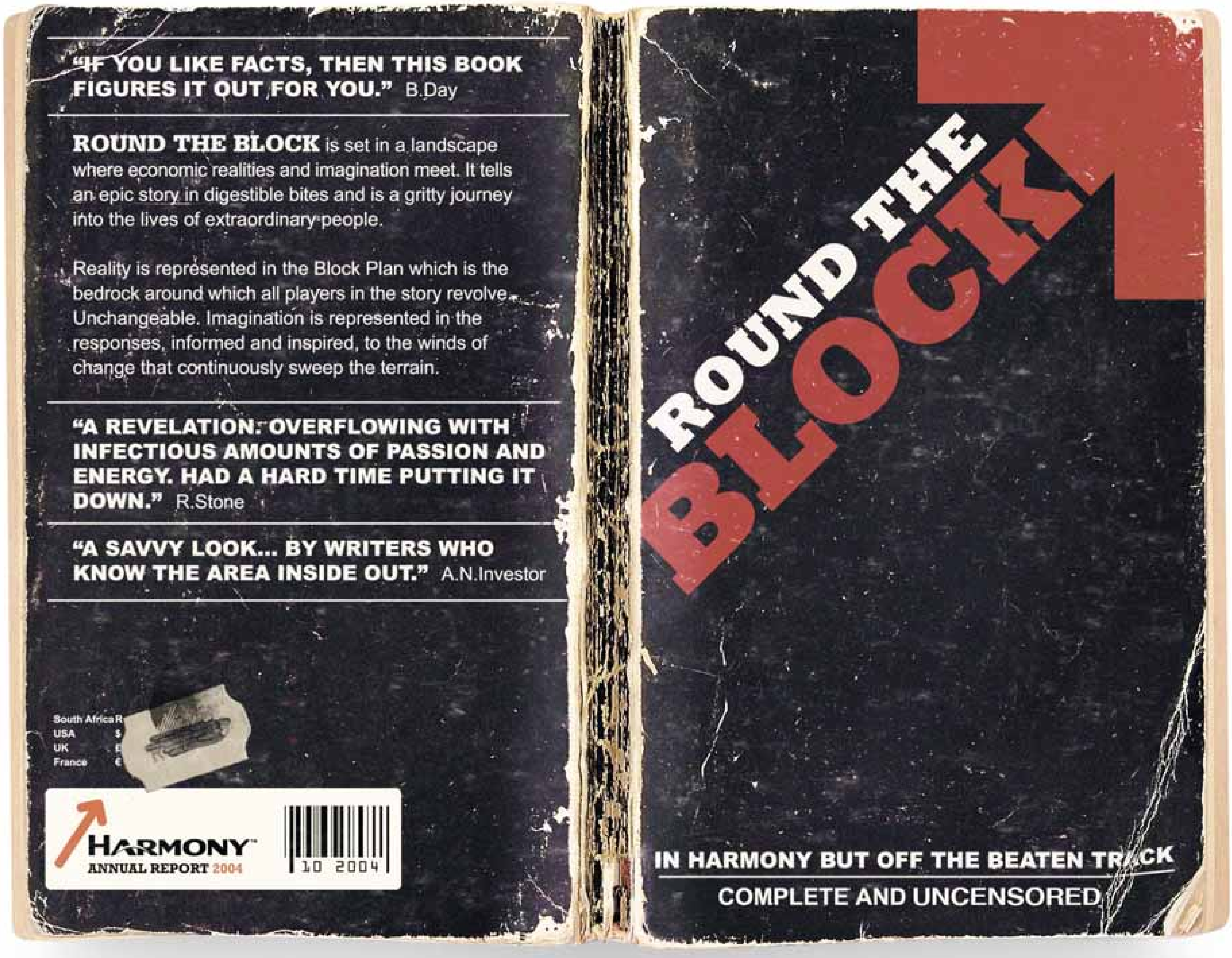

"IF YOU LIKE FACTS, THEN THIS BOOK FIGURES IT OUT FOR YOU." B.Day
ROUND THE BLOCK is set in a landscape where economic realities and imagination meet. It tells an epic story in digestible bites and is a gritty journey into the lives of extraordinary people.
Reality is represented in the Block Plan which is the bedrock around which all players in the story revolve. Unchangeable. Imagination is represented in the responses, informed and inspired, to the winds of change that continuously sweep the terrain.
"A REVELATION. OVERFLOWING WITH INFECTIOUS AMOUNTS OF PASSION AND ENERGY. HAD A HARD TIME PUTTING IT DOWN." R.Stone
"A SAVVY LOOK... BY WRITERS WHO KNOW THE AREA INSIDE OUT." A.N.Investor
South Africa
USA
UK
France
HARMONY
ANNUAL REPORT 2004
10 2004
ROUND THE BLOCK
IN HARMONY BUT OFF THE BEATEN TRACK
COMPLETE AND UNCENSORED

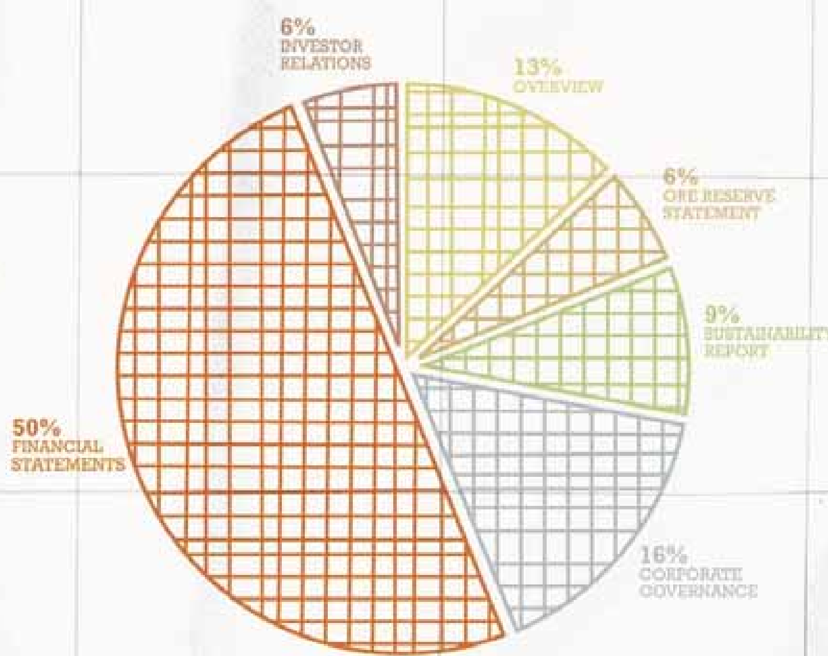


FIGURE 1 CONTENTS OF HARMONY ANNUAL REPORT 2004 (in percentages)

HARMONY GOLD MINING CO. LTD

"ROUND THE BLOCK"

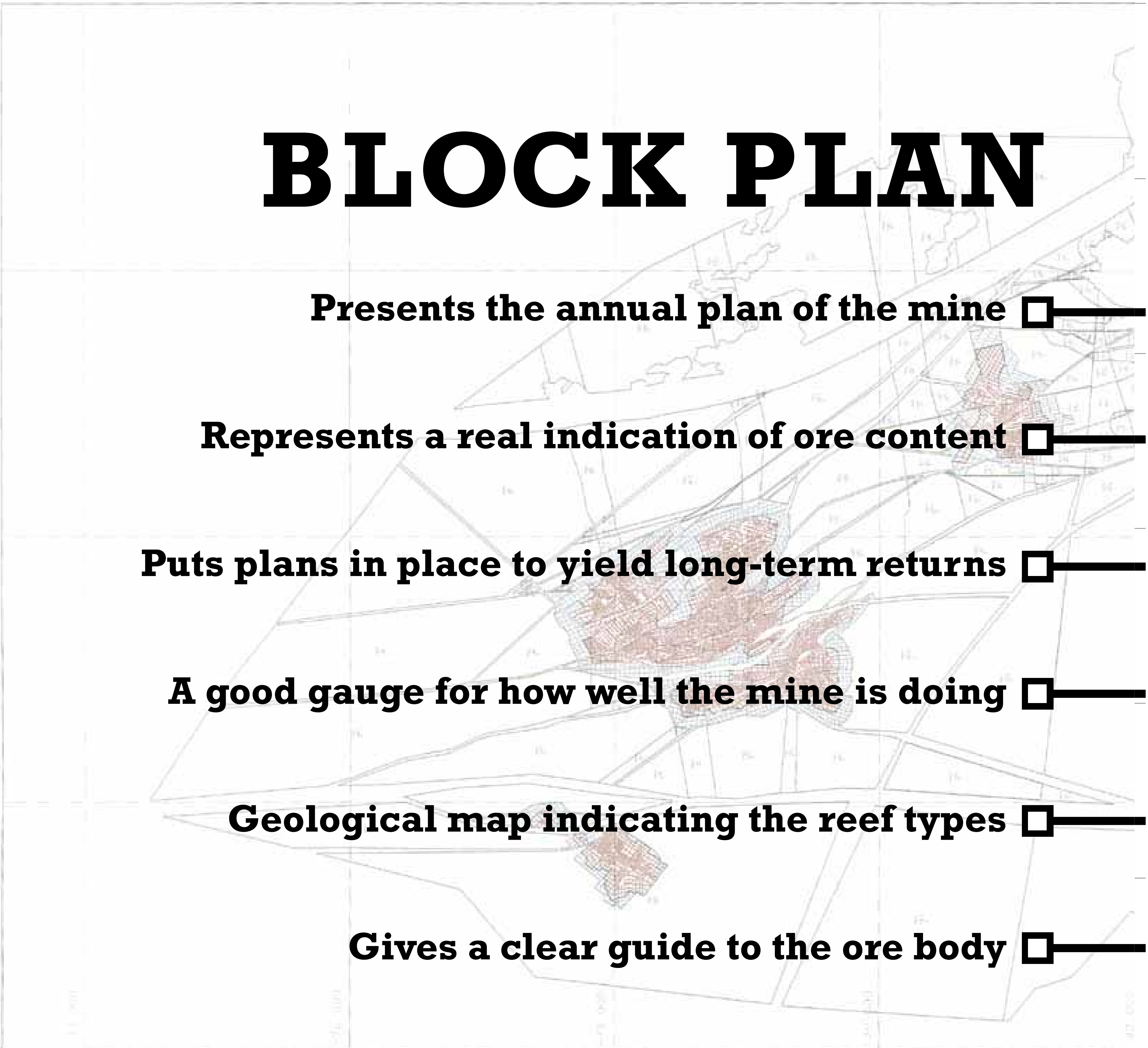
ANNUAL REPORT

2004

In gold mining, everything begins with the Block Plan.

It's a blueprint. Based on our understanding of the ore body, each mine's mineral resources are categorised, blocked out and ascribed an estimated value. Once we know what the blocks can deliver, we develop our planning accordingly.

Harmony's rigorous attention to detail and our business approach to mining is supported by the reality that the Block Plan represents. The analogy of a Block Plan to our Annual Report is to indicate that disciplined thinking is also what supports everything we do.



BLOCK PLAN

- Presents the annual plan of the mine
- Represents a real indication of ore content
- Puts plans in place to yield long-term returns
- A good gauge for how well the mine is doing
- Geological map indicating the reef types
- Gives a clear guide to the ore body

ANNUAL REPORT

Reports the annual review of the company

see **OVERVIEW** page 6-23

Delivers an honest report on ore reserves

see **ORE RESERVE STATEMENT** page 24-31

Finds responsible solutions to long-term growth

see **SUSTAINABILITY REPORT** page 32-43

Behaviour measured against high standards

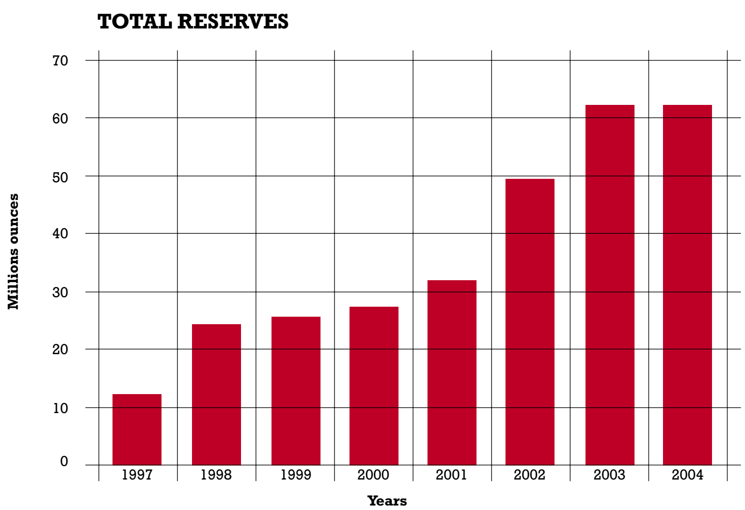
see **CORPORATE GOVERNANCE** page 44-65

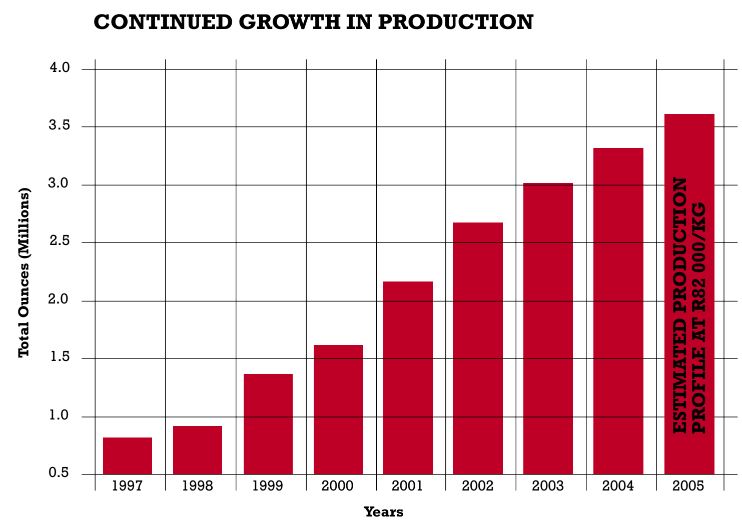
Strategic map indicating the business advance

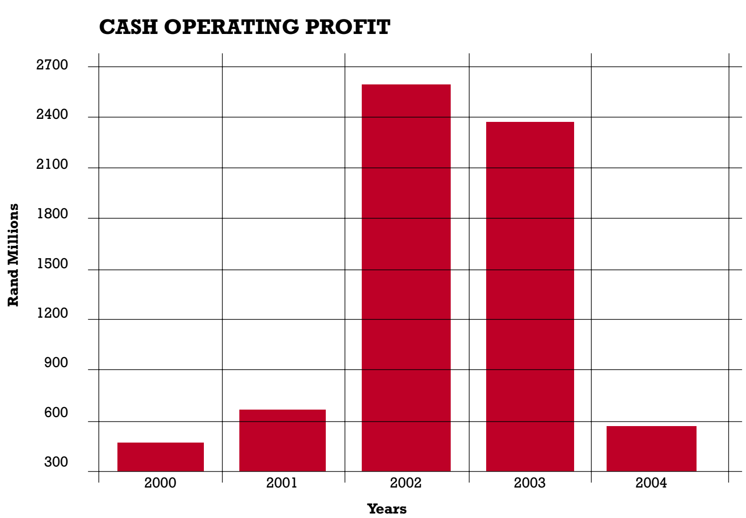
see **FINANCIAL STATEMENTS** page 66-135

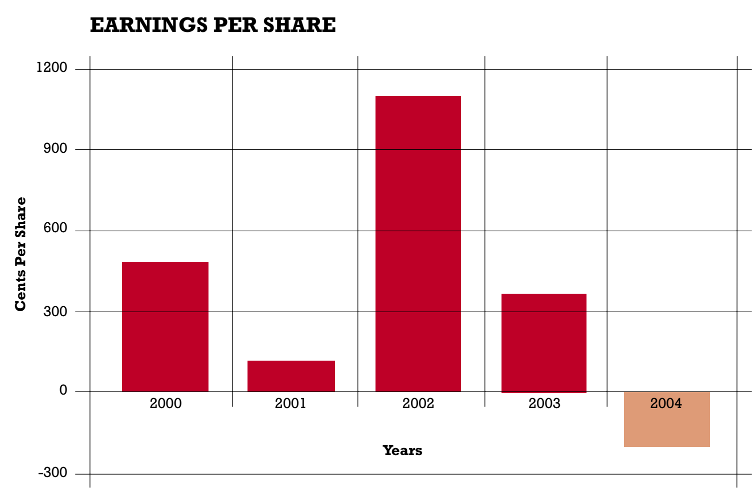
Gives a concise guide to investing in the company

see **INVESTOR RELATIONS** page 136-148


TOTAL RESERVES
70
60
50
40
30
20
10
0
Millions ounces
1997
1998
1999
2000
2001
2002
2003
2004
Years


CONTINUED GROWTH IN PRODUCTION
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
Total Ounces (Millions)
ESTIMATED PRODUCTION PROFILE AT R82 000/KG
1997
1998
1999
2000
2001
2002
2003
2004
2005
Years


CASH OPERATING PROFIT
2700
2400
2100
1800
1500
1200
900
600
300
Rand Millions
2000
2001
2002
2003
2004
Years


EARNINGS PER SHARE
1200
900
600
300
0
-300
Cents Per Share
2000
2001
2002
2003
2004
Years

HIGHLIGHTS

We achieved record growth in production for the seventh consecutive year

In spite of a difficult operating environment we declared a dividend of 70 SA cents for the year

The merger between Armgold and Harmony has created South Africa's largest gold producer

We acquired Avgold which includes Target mine and the Target North Project area

Further exploration success in Papua New Guinea (PNG)

Our strong balance sheet allows us to continue financing our portfolio of growth projects

We submitted our first four licence conversion applications

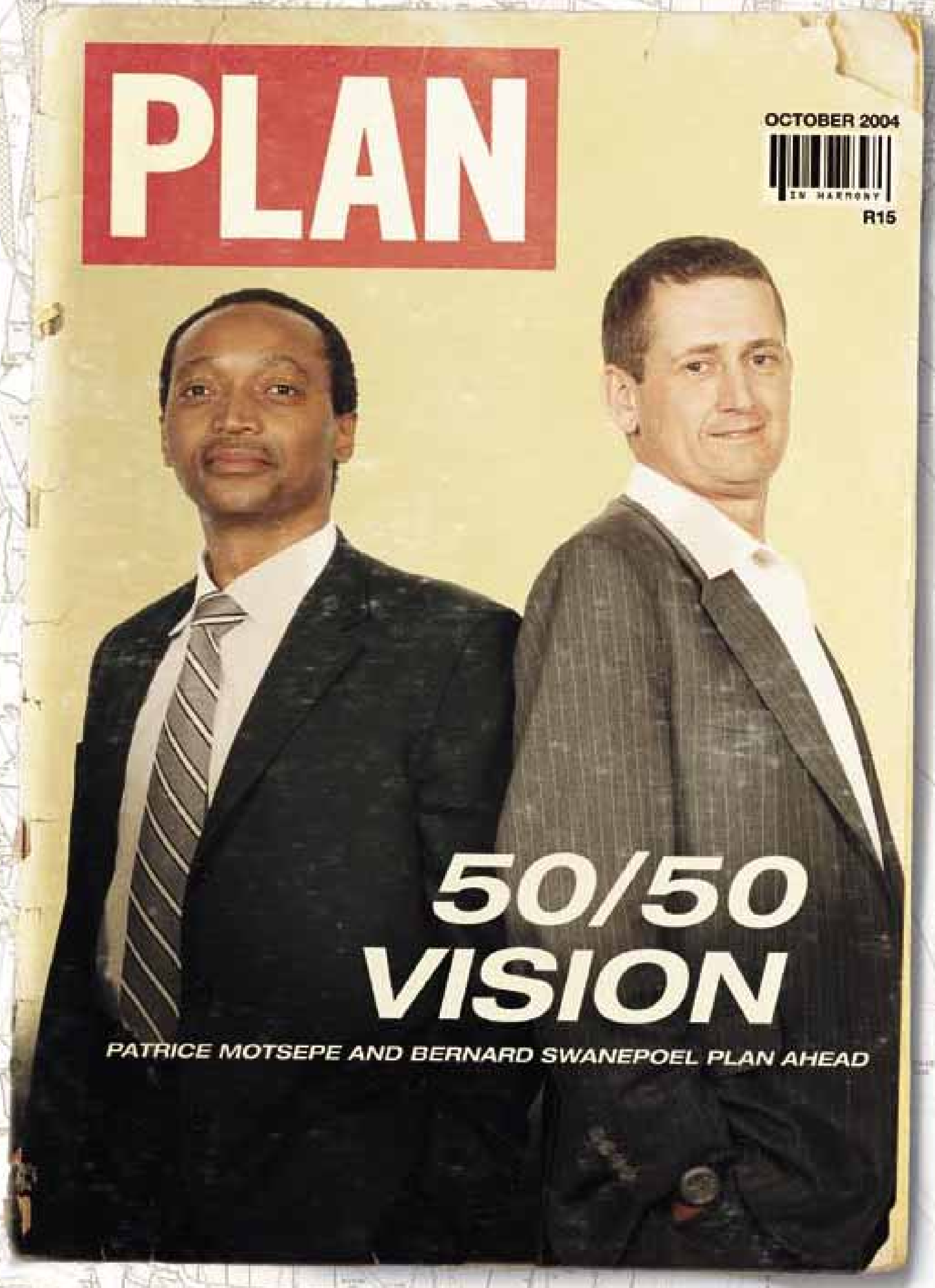
We successfully acquired Abelle Limited

A 27% increase in our resource base which at 521 million ounces is the largest in the world

We have made good progress in complying with requirements set out in the Minerals and Petroleum Resources Development Act

We reached a groundbreaking agreement with the Unions to address outdated and illogical work practices.

1 OVERVIEW



Tshepong

Project Description

The Sub 66 Level Decline Project extends below the lowest current working level of Tshepong Shaft. The Project will convert the high-grade resource to reserves and increase production from Tshepong.

General Geology

The planned Sub 66 Level Decline will access the UF1 and UF2 reefs.

RESOURCES	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	OUNCES (million)
Reserves	6.0	8.0	48.1	1.5
Resources	7.9	11.0	87.0	2.8

1.1 CHAIRMAN'S OVERVIEW

This year South Africa celebrated its first ten years of democracy. This is a historic achievement which is applauded not only in SA but throughout the world. As one of the largest companies in South Africa, we realise the importance and impact of our contribution towards our young democracy. We are committed to and support efforts to improve the living conditions of all our people and to contribute to the growth of a South African middle class. Through our commitment of aligning and developing Harmony within the new framework of the Minerals and Petroleum Resources Development Act, we serve as a role model. This view is not just shared in the gold industry, but by business in general as well as the communities in which we operate.

At the beginning of the 2003/04 financial year, with the merger of ARMgold and Harmony already announced, our main focus was to progress with the incorporation of these assets within the greater Harmony. This situation soon changed as even more opportunities for growth were identified. Through the Harmony/ARMI/Avmin transactions, we now own Avgold Limited and by simplifying our shareholding structure in Abelle Limited, we have increased our presence in Australia.

Despite these corporate activities our operating environment remained a challenging one. According to the Chamber of Mines of South Africa, the current situation has probably been the worst since the late 1970's. With the South African Rand strengthening to levels previously seen in 1999, revenues from local operations decreased sharply. In addition, average mining grades decreased steadily over the past thirty years, from 13 g/t to approximately 4.5 g/t today. Gold production from South Africa also decreased from 1 000 tonnes per annum in the seventies to approximately 365 tonnes for the past 12 months. Profit margins have over time been eroded by years of double digit inflation rates, without the industry being able to respond with mining at higher recovery grades. In this declining or shrinking South African gold industry, we have managed to grow our company from a lease bound, loss-making operation to the sixth largest producer in the world today:

SEE GRAPH 1

The number of South African gold companies has decreased from 35 eight years ago to only 4 producers of relevance today. We believe that through the 26 acquisitions that we have completed to date, we have managed not only to increase the production profile of the company, but also to improve the quality of our assets. Our range of growth projects together with the newly acquired Target Mine, positions Harmony well to grow its production base. The potential of the Target North Project area needs to be quantified and if we proceed with it, will lend further support to our strategic intent.

Our industry however is not in the shape that investors would expect, considering the strength of the gold price in US Dollar terms:

SEE GRAPH 2

We have seen the global gold industry survive the low of US$252 during the second quarter of 2001, when producers still managed to make an average profit of US$20 per ounce. When measured during the June 2004 quarter with gold at approximately US$390 per ounce, the industry returned a loss of approximately US$50 per ounce. The main drivers were higher working costs, exploration charges and capital expenditure. This is an industry which is expected to harvest during periods of a high US Dollar gold price. Indications however are that the global industry could look even worse over the next few years should the gold price cycle change to a lower US Dollar gold price.

This is where we chose to position our company differently. We are, despite the current low gold price in South African Rand terms, continuing with our capital expenditure commitments thereby creating future opportunities to generate above average returns for all stakeholders. We are repositioning our company as an attractive investment vehicle, able to withstand the volatility of the gold price and currency movements and we will achieve this without having to fundamentally internationalise our production base.

The South African Rand acts as a natural hedge to both our ability to generate cash flows and fund acquisition opportunities. When the US Dollar is strong, the South African Rand tends to be weak. This usually means that the gold price is in a downward cycle. This still allows the company to make sustainable cash flows. International and local acquisition opportunities are more affordable during this phase of the cycle.

We, however, experienced an exceptional period during the 18-months in 2001 and 2002 when we had an increasing gold price in US Dollar terms, and an extremely weak South African Rand environment. Above average cash flows were generated. International acquisition opportunities however became more expensive and we therefore concentrated on our local projects which provided greater returns.

On the back of a weakening currency and subsequent above average profits, the South African producers outperformed their peer group from late 2000 until August 2002. Although the gold price continued to strengthen in US Dollar terms, the impact of the subsequent strengthening of the South African Rand on the performance from local producers, is clear from the graph below:

SEE GRAPH 3

Interest in South African gold equities relative to the North American and Australian producers waned due to the fact that their operating margins were severely affected. This phase of the cycle is where Harmony is more likley to make further acquisitions in South Africa rather than overpay for international assets. The relative outperformance by North American and Australian producers continued until August 2004 when signs of local currency weakness started to show. Should this trend continue, we will see renewed interest in South African gold equities.

We have been exposed to the cyclical nature of the US Dollar gold price over the past few years and this, together with the volatility of our local exchange rate, impacted on our performance. By continuously focusing on the growth of our company, we believe that, as an unhedged South African gold producer, we provide both a value proposition and optionality to investors.

Our safety statistics improved further during the past year and compare favourably with the averages of the South African gold mining industry. I express my personal condolences and that of the company to the families, friends and colleagues of those who lost their lives on our operations:

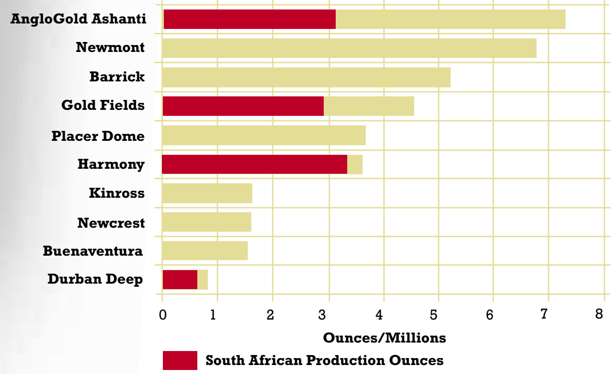
SEE GRAPH 4

During the year we have also reconstituted the Board and executive management of the company to be globally competitive and to be more representative of all the people of South Africa. I would like to thank the retiring directors and executives for their contribution to the Board and the success of the company.

We look forward to a challenging, but rewarding year.

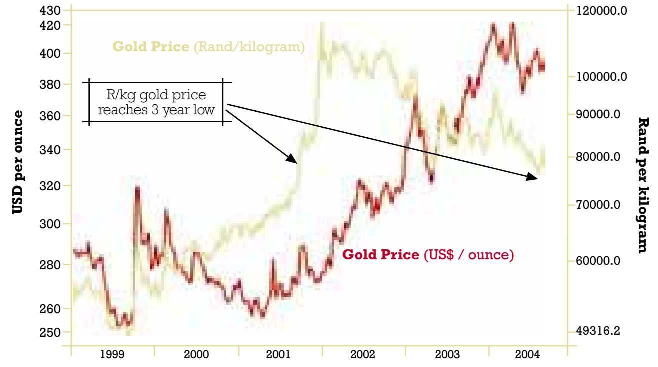
Patrice Motsepe
Chairman

GRAPH 1 ESTIMATED PRODUCTION BY MAJOR GOLD PRODUCERS



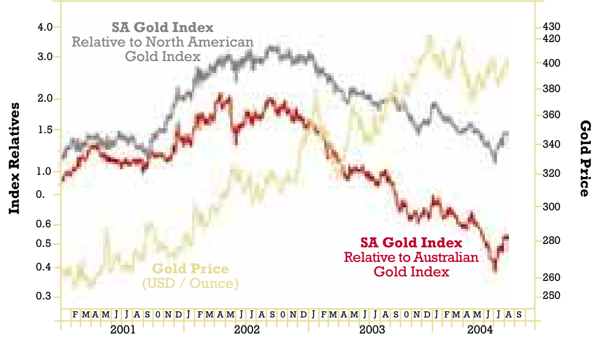
Source: HSBC Senior Gold Book

GRAPH 2 GOLD PRICE (US$ PER OUNCE AND RAND PER KILOGRAM)
(Weekly data: 1 January 1999 to present)



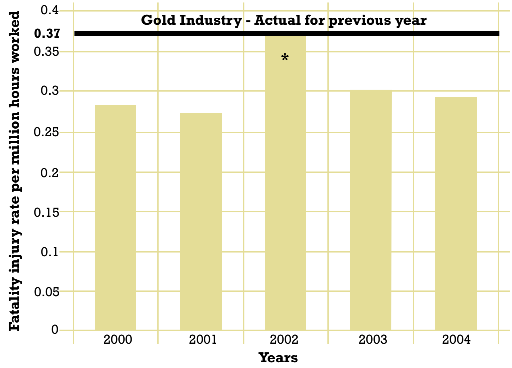
Source: I-Net Bridge; Deutsche Securties

GRAPH 3 SA GOLD INDEX RELATIVE TO AUSTRALIAN AND NORTH AMERICAN GOLD INDICES AND US$ GOLD PRICES



Source: I-Net Bridge; Deutsche Securities

GRAPH 4 FATALITY INJURY RATE PER MILLION HOURS WORKED



* inclusion of Elandskraal and Free Gold statistics for the first time

1.2 CHIEF EXECUTIVE'S OVERVIEW

The general theme of our 2002/03 annual report was "record cash operating profits from record production" but it came with a warning that we, in the next financial year, would have to deal with a stronger South African Rand environment. This warning became a reality over the past twelve months as the company saw the gold price in R/kg terms decrease to levels last seen in 1999. This was mainly due to the continued strength of the South African Rand when measured against the US Dollar:

SEE **GRAPH 5**

It has, however, also been a rewarding period as we continued to show an increase in gold produced for the seventh consecutive year, increasing by 11% (year on year) from 3.0 million ounces to over 3.3 million ounces. The falling local gold price and rising working cost environment has seen South African gold production decrease to 365 tonnes (11.7 million ounces) year on year.

Even with the downscaling of some of our more marginal shafts, the benefits from CONOPS (which is dealt with in detail later in the report) and the inclusion of Target Mine will see Harmony produce approximately 3.6 million ounces during the 2004/05 financial year.

Reflecting on the financial year, it is fair to say that most individuals, institutions, investors, government and our team were surprised by the strength of the South African Rand. As this trend persisted, it was clear that a large scale restructuring initiative was required at our local operations. Although the initial steps were taken early in the calendar year, the process intensified during April 2004, and culminated in an agreement with the unions and associations in July 2004. With this agreement, which is discussed later in this section, we believe we will be able to reduce costs and to redress some of the illogical industry work practices of the past.

The performance of the company is best reflected in the accompanying table:

SEE **TABLE 1**

Although we received a substantially higher average gold price of US$ 385 for the year, this 17% improvement in price, year on year, was negated by a 25% improvement in the strength of the South African Rand. On average the South African Rand strengthened from R9.13 to R6.89 per US Dollar for the 2003/04 financial year, resulting in Harmony receiving a gold price of R85 218/kg, 12% lower than the R96 663/kg reported previously.

Working costs increased by an unacceptable 12% from R71 146/kg to R79 598/kg. The increase consists of the effects of a relatively high local inflation rate, the impact of the annual labour cost increases as well as the start up cost of introducing continuous operations (CONOPS) at our operations. CONOPS, we believe, will play an important role in the company's ability to deal with the current low R/kg gold price.

CONOPS (Continuous Operations) refers to the practice where a mine operates on all the days of the year, including Sundays. Workers operate on a roster or shift arrangement which sees them work the same amount of hours per week and therefore the company needs to employ more people in order to facilitate working the additional days.

Currently most gold mines in South Africa operate for approximately 273 days per year. The successful introduction of CONOPS can increase this number to 353 days per year (excluding the 12 public holidays). This will result in a 25% increase in labour required per stope as well as a 5% - 8% reduction in unit cost/tonne.

The investment we are making in implementing CONOPS has the potential to improve the cash operating profit margins of our operations significantly. It will allow us to generate improved returns, even during difficult times, and during times when the gold price in R/kg terms is high, we will be in a position to achieve above average returns.

To date CONOPS has been agreed to over approximately 66% of our production base. CONOPS is currently being phased in, allowing for the establishment of underground operational flexibility and the re-training of employees who are being redeployed. Cost and volume benefits from the successful introduction of CONOPS will become evident during the next few quarters.

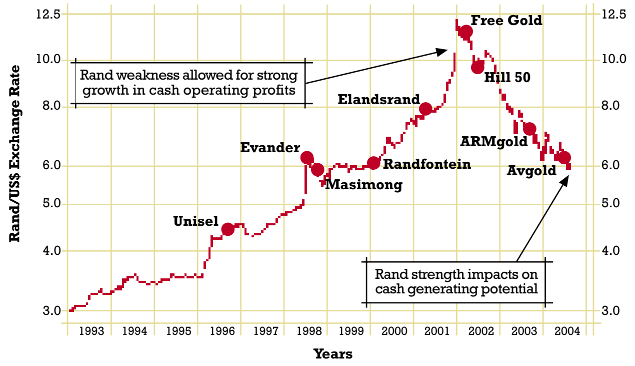
Over the past few years we have built up a track record of paying dividends during good as well as challenging times, and have proved that we can survive and grow the company. Dividends declared for the 2003/04 financial year totals 70 cents, consisting of a 40 cents interim dividend for the six months ending December 2003 and a final dividend of 30 cents in June 2004.

When measured over a five year period, the company has consistently delivered shareholder value. Due to the fact that Harmony is unhedged and South Africa's largest gold producer, we are exposed to the volatility of the South African Rand and the US Dollar price of gold. This has resulted in periods where we have generated excellent cash flows, the opposite of what we expected and experienced during the 2003/04 financial year. The volatility is evident in the results, in US Dollar terms, shown in the table:

SEE **TABLE 2**

During depressed times we have made smart acquisitions that have enabled us to be one of the most consistent growth stories in the world of gold mining. Now, again may be such a time in South Africa!

GRAPH 5 OUR ACQUISITION PIPELINE



Source: I-Net Bridge; Deutsche Securities

TABLE 1 COMPANY PERFORMANCE

FINANCIAL YEAR ENDING		JUNE 2004	JUNE 2003	VARIANCE %
Production	- kg	103 127	93 054	11
	- oz	3 315 595	2 991 734	11
Revenue	- R/kg	85 218	96 663	(12)
	- US$/oz	385	329	17
Working Costs	- R/kg	79 598	71 146	(12)
	- US$/oz	360	242	(49)
U/g Working Costs	- R/tonne	413	354	(12)
Cash Operating Profit (R'm)		580	2 374	(76)
Cash Operating Profit Margin		7%	26%	(73)
Cash Earnings Per Share		229	1 334	(83)
EPS (cents)		(206)	359	(157)
Dividends (cents per share)		70	275	(75)
Exchange Rate (Rand Per US$)		6.89	9.13	(25)

TABLE 2 OUR 5 YEAR TRACK RECORD

FINANCIAL YEAR ENDING	JUNE '04	JUNE '03	JUNE '02	JUNE '01	JUNE '00
Gold Produced - kg	103 127	93 054	82 971	66 563	50 572
Gold Produced - oz	3 315 595	2 991 734	2 667 572	2 140 043	1 625 925
Underground Recovery Grade - g/t	5.16	5.17	5.37	4.88	5.08
Cash Operating Profit SA Rand - million	580	2 374	2 591	673	461
Cash Operating Profit US US$ - million	84	260	254	88	73
Cash Operating Cost - R/kg	79 598	71 146	62 848	57 416	50 121
Cash Operating Cost - R/tonne	267	234	227	224	213
Cash Operating Cost - US$/oz	360	242	192	234	246
Dividend - SA Cents Per Share	70	275	500	120	120

1.3 HIGHLIGHTS OF THE PAST FINANCIAL YEAR

Although our operating environment has been a challenging one, we believe that the acquisitions that were completed, our continuation of the development of our growth projects and changes in historical work practices, has well positioned Harmony to optimise value for all shareholders in future.

A few of the highlights that will impact on the valuation of our company are:

Merging ARMgold and Harmony to create South Africa's largest gold producer

Although we made information on the planned merger of the two companies available at the time of publishing the 2002/03 Annual Report, the full extent of the benefits were not evident at the time. Our merger with ARMgold provided us with the much needed capacity and base to grow the company further, continuing with the acquisition of Avgold and Abelle in the latter half of the financial year.

From a production perspective, the merger allowed Harmony to improve the exploitation of the Free Gold quality assets, which includes the Tshepong North Decline and Phakisa Shaft growth projects. Both these projects will contribute significantly to the future performance of our company.

The transaction not only resulted in short-term operational synergies, but delivered a long-term value proposition for our shareholders. Following the transaction, ARMI (African Rainbow Minerals and Exploration Investments (Pty) Ltd), represented by Patrice Motsepe, became Harmony's largest shareholder. This saw Harmony complying with the requirements of the Mining Charter for equity ownership by black South Africans. Patrice was subsequently appointed as Harmony's new non-executive Chairman.

ARMI (African Rainbow Minerals and Exploration Investments (Pty) Ltd) increased its equity in Harmony

Following the merger with ARMgold, an opportunity to acquire Avgold presented itself. To ultimately conclude such a transaction the approval of a range of stakeholders was required by a succession of transactions. Firstly Harmony and ARMgold jointly acquired 34.5% of Avmin. Then on 7 November 2003, the boards of Avmin, Harmony and ARMI announced that they had reached agreement in principle regarding the range of indivisible transactions.

The following transactions were concluded:

- Harmony acquired Avmin's 42% shareholding in Avgold;
- Avmin acquired ARMI's 14% shareholding in Harmony and its effective interest of 41.5% in the Modikwa Platinum Joint Venture;
- Avmin acquired Kalplats from Harmony for R80 million, and
- A voting pool agreement was reached between Harmony and ARMI in respect of their shareholding in Avmin.

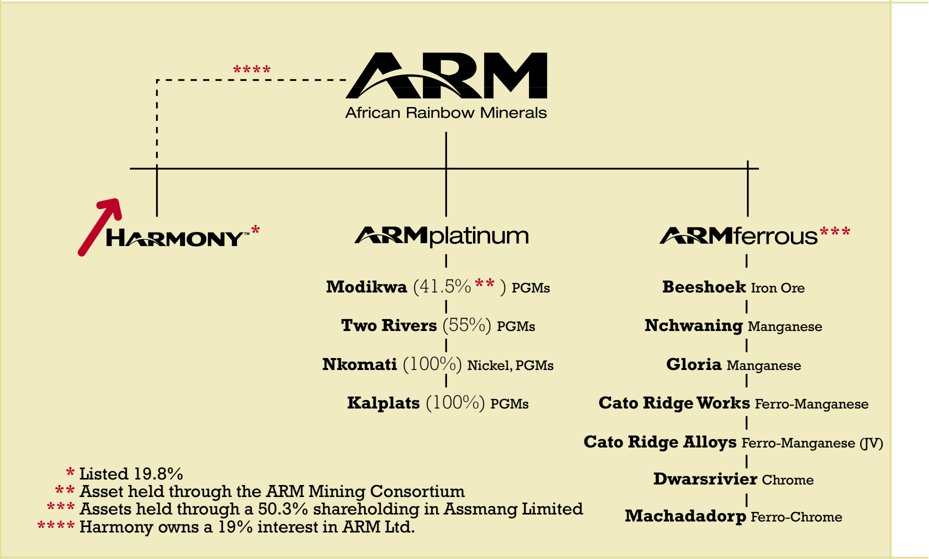
On completion of the transaction Avmin agreed to change its name to African Rainbow Minerals (ARM).

The current group structure of ARM is as follows:

SEE DIAGRAM 1

The additional benefit of this transaction to Harmony shareholders is the increase in ARM's stake in our company, from 14% to approximately 19.8%, thereby not placing our Black Economic Empowerment credentials at risk but enhancing them.

DIAGRAM 1 GROUP STRUCTURE OF ARM



We acquire Avgold, which includes the Target North Project Area

On 13 November 2003, Harmony announced that we had reached an in-principle agreement regarding the acquisition of Avmin's 42% share in Avgold Limited. This followed an announcement on 15 July 2003 that we had acquired an 11.5% stake in Avgold from Anglo South Africa Capital (Pty) Ltd.

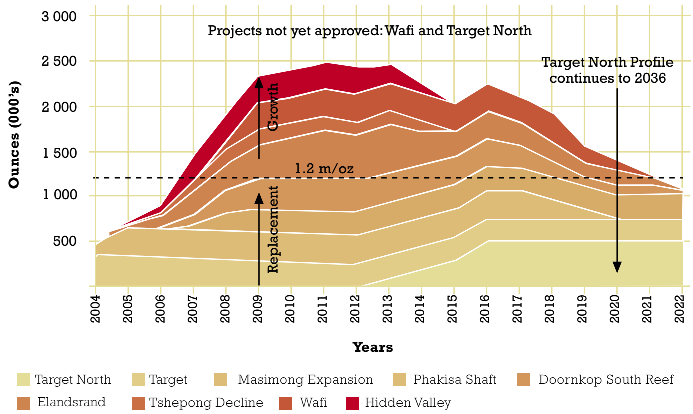
In terms of JSE Securities Exchange South African Regulations, the offer was extended to the remaining Avgold stakeholders. Following a scheme meeting held on 3 May 2004, the High Court of South Africa approved the scheme of arrangement on 11 May 2004. This resulted in Harmony now owning the Target Mine in the Free State. The mine is expected to produce approximately 300 000 ounces per annum at a cash cost of US$ 230/oz. This operation has an expected life of mine in excess of 18 years and an ore resource of some 13.2 million ounces of which 5.4 million ounces are in the reserve category.

Immediately adjacent to Target, lies an area known as Target North.

The area has one of the world's largest unmined deposits. It contains a series of gold-enriched depositional fans at an average depth of 2 500 metres below surface and approximately 2 to 3 kilometres apart.

An extensive exploration programme was completed in the area. The project is at pre-feasibility stage and current estimates show measured and indicated resources of 22.0 million ounces and additional inferred resources of 45.3 million ounces.

GRAPH 6 HARMONY PROJECT AND ACQUISITION Production Profiles



Continuing the development of our growth projects

Despite the impact of the strengthening South African Rand on revenues, we continued with the development of our five growth projects. This addresses our objective of securing quality replacement and growth ounces. This increases our recovery grade profile and reduces our cash cost profile. The projects, all located in the major gold producing regions of South Africa, will ensure that we remain the country's largest gold producer:

SEE GRAPH 6

Funding these projects requires a strong balance sheet. Although we have been consistently generating cash operating profits, we further strengthened our balance sheet during May 2004 by issuing South African Rand convertible bonds to the value of R1 700 million to international investors.

In addition to a saving of R85 million per year in interest payments, the funds raised allowed the company to consolidate its short-term debt accumulated following our acquisition activities. The term of the convertible bonds also better matches the duration of the projects.

By continuing our capital expenditure programmes, despite lower profitability, we aim to optimise the returns from these growth projects. The legacy of the gold mining industry has been one of expanding during times when the gold price is high and then mining the ore bodies during low gold price cycles, thereby reducing returns. By being able to build these projects during difficult times, we plan to optimise the returns to all stakeholders during better times.

Project expenditure to date and future expected capital expenditure is dealt with, per region, in the operational review.

Completing the acquisition of Abelle

In a public offer which we announced on 26 February 2003 and which closed on 30 April 2003, we received acceptance from 87% of holders of ordinary shares and options in Abelle Limited. On 15 March 2004 Harmony futher announced that it had made an off-market cash offer to acquire all the ordinary shares, listed options and unlisted options in Abelle that it did not already own.

The Harmony offer, valued at approximately R620 million or A$125 million, consisted of the following:

- A$2.00 for each Abelle share;
- A$1.70 for each of the listed options in Abelle, and
- 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 Pty Limited, which held 83.2% of Abelle's ordinary shares and 69.7% of Abelle's listed options on that date. All the conditions precedent and regulatory requirements were met and Harmony proceeded with the compulsory acquisition of the outstanding shares. At 30 June 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. Since then, Abelle has pursued a strategy of focussing on its three major world-class projects in Papua New Guinea.

At Hidden Valley, where a resource of 4.72 million ounces of gold and 56 million ounces of silver has so far been identified, a feasibility study has been completed for the development of this asset and the permitting process is currently underway. Phase I of the project, which was approved by the board, will include the building of an open pit mine and processing facility, which will produce an average of approximately 300 000 ounces of gold and 4.5 million ounces of silver per annum, commencing in 2006.

The capital requirements of the project envisage a maximum cash outflow of A$177 million (±US$124 million) and the project has a rate of return of 28% at current metal prices and exchange rates. It is expected that significant quantities of gold currently in the resource category will in due course be converted to reserves thus enhancing the life and value of this project.

The mining lease approval for the development of the Hidden Valley property can only be approved on the completion of the Compensation Agreement, the Department of Mines (DOM) Technical Approval and the Environmental Plan.

The process to licence the Hidden Valley project has begun with the Memorandum of Agreement (MOA) being negotiated with the National, Provincial Governments and the Project Landowners. This process is not a pre-requisite to the Mineral Lease approval.

We expect to have the licensing process completed prior to calendar year-end 2004.

The Wafi project, which lies 70 km from Hidden Valley and which is located on a major epithermal gold mineralisation system, has been the focus of an intensive drilling campaign over the past year. The activities have to date successfully increased the gold resources within the higher grade portion of the ore body from 4.3 million ounces to 6.3 million ounces. In addition, a further 2 million ounces of gold in low grade ore have been identified to date. This project will in 2004/05 be the focus of an intensive drilling programme aimed at increasing resources and reserves and at optimising the treatment process for these ores. A feasibility study aimed at establishing a major gold mine at this site will be undertaken as soon as enough drilling information is available.

The Golpu Copper – Gold project is a classic porphyry style mineralised system located only 1.4 km from Wafi. To date a resource of 118 million tonnes @ 1.4% copper and 0.84 g/t gold containing 1.63 million tonnes of copper metal and 2.8 million ounces of gold have been identified. This project is currently the subject of a pre-feasibility study.

HIGHLIGHTS OF THE PAST FINANCIAL YEAR continued

We own the world's largest ore resource of 521 million ounces

We now own the world's largest ore resource, a total of 521 million ounces, an increase of 27% from the previous year's 410 million ounces. With the inclusion of the ARMgold, Target and Hidden Valley reserves and the exclusion of the reserves from the marginal shafts (both at ongoing operations as well as at the shafts which have been downscaled and placed on "care and maintenance" programmes), the company today has 62.2 million ounces available for mining. This declaration was done at an assumed long-term gold price of R92 000/kg.

A year on year reconciliation of our ore reserves is as follows:

SEE TABLE 3

At a gold price of R82 800 kg, the company's ore reserves decrease to 53 million ounces at a higher underground average grade of 6.58 g/t. The opposite applies in the case of a higher gold price of R101 200/kg. The available ore reserves increase from 62 million ounces to 65 million ounces, whilst the average underground grade decreases from 6.21 g/t to 5.90 g/t.

More detail on the company's ore reserves is available in section 2 of this report.

Further closing out of inherited hedge positions

During the 2003/04 financial year, we continued to close out the hedge books inherited through the acquisition of New Hampton, Hill 50 and Avgold. The restructuring of the Australian hedge book is a continuation of our strategy of being unhedged.

A total of 500 000 ounces, being a combination of forward sale agreements and call contracts sold, were closed out at a cost of R105 million (US$15 million).

Following the restructuring, only 495 000 ounces of our Australian production remain hedged. More than 2 million ounces of hedging was inherited with these acquisitions. Ounces produced during the period July 2004 to June 2005 will be exposed to the spot price of gold.

On 3 May 2004 we announced that, after having received approval from Avgold shareholders for Harmony to acquire 100% of its share capital, the Target Mine hedge book of approximately 515 000 ounces had been restructured. The gold portion of the hedge book was closed out at a cost of R20 million. Changes in the fair value of the residual forward exchange contracts due to exchange rate movements, will be reflected in the company's income statement.

TABLE 3 A YEAR ON YEAR RECONCILIATION OF OUR ORE RESERVES

	GOLD tonnes	GOLD Moz
Balance as at June 2003	1 926	61.9
Mined During Current Financial Year (mill delivered)	(109)	(3.5)
Added Through Acquisitions and on Lease Exploration	233	7.4
Less: Impact of Downscaling Marginal Shafts	(114)	(3.8)
Balance as at June 2004	1 936	62.2
For details see page 26		

Restructuring our portfolio of strategic investments

With the high Dollar gold price resulting in high valuations for our non-South African assets it was deemed an opportune time to review and restructure our portfolio of strategic investments.

On 13 October 2003 we announced the disposal of our 31.7% shareholding in Highland Gold Mining Limited. The stake, which was acquired at a cost of US$26.6 million was disposed of for an amount of US$119 million. The disposal does not mean that we have permanently exited the region in respect of possible future growth opportunities, but rather that alternative investment vehicles are being considered.

Following the disposal of our stake in Highland Gold, the strategic relevance of having a shareholding in High River Gold decreased. On 17 October 2003, the company announced that it had disposed of its 16% shareholding in High River Gold for a consideration of US$22.4 million.

During July 2004, our investment in Bendigo was diluted from 31.6% to approximately 12.7%. This followed our decision not to participate in the capital fundraising programme undertaken by the company. Although the project has a very large gold endowment, Harmony currently has several projects with economic and risk characteristics more attractive than those presented by Bendigo.

During March 2004, we completed the disposal of 100% of our shareholding in Bissett to San Gold Resources Corporation, Gold City Industries Limited and Rice Lake Joint Venture Inc. for a consideration of C$ 7.5 million.

We submit our first licence conversion application

Following the excellent progress we made delivering on the requirements of the "Minerals and Petroleum Resources Development Act" during the previous financial year, the transactions with ARMgold and the subsequent agreement between ARMI, Harmony and Avmin completed the ownership compliance requirements. The inclusion of the credits from these two transactions, enabled us to proceed with the applications to convert our "old order mining rights" into "new order mining rights".

The table below provides an illustrative calculation of credits for Harmony's four BEE transactions to date, indicating that compliance has already been achieved with an equivalent of 31% of production ounces qualifying as credit ounces:

SEE TABLE 4

Harmony has been working on its programme of licencing for the past 18 months. This process involved the compilation of a mineral assets register and the identification of all our economical mineral and mining rights. The company secured all "old order" mining rights and validated existing mining authorisations during 2003. Our strategy has been one of securing 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 with the Mpumalanga Department of Minerals and Energy on 21 May 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 is still being processed.

The application for "new order" mining licenses for Randfontein Estates Limited (Cooke 1, 2 and 3 shafts and Randfontein 4 shaft) together with the Doornkop Joint Venture with Africa Vanguard Resources, as well as the application for Elandsrand was submitted on 30 August 2004. Harmony worked closely with the Gauteng Department of Minerals and Energy (DME) in the preparation of these applications.

The license applications for Orkney, Kalgold and the Free State Operations are being prepared and the process should be completed by the end of January 2005. 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.

TABLE 4 AN ILLUSTRATIVE CALCULATION OF HARMONY'S FOUR BEE TRANSACTIONS TO DATE

BEE TRANSACTION	EQUIVALENT EMPOWERMENT CREDIT OUNCES	CALCULATION NOTES
Sale of 10% of Elandskraal to Khuma Bathong	36 000	10% of 360 000oz produced by Elandskraal in 2003
Simane purchase of equity in Harmony	194 000	6.4% (original holding of Simane) of Harmony's total ounces of production for 2003
Sale of 26% of mineral rights of Doornkop to AVR	85 000	26% (AVR's share) multiplied by the 330 000 oz Doornkop is expected to produce at full production
Harmony/ARM/Avmin transactions	720 000	20% (shares in merged Harmony entity which will be held by ARM following transactions involving ARM/Harmony and Avmin
Total "equivalent empowered gold ounces" of production	1 035 000	Note that "Equivalent Empowered Ounces" reflects historical transactions and not only current BEE holdings
Total ounces of South African gold production	3 300 000	Total South African Production of Harmony for 2004/05
Equivalent BEE ounces as a percentage	**31%**	

Finalising a groundbreaking agreement with Unions and Associations on more productive work cycles

The past financial year has also been a period in which our good working relationships with the respective labour unions were reinforced. We made significant progress with the restructuring and right-sizing activities that were announced during the previous quarter.

On 2 April 2004, we announced that the company had commenced a restructuring process following the continued weaknesses of the gold price in R/kg terms. Some of our older shafts, which had come to the end of their economic lives, were jointly re-evaluated and a process to downscale production at the shafts was initiated.

The company met with the respective unions and associations involved on numerous occasions, and an agreement was concluded on 16 July 2004. The main objective of the agreement is the retention of the maximum number of employment opportunities through the implementation of continuous work cycles.

The agreement makes provision for the following:

- **i)** The re-training and re-deployment of employees affected by the down-scaling and mothballing of certain shafts. The extent of the success of this exercise will be dependent on the implementation of CONOPS at Randfontein, Masimong and the original Harmony shafts;
- **ii)** It was agreed that by focussing on both areas where production was either in a decline or growth phase, the utilisation of employees could be optimised;
- **iii)** It was acknowledged that the implementation of CONOPS at the above-mentioned operations was crucial to the success of the plan and discussions to this extent should continue at operational level;
- **iv)** It was proposed that joint task teams be established at operational level to continue with the activities related to the retraining and re-deployment of employees and the implementation of the agreed principles;
- **v)** The joint task teams will also monitor applications for voluntary retrenchment, and
- **vi)** The company would consider proposals put forward by the union to investigate the creation of a vehicle to accommodate mines/shafts that have been identified for downscaling or that will be put on a care and maintenance programme.

Subsequent to year end the number of contractors on our operations has been reduced by approximately 3 000 and was partially replaced by our own surplus employees. By 31 August 2004, a further approximately 5 000 employees had opted for voluntary retrenchment whilst at least 4 000 positions had been saved with the initial implementation of CONOPS. A provision of R154 million was made at year end for the conclusion of this process.

1.4 ANNUAL OPERATIONAL OVERVIEW

To allow for the effects of merging the ARMgold and Target operations into our production units, our grouping of our operational units within the regions changed. The current presentation thereof is more representative of the quality of assets as well as its life of mine expectations. It also better reflects the differences in management focus and skills required to run these operations.

Excluded from these results is production from the five loss-making shafts which, at the current South African Rand gold price, have come to the end of their economic lives. These shafts are in various phases of downscaling and will be put on care and maintenance programmes. The impact of these closures on overall volume is minimal and represent approximately 22 000 ounces of production per annum.

FREE STATE GROWTH OPERATIONS

– includes the following Shafts: Tshepong, Phakisa, Masimong, Bambanani and Target.

FREE STATE GROWTH OPERATIONS - INCLUSION OF FREE GOLD AND TARGET SHOWS

UNDERGROUND OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	4 392	2 732
Recovery Grade	(g/t)	6.30	6.77
Gold Produced	(kg)	27 674	18 501
Gold Produced	(oz)	889 735	594 818
Working Costs	(R/kg)	68 149	58 565
Working Costs	(R/tonne)	429	397
Capital Expenditure	R million	282.9	204.8

A comparison of the year on year results from these shafts is difficult with the composition changing significantly as the remaining half of Free Gold has been included following the ARMgold merger and Target was added in for the last 2 months.

These operations reported a 34% or R239.8 million reduction in cash operating profit, down from R706.5 million to R466.7 million.

Total working costs of R1 885.9 million were 74% or R802.4 million higher than the R1 083.5 million reported for the previous financial year. Costs of approximately R711.8 million can be associated with the 60% increase in underground tonnage.

Results from Target Mine for a period of two months have been included in our results for the first time. For this period a total of 207 000 tonnes at a grade of 8.04 g/t (1 662 kg) was attributable to Harmony. Cash working costs of R47 703/kg (US$215/oz) were achieved and costs in R/tonne were R383/tonne. This operation delivered a cash operating profit of R56.9 million for the period. We expect an improved cost performance from Target Mine during the coming financial year.

The Free Gold region which includes Tshepong and Bambanani was the first to enter into negotiations with the unions on the introduction of CONOPS. Agreements were finally concluded in the latter half of 2003 and implementation thereof commenced at Tshepong and Bambanani. Our experiences during this implementation phase assisted us in our approach with the introduction of CONOPS throughout the company.

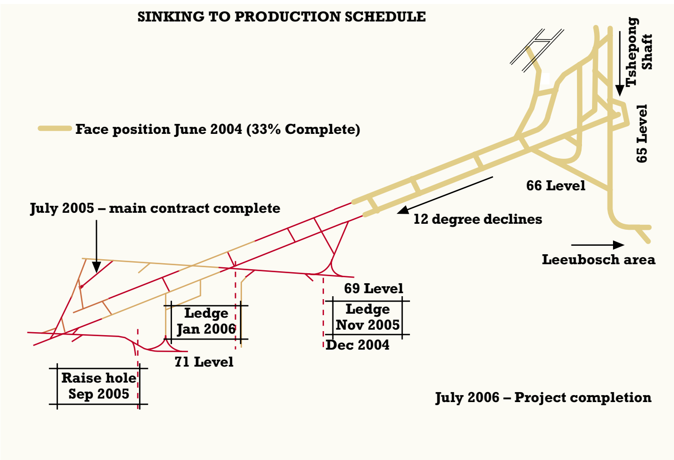
Operationally the Free Gold region performed well. Although recovery grades at Tshepong decreased from 7.3 g/t to 6.6 g/t, a 10% increase in tonnage resulted in gold production being marginally higher at 2 87 kg compared to the 2 858 kg of the previous financial year. Cash costs increased by 4% from R420/tonne to R438/tonne.

The company made good progress with the three growth projects that are underway in this region. The Masimong Expansion Project is nearing completion, and production levels of 75% of the project plan are currently being achieved. Capital expenditure requirements on this project have decreased as only development related costs are expected to be incurred in future.

A detailed summary of the various projects and progress made has been included in this section.

Tshepong Decline Project

The Tshepong Decline Project extends below the lowest working level of the Tshepong Mine and will convert the high grade resource to reserves.



The project which started in April 2003 is proceeding well and is expected to be completed by July 2006.

The twin decline system extends from 65 Level to 72 Level for a total length of 1 164 metres. This will open up mining Levels 69 and 71. The material decline uses a belt conveyor and monorail system whilst the chairlift decline will be used to transport people.

Progressive expenditure on the project to date totals R100.9 million.

ANNUAL CAPITAL EXPENDITURE PROFILE

R MILLION	**2002/3**	**2003/4**	**2004/5**	**2005/6**	**2006/7**	**TOTAL**
Actual Spent	40.8	60.1				100.9
Forecast			97.3	66.7	0.9	164.9

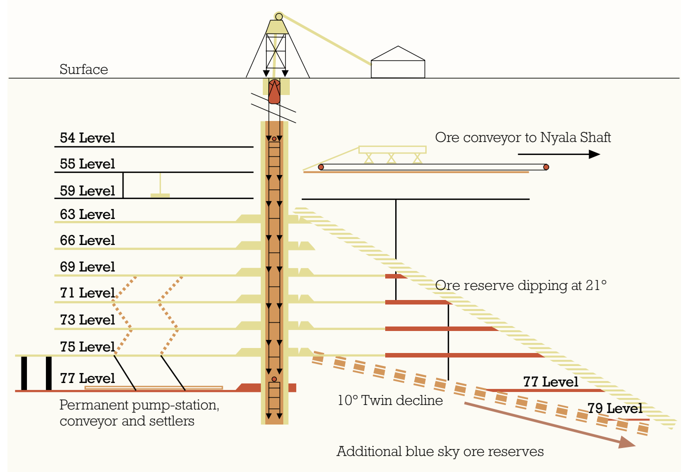
FINANCIAL EVALUATION UPDATE

Gold Price (kg)	R 80 000
NPV at 7.5%	R660m
IRR	41.5%

Phakisa Shaft Project

11 September 2003 saw the first blast on the Phakisa Shaft Project which has a life of mine of some 20 years.

A re-engineering exercise of the project by the Harmony project team during the June 2004 quarter indicated that by shortening the main shaft to 54 metres below 77 Level and developing a decline to access the three levels below, the project returns could be enhanced. A further benefit was that an additional 500 000 m^2 of reef area would be added to the current life of mine plan.



The production start-up date of November 2007 remains intact.

Despite the expenditure of a nett additional R63.3 million for the decline, the NPV of the project, using the original project long-term gold price of R93 000/kg, improved from R965 million to R1 030 million and the IRR from 25% to 27% respectively. Even at a gold price R80 000/kg the project delivers robust returns.

CAPITAL COST UPDATE

	R million
Final Estimated Cost	612.9
Capital Spent	124.3
Remaining Capital	488.6

FINANCIAL EVALUATION UPDATE

Gold Price (kg)	R 80 000
NPV at 7.5%	R768m
IRR	24%

ANNUAL CAPITAL EXPENDITURE PROFILE

R MILLION	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**TOTAL**
Actual Spent	117.3	7.0					124.3
Forecast		112.2	219.9	99.5	41.3	15.7	488.6

Masimong Expansion Project

The Masimong Expansion Project primarily features the mining of the Basal and B Reefs at Masimong 5 Shaft. A smaller contribution is expected from Masimong 4 where the grades are more variable. Work on the project is on schedule with expenditure related to development of the various ore bodies remaining.

CAPITAL COST UPDATE

	R million
Final Estimated Cost	152.6
Capital Spent	89.6
Remaining Capital	63.0

ANNUAL CAPITAL EXPENDITURE PROFILE

R MILLION	**2002**	**2003**	**2004**	**2005**	**2006**	**TOTAL**
Actual Spent	26.4	38.7	24.5			89.6
Forecast				34	29	63.0
TOTAL	26.4	38.7	24.5	34	29	152.6

FINANCIAL EVALUATION UPDATE

Gold Price (kg)	R 80 000
NPV at 7.5%	R54.7m
IRR	35%

FREE STATE LEVERAGE OPERATIONS

– Shafts included under this section are Joel, Kudu, West Shaft, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3 Shafts, Unisel and Brand 3 Shafts.

FREE STATE LEVERAGE OPERATIONS: DOWNSCALING TO PROFITABILITY BUT RETAINING ALL THE OPTIONALITY

UNDERGROUND OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	4 234	3 715
Recovery Grade	(g/t)	4.11	4.00
Gold Produced	(kg)	17 391	14 854
Gold Produced	(oz)	559 131	477 565
Working Costs	(R/kg)	91 649	84 838
Working Costs	(R/tonne)	376	339
Capital Expenditure	R million	61.6	-

SURFACE OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	5 359	3 389
Recovery Grade	(g/t)	0.51	0.63
Gold Produced	(kg)	2 735	2 134
Gold Produced	(oz)	87 932	68 610
Working Costs	(R/kg)	74 966	68 895
Working Costs	(R/tonne)	38	43
Capital Expenditure	R million	-	-

A number of shafts which have a limited life of mine potential and higher cash cost structure have been grouped together.

The maturity and leverage of these operations are evident from the year on year comparison. Although having reported improved gold recoveries, the combination of higher cash costs and a lower gold price resulted in these operations returning a loss of R112.4 million. During the corresponding period in 2003, these operations returned a cash operating profit of R213.4 million.

These are the production ounces within the company which are most leveraged to fluctuations in the gold price. Our focus during the current financial year is to ensure that these ounces are mined profitably, thereby retaining its significant optionality.

Year on year, tonnage increased by 14% or 519 000 tonnes from 3 715 000 tonnes to 4 234 000 tonnes. At higher recovery grades of 4.11 g/t, gold recovery increased by 17% to 17 391 kg. Although working costs were well contained overall, costs of R195.1 million directly related to the increase in tonnage was incurred. The decrease in gold price however resulted in revenue being R243.4 million lower at R1 481 million.

The introduction of CONOPS at these shafts could ensure profitability. The future of these shafts will in the short-term be determined by their ability to address both their working cost and recovery grade profiles.

Treatment of surface tonnages from the Free State operations continued during the year. Higher volumes, albeit at a lower recovery grade, ensured a higher gold recovery. Working costs associated with these operations were well maintained, decreasing from R43/tonne to R38/tonne. Cash operating profit decreased from R58.7 million to R29.5 million year on year.

EVANDER OPERATIONS

– includes the following shafts; Evander 2 and 5, Evander 7 and Evander 8.

Evander reported a profit of R55.9 million for the year compared to a profit of R268.7 million for the 2002/03 financial year.

The Evander operations had a tough production year. At similar grades gold production was marginally higher at 11 189 kg for the year. Cash costs remain a concern with an increase of 13% in R/kg terms being reported. In R/tonne terms, cash costs increased by 12%.

The operations have been the focus of significant restructuring initiatives during the last quarter of the financial year. We expect improved performances in costs, volumes and grades from Evander during the coming year.

During the March 2004 quarter, an agreement to implement CONOPS at Evander was reached with the unions. Circumstances at Evander however do not allow for the full-scale implementation thereof and CONOPS is being gradually phased in, based on the flexibility available at the shaft to gain the benefits thereof.

Where CONOPS has been introduced, shafts have reported increased volumes and improved recovery grades. The full extent of the benefits from CONOPS will become more evident during the next six months.

In line with the decrease in gold price, treatment of surface sources at Evander was discontinued early in January 2004. Cash operating profits of R1.8 million were reported compared to the R3.3 million for the corresponding period.

EVANDER OPERATIONS: A STEADY OVERALL PERFORMANCE

UNDERGROUND OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	1 981	1 945
Recovery Grade	(g/t)	5.65	5.69
Gold Produced	(kg)	11 189	11 075
Gold Produced	(oz)	359 733	356 069
Working Costs	(R/kg)	80 153	71 062
Working Costs	(R/tonne)	453	405
Capital Expenditure	R million	93.7	87.9

SURFACE OPERATIONS (SIX MONTHS ONLY)			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	92	182
Recovery Grade	(g/t)	0.66	0.71
Gold Produced	(kg)	61	128
Gold Produced	(oz)	1 961	4 115
Working Costs	(R/kg)	55 529	65 107
Working Costs	(R/tonne)	37	46
Capital Expenditure	R million	-	10.8

RANDFONTEIN OPERATIONS

– includes the following shafts; Cooke 1, Cooke 2 and Cooke 3 and Doornkop.

RANDFONTEIN OPERATIONS: DELIVERY OF DOORNKOP SOUTH REEF PROJECT ON TRACK

UNDERGROUND OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	2 646	2 866
Recovery Grade	(g/t)	4.63	4.94
Gold Produced	(kg)	12 260	14 150
Gold Produced	(oz)	394 166	454 932
Working Costs	(R/kg)	78 062	62 065
Working Costs	(R/tonne)	361	306
Capital Expenditure	R million	159.2	17.0

SURFACE OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	2 202	2 007
Recovery Grade	(g/t)	0.27	0.57
Gold Produced	(kg)	588	1 150
Gold Produced	(oz)	18 872	36 973
Working Costs	(R/kg)	76 814	63 476
Working Costs	(R/tonne)	21	36
Capital Expenditure	R million	-	15.5

Randfontein continued to deliver good returns, despite the current difficult operating environment. At the time of acquiring these operations early in 2000, it was well known and accepted in the market that these shafts were going to generate good cash flows for approximately three years, before supposedly closing down.

On acquiring Randfontein, we introduced the "Harmony Way," restructuring the operations for longer term sustainability. We have achieved this and we have subsequently extended the life of mine of these operations. Replacing the higher grade shaft pillar at Cooke 1 Shaft with adequate tonnage will only be possible when the Doornkop South Reef Projects start delivering tonnage.

As planned, underground tonnage decreased by 8% or 220 000 tonnes to 2 646 000 tonnes. At a slightly lower recovery grade of 4.63 g/t compared to 4.94 g/t of the previous year, gold recovered was 13% lower at 12 260 kg.

As expected with a downscaling in underground mining activities, and supplemented by lower recovery grades, cash costs in R/kg terms increased from R62 065/kg to R78 062/kg. These operations are now focussing on establishing a sustainable cost profile to ensure profitability.

Negotiations on the introduction of CONOPS continue. The nature of these ore bodies is that they are shallow and comparatively lower in grade than our other operations, which makes them ideally suited to CONOPS work practices.

Cash operating profit from surface operations decreased from R41.0 million to R5.0 million. Treatment of surface tonnages for the full twelve month period continued at these operations. Recovery grades decreased significantly due to a change in feed material as tonnages from the Lindum Reefs section were depleted.

Doornkop South Reef Project

Access development on 197 Level has commenced and will be ramped up. A raise line on 192 Level, West 3 has been started for the purpose of overstoping.

Preparatory work in the main shaft, which will provide for separate sinking operations below 132 Level, commenced at the end of June 2004.

Raise boring operations for the second outlet shaft and the main shaft sinking operation commenced on both 126 Level and 192 Level. The second outlet shaft is due for completion in September 2004. This multipurpose shaft will provide for a doubling of ventilation air to the sub shaft, serve as a second outlet and will have the ability to transport material. The main shaft has been raise bored between 192 and 212 Levels. Reaming was completed by 17 July 2004.

The updated schedule provides for the main shaft to be commissioned in July 2006 and for production to ramp up to 135 000 tonnes per month by October 2008.

As work on the project continues, additional information on the nature of the ore body becomes available. Our latest information indicates that the shaft could possibly be shortened, allowing earlier access to the ore body for mining. This will result in improved returns on the project. The Harmony shaft project team is currently re-engineering the project.

CAPITAL COST UPDATE

	R million
Final Estimated Cost	1 271
Capital Spent	111
Remaining Capital	1 160

FINANCIAL EVALUATION UPDATE

Gold Price (kg)	R 80 000
NPV at 7.5%	R430m
IRR	36%

ANNUAL CAPITAL EXPENDITURE PROFILE

R MILLION	2003	2004	2005	2006	2007	2008	2009	2010	2011-2016*	TOTAL
Actual Spent	13	98								111
Forecast			145	173	160	160	161	142	219	1 160
TOTAL	**13**	**98**	**145**	**173**	**160**	**160**	**161**	**142**	**219**	**1 271**

*** Expenditure for period 2011 to 2016**

ELANDSRAND OPERATIONS

ELANDSRAND OPERATIONS: A MATURE MINE IN TRANSITION TO A NEW FUTURE

UNDERGROUND OPERATIONS			
FINANCIAL YEAR ENDING		JUNE 2004	JUNE 2003
Tonnes Milled	('000)	1 301	1 332
Recovery Grade	(g/t)	5.98	6.18
Gold Produced	(kg)	7 793	8 228
Gold Produced	(oz)	250 550	264 527
Working Costs	(R/kg)	88 969	77 693
Working Costs	(R/tonne)	532	480
Capital Expenditure	R million	112.2	135.4

SURFACE OPERATIONS			
FINANCIAL YEAR ENDING		JUNE 2004	JUNE 2003
Tonnes Milled	('000)	410	1 115
Recovery Grade	(g/t)	0.40	0.54
Gold Produced	(kg)	165	601
Gold Produced	(oz)	5 305	19 323
Working Costs	(R/kg)	109 244	68 631
Working Costs	(R/tonne)	44	37
Capital Expenditure	R million	-	1.5

Our Elandsrand Operations reported a cash operating loss of R27.5 million compared to a profit of R154.5 million for the previous financial year.

Underground tonnages were 2% lower at 1 301 000 tonnes. At a lower recovery grade of 5.99 g/t, gold recovery was 5% lower at 7 793 kg.

Working costs increased in both R/kg and R/tonne terms, from R77 693/kg to R88 969/kg and R480 tonne to R533/tonne respectively.

Elandsrand, a mature mine with a declining production profile, has the challenge of a new mine being developed beneath the old mine. The nature of the different activities underway negatively impacted on the performance of the shaft during the past twelve months.

As reported in the September 2003 quarter, due to the scaling of the waste and reef orepasses, a programme 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 a dilution in recovery grade and a distorted cash cost/tonne profile. The problem was finally resolved by February 2004, and resulted in a recovery in grades and a commensurate higher cash cost per tonne.

A major restructuring programme in preparation for the conversion from the old mine to commence mining in the higher grade project areas of the new mine, is underway. An improved performance from Elandsrand is expected during the next twelve months.

Due to the decrease in gold price and recovery grade of the source material, treatment of surface tonnage at Elandsrand was discontinued during the December 2003 quarter. These surface operations reported a loss of R3.9 million compared to the R17.6 million profit reported previously.

Elandsrand New Mine Project

Good progress has been made with this project which intends exploiting the southern deeper portion of the higher grade payshoot, which was mined on the shallower levels of the old mine. Most of the shaft and associated infrastructure has been completed and activities are now directed at developing access and opening up areas to mine.

The following milestones have been achieved on the various levels:

- 102 Level intersected reef in May 2002. The 102-34 reef raise holed in July 2003;
- The first production month for the project was on the 102-34 line in January 2004;
- 105 Level intersected reef in May 2004 on the 105-33 Cross Cut;
- 109 Level will be on reef by September 2006 in the 109-33 Cross Cut;
- 113 Level will be on reef by November 2006 in the 113-33 Cross Cut, and
- This project has a life of mine of 17 years.

CAPITAL EXPENDITURE UPDATE

	R million
Final Estimated Cost	609.8
Capital Spent	354.3
Remaining Capital	255.5

FINANCIAL EVALUATION UPDATE

Gold Price (kg)	R 80 000
NPV at 7.5%	R670m
IRR	26%

ANNUAL CAPITAL EXPENDITURE PROFILE

R MILLION	2001	2002	2003	2004	2005	2006	2007	2008	TOTAL
Actual Spent	36	107	106	105					354
Forecast					92	95	65	4	256
TOTAL	**36**	**107**	**106**	**105**	**92**	**95**	**65**	**4**	**610**

ORKNEY OPERATIONS

– includes Orkney 2 and Orkney 6 shafts.

ORKNEY OPERATIONS: INCLUDED IN OUR RESULTS FOR THE FIRST TIME

UNDERGROUND OPERATIONS		
FINANCIAL YEAR ENDING		JUNE 2004
Tonnes Milled	('000)	881
Recovery Grade	(g/t)	6.11
Gold Produced	(kg)	5 391
Gold Produced	(oz)	173 324
Working Costs	(R/kg)	72 080
Working Costs	(R/tonne)	440
Capital Expenditure	R million	1.1

Following the merger between Harmony and ARMgold, the more mature operations in the Welkom and Orkney regions were grouped together as the Orkney operations.

During the past financial year 881 000 underground tonnes were milled. At a recovery grade of 6.12g/t, these shafts produced 5 391 kg. Working costs are well controlled for this method of mainly pillar and remnant mining.

Production from these shafts have a declining profile. They are however expected to remain profitable and retain a measure of leverage to a change in the gold price.

KALGOLD OPERATIONS

KALGOLD OPERATIONS: GOOD PERFORMANCE UNDER DIFFICULT CONDITIONS

SURFACE OPERATIONS			
FINANCIAL YEAR ENDING		JUNE 2004	JUNE 2003
Tonnes Milled	('000)	1 388	1 084
Recovery Grade	(g/t)	1.85	2.14
Gold Produced	(kg)	2 574	2 320
Gold Produced	(oz)	82 756	74 590
Working Costs	(R/kg)	76 269	65 142
Working Costs	(R/tonne)	141	139
Capital Expenditure	R million	2.0	38.9

On 7 November 2003 we announced that we had sold our Kalgold operations to The Afrikaner Lease Limited (Aflease) for a consideration of R275 million. Although all the other conditions precedent to the agreement were met, Aflease could not provide appropriate funding and the contract was subsequently cancelled on 15 March 2004. These operations experienced operational difficulties normally associated with a changeover of management and control.

Although Kalgold increased tonnages significantly, cash operating profits at R20.8 million were lower than the R74 million for the previous year. The lower recovery grade contributed to a 17% increase in R/kg cash costs. Tonnage treated increased by 28% or 304 000 tonnes to 1 388 000 tonnes. The recovery grade decreased from 2.14 g/t to 1.85 g/t in line with plan. Overall gold recovery increased by 11% to 2 574 kg. Cash costs in R/tonne increased marginally from R139/tonne to R141/tonne. The weaker Rand/kg gold price contributed R27.9 million to the lower cash operating profit.

AUSTRALASIAN OPERATIONS

– profitable on a total cost basis.

During the 2002/03 financial year these operations were restructured for profitability. The mining of gold which is unprofitable on a total cost basis was phased out, resulting in a planned lower production output from the region. Year on year production decreased from 510 000 ounces to more sustainable levels of 338 000 ounces per annum.

The decision proved to be the correct one, as the Australian operations returned to profitability despite the strengthening South African Rand with overall improvements in all areas. During the past financial year:

- Significant improvements were made at our main operations at Mount Magnet and South Kal Mines;
- The ventilation problems experienced at Hill 50 were finally resolved during the June 2004 quarter;
- The Big Bell operations were closed;
- Ongoing exploration at our mine sites continued to deliver good results that have added to our resource base, and
- The completion of the drilling programme at Zapapan ore body, in which we have a 50% share, resulted in a deliniation of underground reserve of 247 000 tonnes at 13.05 g/t. Drilling has now been focussed on the larger Cosmo ore body, which previously reported a resource of 4.8 million tonnes at 4.66 g/t. Initial results are suggesting that both the grade and tonnage of the deposit will increase with this programme. A feasibility study for completion by October 2004 is underway.

Our underground operations in Australia returned significantly improved results. The impact of focussing on quality was most visible at these operations. Cash operating profit for the period was R60.8 million lower at R103.2 million. Although underground tonnage decreased from 1 721 000 tonnes to 1 235 000 tonnes, a higher recovery grade of 4.53 g/t resulted in a net gold recovery of 5 599 kg.

Working costs decreased sharply by 17% from R81 663/kg to R68 081/kg. In R/tonne terms cash costs decreased by 11% from R343/tonne to R309/tonne.

Although the impact of restructuring our surface operations in Australia was not that evident, these operations continued to be profitable. Surface tonnage was 35% lower at 3 508 000 tonnes. In line with plan, our access to higher grade material decreased, and lower recovery grades were experienced. Overall gold recovery from surface sources was 43% lower at 4 923 kg. Costs were well maintained, only increasing 5% year on year.

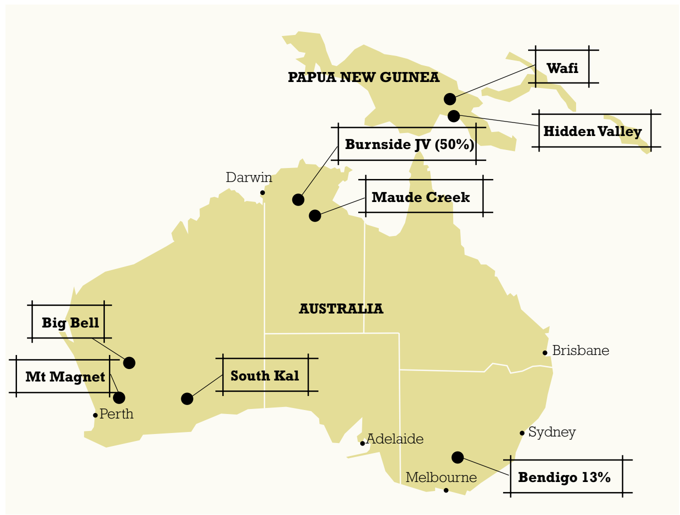
Our challenge in this region continues to be identifying replacement ounces for both the surface and underground operations. Good progress is being made with exploration in the regions in which our operations are located.

AUSTRALASIAN OPERATIONS

UNDERGROUND OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	1 235	1 721
Recovery Grade	(g/t)	4.53	4.20
Gold Produced	(kg)	5 599	7 223
Gold Produced	(oz)	180 011	232 224
Working Costs	(R/kg)	68 081	81 663
Working Costs	(R/tonne)	309	343
Capital Expenditure	R million	144.2	242.1

SURFACE OPERATIONS			
FINANCIAL YEAR ENDING		**JUNE 2004**	**JUNE 2003**
Tonnes Milled	('000)	3 508	5 427
Recovery Grade	(g/t)	1.40	1.59
Gold Produced	(kg)	4 923	8 628
Gold Produced	(oz)	158 277	277 395
Working Costs	(R/kg)	77 092	73 672
Working Costs	(R/tonne)	108	117
Capital Expenditure	R million	-	-

AUSTRALASIAN OPERATIONS



CAPITAL EXPENDITURE FOR OUR OPERATIONS

OPERATIONAL CAPEX	**ACTUAL F/Y JUNE 2004**	**FORECAST F/Y JUNE 2005**
Free State Growth	73.8	63.8
Free State Marginal	11.5	6.1
Evander	93.7	58.9
Randfontein	61.1	9.3
Kalgold	7.0	-
Elandsrand	2.0	-
Orkney	1.1	-
Re-structured Shafts	14.1	-
Australasian Operations	144.2	187.9
Total Operational Capex	**408.5**	**326.0**
PROJECT CAPEX		
Doornkop South Reef	98.1	145.0
Elandsrand New Mine	105.2	111.4
Tshepong North Decline	60.1	92.4
Phakisa Shaft	116.0	119.2
Target Shaft	8.1	75.4
Nyala Shaft	50.1	-
Masimong Expansion Project	24.9	28.2
Total Project Capex	**462.5**	**571.6**
TOTAL CAPEX		
Free State Growth	282.9	379.0
Free State Marginal	61.6	6.1
Evander	93.7	58.9
Randfontein	159.2	154.3
Elandsrand	112.2	111.4
Kalgold	2.0	-
Orkney	1.1	-
Re-structured Shafts	14.1	-
Australasian Operations	144.2	187.9
TOTAL	**871.0**	**897.6**

1.5 CONCLUSION

Reflecting on the past year, I recall that the following were noted as the main challenges that awaited us during the 2003/04 financial year:

- A stronger South African Rand. This impacted severely on our performance and is expected to do so in the next twelve months. We have however restructured our operations to deal more proactively with this force, and
- Finding replacement ounces of a better quality than what was mined in the past. This we have delivered on, with the acquisition of the other half of Free Gold through the merger with ARMgold and the acquisition of Avgold.

The past twelve months have been tough. But I believe they have made us stronger and as a team, sharper and better equipped to deal with the growth challenges we face.

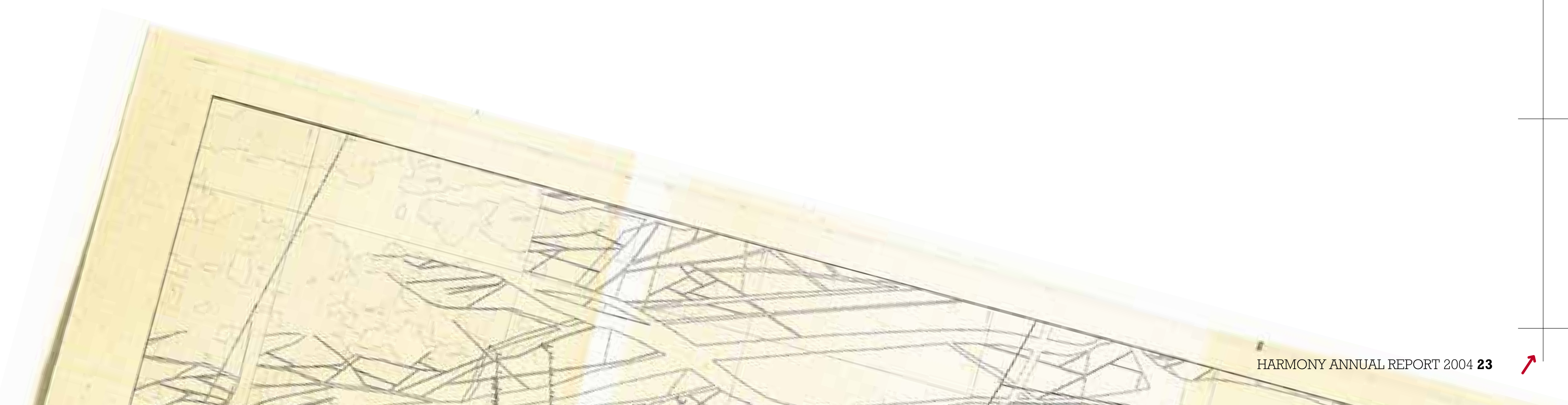
1.6 THE YEAR AHEAD

During the 2004/05 financial year we aim to:

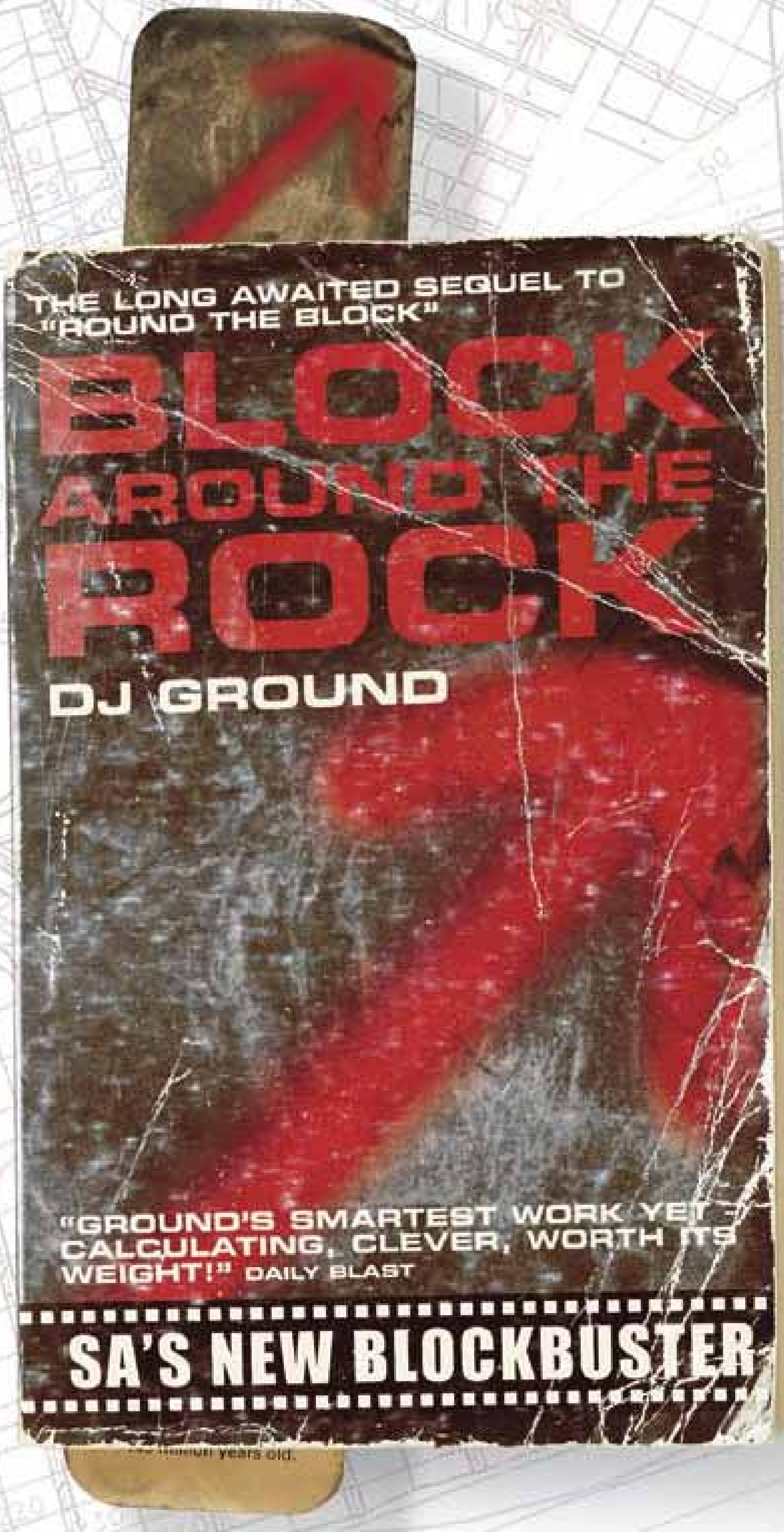
- Make significant improvements in safety;
- Successfully implement CONOPS;
- Start developing our Hidden Valley project in Papua New Guinea (PNG);
- Continue with the delivery of our growth projects in South Africa;
- Improve our cost competitiveness;
- Participate in the ongoing consolidation of the gold industry;
- Complete our licencing conversion process;
- Make progress on other aspects of the scorecard, and
- Focus on the retention and development of critical skills.

As always, we accept these challenges and enjoy the sense of achievement as we make progress. In the nine years that I have been part of the Harmony team we have faced many challenges. Today, we are bigger, stronger and wiser than we have ever been. This, together with our ability to adapt quickly and appropriately to our ever changing environment is what sets us apart and ultimately equips us to deliver on what we say we will deliver.

Bernard Swanepoel
Chief Executive



2 ORE RESERVE STATEMENT



Doornkop

Project Description

The project, at a capital cost of R1 270 million (July 2002 base), was announced on 22 January 2003 and allows for significant growth in production at Randfontein. 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 shaft-deepening project.

The project is essentially a shaft completion project with simultaneous development towards the identified mining areas. It is estimated that 117 tonnes or 3.75 million ounces of gold at a rate of 330 000 oz/tonnes will be recovered from the resource at a recovery grade of 6.37 g/t. The project has a life of 18 years.

General Geology

The South Reef lies between 1 650 m and 2 000 m below surface and at 900 m below the Kimberley Reef, dipping at 5 to 10 degrees to the southeast. It is a very thin seam, typically 1 to 10 cm thick.

RESOURCES	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	OUNCES (million)
Reserves	1.7	6.9	12.0	0.4
Resources	23.6	10.7	251.7	8.1

ORE RESERVES

As at June 2004, we are reporting a slight increase in our mineral reserves. Up from 61.9 million ounces to 62.2 million ounces at a similar grade. Our mineral resources have increased by 27% from 410.2 million ounces to 521.4 million ounces at a slightly better grade. Most of our resource base increase is attributable to the acquisition of Target (including Target North), and Papua New Guinea.

ORE RESERVES RECONCILIATION 2003/2004

		Gold		
		Mt	Au(t)*	Moz
June 2003 Inventory		378	1 926	61.9
MINED 03/04 (-)	Mill delivered	(32)	(109)	(3.5)
ADDED (+)	Target	24	169	5.4
	Papua New Guinea	21	64	2.0
LOST (-)	CLOSURES 03/04	-21	-101	(3.2)
	OTHER (Adjustments)	12	(13)	(0.4)
June 2004 Inventory		382	1 936	62.2

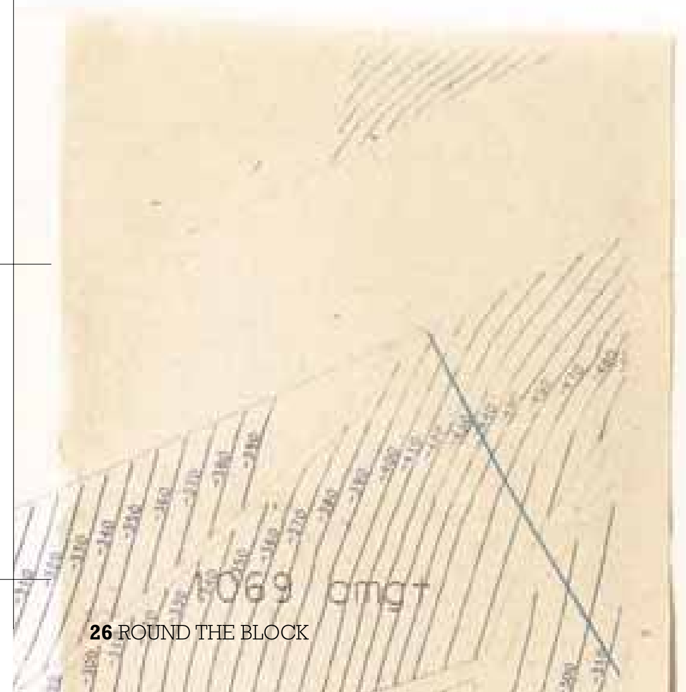
* **Mill delivered gold (g/t)**

2.1 REPORTING CODE

Harmony's declaration of its reserves and resources complies with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC Code), which sets out the internationally recognised procedures and standards for reporting mineral resources and reserves in South Africa. The code was prepared under the auspices of the South African Institute of Mining and Metallurgy (SAIMM). It is modelled on the Australasian Code for Reporting of Mineral Resources and Ore Reserves, (the JORC code) of the Australasian Institute of Mining and Metallurgy (AusIMM). The company's Australian reserves and resources are compliant with the Australian code.

In reporting reserves, cognisance has been taken of Industry Guide 7 as interpreted by the staff of the United States Securities Exchange Commission.

The following tables summarise the inventory of Harmony's mineral resources and mineral (ore) reserves, including Target and Papua New Guinea. The mineral resources are quoted as in situ grams and ounces, above a cut-off and over an estimated stoping width. The mineral reserves are quoted inclusive of dilutive material i.e. tonnes and grade delivered to the mill. The final recovery grade will be lower than the declared grade as the recovery factors of the various plants are applied to the Proved, Probable and Total Reserve.



2.2 MINERAL RESERVES SCHEDULE - METRIC

	GOLD								
	PROVED			PROBABLE			TOTAL RESERVE		
REGION	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	TONNES (million)	GRADE (g/t)	GOLD (tonnes)
Free State Growth	31.35	7.19	225.31	69.80	6.82	475.79	101.15	6.93	701.10
Free State Marginal	25.44	5.19	131.94	17.54	4.32	75.86	42.99	4.83	207.79
Evander	11.10	6.78	75.31	60.63	6.87	416.58	71.73	6.86	491.88
Randfontein	8.99	5.59	50.21	5.57	5.50	30.64	14.56	5.55	80.85
Elandskraal	11.57	8.23	95.27	21.76	8.13	177.02	33.33	8.17	272.30
Kalgold	5.57	2.11	11.73	0.00	0.00	0.00	5.57	2.11	11.73
Australia	4.02	2.29	9.23	7.19	4.29	30.83	11.22	3.57	40.05
Papua New Guinea	2.02	3.10	6.25	19.44	2.95	57.36	21.46	2.96	63.61
Orkney	3.19	7.97	25.43	0.55	7.54	4.14	3.74	7.91	29.57
Total Underground	103.25	6.11	630.68	202.49	6.26	1 268.21	305.74	6.21	1 898.89
SA Surface Sources	45.64	0.43	19.79	30.96	0.57	17.79	76.60	0.49	37.58
TOTAL	148.89		650.46	233.46		1 286.00	382.35		1 936.46

	SILVER								
	PROVED			PROBABLE			TOTAL RESERVE		
PAPUA NEW GUINEA	TONNES (million)	GRADE (g/t)	SILVER (tonnes)	TONNES (million)	GRADE (g/t)	SILVER (tonnes)	TONNES (million)	GRADE (g/t)	SILVER (tonnes)
	2.02	29.00	58.58	19.44	43.91	853.61	21.46	42.51	912.19
TOTAL	2.02	29.00	58.58	19.44	43.91	853.61	21.46	42.51	912.19

2.3 MINERAL RESERVES SCHEDULE - IMPERIAL

	GOLD								
	PROVED			PROBABLE			TOTAL RESERVE		
REGION	TONS (million)	GRADE (oz/t)	GOLD (oz million)	TONS (million)	GRADE (oz/t)	GOLD (oz million)	TONS (million)	GRADE (oz/t)	GOLD (oz million)
Free State Growth	34.56	0.210	7.24	76.94	0.199	15.30	111.50	0.202	22.54
Free State Marginal	28.05	0.151	4.24	19.34	0.126	2.44	47.38	0.141	6.68
Evander	12.24	0.198	2.42	66.83	0.200	13.39	79.07	0.200	15.81
Randfontein	9.91	0.163	1.61	6.14	0.160	0.99	16.05	0.162	2.60
Elandskraal	12.75	0.240	3.06	23.99	0.237	5.69	36.74	0.238	8.75
Kalgold	6.14	0.061	0.38	0.00	0.000	0.00	6.14	0.061	0.38
Australia	4.43	0.067	0.30	7.93	0.125	0.99	12.36	0.104	1.29
Papua New Guinea	2.22	0.090	0.20	21.43	0.086	1.84	23.66	0.086	2.05
Orkney	3.52	0.232	0.82	0.61	0.220	0.13	4.12	0.231	0.95
Total Underground	113.82	0.178	20.28	223.22	0.183	40.77	337.04	0.181	61.05
SA Surface Sources	50.31	0.013	0.64	34.13	0.017	0.57	84.44	0.014	1.21
TOTAL	164.13		20.91	257.35		41.35	421.48		62.26

	SILVER								
	PROVED			PROBABLE			TOTAL RESERVE		
PAPUA NEW GUINEA	TONS (million)	GRADE (oz/t)	SILVER (oz million)	TONS (million)	GRADE (oz/t)	SILVER (oz million)	TONS (million)	GRADE (oz/t)	SILVER (oz million)
	2.23	0.85	1.88	21.43	1.28	27.44	23.66	1.24	29.33
TOTAL	2.23	0.85	1.88	21.43	1.28	27.44	23.66	1.24	29.33

2.4 MINERAL RESOURCES

Mineral Resources are inclusive of the reserve figures.

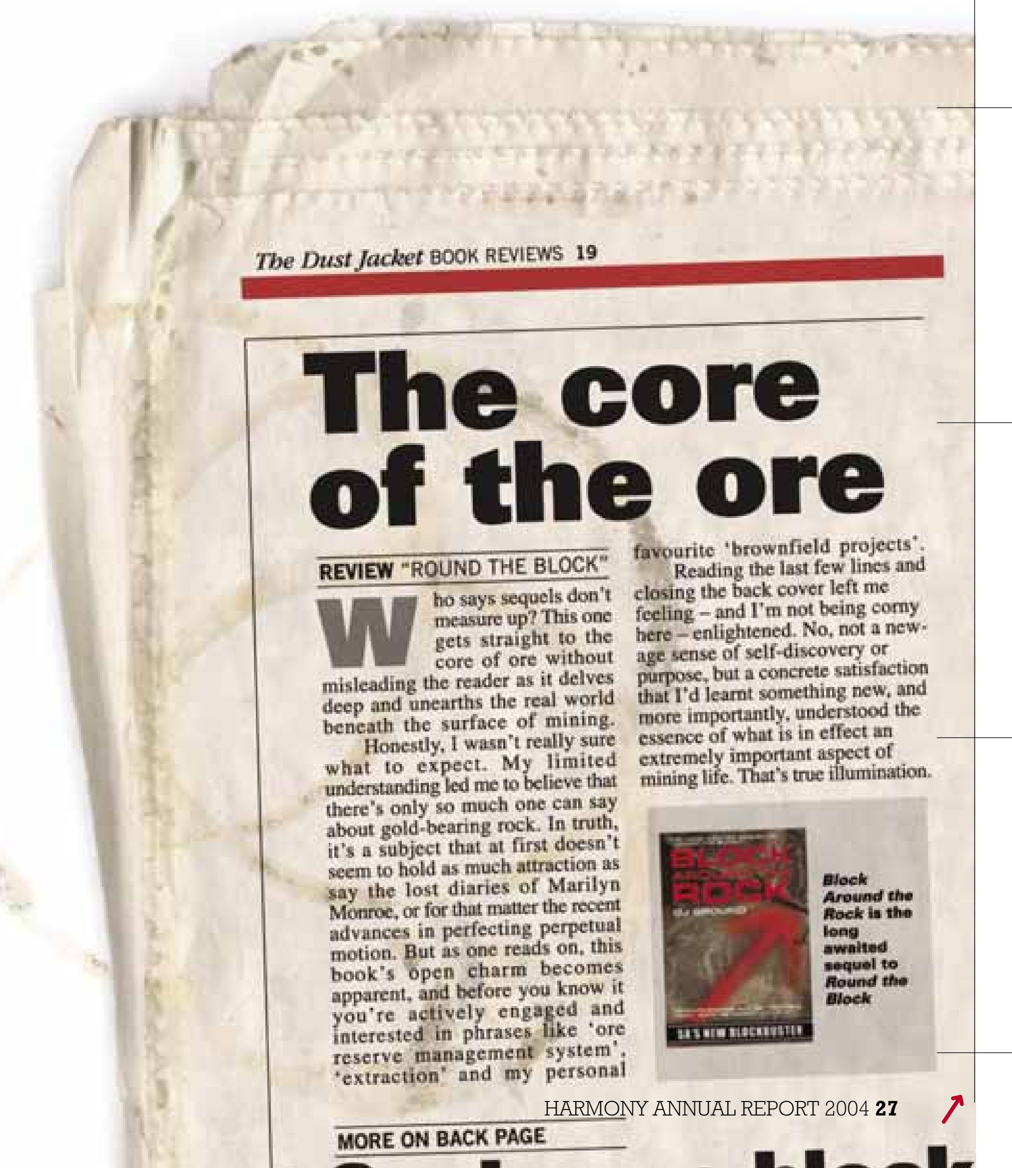
	GOLD					
	METRIC			IMPERIAL		
CATEGORY	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	TONS (million)	GRADE (oz/t)	GOLD (oz million)
FREE STATE GROWTH						
Measured	46.17	8.99	415.10	50.89	0.26	13.35
Indicated	186.33	8.24	1 535.64	205.40	0.24	49.37
Inferred	777.00	4.85	3 766.40	856.53	0.14	121.09
Total	**1 009.49**	**5.66**	**5 717.14**	**1 112.82**	**0.17**	**183.81**
FREE STATE MARGINAL						
Measured	125.38	5.07	635.70	138.21	0.15	20.44
Indicated	125.13	4.18	522.55	137.94	0.12	16.18
Inferred	440.41	3.45	1 548.90	485.49	0.10	48.83
Total	**690.92**	**3.87**	**2 677.16**	**761.63**	**0.11**	**86.07**
EVANDER						
Measured	30.35	6.77	205.51	33.46	0.20	6.61
Indicated	150.64	6.65	1 001.50	166.06	0.19	32.20
Inferred	217.26	5.17	1 124.28	239.50	0.15	36.15
Total	**398.25**	**5.85**	**2 331.28**	**439.01**	**0.17**	**74.95**
RANDFONTEIN						
Measured	49.27	4.77	234.97	54.31	0.14	7.55
Indicated	43.56	5.01	218.23	48.02	0.15	7.02
Inferred	647.27	2.67	1 726.62	713.52	0.08	55.51
Total	740.10	2.95	2 179.82	815.85	0.09	70.08
ELANDSKRAAL						
Measured	27.56	7.87	217.03	30.38	0.23	6.98
Indicated	31.17	8.30	258.74	34.36	0.24	8.32
Inferred	66.36	5.78	383.74	73.15	0.17	12.34
Total	**125.09**	**6.87**	**859.51**	**137.90**	**0.20**	**27.63**
KALGOLD						
Measured	24.62	1.65	40.75	27.14	0.05	1.31
Indicated	3.32	2.05	6.80	3.66	0.06	0.22
Inferred	10.10	2.60	26.29	11.13	0.08	0.85
Total	**38.04**	**1.94**	**73.83**	**41.94**	**0.06**	**2.37**
AUSTRALIA						
Measured	13.38	2.71	36.19	14.75	0.08	1.16
Indicated	74.15	2.62	194.00	81.74	0.08	6.24
Inferred	72.64	2.03	147.18	80.07	0.06	4.73
Total	**160.16**	**2.36**	**377.38**	**176.56**	**0.07**	**12.13**
PAPUA NEW GUINEA						
Measured	2.13	3.52	7.48	2.34	0.10	0.24
Indicated	164.49	1.65	271.57	181.32	0.05	8.73
Inferred	70.02	1.64	115.03	77.18	0.05	3.70
Total	236.63	1.67	394.08	260.85	0.05	12.67
ORKNEY						
Measured	25.45	8.19	208.49	28.06	0.24	6.70
Indicated	34.19	4.61	157.47	37.68	0.13	5.06
Inferred	271.89	3.06	832.83	299.72	0.09	26.78
Total	331.53	3.62	1 198.80	365.46	0.11	38.54
TOTAL UNDERGROUND						
Measured	344.30	5.81	2 001.23	379.54	0.17	64.34
Indicated	812.97	5.13	4 166.50	896.18	0.15	133.96
Inferred	2 572.95	3.75	9 641.27	2 836.29	0.11	309.98
Total	**3 730.22**	**4.24**	**15 809.00**	**4 112.01**	**0.12**	**508.28**
SURFACE SOURCES						
Measured	46.79	0.45	21.21	51.57	0.01	0.68
Indicated	388.96	0.39	153.03	428.77	0.01	4.92
Inferred	878.93	0.27	234.68	968.89	0.01	7.55
Total	**1 314.67**	**0.31**	**408.93**	**1 449.23**	**0.01**	**13.15**

Mineral Resources are declared using a cut-off of approximately 250 cmg/t for the underground mines (approximately 2 g/t), 0.8 g/t for open pits.
Mineral Resources are inclusive of Mineral Reserves.

	SILVER					
	METRIC			IMPERIAL		
PAPUA NEW GUINEA	TONNES (million)	GRADE (g/t)	SILVER (tonnes)	TONS (million)	GRADE (oz/t)	SILVER (oz million)
Measured	2.22	29.49	65.47	2.45	0.86	2.11
Indicated	23.23	46.97	1 091.07	25.61	1.37	35.08
Inferred	27.82	20.70	575.91	30.67	0.60	18.52
Total Silver	**53.27**	**32.52**	**1 732.45**	**58.72**	**0.95**	**55.70**

	COPPER		
	METRIC		
PAPUA NEW GUINEA	TONNES (million)	GRADE %	COPPER (tonnes/ million)
Measured	0.00	0.00	0.00
Indicated	96.98	1.43	1.39
Inferred	31.30	1.10	0.24
Total Copper	**128.28**	**1.40**	**1.63**

*** Cautionary note to US Investors:**
The United States Securities and Exchange Commission (the "SEC") permits mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms in this annual report, such as "resources", that the SEC guidelines strictly prohibit us from including in our filings with the SEC.


The Dust Jacket BOOK REVIEWS 19

The core of the ore

REVIEW "ROUND THE BLOCK"

Who says sequels don't measure up? This one gets straight to the core of ore without misleading the reader as it delves deep and unearths the real world beneath the surface of mining.

Honestly, I wasn't really sure what to expect. My limited understanding led me to believe that there's only so much one can say about gold-bearing rock. In truth, it's a subject that at first doesn't seem to hold as much attraction as say the lost diaries of Marilyn Monroe, or for that matter the recent advances in perfecting perpetual motion. But as one reads on, this book's open charm becomes apparent, and before you know it you're actively engaged and interested in phrases like 'ore reserve management system', 'extraction' and my personal favourite 'brownfield projects'.

Reading the last few lines and closing the back cover left me feeling – and I'm not being corny here – enlightened. No, not a new-age sense of self-discovery or purpose, but a concrete satisfaction that I'd learnt something new, and more importantly, understood the essence of what is in effect an extremely important aspect of mining life. That's true illumination.

Block Around the Rock is the long awaited sequel to *Round the Block*

MORE ON BACK PAGE

2.5 SAMREC CODE

DEFINITIONS

Resources

A mineral resource is a concentration (or occurrence) of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral Resources are sub-divided, in order of increasing confidence in respect of geoscientific evidence, into Measured, Indicated and Inferred categories.

The measured mineral resource is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

The indicated mineral resource is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

The inferred mineral resource is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as workings and drill holes that may be limited or of uncertain quality and reliability.

Reserves

A mineral reserve is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. The mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proved mineral reserves.

The proved mineral reserve is the economically mineable material derived from the measured mineral resource and is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined.

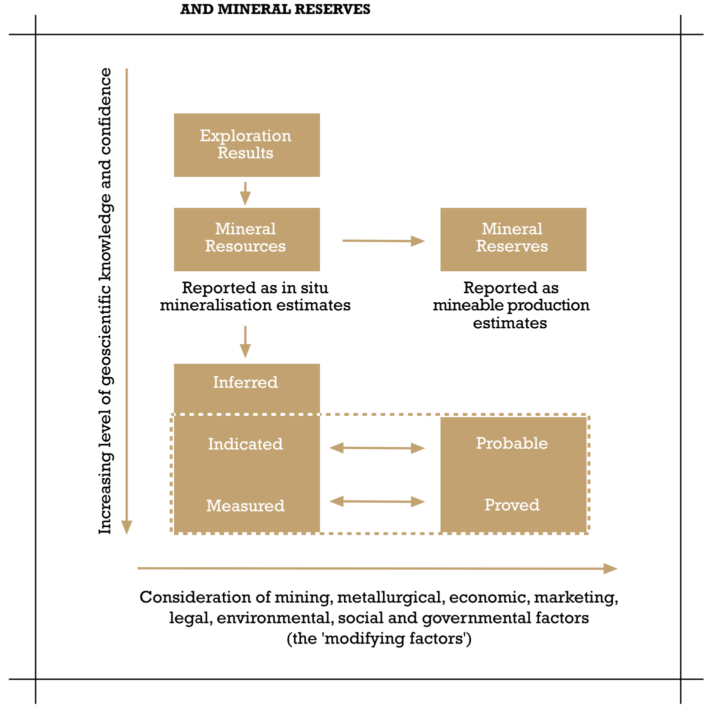
The probable mineral reserve is the economically mineable material derived from the indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral reserve, is inclusive of diluting materials and allows for losses that may occur when the material is mined.

The measured and indicated mineral resources are inclusive of those mineral resources converted to the mineral reserves.

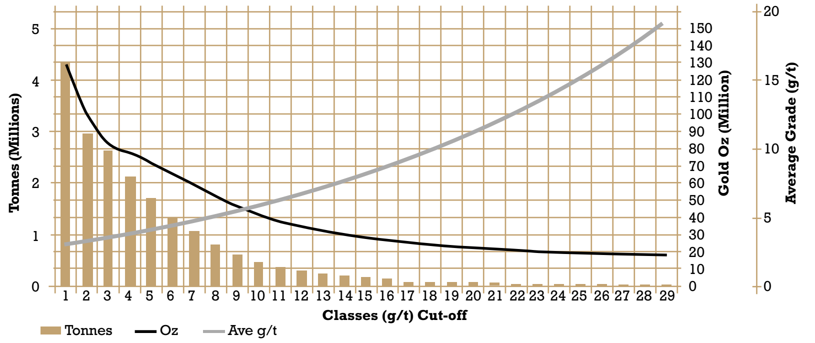
2.6 MINERAL RIGHTS

All Harmony's mineral resources and mineral reserves are located at the mining operations within secured mining authorisations. In line with the requirements of the Mineral and Petroleum Resources Development Act applications have to be prepared for the conversion of "old order" mining rights to "new order" mining rights in order to gain a new mining licence. Thus far applications have been submitted for the Evander, Randfontein and Elandsrand mining operations. Currently applications are in the process of being prepared for the Orkney, Free State as well as Kalgold operations.

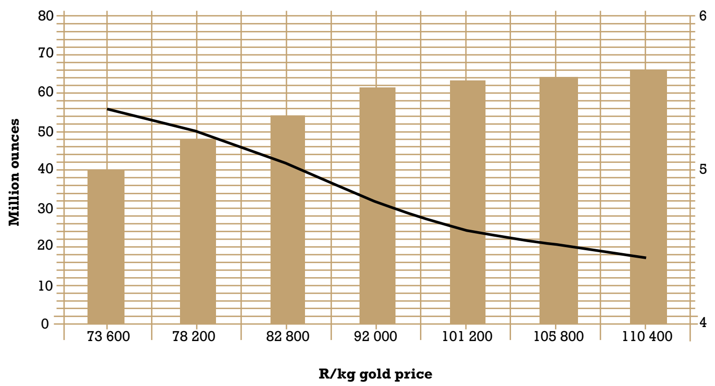
DIAGRAM 1 RELATIONSHIP BETWEEN MINERAL RESOURCES AND MINERAL RESERVES



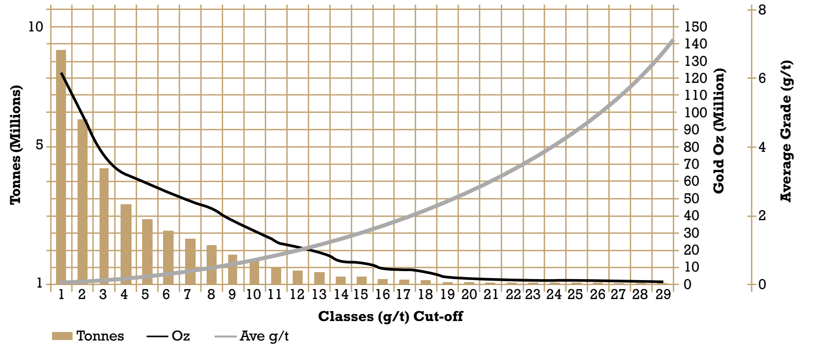
GRAPH 2 TOTAL MEASURED MINERAL RESOURCES GRADE / TONNAGE CURVES

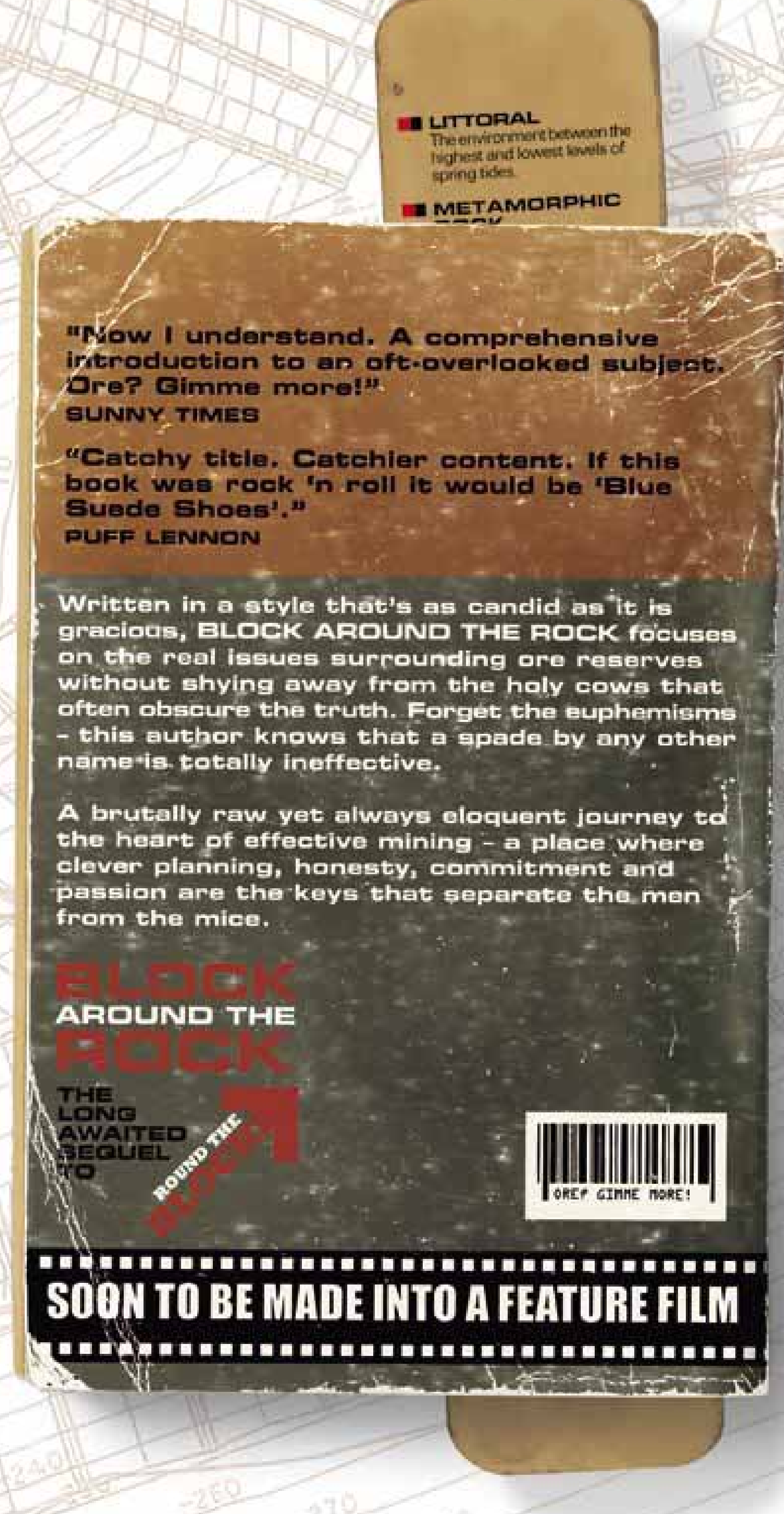


GRAPH 1 MINERAL RESERVE - GOLD PRICE SENSITIVITY



GRAPH 3 TOTAL INDICATED MINERAL RESOURCES GRADE / TONNAGE CURVES





2.7 GEOLOGY

Nature of Mineralization

The major portion of Harmony's South African gold production is derived from mines located in the Witwatersrand (Wits) Basin. The Wits Basin is an elongate structure that stretches over approximately 300 kilometres in a northeast-southwest direction and approximately 100 kilometres in a northwest-southeast direction. It is an Archean sedimentary basin containing a 6 kilometres 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 Wits 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 four of the seven defined goldfields of the Witwatersrand Basin.

Harmony's production from its Australian and Kalgold operations in South Africa are sourced from Archaean greenstone gold deposits. These types of deposits are formed by the interaction of gold-bearing hydrothermal fluids with chemically or geologically 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 mineralisation, which may be narrow veins with high gold grades or wide disseminated mineralization with low to medium grades. The two styles frequently occur together.

Papua New Guinea

Harmony's exploration holdings in Papua New Guinea 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 (13Myrs).

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 mineralisation 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 1km north of the Wafi sediment-hosted gold resource, is the Goplu porphyry-style gold-copper deposit. With a diameter of up to 300 m the porphyry forms a discrete, near-vertical fault-bounded pipe that extends from about 100 m below the surface to 1 000 m 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-Bululo area to the south are hosted almost exclusively by the Miocene-age Morobe Granodiorite. Gold mineralisation in this area is confined to a NW-trending structural corridor known as the Wau Graben. Sediments belonging to the Owen Stanley Metamorphics overlie 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. Mineralisation occurs in at least three subparallel stock-work zones that strike NE and dip at 45-50° SE.

Geological Modelling

A good understanding of the geological nature of our ore bodies is fundamental to Harmony's philosophy to "let the ore body dictate". Our geologists keep challenging their understanding of the geology of our ore bodies and we use new information and innovative technology to identify any shortcomings in our models. We believe that we now have improved geological models and a better understanding of our ore bodies than in previous years, and in addition use geostatistical evaluation techniques at the majority of our operations. The geological models form the basis from which we determine the geozones or areas of geostatistical similarity within the ore bodies. This is a crucial step in deriving the best possible grade estimates for our mineral resources and mineral reserves.

Strategic Ore Body Planning

Significant two dimentional (2-D) and three dimentional (3-D) seismic databases exist covering current Harmony operations as well as our five growth projects. We intend integrating the data into our geological databases, and in doing so we will be able to quantify and minimise geological risk in areas that exist some distance from our current mining areas. Regional trends will be identified, some of which will allow us to identify target areas for further exploration and development. In areas close to the mined out regions, the seismic data will be integrated into 3-D wire frame models based on historical mining parameters.

2.8 GRADE AND TONNAGE ESTIMATION

New Developments

Whenever a mining project is undertaken, risk is involved. We are busy implementing conditional simulation software modules which reproduce the variability of the properties within an ore body and quantify that variability; thus providing a realistic measure of the uncertainty or risk. The conventional estimators produce average values for properties, but the potential errors, both high and low, are functions of the variability. By incorporating conditional simulation, Harmony will be able to calculate confidence limits for grade estimations, investigate the effect of changing sampling density, classify resources using a standardised repeatable procedure and assess the sensitivity of the mine block plan to the likely variation in grade estimates.

Evaluation

Each mine's mineral resources are categorised, blocked out, and ascribed an estimated value. Typically, measured and indicated resource blocks are aligned in the direction of mining. The blocks comprise the length of a mining panel (20 to 30 metres) and extend beyond the mine workings to a distance that is equivalent to up to three months mining. Consequently, these blocks are typically 30 metres long and 30 metres wide, although at Evander there are some substantially larger blocks defined along pay channels. Beyond the indicated blocks, large inferred blocks are defined up to the mine boundary. Resource estimation techniques at the mining operations follow the same basic principles, however, different computer software packages are employed by the different regions.

The Harmony Free State Operations and Joel Shaft use a computerised system, utilising a 3-D mining software package which allows the completion of all blocking, statistics, geostatistics and grade and tonnage estimation in a fully integrated evaluation system. Bambanani, West, Tshepong and Phakisa Shafts use more established 2-D CAD computer systems that have been developed to suit the tabular nature of the Witwatersrand gold deposits. The recently acquired Target Mine uses a sophisticated 3-D mine design, scheduling and evaluation system to optimise both the massive ore body as well as the narrow reefs. At these operations survey data and sampling information is captured digitally and stored in an electronic database. All data capturing and estimation at Orkney, Kudu, Sable, Nyala, Eland and St. Helena, are paper based.

2.9 DILUTING MATERIALS

The SAMREC Code requires that reported mineral reserves are "inclusive of diluting materials and allow for losses that may occur when the material is mined". Guidelines to the Code, which are available on our website, state that "mineral reserves are reported inclusive of marginally economic material and diluting material delivered for treatment or dispatched from the mine without treatment".

Harmony has adjusted the in situ mineral reserve which is calculated over an anticipated stoping width, to account for those gold losses and other contributing diluting materials. Diluted or additional materials include sundries (tonnes ascribed to gully cuts, faults and waste), on-reef development tonnes (a wider cut with consequential diluting material), reclamation (tonnes from vamping operations in old mine areas), and shortfall (tonnes not called for by the survey department and ascribed no grade).

Each of these items has been ascribed a value based on current mining experience and has typically been calculated over 18 to 24-month periods. Where recent history has shown unusual or exceptional results, these have been adjusted to reflect more typical mining expectations.

2.10 CUT-OFF GRADE

Resource Cut-Off Grade

In order to meet SAMREC's requirements that the material reported as a mineral resource should have "reasonable and realistic prospects for eventual economic extraction", we have determined an appropriate cut-off grade which has been applied to the quantified mineralised body, according to a process incorporating the following parameters:

- A ten-year view on the interest differential rate and the unit working cost, and
- The gold price (in Rand per kilogram) for ten years.

To determine the cut-off grades, we apply these criteria as data into our Optimiser programme. We use the average value of 250 cmg/t (approximately 2g/t) to determine which portion of the mineralised body will be reported as a mineral resource.

Reserve Cut-Off Grade

In order to define that portion of a measured and indicated mineral resource that can be classified as a proved and probable mineral reserve, Harmony applies the concept of a cut-off grade. The cut-off grade is determined using the company's Optimiser computer programme which requires the following as input:

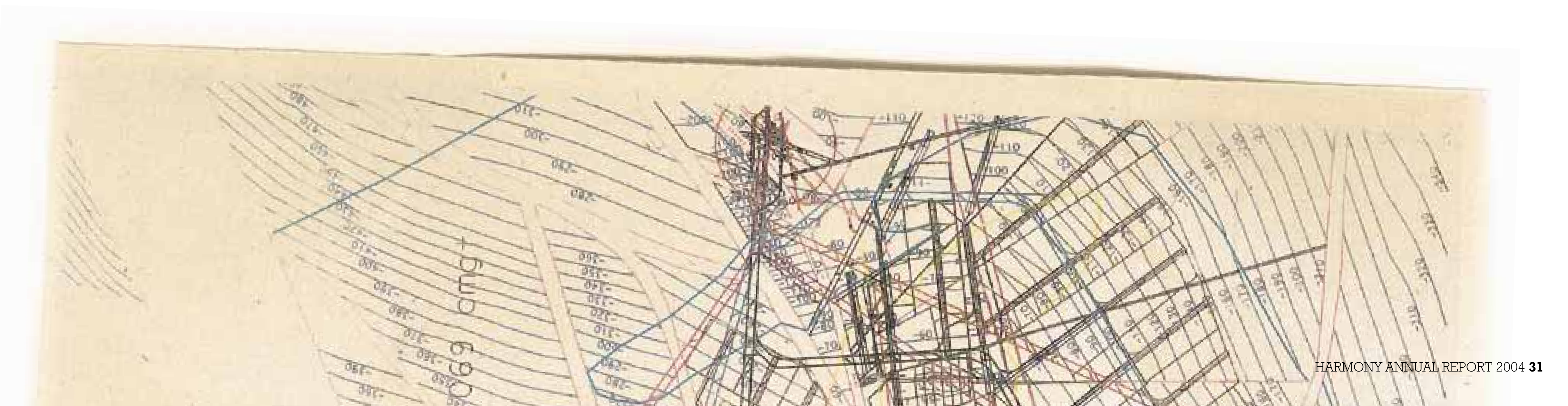
- The database of measured and indicated resource blocks (per shaft section);
- An assumed gold price which, for this ore reserve statement, was taken as R92 000 per kilogram;
- Planned production rates;
- Planned working costs (Rand per tonne), and
- The mine recovery factor (MRF) which is equivalent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

Competent Persons Declaration

The competent person responsible for the preparation of the company's reserves and resources for South Africa is Jaco Boshoff (PrSciNat). For Australasia is Greg Job for South Kal, Scott Huffadine for Mt Magnet and Northern Projects, and Alf Gilman for Papua New Guinea and Northern Territories.

2.11 THE ORE BODY DICTATES

The value chain in unlocking shareholder value at Harmony starts at the ore body. However, it is not good enough to just understand the ore body, it must be converted into an asset from which gold can be produced. This asset must then be looked after and used effectively and efficiently so that we produce gold to the assets full potential. This is the focus of Ore Reserve Management at Harmony. We create mineable assets, from our ore bodies and then render a world class service to make sure that gold extraction is done to potential.



3 SUSTAINABILITY REPORT

3.1 SAFETY

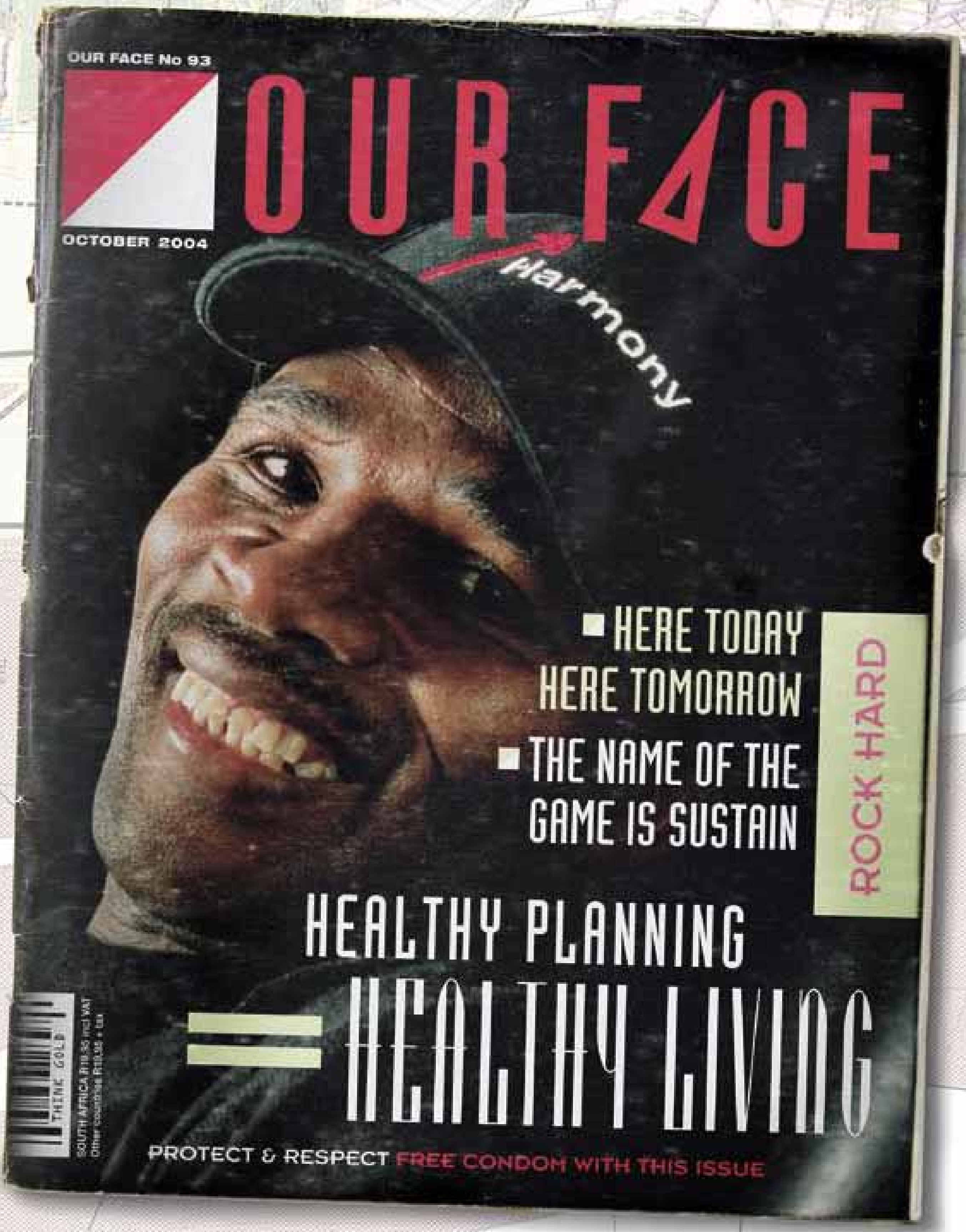
3.2 HEALTHIEST WORKFORCE

3.3 SOCIAL RESPONSIBILITY

3.4 ENVIRONMENTAL MANAGEMENT

3.5 ECONOMIC PERFORMANCE

PHAKISA SHAFT PROJECT AREA



Phakisa

Project Description

The project, initiated by AngloGold in 1991, was intended to increase the life of mine by exploring the southern portion of the lease area between 3 000m and 3 600m below surface. This was to be achieved by deepening the sub-vertical and ventilation shafts. Development to reef is underway on 102, 105, 109 and 113 levels to access the higher grade payshoot which was mined on the shallower levels of the old mine.

General Geology

The deepening project targets the down dip extension of the VCR ore body below 98 level. The VCR is a robust quartz-rich pebble conglomerate.

RESOURCES	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	OUNCES (million)
Reserves	18.6	7.7	142.7	4.6
Resources	72.5	9.8	712.2	22.9

INTRODUCTION

Harmony has gone beyond just mining by giving back to our communities and caring for our environment. We understand the different sustainability challenges facing us and have designed our strategies and operative systems in such a way that we maintain compliance as we achieve our targets.

Harmony's inclusion as a member of the JSE's Socially responsible Investment Index (SRI), which was launched on 19 May 2004, has made us proud. Everyone within Harmony is committed to sustainable development. This commitment is illustrated by the board's decision renaming the Safety, Health, and Environmental Audit committee the Sustainable Development Committee (SDC) of the board.

The SDC of the Board was formed to compliment, support, advise and provide guidance to management in order to enhance its effectiveness in dealing with safety, health, the environment, social responsibility and HIV/AIDS wherever Harmony operates.

Several executive and managerial committees exist in Harmony. These review and report their performances to the SDC of the board. Our employees and suppliers are expected to adhere to the requirements governing our sustainability development goals.

By providing you with our Sustainability report, we trust that our progress in achieving best practice in non-financial risk management is demonstrated. We believe that we have gone beyond compliance and aim to become one of the leaders in sustainable development.

We have decided to use a more common language and set of indicators that can be applied by stakeholders in discussing our performance. We have also taken cognizance of the recommendations made by the independent auditors involved in the JSE SRI process.

The Global Reporting Initiative's Guidelines (GRI) proved to be a useful tool in enabling us to measure and benchmark our performance both against our own targets and those of our competitors. This will be our first attempt at applying the GRI guidelines.

3.1 SAFETY

We realise our responsibility to secure our employees' safety. In South Africa the Mine Health and Safety Act (Act 29 of 1996 as amended by act 72 of 1997) assists us in exercising this duty by prescribing general and specific duties for employers and others. In addition it determines penalties and a system of administrative fines, provides for employee participation by requiring the appointment of health and safety representatives, as well as through the establishment of health and safety committees. It also entrenches the right of employees to refuse dangerous work. The Act also prescribes the powers and functions of a mine health and safety inspectorate and the process of enforcement.

We have developed the Harmony Risk Management System (HRMS) using the Mine Health and Safety Act and other applicable regulatory requirements as the foundation. It consists of 15 modules, which includes all activities and disciplines on the mine. The system is geared towards proactively eliminating, mitigating or controlling risk at source. The HRMS is also integrated into our "Laduma" team-building concept, whereby individuals are encouraged to work as a team to achieve their set objectives. Linked with Laduma is the Nyakaza safety campaign, which focuses on preventing unsafe acts and conditions before they occur or rectifying them immediately. The HRMS provides each supervisor and employee with a risk assessment tool for continuous risk assessments in his/her working place. It is regularly revised and refined. We believe that these safety programmes are sustainable and will impact positively by reducing sub-standard acts.

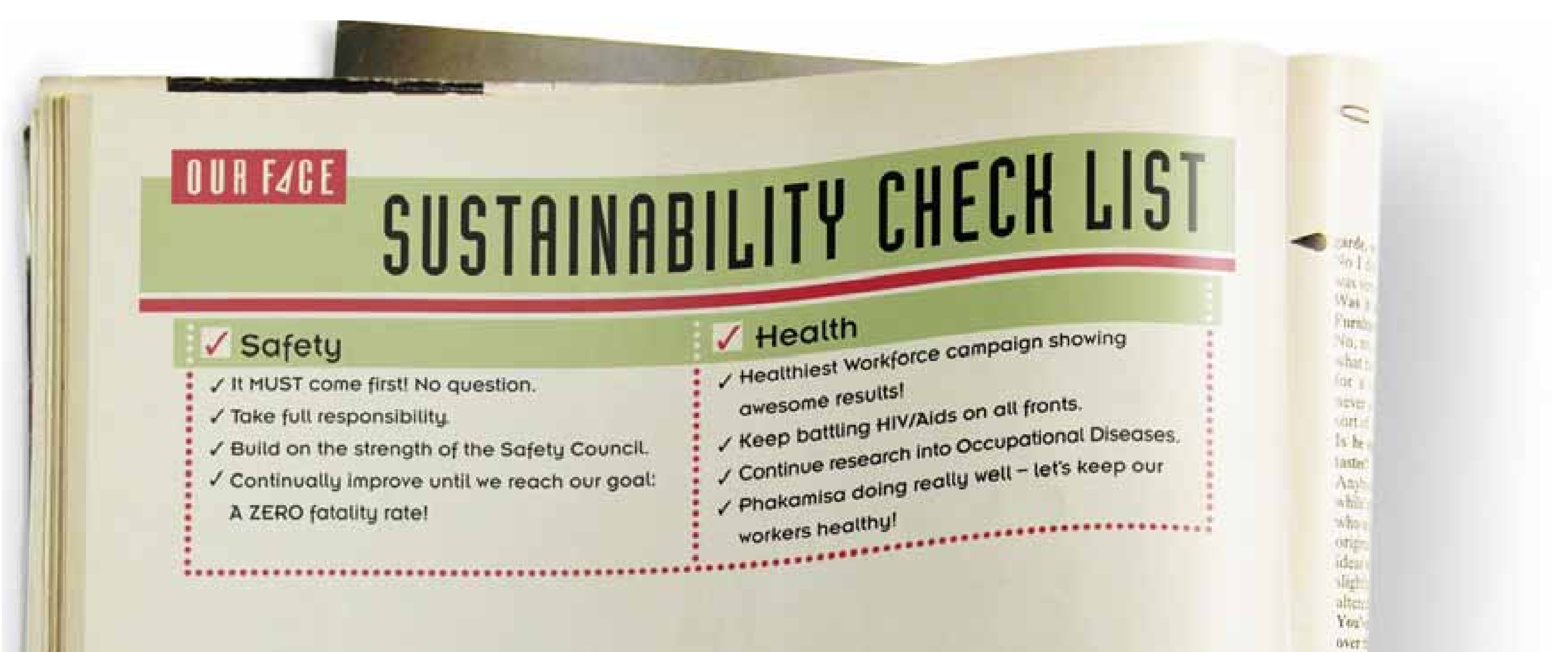
However, when an accident does occur, the Occupational Medical Practitioners report the incident to the South African Mines Occupational Disease Database (SAMOD), from where the Compensation Commissioner evaluates each case and initiates the compensation procedure. All certified cases and referrals for certification are reported in the Annual Medical Report to the Medical Inspector in terms of section 16(2) of the Mine, Health and Safety Act. A copy of this report is handed to Harmony and the relevant internal Health and Safety Committee.

Each Mine Manager has his/her own Health and Safety Committee, which meets bi-weekly. The members of the SDC are also informed of these meetings should they wish to attend. The composition of the Health and Safety committees are described in detail in each of the health and safety agreements, which were entered into between each mine and the representative trade union, National Union of Mineworkers (NUM). Each of our Mine Managers designed his/her own safety action plan to reduce occupational injuries. Our safety procedures also apply to contractors and their employees. Quarterly reports on safety statistics and accidents are provided to the SDC. Harmony also introduced a Safety Council, a committee consisting of representatives of organised labour, full-time health and safety stewards and occupational hygiene and safety practitioners of the company. The Safety Council convenes every second month at which meeting safety results, fatal accident reviews, new Codes of Practice and any matter that requires attention are discussed.

Mass Safety Audits were introduced during the course of the year in all regions to assist shaft management to proactively identify possible management system failures. A Legal Compliance Audit System was also adopted to ensure that all legal requirements are complied with. We aim to complete the HRMS during the current financial year and will standardise risk assessment processes and systems within Harmony.

You will find our safety statistics in the Chairman's Overview on page 9.

Our target is to improve our Lost Time Injury and Reportable Injury Rates by at least 10% per annum, per individual operation. Our corporate goal is to achieve a 'zero fatality' rate. The amount of fatality-free shifts during the year has proved that our safety consciousness has changed, but that room for improvement does exist.



3.2 HEALTHIEST WORKFORCE

Our vision is to develop and achieve the healthiest workforce possible. We are well on our way with our Healthiest Workforce campaign, which provides quality healthcare, equivalent to private hospital standards, to all employees. The facilities range from 24-hour emergency care and intensive care units to world-class surgical theatres and outpatient facilities. Education in all health matters, as well as continuing medical surveillance, is the bedrock of our approach.

HIV/AIDS

The war against HIV/AIDS continues! Harmony currently estimates that the HIV/AIDS infection rate among the South African workforce may be as high as 33%, a figure we believe is consistent with the overall infection rate in South Africa. HIV/AIDS poses risks to our operations, especially in terms of productivity and costs and we are actively pursuing holistic HIV/AIDS awareness campaigns with our workforce and are 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, towards which Harmony contributes.

Our approach to the HIV/AIDS pandemic does not only focus on prevention and counselling. During the past year, all our healthy living and HIV/AIDS initiatives have been given capacity through our "Healthiest Workforce" campaign. Our goal is to align health initiatives within Harmony to focus on having the Healthiest Workforce in the mining industry. A vision which we believe, if achieved, will give us a greater competitive advantage. The project consists of different task teams that align, implement and closely monitor initiatives in the following focus areas: HIV/AIDS, Occupational Health, Tuberculosis (TB), Nutrition, Hostel Facilities, Sports and Recreation and Management of employees waiting to leave the company's service due to ill health.

We have developed an HIV/AIDS Policy with input from all the different labour representative organisations. The Policy stipulates the following objectives:

- To reduce the number of infections amongst employees and their families;
- To ensure that the rights of employees with HIV/AIDS are upheld and are in compliance with existing legislation i.e. Labour Relations Act, Employment Equity Act, Basic Conditions of Employment Act, Mine Health and Safety Act, Promoting of Equality and Prevention of Unfair Discrimination Act, and the Constitution of South Africa;
- To ensure that Harmony remains committed to the health of its employees;
- To eliminate unfair discrimination in the workplace;
- To promote appropriate and effective ways of managing HIV in the workplace, and
- To support those individuals who are infected or affected by HIV/AIDS so that they may continue to work productively for as long as possible.

Harmony concluded an HIV/AIDS agreement with the National Union of Mineworkers, the South African Equity Workers Association and the United Association of South Africa. Harmony and these labour 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. Both the agreement and policy have been communicated to all management members and labour representative organisations, to ensure awareness and communication thereof. We believe that all our objectives in terms of our policy and the agreement have been met.

To assist with the development of the Group HIV/AIDS strategy, an impact analysis was done through a highly credible actuarial company. A computerised model, developed specifically for the mining industry in South Africa, is used to project prevalence, mortality and morbidity rates:

SEE TABLE 1

Programmes that were implemented are monitored on a monthly basis, and the impact analysis will be redone during the 2004/05 financial year, to assess the impact of the different initiatives. Due to the complexity of the pandemic, and other external influences, our strategy is a flexible one.

This table is compiled out of projections made by the Health Monitor Company. These projections are based on the assumption that current management practice and interventions will continue into the future. The number of employees is expected to change over time and this has been incorporated into the projections. To enable comparison between different years, projection results are presented as percentages of the number of employees in service at the start of the year, rather than absolute numbers.

Legal compliance regarding HIV/AIDS is essential. As a company, Harmony complies and to date, no labour disputes or legal action has been taken against us.

In addition to all the initiatives that we have in place to conquer the effect of the pandemic, Harmony implemented Highly Active Anti-Retroviral Therapy (HAART) treatment for employees on 15 September 2003. Originally the cost of HAART was approximately R1 000 per employee, on treatment, per month. Due to various factors, i.e. lower negotiated prices with drug companies and continuous lowering of treatment costs, the current cost of the HAART treatment has decreased to approximately R554 per employee per month. The HIV/AIDS-related costs to Harmony for the financial year amounted to R7.6 million.

As at 24 August 2004, 514 employees are on the HAART programme, the majority having joined during the past financial year.

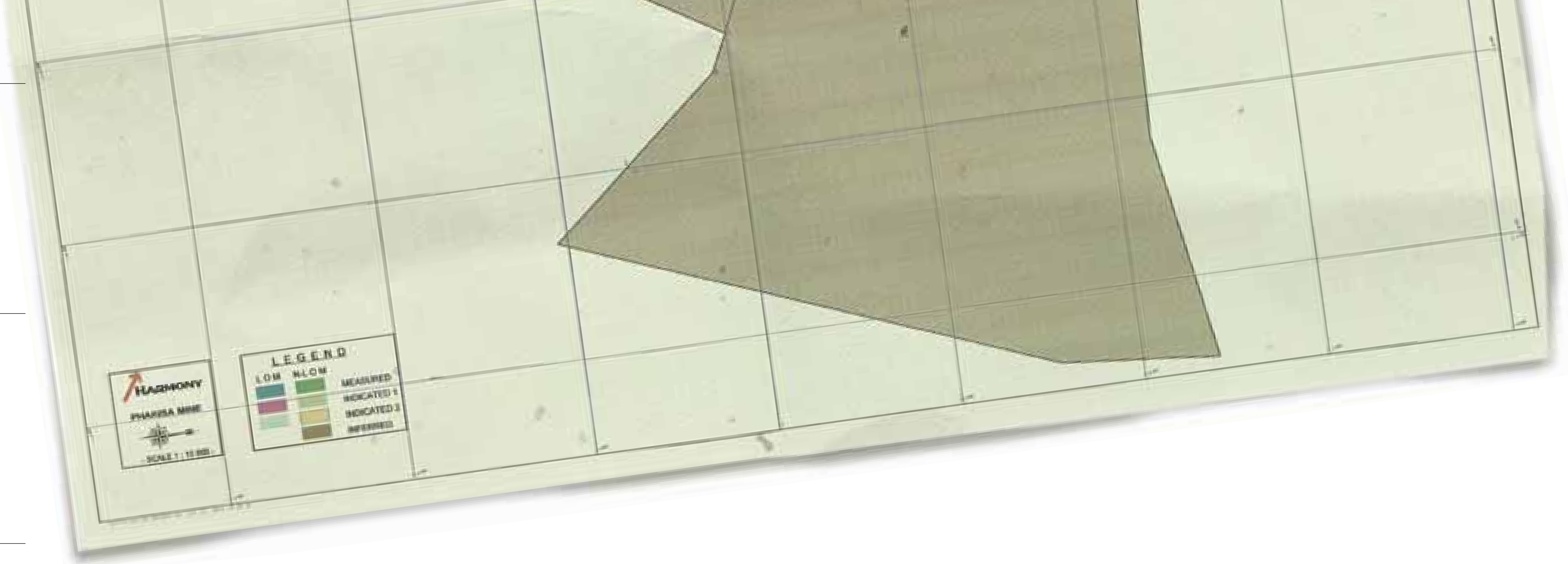
Our initiatives regarding HIV/AIDS specifically include prevention, clinical management, Anti-Retroviral Therapy treatment and home-based care. Clinical Management is provided through our three Harmony owned hospitals, and primary health care clinics on the various shafts. Wellness clinics, including Anti-Retroviral Therapy Clinics, have also been established in all our operational regions. It is Harmony's target to achieve and maintain a prevalence rate in line or below the national HIV/AIDS prevalence rates.

TABLE 1 ESTIMATED HIV/AIDS PREVALENCE, MORTALITY AND INCAPACITATION RATE

YEAR	HIV PREVALENCE RATE (%)	HIV/AIDS MORTALITY RATE (%)	HIV/AIDS INCAPACITATION RATE (%)
2003	33.6	0.31	1.23
2004	33.9	0.41	1.61
2005	33.4	0.54	2.06
2006	33.1	0.65	2.49
2007	31.1	0.76	3.02
2008	29.1	0.81	3.22
2009	26.5	0.85	2.35
2010	24.8	0.81	3.22
2011	21.6	0.79	3.26
2012	19.2	0.67	2.76
2013	17.7	0.55	2.28
2014	17	0.45	1.85

Source: Harmony

We still expect that the impact of HIV/AIDS on our cash costs will be in the range of US$2 to US$5 per ounce



HEALTHIEST WORKFORCE continued

OCCUPATIONAL HEALTH

Because of the focus on identifying people with occupational diseases, we expect the incidence rate of occupational related diseases to initially increase. More effective management of occupational diseases however is projected to result in an annual decrease in prevalence rates. The target is to achieve a 5% decrease annually. Our Healthy Workforce Committee's objective remains to deliver services and interventions that directly affect the quality of life of our workforce which in turn will ensure productivity at Harmony. Significant interventions include peer education programmes at the shafts, education at induction and awareness centres, graffiti walls, health advice via e-mail, community preventative programmes, condom promotion and supply, home-based care, TB interventions and our Anti-Retroviral Treatment (ART) programme.

Silica Dust Exposure & Silicosis

Long-term exposure to silica dust underground is known to cause silicosis and other diseases and it has also recently been classified as a carcinogen. Various studies have shown that the lung damage caused by silica plays a major role in the development of pulmonary tuberculosis. However, there are other factors of importance in the development of tuberculosis. We have seen increases in the incidence rates of tuberculosis within the mining industry due to the increase in HIV/AIDS cases. More workers are now entering the mature phase of the AIDS disease with increasing susceptibility to diseases such as tuberculosis. For a number of years now tuberculosis has overtaken mine accidents as the leading cause of death among mineworkers. The lifetime risk of contracting tuberculosis is some 21 times higher in a worker who has silicosis concurrently with HIV infection.

Unfortunately the current HIV/AIDS epidemic had a negative impact on the total number of cases of all forms of tuberculosis diagnosed at our hospitals, increasing to 2 214 cases from 1 199 cases previously. However, the incidence rate of 4 137 cases per 100 000 workers is on a par with the rest of the gold mining industry.

The occupational health centers and other medical facilities at all our operations have medical surveillance programmes that are dedicated to detect and treat pulmonary tuberculosis at an early stage of the disease. The source of tuberculosis is undiagnosed workers who spread the disease by coughing at the workplace and living quarters.

If diagnosed with either tuberculosis or silicosis, or a combination of the two, the worker's details are submitted to the Medical Bureau for Occupational Diseases (MBOD). The MBOD is then responsible for certification and compensation of these workers under the Occupational Diseases in Mines and Works Act, 1973.

The increase in our workforce in the Free State through the acquisition of Free Gold and the merger with ARMgold, increased the total number of diagnosed and certified cases of all diseases. Unfortunately the number of certified silicosis cases also increased. This year 297 cases were certified in comparison to the 111 cases in the previous year.

Occupational Lung Diseases

The number of occupational lung diseases certified by the MBOD in respect of our workers during the year increased markedly from 698 to 1 752 cases. This increased the annual incidence rate in our workforce from 1 940 per 100 000 workers to 3 274 per 100 000 workers.

Noise-Induced Hearing Losses (NIHL)

Noise-induced hearing loss remains one of our most serious occupational hazards. A total of 799 claims were submitted to the Rand Mutual Assurance Company on behalf of affected employees. This is more than the 667 claims for the previous year and the 745 of 2002/2003, with 490 employees being compensated compared to the 429 of the previous year. These 490 workers received R6.8 million in compensation.

The office of the Compensation Commissioner introduced new legislation concerning hearing loss calculation in 2003. This enables us to calculate the hearing loss that the individual worker suffers whilst employed by Harmony and only makes us liable for the compensation for that portion of any hearing loss suffered. This is significant seeing that Harmony has acquired many mature operations where existing employees may have already been exposed to unacceptable levels of noise. We have assigned a baseline value by means of an audiogram for each employee exposed to noise. This baseline value was used to calculate compensation for any future claims.

NUTRITIONAL PRODUCTS

Harmony is the only mining company that has developed a nutritional product range, Phakamisa, which has been developed as part of the Healthiest Workforce Campaign. The vision behind this project was to develop a product that is of high quality, but affordable for the entire workforce.

The range currently consists of five products namely, Phakamisa Multi-Vitamin Tablets, Phakamisa Energy Bar, Phakamisa Meal, Phakamisa Red Arrow Drink and the newest addition to the range, the Phakamisa Energy Gel.

Through sales figures from the various "on" and "off" mine outlets it is anticipated that we have approximately 8 300 consumers. For the period January to August 2004 a total of 105 765 units of these products were sold.

3.3 SOCIAL RESPONSIBILITY

HUMAN CAPITAL

Employment Equity

Harmony supports employment equity in the workplace which seeks to identify, develop and promote each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their job. Our employees have the right to work in an environment which is free from any form of discrimination, directly or indirectly on any arbitrary ground, including, but not limited to race, gender, sex, ethnic or social origin, HIV/AIDS status, colour, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language, marital status or family responsibility.

We believe that employment equity is not merely about meeting targets, but about how we optimally engage employees in our changing business environment. Flat structures, with appropriate decision-making empowerment, are in place throughout the company. The majority of employees are historically disadvantaged and we are making good progress with advancing this group into line management positions. The "scorecard for the Board Based Socio-Economic Empowerment Charter for the South African Mining Industry" (Mining Charter) sets specific targets with regard to the employment of Historically Disadvantaged South Africans (HDSA's), and the company has a number of Human Resource development programmes and action plans in place to reach these targets.

Harmony's employment equity programme is decentralised in that it focuses on developing and implementing employment equity plans on the respective shafts. Employment equity on corporate level is the responsibility of the Chief Executive and focuses on meeting the requirements of the Mining Charter which stipulates the recruitment and progression of women in mining and the advancement of Historically Disadvantaged South Africans (HDSA's) into senior levels of management.

It is our business objective to exceed the Minerals Development Act target of 40% HDSA's in management and 10% women in mining.

Harmony adheres to the Employment Equity Act which requires the employer to take steps to ensure that the working environment is free from discrimination. We report annually to the Department of Labour on our progress in this regard. We were audited by the department in 2003 and found to be compliant. As part of our programme of legal compliance an employment equity audit has been undertaken at our operations. Every shaft is in the process of preparing action plans to ensure the advancement of HDSA's into management positions.

We intend to demonstrate to both our shareholders and our stakeholders that we are committed to surpassing the objectives set by the Department of Minerals and Energy, and we are well on our way to achieving this goal. The challenge is to ensure that our programmes result in sustainable employment equity in a company that is truly South African and internationally competitive. Employment equity figures for the total company are as follows:

SEE **TABLE 2 & 3**

We have made good progress by doubling the number of women in mining in Harmony from 2% to 4% and are targeting 6% for 2005. The challenge to train, develop and then retain HDSA candidates for senior and executive management positions is huge but we are making steady progress through talent management and succession planning.

Harmony complies with international standards. We do not employ minors nor engage in forced labour. Our recruitment programme stipulates that we do not employ persons under the age of 18. All shafts have security measures in place which ensure we keep record of who and how many people go underground. Harmony adheres to the provisions of the Labour Relations Act.

Training and Development

Readiness to excel within an environment where the only constant is change is a business imperative if sustained value creation is to be achieved.

Training and people development has been integrated into our core business processes. We aim to create an organisational climate where technically skilled, self-motivated, thinking people will excel to their potential. This has necessitated the process to establish an enabling working environment where empowerment of individuals and production teams are recognised and rewarded. To this end talent development and coaching has become a core competence and responsibility of our line managers. Our leadership and team development interventions have been designed and implemented to reinforce this. We have focussed on competencies to enhance self-management, coaching and team development skills.

One of the development programmes introduced to aid us is a Business Leader Development Programme, presented in association with one of the leading South African Universities. The uniqueness of that programme is that it offers Harmony leadership an opportunity to internalise and co-develop leadership competence to lead the drive for value creation through people.

With the leadership programme well on its way, a similar tool for middle-management will be developed and will embrace coaching as a management style, thus empowering production coaches to lead the development of production teams to their full potential. Such competence will complement our drive to have people who, as individuals and team-members, take ownership for their results and subsequent personal development growth paths.

As a training provider Harmony has full accreditation with the Mining Qualification Authority (MQA) and is ISO 9001 registered. The subsequent result is that people development programmes and qualification achieved is portable at industry and national level.

To bridge the educational and literacy challenges, we have aligned both basic and further education programmes to be a pre-requisite for attendance at our mining school where registered mining qualifications and development programmes on successful completion is attained. With mining being our core business the training system and structure provides mainly for presenting skills programmes and qualifications directly linked to organisational needs.

Service functions and training are sourced in with the pre-requisite that such training packages are customised and accredited.

TABLE 2

EMPLOYMENT EQUITY AS AT JUNE 2004					
OCCUPATIONAL CLASSIFICATION	TOTAL	*HDSA EMPLOYEES	%HDSA	**WOMEN	
Executive	5	2	40%	1	20%
Senior Management	229	41	18%	18	6%
Professionals	1 028	401	39%	62	6%
Technically Skilled	7 165	4 703	66%	444	6%
Clerks	1 635	1 521	93%	522	32%
Operators	17 898	17 651	99%	120	1%
Semi-skilled and discretionary decision making	25 032	24 297	97%	905	4%
Total	**52 992**	**48 616**	**92%**	**2 072**	**4%**

TABLE 3

SNAPSHOT OF MINING OCCUPATIONS				
OCCUPATION	TOTAL	**WOMEN	*HDSA EMPLOYEES	%HDSA
Mine/Mining Managers	30	1	6	20%
Mine Overseers	88	0	33	38%
Coaches / Shift Bosses	586	0	165	28%
Miners	1 507	6	1 233	82%

* **HDSA's : Historically Disadvantaged South Africans, including women.**
** **Women :Women of all races.**

Talent development and retention is underpinned by a systematic approach. This is done at Harmony through the establishment of a talent pool where we assist less privileged students as well as our own promising employees with bursaries to study full-time at tertiary institutions. To enhance the strength of the talent pool further we are in the process of offering internships to individuals studying at tertiary institutions towards core business-related degrees.

Our Bridging School, Bursary Scheme and Study Assistance Programmes are integrated into our talent management process ensuring that identified talent is sponsored, coached and mentored with the aim of developing a skills base for our succession strategy.

Relevant notes regarding the above statistics:

SEE **TABLE 4**

- Since the inception of the Bridging School Programme, Harmony engaged 140 learners of whom 12 are university bursary holders, 20 are technical college bursars and 8 are on our mine overseer programme. The remainder of the learners are enrolled in in-service training programmes;
- Over the past two years, we have trained 120 employees to be qualified mine overseers;
- During the past financial year in excess of 350 licensed miners (blasting certificate holders) were trained;
- Engineering learnerships in the process of being registered will amount to 100, and
- Some 300 engineering repair and service people have been trained over the last three years.

Labour Practices

Of our employees, between 81% to 87%, depending on the region, belong to independent trade union organisations, such as UASA, NUM, Solidarity and SAEWA. Employees are encouraged to, and do participate in joint task teams addressing issues such as Housing, Health Care, HIV/AIDS, Job Grading, Social Plan and Women in Mining. As per collective agreements they can give input and make recommendations regarding these issues. During the recent restructuring process we first issued a notice of intention to restructure to these organised labour organisations. Following a meeting with the abovementioned unions, a process of consultation was initiated, with the aim of finding suitable alternatives or implementing avoidance measures.

TABLE 4 PEOPLE DEVELOPMENT STATISTICS

	BRIDGING SCHOOL	UNIVERSITY BURSARIES	TECHNICAL SCHOOL BURSARIES	JNR ENGINEER PROGRAMME	MINING MANAGER PROGRAMME	MINE OVERSEER PROGRAMME	MINER PROGRAMME	ABET FULL TIME	ABET PART TIME	AFET PART TIME
Number of Learners	20	27	32	20	44	20	125	240	801	204

SOCIAL RESPONSIBILITY continued

Should any employee feel aggrieved and wish to lodge an appeal against his dismissal or retrenchment, the appeal is lodged with the relevant Human Resources or Employee Relations Official in terms of the Disciplinary Code. The HR/ER Official will ensure that the appeal is registered and referred to an appropriate level, then arrangements are made for the appeal to be heard and a record is kept of the appeals proceedings. Appellants have the right to representation by a co-worker or union representative in terms of our Disciplinary Code. Grievances against fellow employees are recorded, dealt with via the line of command and then proceed to the next level until the grievance is resolved in the most amicable way or until the procedure is exhausted.

During the year the company experienced a strike at the Orkney shafts due to differences between the union and the company on conditions of employment. This followed the incorporation of these previously owned ARMgold operations into Harmony. The strike which started on the 12th of February 2004, was called off a few days later, following an agreement between the various parties.

OUR IMPACT ON THE COMMUNITY

Social Plan

We were the first South African mining company to sign an agreement with the National Union of Mineworkers (NUM) on the company's Social Plan Framework.

The requirements for a Social Plan forms part of the Minerals and Petroleum Resources Development Act, 2002.

The Social Plan addresses the reality that all mines are finite in life and leave an impact, positive or negative, long after they cease operations.

The Social Plan emphasises the tripartite relationship between government, the company and the respective unions. It calls for stakeholders to be proactive in devising strategies to deal with skills development of current employees, retraining of employees to be retrenched, and the social upliftment of communities surrounding the mines and in the labour sending areas. Mining licences will not be renewed or granted to mining companies that do not adhere to the requirements of the plan.

The implementation of our Social Plan presented an opportunity to contribute to the alleviation of the social and economic impact on individuals and the economies of the regions in which we operate.

We further promote and support economic activities in and around mining communities that will ensure sustainability of those regional economies beyond mine closure.

In addition, we have re-aligned our procurement activities to allow for broader participation of new entrants into the economy.

During 2003, we established a Social Plan Trust Fund with an initial contribution of R15 million, and an undertaking to contribute a further R35 million over a 10-year period, to fund beneficiary projects in the mine community areas and labour sending areas. In addition to this fund, we are also in the process of implementing the Corporate Social Investment Fund (CSI Fund) to address Harmony's social investment obligations. Once signed off, the CSI Fund will be utilised to address issues such as community economic development programmes which will include access to services and social infrastructure, access to further education and skills training.

We are in the process of the establishment of Future Forums and Social Plan Forums for all our operations. These forums liaise with both Local and National Government to formulate and implement integrated development plans for the communities surrounding our operations. Areas from which our labour is sourced are also included in the plans. We have engaged development agencies such as the Mines Development Agency (MDA) and TEBA Development, to identify and undertake sustainable investment projects in major labour sending areas of South Africa and neighboring countries. We value feedback from our communities. We address the impact that operations may have on subsistence- related resources of local communities by acting strictly in accordance with the requirements of our Environmental Management Programmes.

Housing

The majority of our employees reside in mine hostels in close proximity to our shafts. Their families reside either in distant, mostly rural settings or in areas closer to the mines in the region.

Apart from providing accomodation to employees in the hostels, the company also makes provision for family accomodation units (houses and apartments) at mine villages.

A current living-out allowance is being paid to employees who provide their own accommodation.

Harmony is currently implementing measures to improve the standard of housing which includes the upgrading of hostels, conversion of hostels to family units and the promotion of home ownership options. Through this process we are addressing the housing needs of our employees in an integrated approach and in conjunction with the local Municipalities' development plans. All housing and living condition projects in the areas are aimed at being sustainable and viable with significant and lasting benefits to participating employees and other stakeholders.

In order to address the requirements of the Mining Charter, Harmony actively co-operates with internal as well as external stakeholders. We have established a centralised Housing Committee consisting of members of senior management and representatives from the National Union of Mineworkers from each of Harmony's operational regions. This forum actively addresses housing and living condition matters and meets once a month. The operations are represented through employee housing representatives who report back to their constituencies on developments within the forum.

We also play a leading role in the integrated housing development plans of the local authorities in areas where the company operates. Through the process of Integrated Development Planning we have formulated objectives, strategies and projects to assist the municipalities in operational and strategic decision- making processes. Our company's involvement with the Spatial Development Framework of Municipalities ensures that rehabilitation issues and utilisation of mining structure be considered in the future development of the municipal area. An independent needs analysis was completed amongst our employees in the lower-income categories. Specific housing and accommodation needs have been established, which now form the basis to develop a future strategy in Harmony's endeavours to enhance home ownership opportunities.

Specific hostels have been identified in each geographical area for conversion into family units. Since a decision was taken to encourage home ownership, 4 218 houses were sold, of which 991 sales were completed during the past financial year. Harmony still owns 4 938 residential properties, of which 2 430 are still in unproclaimed areas and therefore cannot be sold in the immediate future.

Decisions on upgrading and the conversion of hostels are taken in close collaboration with the municipalities, to ensure proper locality and potential for future incorporation into municipal structures or the creation of legal entities.

Black Economic Empowerment (BEE)

Harmony is committed to the economic development of South Africa and its people. We continually strive to facilitate participation by historically disadvantaged South Africans in the mining industry. Whilst the Mining Charter has its primary focus on creating opportunities for new entrants in the mining sector, it also requires mining companies to determine mechanisms to assist with alleviating poverty in the regions in which they operate. Harmony comfortably complies with the requirements of the Mining Charter, with an estimated 31% of our total issued share capital as at 30 June 2004 being owned by BEE shareholders. We are also proud to report that as part of the 2004 Investor Relations Magazine Awards, the company walked away with the "Best Communication of a BEE Programme" award for the second consecutive year.

Beneficiation

The Mining Charter also requires mining companies to beneficiate the commodities they produce and to allow for broader participation by previously disadvantaged individuals in these activities.

Musuku Beneficiation Project - based at Harmony's Virginia Refinery

Our agreement with Mintek, the leader in minerals and metals technology, to create Musuku Beneficiation Systems, was completed during the year. Musuku, (meaning "gold" in Venda), will introduce a combination of business management practices that have been established at the Harmony refinery and specialised refinery technologies from Mintek, thereby potentially integrating value-adding processes into the company and the gold industry. This relationship is expected to unlock significant value in the value chain of the precious metals industry and help South Africa and the company gain a dominant position in the downstream value-adding industries such as jewellery manufacturing and industrial applications for precious metals.

Matjhabeng Region

Matjhabeng, situated in the Free State Province, is one of government's identified poverty nodes. Following significant downscaling of mining in the Free State goldfields, there is an urgent need for the regeneration of the economy and the Minerals and Petroleum Resources Development Act established a framework for meaningful participation by Harmony. We have elected to play an anchor role to ensure that the Free State goldfields become a major beneficiation centre. Harmony, together with the government, is committed to the establishment of a beneficiation hub in Matjhabeng, which will result in sustainable job creation, skills development and transfer, empowerment of local communities and poverty alleviation.

Harmony Jewellery School

The Harmony Jewellery School, the first of its kind in the Free State was inaugurated in November 2000. The Harmony Jewellery School is a coordinated project that forms an integral part in the total creation of the jewellery manufacturing hub in the Free State. The first 12 students graduated from the school in December 2003. The School approached the Central University of Technology, Free State to be involved in further education. The school now operates as a satellite campus of the University. Presently 25 diploma course students are enrolled. A further 14 learnership students will soon be part of the Skills Development Leadership Enterprise ("SDLE") project facilitated by the Goldfields Further Education Training ("FET"). The Technology Human Resources Innovation Programme ("THRIP") for product development will ensure that the school will become self-sustainable.

Kgabane Project

The Kgabane (meaning "precious" in Setswana) project was launched in May 2001. Its principal aim is to develop and position the informal jewellery craft sector as a driver of economic growth, poverty alleviation and empowerment of women primarily in rural areas and up-and-coming goldsmiths, through mineral beneficiation.

The programme design and strategy has been informed by the growing world demand for quality, hand-crafted, branded goods, and the corresponding decline in the number of practitioners of what were once widely-based craft skills. The programme is made up of a production and training unit where traditional craft skills are honed and integrated with traditional goldsmithing techniques; an accredited outreach program which identifies and develops viable craft groups - which now number 13 units with 25 women each; and a marketing support programme. Kgabane is a programme of The Department of Minerals and Energy and Mintek, the South African Research and Development centre for Mineral Technology, supported by Harmony.

South African Royal Manufacturers (SARM)

During March 2003 a R20 million gold rope chain production facility was inaugurated in the Free State. The SARM plant is a joint effort involving Harmony, BAE Systems-Saab, South Africa's Industrial Development Corporation (IDC), and the Department of Trade and Industry (DTI). We provide gold wire and strip produced at our refinery to SARM, and the building from which they operate. The factory employs 700 people, whom are mainly women. The factory is currently focussing on manufacturing hand-woven gold rope chain - an area which has received huge interest from US and European markets.

Launch of the South African Minerals Pavilion at Johannesburg International Airport by the Department of Minerals and Energy, with the support of Harmony

On 8 April 2004 the Minister of Minerals and Energy, Arts, Culture, Science and Technology, Ms Phumzile Mlambo-Ngcuka, with the support of Harmony, launched the South African Minerals Pavilion at Johannesburg International Airport (JIA). The event marked the culmination of efforts by Government to encourage South African companies to beneficiate within the country. The Department of Minerals and Energy, Harmony, the Department of Arts and Culture, Mintek, Kgabane and the Airports Company of South Africa came together to build a platform to showcase exclusively selected value-added pieces and articles from the country's national heritage. The Pavilion includes items originating from early age Mapungubwe Culture to the present era.

At the opening, Minister Mlambo-Ngcuka commented, "With the facility fully functional, it will provide a focal point in the heart of JIA's booming retail area, which will offer local and international travellers an opportunity to be exposed to a wide range of the arts, technologies, and people associated with beneficiating South Africa's mineral resources. An added feature of the facility will be allowing previously disadvantaged and local entrepreneurs and students to display their work." Minister Mlambo-Ngcuka said this initiative would go a long way towards getting a vibrant South African beneficiation industry off the ground.

African Jewel Self-Help Group

Beaded designer jewellery training for disabled people was funded by the Mining Qualifications Authority (MQA) and Harmony to uplift mainly disabled people in rural areas. This group is now successfully producing beaded jewellery and beaded corporate gifts for the local and international markets.

Harmony also funded a similar self-help project involving people with disabilities in Randfontein. We are now looking at initiating a third project in the Klerksdorp region.

Corporate Social Investment

Through the utilisation of our Corporate Social Investment Fund we have invested in a number of community development programmes.

Ikaheng Development Centre

The Ikaheng Development Centre is a Black Economic Empowerment business that supplies chicken portions to our hostels. We provided the land to the project and assisted with water reticulation and a low interest loan of R50 000. We also assisted in drawing up the Centre's business plan and have committed ourselves to provide ongoing business support. We believe that this project could lead to the establishment of similar community business centres at all our operations.

Harmony Athletics Club

Harmony has a number of running clubs in nine provinces of South Africa which now have over 1 400 members. Road running is seen as a sport through which we can build relationships between individuals and communities in South Africa and the aim is to encourage, motivate and train young, upcoming athletes from all walks of life.

Harmony has been an official sponsor of the Comrades Marathon since April 2000. All the medals and statuettes have been masterly designed and manufactured by Harmony, in South Africa. A range of investment bars and coins to commemorate the running of the Comrades Marathon in a particular year is also sold at the event.

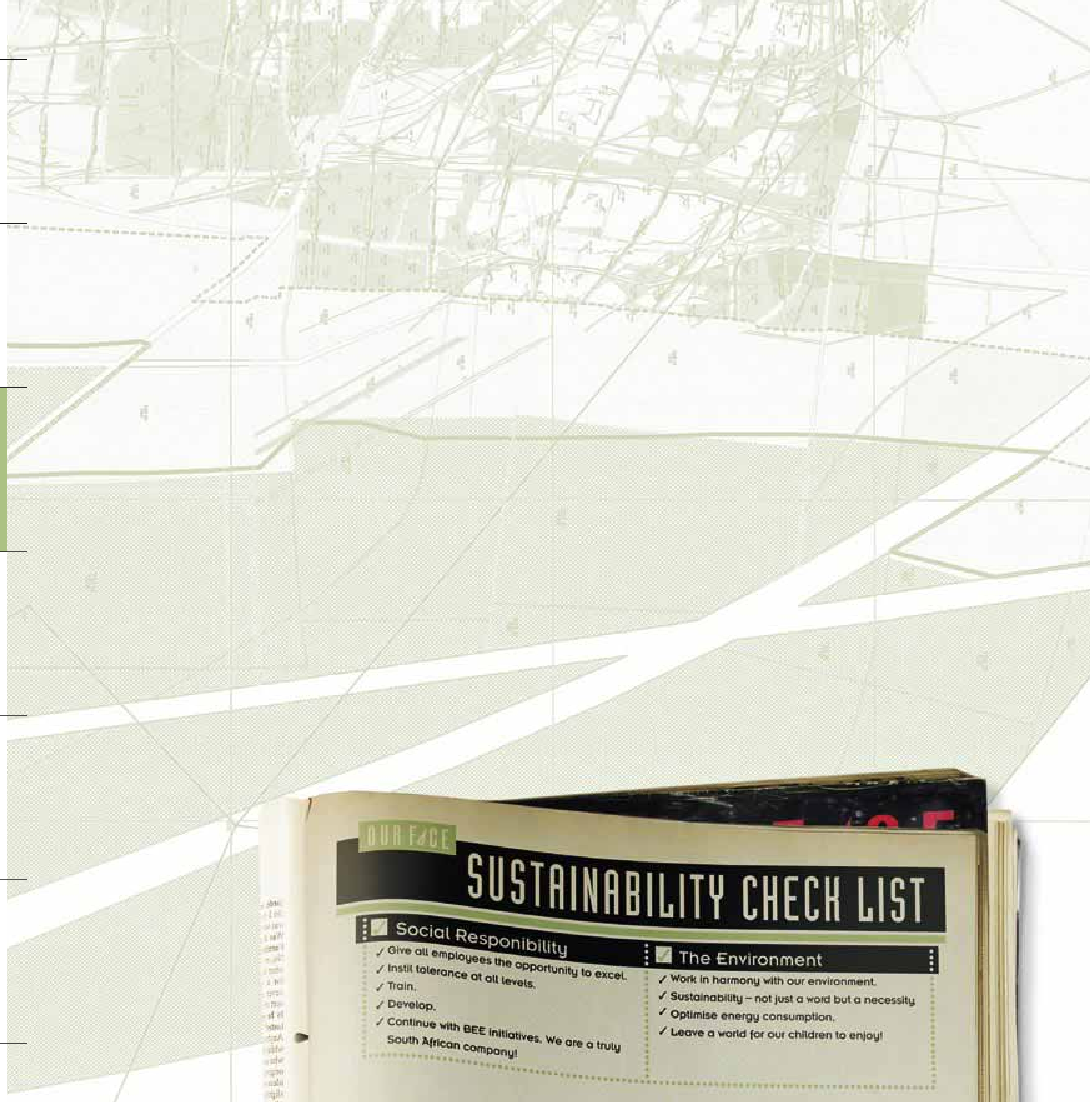
Harmony National Sports Academy

The Free State Goldfields has been earmarked by the National Government as a region which will require specific focus and investment with regard to socio-economic development. Sport has always played an important role in community development and nation building and a successful sports academy in this region would highly contribute to the endeavours of Government in this regard.

Harmony saw an opportunity for the creation of a regional Sports Academy, especially after discussions with the National Minister of Sport, Mr Ngconde Balfour, who expressed his concern regarding the lack of facilities and attention given to junior soccer and rugby players. For this initiative, Harmony has packaged accomodation facilities supported by a range of sport infrastructure available within a radius of approximately four kilometers.

The academy opened its doors in January 2003 when 40 young sportsmen enrolled. Initially we identified talented rugby and soccer players in the under-16 age group from across the country. Our aim is to develop them into athletes of excellence.

As at 30 June 2004 the number of sportsmen had increased to 70. During the South African under-19 national soccer tournament one player was selected to the national team whilst two players were selected to the Free State provincial team. In rugby the sportsmen fared extremely well with nine players being selected for the under-16 and seven players for the under-18 provincial teams. Three of the under-16 players have been included in SARFU's Elite Green Squad, being the 100 most talented players in the country earmarked for further development and participation at national level.



3.4 ENVIRONMENTAL MANAGEMENT

Harmony sees itself as a responsible company, realising that through the process of gold mining, we do impact on the environment. We recognise that the long-term sustainability of our business is dependent on good management in both the protection of the environment, and the exploration for and extraction of our mineral resources.

OUR PRINCIPLES

- We continue to comply with all applicable environmental law, regulation and requirements;
- We are committed to establishing and maintaining management systems to identify, monitor and control the environmental aspects of our activities;
- We ensure that financial resources are available to meet our remediation and rehabilitation requirements;
- We ensure that all our employees and contractors are aware of our policies, as well as their responsibilities towards meeting our requirements;
- We are committed to consulting and communicating with interested and affected parties on the environmental aspects of our activities;
- We endeavour to continually improve our environmental performance;
- We conduct audits to evaluate the effectiveness of our management systems, and
- We continue to participate in discussion on environmental matters at national and local level.

OUR ACHIEVEMENTS

- The development of a proprietary Environmental Management System ("EMS") is nearing completion. All our South African operations operate within Environmental Management Programme Reports ("EMPRs") that have been approved by the Department of Minerals and Energy, in consultation with other departments such as the Department of Water Affairs and Forestry ("DWAF"). 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 and rolled out to the various operations. Our Environmental Management System, which encompasses the principles of ISO 14000, is an electronic-based system. In Australia, the Australian Government regulates the activities on mining sites through two main agencies:
  a) The Department of Industry and Resources approves new mining projects following submission of environment assessment documentation by Harmony. Bonds are held by the department against successful rehabilitation on completion of the project. The total bond amount changes as new projects increase the bond while progressive rehabilitation reduces the bond. The department also administers the safety, electrical, mechanical and ventilation aspects of both open pit and underground mining.
  b) The Department of Environment's primary focus is on protection of the environment through management of activities and chemicals that may cause pollution. This includes control of seepage from the tailings storage facility (TSF) and storage of chemicals and fuel on site. Monitoring of groundwater chemistry around the TSF continues to be within required levels. A programme of upgrading the ageing fuel and chemical storage facilities on site is underway to maintain compliance in this area.

  Government legislation also controls the interaction of exploration and mining activities with Aboriginal heritage matters. We have established an ongoing working relationship with traditional landowners. This includes a team of senior Aboriginal people and Harmony personnel jointly surveying areas in advance of exploration activities, to ensure any sites of significance to traditional owners are identified and protected. Exploration activities in both the Mount Magnet and Cue areas have continued to operate, with sign-off by traditional owners, as a result of this process. We are monitoring dust, blasting noise and vibration to ensure activities are within required levels and our results are communicated to the local government. Community sensitivity to this issue is high and we are engaged in continuous consultation to ensure accurate information is available to all parties.
- We have also collaborated with the University of the Witwatersrand in a research and development programme related to establishing sustainable vegetation cover for slimes dams, and
- A community-based mine nursery was established in the Matjhabeng region, which produces tolerant indigenous plants for the rehabilitation of mining land.

ENVIRONMENTAL POLICY

We have adopted an Environmental Policy which was recently compiled in conjunction with our various stakeholders.

In all jurisdictions, in addition to complying with legislative requirements, we apply technically proven and economically feasible measures to advance the protection of the environment throughout exploration, mining, processing and closure.

We recognise environmental management as an important corporate priority and have established policies, programmes and practices for conducting business in an environmentally sound manner, as well as making adequate financial provision for the restoration of the environment. These policies are integrated into programmes and practices in all activities of the organisation. Performance of these programmes to ensure compliance with the company and legislative requirements is monitored. We have established an ongoing programme of review and subsequent improvement of environmental performance. We liaise and work with government departments and the public to develop effective, efficient, equitable and sustainable measures to protect the environment as well as socially related aspects.

We require contractors and suppliers to comply with the corporate environmental requirements and work co-operatively to identify opportunities to improve environmental performance. Harmony ensures that all employees understand and are able to fulfill their environmental responsibilities.

Provision for Rehabilitation at Closure

Each operation estimates its expected environmental closure liability on an annual basis. This determined amount is used to calculate the contributions to be made to the Trust Funds which have been set up for the express purpose of providing adequate funds to cover the expected cost of environmental rehabilitation at mine closure. The contributions are spread over the operational life of each mine, with contributions made annually. Even though the various investments in the Trust Funds are pooled, each operation unit has its own account.

The accumulated funds in the various Trust Funds, and the total rehabilitation liability per operational area, as at 30 June 2004, are reflected below.

SEE TABLE 5

TABLE 5

TRUST FUND NAME	CONTRIBUTORS	TRUST FUND BALANCE (R)	CURRENT ESTIMATED REHABILITATION LIABILITY (R)
Bambanani, Joel, Matjhabeng and Tshepong Rehabilitation Trust Fund	Bambanani, Joel, Matjhabeng and Tshepong mines.	535 633 990	547 980 915
Harmony Gold Environmental Trust Fund	Kalgold, Randfontein Estates, Harmony Gold Mine and Evander Gold Mines	279 564 946	648 172 427
ARM Rehabilitation Trust Fund	ARM Orkney and Welkom operations	40 762 039	52 280 000
St Helena Rehabilitation Trust Fund	St Helena	41 348 338	69 854 923
Elandsrand and Deelkraal Rehabilitation Trust Fund	Elandsrand and Deelkraal operations	73 329 809	82 468 156

ENVIRONMENTAL MANAGEMENT continued

Reporting in line with the Global Reporting Initiatives (GRI)

Historically, no central database for GRI information has been maintained, as we managed these issues at operational level. However, this approach is being reconsidered, given both the demand for such information and where its availability could result in increased efficiency at the operations.

By nature, our diverse operations pose potential threats to the environment, notably in terms of air quality (dust and gaseous emissions), water (consumption of fresh water and contamination of ground water), and land use (waste disposal and rehabilitation).

There is an ever-increasing awareness of the need to reduce, or at least improve, the efficient use of scarce environmental resources such as energy and water.

We recognise that, apart from the environmental advantages of reducing the use of these raw materials, there is the potential to bring about significant cost savings for the company.

1 Materials

We do not use waste (processed or unprocessed) from any sources external to its operation.

2 Energy

Realising the environmental impact of the energy consumed by our operations, especially the fact that the South African electricity grid is predominantly coal based, we strive to optimise energy consumption levels across the group. This optimisation entails Demand Side Management Strategies; load shifting and scheduling; and strict monthly verification, control and monitoring.

3 Water

The continued integration of both water quality and water quantity management aspects into our operations reinforces Harmony's commitment to preventing contamination, reducing the consumption of the resource and continued improvement in the management of the resource.

4 Biodiversity

We hold surface and freehold rights over large tracts of land, but use a relatively small area of this land for mining and infrastructure purposes. Subject to operational requirements, unused land and infrastructure is being made available to support projects envisaged in terms of our social and labour plans in the various regions. The group has no operations in or on protected areas. We do, however take cognizance of relevant legislation in this regard.

5 Emissions to Air

Our various operations emit dust and gases that have the potential to impact negatively on the air quality. Emissions from our metallurgical processes are not significant, and are not measured at present.

Fugitive dust from dormant slimes dams are controlled by way of regular ridge-ploughing, and the establishment of vegetation.

All our operations operate within the requirements of water use/disposal permits and have registered as water users as required by the National Water Act of 1998. We are actively involved in the licencing process which is being driven by the DWAF, in all the regions that we operate in.

Discharge

Point source discharge to permitted evaporation/disposal sites is practised in some regions. Diffuse discharges from spills and pipeline failures sometimes occur.

Historical groundwater contamination – Welkom, Free State operations

Historical use of the Mahemspruit/Dankbaarpan/Brakpan area, west of Welkom in the Free State, as a mine water disposal facility, has led to the contamination of the local groundwater regime. We continue with the daily supply of portable water to the farming community, and is finalising the requirements for a permanent water supply to those affected. Water use and distribution at the operations is being managed so as to limit water disposal to this facility.

Western mine void water decant – Gauteng, Randfontein operations

Decant water is currently managed at an operational level, and is reused by both Harmony and Mogale Gold. Independent consultants are investigating purification methods and future use of the water.

Spills

During the year, there was a spill of gold-bearing slime at our Evander operations, due to pipeline failure. The spill was cleaned up and no medium- or long-term environmental impact was experienced or is expected.

We are also actively involved in establishing Catchment Management Agencies in the areas where we operate, as required by the National Water Act of 1998, by working closely with the Department of Water Affairs and Forestry (DWAF), other industries and members of the local communities.

Ground and surface water are monitored at all operations, both upstream and downstream of potential impact areas, as well as inside and outside mining areas. Monitored results are used to direct ongoing mitigation and remediation efforts. In many areas of operation, the groundwater is of a naturally poor quality as a result of local mineralogy.

6 Waste Management

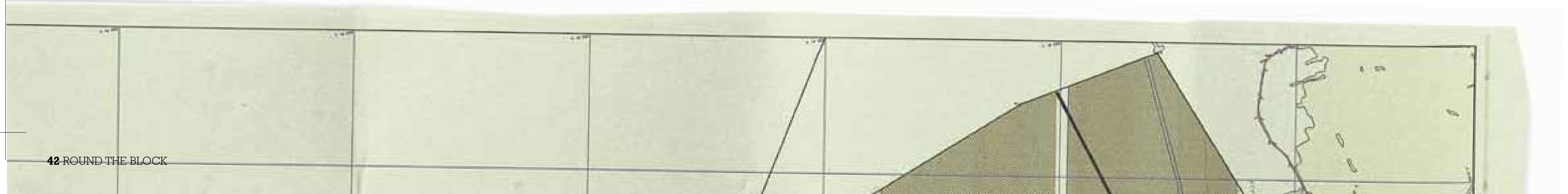
Managing waste responsibly remains a challenge at our operations. The largest waste item recorded for the period was tailings. Recyclable materials include metal, timber, oils, grease, plastic and paper. There is a continual drive to reduce the amount of hazardous waste sent to licensed disposal facilities, while general waste that is not recycled is sent to licensed waste disposal sites. All of our operations, except Kalgold, conduct activities within the requirements of a Certificate of Registration as issued by the National Nuclear Regulator, in terms of section 22 of the National Nuclear Regulator Act of 1999. Disposal of low-level radioactive waste material is conducted in accordance with approved procedures.

7 Suppliers

Although we require suppliers to adhere to all environmental legislation, there is no programme in place to measure their performance in this regard. Specific matters that arise are taken up with the specific supplier and in terms of our newly adopted policy, we will be expected to ensure that our suppliers adhere to all environmental legislation and regulations.

8 Transport

The environmental impacts associated with transportation for operational and logistical purposes are not significant.



3.5 ECONOMIC PERFORMANCE

SHAREHOLDING

An analysis of our Shareholding appears on pages 136 to 148.

TOTAL PAYROLL AND BENEFITS

The demographic analysis of our employees shows that 63% are South African citizens, 24% are from Lesotho, 9.5% from Mozambique, 3% from Swaziland and less than 1% from Australia and Botswana respectively. Although a number of retrenchments took place during the last quarter, Harmony has a track record of saving and creating employment opportunities and we believe that a significant number of positions will be saved through the implementation of CONOPS.

For details of our total payroll and benefits paid to our employees, debt and borrowings, increase/decrease in sustained earnings and Monetary flow indicators, please refer to our financial statements on pages 66 to 135 for more information.

RESEARCH AND DEVELOPMENT

Project AuTEK

Project AuTEK is a collaborative South African-based research initiative involving gold producers, AngloGold, GFL Mining Services and Harmony, and the Council for Minerals Technology, Mintek.

Research in the AuTEK Biomedical field started in July 2002 with joint funding by Harmony and Mintek. The two parties have exclusivity in this field of research.

The impetus of the AuTEK Biomedical programme has been on developing drug delivery systems for gold containing drugs, gold cationic complexes as potential anti-mitochondrial agents, mixed metal chemotherapeutic drugs, anti-arthritic agents, the development of new synthetic procedures to yield novel gold-based drugs pharmacology and toxicity studies.

PROCUREMENT

The company has re-assessed our policy regarding preferential procurement from empowered suppliers. We concentrate our empowerment efforts on suppliers of goods and services in the manufacturing, construction and mining/extraction sectors of the economy as well as on professional consulting services and cleaning related services. We have introduced and implemented a Preferential Procurement Policy to promote entrepreneurship in local communities and give emerging businesses access to mainstream business opportunities in the mining industry. We further have created a business development section assisting in the starting up of new empowered businesses and converting traditional businesses into empowered businesses. In this space we are seriously considering partnerships to reduce the cost of training, administration, financing, mentoring and transaction costs.

Although only 9% of services and consumable procurement is empowerment expenditure it amounted to a value of approximately R300 million. This is a proportionate number and it therefore indicated the value of spend at HDSA empowered and HDSA influence proportionate to shareholding. We believe the value to be conservative as we are in the process of aligning our systems with the DME's reporting requirements to include the weighting of shareholding, management participation, employment equity, preferential procurement and social responsibility aspects.

We have commited ourselves and are confident to increase the 9% to 13% in 2004-2005, to 20% in 2005-2006 and then on a sliding scale to 30% for the total group in 2008-2009. One of our biggest challenges lies in the regional representivity of our procurement. Currently 60% of Harmony's procurement is for the Free State operations but only 24% of that expenditure takes place in the Free State. The challenge in Evander, Orkney and Kalgold is even bigger. We aim to double our regional spend over the next 5 years.

Information setting out our policy, procurement areas, management commitment, supplier evaluation and targets can be accessed via our website.

VALUE-ADDED STATEMENT FOR HARMONY AND ITS SUBSIDIARIES FOR THE YEAR ENDED 30 JUNE 2004

	2004 R million	%	2003 R million	%
Sales of Gold	8 789		8 995	
Less: Cost of Sales	(8 209)		(6 621)	
Value Added from Trading Operations	580	13	2 374	53
Income from Investments	3 806	87	2 118	47
Total Value Added	**4 386**	**100**	**4 492**	**100**

Distributed as follows:

	2004 R million	%	2003 R million	%
Employees (including directors and management)				
Salaries, Retirement and Other Benefits	3 930	90	2 729	61
Providers of Capital				
Dividends to Shareholders	395	9	971	22
Interest on Borrowings	412	9	321	7
Government				
Taxation	(305)	(7)	274	6
Total Distributions	**4 432**	**101**	**4 285**	**96**
Retained for Investment:				
Depreciation and Amortisation	933		582	
Income Retained in the Business	(975)		(385)	
Total Reinvested	(45)	(1)	198	4
Total Distributions (Including Reinvestment)	**4 386**	**100**	**4 492**	**100**

PUBLIC SECTOR

TAXES OF ALL TYPES PAID	2004 R million	2003 R million
South Africa	685	380

PRIVATE SECTOR

	2004 R million	2003 R million
Cost all services, goods and material purchased	3 389	3 906
Sourced from South Africa	2 796	1 114

NOTES:

1. Total Value Added

Total value added decreased by 2% due to an increase of 24% in the cost of sales as larger volumes were treated following the merger and acquisition activities of the company. Income from investments increased by 80% following the disposal of strategic investments in Russia.

2. Total Distribution to Employees

The proportion of total distributions distributed to employees increased by 44%.

3. Taxation

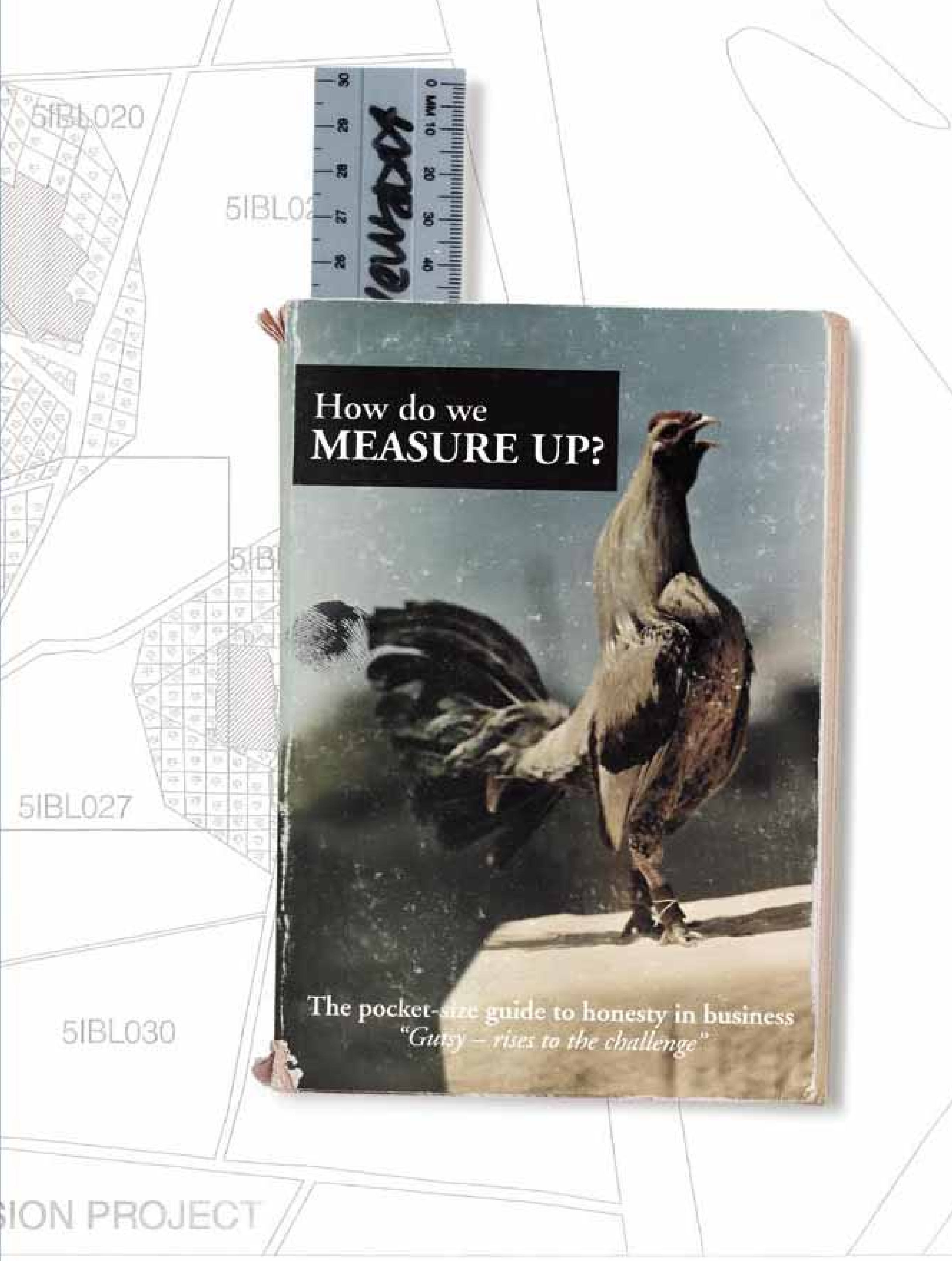
	2004 R million	2003 R million
SA Normal Tax	46	184
Deferred Tax	(346)	(20)
Foreign Taxation	(5)	110
	(305)	**(274)**

4. Income Retained in Business

Retained income excludes the share of income retained by associates so as not to distort the value added to raw materials, and comprises:

	2004 R million	2003 R million
Retained Loss for the Year	(918)	(332)
Share of Retained Earnings of Associates	(54)	(57)
Outside Shareholders' Intrest in Subsidiaries	(7)	4
	(979)	**(385)**

4 CORPORATE GOVERNANCE



Masimong

Project Description

Masimong Mine is located approximately 280km south-west of Johannesburg, and 10km from Virginia. The complex comprises two shafts: Masimong 4 and 5 Shafts.

The Masimong Expansion Project was primarily a development project with the major emphasis at No. 5 Shaft. Following the development project, there is a gradual production build-up to approximately 300 000 oz/annum. The project has a life in excess of 15 years.

General Geology

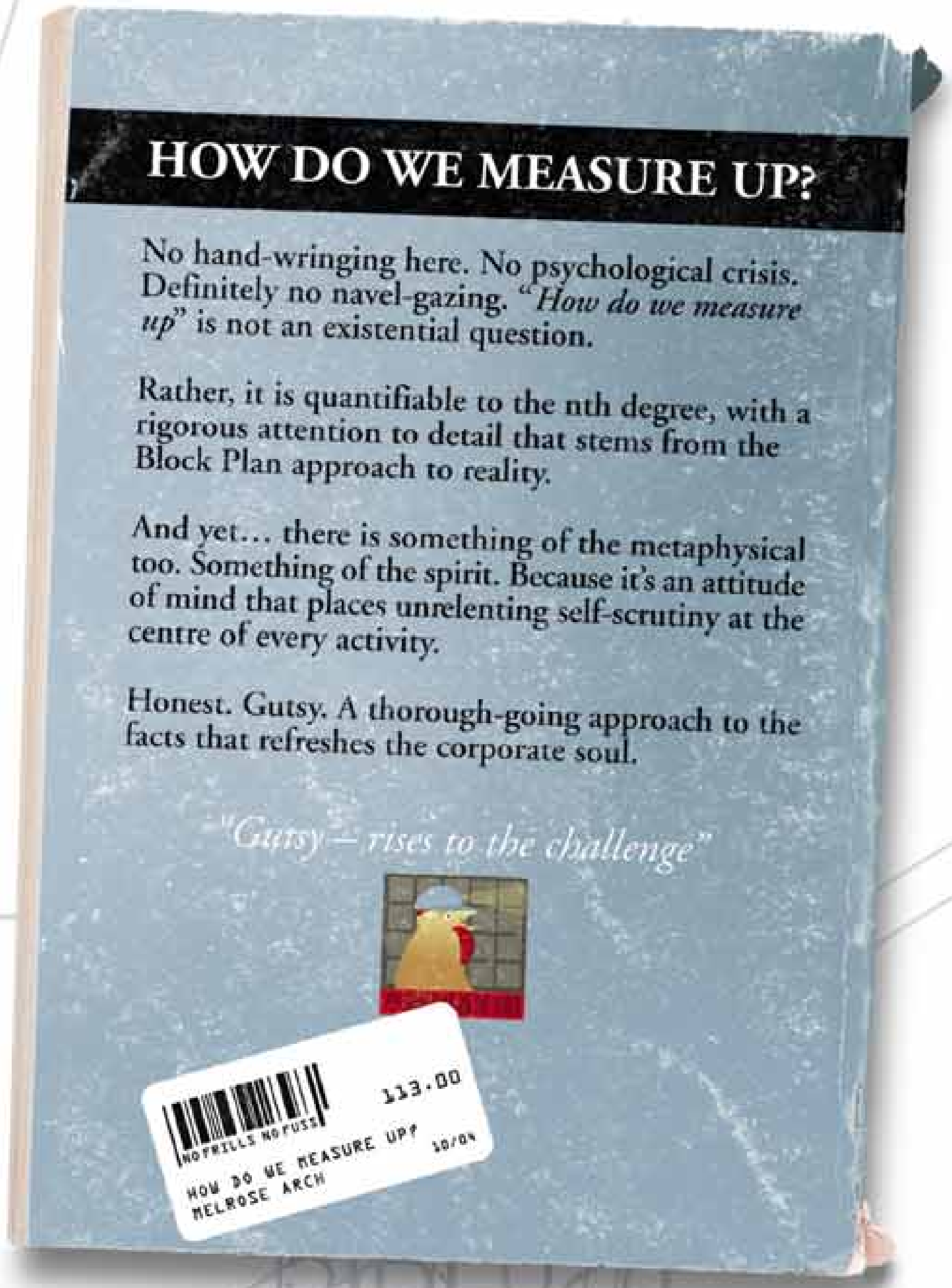
The reefs mined at Masimomg are the Basal Reef, B Reef and A Reef. The Basal Reef is mined at both shafts whilst the A Reef is mined at Masimong 4 Shaft and the B Reef is mined at Masimong 5 Shaft.

Grade within these reefs are highly variable, whilst channel width is also variable and ranges from a few centimetres to approximately 1.8m.

RESOURCES	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	OUNCES (million)
Reserves	14.3	5.4	76.8	2.4
Resources	419.3	3.4	1 427.7	45.9

4.1 NON-EXECUTIVE DIRECTORS

CORPORATE GOVERNANCE



HOW DO WE MEASURE UP?

No hand-wringing here. No psychological crisis. Definitely no navel-gazing. "*How do we measure up*" is not an existential question.

Rather, it is quantifiable to the nth degree, with a rigorous attention to detail that stems from the Block Plan approach to reality.

And yet… there is something of the metaphysical too. Something of the spirit. Because it's an attitude of mind that places unrelenting self-scrutiny at the centre of every activity.

Honest. Gutsy. A thorough-going approach to the facts that refreshes the corporate soul.

"Gutsy – rises to the challenge"

113.00
NO FRILLS NO FUSS
HOW DO WE MEASURE UP?
MELROSE ARCH
10/04

PATRICE MOTSEPE (42)

Non-executive chairman
since 2003
BA - Legal, LLB

Patrice Motsepe started his career as a partner, specialising in mining and business law, at Bowman Gilfillan Inc. He spent approximately 10 months with McGuire Woods LLP, a law firm in Richmond, Virginia, USA and thereafter, for four years, was employed as their legal consultant in South Africa.

In 1994, he founded Future Mining (Pty) Limited which grew rapidly to become a competitive contract mining company. He was the Senior Vice President of the Chamber of Mines and is a "Global Leader of Tomorrow", as designated by the World Economic Forum (WEF), and is also a member of NEDLAC. Patrice currently serves on the Boards of both Sanlam and ABSA and is the Deputy Chairman of Sanlam.

On 7 November 2003, the Boards of Avmin, Harmony and ARMI announced that they had reached agreement in principle regarding a range of indivisible transactions. On the implementation thereof, African Rainbow Minerals Limited (ARM), South Africa's largest Black controlled mineral resources company under the leadership of the current Harmony Chairman, Patrice Motsepe, was created. Patrice now serves as Chairman and CEO of ARM.

He is the President of Business Unity South Africa (BUSA) and the President of CHAMSA.

BERNARD SWANEPOEL (43)

Chief Executive
since 1995
BSc - Mining Engineering, BCom (Hons)

Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as general manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of Harmony.

For the past 8 years, Bernard has led the team behind the company's growth and acquisition initiatives. Harmony today boasts a substantial reserve base in excess of 60 million ounces, a production base making it the 6th largest gold producer in the world, and a healthy pipeline of quality growth projects which will ensure the company's future.

Bernard is the Chairman of Abelle Limited, he serves on the Board of Directors of Avmin, he is a non-executive member of the Sanlam Board of Directors and the Vice-President of the South African Chamber of Mines.

FRANK ABBOTT (49)

Executive Director
since 1997
BCom, CA (SA), MBL

Frank Abbott 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 ARMI/Harmony/Avmin transactions, Frank joined ARM as the company's financial director. He does however continue to serve as a non-executive director on the Harmony Board.

FERDI DIPPENAAR (43)

Marketing Director
since 1997
BProc, BCom, MBA

Ferdi Dippenaar started his career at Buffelsfontein gold mine in 1983 and took his degrees through part-time study while employed in various financial and administrative capacities at Gengold (Gold Fields) 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 direct marketing activities as well as the company's investor relations programme.

NOLITHA FAKUDE (40)

Non-executive Director
since 2002
BA, BA (Hons)

Nolitha Fakude is the Managing Director of the Black Management Forum (BMF). She joined the Woolworths Holdings Group in 1990 as a junior buyer and was subsequently appointed as a Human Resources Training Consultant and later as Group Human Resources Manager for Retail. In 1999, Nolitha led a national team that managed the implementation of the human resources strategy throughout the 120 Woolworths Corporate and Franchise stores with over 10 000 employees.

In 2001 Nolitha took up the position at the BMF where she oversaw the delivery of the organisation's repositioning strategies and objectives of leadership development and black economic empowerment. Her role includes stakeholder and relationship management with BMF members, corporate members, government and other business organisations.

TED GROBICKI (54)

Executive Director
since 1999
BSc (Hons), MSc (London), PrSciNat, FIMM

After fulfilling various roles within mining and exploration companies in South Africa, Namibia and Zimbabwe, Ted Grobicki 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 West Rand Cons. in 1999, he was appointed as executive director focussing 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 oversees Harmony's Australasian operations.

MANGISI GULE (52)

Executive Director
since 2003
BA, BA (Hons)

Mangisi has extensive experience in the field of Management, Training and Human Resources, Communications and Corporate Affairs. He is a member of various professional and executive associations.

Apart from having qualifications in Business Management from Wits Business School, Mangisi has extensive experience in Leadership, Mentoring, Management, Training and Human Resources. He has been a principal Lecturer, Chairman of various professional bodies, member of various executive committees, external examiner for the then Department of Education and Training (DET). He also has valuable experience in Communications having worked extensively with both Print and Electronic Media when he was an Executive Director, Human Resources and Communications with ARMgold before merging with Harmony.

He is currently responsible for Corporate Affairs especially Public Affairs in the Company. Among other things he is responsible for creating a healthy sustainable working or business relationships with all levels of Governments, Business Organisations SMME's, Labour Organisations and Unions, Community organisations, Youth organisations, Women Organisations, Academic Institutions and other Professional Organisations.

DR SIMO LUSHABA (38)

Non-Executive Director
since 2002
BSc (Hons), MBA, DBA

Simo Lushaba started his career at the University of Zululand in 1988 as a research technician. In 1990 he joined South African Breweries and 2 years later National Sorghum Breweries where he served as Divisional Executive of the Khangela Division and nine coastal depots. In 1995 Simo was appointed by Spoornet. He served the company for the next 7 years in various managerial positions and ultimately as the General Manager for Rail and Terminal Services.

In April 2002, Simo was brought into Rand Water to drive both business and social transformation in the organisation which included internal restructuring, focussing on creating a customer-driven organisation, as well as new business opportunities both in South Africa and internationally. Simo also serves as Non-Executive Chairman of PIKITUP Johannesburg (Pty) Ltd and as a Non-Executive Director of Trans-Caledon Tunnel Agency (TCTA). He is currently the Chief Executive of Rand Water.

RICK MENELL (49)

Deputy Chairman and
Non-Executive Director
since 2004
BA, MA, MSc

Trained as a geologist, Rick worked as an investment banker in New York and Melbourne. He also worked as an executive director of Delta Gold in Australia. He joined Anglovaal in February 1992 as assistant financial manager, mines. He was later appointed manager, finance and administration (mines) and then general manager, corporate services. Appointed managing director of Avmin Limited in 1996, he became CEO of Anglovaal Mining in 1998 and Executive Chairman in 2002. Following the merger with ARM, he became Deputy Chairman of ARM in May 2004. In 1999 he was elected president of the Chamber of Mines of South Africa. He is also chairman of the South African Tourism Board, a director of the Standard Bank Group Limited, Telkom Limited and Mutual & Federal Insurance Company Limited and a trustee of the National Business Trust.

MIKE PLEMING (68)

Non-Executive Director
since 1998
Pr Eng FIMM

Mike Pleming started his career in mining engineering on the Zambian Copperbelt. He joined Trans Natal (now Ingwe) in 1975 as general manager, Optimum Collieries and was later appointed project manager and consulting engineer. He joined Liberty Asset Management in 1982 where he was responsible for mining investment research. He retired in 1995 and has since then undertaken a series of mining investment-related assignments. Following Harmony's acquisition of Evander in 1998, he joined the company as a non-executive director. He is also a director of Impala Platinum Holdings Limited.

Mike has indicated that he intends to retire from the board during 2005.

DR. MORLEY NKOSI (69)

Non-Executive Director
since 2004
BS (Economics), MBA, PhD (Economics)

Dr Nkosi is an academic, a development economist and businessman. In the United States he taught economics at the Graduate Business School of Rutgers University, Hofstra University and Upsala College. He left teaching at the rank of Associate Professor of Economics with tenure.

In Africa, he worked as a private sector development consultant for the Community of Eastern and Southern African States (COMESA) and as a development economist for the African Capacity Building Foundation (ACBF).

On returning to South Africa, he was appointed director-general of the National Federation of African Chambers of Commerce (NAFCOC) in charge of both its Management Leadership Development Centre and its Secretariat. He went on to serve as executive chairman of Impilo Yesizwe Investments, chairman of the National Institute of Economic Policy and Administrator of the University of Transkei.

Dr Nkosi was a board member of AVMIN and currently serves on the boards of Investec Bank Limited, Ferrostaal Southern Africa (Pty) Ltd. and is chairman of Ferrostaal Investments South Africa (Pty) Ltd, director of the Southern African German Chamber of Commerce and Industry and managing associate of Morley Nkosi Associates.

MODISE MOTLOBA (38)

Non-Executive Director
since 2004
BSc

Modise Motloba is currently the Chief Executive Officer of Africa Vukani Investment Management Services, a niche black-owned and managed firm in the financial services sector.

Modise started his career with Rand Merchant Bank in 1993 as a trainee in the treasury division where he progressed to be the Money Markets Dealer and Risk Manager. He then moved on to African Merchant Bank in 1998 as the Head of Money Markets Division. In 2000 he was employed by African Harvest Fund Managers as the Fixed Interest Portfolio Manager & Treasury Specialist.

He is the former President of the Association of Black Securities and Investment Professionals (ABSIP) which with the Black Business Council formulated the Financial Sector Charter. Modise is the recipient of the prestigious 2003 Black Business Quarterly Investment Specialist Award.

NOMFUNDO QANGULE (37)

Financial Director
since 2004
CA(SA), B Compt (Hons), B Comm

Prior to joining Harmony, Nomfundo was the Executive Manager of Worldwide African Investment Holdings (Pty) Ltd. and one of the executive committee members of WAIH.

Another position Nomfundo held whilst at Worldwide was that of chairperson of the board of directors of Argil Holdings (Pty) Ltd. Nomfundo was also a non-executive director of CS Holdings Limited.

In addition she was an Executive Committee member and Non Executive Director of Negotiated Benefits Consultants (Pty) Ltd.

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 B Comm degree from Rhodes University and completed her B Compt (Hons) CTA through Unisa.

LORD RENWICK OF CLIFTON KCMG (66)

Non-Executive Director
since 1999

Having formerly served as British Ambassador to South Africa and the United States, Lord Renwick is Vice Chairman, Investment Banking of JPMorgan plc. He is also Chairman of Fluor Ltd and serves on the boards of a number of other public companies including British Airways, SABMiller plc and Richemont.

CEDRIC SAVAGE (65)

Non-Executive Director
since 2003
BSc (Eng), MBA, ISMP (Harvard)

Mr. Savage 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 thereafter 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.

4.3 SENIOR MANAGEMENT COMMITTEES

CHANGE MANAGEMENT STEERING COMMITTEE
Bernard Swanepoel
Tracey Jonkheid
Yusuf Jardien
Mohamed Madhi
Abré van Vuuren
Dawie Mostert

GROWTH AND INVESTMENT COMMITTEE
Bernard Swanepoel
Mohamed Madhi
Nomfundo Qangule
Ted Grobicki
Ferdi Dippenaar
De Wet Schutte

OPERATIONAL REVIEW COMMITTEE
Bernard Swanepoel
Nomfundo Qangule
Boetie Swanepoel
Jaco Boshoff
Jackie Mathebula
Ferdi Dippenaar
Bob Atkinson

IBANDLA (Meeting of Leaders)
Bernard Swanepoel
Philip Kotze
Peter Steenkamp
Tom Smith
Alwyn Pretorius
Estelle Cilliers
At Krouwkam
William Osae
Grant Webber
Bernard Wessels
Rot Mundel
Frans Agenbag
Braam van Zyl
Deon Vermaak
Hannes Bornman
Anton Wessels
Bryan Dampier
Collie Roussouw
Steven Green
Robbie Holmwood
Riaan van Wyk
Daan van Heerden

CORPORATE GOVERNANCE

4.4 INTRODUCTION

Harmony has gone beyond the financial and regulatory aspects of corporate governance, by integrating the principles of sound social, ethical and environmental practice as part of the "Harmony Way". To illustrate our commitment to the principles of good corporate practice and the provisions of the King II Report ("King II"), we have shifted our focus from the "single bottom line" i.e. financial, towards the "triple bottom line" approach, which includes economic, social and environmental reporting. As a group, we adhere to the provisions and recommendations of the King II Report, which became operative in 2002. We place major emphasis on enterprise risk management as the cornerstone to our internal controls and believe that the company meets its objectives and sustains its existence.

The Board of Harmony Directors ("the Board") are aware of all the onerous duties, responsibilities and personal liabilities which are imposed on them as directors under both common and statutory law, not only in South Africa, but also in the United States, Australia and the United Kingdom. This is due to our operational activities in these countries and our listings in South Africa, London, Paris, Brussels, and the United States. In addition to King II, the Sarbanes Oxley Act of 2002 ("SOx") which is applicable to non-US companies that trade securities in the United States, impose additional prohibitions and responsibilities on all directors within Harmony.

To ensure compliance with the numerous legal requirements and following the King II gap analysis conducted in 2002, we adopted formal charters for the Board and each of its committees to give clear guidance to all board members on how to achieve the balance between performance and conformance of corporate governance principles. These charters are reviewed, updated and maintained on an ongoing basis.

In addition to acting in good faith, with due diligence and care, our Board supervises and monitors management to ensure that good corporate governance forms an integral part of doing business the Harmony Way!

4.5 BOARD OF DIRECTORS

Harmony has a unitary board structure, comprising 15 directors, with a balance between executive and non-executive directors. We have 10 non-executive directors, of whom eight are independent and five executive directors. Frank Abbott, the company's former Financial Director, was requested to remain part of the Board as a non-executive director, due to his experience in Harmony as well as his strong financial skills. Frank is therefore also not regarded as being an independent non-executive director. Harmony does not have any shadow directors.

We believe that the non-executive and independent directors are of sufficient calibre and number, based on their views to carry significant weight in the Board's decisions. In considering new appointments, Harmony has taken cognizance of the skills and experience of each director, as well as the requirements of the Minerals and Petroleum Resources Development Act. Details of our directorate are set out on pages 46, 47 and 48.

Chairman and Chief Executive

The roles of Chairman and Chief Executive are not vested in the same person. The performance of the Chief Executive was reviewed by the Remuneration Committee during the first quarter of the 2004/2005 financial year.

Board Charter

The Board's fiduciary duties are incorporated in Harmony's Board Charter, which sets out the purpose and role of the Board, its responsibilities, its authority, composition, meetings and self-assessment. The Board Charter stipulates that Harmony directors have to exercise leadership, enterprise, integrity and judgement based on fairness, accountability, responsibility and transparency, which the Board applies and adheres to.

The Board is ultimately responsible for ensuring that the business remains an ongoing concern and that it thrives. The Board retains full and effective control over the Group and, therefore, it ensures that it effectively controls the company, directs and controls the management of Harmony and is involved in all material decisions affecting Harmony.

The Board enforces the principles of good corporate governance throughout the company in line with the requirements of the King II report and the principles of good corporate practice.

To ensure that Harmony complies with all the relevant laws, regulations and codes of best business practice, the Board has direct access to the advice and services of the company secretary and the Board may seek independent professional legal advice regarding the company's affairs, and at Harmony's expense.

The Board is also responsible for identifying the principal risks and key performance indicators of Harmony's businesses and ensuring the implementation and regular evaluation of systems to manage those risks through the Audit Committee. Strategies are developed in such a way that Harmony's purpose is achieved, its values implemented and that its shareholders and other stakeholders are rewarded. The Board accepts responsibility for the monitoring and supervision of the executive management and the induction of new or inexperienced directors. All non-executive directors have access to management should they wish to discuss any matter separate from the executive directors. We ensure that our directors are familiar with Harmony's operations and its business environment as well as their fiduciary duties and responsibilities, by providing them with regular legal and regulatory updates and facility visits to our operations.

Internal Control

The Board retains full and effective control over Harmony by monitoring and supervising its executive management, being involved in all material decisions affecting Harmony and ensuring that adequate systems of financial and operational internal controls are monitored.

The procedures and systems, which act as checks and balances, are reviewed by the Board from time to time. A project commenced whereby all our procedures and processes are documented and tested, not only in terms of the requirements of SOx, but also to evaluate the effectiveness of our controls. An adequate budget and planning process has been incorporated and performance is monitored against these budgets and plans.

Self-Assessment

The Board conducts an annual self-assessment or self-evaluation. The chairman assesses the performance of the individual Board members and the Board in turn evaluates the Chairman, based on factors which include expertise, inquiring attitude, objectivity and independence, judgement, understanding of Harmony's business, understanding and commitment to the Board's duties and responsibilities, willingness to devote the time needed to prepare for and participate in Committee deliberations, timely responses and attendance at meetings. In keeping with good corporate governance, the Board has agreed that a Nomination Committee assist in the evaluation of Board members. The transformation process in Harmony resulted in two restructurings of the Board composition during 2004 and therefore no formal self-assessment occurred. The Board is, however, satisfied that all their duties and that of the chairman are duly exercised.

Meetings

The Board meets at least four times per year. This is deemed sufficient to ensure that the Board meets its objectives. Board members are required to attend all Board meetings. Board members are issued a comprehensive company report at least five days prior to the Board meeting.

The following table gives an indication of our directors' commitment to attend board meetings:
SEE TABLE 1

TABLE 1

Director	August 2003	October 2003	January 2004	April 2004
Patrice Motsepe (Chairman)	NR	P	P	P
Bernard Swanepoel	P	P	P	P
Frank Abbott	P	A	P	P
Ferdi Dippenaar	P	P	P	P
Nolitha Fakude	P	P	P	P
Ted Grobicki	P	P	P	P
Mangisi Gule	NR	P	P	A
Dr Simo Lushaba	P	P	P	P
Rick Menell	NR	NR	NR	P
Modise Motloba	NR	NR	NR	NR
Dr Morley Nkosi	NR	NR	NR	P
Nomfundo Qangule	NR	NR	NR	NR
Lord Renwick of Clifton KCMG	P	A	P	P
Mike Pleming	P	P	P	P
Cedric Savage	NR	A	P	P

P **Present**
A **Apology received**
NR **Not required to attend, as he/she was not appointed at the time of the meeting. Please refer to the directors' report for a table setting out the dates of appointment and resignation of directors.**

Directors' terms of Employment

None of Harmony's directors have a service contract with the company or any of its subsidiaries. The executive directors have waived their rights to director's fees. Executive directors participate in Harmony's share scheme as well as a discretionary executive profit share scheme, provided that in respect of the latter, certain profit targets (set by the Remuneration Committee) are achieved. The executive directors also benefit from pension contributions, life insurance and medical aid, the value of which is included in the salary details found on page 65 under the heading "Directors' Report".

The non-executive directors are entitled to fees as agreed at Harmony's annual general meeting, reimbursement of out-of-pocket expenses incurred on Harmony's behalf and remuneration for other services such as serving on committees. Currently, every non-executive director is entitled to a quarterly fee of R20 000, in addition to R5 000 per quarter for every committee that they serve on.

In addition to the standard director's fee, shareholders will be requested to agree to an additional R4 000.00 per day to be paid to a non-executive director who performs any additional duties over and above his/her normal duties as non-executive director.

Rotation

The Articles of Association of Harmony 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 at which they retire. At the next annual general meeting of shareholders, Nolitha Fakude, Dr Simo Lushaba and Ferdi Dippenaar will retire by rotation. All of these directors have made themselves available for re-election and a summary of their resumés appear on pages 50 and 51 of this report.

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.

Related party transactions

To the knowledge of Harmony, none of its directors or their families, had any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with any company in the Harmony Group, which has affected or will materially affect Harmony or its investment interests or subsidiaries other than set out below.

Our largest shareholder as at 30 April 2004, with a holding of approximately 14% of Harmony since the ARMgold merger, was African Rainbow Mineral and Exploration Investments (Pty) Ltd (ARMI), represented by Patrice Motsepe. In terms of the transaction concluded with ARM Limited in May 2004, these shares were sold to ARM Limited. Lord Renwick of Clifton KCMG owns, directly or indirectly, shares in Highland Gold. As such, he had an interest in Harmony's investment in Highland Gold, which we disposed of in October 2003.

4.6 BOARD COMMITTEES

To enable the Board to properly discharge its onerous responsibilities and duties, certain of these responsibilities have been delegated to Board committees. The creation of these committees does not however reduce the directors' overall responsibility and therefore all committees must report and make recommendations to the Board.

Following the ARMgold merger and the acquisition of Avgold, the composition of the Board changed twice. This transformation resulted in changes to Board sub-committees and we have elected to only report on the composition of the existing committee members.

The various Board committees have been constituted so as to ensure its independence and objectivity. The following Board committees exist:

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 the risk profile and risk management of Harmony. All non-audit services provided by our external auditors must be 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. The charter was recently reviewed and amended to incorporate best corporate practice, as well as SOx requirements. A copy of the Audit Committee Charter is available on our website.

The Audit Committee meets periodically with Harmony's external and independent internal auditors and the company's executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective control environment in Harmony is maintained.

Five meetings were held during the year. 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 SOx 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. The committee always has at least one financial expert present at the meetings.

The independent non-executive members of the Audit Committee are Mike Pleming (chairman), Modise Motloba, Dr Simo Lushaba and Cedric Savage.

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 our website.

The committee consists of three non-executive members, of which the majority are independent. Two meetings were 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), Lord Robin Renwick* and Nolitha Fakude*.
* Independent

Remuneration Committee

The Remuneration Committee meets at least once a year and comprises three independent non-executive directors. 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's primary objective is to monitor and strengthen 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. A formal meeting was held during the first quarter of the 2004/2005 financial year. 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 our website.

The non-executive members of the committee are Patrice Motsepe (chairman), Mike Pleming* and Cedric Savage*.
*Independent

Investment Committee

The Investment Committee was established in January 2004, focussing 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 four 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. An Investment Committee Charter, which sets out the purpose, responsibilities and duties, authority, membership and meetings of the committee, has been compiled and it is anticipated that the charter will be approved during the first quarter of the 2004/2005 year.

The non-executive members of the Investment Committee are Cedric Savage* (chairman), Frank Abbott, Dr Simo Lushaba* and Mike Pleming*.
*Independent

BOARD COMMITTEES continued

Sustainable Development Committee

The Health, Safety and Environmental Audit Committee has been renamed the Sustainable Development Committee during the course of 2004. 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 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 organisations and institutions.

The Sustainable Development Committee makes recommendations to the Board where it deems particular attention is required. The committee operates in accordance with specific terms of reference which are currently being reviewed to include matters such as corporate social investment and HIV/AIDS. The committee meets periodically and comprises three independent non-executive directors, Dr Morley Nkosi (chairman), Nolitha Fakude and Mike Pleming. Four meetings were held during the year which were attended by a majority of the members.

Employment Equity Committee

The Employment Equity Committee was established by the Board to ensure that the company meets its 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 we are 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 organisational culture, structures and processes are in place that will support the development of employees and to optimise 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 organisational practices, and
- Reviewing and monitoring whether appropriate support is given to previously disadvantaged staff in order to equip them for successful careers within the Company.

The Employment Equity Committee was formed in January 2004 and due to the number of changes to the Board, no formal meeting has been held to date. The committee is required to meet at least once a year or more often should the need arise. We are in the process of finalising the Employment Equity Charter. The independent non-executive members of the Employment Equity Committee are Nolitha Fakude (chairman), Modise Motloba and Rick Menell.

Company Secretary

Harmony's Company Secretary, Marian van der Walt, plays a pivotal role in the achievement of good corporate governance and the Board has empowered her accordingly. The Company Secretary supports the Chairman in ensuring the effective functioning of the Board. She provides guidance to the chairman, the Board and the directors of Harmony's subsidiaries on their responsibilities and duties within the prevailing regulatory and statutory environment. She also provides the Board with guidance as to how they can, in the best interest of Harmony, discharge these responsibilities and duties and she is expected to and does raise matters that may warrant the attention of the Board. Marian also ensures compliance with all relevant statutory and regulatory requirements, having due regard for the specific business interests of Harmony. In addition, she assists in carrying out corporate strategies by ensuring that the Board's decisions and instructions are clearly communicated to the relevant persons, and is available to provide a central source of guidance and advice within Harmony on matters of ethics and good governance.

Executive Committees

The following committees, which meet either weekly, bi-weekly or once per month, exist within the Executive team:

Non-mining Investment Committee – Any investments and capital projects which relate to the enhancement of Black Economic Empowerment and social investment are referred to this committee.

Growth & Investment Commitee- This committee deals with capital projects, new business and other investment opportunities. A meeting is held every two weeks.

Change Management Steering Committee- This committee meets every week and deals with best practices, operational improvement, change management and employee development.

Operational Review Committee - The Operational Oversight Committee oversees the execution of detailed shaft plans, employee relations, procurement, costs, cash flows and meets every week.

IBANDLA (which means "Meeting Of Leaders") - The Ibandla deals with all operational issues and safety. This meeting is held monthly and attended by our mine managers, the chief executive and the financial director.

4.7 RISK MANAGEMENT

The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across all business units. We endeavour to minimise operational risk by ensuring that the appropriate infrastructure, control systems and people are in place throughout the company.

Harmony's operations are subject to the provisions of numerous South African Acts and the regulations promulgated thereunder, the principal acts being the Mineral and Petroleum Resources Development Act and the Mine Health and Safety Act. The provisions of these acts and regulations require that extensive and well-managed risk- control initiatives are an integral part of Harmony's operations.

The objective of our risk management programme is to minimise our business risk by safeguarding our assets and revenue, as well as the procurement of insurance for those events beyond the control of management. A Risk Register has been implemented to determine the material risks to which Harmony may be exposed and is regularly updated. The monitoring of these risks has been included as part of Harmony's Risk Management System ("HRMS") to ensure that these risks are prioritised, to direct the audit effort and to determine the skills required to manage these risks.

All risks within Harmony are reported to the Audit Committee, as the Audit Committee has accepted the responsibility to provide support to the Board on the risk profile and risk management of Harmony. The Audit Committee reviews and assesses the reports issued by various internal risk managers and establishes whether the roles and responsibilities of the risk managers are effectively achieved. Ultimately the Board retains risk management control through the final review of key risk matters affecting Harmony.

Action plans have been developed and prioritised to minimise the risks to an acceptable level, for example a toll-free line for whistle-blowing, the "Khuluma Crime Line", was introduced last year. Open communication between employees and management is encouraged. The monitoring and reporting of this process also forms an integral part of risk management.

The company has a succession plan in place, should circumstances arise that may have a substantial influence on our management structure.

4.8 POTENTIAL RISKS ASSOCIATED WITH INVESTING WITH HARMONY

Although not required, we have detailed additional risk factors which could impact on our business. These and other risk factors are normally included in Harmony's Annual Report which is filed with the Securities and Exchange Commission on a Form 20F. The list is not complete, but indicative of risks associated with mining.

The following risks exist:

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

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 the Rand against the US Dollar will serve materially to reduce our Rand revenues and overall net income.

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.

A substantial portion of all of our 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 jewellery;
- International or regional political and economic trends;
- The relative strength of the US Dollar 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;
- Forward sales by gold producers, and
- The production and cost levels for gold in major gold-producing nations, such as South Africa.

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 tended to retain its value in relative terms against basic goods in times of inflation and monetary crisis. Central banks, financial institutions and individuals hold large amounts of gold as a store of value and mined 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 aggregate effect of these factors is impossible for us to predict, and should gold prices fall below Harmony's cost of production and remain at such levels for any sustained period, we may experience losses and may be forced to curtail or suspend some or all of our operations. In addition, we would also have to assess the economic impact of low gold prices on our ability to recover any losses we may incur during that period and on our ability to maintain adequate reserves. Our average cash cost of production per ounce of gold sold was approximately \$360 in financial 2004, \$242 in financial 2003, \$192 in financial 2002.

Actual or expected sales of gold by central banks have had a significant impact on the price of gold.

Over the past several years, one of the most important factors influencing the gold price has been actual or expected sales of gold reserves by central banks. Since 1997, a number of central banks, including the central banks of Australia, Switzerland and the United Kingdom, announced plans to sell significant gold reserves. The gold price has declined following each such announcement and sale, culminating in a drop in the gold price to its lowest level in at least twenty years in July 1999, after the Bank of England completed the first part of its announced sale of more than half of its gold reserves.

In September 1999, the central banks of 15 European countries agreed to limit sales of gold reserves for the next five years to sales announced at that time and to limit gold lending and derivative operations for five years. The announcement of this agreement led to an immediate increase in the price of gold, although the gold price was subsequently subject to downward pressure around the time of the periodic auctions held by the Bank of England. As expected, the agreement by the central banks is voluntary and is due for renewal in September 2004.

Because we do not use commodity or derivative instruments to protect against low gold prices with respect to most of our production, we are exposed to the impact of any significant drop in the gold price.

As a general rule Harmony sells its gold production at market prices. Harmony 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. In general, hedging in this manner reduces the risk of exposure to volatility in the gold price. Such hedging also enables a gold producer to fix a future price for hedged gold that generally is higher than the current spot price.

Because we do not generally establish a future price for our gold, we can realise the positive impact of any increase in the gold price. However, this also means that we are not protected against decreases in the gold price and if the gold price decreases significantly we run the risk of reduced revenues in respect of gold production that is not hedged.

Our gold reserve figures are estimated based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs 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 our deposits and stockpiles. They represent the amount of gold which we believe can be mined, processed and sold at prices sufficient to recover our estimated future total costs of production, remaining investment and anticipated additional capital expenditures. Our ore reserves are estimated based upon a number of factors, which have been stated under the Ore Reserve section of this report.

Our ore reserve estimates are calculated based on estimates of future production costs and future gold prices. The fact that our gold sales are primarily in US Dollars and we incur most of our production costs in Rands, the exchange rate between the Rand and the US Dollar and, in the case of Harmony's Australian operations, the Australian Dollar, therefore as a result, the reserve estimates contained in this annual report should not be interpreted as assurances of the economic life of our gold deposits or the profitability of our future operations.

Since ore reserves are only estimates that we make based on the above factors, we may in future need to revise our estimates. In particular, if our production costs 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, a portion of our ore reserves may become uneconomical to recover. This will force us to lower our estimated reserves.

Our strategy depends on our ability to make additional acquisitions.

In order to increase our gold production and to acquire additional reserves, we continuously explore opportunities to expand our production base by acquiring selected gold producers and mining operations. However, we cannot guarantee that:

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

As at 30 June 2004, our mining operations reported total proven and probable reserves of approximately 62.2 million ounces. If we are unable to acquire additional gold producers or generate additional proven and probable reserves at our existing operations or through our exploration activities, we cannot be certain that we will be able to expand or replace our current production with new reserves in an amount sufficient to our mining operations beyond the current life of our reserves.

To maintain gold production beyond the expected lives of our existing mines or to increase production materially above projected levels, we will need to access additional reserves through development or discovery.

Our Australian 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 ore bodies;
- Identifying the metallurgical properties of ore bodies;
- Estimating the economic feasibility of mining ore bodies;
- Developing appropriate metallurgical processes;
- Obtaining necessary governmental permits, and
- Constructing mining and processing facilities at any site chosen for mining.

Our exploration efforts might not result in the discovery of mineralisation and any mineralisation discovered might not result in an increase in our proved and probable reserves. To access additional reserves in South Africa, we 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 mineralisation discovered through exploration in Australia or elsewhere. Typically, we use 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 costs, production and economic returns may differ significantly from those anticipated by our 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 other governmental permits;
- The timing and cost necessary to construct mining and processing facilities, which can be considerable;
- The availability and cost of skilled labour, 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.

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

We 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, 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 our business, operating results, financial condition and share price.

Due to the nature of mining and the type of gold mines we operate, we face a material risk of liability, delays and increased production 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:

- Rock bursts;
- 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 removing and processing 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.

We are 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 production costs and result in liability.

Our insurance coverage may prove inadequate to satisfy future claims against us.

We have third party liability coverage for most potential liabilities, including environmental liabilities. While we believe that our current insurance coverage for the hazards described above is adequate and consistent with industry practice, we may become subject to liability for pollution or other hazards against which we have not insured or cannot insure, including those in respect of past mining activities.

Furthermore, we maintain and intend 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, future insurance coverage may not cover the extent of claims against us for environmental or industrial accidents or pollution.

Political or economic instability in South Africa or regionally may have an adverse effect on our operations and profits.

We are incorporated and own significant operations in South Africa. As a result, we are subject to political and economic risks relating to South Africa, which could affect an investment in Harmony. South Africa has been transformed into a democracy in 1994, with successful rounds of democratic elections held during 1999 and 2004. We fully support government policies aimed at redressing the disadvantages suffered by the majority of citizens under previous governments and recognise that in order to implement these policies, our operations and profits may be impacted. In addition to political issues, South Africa faces many challenges in overcoming substantial differences in levels of economic development among its people. While South Africa features highly developed, sophisticated, first world business sectors and infrastructure at the core of its economy, large parts of the population do not have access to adequate education, health care, housing and other services, including water and electricity.

The South African government has committed itself to creating a stable, democratic, free-market economy, which it has achieved to a great extent in the past 10 years since our first democratic elections in 1994. It remains cumbersome however, to predict the future political, social and economic direction of South Africa or the manner in which government will attempt to address the country's inequalities. It is also difficult to predict the impact of addressing these inequalities on our business. Furthermore, there has been regional political and economic instability in countries north of South Africa, which may have a negative impact on our ability to manage and operate our South African mines.

Our financial flexibility could be materially constrained by South African currency restrictions.

South Africa's exchange control regulations provide for restrictions on exporting capital from South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland, known collectively as the Common Monetary Area.

Transactions between South African residents (including corporations) and non-residents of the Common Monetary Area subject to these exchange control regulations that are enforced by the South African Reserve Bank (SARB). As a result, our ability to raise and deploy capital outside South Africa is restricted. In particular, we:

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

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

Since our South African labour force has substantial trade union participation, we face the risk of disruption from labour disputes and new South African labour laws.

Despite the history of positive and constructive engagement with our Unions, there are periods during which the various stakeholders are unable to agree on dispute resolving processes. Labour disruptive activities which normaly differ in intensity then become unavoidable. Due to the high level of union membership among our employees, we are at risk of having our production stopped for indefinite periods due to strikes and other labour disputes. Significant labour disruptions may have a material adverse effect on our operations and financial condition and we are not able to predict whether we will experience significant labour disputes in the future.

Our production may also be materially affected by labour laws. Since 1995, South African laws relating to labour have changed significantly in ways that affect our 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 labour may further increase our costs or alter our relationship with our employees. We may continue to experience significant changes in labour 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. We expect that significant increases in the incidence of HIV/AIDS infection and HIV/AIDS related diseases among our workforce over the next several years may adversely impact on our 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 our 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 our employees from our 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 our employees. This increased cost, should it transpire, is currently indeterminate. We embarked on a number of interventions focused on improving the quality of life of our work force. More detail is available in the Sustainability section of this report.

Mineral rights ownership.

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

- To recognise 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 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 fulfil requirements specified

POTENTIAL RISKS ASSOCIATED WITH INVESTING WITH HARMONY continued

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, 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 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 programmes for black economic empowerment and the promotion of value-added production, such as jewellery-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 equity, 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 will be eligible to apply for new licenses over our existing operations, provided that the company complies 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. Our Sustainability Report on page 32 carries more detail on these initiatives. We expect more costs involved in complying with the Mining Charter, which may have an adverse impact on the profits generated by our operations in South Africa, but have experienced that the costs to date had not been substantial.

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 in 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 Australian operations belong to the Australian government 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, and Bendigo has an approved mining license for its current development area. Should New Hampton, Hill 50, Bendigo or Abelle desire to expand operations into additional areas under exploration, these operations would need to convert the relevant exploration licenses prior to commencing 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, we are subject to extensive environmental regulation. We have experienced and expect to continue to experience increased costs of production arising from compliance with South African environmental laws and regulations. The Minerals and Petroleum Resources Development Act 28 of 2002, certain other environmental legislation and the administrative policies of the South African government regulate the impact of our prospecting and mining operations on the environment.

Pursuant to these regulations, upon the suspension, cancellation, termination or lapsing of a prospecting permit or mining authorisation in South Africa, we will remain liable for compliance with the provisions of the Minerals and Petroleum Resources Development Act 28 of 2002, including any rehabilitation obligations. This liability will continue until such time as the South African Department of Minerals and Energy certifies that we have complied with the provisions of the Minerals and Petroleum Resources Development Act 28 of 2002.

In future, we 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 our results and financial condition.

The South African government has reviewed requirements imposed upon mining companies to ensure environmental restitution. For example, with 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 and Petroleum Resources Development Act 28 of 2002, the National Nuclear Regulator Act 47 of 1999, the National Water Act 36 of 1998 and the National Environmental Management Act 107 of 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.

Because the principal non-United States trading market for our ordinary shares is the JSE Securities Exchange South Africa, investors face liquidity risk in the market for our ordinary shares.

The principal non-United States trading market for our ordinary shares is the JSE Securities Exchange South Africa, or the JSE. Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major markets. The ability of a holder to sell a substantial number of our ordinary shares on the JSE in a timely manner, especially with regard to a large block trade, may be restricted by the limited liquidity of shares listed on the JSE.

We may not pay cash dividends to our shareholders in the future.

It is the current policy of our 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 the time. Under South African law, cash dividends may only be paid out of the profits of Harmony. No assurance can be given that cash dividends will be paid in future.

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

Harmony has addressed growth though the recent expansion of its exploration activities. The company currently maintains a range of focused exploration programmes, concentrating on areas not too distant from its operation mines, as well as a number of prospective known gold mineralised regions around the world.

Harmony spent approximately R14 million on exploration in fiscal 2004. During 2004, the bulk of exploration expenditure was allocated to activities in Australia, South Africa and Peru with subordinate expenditure in West Africa and Madagascar. In fiscal 2005, Harmony intends to carry out exploration in South Africa, West Africa, Australia, South America and Papua New Guinea.

Harmony disposed of its interest in Kalplats projects during the year and is currently assessing the most appropriate route to be taken on its non-core mineral rights in South Africa. This process should be completed by the beginning of the 2005 fiscal year.

During 2004, Harmony continued to evaluate new projects in Peru. Two joint venture agreements were entered into with local partners whereby Harmony could earn-in to prospective projects by undertaking phased exploration expenditure. Analytical results from drilling and sampling of these projects, suggested that they did not conform to Harmony's investment criteria and the joint ventures were terminated.

In addition to these joint ventures, Harmony has undertaken a comprehensive target generation programme in Peru, supported by surface sampling programmes. New projects generated by this programme, or coming under negotiation, shall form the focus of an accelerated exploration programme in 2005. For this reason, Harmony established a small exploration office in Peru during 2004.

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

Dividends or distributions with respect to our ordinary shares have historically been paid in Rand. The US Dollar equivalent of any dividends or distributions with respect to our ordinary shares will be adversely affected by potential future decreases in the value of the Rand against the US Dollar. In fiscal 2004, the value of the Rand relative to the US Dollar increased by an average of 40%.

Because we have a significant number of outstanding options, our ordinary shares are subject to dilution.

On 30 June 2004 Harmony had an aggregate of 350 000 000 ordinary shares authorised to be issued and at that date an aggregate of 320 741 577 ordinary shares were issued and outstanding. In addition, we also have employee share option schemes. The employee share option schemes came into effect in 1994, 2001 and 2003 respectively. At 30 June 2004, options to purchase a total of 5 855 300 ordinary shares were outstanding.

The exercise prices of these options vary between R11.70 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.

For a complete copy of our 20-F filing visit our website at www.harmony.co.za

4.9 CODE OF ETHICS

Harmony is committed to promoting the highest standards of behaviour and compliance with laws and regulations. We are committed to integrity and fair dealing in the conduct of our business. This commitment, which is actively endorsed by our Board of Directors, is based on a fundamental belief that business should be conducted honestly, fairly and legally. We expect all our employees to share our commitment to high moral, ethical and legal standards. Our commitment to organisational 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 our "Khuluma" toll-free crime line to report the incident, which is then investigated and dealt with according to Harmony's Disciplinary Code of Conduct. During the past financial year 70 calls were received by this toll-free crime line facility. Of those received, 58 proceeded to a following phase of investigation. Forty cases have been successfully resolved and the necessary actions to redress the irregularities have been taken.

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. We do 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.

We believe that our employees perform their duties conscientiously, honestly and in accordance with the best interests of Harmony, thereby optimising our business objectives.

A copy of the Code is available from our Company Secretary.

4.10 CODE OF CONDUCT

Our Code of Conduct has been developed to respond to the challenge of ethical conduct in the business environment. All our employees were involved in the development of the code, and therefore all employees are expected to comply with its contents. Our Code of Conduct provides guidelines to ensure that each employee is unequivocal about our values and the way in which these values have to find expression in our daily behaviour. This code goes beyond our legal and institutional responsibilities by formalising our values within Harmony. In cases where employees are uncertain, they have direct access to either the Chief Executive or Company Secretary.

A copy of the Code is available from our Company Secretary.

4.11 RESTRICTIONS ON SHARE DEALINGS

Harmony employees and directors are prohibited from dealing in Harmony shares during price-sensitive periods. Our Company Secretary regularly distributes written notices, via e-mail, to advise employees and directors of restricted periods. Each employee is obliged, in terms of regulatory and governance requirements, to disclose any dealings in Harmony shares by them or their concert parties to the company secretary. Our Insider Trading Policy was reviewed during the year and determines that over and above the penalties stipulated in the Insider Trading Act, employees guilty of insider trading, will be suspended or their employment will be terminated.

We have implemented a formal clearance procedure in respect of directors dealing in Harmony shares in accordance with the amendments to the JSE Stock Exchange Listing Requirements.

4.12 FUNDING OF POLITICAL PARTIES

We adopted a policy to enhance multi-party democracy in South Africa and to regulate the funding that we provide to political parties on an equitable and proportional basis. Harmony represents a wide spectrum of the population through our stakeholders and we believe that it is appropriate to assist political parties proportionate to the constituent support base. The board regulates and supervises all political donations. We contributed R3 million towards the funding of political parties during the financial year.

4.13 INTERNAL CONTROL AND INTERNAL AUDIT

Harmony has established an internal audit function, which has been outsourced to KPMG Management Assurance Services. Internal Audit is an independent appraisal function established by the Board to evaluate the adequacy and effectiveness of controls, disciplines, systems and procedures within Harmony, in order to reduce business risks to an acceptable level in a cost-effective manner. To achieve its independent organisational status, Internal Audit reports to the Audit Committee. The relationship between the Audit Committee and the Internal Audit Function encompasses reporting and oversight relationships. Internal Audit co-ordinates its activities with those of Harmony's external auditors in order to obtain maximum assurance and to avoid duplication of audit effort.

Audits are conducted in accordance with the Code of Ethics and Standards of the Professional Practice of Internal Auditing as laid down by the Institute of Internal Auditors, Inc. Although the role of Internal Audit is to review internal controls, systems, procedures and risk management, ultimately the Board retains full responsibility for ensuring that we maintain an appropriate framework of controls to reduce business risks to an acceptable level. Except for minor matters, the Board is satisfied that our internal controls are more than adequate in safeguarding our assets, preventing and detecting errors and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable financial statements.

4.14 WORKER PARTICIPATION

The company has participation structures to deal with issues that affect good employer / employee relations through encouraging open communication, consultation and the identification and resolution of conflicts through a system of workplace forums. These structures embrace goals relating to productivity, career security, legitimacy and identification with the company. A designated group programme forms part of the company's training programme and business plan. Positive rapport is maintained with unions and associations.

4.15 INFORMATION MANAGEMENT

Record keeping

Accurate and reliable records of numerous kinds are necessary to meet our legal and financial obligations and to manage affairs. Our books and records reflect all business transactions in an accurate and timely manner. Undisclosed or unrecorded revenues, expenses, assets or liabilities are not permissible, and the employees responsible for accounting and record-keeping functions are expected to be diligent in enforcing proper practices.

Information necessary for our business is reliable, accurate and its confidentiality maintained.

Only reputable and reliable sources are used to supplement this information. Information is retained for as long as it is needed or as required by law, and every employee realises his/her responsibility to ensure that such information is physically secured and protected.

Information Technology

We believe that all our IT systems are safe and up to standard.

Promotion of Access to Information Act

Harmony complies with the Access to Information Act 2 of 2000. All Harmony's shareholders and stakeholders have access to the information manual via our website.

4.16 THE SARBANES OXLEY ACT OF 2002

In terms of section 302 of SOx our Chief Executive and Chief Financial Officer are required to certify that:

- He/she has reviewed the annual report;
- Based in his/her knowledge, the report contains no material mis-statements or omissions;
- Based on his/her knowledge, the financial statements and other financial information included in the annual report, fairly presents in all material respects the financial condition, results of operations and cash flows for the periods presented in this report;
- That the certifying officers are responsible for establishing and maintaining disclosure controls and procedures and have properly designed and evaluated them;
- That the certifying officers have disclosed all significant deficiencies to the auditors and audit committee, and
- The certifying officers have indicated any significant changes in internal controls in the report.

In terms of Section 404 of the Act we are required to develop and implement an effective and efficient assessment process to manage our reporting obligations in a way that will ensure public trust. Key activities integral to a successful assessment process include scoping, documenting, testing, evaluating and reporting. We have initiated the process and hope to finalise the exercise by the end of the 2004/2005 financial year. Although SOx is a much publicised and new requirement in the USA, Harmony has always subscribed to honest, transparent and timeous reporting.

4.17 STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Directors are responsible for the preparation, integrity, and fair presentation of the financial statements of Harmony Gold Mining Co Ltd and its subsidiaries. The financial statements presented on pages 63 to 65 and 70 to 131 have been prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP) in South Africa, International Financial Reporting Standards (IFRS), and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Statements of GAAP and IFRS, that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the companies to enable the directors to ensure that the financial statements comply with the relevant legislation.

Harmony Gold Mining Co Ltd and its subsidiaries operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risk facing are being controlled.

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company and the group.

The Code of Corporate Practices and Conduct has been adhered to.

The group's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 68.

The financial statements were approved by the board of directors on 3 September 2004, and signed on its behalf.

ZB Swanepoel
Chief Executive

F Abbott
Director

Virginia
September 2004

4.18 DIRECTORS' REPORT

The Company and its Subsidiaries

Harmony, its subsidiaries and associates are involved in gold mining, exploration and related activities mainly in South Africa, Australasia and Peru. The company is managed by its directors for and on behalf of its stakeholders.

Financial Statements and Results

The directors have pleasure in submitting the financial statements of the company, together with those of the group, for the year ended 30 June 2004. These appear on pages 66 to 135 of this report. These financial statements have been prepared using appropriate accounting policies, conforming to South African Generally Accepted Accounting Practice and International Financial Reporting Standards, supported by reasonable and prudent judgements and estimates where required.

Going Concern

The directors believe that Harmony has sufficient resources and expected cash flows to continue operating as a going concern in the foreseeable future.

Capital

Full detail of the authorised, issued and unissued share capital of the company as at 30 June 2004 is set out in the statements of changes in shareholders' equity on page 72 of this report

Year-on-year the issued share capital of the company increased by R67 943 730 to R160 370 788, which is represented by 135 887 462 newly-issued ordinary shares of 50 cents each. The increased amount is mainly due to shares issued to obtain ARMgold Limited's entire shareholding, the acquisition of Avgold Limited and the exercise of share options and warrants under the company's share incentive schemes.

The control over the unissued shares of the company is vested in the directors in specific terms as regards allotments in terms of the various Harmony Share Option Schemes (''the Option Schemes'') and shares for cash.

The authorities granted to directors in respect of control over the unissued shares expire on the date of the annual general meeting of members to be held on 14 November 2004. Members, therefore, will be requested to consider resolutions at the forthcoming annual general meeting, placing under the control of the directors the then remaining unissued ordinary shares not required for purposes of the Share Option Schemes.

Members will furthermore be requested to furnish general approval for the acquisition by the company of its issued shares in terms of Section 85 of the Companies Act, 1973 and subject to the listing requirements of the JSE Securities Exchange.

The full text of the proposed resolutions is contained in the notice of the annual general meeting (enclosed).

Investments

A schedule of investments in subsidiaries, associates and listed and unlisted investments, appears on pages 129 to 131 of this report.

Acquisitions

During the year under review, the following acquisitions were made:

On 15 July 2003 Harmony entered into an agreement with Anglo South Africa Capital (Pty) Limited (''Anglo SA''), whereby we acquired 77 540 830 ordinary shares in Avgold Limited (''Avgold'') or 11.5% of Avgold's outstanding share capital, in exchange for 6 960 964 new Harmony ordinary shares. This agreement provided that should the Company make an offer to acquire the other Avgold shareholders' interest, the consideration payable to Anglo SA will be adjusted to reflect the amounts paid to the other Avgold shareholders. Following our acquisition of the entire shareholding in Avgold, a further 1.6 million shares were issued to Anglo SA in May 2004.

On 22 September 2003 Harmony successfully acquired the entire share capital of ARMgold Limited. 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 prior to the consummation of the merger. Harmony issued 63 666 672 ordinary shares to ARMgold's shareholders which resulted in the company becoming a wholly-owned subsidiary of Harmony.

On 7 November 2003, Harmony entered into an agreement to dispose of its wholly-owned subsidiary Kalgold to The Afrikander Lease Limited (''Aflease''). Although all the other conditions precedent to the agreement were met, Aflease could not provide appropriate funding and the contract was subsequently cancelled on 15 March 2004.

On 13 November 2003 Harmony reached an agreement in principle with ARM Limited whereby it would enter into a number of transactions with ARM Limited (previously known as Avmin). The first transaction involved Harmony acquiring ARM Limited'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. The acquisition of ARM Limited's interest in Avgold became unconditional in April 2004, when Harmony made a mandatory offer to the Avgold minority shareholders on similar terms as which it acquired ARM Limited's interest in Avgold. Harmony and ARM Limited have cross shareholdings in each other whereby Harmony owns a 19.0% interest in ARM Limited, and ARM Limited owns a 19.8% interest in Harmony.

On 15 March 2004 Harmony announced an offer to holders of ordinary shares, listed options and unlisted options in Abelle Limited (''Abelle'') that Harmony did not already own. On 19 May 2004 the bid for all the outstanding securities in Abelle became unconditional and we proceeded with a compulsory acquisition, which resulted in the company being a wholly owned subsidiary of Harmony.

On 28 April 2004 Harmony announced that it had entered into a joint venture with Network Healthcare Holdings (Netcare).

The joint venture company is known as Healthshare and has been formed for the purpose of managing the provision of healthcare services to the Harmony Group. The agreement between Harmony and Netcare forms the first part of a deal that will eventually see the complete outsourcing of the management of Harmony's healthcare.

Borrowings

On 21 May 2004, Harmony announced that it had raised R1 700 million by way of a specific issue of convertible bonds to international investors. The proceeds reduced Harmony's South African cash interest payments by approximately R85 million per year. In addition to these cost benefits, it also allowed Harmony to consolidate its 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, over a 5-year period.

Disposals

On 14 October 2003 we disposed of our interest in Highland Gold for R833 million. On 17 October 2003 we sold our shareholding in High River for R163 million.

During March 2004 Harmony completed the disposal of 100% of the issued and outstanding shares of Bissett to San Gold Resources Corporation (''San Gold''), Gold City Industries Limited (''Gold City'') and Rice Lake Joint Venture Inc (''Rice Lake'') for C$7 500 000, which was made up of C$3 500,000 in cash plus C$4 000 000 in shares of San Gold and Gold City. Rice Lake is owned jointly by San Gold and Gold City.

On 14 August 2003, Randfontein Estates Limited (''Randfontein''), a wholly-owned subsidiary of Harmony, received R140 million from Africa Vanguard Resources (Proprietary) Limited (''Africa Vanguard'') as partial consideration for 26% of the company's mineral rights in respect of the Doornkop Mining Area. Randfontein and Africa Vanguard also entered 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. All the conditions precedent have not been met, therefore Doornkop has not been consolidated during 2004.

Property

Full detail of the property, mineral and participation rights of the company and the group are available on request.

Dividends

Interim dividend No 78 of 40 cents per share and final dividend No. 79 of 30 cents were declared payable on 8 March 2004 and 8 September 2004 respectively. A total dividend of 70 cents per share was paid in respect of the financial year ended 30 June 2004.

Share incentives

Harmony share options are granted to management as an incentive in addition to annual salaries. The exercise of each option granted is set at the closing market price of Harmony's ordinary shares on the JSE on the day before the date of grant. Each option remains open for acceptance for 10 the date of grant, subject to the terms of the relevant option scheme. Harmony has three Share Option Schemes, namely the 1994 Share Option Scheme, the 2001 Share Option Scheme and the 2003 Share Option Scheme ("the Share Option Schemes"), with similar rules.

Each option in terms of the 1994 Share Option Scheme may normally only be exercised by a participant on the following basis: (i) after 12 months have elapsed from the date on which the option was granted, in respect of not more than one third of the shares which are the subject of that option; (ii) after 24 months have elapsed from the date on which the option was granted, in respect of not more than two thirds of the shares which are the subject of that option; and (iii) after 36 months have elapsed from the date on which the option was granted, in respect of all the shares which are the subject of that option, or at such time or times over a period of more than 3 years from the date on which the option was granted as the Board may have determined and notified in writing to the participant when the option was granted to the participant. However, the options issued under the 2001 and 2003 Share Option Schemes may only be exercised over 5 years in 5 equal parts. The 2001 and 2003 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.

No share options were re-priced during the financial year.

Harmony adopted a share purchase scheme in which 1994 and 2001 Share Option Scheme participants respectively were allowed to participate. The Share Purchase Scheme provides for a share purchase trust controlled by Harmony. Recourse loans were provided by the trust to the employees to enable them to acquire shares or exercise their options under the 1994 and the 2001 Share Option Scheme. However, since 27 March 2003 share option scheme participants are no longer allowed to place their shares in the share purchase trust. The share purchase trust is funded by a loan from Harmony, which it repays once it receives repayment of the recourse loans granted to employees. Independent non-executive directors serve as trustees. The trustees are not eligible to receive loans from the trust.

Activity under the various share incentive schemes for the year under review:

SEE TABLE 2

Directorate

The following directors served on Harmony's Board since our 2003 Annual Report was published:

SEE TABLE 3

Abridged CVs of all our new directors appear on pages 50 and 51 of this report. All directors made themselves available for election to the Board at the upcoming general meeting of members. In terms of the company's Articles of Association, Ferdi Dippenaar, Dr Simo Lushaba and Nolitha Fakude qualify for retirement by rotation at the forthcoming annual general meeting. The retiring directors are eligible and have made themselves available for re-election to the Board.

TABLE 2 EMPLOYEE SHARE OPTION SCHEMES

	Balance as at 1 July 2003		Exercised and Sold During the Year		Allocated During the Current Financial Year		Lapsed	Balance as at 30 June 2004		Allocated Subsequent to Financial Year End	
	Number of Options	Average Price per Share	Number of Options	Average Price per Share	Number of Options	Average Price per Share		Number of Options	Average Price per Share	Number of Options	Average Price per Share
Frank Abbott	73 400	49.60	-	-	-	-	-	73 400	49.60	-	-
Ferdi Dippenaar	93 400	46.56	56 700	102.70	-	-	-	36 700	49.60	93 300	66.15
Mangisi Gule	-	-	-	-	22 747	66.00	-	22 747	66.00	62 253	66.15
Ted Grobicki	107 400	44.63	-	-	-	-	-	107 400	44.63	86 300	66.15
Nomfundo Qangule	-	-	-	-	-	-	-	-	-	130 000	66.15
Bernard Swanepoel	142 150	48.27	13 350	114.00	-	-	-	128 800	49.60	145 600	66.15
Management (All)	7 682 900	52.70	1 143 666	101.62	44 400	77.98	728 334	5 855 300	57.42	4 411 149	66.15

The prices per share range between R11.70 and R93.00. The last date on which an option may be exercised is 11 August 2014.
On the 30th June 2004 share options outstanding represented 1.8% of the total issued share capital. No single participant may or does own more than 0.5% of the issued share capital. See page 116 of this report for more information on our share option schemes.

TABLE 3 CHANGES TO BOARD OF DIRECTORS

NAME	DATE OF APPOINTMENT	DATE OF RESIGNATION
Patrice Motsepe*	23/09/2003	By rotation or resignation
Bernard Swanepoel	19/05/1995	By resignation or retirement
Frank Abbott**	01/10/1994	By rotation or resignation
Dr M Bakane-Tuoane*	23/09/2003	21/04/2004
Ferdi Dippenaar	09/06/1997	By resignation or retirement
Nolitha Fakude*	18/10/2002	By resignation or retirement
Adam Fleming*	14/10/1999	22/09/2003
Ted Grobicki	12/10/1994	By resignation or retirement
Mangisi Gule	23/09/2003	By resignation or retirement
Michael King*	23/09/2003	21/04/2004
Dr Simo Lushaba*	18/10/2002	By rotation or resignation
Rick Menell*	23/04/2004	By rotation or resignation
Modise Motloba*	30/07/2004	By rotation or resignation
Dr Morley Nkosi*	23/04/2004	By rotation or resignation
Mike Pleming*	01/09/1998	By rotation or resignation
Nomfundo Qangule	26/07/2004	By resignation or retirement
Lord Robin Renwick*	01/12/1999	By rotation or resignation
Cedric Savage*	23/09/2003	By rotation or resignation
Sibusiso Sibisi*	23/09/2003	21/04/2004
Max Sisulu*	05/08/2003	21/04/2004
Dr Rejoice Simelane*	23/09/2003	21/04/2004
Dan Simelane	23/09/2003	21/04/2004
Pieter Taljaard	23/09/2003	04/03/2004
Andre Wilkens	23/09/2003	04/03/2004

* **Non-executive directors**
** **Frank Abbott served as an executive director until 22 April 2004 and was appointed as a non-executive director on 23 April 2004, to retain his skills and experience on the Board.**

TABLE 4 DIRECTORS' INTERESTS

NAME	BALANCE AT 30 JUNE 2003	ACQUIRED	DISPOSED	BALANCE AT 30 JUNE 2004
Non-executive				
Patrice Motsepe	-	35 002 396	35 002 396	-
Rick Menell	-	800	-	800
Lord Robin Renwick	5 105	-	-	5 105
Executive				
Bernard Swanepoel	-	10 000	-	10 000
Ted Grobicki*	29 388	-	-	29 388

* **All holdings are beneficial, other than 29 388 held by TSA Grobicki on behalf of a trust of which he is a trustee, but not a beneficiary.**
** **None of the other directors hold any securities in Harmony.**

Note: In terms of shareholder approval obtained on 14 November 2003 and subsequent remuneration committee approval on 11 August 2004, 12 908 311 options (approximatley 5% of the Company's issued share capital) is reserved for a broad-based ESOP (Employee Share Option Programme). Negotiations are currently underway with the relevent unions representing our workers with regards to the detail of the proposed programme.

Directors' interests

Disclosure by directors indicate that, at the date of this report, their individual shareholdings and those of their immediate families and associates, do not exceed one per cent of the company's issued share capital, save for Patrice Motsepe who indirectly held 13.5% of the company up to the end of April 2004.

The existing directors' interests and dealings in shares acquired, other than through share incentive schemes, for the year under review and up to 30 June 2004:

SEE TABLE 4

Directors' emoluments

Harmony's Remuneration Committee (see page 55 for details) ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance. On average, the executive directors received a 6% annual increase in salaries and benefits.

Directors' emoluments for the year ended 30 June 2004 are set out in conformity with the requirements of the JSE Securities Exchange South Africa:

SEE TABLE 5

Executives participate in an executive bonus scheme and bonuses (if any) are determined for a financial year by the Remuneration Committee based on a share of profits over a pre-determined benchmark.

This is paid in equal parts over a three year term, provided that the executive is in service of the company on date of payment. No bonus was awarded to any of the executive directors during the past financial year. The remuneration committee is currently reviewing the executive bonus scheme.

The profits made by existing directors in terms of share incentive schemes are as follows:

SEE TABLE 6

Shareholders

Information on shareholder spread, range of shareholdings and public shareholders, as well as major shareholders, is presented on pages 136 to 148 of this report.

Post year events

On 7 July 2004 Bendigo announced that it 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 was diluted from 31.6% to 12.7%. Bendigo is no longer classified as an investment in an associate.

Special resolutions

SEE TABLE 7

Company secretary

The secretary of the company is Marian van der Walt. Her contact details appear on page 148 of this report.

The secretary has, in terms of section 268G(d) of the Companies Act, 1973, certified that: "All such returns as are required of a public company in terms of the Act had been made and are true, correct and up to date."

TABLE 5 DIRECTORS' EMOLUMENTS

NAME	DIRECTORS' FEES (R'000)	RETAINED BONUS FROM PREVIOUS YEARS (R'000)	2003/04 FINANCIAL YEAR: SALARIES & BENEFITS (R'000)	2003/04 FINANCIAL YEAR: RETIREMENT CONTRIBUTIONS (R'000)	2003/04 FINANCIAL YEAR: BONUSES PAID FOR THE YEAR (R'000)	TOTAL (R'000)
Non-executive						
Patrice Motsepe	65		-	-	-	65
Dr M Bakane-Tuoane*	60		-	-	-	60
Nolitha Fakude	120		-	-	-	120
Michael King*	55		-	-	-	55
Dr Simo Lushaba	110		-	-	-	110
Rick Menell	20		-	-	-	20
Dr Morley Nkosi	25		-	-	-	25
Mike Pleming	140		-	-	-	140
Lord Robin Renwick	110		-	-	-	110
Cedric Savage	95		-	-	-	95
Sibusiso Sibisi*	55		-	-	-	55
Max Sisulu*	55		-	-	-	55
Dr Rejoice Simelane*	60		-	-	-	60
Executive***						
Bernard Swanepoel	-	3 000	1 748	262	-	5 010
Frank Abbott**	-	2 000	1 107	166	-	3 273
Ferdi Dippenaar	-	2 000	975	250	-	3 226
Ted Grobicki****	-	2 000	2 473	223	-	4 696
Mangisi Gule*****	-	-	576	16	-	592
Dan Simelane*	-	-	403	25	-	428
Pieter Taljaard*	-	-	846	25	-	871
Andre Wilkens*	-	-	922	164	-	1 086
TOTAL	940	9 000	8 450	1 131	-	18 581

Note: Please read this table in conjunction with the table setting out the appointments and resignations.

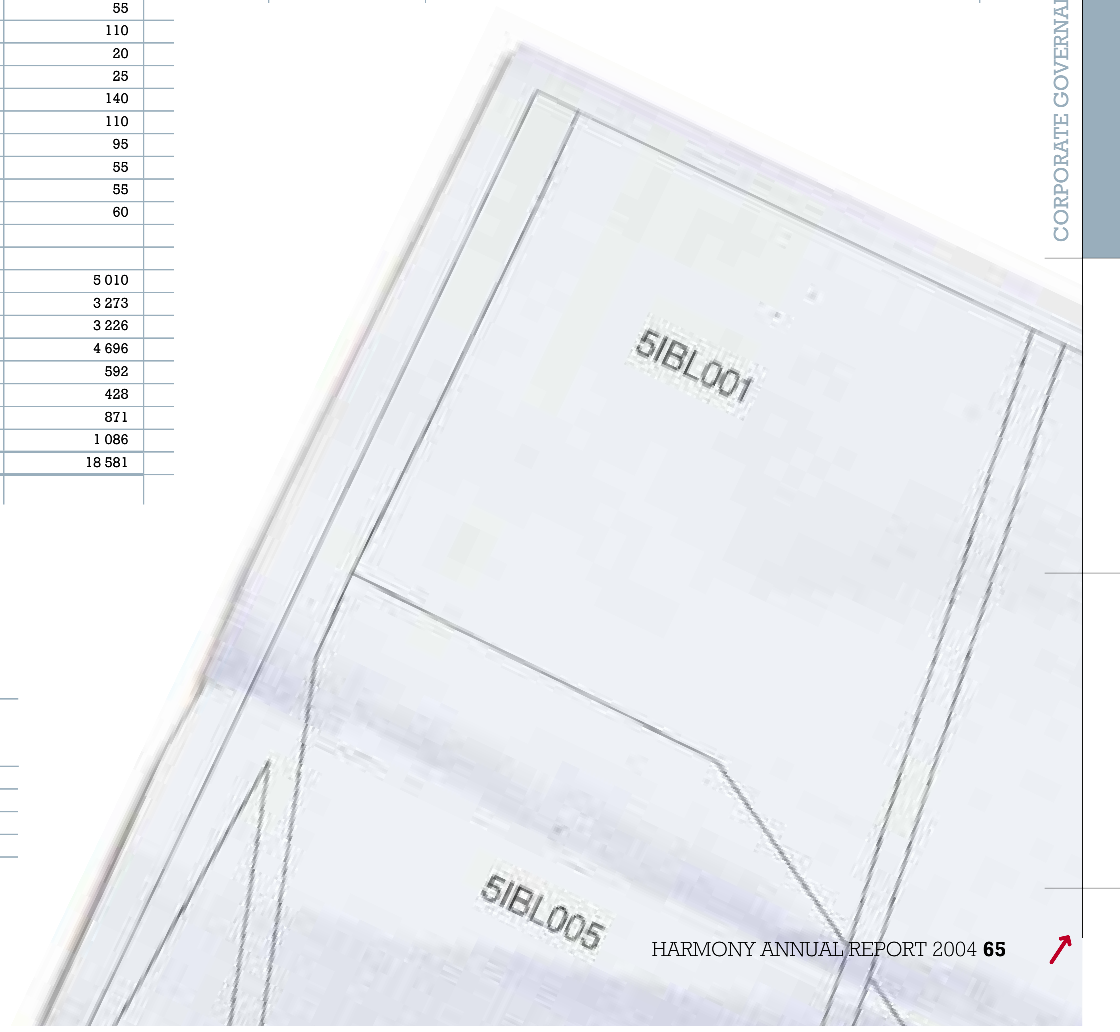
* **Resigned to join the ARM Board.**
** **Frank Abbott resigned as executive director on 22 April 2004 and was appointed as a non-executive director on 23 April 2004. Frank has waived his non-executive directors fee.**
*** **Our executive directors have waived their directors fees in terms of our Articles of Association.**
**** **TSA Grobicki was seconded to Australia at the end of Febuary 2003. His salary is paid in Australian Dollars.**
***** **Joined Harmony Board on 23 September 2003.**

TABLE 6 SHARE OPTIONS EXERCISED BY DIRECTORS

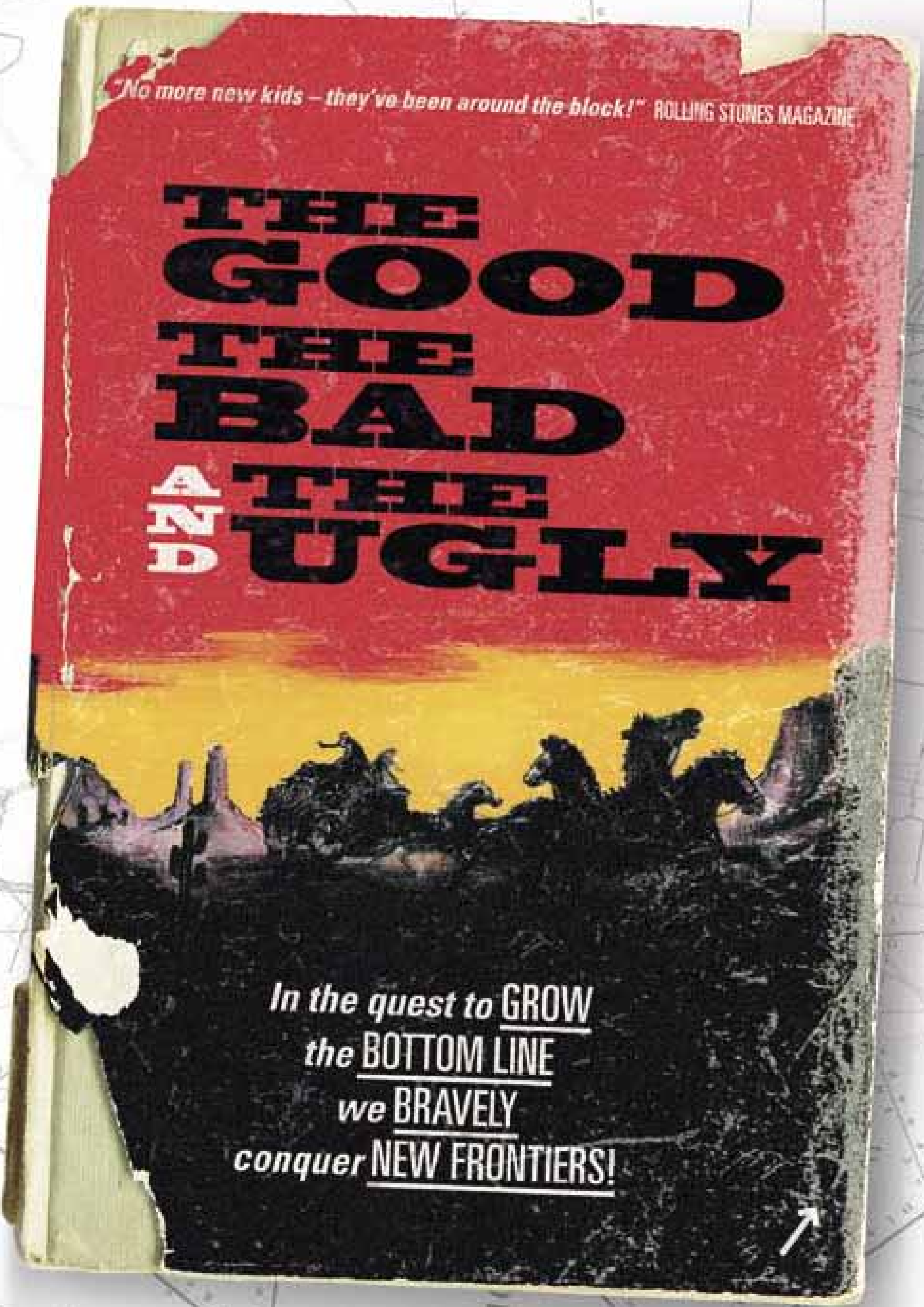
NAME	NO. OF SHARES SOLD	AVERAGE COST PER OPTION	AVERAGE PRICE PER SHARE REALISED	GROSS PROFIT (R'000)
F Abbott	-	-	-	-
F Dippenaar	56 700	44.59	102.70	3 294 837
T S A Grobicki	-	-	-	-
Z B Swanepoel	13 350	35.40	114.00	1 049 310

TABLE 7 SPECIAL RESOLUTIONS

EFFECTIVE DATE	RESOLUTION
1 September 2003	Increase of authorised share capital of the Company from R125 000 000 divided into 250 000 000 ordinary shares of 50 cents each to R175 000 000 divided into 350 000 000 ordinary shares of 50 cents each
14 November 2003	Insertion of new Article 2A as part of the Company's Articles of Association
	Ammending Articles 46 ,103 and 109 of the Company's Articles of Association
	Granting authority for share repurchases



5 FINANCIAL STATEMENTS



Target

Project Description

Target is different to typical labour-intensive mining companies in South Africa in the sense that it makes use of a high degree of mechanisation and multi-tasked employees in the exploration of the massive ore body.

At full production, the mine will produce in excess of 300 000 ounces of gold per annum at a cash cost of approximately US$230 per ounce. The Target mine has a life in excess of 18 years.

RESOURCES	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	OUNCES (million)
Reserves	24.2	7.0	169.2	5.4
Resources	367.3	6.8	2502.1	80.4

(Including Target North)

5.1 REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARMONY GOLD MINING COMPANY LIMITED

We have audited the annual company and group financial statements of Harmony Gold Mining Company Limited for the year ended 30 June 2004 set out on pages 63 to 65 and 70 to 131. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards and in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes:

- An examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements;
- An assessment of the accounting principles used and significant estimates made by management, and
- An evaluation of the overall presentation of financial statements.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly represent, in all material respects, the financial position of the company and the group as at 30 June 2004, and the results of their operations, changes in equity and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, International Financial Reporting Standards and in the manner required by the South African Companies Act.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Chartered Accountant (SA)
Registered Accountants & Auditors

Johannesburg
3 September 2004

HARMONY GOLD MINING COMPANY LIMITED
5.2 OPERATIONAL RESULTS FOR THE YEAR ENDED 30 JUNE 2004

Metric (Rand)	2004 (1)	2003 (2)
Underground Operations		
Tonnes Milled ('000)	17 824	15 059
Gold Produced (kg)	92 082	77 893
Yield (g/t)	5.16	5.17
Cash Operating cost (R/t milled)	413	369
Surface Operations		
Tonnes Milled ('000)	12 957	13 179
Gold Produced (kg)	11 045	15 161
Yield (g/t)	0.85	1.15
Cash Operating cost (R/t milled)	65	81
Total Operations		
Gold Produced (kg)	103 127	93 054
Gold price received per kilogram	85 219	96 663
Cash operating cost (R/kg)	79 599	71 146

IMPERIAL (US Dollar)	2004	2003
Underground Operations		
Tons Milled ('000)	19 655	16 606
Gold Produced (oz)	2 960 475	2 504 299
Yield (oz/t)	0.151	0.151
Cash Operating cost ($/t milled)	54	37
Surface Operations		
Tons Milled ('000)	14 288	14 533
Gold Produced (oz)	355 120	487 435
Yield (oz/t)	0.025	0.034
Cash Operating cost ($/t milled)	9	8
Total Operations		
Gold Produced (oz)	3 315 595	2 991 734
Gold price received per ounce	385	329
Cash operating cost ($/oz)	360	242

Average conversion rate for the 12 months under review: US$1 R6.89 (2003: R9.13)
Note (1) - Includes gold production from ARMgold for nine months from 1 October 2003 and Target for two months from 1 May 2004.
Note (2) - Includes gold production from Abelle for one month from 1 June 2003 and 50% of St Helena for eight months from 1 November 2002.

This statement does not form part of the annual financial statements and is unaudited. It is included for convenience.

FINANCIAL STATEMENTS

HARMONY GOLD MINING COMPANY LIMITED

5.3 CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
1 882	1 679	Revenue		8 789	8 995
(1 518)	(1 694)	Cash operating costs	2	(8 209)	(6 621)
364	(15)	**Cash operating profit/(loss)**		580	2,374
(98)	(101)	Amortisation and depreciation	3	(933)	(582)
(29)	(33)	Corporate, administration and other expenditure		(98)	(72)
(14)	(63)	Employment termination and restructuring costs	4	(224)	(47)
-	-	Exploration expenditure		(103)	(75)
-	-	Impairment of assets	5	-	(812)
-	-	(Loss)/gain on financial instruments		(223)	440
-	-	Marketing and new business expenditure		(86)	(72)
(131)	(78)	Other income/(expenses)	6	59	(173)
(2)	-	Provision for former employees' post-retirement benefits		-	(5)
10	(9)	Reversal of provision/(provision) for rehabilitation costs		26	(5)
100	(299)	**(Loss)/profit from operations**	7	(1 002)	972
-	-	Impairment of investment in associate	8	(88)	-
-	-	Income from associates	23	54	57
-	-	Loss on mark-to-market of listed investment	9	-	(9)
-	22	Profit/(loss) on sale of listed investments	10	34	(54)
-	(8)	Profit/(loss) on sale of subsidiary	11	1	-
-	577	Profit on sale and loss on dilution of investment in associates	12	371	-
1 036	981	Interest and dividends received	13	207	273
(247)	(314)	Interest paid	14	(412)	(321)
889	959	**(Loss)/income before tax**		(835)	917
(21)	61	Taxation	15	305	(274)
868	1 020	**Net (loss)/income before minority interests**		(530)	643
-	-	Minority interests	16	7	(4)
868	1 020	**Net (loss)/income**		(523)	639
		Basic (loss)/earnings per share (cents)	17	(206)	359
		Fully diluted (loss)/earnings per share (cents)	17	(205)	359
		Basic headline (loss)/earnings per share (cents)	17	(308)	661
		Fully diluted headline (loss)/earnings per share (cents)	17	(306)	660
		Interim dividends per share (cents)	18	40	125
		Proposed final dividends per share (cents)	18	30	150
		Total dividends per share (cents)	18	70	275

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HARMONY GOLD MINING COMPANY LIMITED

5.4 CONSOLIDATED BALANCE SHEET AT 30 JUNE 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		Assets			
		Non-current assets			
1 332	1 313	Property, plant and equipment	19	22 244	9 969
-	-	Intangible assets	20	2 267	-
-	11	Restricted cash	21	62	-
290	235	Investments	22	2 612	868
256	-	Investments in associates	23	124	1 398
7 511	23 548	Investments in subsidiaries	23	-	-
-	-	Deferred taxation asset	15	3	37
1	-	Deferred financial assets	30	8	1
9 390	25 107	**Total non-current assets**		27 320	12 273
		Current assets			
210	218	Inventories	25	531	454
364	303	Receivables	26	859	771
1 078	669	Cash and cash equivalents		1 352	1 687
1 652	1 190	**Total current assets**		2 742	2 912
11 042	26 297	**Total assets**		30 062	15 185
		Equity and liabilities			
		Share capital and reserves			
92	160	Share capital	27	160	92
6 782	20 780	Share premium	27	20 729	6 782
23	256	Fair value and other reserves	28	(1 186)	(242)
732	1 357	Retained earnings		1 078	1 996
7 629	22 553	**Total shareholders' equity**		20 781	8 628
		Minority interest			
-	-	Minority interest	16	-	120
-	-	**Total minority interest**		-	120
		Non-current liabilities			
2 251	2 499	Long-term borrowings	29	2 790	2 415
165	134	Deferred taxation liabilities	15	2 662	1 571
30	17	Deferred financial liabilities	30	578	284
120	123	Provision for environmental rehabilitation	31	776	624
-	12	Provision for social plan	32	12	-
5	5	Provision for post-retirement benefits	33	10	9
2 571	2 790	**Total non-current liabilities**		6 828	4 903
		Current liabilities			
855	945	Accounts payable and accrued liabilities	34	2 385	1 376
(18)	3	Income and mining taxes		60	150
5	6	Shareholders for dividends		8	8
842	954	**Total current liabilities**		2,453	1 534
11 042	26 297	**Total equity and liabilities**		30 062	15 185

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HARMONY GOLD MINING COMPANY LIMITED

5.5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 30 JUNE 2004

	Number of ordinary shares issued	Number of warrants issued	Share capital R million	Share premium R million	Retained earnings R million	Fair value and other reserves R million	Total R million
Notes			27	27		28	
Group							
Balance - 30 June 2002	169 247 349	8 013 446	85	5 462	2 328	88	7 963
Net income	-	-	-	-	639	-	639
Dividends declared	-	-	-	-	(971)	-	(971)
Issue of shares							
- Public offerings	8 000 000	-	3	1 059	-	-	1 062
- Correction of Randfontein offer	114 750	-	-	4	-	-	4
Exercise of employee share options	1 846 600	-	1	64	-	-	65
Share issue expenses	-	-	-	(47)	-	-	(47)
Conversion of warrants	5 645 416	(5 645 416)	3	240	-	-	243
Foreign exchange translation	-	-	-	-	-	(325)	(325)
Mark-to-market of listed and other investments	-	-	-	-	-	41	41
Mark-to-market of hedging instruments	-	-	-	-	-	(46)	(46)
Balance - 30 June 2003	184 854 115	2 368 030	92	6 782	1 996	(242)	8 628
Net loss	-	-	-	-	(523)	-	(523)
Dividends declared	-	-	-	-	(395)	-	(395)
Issue of shares							
- Acquisition of 11.5% interest in Avgold	6 960 964	-	4	642	-	-	646
- Acquisition of ARMgold	63 666 672	-	32	7 048	-	-	7 080
- Acquisition of 42.2% interest in Avgold	28 630 526	-	14	2 880	-	-	2 894
- Acquisition of Avgold minorities	33 574 367	-	17	3 377	-	-	3 394
Exercise of employee share options	703 800	-	-	30	-	-	30
Share issue expenses	-	-	-	(79)	-	-	(79)
Conversion of warrants	2 351 133	(2 351 133)	1	100	-	-	101
Warrants expired	-	(16 897)	-	-	-	-	-
Issue of convertible bonds	-	-	-	-	-	277	277
Consolidation of share trusts	-	-	-	(51)	-	-	(51)
Foreign exchange translation	-	-	-	-	-	(513)	(513)
Mark-to-market of listed and other investments	-	-	-	-	-	(326)	(326)
Mark-to-market of environmental funds	-	-	-	-	-	(1)	(1)
Acquisition of Abelle minorities	-	-	-	-	-	(381)	(381)
Balance - 30 June 2004	320 741 577	-	160	20 729	1 078	(1 186)	20 781
Company							
Balance - 30 June 2002	169 247 349	8 013 446	85	5 462	835	46	6 428
Net income	-	-	-	-	868	-	868
Dividends declared	-	-	-	-	(971)	-	(971)
Issue of shares							
- Public offerings	8 000 000	-	3	1 059	-	-	1 062
- Correction of Randfontein offer	114 750	-	-	4	-	-	4
Exercise of employee share options	1 846 600	-	1	64	-	-	65
Share issue expenses	-	-	-	(47)	-	-	(47)
Conversion of warrants	5 645 416	(5 645 416)	3	240	-	-	243
Mark-to-market of listed and other investments	-	-	-	-	-	23	23
Mark-to-market of hedging instruments	-	-	-	-	-	(46)	(46)
Balance - 30 June 2003	184 854 115	2 368 030	92	6 782	732	23	7 629
Net income	-	-	-	-	1 020	-	1 020
Dividends declared	-	-	-	-	(395)	-	(395)
Issue of shares							
- Acquisition of 11.5% interest in Avgold	6 960 964	-	4	642	-	-	646
- Acquisition of ARMgold	63 666 672	-	32	7 048	-	-	7 080
- Acquisition of 42.2% interest in Avgold	28 630 526	-	14	2 880	-	-	2 894
- Acquisition of Avgold minorities	33 574 367	-	17	3 377	-	-	3 394
Exercise of employee share options	703 800	-	-	30	-	-	30
Share issue expenses	-	-	-	(79)	-	-	(79)
Conversion of warrants	2 351 133	(2 351 133)	1	100	-	-	101
Warrants expired	-	(16 897)	-	-	-	-	-
Issue of convertible bonds	-	-	-	-	-	277	277
Mark-to-market of listed and other investments	-	-	-	-	-	(44)	(44)
Balance - 30 June 2004	320 741 577	-	160	20 780	1 357	256	22 553

HARMONY GOLD MINING COMPANY LIMITED

5.6 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

Company 2003 R million	Company 2004 R million		Notes	Group 2004 R million	Group 2003 R million
		Cash flows from operating activities			
(615)	(598)	Cash generated by/(utilised in) operations	38	305	1 735
286	237	Interest received by		204	270
750	744	Dividends received		3	3
(247)	(308)	Interest paid		(319)	(289)
(46)	(8)	Income and mining taxes paid		(578)	(402)
128	67	**Net cash (utilised in)/generated by operating activities**		(385)	1 317
		Cash flows from investing activities			
(25)	(18)	Net increase in amounts invested in environmental trusts		(34)	(34)
-	(11)	Restricted cash		(62)	-
-	-	Cash held by subsidiaries on acquisition	39	730	79
-	-	Cash paid for St. Helena Mines	39	-	(60)
-	-	Cash paid for Abelle	39	(579)	(769)
-	(1)	Cash paid for ARMgold	39	(1)	-
-	(2)	Cash paid for Avgold	39	(2)	-
-	18	Cash received for Bissett	39	18	-
(5)	-	Cash paid for Clidet	39	-	-
-	-	Investment in Highland Gold acquired	23	-	(68)
-	-	Cost on closure of hedge positions		(133)	(74)
-	995	Proceeds on disposal of listed investments		1 022	876
259	(1 433)	(Increase)/decrease in other non-current investments		(53)	(20)
5	5	Proceeds on disposal of mining assets		200	56
(126)	(58)	Additions to property, plant and equipment		(880)	(991)
108	(505)	**Net cash generated by/(utilised in) investing activities**		226	(1 005)
		Cash flows from financing activities			
(135)	371	Long-term borrowings raised/(paid) – net		388	(477)
1 322	132	Ordinary shares issued		132	1 322
(47)	(79)	Shares issue expenses		(79)	(47)
(967)	(395)	Dividends paid		(395)	(968)
173	29	**Net cash (utilised in)/generated by financing activities**		46	(170)
-	-	**Foreign currency translation adjustments**		(222)	104
409	(409)	**Net (decrease)/increase in cash and cash equivalents**		(335)	246
669	1 078	**Cash and equivalents - beginning of year**		1 687	1 441
1 078	669	**Cash and equivalents - end of year**		1 352	1 687

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FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

(a) **BASIS OF PREPARATION:** The annual 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 are prepared in accordance with International Financial Reporting Standards ("IFRS"), South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act.

(b) **USE OF ESTIMATES:** The preparation of the financial statements in conformity with South African Statements of Generally Accepted Accounting Practice and IFRS requires the Company's management to make estimates and assumptions 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. Significant estimates used by management include the valuation and amortisation of mining assets and investment in associates, the valuation of other investments, as well as estimates of exposure and liabilities with regard to rehabilitation costs, employee benefit liabilities, taxation, hedging and financial derivatives. Actual results could differ from those estimates.

(c) **GROUP ACCOUNTING:** The consolidated financial information includes the financial statements of the Company, its subsidiaries, its proportionate interest in joint ventures and its interests in associates.

(i) **Subsidiaries**, which are those entities (including special purpose entities) in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which control is acquired and are no longer consolidated when control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. Minorities are carried at fair value at acquisition.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

In situations of successive share purchases when control already existed at the date of further acquisition, no fair value adjustment is made to the identifiable net assets acquired and any excess/deficit purchase price over the carrying value of minorities acquired is accounted for in shareholders' equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(ii) **Investments in associates** are those entities, 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, but which it does not control.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Equity accounting involves recognising 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 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.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. The Group's investment in associates includes goodwill on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates.

(iii) **Investment in joint ventures** are those entities 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 by proportionate consolidation. Under this method the Group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Group's financial statements.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

(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, joint ventures and businesses are included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is amortised using the straight-line method over the estimated life of the underlying asset. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering factors such as existing market share potential growth and other factors inherent in the acquired companies.

The Group will cease the amortisation of goodwill on 30 June 2004, in line with the requirements of IFRS 3. Thereafter, goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

At each balance sheet date the Group assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. An impairment is made if the carrying amount exceeds the recoverable amount.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

(d) **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 and cash flows are translated at the average rates for the year. Differences arising on translation are taken directly to shareholders' equity, until the foreign entity is sold or otherwise disposed of when the translation differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of the foreign entities are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(ii) **Foreign currency transactions:** The South African Rand is the reporting currency of the Group.

Transactions in foreign currencies are translated 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.

(iii) **Convenience translations:** The consolidated income statement, the consolidated balance sheets and the consolidated statement of cash flows have been expressed in United States Dollars for information purposes.

For this purpose the consolidated income statement and the consolidated statement of cash flows were translated at the average rate for the year and the consolidated balance sheet at the exchange rate ruling at the balance sheet date.

(e) **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, investments, receivables, accounts payable, borrowings and derivative financial instruments.

(f) **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, based on the relevant exchange rates at balance sheet date.

(g) **INVESTMENTS:**

(i) **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are initially recognised at cost, and subsequently measured at amortised cost. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(ii) **Available-for-sale financial assets** are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at cost plus transaction costs for all financial assets. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities),

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the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) **Held-to-maturity investments** are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group's held-to-maturity investments are held at the amortised costs.

(h) **INVENTORIES** which include gold in process and stores and materials, are stated at the lower of cost or net realisable 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 represent production on hand after the smelting process for most of the Group's underground operations, predominantly located in South Africa. Where mechanised mining is used in underground operations, work in progress 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. Due to the different nature of the Group's open pit operations, predominantly located in Australia, gold in process represents either production in broken ore form or production from the time of placement on heap leach pads. It is valued using the weighted average cost method. Costs included are average production costs including amortisation and depreciation at the relevant stage of production.

The Group assesses the gold content of broken ore or ore placed on heap leach pads by reference to the historical recovery factor obtained for the type of broken ore and ore added to the heap leach pad.

Net realisable 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.

(i) **ACCOUNTS RECEIVABLE** are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(j) **ACCOUNTS PAYABLE** are stated at cost adjusted for payments made to reflect the value of the anticipated economic outflow of resources.

(k) **DERIVATIVE FINANCIAL INSTRUMENTS:** Derivative financial instruments are recognised on the balance sheet at cost, and subsequently measured at fair value.

On the date a derivative contract is entered into, the Group designates it for accounting purposes as either:

a) a hedge of the fair value of a recognised asset or liability (fair value hedge);
b) a hedge of a forecasted transaction (cash flow hedge);
c) a hedge of a net investment in a foreign entity;
d) a speculative derivative financial instrument;
e) normal purchase, normal sale contracts.

Certain derivative transactions, however while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting.

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 recognised directly in equity. Amounts deferred in 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.

Changes in the fair value of derivatives which are not designated as hedges, and do not qualify for hedge accounting are recognised in the income statement.

Derivatives which meet the criteria for the normal purchase, normal sale exemption are not recognised until settlement, under these contracts the Group must physically deliver a specified quantity of gold at a future date at a specified price and to the contracted counter party.

(l) **BORROWINGS** are recognised at fair value and subsequently measured at amortised cost, comprising original debt less principal payments and amortisations, using the effective yield method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds are allocated to the conversion option. This is recognised and included in shareholders's equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) **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, including evaluation costs, are capitalised. Costs related to property acquisitions and mineral and surface rights are capitalised. 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, an impairment is recognised.

(n) **PROPERTY, PLANT AND EQUIPMENT**

(i) **Mining assets** including mine development costs and mine plant facilities are initially recorded at cost, whereafter it is measured at cost less accumulated amortisation 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 capitalised until commercial levels of production are achieved. Development costs incurred to evaluate and develop new ore bodies, or to define mineralisation in existing ore bodies, or 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 ore body are capitalised until the ore body achieves commercial levels of production at which time the costs are amortised as set out below.

Stripping costs incurred during the production phase to remove waste ore are deferred and charged to operating costs on the basis of the average life of mine stripping ratio. The average stripping ratio is calculated as the number of tonnes of waste material removed per tonne of ore mined. The average life of mine ratio is revised annually in the light of additional knowledge and change in estimates. The cost of "excess stripping" is capitalised as mine development costs when the actual stripping ratio exceeds the average life of mine stripping ratio.

(ii) **Mining operations placed on care and maintenance:** The net assets of operations placed on care and maintenance are impaired to their recoverable amount. 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) **Depreciation and amortisation of mining assets:** Depreciation and amortisation 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 estimated proved and probable reserves. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. Amortisation is first charged on mining ventures from the date on which the mining ventures reach commercial production quantities.

(v) **Depreciation and amortisation of non-mining fixed assets:** Other non-mining fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:
- Vehicles at 20% per year;
- Computer equipment at 33.3% per year;
- Computer software at 50% per year; and
- Furniture and equipment at 16.67% per year.

(vi) **Impairment**: The carrying amount of the long-term assets of the Group, which include development costs are annually compared to the recoverable amount of the assets, or whenever events or changes 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 cashflows. The discount rate used is the Group's weighted average cost of capital. An impairment is recognised in the income statement to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised in line with Group accounting policies.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

The estimates of future discounted cash flows are subject to risks 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.

(o) **ENVIRONMENTAL OBLIGATIONS:** Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure , are based on the Group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of future rehabilitation cost estimates are recognised 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 capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the Group's accounting policy. 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.

(p) **ENVIRONMENTAL TRUST FUNDS:** Annual 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 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 recognised when the Group 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.

(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 recognised 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 recognised directly in equity, or a business combination that at the time of the transaction affects neither accounting nor taxable profits. The effect on deferred tax of any changes in tax rates is recognised 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 amortisation and depreciation on property, plant and equipment, provisions, post-retirement benefits, tax losses and/or unutilised capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilised tax losses and/or unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and/or unutilised capital allowances can be utilised.

(s) **POST-RETIREMENT BENEFITS 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.

(ii) **Medical plans:** The Group provides medical cover to current employees and certain retirees through one fund. 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. No contributions are made for employees retiring after 30 June 1996. A liability for retirees and their dependants prior to this date is accrued in full based on actuarial valuations every three years.

(iii) **Equity compensation benefits:** The Group grants share options to certain employees under an employee share plan. Costs incurred in administering the scheme are expensed as incurred. No compensation cost is recognised in these financial statements for options or shares granted to employees from employee share plans.

(iv) **Termination benefits** are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(v) **Leave pay:** The Group provides for the cost of the leave days granted to employees during the period in which the leave days accumulate. Salary costs for the period for which employees are on leave and reimbursements for outstanding leave on termination of employment are debited against the provision.

(t) **REVENUE RECOGNITION:**

(i) **Revenue** represents gold sales and is recognised when the risks and rewards of ownership have 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 normal sale to the extent that they relate to that metal and have been matched at the date of the financial statements.

(ii) **Interest income:** Interest is recognised 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.

(iii) **Dividend income** is recognised when the shareholder's right to receive payment is established, recognised at the last date of registration.

(u) **DIVIDENDS DECLARED:** Dividends proposed and the related transactions thereon are recognised when declared by the board of directors. The dividends paid therefore relate to those declared in the current financial 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.

(v) **SEGMENTAL REPORTING:** The primary reporting format of the group is by business segment. As there is only one business segment, being mining, extraction and production of gold, the relevant disclosures have been given in the financial statements. The secondary reporting format is by geographical analysis by origin. The accounting policies of the segments are the same as those described in the other accounting policy notes.

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2 CASH OPERATING COSTS

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Cash operating 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. These costs, analysed by nature, consist of the following:		
921	1 027	Labour costs, including contractors	4 824	3 515
345	378	Stores and materials	1 829	1 597
177	190	Water and electricity	898	762
23	28	Hospital costs	130	89
25	8	Changes in inventory	(4)	2
27	63	Other	532	656
1 518	1 694		8 209	6 621

3 AMORTISATION AND DEPRECIATION

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
92	89	Mining properties, mine development costs and mine plant facilities	807	569
-	-	Other non-mining assets	9	8
-	-	Goodwill	105	-
6	12	Borrowings discounts and issue costs	12	5
98	101		933	582

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4 EMPLOYMENT TERMINATION AND RESTRUCTURING COSTS

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
14	63	Free State	63	14
-	-	Randfontein and Elandskraal	57	17
-	-	Evander	26	11
-	-	Australian operations	-	5
-	-	Freegold	53	-
-	-	ARMgold (Welkom and Orkney)	25	-
14	63		224	47

During the year ended 30 June 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. On 2 April 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. A provision was raised to cover the estimated cost of the restructuring.

During the year ended 30 June 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, has resulted in excess labour, which could not be accommodated on other shafts. In May 2003 Harmony announced that the Big Bell Gold Operations had exhausted all economically viable resources at prevailing or immediately forseeable 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.

5 IMPAIRMENT OF ASSETS

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	-	Australian operations	-	(812)

The Australian operations reduced its reserve base from 2.3 million ounces in the 2002 financial year to 1.5 million ounces in the 2003 financial year due to the strengthening of the Australian dollar compared to the US dollar. This resulted in a significant impairment to the carrying value of these assets in Harmony's balance sheet.

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6 OTHER INCOME/(EXPENSES)

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
4	4	Profit on sale of property, plant and equipment	116	39
(131)	(72)	Foreign exchange losses - net	(29)	(192)
(4)	(10)	Other expenditure - net	(28)	(20)
(131)	(78)		59	(173)

7 (LOSS)/PROFIT FROM OPERATIONS

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		The following have been included in (loss)/profit from operations:		
7	6	**Professional fees**	33	27
2	1	**Auditors' remuneration**	5	5
1	1	Fees - current year	4	4
1	-	Fees - other services	1	1

8 IMPAIRMENT OF INVESTMENT IN ASSOCIATE

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	-	Mark-to-market of shares in listed companies	(88)	-

At the time of Harmony's acquisition of its investment in Bendigo Mining NL (Bendigo) during the 2002 financial year, Bendigo's shares were trading at A$2.90 per share on the Australian stock exchange. During the current financial year, the share price has 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 R88 million to reflect the current value of the investment of R124 million. Refer to note 23(a).

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9 LOSS ON MARK-TO-MARKET OF LISTED INVESTMENT

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	-	Mark-to-market of options in listed companies	-	(9)

With the purchase of Harmony's 31.8% interest in Bendigo, Harmony was granted options to acquire 360 million shares in Bendigo any time before 31 December 2003 at A$0.30 per share. These options were valued at R3 million as at 30 June 2003, resulting in a loss on the mark-to-market of these options of R9 million. Refer to note 23(a).

10 PROFIT/(LOSS) ON SALE OF LISTED INVESTMENTS

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	-	Loss on sale of investment in Placer Dome Pacific Limited	-	(54)
-	22	Profit on sale of investment in High River Gold Mines Limited	22	-
-	-	Profit on sale of investment in Midas Resources Limited	-	-
-	-	Profit on sale of investment in Legend Mining Limited	12	-
-	22	Profit/(loss) on sale of listed investments	34	(54)

On 17 October 2003 the Company disposed of its investment in High River Gold Mines Limited (High River) for R163 million. The investment was acquired at a cost of R141 million, resulting in a profit of R22 million.

On 22 March 2004 Harmony disposed of its investment in Midas Resources Limited (Midas Resources), acquired at a total cost of A$2 million, for R10 million, resulting in a profit of R0.1 million.

On 23 March 2004 Harmony disposed of its investment in Legend Mining Limited, acquired at a value of A$1 million on 17 February 2004 through a share exchange transaction during the sale of Gidgee mine, for R17 million, resulting in a profit of R12 million.

During the 2003 financial year the Placer Dome Pacific Limited shares, acquired at a total cost of R244 million were disposed of. This investment was previously mark-to-market by R595 million, resulting in a loss of R54 million on disposal.

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11 PROFIT ON SALE OF SUBSIDIARY

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	(8)	Profit/(loss) on sale of investment in Bissett	1	-

On 17 March 2004 the Company disposed of the entire share capital of Harmony Gold (Canada) Incorporated (Bissett) for R38 million. The proceeds were settled by the issue of 5 000 000 shares in San Gold Resources Corporation (San Gold), 5 714 285 shares in Gold City Industries Limited (Gold City) and the balance of R18 million in cash. The net asset value of Bissett was R37 million, resulting in a profit of R1 million for the Group.

12 PROFIT ON SALE AND LOSS ON DILUTION OF INVESTMENT IN ASSOCIATES

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	577	Profit on sale of investment in Highland Gold Limited	534	-
-	-	Loss on dilution of investment in African Rainbow Minerals Limited	(163)	-
-	577	Profit on sale and dilution of associates	371	-

On 14 October 2003 the Company disposed of its investment in Highland Gold Limited (Highland Gold) for R833 million. The investment was acquired at a cost of R256 million and the Group's share in the equity accounted earnings of Highland Gold amounted to R43 million, resulting in a profit of R534 million.

The Company and African Rainbow Minerals Gold Limited (ARMgold) purchased the investment in African Rainbow Minerals Limited (ARM) (formerly known as Anglovaal Mining Limited), through a joint venture, Clidet 454 (Proprietary) Limited (Clidet), for R1 692 million. Since acquisition Harmony equity accounted earnings of R119 million. The carrying value of the investment was R1 811 million at 30 April 2004, before the dilution. Following a range of transactions between Harmony, ARM and African Rainbow Minerals and Exploration Investments (Proprietary) Limited (ARMI), Harmony's interest in ARM was diluted from 34.5% to 19.0%. As a result Harmony lost R814 million in the carrying value of the investment. The loss was offset by the gain on the issue of new shares by ARM, in which Harmony held 19%, resulting in a net loss of R163 million.

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13 INTEREST AND DIVIDENDS RECEIVED

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
286	237	Interest received	204	270
750	744	Dividends received	3	3
1 036	981		207	273

14 INTEREST PAID

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
2	24	Banks and short-term facilities	26	2
166	143	Senior unsecured fixed rate bonds	143	166
-	9	Convertible unsecured fixed rate bonds	9	-
4	2	BAE Systems Plc	2	4
59	34	BOE Bank Limited	34	59
16	95	Nedbank Limited	95	16
-	1	Other creditors	10	42
247	308	Cash interest paid	319	289
-	6	Convertible unsecured fixed rate bonds	6	-
-	-	Anglo Gold Limited	44	32
-	-	BOE Bank Limited	43	-
247	314	Total interest paid	412	321

FINANCIAL STATEMENTS

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15 TAXATION

The components of the taxation expense are the following:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		South African taxation		
(3)	-	Mining tax	8	(158)
-	(30)	Non-mining tax	(54)	(26)
(18)	91	Deferred tax	285	(292)
		Foreign taxation		
-	-	Current tax	(25)	(155)
-	-	Prior year adjustment	30	45
-	-	Deferred tax - normal	61	98
-	-	Deferred tax - impairment of assets	-	214
(21)	61	Total taxation	305	(274)

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. Mining and non-mining income of Australian operations are taxed at a standard tax rate. 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 mining statutory tax rate of 46% (2003: 46%) were:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
(409)	(462)	Tax on net income at the statutory mining tax rate	381	(422)
-	-	Valuation allowance raised against deferred tax assets	-	16
322	611	Non-taxable income / additional deductions	(8)	58
22	(61)	Rate adjustment to reflect estimated effective mining tax rate	(17)	(85)
44	-	South African mining formula tax rate adjustment	68	94
-	16	Difference between non-mining tax rate and mining statutory rate on non-mining income	2	65
-	(43)	Change in estimated effective mining tax rate	(121)	-
(21)	61	**Income and mining taxation**	305	(274)
2%	-6%	**Effective income and mining tax rate**	37%	30%

Deferred income and mining tax liabilities and assets on the balance sheet as of 30 June 2004 and 30 June 2003, relate to the following:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Deferred income and mining tax liabilities		
176	114	Amortisation and depreciation	3 200	1 983
9	5	Product inventory not taxed	36	31
-	45	Convertible bonds	45	-
-	-	Other	4	4
185	164	Gross deferred income and mining tax liability	3 285	2 018
(20)	(30)	Net deferred income and mining tax assets	(626)	(484)
-	-	Deferred financial liability	(80)	(5)
-	(9)	Unredeemed capital expenditure	(375)	(273)
(20)	(21)	Provisions, including non-current provisions	(69)	(151)
-	-	Tax losses	(102)	(55)
165	134		2 659	1 534

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The movement in the net deferred tax liability recognised in the balance sheet is as follows:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
147	165	At the beginning of the year	1 534	770
-	-	Acquired through the purchase of subsidiaries and businesses and the finalisation of purchase prices of subsidiaries and businesses	1 498	702
18	(91)	Total charge per income statement	(346)	(20)
-	60	Initial recognition of convertible bonds	60	-
-	-	Foreign currency translation adjustments	(87)	82
165	134	At the end of the year	2 659	1 534

As at 30 June 2004 the Group has unredeemed capital expenditure of R5 752 million (2003: R1 450 million) and tax losses carried forward of R387 million (2003: R64 million) available for deduction against future mining income. These future deductions are utilisable against mining income generated only from the Group's current mining operations and do not expire unless the Group ceases to trade for a period longer than one year.

16 MINORITY INTERESTS

The Company initiated a takeover of Abelle Limited (Abelle) on 26 February 2003. The offer closed on 30 April 2003. At 30 June 2003 Harmony held a controlling interest of 87%, with three members appointed to the board of Abelle on 5 May 2003. The remaining 13% shareholders were treated as a minority interest as from that date. Harmony's interest diluted to 83.2% up and until 15 March 2004 when Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed options and unlisted options in Abelle that it did not already own. As at 30 June 2004 Abelle was a wholly owned subsidiary of Harmony.

The Company acquired 11.5% of the shares in Avgold Limited (Avgold) on 15 July 2003, and further additional shares in Avgold were acquired on 3 May 2004, resulting in a controlling interest of 53.5%. The remaining 46.5% owned by outside shareholders was treated as a minority interest since that date. On 11 May 2004 the Company announced a scheme of arrangements to acquire the entire issued share capital of Avgold. This scheme was sanctioned by the High Court of South Africa and was subsequently registered by the Registrar of Companies. This concluded the acquisition of the remaining 46.5% of Avgold and the scheme became effective on 24 May 2004, after which Avgold became a wholly owned subsidiary of the Company.

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17 EARNINGS PER SHARE

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Basic (loss)/earnings per share		
		Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year		
		Net (loss)/income attributable to shareholders	(523)	639
		Weighted average number of ordinary shares in issue ('000)	253 558	177 954
		Basic (loss)/earnings per share (cents)	(206)	359
		Fully diluted (loss)/earnings per share		
		For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes and warrants in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.		
		Weighted average number of ordinary shares in issue ('000)	253 558	177 954
		Adjustments for share options	1 330	(1 213)
		Adjustments for warrants in issue	-	1 570
		Weighted average number of ordinary shares for fully diluted earnings per share	254 888	178 311
		Fully diluted (loss)/earnings per share (cents)	(205)	359
		Headline (loss)/earnings per share		
		The calculation of headline earnings per share is based on the basic earnings per share calculation adjusted for the following items:		
		Net (loss)/income attributable to shareholders	(523)	639
		Profit on sale of property, plant and equipment	(116)	(61)
		Net impairment of assets	-	598
		Amortisation of goodwill	105	-
		Impairment of investment in associate	88	-
		Net loss of sale on listed investments	(31)	-
		Net loss on sale of subsidiary	(22)	-
		Net profit on sale and loss on dilution of investment in associates	(282)	-
		Headline (loss)/earnings	(781)	1 176
		Basic headline (loss)/earnings per share (cents)	(308)	661
		Fully diluted headline (loss)/earnings per share (cents)	(306)	660

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18 DIVIDENDS DECLARED

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Interim dividend no. 78 of 40 cents per share (2003: dividend no. 76 of 125 cents)	103	230
		Final dividend no. 77 for 2003 of 150 cents per share (2003: dividend no. 75 for 2002 of 425 cents)	292	741
			395	971

The dividends proposed are as follows:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Dividends proposed		
		Final dividend no. 79 proposed of 30 cents per share (2003: dividend no. 77 proposed of 150 cents)	96	291

The final dividend in respect of the 2004 financial year was approved on 30 July 2004. These financial statements do not reflect the final dividend proposed. It will be accounted for in the 2005 financial year.

The final dividend in respect of the 2003 financial year was approved on 1 August 2003. The 2003 financial statements did not reflect the final dividend proposed. It was accounted for in the 2004 financial year.

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19 PROPERTY, PLANT AND EQUIPMENT

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
1 331	1 312	Mining properties, mine development costs and mine plant facilities	22 078	9 831
1	1	Other non-mining assets	166	138
1 332	1 313		22 244	9 969

Mining properties, mine development costs and mine plant facilities

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
2 361	2 487	Cost at beginning of year	16 150	14 387
-	-	Acquired through the purchase of subsidiaries	13 413	1 394
-	-	Acquired through the purchase of businesses	-	72
126	70	Additions	938	857
-	-	Disposals	(128)	(20)
-	-	Disposal of subsidiary	(243)	-
-	-	Foreign currency translation adjustments	(1 249)	(540)
2 487	2 557		28 881	16 150
1 064	1 156	Accumulated depreciation and amortisation at beginning of period	6 319	5 102
-	-	Acquired through the purchase of subsidiaries	703	-
-	-	Impairment of fixed assets	-	812
-	-	Disposals	(48)	(6)
-	-	Disposal of subsidiary	(190)	-
-	-	Foreign currency translation adjustments	(788)	(158)
92	89	Charge for the year	807	569
1 156	1 245		6 803	6 319
1 331	1 312	**Net book value**	22 078	9 831

Other non-mining assets

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
28	28	Cost at beginning of year	190	193
-	-	Additions	45	1
-	-	Disposals	(4)	(3)
-	-	Foreign currency translation adjustments	(5)	(1)
28	28		226	190
27	27	Accumulated depreciation and amortisation at beginning of year	52	45
-	-	Disposals	-	-
-	-	Foreign currency translation adjustments	(1)	(1)
-	-	Charge for the year	9	8
27	27		60	52
1	1	**Net book value**	166	138
1 332	1 313	**Total net book value**	22 244	9 969

Other non-mining assets consist of mineral subscription and participation rights, freehold land, computer equipment and motor vehicles.

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20 INTANGIBLE ASSETS - GOODWILL

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	-	Opening net book value	-	-
-	-	Acquired through the purchase of subsidiaries	2 372	-
-	-	Amortisation charge	(105)	-
-	-	**Closing net book value**	2 267	-
		The net book value as at 30 June 2004, is made up as follows:		
-	-	Cost	2 372	-
-	-	Accumulated amortisation	(105)	-
-	-	**Net book value**	2 267	-

The goodwill relates to the acquisition of ARMgold Limited (Refer to note 39(b)(i)(a)).

21 RESTRICTED CASH

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	11	Bissett proceeds held in trust	10	-
-	-	Australian dissentient shareholders funds	33	-
-	-	Security deposits	19	-
-	11		62	-

An amount of 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 had been provided by the Canadian tax authority that all outstanding tax obligations by Harmony had been met.

An amount of 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$4 million is held in respects of security deposits on mining tenements and credit cards.

22 INVESTMENTS

Company			Group	
2003	2004		2004	2003
R million	R million		R million	R million
		Listed investments		
164	-	Investment in High River Gold Mines Limited (a)	-	164
-	-	Investment in Midas Resources Limited (b)	-	5
-	-	Investment in Gindalbie Gold NL (c)	-	-
-	4	Investment in San Gold Resources Corporation (d)	4	-
-	6	Investment in Gold City Industries Limited (e)	6	-
-	68	Investment in African Rainbow Minerals Limited (f)	1 452	-
164	78	**Total listed investments**	1 462	169
		Other investments		
3	29	Unlisted investments and loans (g)	70	41
72	99	Amounts contributed to environmental trust funds (h)	1 080	606
51	29	Loan to Harmony Share Trust (i)	-	52
126	157		1 150	699
290	235	**Total non-current investments**	2 612	868

(a) On 22 November 2002, the Company purchased 17 074 861 shares in High River for R141 million. High River is a company subject to the laws of Ontario, Canada, that 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 16% (C$0.85 cents per share) from the 30 day weighted average share price for the period prior to the execution of the agreement with Jipangu Incorporated, a Japanese investment house. Shares issued by High River subsequent to our acquisition have effectively diluted the Company's shareholding to 16% as at 30 June 2003. The market value of the investment was R164 million on 30 June 2003, resulting in an increase of R23 million since acquisition, which was reflected as equity reserves. (Refer to note 28(b) for more detail.) On 17 October 2003, the Company disposed of its entire investment in High River for cash proceeds of R163 million, resulting in a profit of R22 million on disposal.

(b) In February 2003 Aurora Gold WA (Proprietary) Limited, a subsidiary of Abelle, sold its Lake Carey tenements to Midas Resources. The consideration received was A$ 3 million plus 10 000 000 ordinary shares, fully paid, issued at A$ 0.20 per share. As at 30 June 2003 the market value of the shares in Midas Resources was R5 million (A$ 0.10 per share). Midas Resources is a gold exploration company, which is listed on the Australian Stock Exchange. On 22 March 2004, Harmony disposed of its entire investment in Midas Resources for cash proceeds of R10 million, resulting in a profit of R0.1 million on disposal.

(c) On 30 December 2003 Harmony Gold Operations (Proprietary) Limited, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, received 538 503 shares in Gindalbie Gold NL, as partial consideration for the sale of tenements. As at 30 June 2004 the market value of the shares was R0.2 million (A$0.10 per share).

(d) On 17 March 2004 the Company received 5 000 000 ordinary shares in San Gold Resources, issued at C$0.40 per share, as partial consideration for the sale of the Company's wholly owned subsidiary, Bissett. San Gold is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. The market value of the investment was R4 million (C$0.19 per share) on 30 June 2004, resulting in a decrease of R6 million since acquisition, which was reflected as equity reserves (Refer to note 28(b) for more detail).

(e) On 17 March 2004 the Company received 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. Gold City is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. The market value of the investment was R6 million (C$0.25 per share) on 30 June 2004, resulting in a decrease of R4 million since acquisition, which was reflected as equity reserves (Refer to note 28(b) for more detail).

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(f) Harmony's 34.5% investment in 38 789 761 issued ordinary shares of ARM was diluted to 19% on 3 May 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 (Refer to note 23(c) for more detail). 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. ARM is listed on the JSE Securities Exchange and has interests in operating gold, manganese, iron, chrome, platinum, and nickel mines in South Africa. The market value of the investment was R1 452 million (R34.00 per share) on 30 June 2004, resulting in a decrease of R275 million in the carrying value of the investment, which was reflected as equity reserves. (Refer to note 28(b) for more detail.)

(g) Unlisted investments comprise various industry related investments and loans, which have been valued by the directors. The directors of the Company perform independent valuations of the investments on an annual basis to ensure that no permanent impairment in the value of the investments has occurred. No dividends were received from these investments during the current financial year (2003: R0 million).

(h) The environmental trust funds are irrevocable trusts under the Group's control. The contributions to the trusts are invested primarily in interest bearing short-term and other investments. The cost of these investments approximate their fair value. These investments provide for the estimated cost of rehabilitation during, and at the end of the life of the Group's mines. Income earned on the investments are accounted for as investment income. The funds contributed to the trusts are included under held to maturity and available-for-sale investments. These investments are restricted in use and may only be used to fund the Group's approved rehabilitation costs.

(i) A loan of R29 million (2003: R52 million) was made to the Harmony Share Trust to acquire 692 950 shares (2003: 1 382 842 shares) for employees participating in the Harmony Share Option Scheme. (Refer to note 36 for detail on the share option scheme.)

23 INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Listed investments in associates

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	256	Opening carrying amount (a, b and c)	1 398	291
256	647	Shares acquired at cost (d)	647	1 102
-	-	Shares acquired through purchase of subsidiary (c)	862	-
-	-	Mark-to-market of investment	-	(9)
-	-	Impairment of investment	(88)	-
-	(256)	Disposal of shares	(299)	-
-	(647)	Associate becoming a subsidiary	(636)	-
-	-	Associate becoming a listed investment on dilution	(1 811)	-
-	-	Share of results after tax	54	57
256	-		127	1 441
-	-	Foreign currency translation adjustments	(3)	(43)
256	-	Closing carrying amount	124	1 398

(a) As at 30 June 2004 the Group held 294 222 437 shares in Bendigo, a company incorporated in Australia. The investment represents a 31.6% interest in a single project gold company, listed on the Australian stock exchange. The company is developing into virgin underground ore bodies that proved to exist beneath old workings that made up this gold field which closed in the early 1950's after 100 years of continuous production. The carrying value of this investment as determined by closing price, on the Australian stock exchange at the close of business and closing exchange rates amounted to R124 million (2003: R276 million). Harmony was also granted options to acquire 360 million shares in Bendigo any time before 31 December 2003 at Australian $0.30 per share. These options were not exercised by Harmony before this date and have lapsed. Included in the income statement for the year ended 30 June 2003, is an amount of R9 million relating to a loss on the mark-to-market of these listed options. (Refer to note 9 for more detail.) Included in the income statement for the current year is an impairment on this investment of R88 million. (Refer to note 8 for more detail.)

The Group's interest of 31.6% (2003: 31.8%) in the summarised balance sheet of Bendigo Mining NL is as follows:

	2004 R million	2003 R million
Capital and reserves	12	36
Non-current liabilities	3	3
	15	39
Fixed assets	7	8
Net current assets	8	31
	15	39

(b) The Company acquired a strategic shareholding of 32 500 000 shares in Highland Gold on 31 May 2002, for R188 million. On listing on the Alternative Investment Market of the London Stock Exchange in December 2002, Highland Gold issued additional shares. This diluted the Company's initial investment of 32.5% to 31.7% after an additional 2 511 947 shares were issued for R68 million. Highland Gold is a Jersey based company which holds Russian gold assets, comprising a producing gold mine together with projects and potential projects at various stages of development. Highland Gold's financial year end is 31 December. For the remainder of the Group's accounting periods, unaudited management accounts were used to compile the Group's consolidated results. Harmony has disposed of its investment in Highland Gold for R833 million as at 14 October 2003. The market value of this investment at 30 June 2003, as determined by closing prices on the Alternative Investment Market of the London Stock Exchange at the close of business and closing exchange rates, amounted to R963 million.

The Group's interest of 31.7% in the summarised balance sheet of Highland Gold as at 30 June 2003 was as follows:

	2003 R million
Capital and reserves	229
Non-current liabilities	38
	267
Fixed assets	126
Other non-current assets	41
Net current assets	100
	267

(c) The Group acquired a 17.25% interest in ARM through its 50% interest in a joint venture with ARMgold, Clidet (refer to note 24(b)). The joint venture company purchased 27 786 362 shares in ARM from Anglo American Plc for R1 209 million on 8 May 2003 and a further 11 003 399 shares for R478 million on 14 May 2003, giving a combined interest of 34.5% in the issued share capital of ARM. On 22 September 2003, the group acquired the additional 17.25%, owned by Clidet, through its acquisition of ARMgold. ARM is listed on the JSE Securities 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. Clidet's investment in ARM was diluted to 19% in May 2004, by the issue of new shares by ARM, following a range of transactions between Harmony, ARM and ARMI. A voting pool agreement between Harmony and ARMI in respect of their shareholding in ARM was reached. The result was that the investment in ARM was reclassified to an available-for-sale investment. Refer to note 22(f). As at 30 June 2003, Clidet's 34.5% investment in Avmin was valued at R1 552 million by reference to the stock exchange quoted price of R40.00 per shares at that date.

The Group's interest of 17.25% in the summarised balance sheet of ARM for the year ended 30 June 2003 is as follows:

	2003 R million
Capital and reserves	1 038
Non-current liabilities	232
	1 270
Fixed assets	1 133
Other non-current assets	46
Net current assets	91
	1 270

(d) The Company acquired 11.5% of the shares in Avgold on 15 July 2003 for R647 million. Together with its indirect holding of 14.3% in Avgold through investment in ARM, the Company had significant influence on Avgold. Further additional shares in Avgold were acquired on 3 May 2004, resulting in a controlling interest of 53.5%. The remaining 46.5% owned by outside shareholders was treated as a minority interest since that date. On 11 May 2004 the Company announced a scheme of arrangement to acquire the entire issued share capital of Avgold. This scheme was sanctioned by the High Court of South Africa and was subsequently registered by the Registrar of Companies. This concluded the acquisition of the remaining 46.5% of Avgold and the scheme became effective on 24 May 2004, after which Avgold became a wholly owned subsidiary of the Company. The result was that the investment in Avgold was reclassified from an investment in an associate to an investment in a subsidiary on 3 May 2004.

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Unlisted investments in subsidiaries

Company 2003 R million	Company 2004 R million	
5 146	20 390	Shares at fair value (refer Annexure A)
2 365	3 158	Loans to subsidiaries (refer Annexure A)
7 511	23 548	**Total investments in subsidiaries**

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24 INTEREST IN JOINT VENTURES

(a) Interest in ArmGold/Harmony Freegold Joint Venture Company (Proprietary) Limited

The Group had a 50% interest in a joint venture with ARMgold, the ArmGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (Freegold), which operates as a gold mining company in the Welkom area of the Free State goldfields. The joint venture company purchased the Free Gold and Joel assets from AngloGold Limited for approximately R2 881 million and took operational control of these assets on 3 January 2002. With the acquisition of ARMgold on 22 September 2003, the Group gained control over the entire shareholding at Freegold, and have treated it as a subsidiary since that date. The following amounts represent the Group's share of the assets and liabilities and revenue and expenses of the joint venture for the year ended 30 June 2003 and are included in the consolidated balance sheet, income statement and cash flow statement:

	Group 2003 R million
Property, plant and equipment	1 415
Investments	278
Current assets	390
	2 083
Non-current non-interest-bearing borrowings	164
Non-current intergroup borrowings	719
Deferred income and mining taxes	312
Provision for environmental rehabilitation	160
Provision for post-retirement benefits	1
Current liabilities	145
	1 501
Net assets	582
Income	1 861
Expenses	(1 401)
Profit before tax	460
Taxation	(164)
Profit after tax	296
Operating cash flows	556
Investing cash flows	(105)
Financing cash flows	(687)
Total cash flows	(236)
Proportionate interest in joint venture commitments	426

There were no contingencies relating to the Group's interest in the joint venture as at 30 June 2003. The number of employees employed by the joint venture was 17 146 as at 30 June 2003.

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(b) Interest in Clidet 454 (Proprietary) Limited

The Group had a 50% interest in a joint venture with ARMgold, Clidet. The joint venture company purchased a 24.7% interest in ARM from Anglo American Plc for R1 209 million on 8 May 2003 and a 9.8% interest for R478 million on 14 May 2003. With the acquisition of ARMgold on 22 September 2003, the Group gained control over the entire shareholding on Clidet, and have treated it as a subsidiary since that date. The following amounts represent the Group's share of the assets and liabilities and revenue and expenses of the joint venture for the year ended 30 June 2003 and are included in the consolidated balance sheet, income statement and cash flow statement:

	Group 2003 R million
Investment in associate	867
Listed investment	-
	867
Non-current intergroup borrowings	846
	846
Net assets	21
Income	21
Expenses	-
Profit before tax	21
Taxation	-
Profit after tax	21
Operating cash flows	-
Investing cash flows	(846)
Financing cash flows	846
Total cash flows	-
Proportionate interest in joint venture commitments	-

There were no contingencies relating to the Group's interest in the joint venture as at 30 June 2003.

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25 INVENTORIES

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
75	68	Gold in process and bullion on hand	335	278
135	150	Stores and materials at average cost	196	176
210	218		531	454

All the operations' gold in process is valued at cost, except for the following operations' gold in process, that are valued at net realisable value:

	Group 2004 R million	Group 2003 R million
Free State	69	75
Elandskraal	8	20
Kalgold	8	-
Evander	33	-
Freegold	21	-
ARMgold	11	-
	150	95

26 RECEIVABLES

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
23	6	Value added tax	122	68
32	87	Trade receivables	156	147
259	178	Gold receivables	429	355
50	32	Interest and other	152	201
364	303		859	771

27 SHARE CAPITAL AND SHARE PREMIUM

Share capital

Authorised

350 000 000 (2003: 250 000 000) ordinary shares of 50 cents each

10 958 904 (2003: 10 958 904) redeemable convertible preference shares of 50 cents each

Issued

320 741 577 (2003: 184 854 115) ordinary shares of 50 cents each

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
85	92	Ordinary shares of 50 cents each at 1 July 2003	92	85
1	-	Issued in terms of the share option scheme	-	1
3	-	Issued for cash	-	3
-	4	Acquisition of 11.5% interest in Avgold	4	-
-	32	Acquisition of ARMgold	32	-
-	14	Acquisition of 42.2% interest in Avgold	14	-
-	17	Acquisition of Avgold minorities	17	-
3	1	Conversion of warrants	1	3
92	160	Balance as at 30 June 2004	160	92
6 782	20 780	**Share premium**	20 729	6 782

The unissued shares are under the control of the Directors until the forthcoming Annual General Meeting. The directors report and note 36 set out details in respect of the share option scheme.

The company has a general authority to purchase its shares up to a maximum of 20% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 12 November 2003. The general authority is subject to the Listings Requirements of the JSE Securities Exchange South Africa and the Companies Act no 61 of 1973 of South Africa, as amended.

28 FAIR VALUES AND OTHER RESERVES

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	-	Foreign exchange translation reserve (a)	(774)	(261)
23	(21)	Mark-to-market of listed investments (b)	(285)	41
-	-	Mark-to-market of environmental trust funds (c)	8	9
-	277	Issue of convertible bonds (d)	277	-
-	-	Acquisition of minority interest in subsidiary (e)	(381)	-
-	-	Other	(31)	(31)
23	(256)		(1 186)	(242)

(a) The balance of the foreign exchange translation reserve represents the cumulative translation effect of the Company's offshore operations.

(b) On 17 March 2004 the Company received 5 000 000 ordinary shares in San Gold, valued at R10 million, as partial consideration for the sale of the Company's wholly owned subsidiary, Bissett. San Gold is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. The market value of the investment as at 30 June 2004 was R4 million, resulting in a decrease of R6 million since acquisition.

On 17 March 2004 the Company received 5 714 285 ordinary shares in Gold City, valued at R10 million, as partial consideration for the sale of the Company's wholly owned subsidiary, Bissett. Gold City is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. The market value of the investment as at 30 June 2004 was R6 million, resulting in a decrease of R4 million since acquisition.

Harmony's 34.5% investment in 38 789 761 issued ordinary shares of ARM was diluted to 19% on 3 May 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, giving a total value to the investment in ARM of R1 727 million. ARM is listed on the JSE Securities Exchange and has interests in operating gold, manganese, iron, chrome, platinum, and nickel mines in South Africa. The market value of the investment as at 30 June 2004 was R1 452 million, resulting in a decrease in carrying value of R275 million.

On 22 November 2002, the company purchased 17.1 million shares in High River, a Toronto listed company, for a total consideration of R141 million. The market value of the investment as at 30 June 2003 was R164 million, resulting in an increase of R23 million since acquisition. The investment in High River was disposed of on 17 October 2003 and the mark-to-market reserve was realised in the income statement to the profit on disposal of the investment.

On 3 June 2003 Abelle completed the acquisition of the remaining 50% of the Morobe Gold Project from CDC Financial Services Limited and Kula Fund Limited. As consideration Abelle paid US$ 10 million cash plus 12 million issued share options, expiring on 30 June 2007 and exercisable at A$ 1.00 per option. As at 30 June 2003 the options were valued at R18 million. On 15 March 2004 Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed options and unlisted options in Abelle that it did not already own. As at 30 June 2004 Abelle Limited was a wholly owned subsidiary of Harmony.

(c) The balance of the mark-to-market of environmental trust funds reserve relates to the mark-to-market of government gilts and bonds in the portfolio of investments of the environmental trust funds.

(d) On 21 May 2004, the Company issued 4 875% convertible bonds at a nominal value of R1 700 million. The bonds are convertible at the option of the shareholders at any time on or after 1 July 2004 and up to and including 15 May 2009, unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares, at nominal value Rand 0.50 per share. The fair values of the liability component, and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in fair value and other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not charged in subsequent periods. (Refer to note 29(b) for more details.)

(e) On 15 March 2004, 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. (Refer to note 16 for more details.) The excess of the purchase price of R579 million (A$123 million) over the carrying amount of minorities acquired, amounting to R381 million, has been accounted for under other reserves.

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The different categories of fair value and other reserves are made up as follows:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Foreign exchange translation reserve		
-	-	At the beginning of the year	(261)	64
-	-	Current year's foreign exchange movement	(513)	(325)
-	-	At the end of the year	(774)	(261)
		Mark-to-market of listed investments		
-	23	At the beginning of the year	41	-
-	-	Mark-to-market of Abelle's options	(18)	18
23	-	Mark-to-market of High River investment	-	23
-	(23)	Realisation of market-to-market on disposal of High River investment	(23)	-
-	(6)	Mark-to-market of San Gold Investment	(6)	-
-	(4)	Mark-to-market of Gold City investment	(4)	-
-	(11)	Mark-to-market of ARM investment	(275)	-
23	(21)	At the end of the year	(285)	41
		Mark-to-market of financial instruments		
46	-	At the beginning of the year	-	46
(46)	-	Mark-to-market of currency hedge	-	(46)
-	-	At the end of the year	-	-
		Mark-to-market of environmental trust funds		
-	-	At the beginning of the year	9	9
-	-	Mark-to-market of available-for-sale investments	(1)	-
-	-	At the end of the year	8	9
		Issue of convertible bond		
-	277	Issue of convertible bond	277	-
-	277	At the end of the year	277	-
		Acquisition of minority interest in subsidiary		
-	-	Acquisition of Abelle minorities	(381)	-
-	-	At the end of the year	(381)	-
		Other reserves		
-	-	At the beginning/end of the year	(31)	(31)

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29 BORROWINGS

Long-term borrowings

Company			Group	
2003	2004		2004	2003
R million	R million		R million	R million
		Unsecured		
1 200	1 200	Senior unsecured fixed rate bonds (a)	1 200	1 200
(30)	(17)	Fair value adjustment	(17)	(30)
(15)	(10)	Less: amortised discount and bond issue costs	(10)	(15)
1 155	1 173		1 173	1 155
-	1 700	Convertible unsecured fixed rate bonds (b)	1 700	-
-	(277)	Equity conversion component, net of deferred tax liability	(277)	-
-	(60)	Deferred tax liability	(60)	-
-	1 363	Liability component on initial recognition	1363	-
-	6	Interest expense	6	-
-	(43)	Less: amortised bond issue costs	(43)	-
-	1 326		1 326	-
1 155	2 499	**Total unsecured long-term borrowings**	2 499	1 155
		Secured		
68	56	BAE Systems Plc (c)	56	68
(68)	(56)	Less: short-term portion	(56)	(68)
-	-		-	-
375	-	BOE Bank Limited (d)	-	375
(125)	-	Less: short-term portion	-	(125)
250	-		-	250
-	-	AngloGold Limited (e)	372	161
-	-	Less: short-term portion	(372)	-
-	-		-	161
-	-	Gold Fields Limited (f)	6	4
-	-	Less: short-term portion	(3)	(1)
-	-		3	3
850	-	Nedbank Limited (g)	-	850
(4)	-	Less: amortised issue costs	-	(4)
846	-		-	846
-	-	Nedbank Limited (h)	128	-
-	-	Africa Vanguard Resources (Proprietary) Limited (i)	14	-
-	-	BOE Bank Limited (j)	295	-
-	-	Less: short term portion	(149)	-
-	-		146	-
1 096	-	**Total secured long-term borrowings**	291	1 260
2 251	2 499	**Total long-term borrowings**	2 790	2 415

(a) On 16 June 2001, Harmony launched and priced an issue of senior unsecured fixed rate bonds in an aggregate principal amount of R1 200 million, with semi-annual interest payable at a rate of 13% per annum. These bonds will be repayable on 14 June 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 remain outstanding, Harmony will 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. Included in the amortisation charge as per the income statement is R5 million (2003: R5 million) for amortisation of the bond issue costs.

(b) On 21 May 2004, Harmony issued an international unsecured fixed rate convertible bond in an aggregate principal amount of R1 700 million. Interest at a rate of 4.875% per annum is payable semi-annually in arrears on 21 May and 21 November of each year, commencing 21 November 2004. The bonds mature 5 years from the issue date at their nominal value of R1 700 million unless converted into the companies ordinary shares. The bonds are convertible at the option of the bondholders at any time on or after 1 July 2004 and up to and including 15 May 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 fair values of the liability components and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond (10%). The residual amount, representing the value of the equity conversion component, is included in the shareholders' equity in fair value and other reserves net of deferred income taxes. In subsequent periods, the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. 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 R1 million (2003: Rnil million) for amortisation of the bond issue costs.

(c) The loan from BAE Systems Plc is a US dollar denominated term loan of R56 million ($9.0 million) (2003: R68 million ($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 is secured by a notarial covering bond over certain gold proceeds and other assets and is repayable in full on 2 April 2005. The loan bears interest at Libor plus 2% which is accrued daily from the drawdown date and interest is repayable on a quarterly basis.

(d) On 18 April 2002 Harmony entered into a term loan facility of R500 million with BOE Bank Limited for the purpose of partially funding Harmony's acquisition of shares in Freegold and loans made by Harmony to Freegold in connection with the acquisition of mining assets. The facility is collateralised by a pledge of Harmony's shares in Freegold and is guaranteed by Randfontein, Evander, Kalgold and Lydex. The loan is repayable in full on 23 April 2006 by way of eight semi-annual capital installments which were due beginning 23 October 2002. The loan bears interest at a rate equal to the JIBAR rate for deposits in Rand plus 1.5% plus specified costs, which is accrued daily from the drawdown date and is payable quarterly in arrears commencing 23 July 2002. The following restrictive covenants apply:

(i) A consolidated net worth must be more than R4 600 million;
(ii) The total debt to EBITDA ratio not to exceed 1.5; and
(iii) EBITDA to total debt service ratio should not be less than 3.5.

The loan was settled in full on 28 May 2004.

(e) On 24 December 2001 Freegold entered into an agreement with AngloGold Limited to purchase its Freegold assets for R2 881 million . R1 800 million was payable on 1 January 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 is payable on 1 January 2005 at no interest charge. 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 22 September 2003, Freegold become a fully owned subsidiary of Harmony through Harmony's acquisition of ARMgold. Harmony's 100% (2003: 50%) portion of the outstanding loan balance at 30 June 2004 was R372 million (2003: R161 million), which was proportionately consolidated.

(f) On 1 July 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. R120 million was payable on 29 October 2002, being the effective date after the fulfilment of all the conditions precedent. The balance of R9 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 22 September 2003, Freegold became a fully owned subsidiary of Harmony through Harmony's acquisition of ARMgold. Harmony's 50% portion of the outstanding loan balance at 30 June 2003 was R6 million, which was proportionately consolidated.

(g) On 8 May 2003 Harmony Gold entered into a term loan agreement with Nedbank Limited for R850 million. The purpose of this term loan agreement was to fund the acquisition of 17.25% of ARM. This term loan was paid out in two tranches, the first tranche of R611 million was paid on 8 May 2003 and the second tranche of R239 million was paid on 13 May 2003. The loan is secured with guarantees provided by Evander, Randfontein, Kalgold and Lydex and is repayable in full on 8 November 2004. The loan bears interest at the 3 month JIBAR rate, plus a margin of 1.5% as well as stamp duties, liquid and reserving costs all converted to a nacq (nominal amount compounded quarterly) rate. Interest is repayable on a quarterly basis. The loan was settled in full on 30 June 2004. Included in the amortisation charge as per the income statement is R4 million (2003: R0.5 million) for amortisation of the loan costs.

(h) On 30 July 2003, Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVR) entered into a term loan facility of R116 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 capitalised and repaid with the loan amount. The loan amount and any interest accrued is repayable on 30 July 2008. Interest capitalised during the year ended 30 June 2004 amounted to R12 million.

(i) During the year AVR borrowed R14 million from its holding company Africa Vanguard Resources (Proprietary) Limited to service working capital commitments. The loan is unsecured and interest free, with no fixed terms of repayment.

(j) On 5 April 2002, ARMgold entered into a term loan facility of R500 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 collateralised 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 were no balances on this account at 30 June 2004.

The loan is repayable over a 4 year period in bi-annual installments of R89 580 194, the first was on 31 December 2002 and the final installment will be on 30 June 2006. The loan bears interest, compounded monthly, at a fixed interest rate of 15.49%.

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

Company			Group	
2003	2004		2004	2003
R million	R million		R million	R million
1 289	56	Variable	184	1 289
-	-	Current	554	1
-	1 173	Between 1 to 2 years	1 291	164
1 155	1 326	Between 2 to 5 years	1 327	1 156
-	-	Over 5 years	14	-
2 444	2 555	Total borrowings	3 370	2 609
52.7%	2.2%	Variable	5.5%	49.4%
0.0%	0.0%	Current	16.4%	0.0%
0.0%	45.9%	Between 1 to 2 years	38.3%	6.3%
47.3%	51.9%	Between 2 to 5 years	39.4%	44.3%
0.0%	0.0%	Over 5 years	0.4%	0.0%
100.0%	100.0%	Total borrowings	100.0%	100.0%

The maturity of borrowings is as follows:

Company			Group	
2003	2004		2004	2003
R million	R million		R million	R million
193	56	Current	610	194
971	1 173	Between 1 to 2 years	1 291	1 133
1 280	1 326	Between 2 to 5 years	1 455	1 282
-	-	Over 5 years	14	-
2 444	2 555	Total borrowings	3 370	2 609

The effective interest rates at the balance sheet date were as follows:

	Group	
	2004	2003
	R million	R million
Senior unsecured fixed rate bonds (a)	13.0%	13.0%
Convertible unsecured fixed rate bonds (b)	10.0%	0.0%
BAE Systems Plc (c)	3.4%	3.4%
BOE Bank Limited (d)	0.0%	15.3%
AngloGold Limited (e)	15.5%	15.5%
Gold Fields Limited (f)	0.0%	0.0%
Nedbank Limited (g)	0.0%	15.3%
Nedbank Limited (h)	15.3%	0.0%
Africa Vanguard Resources (Proprietary) Limited (i)	0.0%	0.0%
BOE Bank Limited (j)	15.5%	0.0%

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 30 June 2004, the company will have unrestricted access to loan financing for its reasonably foreseeable requirements. At year end, total borrowings amounted to R3 370 million (2003: R2 609 million).

30 DEFERRED FINANCIAL LIABILITY/(ASSET)

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
29	17	Mark-to-market of speculative financial instruments at year end	570	283
		The Group's net financial liability is made up as follows:		
(1)	-	Deferred financial assets	(8)	(1)
30	17	Deferred financial liabilities	578	284
29	17		570	283

During the financial year, Harmony closed out 500oz of the New Hampton and Hill 50 hedge books at a cost of R105 million (US$15 million). This close out is in accordance with Harmony's strategy of being unhedged. The remaining contracts are treated as speculative and the mark-to-market movement will be reflected in the income statement.

Included in the deferred financial liabilities, is an amount of R300 million (US$48 million) for the mark-to-market valuation of the currency hedge book inherited through the acquisition of Avgold. This hedge book consists of forward exchange contracts and calls sold to the amount of US$119 million.

(Refer to note 37 for more detail on the outstanding financial instruments.)

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31 PROVISION FOR ENVIRONMENTAL REHABILITATION

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Provision raised for future rehabilitation		
134	120	Opening balance	624	711
-	-	Acquisition of subsidiaries	228	30
-	-	Disposal of subsidiary	(9)	-
-	-	Finalisation of purchase price of subsidiary	-	(66)
(14)	3	Income statement charge	(37)	(25)
-	-	Foreign currency translation adjustments	(30)	(25)
120	123	Closing balance	776	624

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the Group has estimated that based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R1 280 million (2003: R969 million).

Included in the charge to the income statement is an amount of R50 million (2003: R51 million) relating to the time value of money.

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		The movements in the investments in the Group Environmental Trust Funds, were as follows:		
44	72	Opening balance	606	487
-	-	Transferred from other trust funds	352	17
6	9	Interest accrued	89	69
25	20	Contributions made	35	36
-	-	Mark-to-market of available-for-sale investments	(1)	-
(3)	(2)	Reimbursement of costs incurred	(1)	(3)
72	99	Closing balance	1 080	606
241	235	Ultimate estimated rehabilitation cost	1 280	969
(72)	(99)	Amounts invested in Environmental Trust Funds	(1 080)	(606)
169	136	Future net obligations	200	363

The Group intends to finance the ultimate rehabilitation costs 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.

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32 PROVISION FOR SOCIAL PLAN

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	12	Recognition of present value of future liability	12	-
-	-	Charge to income statement	-	-
-	12	Closing balance	12	-

The company has undertaken to donate R50 million over a period of 10 years to The Harmony Gold Mining Company Social Plan Trust in terms of an agreement signed on 3 November 2003. R18.5 million was donated during the current financial year and the balance will be donated in instalments of R3.5 million per annum over the next 9 years. The purpose of the trust is to fund the social plan to reduce the negative effects of retructuring 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 minimise job losses and a decline in employment through turnaround or redeployment strategies.

The movements in the investment in the Harmony Gold Mining Company Social Plan Trust for the period were as follows:

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
-	19	Contributions made	19	-
-	1	Interest accrued	1	-
-	20	Closing balance	20	-

33 POST-RETIREMENT BENEFITS

(a) **PENSION AND PROVIDENT FUNDS:** The Group contributes to several 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 2004 year (2003: 9%).

Substantially all the Group's employees are covered by the above-mentioned retirement benefit plans. Funds contributed by the Group for fiscal 2004 amounted to R317 million (2003 : R187 million).

(b) **POST-RETIREMENT BENEFITS OTHER THAN PENSIONS:** Skilled workers in South Africa participate in the Minemed 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 31 December 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The Group's contributions to these schemes on behalf of current employees amounted to R50 million for 2004 and R40 million for 2003.

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 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 0% to 7%.

The provision for former employees' post-retirement benefits comprise medical benefits for former employees who retired. The amounts were based on an actuarial valuation conducted during the year ended 30 June 2002.

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		The amounts recognised in the balance sheet are as follows:		
5	5	Present value of unfunded obligation	10	9
		The amounts recognised in the income statement are as follows:		
2	-	Benefits paid	-	5
2	-		-	5
		The movement in the liability recognised in the balance sheet is as follows:		
5	5	At the beginning of the year	9	9
-	-	Acquired through the purchase of subsidiaries	1	-
5	5	At the end of the year	10	9
		The principal actuarial assumptions used for accounting purposes were:		
12%	12%	Discount rate	4%-12%	4%-12%
0%	0%	Assumed medical subsidy inflation	0%-7%	0%-7%

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34 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Company			Group	
2003	2004		2004	2003
R million	R million		R million	R million
330	409	Trade payables	437	410
193	56	Short-term portion of long-term borrowings	579	194
-	-	Short-term borrowings	80	17
109	249	Payroll accrual	560	238
46	62	Leave liabilities	264	136
58	97	Accruals	401	298
119	72	Other liabilities	64	83
855	945		2 385	1 376

Leave liability

Employee entitlements to annual leave are recognised 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. The movement in the liability recognised in the balance sheet is as follows:

Company			Group	
2003	2004		2004	2003
R million	R million		R million	R million
40	46	At the beginning of the year	136	138
-	-	Acquired through the purchase of subsidiaries	65	1
-	-	Acquired through the purchase of businesses	-	3
(49)	(38)	Benefits paid	(125)	(156)
-	-	Foreign currency translation adjustments	(2)	-
55	54	Total expenses per income statement	190	150
46	62	At the end of the year	264	136

HARMONY GOLD MINING COMPANY LIMITED
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35 EMPLOYEE BENEFITS

	Group	
	2004	2003
NUMBER OF PERMANENT EMPLOYEES:		
Harmony Free State	10 974	12 317
Evander	7 344	6 770
Kalgold	188	229
Randfontein	6 756	7 154
Elandskraal	6 213	6 611
Australian operations	516	255
Bissett	-	6
Freegold (100%)	17 975	-
ARMgold	4 746	-
Avgold	534	-
Other	667	12
	55 913	33 354
Free Gold Joint Venture (50%)	-	8 573
Total	55 913	41 927

	Group	
	2004	2003
	R million	R million
AGGREGATE EARNINGS:		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	3 564	2 502
Retirement benefit costs	317	187
Medical aid contributions	50	40
	3 931	2 729

The aggregate earnings for the 2004 financial year includes the earnings of 50% of Freegold and ARMgold for a 3-month period until the acquisition of ARMgold on 22 September 2003. Thereafter the aggregate earnings includes 100% of the earnings of Freegold and ARMgold for the 9-month period The earnings of the 2003 financial year only included the earnings of 50% of Freegold for the full financial year.

Directors' remuneration is fully disclosed in the Director's report.

36 SHARE OPTION SCHEME

The Company has an Employee Share Option Scheme ("Harmony Share Option Scheme") hereunder referred to as the HSOS scheme under which certain qualifying employees may be granted options to purchase shares in the Company's authorised but unissued ordinary shares. Of the total of 8 000 000 ordinary shares under the specific authority of the directors in terms of the Harmony (2001) Share Option Scheme, 7 572 500 shares 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. In terms of the rules of the HSOS scheme, the exercise price of the options granted is equal to fair market value of the shares at the date of the grant.

Options currently expire no later than 10 years from the grant date and annually from the grant date, a third of the total options granted are exercisable in terms of the Harmony (1994) share option scheme and a fifth of the total options granted are exercisable in terms of the Harmony (2001) share option scheme. Proceeds received by the Company from the exercises are credited to share capital and share premium.

Share option activity was as follows:

	Number of share options granted	Average exercise price per share SA Rand
Balance as at 30 June 2002	9 077 000	-
Share options granted during the year	1 311 000	-
Share options lapsed	(461 800)	-
Share options exercised during the year	(2 243 300)	37.04
Balance as at 30 June 2003	7 682 900	-
Share options lapsed	(683 934)	-
Share options exercised during the year	(1 143 666)	41.82
Balance as at 30 June 2004	5 855 300	-

The details pertaining to share options issued and exercised by directors during the year are disclosed in the directors' report.

The number of shares held by the Harmony Share Trust at year end amounted to 692 950 (2003: 1 219 500).

The following table summarises the status of share options outstanding at 30 June 2004:

Grant date	Number of options	Option price (Rand)
2 December 1997	3 000	11.70
21 September 1999	91 500	22.90
23 February 1999	7 000	25.75
15 November 2000	119 800	27.20
13 January 2000	122 200	35.40
24 April 2001	195 650	36.50
20 November 2001	3 996 150	49.60
2 February 2002	30 000	93.00
27 March 2003	1 290 000	91.60
	5 855 300	

37 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS

Harmony 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. Following periodic evaluation of these exposures, Harmony may enter into derivative financial instruments to manage these exposures. Harmony does not issue derivative financial instruments for trading or speculative purposes.

Commodity price sensitivity

As a general rule, Harmony sells its gold production at market prices. Harmony, 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's and Hill 50's production was however already hedged when they were acquired by Harmony.

During the financial 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 R105 million (US$15 million). The remaining contracts are treated as speculative and the mark-to-market movement will be reflected in the income statement.

Maturity schedule of the Harmony Group's commodity contracts by type as at 30 June 2004

	30 June 2006	30 June 2007	30 June 2008	30 June 2009	Total
Forward Sales Agreements					
Ounces	108 000	147 000	100 000	100 000	455 000
A$ / ounce	510	515	518	518	515
Call Contracts Sold					
Ounces	40 000	-	-	-	40 000
A$ / ounce	552	-	-	-	552
	148 000	147 000	100 000	100 000	495 000

These contracts are classified as speculative and the mark-to-market movement is reflected in the income statement.

The mark-to-market of these contracts resulted in a negative value of R260 million (US$42 million) as at 30 June 2004. These values were based on a gold price of US$ 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.

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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 are classified as speculative and the mark-to-market movement is reflected in the income statement.

Maturity schedule of the Harmony Group's currency contracts as at 30 June 2004

	30 June 2005	30 June 2006	Total
Forward Exchange Contracts			
US$ million	79	40	119
Average strike ZAR/US$	9.07	9.54	9.23
(Buy US$, sell ZAR, at the agreed exchange rate)			
Forward Exchange Call Contracts sold			
US$ million	79	40	119
Average strike US$/ZAR	9.07	9.54	9.23
(Sell US$, buy ZAR, at the agreed exchange rate)			

The net effect of the above contracts are a US$ put / ZAR call option sold. The mark-to-market of these foreign exchange forward and option contracts was a negative R 300 million (US$ 48 million) as at 30 June 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.

Concentration of credit risk

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.

Interest rates and liquidity risk

Fluctuations in interest rates and gold lease rates impact on the value of short-term cash and financing activities.

Gold Lease Rate Swaps:

Harmony generally does not undertake any specific actions to cover its exposure to gold lease rates in respect of its lease rate swaps. Through its acquisitions of New Hampton and Hill 50, Harmony acquired certain gold lease rate swaps, which are listed below:

	2005	2006	2007	2008	2009
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 above instruments are all treated as speculative. The mark-to-market of the above contracts was a positive R8 million (US$1 million) as at 30 June 2004, based on valuations provided by independent treasury and risk management experts.

Interest Rate Swaps:

The Group has interest rate swap agreements to convert R600 million of its R1.2 billion 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: receive interest at a fixed rate of 13% and pay floating at JIBAR (reset quarterly) plus a spread of 1.8%.

(b) R200 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 cash flow hedges. The mark-to-market value of the transactions was a negative R17 million (US$3 million) and recognised in equity as at 30 June 2004 and the movement is reflected in equity.

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 to provide sufficient liquidity at the minimum risk.

Fair value

The fair value of the financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of the receivable, accounts payables and cash and cash equivalents are a reasonable estimate of the fair values. The carrying value of investments in the environmental trust funds with short-term maturities, approximate their fair values as the funds are invested in short-term available-for-sale investments. Available-for-sale investments (including those in the environmental trust fund) are carried at their market value. Long-term loans, other than the bonds, approximate fair value as they are subject to market based rates. The carrying value of both bonds approximate their market value at 30 June 2004.

38 CASH GENERATED FROM/(UTILISED IN) OPERATIONS

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Reconciliation of profit before taxation to cash generated from operations:		
889	959	(Loss)/income before taxation	(836)	917
		Adjustments for:		
98	101	Amortisation and depreciation	933	582
-	-	Impairment of assets	-	812
-	-	(Loss)/gain on financial instruments	223	(440)
(4)	(4)	Profit on sale of mining assets	(116)	(39)
(14)	3	Net (decrease)/increase in provision for environmental rehabilitation	(37)	(25)
-	-	Impairment of investment in associate	88	-
-	-	Income from associates	(54)	(57)
-	-	Mark-to-market of listed investments	-	9
-	(22)	(Profit)/loss on sale of listed investments	(34)	54
-	8	(Profit)/loss on sale of subsidiary	(1)	-
-	(577)	Profit on sale and loss on dilution of associates	(371)	-
(750)	(744)	Dividends received	(4)	(3)
(286)	(237)	Interest received	(204)	(270)
-	6	Interest paid - non cash	93	31
247	308	Interest paid - cash	319	289
(786)	(755)	Other non cash transactions	(98)	(94)
		Effect of changes in operating working capital items:		
(200)	61	Receivables	175	(81)
1	(8)	Inventories	(5)	4
190	303	Accounts payable and accrued liabilities	234	46
(615)	(598)	Cash generated by/(utilised in) operations	305	1 735

39 ADDITIONAL CASH FLOW INFORMATION

The income and mining taxes paid in the statement of cash flow represents actual cash paid.

a) Non-cash items

Excluded from the statements of consolidated cash flows are the following:

i) For the year ended June 2004

The minorities' share in the profits of Abelle and Avgold.

ii) For the year ended June 2003

The minorities' share in the profits of Abelle.

b) Acquisitions of Subsidiaries / Businesses

i) For the year ended June 2004

(a) With effect from 22 September 2003, the Company acquired the entire shareholding in ARMgold, which included the additional 50% interest in Freegold. The aggregate fair value of the assets acquired and the liabilities assumed were as follows:

	2004 R million
Inventories	30
Accounts receivable	226
Investments	357
Investment in associate	885
Property, plant and equipment	5 463
Accounts payable and accrued liabilities	(784)
Long-term liabilities	(478)
Provision for environmental rehabilitation	(219)
Provision for post-retirement benefits	(1)
Deferred tax	(1 498)
Fair value of net assets acquired	3 981
Goodwill	2 372
Total purchase price	6 353
Paid for by way of share issue	(7 080)
Paid for by cash	(1)
Cash and cash equivalents at acquisition	(728)

(b) With effect from 15 July 2003, the Company acquired a 11.5% interest in the share capital of Avgold, from Anglo South Africa Capital (Proprietary) Limited. On 3 May 2004, the Company acquired an additional 42.2% shareholding in Avgold, from ARM. The balance of the shareholding was acquired on 17 May 2004, after an offer to the minority shareholders was approved. The aggregate fair value of the assets acquired and the liabilities assumed were as follows:

	2004 R million
Inventories	42
Accounts receivable	39
Investments	29
Investment in associate	11
Property, plant and equipment	7 233
Accounts payable and accrued liabilities	(144)
Deferred financial liability	(250)
Provision for environmental rehabilitation	(9)
Minority interest	(18)
Total purchase price/fair value of assets acquired	6 933
Paid for by way of share issue	(6 933)
Paid for by cash	(2)
Cash and cash equivalents at acquisition	(2)

(c) On 15 March 2004 Harmony announced an off-market cash offer to acquire the remaining 16.8% of the shares and 30.3% of the options in Abelle. The compulsory acquisition was completed on 30 June 2004. The aggregate fair value of the assets acquired and liabilities assumed were as follows:

	2004 R million
Excess purchase price over carrying value of minorities	381
Net minority interest in Abelle	198
Total purchase price	579
Paid for by cash	579
	-

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ii) For the year ended June 2003

(a) With effect from 29 October 2002, the Group acquired a 50% interest in the assets of St. Helena Mines, through its 50% shareholding in Freegold, from St Helena Gold Mines Limited, a fully owned subsidiary of Gold Fields Limited. The aggregate fair value of the assets acquired and liabilities assumed were as follows:

	2003 R million
Inventories	1
Property, plant and equipment	72
Environmental Trust Fund	17
Long-term liabilities	(5)
Deferred tax	(5)
Provision for environmental rehabilitation	(20)
Total purchase price	60
Paid for by cash	(60)

(b) With effect from 1 May 2003, the Company had acquired a majority shareholding in Abelle and during the period to 30 June 2003 increased its shareholding such that as at 30 June 2003, Harmony had acquired 87% of the issued share capital of Abelle. The aggregate fair value of the assets acquired and liabilities assumed were :

	2003 R million
Inventories	9
Accounts receivable	4
Investments	5
Property, plant and equipment	1 124
Accounts payable and accrued liabilities	(17)
Provision for environmental rehabilitation	(10)
Deferred tax	(316)
Minority interest	(109)
Total purchase price	690
Paid for by cash	(769)
Cash and cash equivalents at acquisition	(79)

(c) With effect from 8 May 2003, the Company had acquired a 50% shareholding in the Clidet joint venture. The aggregate fair value of the assets acquired and the liabilities assumed were as follows:

	2003 R million
Investment in associate	846
Total purchase price	846
Paid for by way of borrowings	(846)

c) Disposal of Subsidiaries

i) For the year ended June 2004

(a) With effect from 17 March 2004, the Company disposed of the entire share capital of Bissett to San Gold and Gold City. The book value of the assets and liabilities disposed of were:

	2004 R million
Property, plant and equipment	46
Provision for environmental rehabilitation	(8)
Total sales price	38
Paid for by way of share issue	(20)
Paid for by cash	(18)
Cash and cash equivalents at disposal	-

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40 COMMITMENTS AND CONTINGENCIES

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Capital expenditure commitments		
5	3	Contracts for capital expenditure	77	34
27	46	Authorised by the directors but not contracted for	4 178	2 156
32	49		4 255	2 190

This expenditure will be financed from existing cash resources.

Company 2003 R million	Company 2004 R million		Group 2004 R million	Group 2003 R million
		Contingent liabilities		
-	-	Guarantees and suretyships	19	15
28	28	Environmental guarantees	99	75
28	28		118	90

Occupational Health Care Services

Occupational health care 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.

41 RELATED PARTY TRANSACTIONS

Our largest shareholder up to 3 May 2004, holding approximately 14% of the Company's issued shares since the ARMgold acquisition was ARMI, represented by Patrice Motsepe, the newly appointed Chairman of the Company's Board of directors since 22 September 2003. 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. 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 30 June 2004

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 30 June 2003, A.R. Fleming and Lord Renwick of Clifton KCMG 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 17 October 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 2004 and 2003 financial 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 two financial years indebted to Harmony.

42 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

(a) On 7 July 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. Harmony's shareholding in Bendigo has been diluted from 31.6% to 12.7%. Bendigo is no longer classified as an investment in an associate.

43 GEOGRAPHICAL AND SEGMENT INFORMATION

The primary reporting format of the company is by business segment. As there is only one business segment, being mining, extraction and production of gold, the relevant disclosures have been given in the financial statements. The secondary reporting format is by geographical analysis by origin. The accounting policies of the segments are the same as those described in the accounting policy notes.

The results of ARMgold (which includes the additional 50% of the results of Freegold) have been included from 1 October 2003, and the results of Avgold have been included from 1 May 2004.

Segmental information includes the results of operations of the Abelle operations from date of acquisition with effect from 1 May 2003. Gold operations are internally reported based on the following geographic areas: Free State, Evander, Kalgold, Randfontein, Elandskraal, Freegold, New Hampton, Hill 50, Abelle, ARMgold and Avgold. The Free State, Randfontein, Kalgold, Evander, Elandskraal, Freegold, ARMgold and Avgold are specific gold producing regions within South Africa. New Hampton, Hill 50 and Abelle mines are located primarily in Western Australia. The Company also has exploration interests in Southern Africa and Australia 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.

The segmental split on a geographical basis is:

Year ended 30 June 2004

	Free State (South Africa) R million	Evander (South Africa) R million	Kalgold (South Africa) R million	Randfontein (South Africa) R million	Elandskraal (South Africa) R million	Freegold (South Africa) R million	New Hampton (Australia) R million	Hill 50 (Australia) R million	Abelle (Australia) R million	ARMgold (South Africa) R million	Avgold (South Africa) R million	Other R million	Total R million
Profit and loss													
Revenue	1 679	958	217	1,089	861	2 371	34	781	90	573	136	-	8,789
Production costs	(1 694)	(900)	(196)	(1 003)	(971)	(2 078)	(31)	(663)	(67)	(538)	(79)	11	(8 209)
Cash operating profit/(loss)	(15)	58	21	86	(110)	293	3	118	23	35	57	11	580
Non-cash items:													
- Depreciation and amortisation	(101)	(42)	(15)	(54)	(47)	(150)	(11)	(261)	(4)	(209)	(35)	(4)	(933)
- Impairmant of investment in associate	-	-	-	-	-	-	-	-	-	-	-	(88)	(88)
- Loss on financial instruments	-	-	-	-	-	-	(6)	(134)	(5)	-	(78)	-	(223)
Profit/(loss) before tax	959	(138)	(81)	(246)	(359)	(178)	21	(437)	(10)	(262)	(59)	(45)	(835)
Taxation expense	61	45	(7)	44	91	(30)	(32)	163	(6)	37	-	(61)	305
Net profit/(loss) for the period before minority interest	1 020	(93)	(88)	(202)	(268)	(208)	(11)	(274)	(16)	(225)	(59)	(106)	(530)
Kilograms gold (*)	19 695	11 250	2 574	12 848	10 077	27 811	360	9 137	1 025	6 688	1 662	-	103 127
Tonnes milled (*) ('000)	6 551	2 073	1 388	4 850	2 186	7 504	109	4 446	187	1 291	207	-	30 792
Capital expenditure	70	94	30	141	122	1 852	4	135	71	4 239	7 629	9	14 396
Total assets	26 297	405	15	(864)	1 579	3 165	(44)	1 443	(68)	(406)	430	(1 890)	30 062
Total liabilities	3 744	220	27	(958)	1 683	2 457	72	1 911	335	306	471	(987)	9 281

*** Production statistics are unaudited.**

Year ended 30 June 2003

	Free State (South Africa) R million	Evander (South Africa) R million	Kalgold (South Africa) R million	Randfontein (South Africa) R million	Elandskraal (South Africa) R million	FreeGold Joint Venture (South Africa) R million	New Hampton (Australia) R million	Hill 50 (Australia) R million	Abelle (Australia) R million	Other R million	Total R million
Profit and loss											
Revenue	1 882	1 067	224	1 476	1 104	1 732	434	1 044	32	-	8 995
Production costs	(1 518)	(795)	(151)	(952)	(917)	(1 063)	(376)	(828)	(21)	-	(6 621)
Cash operating profit	364	272	73	524	187	669	58	216	11	-	2 374
Non-cash items:											
- Depreciation and amortisation	(98)	(41)	(12)	(64)	(34)	(70)	(46)	(214)	-	(3)	(582)
- Impairment	-	-	-	-	-	-	(162)	(650)	-	-	(812)
- Mark-to-market of listed investment	-	-	-	-	-	-	-	-	-	(9)	(9)
- Financial instruments	-	-	-	-	-	-	76	364	-	-	440
Profit/(loss) before tax	141	210	53	440	(20)	610	(78)	(507)	2	66	917
Taxation expense	(21)	(52)	(9)	(150)	(77)	(164)	124	118	6	(49)	(274)
Net profit/(loss) for the period before minority interest	120	158	44	290	(97)	446	46	(389)	8	17	643
Kilograms gold (*)	19 009	11 203	2 320	15 300	11 403	17 969	4 138	11 355	359	-	93 056
Tonnes milled (*) ('000)	5 338	2 127	1 084	4 873	2 989	4 681	1 945	5 144	58	-	28 239
Capital expenditure	127	99	70	37	141	341	8	275	1 152	2	2 252
Total assets	6 101	1 117	423	2 165	351	1 381	(23)	461	520	2 689	15 185
Total liabilities	3 334	294	25	557	187	782	2	730	498	147	6 556

(*) Production statistics are unaudited.

ANNEXURE A

STATEMENT OF SUBSIDIARY COMPANIES

Company description		Issued Share Capital R'000	Effective group Interest 2004 %	Effective group Interest 2003 %	Cost of investment by holding company 2004 R'million	Cost of investment by holding company 2003 R'million	Loans from/(to) holding company 2004 R'million	Loans from/(to) holding company 2003 R'million
DIRECT SUBSIDIARIES:								
Dormant companies:								
Harmony Gold (Management Services) (Pty) Ltd	(a)	1	100	100	-	-	0	-
Virginia Salvage (Pty) Ltd	(a)	2	90	90	-	-	-	-
Unisel Gold Mines Ltd	(a)	23 136	100	100	89	89	(92)	(92)
Exploration company:								
Lydenburg Exploration Ltd	(a)	42 792	100	100	204	204	(20)	(29)
Gold mining companies:								
African Rainbow Minerals Gold Ltd	(a)	96	100	-	7 081	-	(23)	-
Avgold Ltd	(a)	6 827	100	-	6 934	-	(17)	-
Evander Gold Mines Ltd	(a)	39 272	100	100	545	545	59	(162)
Harmony Gold Canada Inc.	(b)	25 000	-	100	-	28	-	16
Randfontein Estates Ltd	(a)	19 882	100	100	1 311	1 311	1 346	672
Investment holding companies:								
Harmony Gold Australia (Pty) Ltd	(c)	3 886 933	100	100	3 887	2 630	126	245
West Rand Consolidated Mines Ltd	(a)	17 967	100	100	321	321	28	18
Marketing companies:								
Authentic Beverage (Pty) Ltd	(a)	#	100	100	-	-	-	-
Harmony Gold (Marketing) (Pty) Ltd	(a)	#	100	100	-	-	61	53
Harmony Precious Metal Services SAS	(d)	62	100	60	-	-	59	79
Mining related services companies								
Future Mining (Pty) Ltd	(a)	#	100	-	-	-	-	-
Harmony Engineering (Pty) Ltd	(a)	#	100	-	-	-	-	-
Musuku Benefication Systems (Pty) Ltd	(a)	#	100	100	-	-	25	-
National Accommodation & Catering Services (Pty) Ltd	(a)	#	100	-	-	-	-	-
Ubuntu Small-scale Mining (Pty) Ltd	(a)	#	100	-	-	-	-	-
Property holding companies:								
La Riviera (Pty) Ltd	(a)	#	100	100	-	-	-	-
INDIRECT SUBSIDIARIES:								
Dormant companies:								
Arai Liki Offshore (Pty) Ltd	(c)	293	100	87	-	-	-	-
Bracken Mines Ltd	(a)	#	100	100	-	-	-	-
Garden Gully (Pty) Ltd	(c)	#	100	100	-	-	-	-
Garnkirk (Pty) Ltd	(c)	#	100	100	-	-	-	-
Jubilee Minerals (Pty) Ltd	(c)	2	100	100	-	-	-	-
Loraine Gold Mines Ltd	(a)	#	100	-	-	-	-	-
Leslie Gold Mines Ltd	(a)	#	100	100	-	-	-	-
Muro Baru (Pty) Ltd	(c)	#	100	87	-	-	-	-
NHG Investments (Pty) Ltd	(c)	#	100	100	-	-	-	-
Selcast Nickel (Pty) Ltd	(c)	#	100	100	-	-	-	-
Swaziland Gold (Pty) Ltd	(e)	#	100	100	-	-	-	-
Winkelhaak Mines Ltd	(a)	#	100	100	-	-	-	-

Company description		Issued Share Capital R'000	Effective group Interest 2004 %	Effective group Interest 2003 %	Cost of investment by holding company 2004 R'million	Cost of investment by holding company 2003 R'million	Loans from/(to) holding company 2004 R'million	Loans from/(to) holding company 2003 R'million
Exploration company:								
Harmony Gold (Exploration) (Pty) Ltd	(a)	10	100	100	-	-	-	-
Gold mining companies:								
Abelle Ltd	(c)	488 062	100	87	-	-	-	-
Big Bell Gold Operations (Pty) Ltd	(c)	#	100	100	-	-	-	-
Buffalo Creek Mines (Pty) Ltd	(c)	#	100	100	-	-	-	-
Harmony Gold Operations Ltd	(c)	405 054	100	100	-	-	-	-
Kalahari Goldridge Mining Company Ltd	(a)	1 275	100	100	-	-	-	-
Mt Magnet Gold NL	(c)	79 710	100	100	-	-	-	-
New Hampton Goldfields Ltd	(c)	196 248	100	100	-	-	-	-
South Kal Mines (Pty) Ltd	(c)	6	100	100	-	-	-	-
Investment holding companies:								
Aurora Gold Ltd	(c)	685 006	100	87	-	-	-	-
Aurora Gold Australia (Pty)Ltd	(c)	58	100	87	-	-	-	-
Aurora Gold Finance Ltd	(c)	#	100	87	-	-	-	-
Aurora Gold Services (Pty) Ltd	(c)	#	100	87	-	-	-	-
Aurora Gold (WA) (Pty) Ltd	(c)	163 115	100	87	-	-	-	-
Aurora Gold (PNG) (Pty) Ltd	(c)	#	100	87	-	-	-	-
Aurora Gold (Wafi) (Pty) Ltd	(c)	#	100	87	-	-	-	-
Aurora Gold Administration (Pty) Ltd	(c)	293	100	87	-	-	-	-
Evander Stone Holdings (Pty) Ltd	(a)	#	100	100	-	-	-	-
Harmony Gold (Isle of Man) Ltd	(f)	550	100	100	-	-	-	-
Harmony Gold Investments (Pty) Ltd	(c)	#	100	100	-	-	-	-
Harmony Gold Securities (Pty) Ltd	(c)	#	100	100	-	-	-	-
Harmony Gold WA (Pty) Ltd	(c)	#	100	100	-	-	-	-
Harmony Victoria (Pty) Ltd	(c)	#	100	100	-	-	-	-
Potchefstroom Gold Areas Ltd	(a)	8,407	100	100	-	-	-	-
Vadessa (Pty) Ltd	(c)	#	100	100	-	-	-	-
Marketing company:								
Harmony Precision Casting (Pty) Ltd	(a)	357	70	70	-	-	-	-
Mineral right holding companies:								
Australian Ores & Minerals (Pty) Ltd	(c)	8 766	100	87	-	-	-	-
Carr Boyd Minerals (Pty) Ltd	(c)	402 414	100	87	-	-	-	-
Cogent (Pty) Ltd	(a)	#	100	100	-	-	-	-
Hampton Gold Mining Areas Ltd	(g)	299 680	100	100	-	-	-	-
Kwazulu Gold Mining Company (Pty) Ltd	(a)	#	100	100	-	-	-	-
Morobe Consolidated Goldfields Ltd	(h)	#	100	87	-	-	-	-
Portions 1 and 3 Wildebeesfontein (Pty) Ltd	(a)	2	100	100	-	-	-	-
Potchefstroom Gold Holdings (Pty) Ltd	(a)	2	100	100	-	-	-	-
Remaining Extent and Portion 15 Wildebeesfontein (Pty) Ltd	(a)	1	90	90	-	-	-	-
The Kunana Mining Company (Pty) Ltd	(a)	#	100	100	-	-	-	-
Trodex Platinum (Pty) Ltd	(a)	4	100	100	-	-	-	-
Venda Gold Mining Company (Pty) Ltd	(a)	#	100	100	-	-	-	-
Wafi Mining Ltd	(h)	#	100	87	-	-	-	-

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Property holding companies:								
Evander Township Ltd	(a)	1 340	100	100	-	-	-	-
Evander Township Development Ltd	(a)	3	100	100	-	-	-	-
Quarrytown Ltd	(a)	#	100	100	-	-	-	-
Salt Holdings Ltd	(a)	60	100	100	-	-	-	-
JOINT VENTURE COMPANY - DIRECT:								
Gold mining company:								
ArmGold/Harmony Freegold Joint Venture Company (Pty) Ltd	(a)	20	100	50	17	17	760	719
Investment holding company:								
Clidet 454 (Pty) Ltd	(a)	#	100	50	1	1	846	846
JOINT VENTURE COMPANY - INDIRECT:								
Dormant company:								
Jeanette Gold Mines Ltd	(a)	#	96	50	-	-	-	-

The Group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method the Group includes its share of the joint venture's individual income and expenses, assets and liabilities in the relevant components of the financial statements on a line-by-line basis.

Company description		Issued Share Capital R'000	Effective group Interest 2004 %	Effective group Interest 2003 %	Cost of investment by holding company 2004 R'million	Cost of investment by holding company 2003 R'million	Loans from/(to) holding company 2004 R'million	Loans from/(to) holding company 2003 R'million
ASSOCIATE COMPANY - DIRECT:								
Gold mining company:								
Highland Gold Limited	(i)	1 432	-	32	-	-	-	-
ASSOCIATE COMPANY - INDIRECT:								
Gold mining company:								
Bendigo Mining NL	(c)	708 067	32	32	-	-	-	-
Exploration company:								
LMP Minerals (Pty) Ltd	(a)	#	31	-	-	-	-	-
Investment holding company:								
African Rainbow Minerals Ltd	(a)	5 630	-	17	-	-	-	-

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising 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 on the balance sheet at an amount that reflects the cost of the investment, the share of post acquisition earnings and other movement in the reserves.

	Cost of investment 2004	Cost of investment 2003	Loans 2004	Loans 2003
Total	20 390	5 146	3 158	2 365
Total investments			23 548	7 511

# Indicates issued share capital of less than R1 000
(a) Incorporated in the Republic of South Africa
(b) Incorporated in the Yukon Territory, Canada
(c) Incorporated in Australia
(d) Incorporated in France
(e) Incorporated in Swaziland
(f) Incorporated in the Isle of Man
(g) Incorporated in the United Kingdom
(h) Incorporated in the Papua New Guinea
(i) Incorporated in Jersey, USA

The above investments are valued by the directors at book value.

The interest of Harmony Gold Mining Company Ltd in the aggregate amount of the after tax losses of its subsidiaries, joint venture companies and associates is R1 543 million (2003: losses of R229 million).

HARMONY GOLD MINING COMPANY LIMITED
5.8 FINANCIAL STATEMENTS (US$/IMPERIAL)
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004 (CONVENIENCE TRANSLATION)

	Group		
	2004 US$million	2003 US$million	2002 US$million
Revenue	1 276	985	765
Cash operating costs	(1 191)	(725)	(511)
Cash operating profit	85	260	254
Amortisation and depreciation	(135)	(64)	(30)
Corporate, administration and other expenditure	(14)	(8)	(9)
Employment termination and restructuring costs	(33)	(5)	(8)
Exploration expenditure	(15)	(8)	(5)
Impairment of assets	-	(88)	(35)
(Loss)/gain on financial instruments	(32)	48	4
Marketing and new business expenditure	(13)	(8)	(9)
Other income/(expenses) – net	9	(19)	9
Provision of provision for former employees' post-retirement benefits	-	(1)	-
Reversal/(provision) of provision for rehabilitation costs	4	(1)	(2)
(Loss)/profit from operations	(144)	107	170
Impairment of investment in associate	(13)	-	-
Income from associates	8	6	-
Loss on mark-to-market of listed investments	-	(1)	58
Profit/(loss) on sale of listed investments	5	(6)	5
Profit/(loss) on sale of subsidiary	-	-	-
Profit on sale and loss on dilution of investment in associates	54	-	-
Interest and dividends	30	30	14
Interest paid	(60)	(35)	(23)
(Loss)/income before tax	(120)	100	223
Taxation	44	(30)	(57)
Net (loss)/income before minority interests	(76)	70	166
Minority interests	1	-	(2)
Net (loss)/income	(75)	70	164
Basic (loss)/earnings per share (cents)	(30)	39	107
Fully diluted (loss)/earnings per share (cents)	(30)	39	100
Basic headline (loss)/earnings per share (cents)	(45)	72	129
Diluted headline (loss)/earnings per share (cents)	(44)	72	120
Interim dividends per share (cents)	6	14	7
Proposed final dividends per share (cents)	4	16	42
Total dividends per share (cents)	10	30	49

Convenience translation based on average rates of US$/R6.89 (2003: US$/R9.13) (2002: US$/R10.20)

HARMONY GOLD MINING COMPANY LIMITED
5.9 FINANCIAL STATEMENTS (US$/IMPERIAL)
CONSOLIDATED BALANCE SHEET AT 30 JUNE 2004 (CONVENIENCE TRANSLATION)

	Group	
	2004 US$million	2003 US$million
Assets		
Non-current assets		
Property, plant and equipment	3 570	1 327
Intangible assets	364	-
Restricted cash	10	-
Investments	419	116
Investment in associates	20	186
Deferred taxation assets	1	5
Deferred financial assets	1	-
Total non-current assets	4 385	1 634
Current assets		
Inventories	85	60
Receivables	138	103
Cash and equivalents	217	225
Total current assets	440	388
Total assets	4 825	2 022
Equity and liabilities		
Share capital and reserves		
Share capital	26	12
Share premium	3 327	903
Fair value and other reserves	(190)	(32)
Retained earnings	173	266
Total shareholders' equity	3 336	1 149
Minority interest		
Minority interest	-	16
Total minority interest	-	16
Non-current liabilities		
Long-term borrowings	448	322
Deferred taxation	427	209
Deferred financial liability	93	38
Provision for environmental rehabilitation	125	83
Provision for post-retirement benefits	2	1
Provision for Social Plan	2	-
Total non-current liabilities	1 097	653
Current liabilities		
Accounts payable and accrued liabilities	381	183
Income and mining taxes	10	20
Shareholders for dividends	1	1
Total current liabilities	392	204
Total equity and liabilities	4 825	2 022

Convenience translation based on closing rates of US$/R6.23 (2003: US$/R7.51)

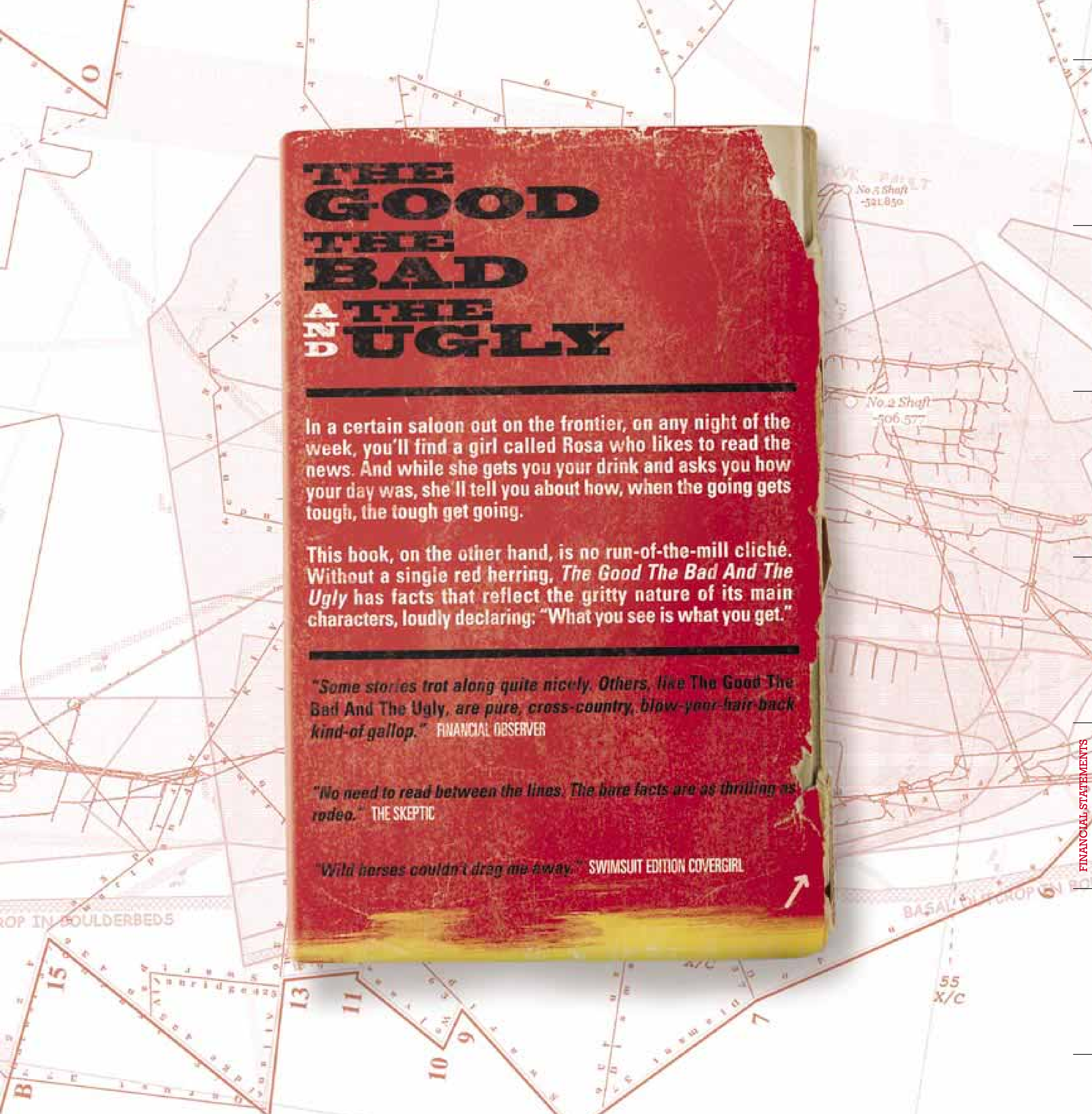
FINANCIAL STATEMENTS

HARMONY GOLD MINING COMPANY LIMITED
5.10 FINANCIAL STATEMENTS (US$/IMPERIAL)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004 (CONVENIENCE TRANSLATION)

	Group		
	2004	2003	2002
	US$million	US$million	US$ million
Cash flow from operating activities			
Cash generated from/(utilised in) operations	44	190	239
Interest received	29	30	13
Dividends received	1	-	1
Interest paid	(46)	(32)	(23)
Income and mining taxes paid	(84)	(43)	(9)
Net cash (utilised in)/generated by operating activities	(56)	143	221
Cash flows from investing activities			
Net increase in amounts invested in environmental trusts	(5)	(4)	(6)
Restricted cash	(9)	-	-
Cash held by subsidiaries on acquisition	101	10	14
Cash held by subsidiaries at disposal	-	-	-
Cash paid for Elandskraal Mines	-	-	(18)
Cash paid for Free Gold Mines	-	-	(73)
Cash paid for Hill 50 Mines	-	-	(125)
Cash paid for St. Helena Mines	-	(6)	-
Cash paid for Abelle	(88)	(102)	-
Cash paid for ARMgold	-	-	-
Cash paid for Avgold	-	-	-
Cash received for Bissett	3	-	-
Investment in Bendigo	-	-	(23)
Investment in Highland Gold acquired	-	(7)	(19)
Loan repaid by minority interest party	-	-	8
Cost on closure of hedge positions	(19)	(8)	(24)
Proceeds on disposal of listed investments	146	87	16
(Increase)/decrease in other non-current investments	(8)	(2)	(15)
Proceeds on disposal of mining assets	29	6	3
Additions to property, plant and equipment	(128)	(108)	(72)
Net cash generated by/(utilised in) investing activities	22	(134)	(334)
Cash flows from financing activities			
Long-term borrowings raised/(paid) – net	56	(52)	33
Ordinary shares issued	19	145	159
Shares issue expenses	(11)	(5)	(4)
Dividends paid	(57)	(106)	(22)
Net cash (utilised in)/generated by financing activities	7	(18)	166
Foreign currency translation adjustments	19	95	(66)
Net (decrease)/increase in cash and cash equivalents	(8)	86	(13)
Cash and equivalents - beginning of year	225	139	152
Cash and equivalents - end of year	217	225	139

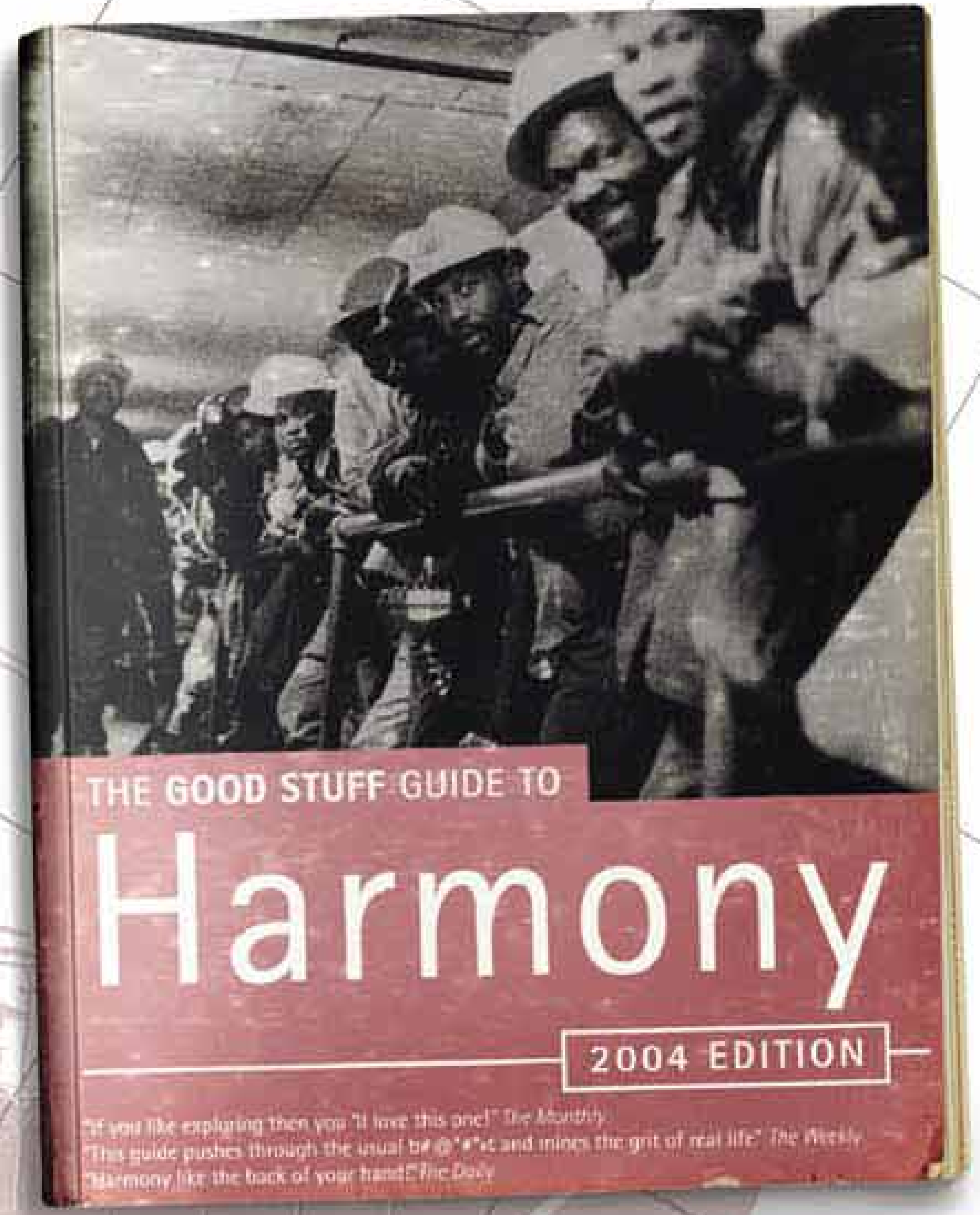
Convenience translation based on average rates of US$/R6.89 (2003: US$/R9.13) (2002: US$/R10.20)

Convenience translation based on closing rates of US$/R6.23 (2003: US$/R7.51) (2002: US$/R10.39)


THE GOOD THE BAD AND THE UGLY
In a certain saloon out on the frontier, on any night of the week, you'll find a girl called Rosa who likes to read the news. And while she gets you your drink and asks you how your day was, she'll tell you about how, when the going gets tough, the tough get going.
This book, on the other hand, is no run-of-the-mill cliché. Without a single red herring, The Good The Bad And The Ugly has facts that reflect the gritty nature of its main characters, loudly declaring: "What you see is what you get."
"Some stories trot along quite nicely. Others, like The Good The Bad And The Ugly, are pure, cross-country, blow-your-hair-back kind-of gallop." FINANCIAL OBSERVER
"No need to read between the lines. The bare facts are as thrilling as rodeo." THE SKEPTIC
"Wild horses couldn't drag me away." SWIMSUIT EDITION COVERGIRL
No.5 Shaft
No.2 Shaft
55
X/C

6 INVESTOR RELATIONS

ELANDSRAND NEW MINE PROJECT



Elandsrand

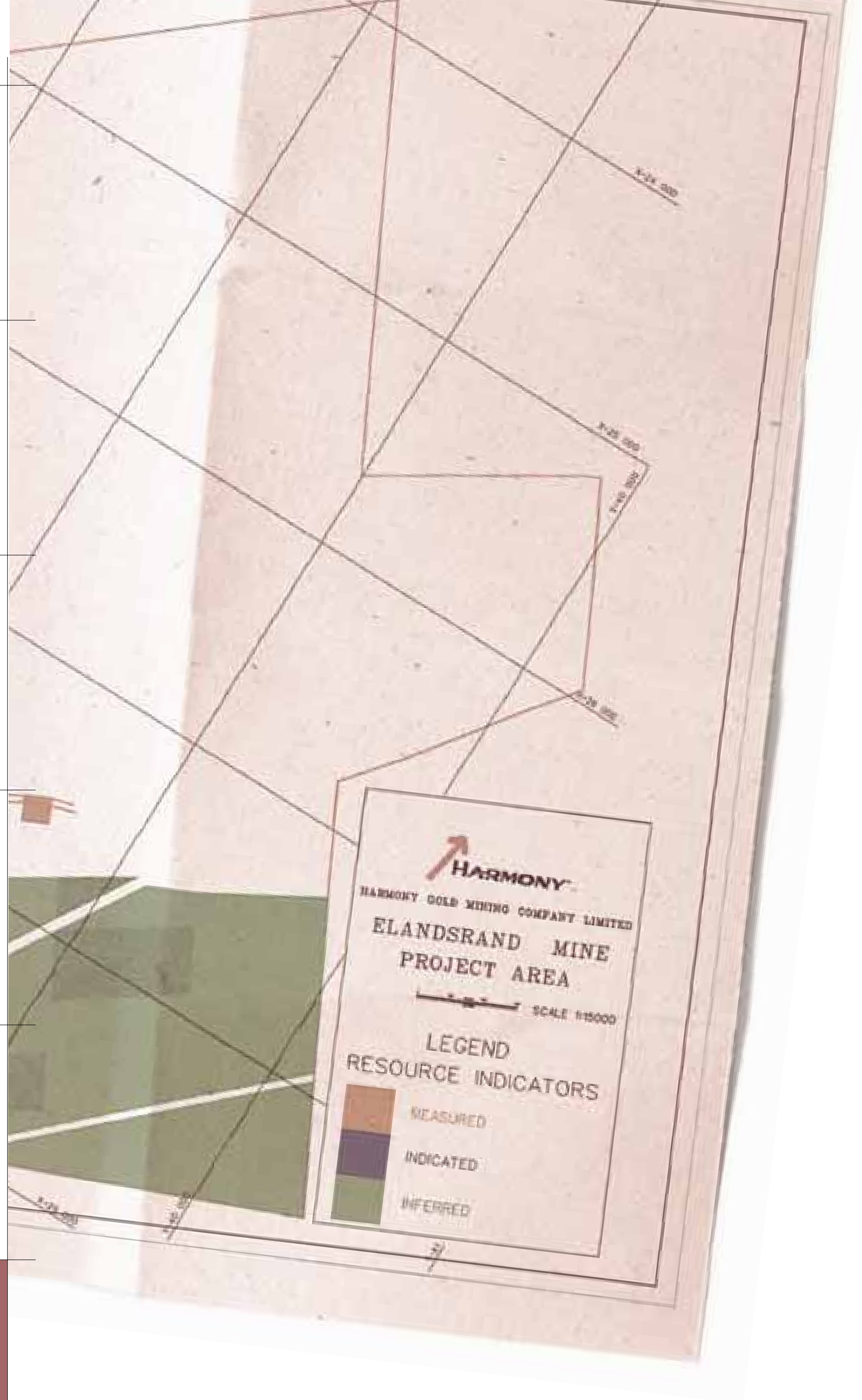
Project Description

The project, initiated by AngloGold in 1991, was intended to increase the life of mine by exploring the southern portion of the lease area between 3 000m and 3 600m below surface. This was to be achieved by deepening the sub-vertical and ventilation shafts. Development to reef is underway on 102, 105, 109 and 113 levels to access the higher grade payshoot which was mined on the shallower levels of the old mine.

General Geology

The deepening consists of the down dip extension of the VCR ore body below 98 level. The VCR is a robust quartz-rich pebble conglomerate.

RESOURCES	TONNES (million)	GRADE (g/t)	GOLD (tonnes)	OUNCES (million)
Reserves	15.8	9.1	114.0	4.6
Resources	30.5	9.5	290.9	9.4



6.1 SHAREHOLDER INFORMATION

SHAREHOLDERS' DIARY

Financial year end	30 June
Annual financial statements issued	1 October 2004
Annual general meeting	12 November 2004
Quarterly results announcements	
Quarter ended 30 September 2004	25 October 2004
Quarter ended 31 December 2004	24 January 2005
Quarter ended 31 March 2005	25 April 2005
Quarter ended 30 June 2005	8 August 2005

DIVIDENDS

	Period ended	Dividend per share (SA cents)	Dividend per share (US cents)
Final Dividend No. 77	30 June 2003	150	0.1959
Interim Dividend No. 78	31 December 2003	40	0.0603
Final Dividend No. 79	30 June 2004	30	0.0462

CURRENCY CONVERSION GUIDE - AT 30 JUNE 2004 ONE SOUTH AFRICAN RAND WAS EQUAL TO:

	2004	2003	2002
Australian Dollar	4.3029	5.0684	5.7971
Euro	7.4944	8.5980	10.1627
British Pound	11.1829	12.3621	15.8033
US Dollar	6.2275	7.5100	10.3900
Canadian Dollar	4.6211	5.5835	6.7751

STOCK EXCHANGE LISTINGS AND TICKER CODES

JSE Securities Exchange Johannesburg	**HAR**
New York Stock Exchange	**HMY**
London Stock Exchange	**HRM**
Euronext Brussels	**HG**
Euronext Paris	**HMY**
Berlin Stock Exchange	**HAM1**

The primary listing of the company's ordinary shares is on the JSE Securities Exchange South Africa. Its 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).

ANALYSIS OF ORDINARY (STRATE) SHAREHOLDINGS AT 30 JUNE 2004

Size of Holding	Number of Shareholders	% of Total Shareholders	Number of Shares Held	% of Issued Shares Held
1 - 10 000	8 162	94.48%	6 731 416	2.1%
10 001 - 100 000	299	3.46%	10 920 836	3.4%
100 001 - 1 000 000	147	1.70%	43 403 343	13.53%
1 000 001 - and more	31	0.36%	259 685 982	80.97%
Total		**100%**	**320 741 577**	**100%**

TOTAL STRATE AND CERTIFIED SHAREHOLDINGS AT 30 JUNE 2004

	Number of Shares Held	% of Issued Shares Held
STRATE Shareholders	318 284 604	99.23%
Certified Shareholders	2 456 973	0.77%
Total Issued Share Capital	**320 741 577**	**100%**

INSTITUTIONAL & CORPORATE AT 30 JUNE 2004
(excludes private investors)

	Number of Shareholders	Number of Shares Held	% of Issued Shares Held
Institutions and Bodies Corporate	320	272 507 348	84.96%

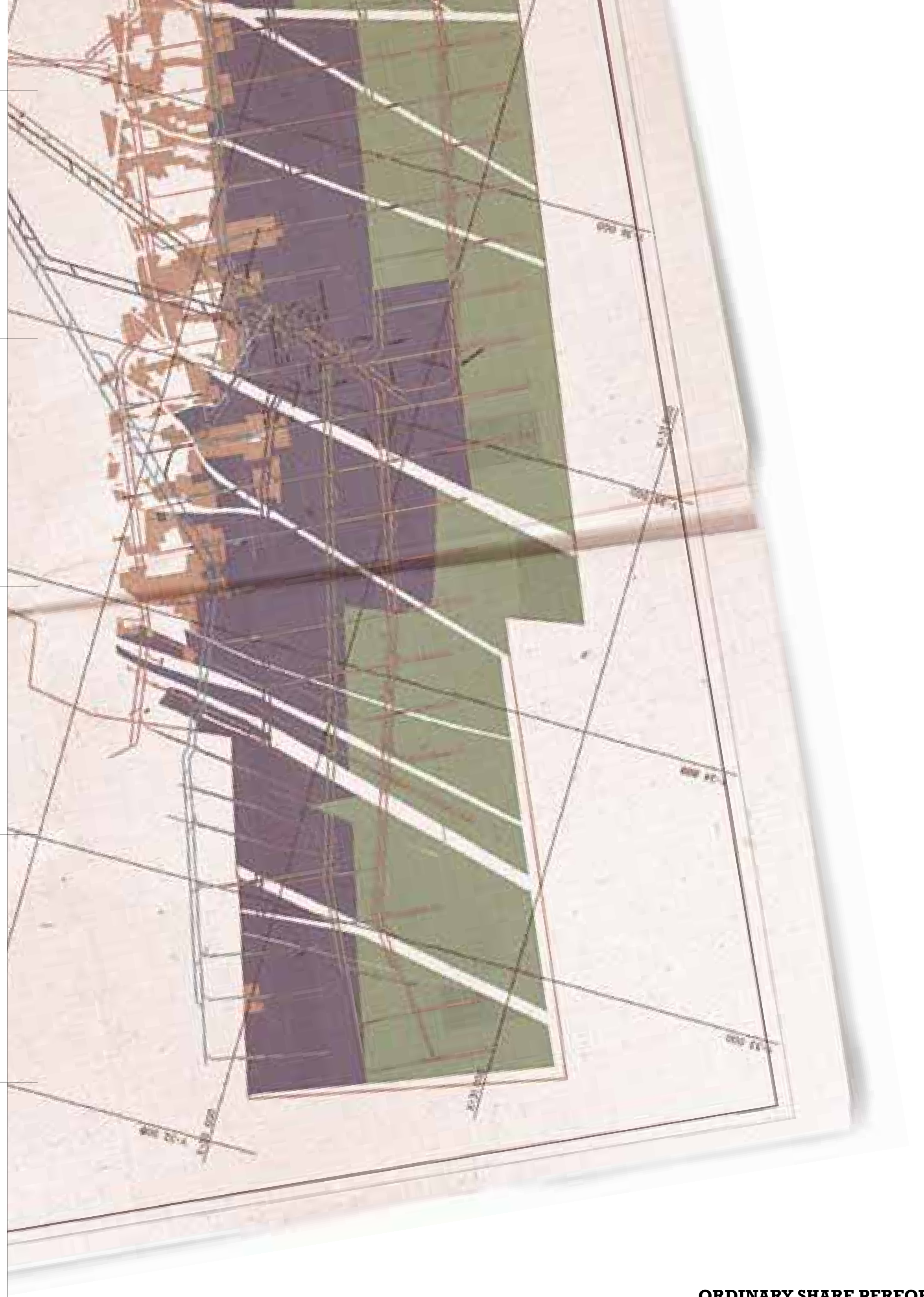
LARGEST BODIES CORPORATE AT 30 JUNE 2004

Holding 5% and more	% of Issued Shares
ARM Limited	19.85%

LARGEST INSTITUTIONAL SHAREHOLDERS AT 30 JUNE 2004

	Country	% of Issued Shares
Holding of 5% and more		
Allan Gray Ltd.	South Africa	13.80%
Merrill Lynch Investment Managers Ltd. (U.K)	United Kingdom	5.12%
Holding of less than 5%		
Sanlam Investment Management (Pty) Ltd.	South Africa	2.41%
Capital International, Inc.	United Kingdom	2.24%
Arnhold and S. Bleichroeder Advisers, LLC	United States of America	2.15%
Fidelity Management and Research Company	United States of America	1.70%
Public Investment Commissioners	United States of America	1.43%
Natexis Bleichroeder Inc.	United States of America	1.17%
Jennison Associates, L.L.C	United States of America	1.06%
STANLIB Asset Management	United States of America	1.01%

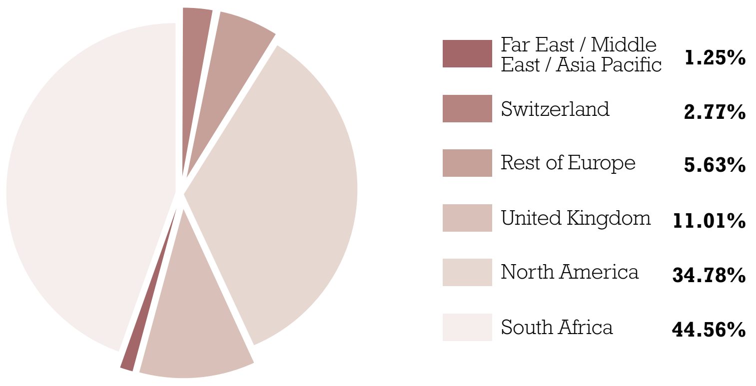
INVESTOR RELATIONS



SHAREHOLDER INFORMATION continued

GEOGRAPHICAL DISTRIBUTION OF COMBINED INSTITUTIONAL SHARES IDENTIFIED (%)

Shareholder Distribution by Country/Region



Information supplied by Ilios Partners.

The company's total shareholding is considered "public" in terms of the JSE Securities Exchange Johannesburg Listing Requirements.

WEIGHTED AVERAGE ISSUED SHARE CAPITAL FOR 12 MONTHS:
253 558 000 million

LIQUIDITY OF SHARES PER ANNUM

2004	2003	2002	2001
261%	448%	372%	141%

ORDINARY SHARE PERFORMANCE ON THE JSE SECURITIES EXCHANGE

Market Price Per Share (Rand)	2004	2003	2002	2001	2000
- 30 June	65.25	98.50	142.00	46.90	37.50
- High	122.60	181.50	187.30	50.00	46.10
- Low	59.50	71.00	38.50	26.50	22.00
Number of Ordinary Shares Issued ('000)	320 742	184 854	169 247	144 553	97 310
Number of Deals Recorded	97 918	112 163	77 752	20 087	18 604
Volume of Shares Traded ('000)	279 060	310 765	206 171	55 967	63 086
Volume of Shares Traded as a % of Total Issued Shares	87.0	168.4	121.8	38.7	65.0

SHARE LIQUIDITY JULY 2003 - JUNE 2004

	JSE Securities Exchange Trading Volume	NYSE ADR Trading Volume	London Stock Exchange Trading Volume	Euronext Brussels IDR Trading Volume	Euronext Paris Trading Volume	Total Volume	Issued Share Capital (millions)
July 03	39 201 794	29 557 700	10 491 532	146 300	157 154	79 554 480	194 166 212
August 03	20 769 767	24 715 300	4 045 264	164 250	154 420	49 849 001	194 166 212
September 03	29 658 482	27 909 000	12 146 503	167 850	251 592	70 133 427	257 858 784
October 03	25 092 309	23 817 100	5 584 831	121 650	172 736	54 788 626	257 858 784
November 03	15 400 296	23 942 500	3 670 329	122 900	151 691	43 287 716	257 924 384
December 03	22 140 330	27 898 600	5 297 115	99 500	235 027	55 670 572	258 350 934
January 04	17 153 140	25 579 500	2 466 579	352 700	184 689	45 736 608	258 350 934
February 04	16 016 551	20 027 500	4 302 412	92 600	109 396	40 548 459	258 439 084
March 04	17 379 788	19 437 400	6 150 574	124 450	145 565	43 192 777	258 469 684
April 04	24 574 926	27 196 000	7 141 513	203 150	310 485	59 426 074	258 469 684
May 04	23 868 702	20 673 900	5 370 208	187 450	165 202	50 265 462	320 718 977
June 04	27 803 901	23 041 600	18 933 674	180 500	233 303	70 192 978	320 741 577
Total	**279 059 986**	**293 796 100**	**85 555 534**	**1 963 300**	**2 271 260**	**662 646 180**	**320 741 577**

PRODUCTION PROFILE

Market Price Per Share (Rand)	Free State Growth	Free State Leverage	Evander Operations	Randfontein Operations	Kalgold Operations	Elandsrand Operations	Orkney Operations	Restructured Operations	Australasian Operations
Interest	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of Production Units	6	11	5	4	1	1	9	5	3
Number of Gold Plants	4	3	2	2	1	1	-	1	3
Annualised Production (kg)	27.674	20.126	11.250	12.848	2.574	7.958	5.391	4.786	10.522
Annualised Production (oz)	889.723	647.047	361.689	413.053	82.755	255.863	173.310	153.862	338.293

SECTOR: Resources

SUB-SECTOR: Gold

NATURE OF BUSINESS: Harmony Gold Mining Company Limited and its subsidiaries are engaged in underground and open pit gold mining, exploration and related activities in South Africa, Australasia, and Peru.

ISSUED SHARE CAPITAL AS AT 30 JUNE 2004: 320 741 577 million

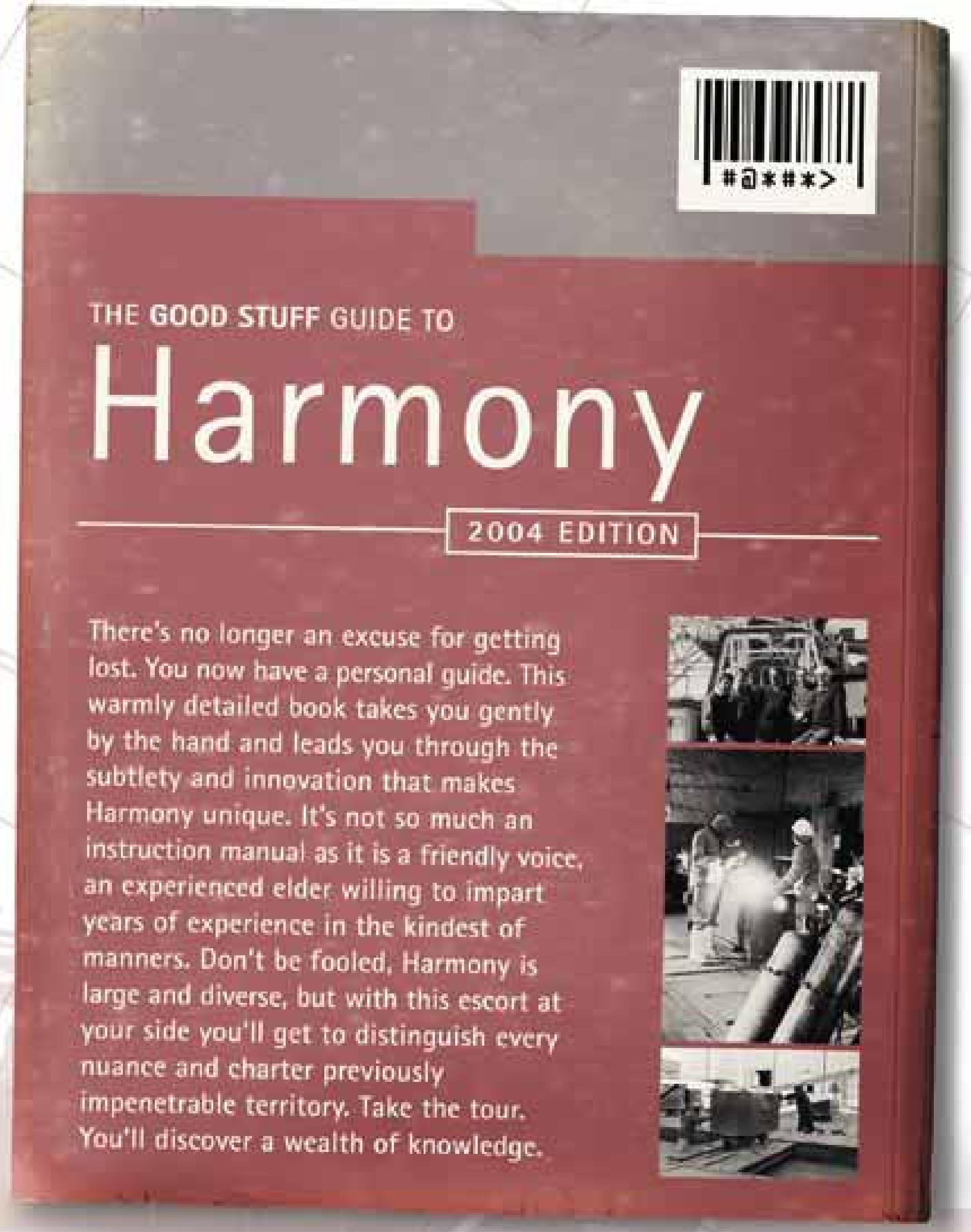
SHARE PRICE PERFORMANCE

12 Month High (July 2003 – June 2004)	US$17.68
12 Month High (July 2003 – June 2004)	R122.60
12 Month Low (July 2003 – June 2004)	US$9.25
12 Month High (July 2003 – June 2004)	R59.50

MARKET CAPITALISATION

At 30 June 2004 (R million):	R20 928
At 30 June 2004 (US$ million):	US$3 361
US$ per production ounce per annum – 3.3 million oz:	US$1 018
US$ per reserve ounce – 62,2 million oz:	US$54
US$ per resource ounce – 521,2 million oz:	US$6

INVESTOR RELATIONS



6.2 DIRECTORATE AND ADMINISTRATION

Harmony Gold Mining Company Limited
Registration No. 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE000015228

Directors
Executive
Z B Swanepoel (Chief Executive)
F Dippenaar
T S A Grobicki
W M Gule
Ms N Qangule (Financial Director)

Non-Executive
P T Motsepe (Chairman)
F Abbott
Ms V N Fakude
Dr D S Lushaba
R P Menell
M J Motloba
Dr M Z Nkosi
M F Pleming
Lord Renwick of Clifton KCMG*
C M L Savage
*British

Company Secretary
Ms M P van der Walt

Offices
Registered
Harmony Main Offices
Remaining Extent of Portion 3 of the farm
Harmony Farm 222, Private Road, Glen Harmony
Virginia, Free State
Republic of South Africa

Corporate

Suite No. 1	First Floor
Private Bag X1	4 The High Street
Melrose Arch, 2076	Melrose Arch, 2196
South Africa	Johannesburg, South Africa

Telephone: +27 11 684 0140
Fax: +27 11 684 0188

Australia

PO Box 1547	Level 1, 10 Ord Street
West Perth, WA 6872	West Perth, WA 6005
Australia	Australia

Telephone: +61 8 9211 3100
Fax: +61 8 9485 0074

United Kingdom Secretaries
St James's Corporate Services Limited
6 St James's Place
London SW1A 1NP
United Kingdom

Telephone: +44 207 499 3916
Fax: +44 207 491 1989

Attorneys
Cliffe Dekker Incorporated

Bankers
ABSA Bank Limited

Independent Auditors
Pricewaterhouse Coopers Incorporated

Share Registrars
South Africa
Ultra Registrars (Pty) Ltd
PO Box 4844
Johannesburg, 2000
South Africa

Telephone: +27 11 832 2652
Fax: +27 11 834 4398

United Kingdom
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Telephone: +44 870 162 3100
Fax: +44 208 639 2342

ADR Depositary
The Bank of New York
Shareholder Relations Department
101 Barclay Street, 22nd Floor
New York, NY 10286
United States of America

Telephone: +1 888 269 2377
Fax: +1 212 571 3050

Global BuyDIRECT℠
The Bank of New York maintains a direct share purchase and dividend reinvestment plan for Harmony. Global BuyDIRECT℠, a direct and sale/dividend reinvestment plan sponsored and administered by the Bank of New York, offers investors the opportunity to purchase depositary receipts at commissions that are typically less than a retail broker.

For additional information, please visit the Bank of New York's web site at www.globalbuydirect.com
or call Shareholder Relations at 1-888-BNY-ADRS or write to:

The Bank of New York
Shareholder Relations Department
101 Barclay Street, 22nd Floor
New York, NY 10286
United States of America

French Agents
Euro Emetteurs Finance
48 Boulevard des Batignolles
75850 Paris Cedex 17
France

Telephone: +33 1 5530 5900
Fax: +33 1 5530 5910

Belgian Agents
Soges-Fiducem SA
24 Avenue Marnix
1000 Brussels
Belgium

Telephone: +32 2 547 27 25
Fax: +32 2 547 20 89

Disclaimer on certain forward-looking statements

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbor created by such sections. These statements relate to our expectations, beliefs, intentions or strategies regarding the future and include, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales; (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices; (v) statements regarding future debt repayments; (vi) estimates of future capital expenditures; (vii) estimates of reserves, and statements regarding future exploration results and the replacement of reserves; and (viii) statements regarding modifications to our hedge position. Where we express or imply an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our current views and assumptions with respect to future events are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries in which we operate and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see Harmony's Annual Report on Form 20-F for the year ended June 30, 2004, which is on file with the U.S. Securities and Exchange Commission, as well as the Company's other SEC filings.

Many of these factors are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. We do not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

6.3 GRI CONTENT INDEX

We have applied the Global Reporting Initiative Guidelines (GRI) for the first time, as a useful and incremental tool to measure our sustainability performance. The GRI Content Index below will direct you to the GRI information contained in this report.

Performance Indicator	Sections Available	Page
Vision and strategy		10 to 23
Profile		143
Governance structure		44 to 65
ECONOMIC		
Customers:		
Revenue	EC1	70
Geographic breakdown of markets	EC2	138 to 141
Cash operating costs and other costs	EC3	70
Employees:		
Total payroll and benefits	EC5	115
Providers of capital:		43
Distributions to providers of capital	EC6	72
Public sector:		
Total sum of taxes paid (South Africa)	EC8	43
Research and Development		43
Procurement		43
Value added statement		43
ENVIRONMENTAL		
Materials:	EN1	42
Energy:		
Direct energy use	EN3	42
Indirect energy use	EN4	42
Water:		
Water use	EN5	42
Biodiversity:		
Description of the major impacts on biodiversity associated with activities	EN7	42
Emissions, Effluents and Waste:		
Total amount of waste	EN11	42
Significant discharges to water by type	EN12	42
Significant spills	EN13	42
Performance of suppliers relative to environmental components	EN33	42

Performance Indicator	Sections Available	Page
Compliance:		
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Policy and procedures to combat bribery and corruption	SO2	7
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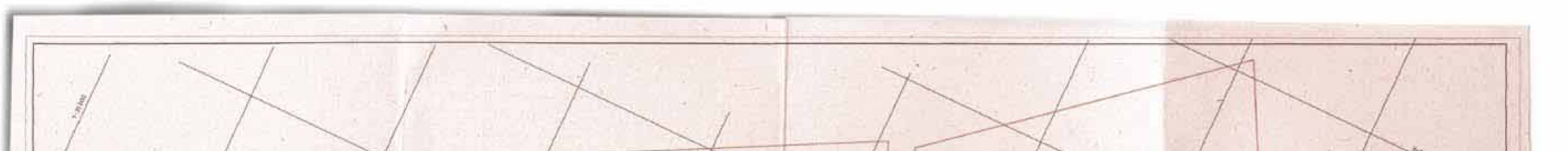


6.4 GLOSSARY OF TERMS

■ **Brownfield project:**
A potential mining site with known mineral resources

■ **Call Option:**
A contract that permits the owner to purchase an asset at a specified price on or before a specified date

■ **Capital Expenditure:**
Total capital expenditure on mining assets to both maintain and expand operations

■ **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 mineralised material to reserves

■ **Exploration:**
Activities associated with ascertaining the existence, location, extent or quality of mineralised material, including economic and technical evaluations of mineralised material

■ **Gold assets:**
The after-tax net asset value of the company's gold assets including gold exploration properties and hedging gains or losses.

■ **Grade:**
The average amount of gold contained in a tonne of gold bearing ore expressed in gram per tonne of ore

■ **Life of mine:**
Number of years that the operation is planning to mine and treat ore, taken from the current mine plan

■ **Measures:**
Conversion factors from metric units to US units are provided below:

MEASURES	METRIC UNIT	US EQUIVALENT
1 tonne	= 1 t	= 1.10231 short tonnes
1 gram	= 1 g	= 0.03215 ounces
1 gram per tonne	= 1 g/t	= 0.02917 ounces per short tonne
1 kilogram per tonne	= 1kg/t	= 29.16642 ounces per tonne

■ **Mineral Resource:**
A mineral resource is a concentration or occurrence of material of economic interest in or on the earths crust in such from, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories. The mineral resources are inclusive of those resources which have been modified to produce ore reserves.

■ **Open Pit:**
Mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the ore body.

■ **Ore Reserve:**
That part of mineralised 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 mineralised materials. Changes in reserves generally reflect: development of additional reserves; depletion of existing reserves through production; actual mining experience; and price forecasts.

■ **Ore:**
A mixture of mineralised material from which at least one of the contained minerals can be mined and processed at an economic profit

■ **Ore body:**
A well defined mass of mineralised material of sufficient mineral content to make extraction economically viable.

■ **Ounces (oz/troy):**
Used in imperial statistics. A kilogram is equal to 32.1507 ounces.

■ **Price to Earnings:**
The current share price divided by adjusted earnings per share.

■ **Recovery grade:**
The actual grade of ore realised after the mining and treatment process

■ **Reef:**
A gold-baring sedimentary horizon, normally a conglomerate band that may contain economic levels of gold

■ **Refining:**
The final stage of metal production in which impurities are removed from the molten metal by introducing air and fluxes. The impurities are removes as gases of slag.

■ **Refining:**
The final stage of metal production in which impurities are removed from the molten metal by introducing air and fluxes. The impurities are removes as gases of 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 mineralisation for assay (to determine the mineral content)

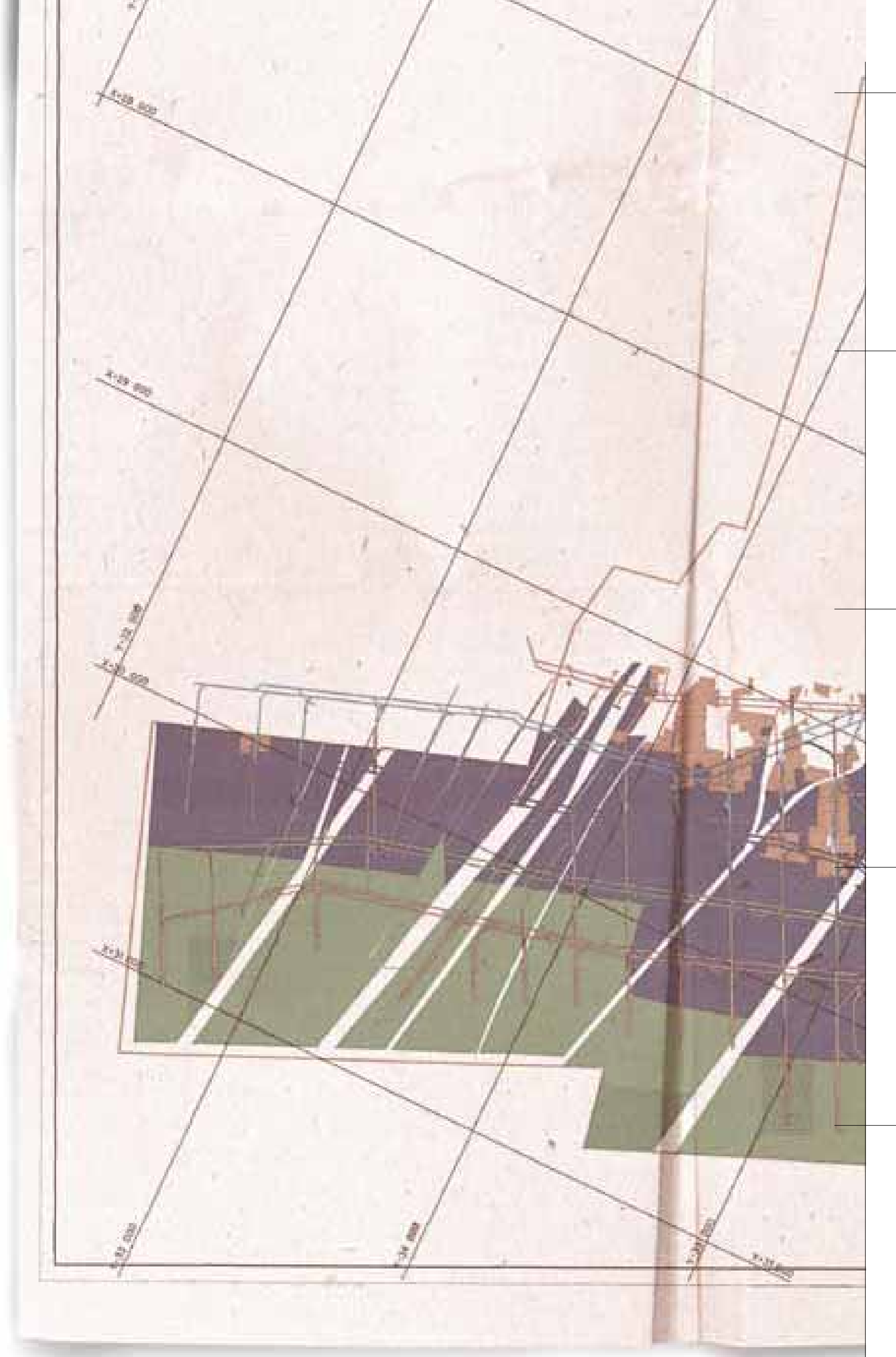
■ **Shaft:**
A shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

■ **Tonnage:**
Quantities where the tonne or ton is an appropriate unit of measure. Typically used to measure reserves of gold-baring material in situ or quantities of ore and waste materaila mined, transported or milled.

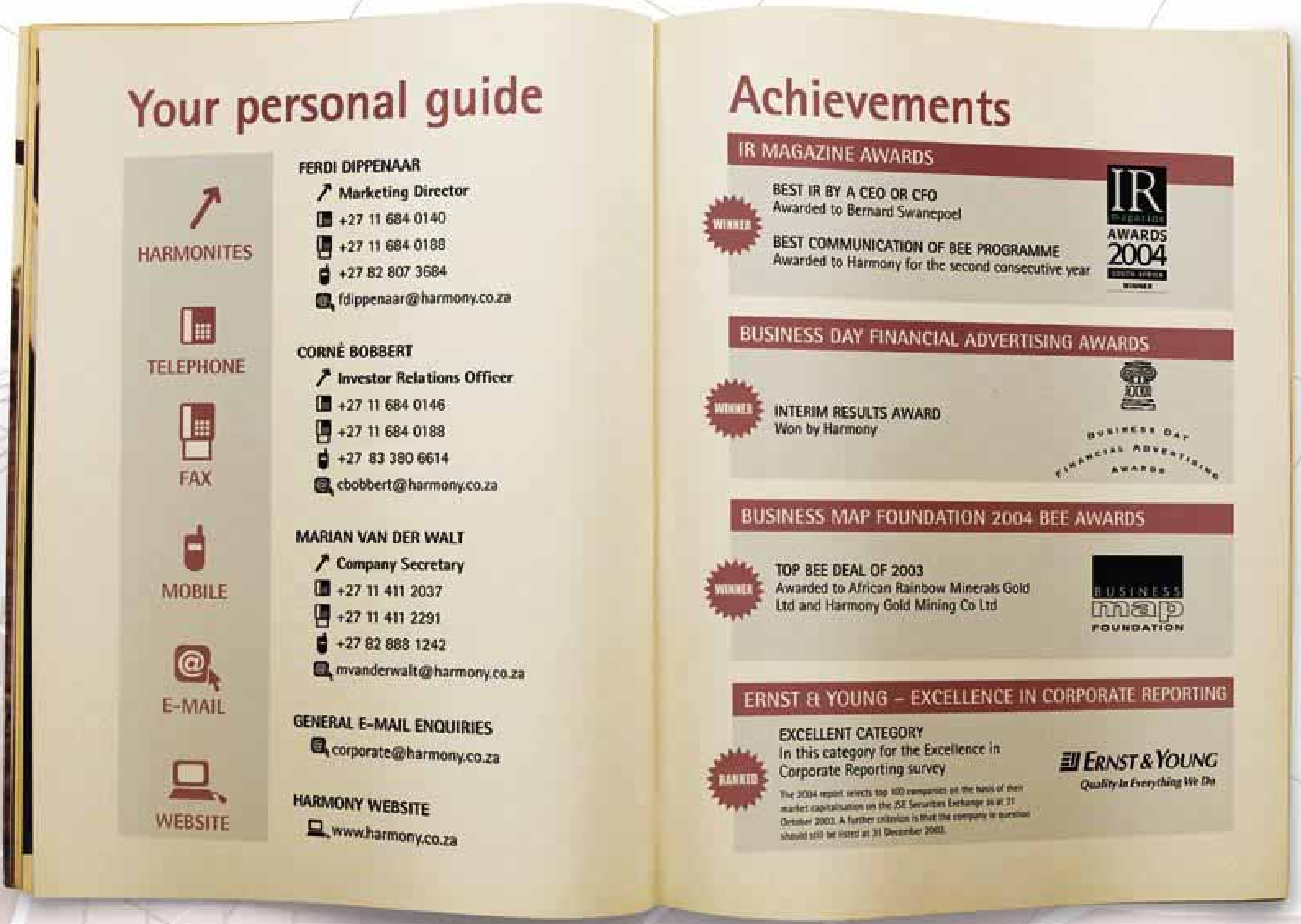
■ **Tonne:**
One tonne is equal to 1 000 kilograms (also known as a ""metric" ton)

6.5 ABBREVIATIONS

■ **$**	United States Dollars
■ **A$**	Australian Dollars
■ **ADS**	American Depositary Share
■ **bn**	Billion
■ **C$**	Canadian Dollar
■ **capex**	Capital Expenditure
■ **CLR**	Carbon Leader Reef
FIFR	Fatal Injury Frequency Taking per Million Hours Worked
■ **g**	Grams
■ **g/t**	Grams per Tonne
■ **g/TEC**	Grams per Total Employee Costed
■ **kg**	Kilograms
■ **LOM**	Life-of-Mine
■ **LTIFR**	Lost Time Injury Frequency Rate per Million Hours Worked
■ **m²/TEC**	Square Metres per Total Employee Costed
■ **m**	Metre or Million, depending on the context
■ **Moz**	Million Ounces
■ **Mt**	Million Tonnes or Tons
■ **Mtpa**	Million Tonnes/Tons per Annum
■ **NOSA**	National Occupational Safety Association
■ **oz**	Ounces (troy)
■ **oz/t**	Ounces per Ton
■ **R**	South African Rands
■ **RIFR**	Reportable Injury Frequency Rate per Million Hours Worked
■ **t**	Tons (short) or Tonnes (metric)
■ **tpm**	Tonnes per Month
■ **tpa**	Tonnes per Annum
■ **tpd**	Tonnes per Day
■ **VCR**	Ventersdorp Contact Reef



INVESTOR RELATIONS



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Awarded to Bernard Swanepoel

BEST COMMUNICATION OF BEE PROGRAMME
Awarded to Harmony for the second consecutive year

IR magazine AWARDS 2004 SOUTH AFRICA WINNER

BUSINESS DAY FINANCIAL ADVERTISING AWARDS

WINNER

INTERIM RESULTS AWARD
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BUSINESS DAY FINANCIAL ADVERTISING AWARDS

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at the dark glasses on the rack just inside the entrance. He always did. Sheer force of habit. There was a lot that was habitual about his nature. Not surprising when you rise at 4am nearly every day of your life. If you don't habitually set the alarm clock the night before, well, you're not going to make it in mining. Smiling to himself at the thought of his clock that morning, he asked the girl behind the till if she'd kindly unlock the display. She didn't look as if she'd woken up that long ago herself. A hint of the bleary. But attractive. He ran his fingers over his chin as she struggled with the stupid lock. Smooth. Caught a hint of her perfume, though it could have been his aftershave.

"I haven't seen you here before," he said. "No."

"Just started?" It was one of those typical motorway one-stop franchises. Across the tarmac moths still buffeted themselves against the towering Perspex monolith that seems to define all such establishments. Internally lit, it radiated bright primaries that turned the early dawn sky into wan washes. Black-eyed Starlings greedily breakfasted on the singed dead insects that wafted to the floor at the foot of the sign.

Petrol had just gone up 35c a litre. Iraq. Bush. Blair. He fixated for a second or two on the headline. The paper was still in its bundle on the floor where the delivery guy had dropped it. He could smell the ink. Ink was distinctive. Unlike the various perfumes and aftershaves that people wear. He could never tell the difference. Marie could.

He wondered at the significance of what he read: 35c a litre. Was it a knee-jerk response to the current situation? Or did it hint at something more alarming? A sea-change in international affairs. There were a lot of people who remembered 1976 as the year that the techtonic plate first shifted for them. And people were lost in that quake. Jacob, the newly appointed production coach on his shaft, had revealed his feelings about '76 the week before in a "teamshop". It hadn't been easy to deal with. Pain isn't easy.

Everyone in the country had experienced a disjuncture. For some it had started sooner. Others later. Some were in mid-experience right now. They were the kind whose disjuncture was of the long drawn-out variety. Maybe never-ending. But his he located to 1973. Or was it '74? That's when the world changed. That's when the fanciful dreams of his future faded. The rainbow broke. The shock waves of the oil crisis of the 70s had radiated out like the shatter patterns on a windscreen hit by a head. Within two years his father had lost his job and his pension. School was abruptly cut short and he was soon familiar with the underground world of heat, sweat, blood and bonuses. Mining. Maybe that's when his sense of smell got blurred. And he didn't realize at the time that there'd still be a pot of gold at the end of the rainbow.

"What you think?" he asked her, stooping to peer into the awkwardly placed little square excuse for a mirror on the rack.

"Cool," she said, "You look like Robert deNiro."

"What's that perfume you wearing?"

"Something my boyfriend got me."

"Nice."

The thing about Harmony was that for the first time in his life he really felt in control. And it all began with the Block Plan. He thought that maybe he should persist with the girl. At least get the name of the stuff. Spring a surprise for Marie on her birthday. Of course she would never know where he got the idea, what with his non-functioning nose and all. It was better that she