustees (Proprietary) Limited (each as trustees) on 15 April 2005 and known as the "ARM Broad-Based Empowerment Trust".

2.3 Any reference in this Agreement to:

2.3.1 a "clause" shall, subject to any contrary indication, be construed as a reference to a clause hereof;

2.3.2 the "control" by one entity of another entity shall be construed so as to mean the power of the first such entity to direct the management and the policies of the second such entity, whether through the ownership of voting capital, by contract or by any other means;

2.3.3 "law" shall be construed as any law (including common or customary law) or statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court; and

- 2.3.4 a "person" shall be construed as a reference to any person, firm, company, trust, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.
- 2.4 Unless inconsistent with the context or save where the contrary is expressly indicated:
 - 2.4.1 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in this interpretation clause, effect shall be given to it as if it were a substantive provision of this Agreement;
 - 2.4.2 when any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day;
 - 2.4.3 in the event that the day for payment of any amount due in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for payment shall be the next succeeding Business Day;
 - 2.4.4 in the event that the day for performance of any obligation to be performed in terms of this Agreement should fall on a day which is not a Business Day, the relevant day for performance shall be the next succeeding Business Day;
 - 2.4.5 any reference in this Agreement to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time;

- 2.4.6 any reference in this Agreement to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented; and
- 2.4.7 no provision of this Agreement constitutes a stipulation for the benefit of any person who is not a Party to this Agreement.
- 2.5 Unless inconsistent with the context, an expression which denotes:
 - 2.5.1 any one gender includes the other genders;
 - 2.5.2 a natural person includes an artificial person and vice versa; and
 - 2.5.3 the singular includes the plural and vice versa.
- 2.6 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 2.7 The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.
- 2.8 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination,

notwithstanding that the clauses themselves do not expressly provide for this.

- 2.9 This Agreement shall be binding on and enforceable by the estates, heirs, executors, administrators, trustees, permitted assigns or liquidators of the Parties as fully and effectually as if they had signed this Agreement in the first instance and reference to any Party shall be deemed to include such Party's estate, heirs, executors, administrators, trustees, successors-in-title, permitted assigns or liquidators, as the case may be.
- 2.10 The use of any expression in this Agreement covering a process available under South African law such as winding-up (without limitation eiusdem generis) shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.
- 2.11 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

3. INTRODUCTION

- 3.1 Harmony and Nedbank have entered into the Harmony Loan Agreement pursuant to which Harmony is indebted to Nedbank.
- 3.2 Harmony is a shareholder of AHJIC which is proposing to dispose of the ARM Shares to the Trust pursuant to the Sale of Shares Agreement.
- 3.3 The Trust requires funding for the purposes of acquiring the ARM Shares pursuant to the Sale of Shares Agreement.
- 3.4 Nedbank is willing to provide a portion of such funding to the Trust pursuant to the First Loan Agreement, provided that Harmony undertakes that it will repay in full the Harmony Loan Outstandings immediately

after the payment of the purchase price by the Trust to AHJIC under the Sale of Shares Agreement.

4. REPAYMENT OF THE HARMONY LOAN OUTSTANDINGS

4.1 Harmony shall pay the Harmony Loan Outstandings in cash to Nedbank on the Effective Date without deduction or set-off by electronic transfer into the following bank account:

4.1.1 Account Name : Nedbank Capital Project Administration;

4.1.2 Bank : Nedbank Limited;

4.1.3 Account Number: 1979 373 078;

4.1.4 Branch : 100 Main Street;

4.1.5 Branch Code : 19-79-05.

4.2 Harmony shall not withdraw the undertaking given by it in terms of clause 4.1 prior to 30 May 2005.

4.3 Harmony hereby undertakes in favour of Nedbank that it shall duly and promptly comply with any reasonable request, and shall sign all documents as may be reasonably required, by Nedbank in order to give effect to the payment undertaking given by Harmony in clause 4.1.

4.4 Nedbank acknowledges that the payment by Harmony to Nedbank in accordance with the provisions of clause 4.1 shall constitute a valid and proper discharge by Harmony of its obligation to pay the Harmony Loan Outstandings.

5. AHJIC UNDERTAKING

5.1 AHJIC hereby irrevocably undertakes in favour of Nedbank that on the Effective Date, AHJIC will make a Distribution to Harmony in an amount not being less than the amount of the Harmony Loan Outstandings.

5.2 AHJIC hereby undertakes in favour of Nedbank that it shall (to the extent required of it) duly and promptly comply with any reasonable request, and shall sign all documents as may be reasonably required, by Nedbank in order to give effect to the payment undertaking given by Harmony in clause 4.1.

6. REPRESENTATIONS AND WARRANTIES

6.1 Harmony hereby represents and warrants in favour of Nedbank on the Signature Date, on each day between the Signature Date and the Effective Date and on the Effective Date that:

6.1.1 Harmony is a public company duly organised and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under this Agreement;

6.1.2 Harmony has procured the taking of all necessary corporate and other action to authorise the execution of this Agreement;

6.1.3 this Agreement is legal and binding on, and enforceable against, Harmony in accordance with its terms;

6.1.4 the provisions of this Agreement are not in material conflict with, and will not constitute a breach of the provisions of, any other agreement or undertaking which is binding on Harmony; and

- 6.1.5 Harmony is fully acquainted with the contents, meaning and import of the First Loan Agreement.
- 6.2 AHJIC hereby represents and warrants in favour of Nedbank on the Signature Date, on each day between the Signature Date and the Effective Date and on the Effective Date that:
 - 6.2.1 AHJIC is a private company duly organised and existing under the laws of South Africa with the power and authority to enter into and to exercise its rights and perform its obligations under this Agreement;
 - 6.2.2 AHJIC has procured the taking of all necessary corporate and other action to authorise the execution of this Agreement;
 - 6.2.3 this Agreement is legal and binding on, and enforceable against, AHJIC in accordance with its terms;
 - 6.2.4 the provisions of this Agreement are not in material conflict with, and will not constitute a breach of the provisions of, any other agreement or undertaking which is binding on AHJIC; and
 - 6.2.5 AHJIC is fully acquainted with the contents, meaning and import of the First Loan Agreement.
- 6.3 Each of the representations and warranties given by Harmony and AHJIC in terms of clauses 6.1 and 6.2 shall:
 - 6.3.1 prima facie be deemed to be a representation of act inducing Nedbank to enter into this Agreement and the First Loan Agreement;
 - 6.3.2 be presumed to be material unless the contrary is proved;

- 6.3.3 insofar as any of the representations or Warranties is promissory or relates to a future event, be deemed to have been given as at the due date for fulfilment of the promise or for the happening of the event, as the case may be; and
- 6.3.4 be a separate representation or warranty and in no way be limited or restricted by reference to or inference from the terms of any other representation or warranty.
- 6.4 Nedbank is entering into this Agreement and the First Loan Agreement relying upon the representations and warranties given by Harmony and AHJIC in clauses 6.1 and 6.2.

7. BREACH

If any Party commits a breach or fails in the observance of any of the terms and conditions hereof and fails to remedy such default or breach within 14 (fourteen) days of delivery of written notice requiring it so to do, then the non-defaulting Party shall be entitled to cancel this Agreement against the defaulting Party or to claim immediate payment and/or performance by the defaulting Party of all of the defaulting Party's obligations whether or not the due date for payment and/or performance shall have arrived, in either event without prejudice to the non-defaulting Party's rights to claim damages. The foregoing is without prejudice to such other rights as the non-defaulting Party may have at law; provided always that, notwithstanding anything to the contrary contained in this Agreement, the non-defaulting Party shall not be entitled to cancel this Agreement, for any breach by the defaulting Party unless such breach is a material breach going to the root of this Agreement and is incapable of being remedied by a payment in money, or if it is capable of being remedied by a payment in money, the defaulting Party fails to pay the amount concerned within 14 (fourteen) days after such amount has been determined.

8. CONFIDENTIALITY

- 8.1 None of the Parties shall issue any press release or any other public document or make any public statement, in each case relating to or connected with or arising out of the agreement or the matters contained therein (save for any such release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange) without obtaining the prior approval of the other Parties to the contents thereof and the manner of its presentation and publication; provided that such approval shall not to be unreasonably withheld or delayed.
- 8.2 In the case of a release, announcement or document which is required to be given, made or published by law or under the rules and regulations of any stock exchange, the Party liable so to give, make or publish the same shall give to the other Parties as much advance warning thereof as is reasonable in the circumstances together with drafts or a copy thereof as soon as it is at liberty so to do.
- 8.3 Each Party shall at all times keep confidential (and to ensure that its employees and agents shall keep confidential) any information which it has acquired or may acquire in relation to the other Parties or to any matter arising from or in connection with this Agreement, save for any information:
 - 8.3.1 which is publicly available or becomes publicly available through no act or default of any Party; or
 - 8.3.2 which was in the possession of that Party prior to its disclosure otherwise than as a result of any breach by a Party of any obligation of confidentiality owed to the other Parties whether pursuant to this Agreement or otherwise; or

- 8.3.3 which is disclosed to that Party by a third party which did not acquire the information under an obligation of confidentiality; or
- 8.3.4 which is independently acquired by that Party as a result of work carried out by a person to whom no disclosure of such information has been made, and shall not use or disclose such information except:
 - 8.3.5 with the consent of the other Parties; or
 - 8.3.6 in accordance with an order of court of competent jurisdiction; or
 - 8.3.7 in order to comply with any law or governmental regulations by which the Party concerned is bound; or
 - 8.3.8 where necessary for the purpose of enforcing its rights under this Agreement.
- 8.4 The provisions of this clause 8 shall survive any termination of this Agreement.
- 9. NOTICES AND DOMICILIA
 - 9.1 NOTICES
 - 9.1.1 Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

9.1.1.1 HARMONY: Block 27
Randfontein Office Park
Corner Main Reef Road and Ward Avenue
RANDFONTEIN

Telefax No. : (011) 411 2398
Attention : The Company Secretary

9.1.1.2 AHJIC: Block 27
Randfontein Office Park
Corner Main Reef Road and Ward Avenue
RANDFONTEIN

Telefax No. : (011) 411 2398
Attention : The Company Secretary

9.1.1.3 NEDBANK: 4th Floor, F Block
135 Rivonia Road
Sandown
SANDTON
2057

Telefax No. : (011) 294 8421
Attention : Head of Specialised Finance

9.1.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number set out opposite its name above.

9.1.3 Any Party may by written notice to the other Parties change its chosen address and/or telefax number for the purposes of clause 9.1.1 to any other address(es) and/or telefax number, provided that the change shall become effective on the 14th (fourteenth) day after the receipt of the notice by the addressee.

9.1.4 Any notice given in terms of this Agreement shall:

- 9.1.4.1 if delivered by hand be deemed to have been received by the addressee on the date of delivery;
- 9.1.4.2 if transmitted by facsimile be deemed to have been received by the addressee on the 1st (first) Business Day after the date of transmission, unless the contrary is proved.
- 9.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address and/or telefax number.

9.2 DOMICILIA

- 9.2.1 Each of the Parties chooses its physical address referred to in clause 9.1 as its domicilium citandi et executandi at which documents in legal proceedings in connection with this Agreement may be served.
- 9.2.2 Any Party may by written notice to the other Parties change its domicilium from time to time to another address, not being a post office box or a poste restante, in South Africa; provided that any such change shall only be effective on the 14th (fourteenth) day after deemed receipt of the notice by the other Parties pursuant to clause 9.1.4.

10. GOVERNING LAW

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

11. JURISDICTION

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the Witwatersrand Local Division of the High Court of South Africa (or any successor to that division) in regard to all matters arising from this Agreement.

12. SEVERABILITY

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

13. GENERAL

13.1 This document constitutes the sole record of the agreement between the Parties in regard to the subject matter thereof.

13.2 No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.

13.3 No addition to, variation or consensual cancellation of this Agreement and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement shall be of any force or effect unless in writing and signed by or on behalf of all the Parties.

- 13.4 No latitude, extension of time or other indulgence which may be given or allowed by any Party to any other Party in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
- 13.5 The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.
- 13.6 Save as is specifically provided in this Agreement, no Party shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties affected by such transfer of rights or obligations, which consent may not unreasonably be withheld or delayed.
- 14. COSTS
 - 14.1 The costs and expenses of and incidental to the negotiation, preparation and execution of this Agreement and the implementation of the transactions contemplated herein shall be paid in accordance with the terms of the First Loan Agreement.
 - 14.2 All legal costs incurred by any Party in consequence of any default of the provisions of this Agreement by any other Party shall be payable on demand by the defaulting Party on the scale as between attorney and own

client and shall include collection charges, the costs incurred by the non-defaulting Party in endeavouring to enforce such rights prior to the institution of legal proceedings and the costs incurred in connection with the satisfaction or enforcement of any judgement awarded in favour of the non-defaulting Party in relation to its rights in terms of or arising out of this Agreement.

15. COUNTERPARTS

This Agreement may be executed by each Party signing a separate copy thereof and each of the copies together shall constitute the Agreement of the Parties.

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
HARMONY GOLD MINING COMPANY LIMITED

/s/ Nomfundo Qangule

Name: Nomfundo Qangule
Capacity: Director
Who warrants her authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005.

For and on behalf of
ARMGOLD HARMONY JOINT INVESTMENT COMPANY
(PROPRIETARY) LIMITED

/s/ Frank Abbott

Name: Frank Abbott
Capacity: Director
Who warrants his authority hereto

SIGNED at SANDTON on this the 15th day of APRIL 2005

For and on behalf of
NEDBANK LIMITED (ACTING THROUGH ITS
NEDBANK CAPITAL DIVISION)

/s/ Kevin Ryder

Name: Kevin Ryder
Capacity: Authorised Signatory
Who warrants his authority hereto

/s/ Mark Saunders Tyler

Name: Mark Saunders Tyler
Capacity: Authorised Signatory
Who warrants his authority hereto

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SIGNIFICANT SUBSIDIARIES

As of June 30, 2005, our principal subsidiaries were:

- Randfontein Estates Limited,
- Evander Gold Mines Limited,
- ARMgold/Harmony Freegold Joint Venture Company (Pty) Ltd,
- ARMgold Limited,
- Avgold Limited,
- Kalahari Goldridge Mining Company Limited and
- Harmony Gold (Australia) (Pty) Limited.

All are wholly-owned direct subsidiaries incorporated in South Africa, save for Harmony Gold (Australia) (Pty) Limited, which is a wholly-owned subsidiary incorporated in Australia.

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I, Zacharias Bernardus Swanepoel, the Chief Executive Officer of Harmony Gold Mining Company Limited, certify that:

- 1 I have reviewed this annual report on Form 20-F of Harmony Gold Mining Company Limited;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- 4 The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Reserved]
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
- 5 The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarise and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: November 2, 2005

/s/ Zacharias Bernardus Swanepoel
Chief Executive Officer
(principal executive officer)

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I, Nomfundo Vuyiswa Lila Qangule, the Chief Financial Officer of Harmony Gold Mining Company Limited, certify that:

- 1 I have reviewed this annual report on Form 20-F of Harmony Gold Mining Company Limited;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- 4 The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Reserved]
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
- 5 The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarise and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: November 2, 2005

/s/ Nomfundo Vuyiswa Lila Qangule
Chief Financial Officer
(principal financial officer)

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<DESCRIPTION> Exhibit 13.1
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CERTIFICATION
(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended June 30, 2005 of Harmony Gold Mining Company Limited (the "Company") as filed with the U.S. Securities and Exchange Commission (the "Commission") on the date hereof (the "Report") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Zacharias Bernardus Swanepoel, Chief Executive Officer of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2005

/s/ Zacharias Bernardus Swanepoel

Zacharias Bernardus Swanepoel
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to it and will be retained by it and furnished to the Commission or its staff upon request.

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CERTIFICATION
(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended June 30, 2005 of Harmony Gold Mining Company Limited (the "Company") as filed with the U.S. Securities and Exchange Commission (the "Commission") on the date hereof (the "Report") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Nomfundo Vuyiswa Lila Qangule, Chief Financial Officer of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2005

/s/ Nomfundo Vuyiswa Lila Qangule

Nomfundo Vuyiswa Lila Qangule
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Harmony Gold Mining Company Limited and will be retained by it and furnished to the Commission or its staff upon request.

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