

THE BOARD



From left to right: Joaquim Chissano, Cedric Savage, Cathie Markus, Frank Abbott, Graham Briggs (Acting CE), Patrice Motsepe (Chairman), Fikile De Buck, André Wilkens, Dr Simo Lushaba and Modise Motloba

Non-executive chairman

Patrice Motsepe (45) *BA (Legal), LLB.*

Appointed to the board in 2003. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the takeover of Anglovaal Mining (Avmin) by ARM. In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was winner of the Ernst & Young Best Entrepreneur of the Year Award. Patrice is the executive chairman of African Rainbow Minerals Limited (ARM) and also deputy chairman of Sanlam. His various business responsibilities include being President of Business Unity South Africa (BUSA), which is the voice of organised business in South

Africa. He is also president of the Chambers of Commerce and Industry South Africa (CHAMSA), NAFCOG and Mamelodi Sundowns Football Club.

Executive directors

Graham Briggs (54) *BSc (Hons) (Geology),*

PrSciNat – Acting Chief Executive. Graham was appointed to the board in August 2007. Graham has 30 years' experience in the mining industry. He joined Harmony as New Business Manager in 1995 and was promoted to Chief Executive of Harmony Australia and Regional Manager for Australasia from 2005 to 2007. He was appointed Acting Chief Executive in August 2007. He began his career in geology as a field assistant in 1972 and was exposed to various exploration projects. Before attending university, Graham spent most of his time on gold exploration in the Free State, South Africa. While at Gengold he spent time on various mines in South Africa including Buffelsfontein, West Rand Consolidated, Grootvlei and ending as an ore reserve manager at Beatrix. Graham is also a director of Village Main Reef Gold

Mining Company (1934) Limited and various subsidiaries of Harmony.

Frank Abbott (52), *BCom, CA(SA), MBL –*

Interim Finance Director. Frank was appointed an executive director in August 2007. Frank joined the Rand Mines/Barlow Rand Group in 1981, where he obtained broad financial management experience at an operational level. He was appointed 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 a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Proprietary Mines. Initially a non-executive director of Harmony, he was appointed as financial director of the company in 1997. Following the ARM Limited/ARMI transaction, it was agreed by the board that Frank be appointed financial director of ARM while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director.

Non-executive directors

Joaquim Chissano (67) – *Independent non-executive director*. Mr Chissano was appointed to Harmony's Board of Directors with effect from 22 April 2005. Mr. Chissano is the former President of Mozambique and has served his country in many capacities. He was a founding member of FRELIMO and one of the leaders during Mozambique's struggle for independence (1962-1974). During the transition period that led the country to independence, he served as Prime Minister of the Transition Government (1974-1975). Following Mozambique's independence in 1975, he was appointed Foreign Minister and, on the death of Samora Machel, assumed the office of President and of the FRELIMO Party in 1986. His leadership at the helm of the FRELIMO Party and of government advanced the constitutional and economic reforms that helped stop the devastating civil war and start the process of reconstruction of a shattered economy. He contested the multi-party presidential elections held in Mozambique in 1994 and 1999 and won on both occasions. He declined to stand for a further term of office in 2004. More recently (2003-2004), he served as Chairperson of the African Union. He has the military rank of Major General. After leaving office, he established and is Chairperson of the Joaquim Chissano Foundation dealing with matters of peace, development and culture. He also established the Africa Forum for Former African Heads of State and Government and is the current Chairperson. He has business interests in Mozambique, owning two agro-industry companies called MJ3 Lagoas and Madricil. In South Africa, he sits on the boards of African Rainbow Minerals Ltd (ARM) and TEAL Exploration & Mining. He is also a board member of several international institutions, notably the Club de Madrid, The Hunger Project, International Crisis Group, and the Nelson Mandela Institution (for Science & Technology).

Fikile De Buck (47), *BA (Economics), FCCA (UK)* – *Independent non-executive director*. Fikile joined the board on 1 April 2006. A certified chartered accountant, she is a fellow of the Association of Chartered Certified Accountants (FCCA) (UK) and a member of the Association of Chartered Certified Accountants (ACCA) (UK). In 1990, Fikile won the Stuart Crystal Prize, awarded to the best accounting student at the Birmingham Polytechnic in the United Kingdom. She is the chief operations officer and chief financial officer of the Council for Medical Schemes in South Africa where she has held various positions since joining in September

2000. Prior to that, she was treasurer at the Botswana Development Corporation.

Dr Simo Lushaba (41), *Bsc (Hon), MBA and DBA* – *Independent non-executive director*. Simo is an entrepreneur and an executive business coach. He focuses on business and leadership development, and has interests in businesses in telecommunications, financial services, energy, transport and logistics. He has worked as General Manager - Operations (Spoonet), Vice President – Shared Business Services (Lonmin plc) and as Chief Executive (Rand Water). He is also a member of the Board of the Nepad Business Foundation (SA).

Cathie Markus (50), *BA LLB* – *Independent non-executive director*. Cathie joined the board with effect from 1 May 2007, bringing with her significant experience and a wealth of knowledge relating to the mining industry. After graduating from the University of the Witwatersrand, Cathie served articles at Bell Dewar and Hall and qualified as an attorney, notary and conveyancer before joining the legal department of Dorbyl Limited. She joined Impala Platinum Holdings Limited (Implats) in 1991 as Legal Adviser and was appointed an Executive Director in 1998, and oversaw, among others, the legal, administrative, public affairs and investor relations functions for the group. She retired from Implats in 2007.

Modise Motloba (41), *BSc, Diploma in Strategic Management* – *Independent non-executive director*. Modise was appointed to the board in July 2004. He started his career with Rand Merchant Bank in 1993 as a trainee in the Treasury Division, where he progressed to money markets dealer and risk manager. He then moved on to African Merchant Bank in 1998 as head of the Money Markets Division. In 2000 he was employed by African Harvest Fund Managers as the manager of the fixed interest portfolio and treasury specialist and afterwards as a specialist in structured debt and equity markets. He is a former president of the Association of Black Securities and Investment Professionals (ABSIP) where he led ABSIP and the Black Business Council in formulating the Financial Sector Charter with other industry bodies such as the Banking Council, the Life Officers' Association and the JSE Ltd. Modise is the recipient of the prestigious 2003 Black Business Quarterly Investment Specialist Award which recognises those who have made lasting contributions to the investment arena and the broader financial and economic landscape. He is a

member of the South African Financial Markets Board and of the Standing Committee on the Revision of the Bank's Act 1990, under the auspices of the Ministry of Finance. He is also a council member of the NAFCO/ Johannesburg Chamber of Commerce and Industry (JCCI) Unity Committee. He is a director of a number of companies including Wealthridge Investments, Uthajiri Investments and Africa Vukani Investment Management Services.

Cedric Savage (68), *BSc (Eng), MBA, ISMP (Harvard)* – *Independent non-executive director*. Cedric joined the Board in September 2003. He started his career in the United Kingdom in 1960 as a graduate engineer with Fairey Aviation. He returned to South Africa in 1963 and worked in the oil (Mobil), textile (Felt & Textiles) and chicken (Rainbow Chickens Limited) industries. He was president of the South African Chamber of Business from 1993 to 1994. He has also served as chairman of the Board of Governors of the University of KwaZulu-Natal's Development Foundation and as a member of Council of that university. He joined the Tongaat-Hulett Group Ltd in 1977 as managing director of Tongaat Foods and progressed to executive chairman of the Building Materials Division; he became chief executive officer of the group in 1991. In May 2000, he assumed the dual roles of chief executive officer and executive chairman. He is currently non-executive chairman of the group and serves on a number of other boards including those of the Nedbank Group, Datatec Limited, Denel (Pty) Ltd and Village Main Reef Gold Mining Company (1934) Limited.

André Wilkens (58), *Mine Manager's Certificate of Competency, MDPA, RMIIA* – *Non-executive director*. André was appointed to the Board in August 2004. He is currently the chief executive officer of ARM having formerly been the chief executive of ARM Platinum, a division of ARM. Prior to this, he was the chief operating officer of Harmony, following the merger of the company with ARMgold in 2003. He had served as chief executive officer of ARMgold after joining that company in 1998. The balance of his 34 years' experience in the mining industry was gained with Anglo American Corporation of South Africa, where he began his career in 1969 and which culminated in his appointment as mine manager of Vaal Reefs South Mine in 1993.

MANAGEMENT



Bob Atkinson (55), *NHD (Metalliferous Mining)*. Bob joined Harmony as a production manager in 1986 and served as Operations Manager on the Executive Committee from June 2001 to May 2003. In 2004, he was appointed Chief Operating Officer at Harmony Gold Australia and was appointed as Executive, Sustainable Development (Safety and Occupational Health) at Harmony in South Africa in July 2004. He currently serves as Operations Director of Growth Projects. He has more than 30 years' experience in the mining industry.



Jaco Boshoff (38), *BSc (Hons), MSc (Geology), MBA, PrSciNat*. Jaco joined Harmony in April 1996. Since March 2004, he has served as the Ore Resources Executive and Competent Person. Prior to this, he was an ore reserve manager from 1998 to 2004 and before that was a geologist at Harmony and at Gengold. Jaco is registered as a professional geological scientist with the South African Council for Natural Scientific Professions and has worked in the mining industry for more than 10 years.



Mashego Mashego (43) *BA Ed, BA Hons., GEDP, JMDP*. Mashego joined Harmony in July 2005 as Group Human Resources Development Manager. Mashego, who has more than 19 years' experience in the field of human resources, started his career at Eskom where he was Human Resources Manager for nine years. He then moved to JCI as Corporate Human Resources Manager. Thereafter, he was Senior General Manager for three years at Atlantis Diesel Engines and Vice President of Human Resources at Foskor Ltd for six years. He was promoted to General Manager at Harmony's Evander Operations in November 2005. Mashego was appointed Executive, Human Resources in August 2007.



Jackie Mathebula (37), *BAdmin Hons, MBA, Master of Management, HR*. Jackie joined Harmony in September 2002 as an Employee Relations and Industrial Relations Executive. In 2004 his portfolio was changed to that of Executive, Human Resource Development and Occupational Health, and in 2005 to Executive, Corporate Affairs. Prior to joining Harmony, he was a General Manager, Human Resources, at Gensec Bank (now Sanlam Capital Markets Ltd); and a Human Resources Manager at Gold Fields Ltd. Jackie also occupied various positions in the human resources management discipline within the then Iscor Group. At Iscor Steel (now Mittal Steel South Africa), he held the position of Works Manager, Human Resources, Iscor Vereeniging Works; and at Iscor Mining (now Exxaro Resources), his last position was that of Divisional Manager, Human Resources, Iscor Heavy Minerals. He has also worked for the public sector for the then Gazankulu Government, Public Service Commission.



Alwyn Pretorius (35) *BSc Mining Engineering, BSc Industrial Engineering (UP)*. Alwyn, a mine manager at ARMgold, joined the company when Harmony merged with ARMgold in 2003. He began his career at Vaal Reefs Gold Mine as a mining graduate in training in 1993 and was appointed shift boss in 1995, gaining experience in remnant mining. Alwyn obtained a Mine Manager's Certificate of Competence in 1997 and his BSc in Industrial Engineering in 1998. Alwyn joined ARMgold in 1999 at its Orkney operations. He became a mine overseer at ARMgold and was later appointed section manager at the same operation. He was appointed mine manager in 2003. Alwyn was appointed Executive, South African Operations for Harmony in March 2007, and for the South African operations is the COO, North Region.



Tom Smith (51) *NHD (Mine Surveying and Metalliferous Mining)*. Tom joined Harmony in 2002. Tom began his career in the mining industry in 1975 as a sampler at Anglo American's Vaal Reefs mine. He progressed through the survey department to become chief surveyor in 1988. He made a career change in 1991 to mining and worked as a section manager on Great Nologwa, Elandsrand and Mponeng mines. He was also involved in projects at Tau Lekoa and Moab Khotsong. Tom was promoted to production manager at Mponeng in 1998. He was appointed general manager of Tshepong in 2000. Following the merger with ARMgold he was involved in the Free State restructuring. He acquired work experience in conventional, trackless, pillar- and deep-level mining. He joined the executive team in September 2007 and is the COO, South Region.



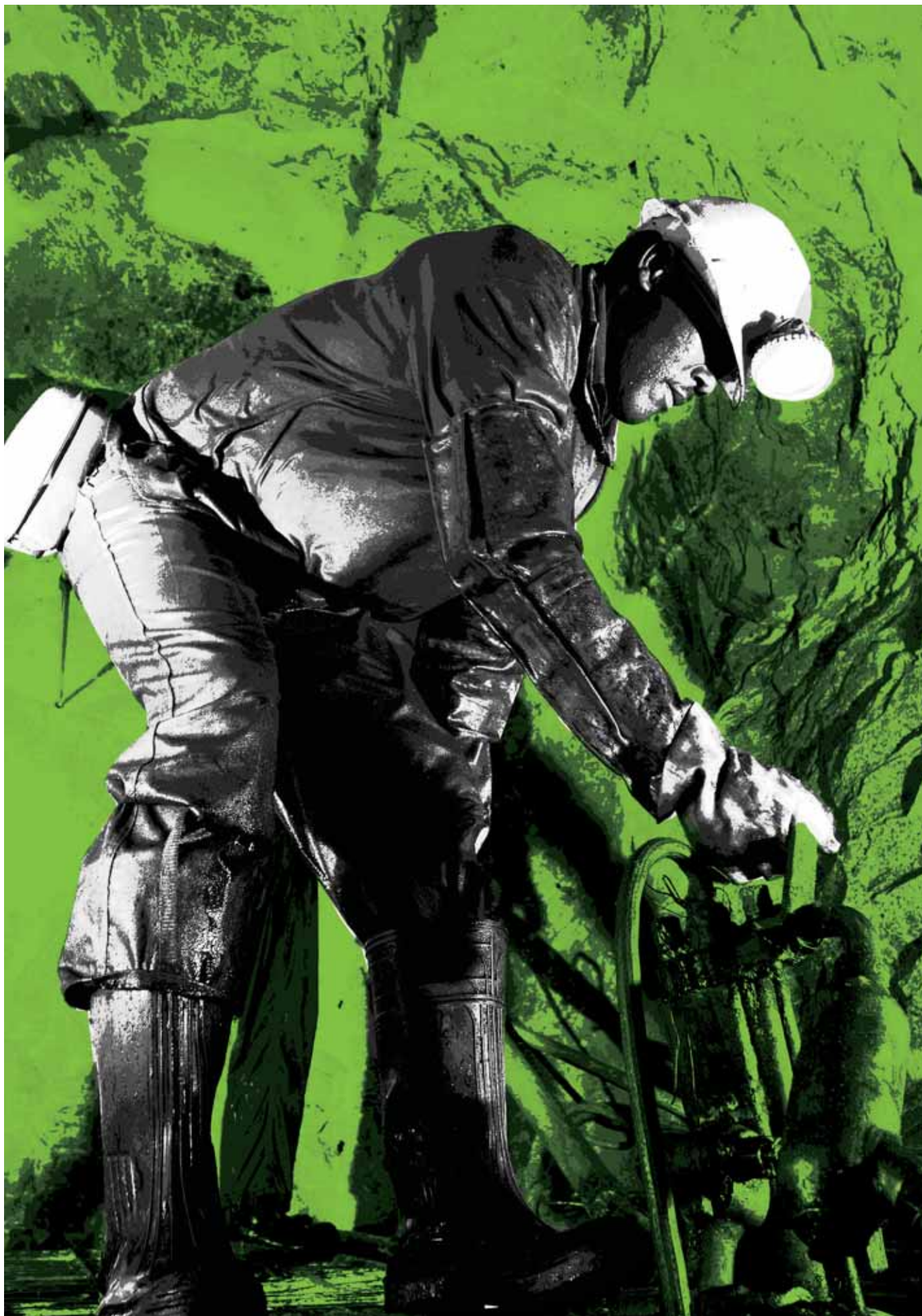
Marian van der Walt (34), *BCom (Law), LLB, Higher Diploma in Tax, Diploma in Corporate Governance, Diploma in Insolvency Law, Certificate in Business Leadership*. Marian has 11 years of legal experience and was appointed Company Secretary on 3 February 2003. She completed her articles at Routledge Modise Attorneys and was admitted as an attorney and conveyancer in 1998. She then joined Deloitte and Touche as an insolvency practitioner/administrator. Prior to joining Harmony, she held the positions of legal advisor, credit manager and structured finance consultant at The Standard Bank of South Africa Ltd in the Commercial Properties Division. Marian was appointed to the Executive Committee in October 2005. She is responsible for Legal, Compliance and Risk Management. Internal Audit and Sarbanes-Oxley compliance were added to her portfolio in September 2007.



Johannes van Heerden (34), *BCompt (Hons), CA(SA)*. Johannes joined Harmony in 1998 as Financial Manager of the Free State operations. Here he obtained broad financial management experience at an operational level. He was subsequently appointed Group Financial Manager in 2001, before being relocated to Harmony Australasia as Chief Financial Officer in 2003. Johannes presently holds the position of Acting Managing Director International Operations.



Abre van Vuuren (47), *BComm, MDP, DPLR*. Abre joined Harmony in 1997 from Grootvlei Mine, where he was human resources manager. He was appointed to the Executive Committee in November 2000 and is responsible for Services. He has approximately 25 years' experience in the mining industry.



CORPORATE GOVERNANCE

Harmony's Board of Directors is committed to achieving the company's objectives efficiently and effectively, without compromising any of the seven characteristics of corporate governance identified and adopted by the King Report on Corporate Governance 2002 (King Report). These characteristics are discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

We recognise that our continued success depends on our ensuring the highest level of integrity across all sectors of our business. We want all of our stakeholders to view Harmony as a company that they can trust. The company is therefore unequivocal about its values and the way in which these values find expression in daily behaviour. The company's approach to corporate governance is a keystone of the company's primary objective which is to create value for all its stakeholders.

In addition, Harmony acknowledges the Constitution of South Africa as the supreme law of the country, and abides by all existing legislation. The company is satisfied that it complies with the listings requirements of the JSE Limited, which houses Harmony's primary listing, and the other exchanges on which the company is listed, and substantially complies with the recommendations of the King Report. As a foreign issuer registered with the Securities and Exchange Commission (SEC) in the United States, Harmony is also subject to the Public Company Accounting Reform and Investor Protection Act of 2002, more commonly known as the Sarbanes-Oxley Act of 2002 (SOx).

Board of directors

Harmony is governed by a unitary board which, in accordance with its Articles of Association, comprises no fewer than four and no more than 20 directors. The Harmony board is serious about its responsibility to act in good faith, with due diligence and care, and to supervise and monitor the application of governance throughout the company.

The board accepts its responsibility to monitor all potential threats to and opportunities in the business, to evaluate risks and to review whether the controls in place are effective in measuring and detecting these risks and opportunities.

The board and each board committee have their own charters, which give the board and these committees clear guidance on their roles and responsibilities, as well as on how to achieve the balance between performance and conformance. These charters are reviewed annually to ensure that the conduct of the board and its committees is in line with governance requirements.

The recent review of the charters focused on creating a more user-friendly, working document to which directors can regularly refer. A detailed meeting plan was also designed to enable the board and its committees to function as a coherent unit. These committee charters are available on the company's website at www.harmony.co.za.

Board structure

The Harmony board comprises 10 directors, with a balance between executive (two) and non-executive (eight) directors. Six out of the eight non-executive directors are independent, as defined in the King Report. Harmony has no shadow or alternate directors.

The board upholds sound principles of corporate governance, recognises the interests of communities that it affects, ensures that the company acts as a responsible corporate citizen, and ensures the creation of optimal value for its shareholders.

The company believes that the non-executive and independent directors are of sufficient calibre, experience and number for their views to carry significant weight in the board's decisions. In considering new appointments to the board, Harmony takes cognisance of gender and racial mix and believes that it has achieved an acceptable balance of members on the board.

The details of our directorate are set out under the heading Directorate on page 108.

Meetings

The board, in terms of its charter, is required to hold at least one meeting per quarter. These meetings, which are scheduled in advance of the start of the year, are held to monitor important issues and accomplish board objectives. All board members are required to attend all board meetings. Four board meetings were held during FY07. Resolutions requiring urgent decisions are passed by means of round robin resolutions.

See table on page 93 for attendance at meetings.

Chairman and chief executive

The roles of chairman and chief executive are separate and distinct.

Board charter

The board's fiduciary duties are incorporated in Harmony's board charter, which serves as a guide to each member of the board in terms of the purpose and role of the board, its responsibilities, its authority, its composition and its meetings as well as the need for self-assessment. In terms of this charter, each director is required to exercise leadership, enterprise, integrity and judgement based on fairness, accountability, responsibility and transparency. A summary of the main elements of the charter appears below.

A number of onerous duties, responsibilities and personal liabilities are imposed on Harmony's directors under both common and statutory law, not only in South Africa but also in the United States, Australia and the United Kingdom, owing to Harmony's operations in these countries and its listings in Johannesburg, London, Paris, Brussels and New York (on Nasdaq and the NYSE).

The board accepts responsibility for the monitoring and supervision of executive management and the induction of new or inexperienced directors. As part of the company's induction programme, a new director is briefed by the company secretary and provided with a

comprehensive company information pack containing, among other documentation, committee charters, Articles of Association, corporate governance guidelines, the Toolkit for Directors (provided by internal auditors' KPMG) and a summary of the JSE Listings Requirements. Furthermore, each director has unrestricted access to the advice and

services of senior management. All non-executive directors have an open invitation to visit Harmony's operations at any time and attend management meetings at their discretion.

The board has the authority to delegate matters – with the necessary written authority – to management. These matters

are monitored and evaluated regularly.

Board members have unrestricted access to all group information, records, documents and property. If necessary, a board member may take independent professional advice at the group's expense.

The duties and responsibilities of Harmony's directors as set out in the board charter are presented below.

General functions of the board:

Corporate governance	Duties and responsibilities
<ul style="list-style-type: none"> ■ Establish and administer the group's system of corporate governance planning ■ Adopt a written statement of its own governance principles and regularly re-evaluate these ■ Exercise leadership, enterprise, integrity and judgement based on fairness, accountability, responsibility and transparency ■ Determine the group's purpose, values and stakeholders and to develop strategies to achieve its purpose, implement its values and satisfy its shareholders ■ Evaluate the performance of the board and prospective directors through the Nomination and Remuneration committees ■ Ensure that the group complies with all the relevant laws, regulations, and codes of best business practice ■ Ensure that the group operates ethically by adopting and regularly reviewing and updating the group's Code of Ethics ■ Make a statement at the end of each financial year that it believes that the group will be a going concern in the year ahead 	<ul style="list-style-type: none"> ■ Provide direction to and equipping management to formulate a strategic process and to adopt the recommended strategic plan ■ Monitor group policies ■ Appoint the chairperson and provide guidance on the appointment of directors and other senior executives, including the chief executive officer and company secretary ■ Consider the issue of succession of directors and senior management, as referred by the Nomination Committee ■ Formulate and monitor a group-wide delegation of authority framework ■ Identify the principal risks and key performance indicators of the group's businesses and ensure the implementation and regular evaluation of systems to manage those risks through a Risk Management Committee ■ Ensure the group has adequate systems of financial and operational internal controls. The directors should also ensure that there are procedures and systems which act as checks and balances on the information reviewed by the board ■ Ensure the financial health of the company through appropriate investment and fund mobilisation policies and strategies, including those relating to procurement and capital expenditure ■ Manage conflicts of interest and independence issues ■ Monitor and supervise executive management ■ Ensure that an adequate budgeting and planning process exists and that performance is monitored against budgets and plans ■ Provide accountability i.e. reporting to shareholders and other stakeholders and ensuring regulatory compliance with all relevant regulations e.g. Occupational Health and Safety Act, Road Ordinances Act, Companies Act, Banks Act, etc. ■ Address the adequacy of employee retirement and health care benefits and funding ■ Ensure that the group has an effective affirmative action plan ■ Review, monitor and approve the strategic direction with regard to IT solutions ■ Protect assets and reputation ■ Provide orientation and ensure adequate training for directors ■ Implement meaningful communication and integrated financial and relevant other reporting to shareholders ■ Ensure on an annual basis that the corporation will continue as a going concern in the following fiscal year

Self-assessment

The board is required to conduct a self-assessment or self-evaluation annually. The chairman is required to assess the performance of individual board members and the board is required to evaluate the chairman, based on several factors, including 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. A board effectiveness survey will be concluded towards the end of September 2007.

Directors' terms of employment

Executive directors

Executive directors have standard employee service agreements and all include a notice period of at least one month. Their employment letters do not make provision for pre-determined compensation on termination. The executive directors have waived their rights to directors' fees.

Executive directors participate in Harmony's share scheme and also benefit from pension contributions, life insurance and medical aid, the value of which is included in the salary details found on page 109.

The number of share options held by executive directors during the financial year are detailed in the Directors' Report on page xx.

Non-executive directors

None of the non-executive directors has a service contract with Harmony. Non-executive directors are entitled to fees as agreed at Harmony's annual general meeting (AGM) and, from time to time, to reimbursement for out-of-pocket expenses incurred on the company's behalf as well as remuneration for other services, such as serving on committees. Shareholders approved an increase in non-executive directors' remuneration at the AGM held on 10 November 2006. The increased fees were payable effective from 1 July 2006.

Other than what has been stipulated under 'Related party transactions' in the

Non-executive directors receive the following fees:

Committee	Annual fee (irrespective of number of meetings held)
Board	R110 000
Audit Committee	R45 000
Empowerment Committee	R30 000
Investment Committee	R30 000
Nomination Committee	R30 000
Remuneration Committee	R30 000
Sustainable Development Committee	R40 000
Special fee for additional work performed	R5 000 per day
Chairman of board	R495 000 (4,5 times the fee of a director)
Chairman of board committees	Double the amount that a board committee member receives

Frank Abbott has waived his fees.

** Shareholders will be required to vote on an increase in annual fees for non-executive directors of between 7% and 8% at the annual general meeting.*

Directors' Report on page xx, the company is not aware of any other director, or the families of any other directors, having 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 interest or subsidiaries.

Rotation

Harmony's Articles of Association require that the longest serving directors (one-third of the board) retire from office at each AGM. Retiring directors usually make themselves available for re-election and are re-elected at the AGM at which they retire. At the next AGM of shareholders, Mr PT Motsepe and Mr JA Chissano will retire by rotation. All of these directors have made themselves available for re-election and a summary of their CVs appear on pages 80 to 81 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 five 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 is exempted from retirement under these provisions.

Board Committees

To enable the board to properly discharge its onerous responsibilities and duties, certain responsibilities of the board have been delegated to board committees. The creation of committees does not reduce the directors' overall responsibility and therefore all committees must report and make recommendations to the board. All our board committees are chaired by an independent non-executive director, except for the Nomination Committee. All board committees report and make recommendations to the board regarding any issues that may arise. Furthermore, each board committee acts in accordance with its respective charter.

The various board committees are as follows:

Audit Committee

The Audit Committee was established to assist the board in discharging its duties relating to the safeguarding of assets; the operation of adequate system and internal controls and, control processes; and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards. It also provides support to the board on the risk profile and risk management of the group.

The Audit Committee reports and makes recommendations to the board, but the

board retains responsibility for implementing such recommendations. The Audit Committee fulfills the responsibilities as set out in the Audit Committee charter.

Harmony believes that members of the committee are knowledgeable about the affairs of the company and have a working familiarity with basic finance and accounting practices. The chief executive,

the financial director, and the company secretary are invited to each meeting to answer any questions posed by the members of the committee.

Duties and responsibilities of the Audit Committee:

General

- Review the group's strategic plan and strategic management process.
- Review the accounting policies adopted by the group and any proposed changes thereto.
- Review the adequacy of insurance coverage.
- Review the adequacy of the Disaster Recovery and Business Resumption plans.
- Consider any other matters which may be referred to the committee by the board from time to time.
- Periodic review and update of the charter, at least annually, or as conditions dictate.

Risk management

- Together with the Risk Management Committee, facilitate risk assessments to determine the material risks to which the company may be exposed and to evaluate the strategy for managing those risks.
- Use the risk management strategy to prioritise and direct the audit effort, and to determine the skills required to manage these risks.
- Review and assess the reports issued by the Risk Management Committee.
- Review whether the roles and responsibilities of the Risk Management Committee, as stated in the Risk Management policy, are effectively achieved.

External audit

- Review and approve the fees and other compensation to be paid to the external auditor. On an annual basis, review and discuss with the external auditor all significant relationships the auditors have with the company to determine the auditor's independence.
- Approve any work to be done by the external auditor in respect of the Sarbanes-Oxley Act, 2002, which does not fall within the normal scope of their audit.
- Periodically consult with the external auditor about internal controls and the completeness and accuracy of the group's financial statements.
- Review external audit reports to ensure that, prompt action is taken by management in respect of those reports.
- Review any significant disagreement between management and the external auditor in connection with any external audit report.
- Evaluate the performance of the external auditor.

Financial reporting processes

- Evaluate the financial statements of the company for reasonableness, completeness and accuracy, prior to issue and approval by the board.
- In consultation with the external auditors and the internal auditors, review the integrity of the company's financial reporting processes, both internal and external.
- Consider the external auditor's opinion about the quality and appropriateness of the company's accounting policies as applied in its financial reporting.
- Evaluate the performance of management in terms of financial reporting.
- Consider and approve, if appropriate, major changes to the company's auditing and accounting principles and practices as suggested by the external auditor, management, or the internal Audit Department.
- Pay particular attention to complex and/or unusual transactions.
- Review the non-financial sections of the Annual Report before its release and consider whether the information is understandable and consistent with the members' knowledge of the company and its operations.

Duties and responsibilities of the Audit Committee: cont.

Process improvement	<ul style="list-style-type: none"> ■ Establish regular and separate systems of reporting to the Audit Committee by senior management, the external auditor and the internal auditors regarding any significant judgements made and the view of each entity as to appropriateness of such judgements. ■ Review with the external auditor, the internal Audit Department and management the extent to which changes or improvements in financial/accounting practices or the control environment, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of improvements, as decided by the committee.)
Ethical and legal compliance	<ul style="list-style-type: none"> ■ Review compliance with all laws, regulations, ethics, policies and rules. ■ Review significant cases of employee conflicts of interest, misconduct, or fraud and the resolution of the cases. ■ Review the internal audit reports concerning any compliance reviews. ■ Review periodically the company's code of conduct and ensure that management has established a system to enforce this code. ■ Review management's monitoring of compliance with the company's Code of Conduct.
Internal control	<ul style="list-style-type: none"> ■ Ensure that management has the proper review system in place to ensure that any activities, reports and other financial information disseminated meet legal requirements. ■ Review with the company's counsel any legal matter that could have a significant impact on the company. ■ Perform any other activities consistent with this charter, as the committee or the board deems necessary or appropriate. ■ Understand the company's key risk areas and internal control structure. The committee should monitor the control process through the results of audits executed by the internal and external audit functions. Monitoring includes internal and external audit reviews of the adequacy and effectiveness of the company's internal control structure and the quality of performance in carrying out assigned responsibilities. It also includes monitoring the extent to which resources are used in an efficient and economical manner and checking that programmes are carried out as planned. ■ Report on the effectiveness of internal control in the annual report of the company. ■ Consider how management is held to account for computer systems and contingency plans.
Responsibilities related to the internal auditing function	<ul style="list-style-type: none"> ■ Review and approve the internal audit charter. ■ Concur with the appointment or removal of the internal audit manager, which includes any company to whom the internal audit function has been outsourced. ■ Review the activities, organisational structure and qualifications of the internal Audit Department. ■ Review internal audit plans, budgets and fees. ■ Review the results of any audit work performed. ■ Review any quality assurance reviews performed on the work of the internal Audit Department. ■ Ensure that the internal audit complies with the relevant rules and regulations. ■ Ensure that the internal Audit Department maintains its independence. ■ Review and approve the internal audit reports to management and management's response thereto. ■ Evaluate whether senior management is communicating the importance of internal control and the management of risk.
Reporting	<ul style="list-style-type: none"> ■ Report and make recommendations to the board regarding any issues that may arise. The board retains responsibility for implementing such recommendations.

During his tenure as a non-executive director, Frank Abbott was also invited to every Audit Committee meeting because of the skills and expertise which he gained as the former financial director of Harmony.

Harmony does not have an individual 'Audit Committee financial expert' as defined by the rules of the SEC and in terms of SOx. However, Audit Committee members, through their collective experience, meet the majority of the definitions of the SEC for such an expert in

both the private and public sectors. Members have served as directors and officers of numerous public companies and have over the years developed extensive experience, knowledge and understanding of Generally Accepted Accounting Principles (GAAP), and in overseeing the preparation, audit and evaluation of financial statements. Harmony believes that the combined knowledge, skills and experience of members of the Audit Committee, and their authority to engage outside experts as they deem appropriate to provide them with advice on matters related

to their responsibilities, enable them, as a group, to act effectively in the fulfilment of their tasks and responsibilities.

Their attendance at meetings is shown in the table on page 93. The Audit Committee charter is reviewed on an ongoing basis to ensure that the committee's duties and responsibilities are aligned with the requirements of corporate governance and keep abreast of developments in this field. The Audit Committee is in full compliance with its charter.

Members of the Audit Committee are:

Member	Independent non-executive	Period
Cedric Savage (chairman as from 5 August 2005)	Yes	26 January 2004 to date
Fikile de Buck	Yes	30 March 2006 to date
Dr Simo Lushaba	Yes	24 January 2003 to date
Modise Motloba	Yes	30 July 2004 to date

Nomination Committee

The primary purpose of the Nomination Committee is to ensure that the procedures for appointments to the board are formal and transparent, by making recommendations to the board on all new board appointments and

reviewing succession planning for directors. The duties and responsibilities of this committee are set out in the Nomination Committee charter, with which the committee is fully compliant.

The committee must at all times comprise at least three members. Members are required to meet annually or more often at the committee's discretion, depending on the circumstances.

Duties and responsibilities of the Nomination Committee

- Make recommendations to the board on the appointment of new executive and non-executive directors, including alternate directors; making recommendations as to the composition of the board generally and the balance between executive and non-executive directors.
- Regularly review the mix of skills on the board as well as the experience and other qualities of the directors and alternate directors in order to assess the effectiveness of the board as a whole, its committees and the contribution of each director.
- Regularly review the board structure, size and composition and provide recommendations to the board with regard to any adjustments deemed necessary.
- Perform annual performance evaluations of the directors.
- Establish the retirement age for executive and non-executive directors.
- Identify and nominate candidates for the approval of the board, to fill board vacancies as and when they arise and to put in place plans for succession – in particular for the chairperson and chief executive.
- Investigate the eligibility of new directors for appointment and their background, along the lines of the approach required for listed companies by the JSE, prior to their appointment.
- Recommend directors who are retiring by rotation to be put forward for re-election.
- The committee chairperson attends the AGM and must be prepared to answer questions concerning the appointment of executive and non-executive directors.

Members of the Nomination Committee are:

Member	Independent non-executive	Period
Patrice Motsepe	No	24 October 2003 to date
Frank Abbott*	No	5 August 2005 to 20 August 2007
Joaquim Chissano	Yes	3 May 2003 to date

*Following Frank Abbott's appointment by the Board on 21 August 2007 as interim financial director, the Board will appoint a new member of the Nominations Committee.

Remuneration Committee

The Remuneration Committee meets at least quarterly. The committee comprises four non-executive directors, of which two are independent. The primary purposes of the Remuneration Committee are to ensure that the group's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance and to demonstrate to all stakeholders that the remuneration of senior executive members of Harmony is set by a committee of board members who

have no personal interest in the outcome of their decisions, and who will give due regard to the interests of the shareholders and to the financial and commercial health of the company. The committee's primary objectives are to monitor and strengthen the objectivity and credibility of Harmony directors' and senior executives' remuneration system, and to make recommendations to the board on remuneration packages and policies applicable to directors.

A formal reward philosophy was adopted by the Remuneration Committee in March 2006. This philosophy is reviewed annually by the committee.

Four meetings were held during the financial year, at which a majority of the members was present (see the table of attendance on page 93). The objectives, role, responsibilities, authority, membership and meeting requirements of the committee are set out in the

Duties and responsibilities of the Remuneration Committee

- Conduct an annual review of policies for senior executives' and directors' remuneration.
- Conduct an annual review of the basis of calculation of senior executives' and directors' remuneration to ensure that it appears reasonable.
- Review current industry practice and professional executive recruitment organisations' publications.
- Review the different methods of remunerating senior executives and directors.
- Review existing and proposed fringe benefits and share option schemes.
- Review retirement and termination payments.
- Review related party transactions and disclosure, if any.
- Make recommendations to the board on remuneration packages and policies applicable to directors.
- Approve the allocation of share options in terms of the share option schemes and/or incentives in respect of any other incentive plan.
- Act as trustees of the Harmony Share Trust.

Members of the Remuneration Committee are:

Member	Independent non-executive	Period
Cedric Savage (chairman as from 3 May 2006)	Yes	24 January 2004 to date
Dr Simo Lushaba	Yes	5 August 2005 to date
Patrice Motsepe	No	26 January 2004 to date
André Wilkens	No	7 August 2007 to date



Remuneration Committee's charter, with which the committee is fully compliant.

Sustainable Development Committee

The objective of the Sustainable Development Committee is to assist the board in ensuring that Harmony is and remains a committed socially responsible corporate citizen. The committee's primary

role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development.

The committee considers the following sustainable development issues: occupational health, safety, HIV/Aids, social investment and environmental management. The Sustainable Development

Committee complies fully with its charter.

The Sustainable Development Committee meets at least four times a year, or more frequently as circumstances dictate. Three meetings were held during the year and these were attended by a majority of the members. (See the attendance table on page 93)

Duties and responsibilities of the Sustainable Development Committee

- Guide management in developing the framework, policies and guidelines for safety, health, social investment, HIV/Aids and environmental management.
- Review the policies and performance in respect of sustainable development of the company, its divisions and its managed subsidiaries and the progressive implementation of its policies.
- Monitor key indicators on accidents and incidents and, where appropriate, ensure that these are communicated to other companies managed by or associated with the company.
- Consider material national and international regulatory and technical developments in the fields of safety, health, social, HIV/Aids and environmental management.
- Support management's facilitated participation, co-operation and consultation on safety, health, social, HIV/Aids and environmental matters with government, industry, national and international organisations, and institutions.

Members of the Sustainable Development Committee are:

Member	Independent non-executive	Period
Modise Motloba (chairman)	Yes	5 August 2005 to date
Joaquim Chissano	Yes	3 May 2006 to date
Fikile De Buck	Yes	3 May 2006 to date

Empowerment Committee

The Empowerment Committee was established by the board to ensure that the company meets not only regulations stipulated in the Employment Equity Act, the Labour Relations Act and the Mineral and Petroleum Resources Development

Act's Mining Charter Scorecard, but also in fulfilment of Harmony's own empowerment imperatives. The Empowerment Committee is in full compliance with its charter.

The responsibilities of the Empowerment Committee include meeting at least once a

year or more often should the need arise. Three meetings were held in the 2007 financial year, which were attended by a majority of the members (see table of attendance on page 93).

Duties and responsibilities of the Empowerment Committee

- Ensure that a sustainable organisational culture, structures and processes are in place that will support the development of empowerment in the company in line with the company's needs and requirements.
- Audit and monitor the development and progress of empowerment within the company.
- Address inequalities that may exist in staff profiles and organisational practices.
- Review and monitor whether appropriate support is given to previously disadvantaged staff in order to equip them for successful careers in the company.

Members of the Empowerment Committee are:

Member	Independent non-executive	Period
Joaquim Chissano (chairman)	Yes	3 May 2006 to date
Modise Motloba	Yes	3 May 2006 to date
Bernard Swanepoel*	No	3 May 2006 to date

* Resigned on 6 August 2007

Investment Committee

The Investment Committee focuses on annual capital projects, strategic and operational plans and any acquisitions. The primary purpose of the Investment Committee is to ensure that capital projects have been adequately reviewed and budgeted for, that due diligence and any other procedures for mergers and acquisitions

have been followed, and that cognisance has been taken of BEE requirements.

The Investment Committee consists of five non-executive members, of which three are independent. The committee meets at least twice a year, but may at its discretion meet more often depending on the circumstances. The committee's terms of reference set out

the purpose, responsibilities and duties, authority, membership and frequency of meetings required. This committee is fully compliant with its charter.

Five Investment Committee meetings were held during the financial year. A majority of the members attended these meetings. (See table below.)

Duties and responsibilities of the Investment Committee

- Consider the viability of the capital project and/or acquisition and the effect it may have on the company.
- Make recommendations to the board as to whether the capital project should proceed.

During significant mergers and acquisitions the following will be considered:

- auditing and monitoring of the development and progress of investments;
- ensuring that due diligence procedures have been followed; and
- reviewing due diligence procedures.

The members of the Investment Committee are:

Member	Independent non-executive	Period
Dr Simo Lushaba (chairman as from 5 August 2005))	Yes	26 January 2004 to date
Frank Abbott	No	30 July 2004 to date
Fikile De Buck	Yes	3 May 2006 to date
Cedric Savage	Yes	26 January 2004 to date
André Wilkens	No	7 August 2007 to date

Attendance at Board meetings FY07

Name	Board meeting (4)	Audit Committee (5)	Empowerment Committee (3)	Investment Committee (5)	Remuneration Committee (4)	Sustainable Development ^a Committee (3)
Frank Abbott	4	5*	N/A	5	N/A	N/A
Graham Briggs	4*	2*	2*	3*	N/A	1*
Joaquim Chissano	4	N/A	2	N/A	N/A	2
Fikile De Buck ¹	3	4	N/A	2	N/A	2
Cathie Markus ²	-	N/A	N/A	N/A	N/A	N/A
Simo Lushaba	4	3	N/A	5	4	N/A
Modise Motloba	3	3	2	N/A	N/A	2
Patrice Motsepe	4	N/A	N/A	N/A	3	N/A
Cedric Savage	4	4	N/A	4	4	N/A
Bernard Swanepoel ³	4	3*	3	5*	3*	1*
Nomfundo Qangule ⁴	4	5*	N/A	5*	N/A	N/A
André Wilkens ⁵	N/A	N/A	N/A	N/A	N/A	N/A

1. Appointed as a member of the Audit Committee, the Investment Committee and the Sustainable Development Committee on 3 May 2006

2. Appointed to the Board as Non-Executive Director on 1 May 2007

3. Resigned from the Board effective from 6 August 2007

4. Resigned from the Board effective from 21 August 2007

5. Appointed to the Board as Non-Executive Director on 6 August 2007

* Invitee to meeting

Company Secretary

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;
- providing 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;

- providing the board with guidance as to how they can, in the best interests of Harmony, discharge these responsibilities and duties; and
- raising matters that may warrant the attention of the board.

Marian is also the executive responsible for legal matters, compliance, risk management document retention, and ensures compliance with all relevant statutory and regulatory requirements, (including SOx as

from September 2007) and internal audit, 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 people, and is available to provide a central source of guidance and advice within Harmony on matters of ethics and good governance.

Executive Management Committee

Members of the executive team belong to the following committees, which meet at regular intervals:

Committee name	Functions
Brand Committee	Deals with all matters relating to the Harmony brand. Meets monthly.
Ethics Committee	Reviews gift registers on a quarterly basis and discusses matters relating to ethics in the company. Implemented in May 2006. Meets quarterly.
Operational Review Committee	Oversees the execution of detailed shaft plans, employee relations, procurement, costs, cash flows and meets monthly.
Enterprise Risk Management Committee	Monitors the risks within the company. Meets quarterly.
IT Steering Committee	Oversees IT within the company. Meets quarterly.

CODE OF ETHICS

The continued success of Harmony depends on the highest levels of integrity across all sectors of our business. As we would like all our stakeholders to view Harmony as a company they can trust, we have to be unequivocal about our values and the way in which these values find expression in our daily behaviour.

We subscribe to the following values:

- honesty (integrity)
- resilience
- passion
- determination
- decisiveness
- inspiring
- focused
- ingenuity

The Harmony code of ethics (code) was adopted to respond to the challenge of ethical conduct in a business environment. All employees are expected to comply with its contents.

The term 'employees' is used in the broadest sense and includes all staff with which a service contract exists, including management, non-management, directors, contractors, consultants and temporary staff.

Harmony acknowledges the Constitution of South Africa as the supreme law of the country and commits itself to abide by all existing legislation. We have also committed the company to sound corporate governance. However, this code goes beyond our legal and regulatory responsibilities by formalising the values held within the company.

Our code complements all our existing internal policies, and compliance with the code is a condition of employment for all Harmony directors and employees.

The purpose of the code is to guide each employee's behaviour, not to provide specific answers to every conceivable situation that might arise in the workplace. The White Collar Crime Committee (WCCC) meets once a month to consider confidential reports received of code violations, fraud and other inappropriate behaviour. An Ethics Committee, which functions at the executive management level, was formed in May 2006 to monitor the activities of the WCCC.

RESTRICTIONS ON SHARE DEALINGS

Harmony employees and directors are prohibited from dealing in Harmony shares during price sensitive periods. The 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. There is a formal clearance procedure in place with respect to directors dealing in Harmony shares.

INTERNAL CONTROL AND AUDIT

The board is ultimately responsible for ensuring that Harmony remains a going concern and that it thrives. 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.

Harmony has established an internal audit function, which has been outsourced to a consortium of audit firms: KPMG Management Assurance Services, Kwinana

& Associates, Ngubane & Company and Xabiso. 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. In achieving its independent organisational status, the Internal Audit function reports to the Audit Committee. The relationship between the Audit Committee and the Internal Audit function encompasses reporting and oversight activities.

The procedures and systems, which act as checks and balances on the provision/gathering of information, are reviewed by the board from time to time. The SOx compliance project has added tremendous value in improving Harmony's controls. In achieving this, Harmony employed the services of a consortium of audit companies. A gap analysis in terms of policies and procedures was completed for the services and operational sections during the year and an internal audit by the legal and compliance team will be completed during the 2008 fiscal year. Project teams have been formed at operational and service levels to assist with the updating of the various standards, policies and procedures. An adequate budgeting and planning process exists, and performance is monitored against these budgets and plans.

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, risks and so forth, management and, ultimately, the board retain full responsibility for ensuring that Harmony maintains an appropriate framework of

controls to reduce business risks to an acceptable level. Except for the control related issues noted in the Directors' report, the board is satisfied that Harmony's internal controls are more than adequate to safeguard its assets, to prevent and detect errors and fraud, to ensure the accuracy and completeness of accounting records, and to prepare reliable financial statements.

WORKER PARTICIPATION

Harmony has worker participation structures in place to deal with issues that affect employer/employee relations. The company actively encourages open communication, consultation, and the identification and resolution of conflicts through workplace forums. These structures deal with issues relating to productivity, career security, interaction with labour in accordance with regulations and legislation, and identification with the company. Harmony is committed to maintaining a positive relationship with unions and associations.

INFORMATION MANAGEMENT

Records are maintained to meet Harmony's legal and financial obligations and to manage the affairs of the company. All Harmony's shareholders and stakeholders have access to the website-based Information Manual, required in terms of the Promotion of Access to Information Act.

SUSTAINABLE DEVELOPMENT REPORT

An important development brought about through the King Report is the integration of financial and non-financial reporting. The latter includes reporting on the economic, social and environmental impacts of the company, the so-called 'triple bottom line'. Harmony qualified for the JSE's Socially Responsible Index for three consecutive years and will be considered for inclusion in the 2007 assessment.

As recommended by the King Report, Harmony has adopted the Global Reporting Initiative (GRI) guidelines as a basis for its sustainable development reporting. Harmony is supportive of the principles embodied within GRI reporting and an index is provided, indicating those areas that are reported on this year, those where the systems are not currently in place for reporting, and those that are not applicable to the company. Harmony's Sustainable Development Report for FY07 has been produced as a separate document and is

available on the company's website or as a printed document on request.

As a South African company, Harmony also reports on its compliance with the Mining Charter Scorecard. All of the issues dealt with in the scorecard are covered in the Sustainable Development Report.

THE SARBANES-OXLEY ACT OF 2002 (SOx)

In terms of Section 302 of SOx, the chief executive and chief financial officer are required to certify that:

- they have reviewed the Annual Report;
- based on their knowledge, the report contains no material misstatements or omissions;
- based on their knowledge, financial statements and other financial information included in the Annual Report fairly present in all material respects the financial condition, results of operations and cash flows of the issuer (being Harmony) for the periods presented in this report;
- they are responsible for establishing and maintaining internal controls and procedures, and have properly designed and evaluated them;
- they have advised their auditors and Audit Committee of all significant deficiencies; and
- they have identified any significant changes in internal controls in the report.

Section 404

Section 404 requires management to develop and monitor procedures and controls to ensure its required assertion about the effectiveness of internal control over financial reporting, as well as the required attestation by an external auditor of management's assertion.

In order to comply with Section 404 of SOx, Harmony management implemented an effective and efficient assessment process to manage reporting obligations so as to ensure public trust.

The assessment process followed entails:

- Scoping to identify significant accounts and locations which have an impact on the financial statements.
- Updating of documentation and sign off by process owners.
- Testing of key controls for operating effectiveness and remediation of

deficiencies identified. Deficiencies are evaluated and classified into the following categories:

- Internal control deficiency
 - Significant deficiency
 - Material weakness. All significant deficiencies and potential material weaknesses are reported to the SOx Steering Committee and Audit Committee.
- Reporting – Harmony's chief executive and chief financial officer are required to certify that internal controls over financial reporting are effective and do not result in any material misstatement in the Annual Report for FY07.

With the implementation of the new system used for accounting and financial reporting purposes, weaknesses have been identified in internal controls. Steps which we believe will remedy the weaknesses identified are being taken and these have been communicated to the Audit Committee. Also see page 104 of the Directors' report regarding a possible risk that Harmony's Section 404 report may be qualified.

Compliance with SOx is an on-going process. Management has developed a strategy that will advance the sustainability of the internal control structure and ensure compliance with SOx beyond the first year of compliance.

RISK MANAGEMENT

It is Harmony's policy to manage all categories of risk associated with its business operations through the development and maintenance of a formal risk policy framework.

The Harmony board has committed the organisation to a process of risk management that is aligned to the principles of the King Report. The features of this process are outlined in the group's Risk Policy Framework. All group divisions, operations and processes are subject to this framework.

Harmony recognises that risk in business is a complex and diverse concept, and that there are many parts of the organisation working at managing risk exposure. These parts work together in a consistent and integrated manner with the overall objective of reducing risk as far as reasonably practicable.

Different risk-related or assurance-provider functions align the various goals and reporting processes into one cohesive and structured framework. All of the organisation's business, financial, technological, legal and operational risk exposures, whether they are insurable or not, are identified, assessed and appropriately managed. Harmony's risk strategy considers various risk functions as it determines aspects such as risk tolerance limits and capital allocation processes.

All risk management efforts are focused on supporting the group's business objectives. Equally, it ensures compliance with relevant legislation, and fulfils the expectations of employees, communities, shareholders and other stakeholders in terms of corporate governance.

Effective risk management is imperative to an organisation with Harmony's risk profile. The realisation of the company's business strategy depends on it being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk through Harmony's enterprise risk management system enables the company to anticipate and respond to changes in its business environment, as well as to make informed decisions in conditions of uncertainty. Risk registers have been rolled out at most of our operations, making it easier to identify the various risks and opportunities within Harmony.

The Enterprise Risk Management Committee comprises the financial director, the chief risk officer, the chief operations officer, the company secretary, the group engineer and the treasurer (responsible for insurance). The committee meets every quarter to discuss the various risks detected by the risk registers and report their findings to the Audit Committee.

In addition to the risk registers, action plans have been developed and prioritised to minimise the risks in Harmony to an acceptable level: for example, a toll-free line for whistle-blowing is available to all employees (including contractors and suppliers) and open communication between employees and management is encouraged.

Risks relating to our business and industry

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

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

- the demand for gold for industrial uses and for use in jewellery;
- international or regional political and economic trends;
- the 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 held by central banks or other large gold bullion holders or dealers;
- forward sales by other gold producers; and
- the production and cost levels for gold in major gold-producing nations, such as South Africa, United States, Australia and China.

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

The volatility of the gold price is illustrated by the table on page 97, which shows the annual high, low and average of the afternoon London Bullion Market (LBA) fixing price of gold in US dollars for the past 11 calendar years.

While the aggregate effect of these factors is impossible for Harmony to predict, if gold prices should fall below the company's cash cost of production and remain at such levels for any sustained period, Harmony may experience losses and may be forced to curtail or suspend some or all of its operations. In addition, the company would also have to assess the economic impact of low gold prices on its ability to recover any losses it might incur during that period and on its ability to maintain adequate reserves. Harmony's average cash cost per ounce of gold sold was \$486 for FY07, \$433 in FY06 and \$379 in FY05.

As most of Harmony's production costs are incurred in rands and gold is sold in US dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the rand against the US dollar.

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

Harmony's operating environment has been severely influenced by the stronger rand, which has appreciated 30% against the US dollar since 2002, and this has had a negative impact on its short-term profitability.

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

The ore reserve estimates are estimates of the mill delivered quantity and grade of gold in Harmony's deposits and stockpiles. They represent the amount of gold which Harmony believes can be mined, processed and sold at prices sufficient to recover its estimated future cash costs of production, remaining investment and anticipated additional capital expenditures. Harmony's ore reserves are estimated based upon a number of factors, which have been stated in accordance with SEC Industry Guide 7. As Harmony's ore reserve estimates are calculated based on estimates of future cash costs (which in some cases are assumed to

Calendar Year	High(\$)	Low(\$)	Average(\$)
Price per ounce			
1996	415	367	388
1997	367	283	331
1998	313	273	294
1999	326	253	279
2000	313	264	282
2001	293	256	271
2002	332	278	309
2003	412	322	361
2004	427	343	389
2005	476	411	434
2006	725	525	604
2007 (through to 28 September 2007)	646	567	734

decrease significantly) and future gold prices, and because Harmony's gold sales are primarily in US dollars and Harmony incurs most of its cash costs in rands, the exchange rate (which is not under the company's control) between the rand and the US dollar and, in the case of Harmony's Australian operations, between the rand and the Australian dollar, has a significant impact on its ore reserve estimates. As a result, the reserve estimates should not be interpreted as assurances of the economic life of Harmony's gold deposits or the profitability of its future operations.

Since ore reserves are only estimates that the company makes based on the above factors, Harmony may in future need to revise these estimates. In particular, if Harmony's cash costs and production increase or do not decrease as assumed (whether in US dollar terms, rand terms, Australian dollar terms, or in relative terms due to an appreciation of the rand or the Australian dollar against the US dollar) or the gold price decreases, the recovery of a portion of Harmony's ore reserves may become uneconomical. This will force Harmony to lower its estimated reserves.

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

Harmony's operations have limited proven and probable reserves, and exploration and discovery are necessary to maintain current gold production levels. Exploration for gold and other precious metals is

speculative in nature, is frequently unsuccessful and involves many risks, including those related to:

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

Harmony's exploration efforts might not result in the discovery of mineralisation and any mineralisation discovered might not result in an increase in the company's proven and probable reserves. To access additional reserves, Harmony will need to successfully complete development projects, including extending existing mines and possibly developing new mines. Development projects would also be necessary to access any new mineralisation discovered through our exploration activities around the world. Harmony typically uses feasibility studies to determine whether or not to undertake significant development projects.

Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about:

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

Actual cash costs of production, production and economic returns may differ significantly from those anticipated by Harmony's feasibility studies for new development projects.

It can take a number of years from initial feasibility studies until development is completed and, during that time, the economic feasibility of production may change. In addition, there are a number of uncertainties inherent in the development and construction of an extension to an existing mine or any new mine, including:

- the availability and timing of necessary environmental and governmental permits;
 - the timing and costs 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.
- Harmony has addressed growth through 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 operational mines, as well as in a number of known prospective gold mineralised regions around the world.

During FY06 and FY07, the bulk of exploration expenditure was allocated to activities in Australia, Papua New Guinea and South Africa. However, there is no assurance that any future development projects will extend the life of Harmony's existing mining operations or result in any new commercial mining operations.

As we currently do not enter into forward sales, derivatives or hedging arrangements with respect to future gold production, we are exposed to the impact of a significant decrease in the gold price.

As a rule, we sell our gold at market prices. Currently, we generally do not enter into forward sales, derivatives or hedging arrangements to establish a price in advance for the sale of our future gold production, although we may do so in the future. As a result, we may realise the positive impact of

any short-term increase in the gold price, but are not protected against decreases in the gold price and, if the gold price decreases significantly, our revenues may be materially adversely affected.

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

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

- Harmony's ability to identify appropriate acquisition candidates or negotiate acquisitions on favourable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining Harmony's financial and strategic focus 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 that Harmony acquires mining operations outside South Africa or Australia, encountering difficulties relating to operating in countries in which Harmony has not previously operated.

Our ability to make successful acquisitions and any difficulties or time delays in achieving the successful integration of such acquisitions could have a material adverse effect on Harmony's business, operating results, financial condition and share price.

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

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

- rockbursts;
- seismic events;
- underground fires;
- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- release of radioactive hazards;

- flooding;
- accidents; and
- other conditions resulting from drilling, blasting and the removal and processing of material from a deep-level mine.

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

- flooding of the open pit;
- collapse of open-pit walls;
- accidents associated with the operation of large open pits 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 caused by weather conditions.

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

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

Harmony has third-party liability coverage for most potential liabilities, including environmental liabilities. While the company believes that its current insurance coverage for the hazards described above is adequate and consistent with industry practice, Harmony may become subject to liability for pollution (excluding sudden and accidental pollution) or other hazards against which it has not been insured or which cannot be insured, including those in respect of past mining activities. Furthermore, Harmony maintains and intends to continue to maintain, property and liability insurance consistent with industry practice, but such insurance contains exclusions and limitations on coverage. In addition, there is no guarantee that insurance will continue to be available at economically acceptable premiums. As a result, Harmony's insurance coverage may not cover the extent of claims against it for environmental or industrial accidents or pollution.

Harmony's operations may be negatively affected by inflation.

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

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

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

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

South Africa's exchange control regulations place restrictions on the export of capital from the country. As a result, Harmony's ability to raise and deploy capital outside South Africa is constrained. In particular, Harmony is:

- generally not permitted to export capital from South Africa, to hold foreign currency or incur indebtedness denominated in foreign currencies without the approval of the South African exchange control authorities;
- generally not permitted to acquire an interest in a foreign venture without the approval of the South African exchange control authorities and without first having complied with the investment criteria of the South African exchange control authorities;
- generally required to repatriate to South Africa profits of foreign operations; and
- limited in its ability to use profits from one foreign business to finance the operations of a different foreign business.

These restrictions could hinder Harmony's normal corporate functioning, including its ability to make foreign investments and procure foreign currency-denominated finance in the future. While exchange controls have been relaxed in recent years, it is difficult to predict whether the South African government will further relax exchange control regulations in the future and if it chose to do so, how it would implement these. Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the South African government may further relax such exchange controls cannot be predicted with certainty, although the government has committed itself to a gradual approach of relaxation. Further relaxation or abolition of exchange controls may precipitate a change in capital flows to and from South Africa. In the event of the immediate abolition of exchange control there may be a sudden withdrawal of rands from the South African market by investors. Because South Africa has a fully floating exchange rate and a flexible interest rate policy, this would result in a rapid depreciation of the rand exchange rate which would serve to stem the withdrawal and would also result in an increase in interest rates due to the depreciation of the rand.

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

Despite a history of positive and constructive engagement with labour unions, there are periods during which the various stakeholders are unable to agree on dispute resolution processes. Disruptive activities on the part of labour, which normally differ in intensity, then become unavoidable. Given the high level of union membership among the company's employees (approximately 93%), Harmony is at risk of having production stoppages for indefinite periods due to strikes and other disputes. This occurred in FY06 and FY05. The industry is currently participating in wage negotiations with its trade unions. Our production may also be materially affected by labour laws. Significant labour disruptions have affected our operations and financial situation and we are not able to predict whether or not we will experience such labour disputes in the future. South African employment law sets

out minimum terms and conditions of employment for employees.

Though these minimum terms and conditions may be improved upon by agreements concluded between Harmony and the trade unions, the prescribed minimum terms and conditions form the benchmark for all employment contracts. South African employment law regulates the working hours of employees and provides for a severance payment equivalent to one week for each completed year of service if an employee's employment is terminated because of operational circumstances. Agreements between Harmony and the trade unions may vary the working hours that are taken into account when such payments are calculated.

South African employment law allows an employer and trade unions to apply for exemption from certain sections of employment legislation. The minister of labour has granted certain exemptions to gold and colliery members of the South African Chamber of Mines. These determinations by the minister are designed to take into account the practical circumstances and arrangements which prevail in the gold and coal mining industries and not catered for in existing legislation. A number of the variations cater for employees' preferences in relation to working hours. Harmony is required to submit a report in terms of South African employment law detailing the progress made towards achieving employment equity in the workplace. In the event that this report is not submitted, Harmony could attract substantial penalties. Developments in South African employment law may increase our cash costs of production or alter our relationship with our employees and trade unions.

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

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

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

The cost of occupational health care services may increase in the future.

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

Laws governing mineral rights affect our business.

Harmony is governed by the South African Mineral and Petroleum Resources Development Act 2002 (MPRDA). Under the MPRDA, tenure over established mining operations is secured for up to 30 years (and renewable for periods not exceeding 30 years each thereafter), provided that mining companies apply for new order mining rights over existing operations within five years after 1 May 2004 or before the existing right expires, whichever is the earlier date and fulfill requirements specified in the MPRDA and the Broad-Based Socio-Economic Empowerment Charter for the South African mining industry (Mining Charter).

The Mining Charter was signed by government and stakeholders in October 2002 and contains principles relating to the transfer, over a 10-year period, of 26% of South Africa's mining assets (as equity or attributable units of production) to historically disadvantaged South Africans (HDSAs), as defined in the Mining Charter.

An interim target of 15% HDSA participation over five years has also been set and to this end, the South African mining industry has committed to securing financing to fund participation by HDSAs to the 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 target of 26%. In order to measure progress in meeting the requirements of the Mining Charter, companies are required to complete a 'Scorecard', in which the levels of compliance with the objectives of the Mining Charter can be ticked off after five and 10 years respectively. The Mining Charter and Scorecard require programmes for black economic empowerment and the promotion of value-added production, such as jewellery-making and other gold fabrication, in South Africa. In particular, targets are set out for broad-based black economic empowerment in the areas of human resources and skills development, employment equity, procurement and beneficiation. In addition, the Mining Charter addresses socio-economic issues, such as migrant labour, mine community and rural development, and housing and living conditions.

Currently, the South African government has given its assurance that the Mining Charter will take precedence over the more recently promulgated Black Economic Empowerment Act, 2003 and particularly the Codes of Good Practice published thereunder, which are of general application to the South African economy.

It is therefore envisaged that the Mining Charter will remain relevant to securing the conversion of mineral rights. Harmony actively carries out mining and exploration activities in all of its material mineral rights areas. Three of Harmony's operations have been granted their mining licences and applications have been submitted for the balance. We will be eligible to apply for new licences over existing operations, provided that we comply with the Mining Charter. We have taken steps to comply with the expected provisions of the Mining Charter, such as promoting value-added production, exploring black empowerment initiatives and increasing worker participation.

The MPRDA also makes reference to royalties payable to the South African state in terms of the envisaged Mining and Petroleum Royalty Act which has not yet been finalised. However, a Bill, known as the Royalty Bill, has been made available for public comment. The

introduction of the Mining and Petroleum Royalty Act will have an adverse effect on profits generated by Harmony's operations in South Africa.

According to the terms of draft regulations, royalties will only be payable from 2009. In Australia, most mineral rights belong to the government, and mining companies pay royalties to government based on production. There are, however, limited areas where government granted freehold estates without reserving mineral rights. Harmony's subsidiary, New Hampton, has freehold ownership of its Jubilee mining areas, but the other mineral rights in Harmony's Australian operations are subject to royalty payments.

In addition, current Australian law generally requires native title approval to be obtained before a mining licence is granted and mining operations can start. New Hampton and Hill 50 have approved mining leases for most of their reserves, including all reserves that are currently being mined. Should New Hampton or Hill 50 desire to expand operations into additional areas under exploration, these operations would need to convert the relevant exploration licences prior to the start of mining, and that process could require native title approval. There can be no assurance that any approval would be received.

In Papua New Guinea, Harmony's mining operations will be subject to royalty payments to the government of Papua New Guinea. Should we desire to expand any of our Papua New Guinea operations into additional areas under exploration, these operations would need to convert the relevant exploration licences prior to the start of mining, and that process could require native title approval. There can be no assurance that approval would be received.

Harmony is subject to extensive environmental regulations.

As a gold mining company, Harmony is subject to extensive environmental regulations. The company has experienced and expects to continue to experience increased cash costs of production arising from compliance with South African and Australian environmental laws and regulations. The MPRDA, certain other

environmental legislation, and the administrative policies of the South African government, regulate the impact of Harmony's prospecting and mining operations on the environment.

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

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

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

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

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

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

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

Compliance with new and changing corporate governance and public disclosure requirements adds complexity to our compliance policies and increases the costs of compliance.

Laws, regulations and standards relating to accounting, corporate governance and public disclosure, new SEC regulations, stock exchange rules and listing regulations are subject to change and can create uncertainty for companies like Harmony. New or changed laws, regulations and standards could lack specificity or be subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. In particular, in FY07, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, Harmony is required to furnish in its Annual Report on Form 20-F, a report by its management on its internal control over financial reporting. The report will contain, among other matters, an assessment of the effectiveness of Harmony's internal controls over financial reporting as of the end of the fiscal year, including a statement as to whether or not its internal controls over financial reporting are effective.

Harmony is required to have its independent auditors publicly disclose their conclusions regarding the evaluation. Harmony has established procedures in order to comply with Section 404 in the time frame permitted, however maintaining these procedures and ensuring compliance with these requirements will continue to be a substantial and time-consuming process. In addition, Harmony may uncover significant deficiencies or material weaknesses in its internal controls. Measures taken to remedy these issues may require significant effort, dedicated time and expense, as well as the commitment of significant managerial resources. Any of these circumstances could have an impact on Harmony's share price. We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses. See page 104 of

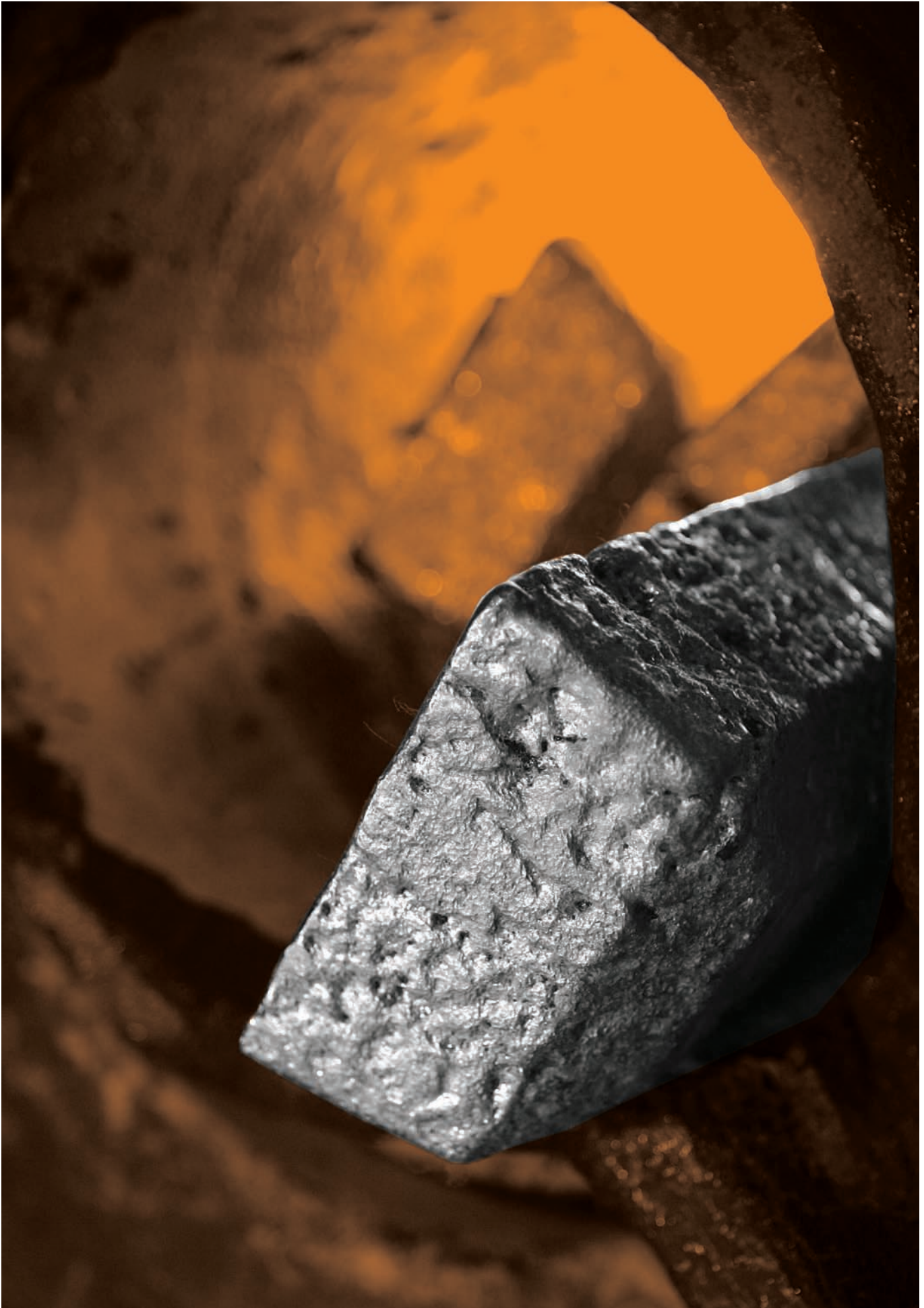
the Directors' Report regarding a possible qualified SOx statement.

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

On 30 June 2007, Harmony had an aggregate of 1 200 000 000 ordinary shares authorised to be issued and, at that date, an aggregate of 399 608 384 ordinary shares were issued and outstanding. Harmony also has employee share option schemes. The employee share option schemes came into effect in 1994, 2001 and 2003 respectively. The exercise prices of these options vary between R22.90 and R91.60. As a result, shareholders' equity interest in Harmony is subject to dilution to the extent that options are exercised in future.

Significant ways in which Harmony's corporate governance practices differ from the practices followed by companies listed on the NYSE under Section 303A.11 of the New York Stock Exchange Listed Company Manual (the NYSE Listing Standards).

Harmony's NYSE 303A.11 disclosure may be found on the company's website at www.harmony.co.za under Corporate Governance.



Directors' report

The directors of Harmony Gold Mining Company Limited are responsible for the preparation, integrity, and fair presentation of the financial statements of Harmony and its subsidiaries (the Group). The financial statements presented on pages 114 to 188 have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the accounts include amounts based on judgments 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 judgments and estimates, and that all 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 for 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 are responsible 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 and its subsidiaries operate 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 risks facing the group are being controlled. The Sarbanes-Oxley compliance project assisted in identifying potential deficiencies in control.

The going-concern basis has been adopted in preparing the financial statements. Based on current plans as compiled and various initiatives to improve cash flow, the company will be able to continue as a going concern.

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, barring any unforeseen event or sharp decrease in the gold price. These financial statements support the viability of the company and the group.

The Code of Corporate Practices and Conduct has been adhered to. Please refer to the Corporate Governance Report on page 85 for more information.

The group's external auditors, PricewaterhouseCoopers Incorporated, have audited the financial statements and their report is presented on page 113.

The financial statements were approved by the Board of Directors on 28 September 2007 and signed on its behalf by:



GP Briggs
Acting Chief
Executive

Virginia,
South Africa

28 September 2007



F Abbott
Interim Financial
Director

Virginia,
South Africa

28 September 2007

The company and its subsidiaries

Harmony and its subsidiaries and associates conduct underground and surface gold mining and related activities, including exploration, processing and smelting. Harmony's principal mining operations are located in South Africa and Australia, with exploration and evaluation programs in Papua New Guinea.

The company does not have a major controlling shareholder and 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 2007. These appear on pages 113 to 192 of this report. These financial statements have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards, supported by reasonable and prudent judgements and estimates where required.

Harmony achieved a sound financial performance for the financial year ended 30 June 2007, posting a net profit of R341 million compared with a net loss of R525 million for 2006. Cash operating profit increased to R2.4 billion (FY06: R1.5 billion) and operating profit improved to R1.2 billion from a loss of R472 million in FY06. Revenue for the year was up by 33% to R10.7 billion (FY06: R8.0 billion) on the back of an improved gold price in dollar terms of \$638/oz (average for the year) and a weaker rand/dollar exchange rate of R7.20. Basic headline earnings per share improved substantially to 86 SA cents from a loss of 133 SA cents per share recorded in FY06.

Cash operating costs increased year-on-year by R0.7 billion from R6.6 billion to R7.3 billion. Increasing costs in the last six months have been a major concern for management and cost control is being actively addressed at all levels of Harmony's operations.

The main contributors to costs were consumables and supervisory labour. The once-off cost anomaly for the June quarter is ascribed to the newly installed accounting software system that resulted in some of the March quarter's costs being captured in the June 2007 quarter. As a result, Harmony's total cash operating costs rose by 26.3% quarter-on-quarter to R2.4 billion from R1.9 billion.

In December 2006, Harmony implemented the Oracle E-Business Suite, an Enterprise Resource Planning (ERP) system. This was in order to replace Masterpiece as it had reached the end of its life-cycle. An ERP system is an integrated software solution used to manage a company's resources. It integrates all facets of the business, including planning, inventory control, order tracking, finance and human resources.

Harmony has implemented the financial suite (general ledger, accounts payable, accounts receivable, projects and cash management modules), procurement and inventory programs. Still to be implemented are the fixed asset and enterprise asset management module.

An internal review of our new accounting system is currently under way to address the shortcomings of the system in an effort to understand the underlying issues. Employee's knowledge of the system will be established and, where necessary, retraining will be provided to ensure the highest level of proficiency. External consultants have been engaged to conduct a comprehensive audit of the system. We anticipate that the system should be bedded-down within six months. A review of the financial results for the six months ending 31 December 2007 will be conducted by Harmony's external auditors.

Financial reporting

This will be the first year that we will be required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (SOx), to report on the company's internal controls regarding financial reporting. The report will contain, among other matters, an assessment of the effectiveness of Harmony's internal controls of its financial reporting as of the end of the financial year, including a statement as to whether or not

its internal controls over financial reporting are effective.

The implementation of the Oracle ERP system during the financial year impacted on the accuracy of the financial reporting during the financial year. Certain month-end controls relating to accounts payable, cash and bank as well as inventory could not be performed during the financial year due to difficulties encountered with the implementation of the system. An understatement of production costs, estimated at R250 million, relating to the third quarter of the financial year was also discovered and accounted for in the fourth quarter. Management implemented manual control procedures at year end to ensure the accuracy of financial reporting as at 30 June 2007.

This breakdown in internal controls over financial reporting as well as the materiality of the adjustments required will negatively impact on the report to be issued by our external auditors on the effectiveness of internal controls over financial reporting as required by SOx 404. This report will only be finalised with the 20F filing and there is a possibility that this report will be qualified as a result of the significant deficiencies and material weaknesses identified.

Management has developed a strategy that will advance the sustainability of the internal control structure and ensure compliance with SOx in subsequent years.

Going concern

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

Capital

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2007 are set out in the statements of shareholders' equity on page 146 of this report. Year-on-year the issued share capital of the company increased by R1 336 967 to R199 804 192 which is equal to 2 673 934 newly-issued ordinary shares of 50 cents each. The increased amount is mainly due to the exercise of share options under the company's share option 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 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 26 November 2007. 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.

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 page 186 of this report.

Contingencies

None of Harmony's properties is the subject of pending material legal proceedings. We experience a number of claims and legal and arbitration proceedings incidental to the normal conduct of our business, such as the ones described below. The directors do not, however, believe that liabilities related to such claims and proceedings are likely to be, individually or in the aggregate, material to the company's consolidated financial condition.

Silicosis

In December 2004, 10 plaintiffs employed at the Elandsrand Mine instituted actions in respect of silicosis claims. The First Defendant in these matters is Anglo American Corporation of South Africa Limited, with Harmony cited as the Second Defendant. These 10 claims constitute test cases in relation to claims for damages for silicosis allegedly contracted by the plaintiffs over their period of employment with Anglo American and Harmony at Elandsrand. The Occupational Diseases and Mine Works Act (unlike other similar legislation) does not contain a clause precluding employees from instituting claims against employers for damages arising from an occupational disease. While we cannot

guarantee a favourable result, the Board does not believe that the present 10 test cases present a significant risk and the probabilities vastly favour a dismissal of the actions.

ArcelorMittal

In 2002 Harmony, together with DRDGold, lodged a complaint with the Competition Commission against ISCOR (as it then was) in respect of the prices charged by ISCOR in the local steel market for flat steel products. The complaint alleged that ISCOR had abused its dominant position in the local market for flat steel products by charging excessive prices. ISCOR has, since the early 1990s, employed an import parity pricing system in respect of its flat steel, which means that local consumers, in a market which is a 'net export market', must pay a price for steel which reflects prices charged in overseas countries together with the notional costs of shipping that steel to South Africa, clearing it through customs, and transporting it inland, when in fact such costs are not incurred and in circumstances where ISCOR exported a considerable portion of its production at much lower prices. ISCOR put a complex series of measures in place to prevent arbitrage between local and export customers and, in this way, put a floor of support under its excessive local flat steel prices.

In 2004, the Competition Commission declined to refer the matter to the Competition Tribunal for adjudication, and Harmony and DRDGold exercised their right to do this. The result was a lengthy hearing (akin to a civil trial) which took place at various times during 2006. In March 2007, the Tribunal released its precedent, setting decision which upheld the complaint, confirming that ISCOR (now called ArcelorMittal Steel SA (Mittal)) has been charging excessive prices. Mittal has notified Harmony and DRDGold that it intends to appeal the Tribunal's decision to the Competition Appeal Court. In September 2007, the Competition Tribunal released the much anticipated decision on the remedies it would impose on Mittal, following its finding that Mittal had been charging excessive prices. The Tribunal has placed behavioural remedies on Mittal designed to ensure that Mittal can no longer segment

local and export flat steel markets, as it had been doing, and which it had used as a mechanism to sustain its excessive prices. In addition, the Tribunal ordered Mittal to pay an administrative penalty to the national revenue fund. Mittal was also ordered to ensure that its prices and pricing mechanisms are transparent to the public in future and to pay the legal costs incurred by Harmony and DRDGold.

It is widely expected that Mittal will also appeal part or all of the remedies decision and it is anticipated that the matter will be heard by the Competition Appeal Court in 2008.

Post closure water treatment

There are two main areas of groundwater impact. One has to do with the artificial aquifer created through the generation of mining voids. Often these mining aquifers are connected regionally to those of other mines and the impact of the water moving through these aquifers occurs over a large area. The second groundwater impact is on the near-surface aquifer. Impacts on this aquifer arise from seepages from tailings dams, the discharge of contaminated water on surface, rock dumps, the use of evaporation areas, etc. In some cases there is interaction between the near-surface and the deeper aquifers.

The cost of mitigating the discharges expected from artificial aquifers (mined) and the remediation of near-surface aquifers has not been studied in sufficient detail to make an accurate assessment of the remediation costs. The potential costs involved in remediating the groundwater impact cannot be quantified with any level of confidence unless a number of detailed studies are conducted for each specific situation and an agreed strategy for dealing with this issue has been adopted. This is an industry-wide issue and it is unclear who will be liable for which portion of the water treatment.

Movements in borrowings

See note 32 to the annual financial statements.

Borrowing powers

The level of the company's borrowing powers, as determined by its Articles of

Association, shall not, except with the consent of the company's shareholders, exceed the aggregate from time to time of the issued and paid-up share capital of the company, together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves (including minority interests in subsidiary companies and provisions for deferred taxation) and any share premium account of the Group. At year-end, total borrowings amounted to R4 598 million (FY06: R3 597 million).

Acquisitions

Village Main Reef Gold Mining Company (1934) Limited (Village)

Following Harmony's acquisition of 37.8% of the issued share capital of Village in June 2006, Harmony acquired a further 3 163 shares in Village through an offer made to minorities. Harmony currently holds 2 295 663 shares in Village, representing 37.83 % of Village's total issued share capital.

Rio Tinto royalty rights

On 2 March 2007, Harmony signed an agreement with Rio Tinto Limited (Rio Tinto) to purchase the royalty rights from Rio Tinto for the Hidden Valley and Kerimenge deposits in Papua New Guinea. The transaction will benefit Harmony by reducing the cash costs of Hidden Valley by US\$13 per ounce. The remaining condition precedent, which is to obtain approval of the relevant PNG minister on the recommendation of the Mining Advisory Council that the royalty rights

may be transferred to Harmony, has not yet been satisfied. As a result the agreement has been extended to 27 November 2007.

Disposals

Nickel tenements

The nickel tenement divestment agreement for AU\$20 million cash was signed in June 2007. Conditions precedent have to be fulfilled before completion and receipt of the monies, which is expected in the September 2007 quarter when this transaction will be accounted for.

Gold Fields shares

Refer note 23 to the financial statements.

Randfontein 4 Shaft

Randfontein 4 shaft was sold to Simmer & Jack Limited on 19 October 2006 for an amount of R55 million.

Deelkraal assets

The surface assets and metallurgical plant at Deelkraal was sold to Ogoerion Construction CC for R99.4 million on 5 April 2007. It was agreed that the purchase price be paid in instalments over a 24-month period.

Hedging

During the fourth quarter of FY07, the hedge book which was initially acquired with the purchase of the West Australian assets was closed out. The remaining 230 000 ounces were closed out at an average cost of AU\$809 per ounce, to give a total cost of AU\$75.8 million. The whole amount was settled from available cash

sources. The close out has resulted in Harmony being totally unhedged in line with stated company objectives.

Property

Harmony holds freehold and leasehold properties in a number of jurisdictions. No single property is considered to be a principal establishment of Harmony or the Group. Full details of the property, mineral and participation rights of the company and the group are available on request.

Dividends

No dividend was declared during FY07.

Long-term 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 years after 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. They all have similar rules.

Existing share option schemes

The share option schemes may be amended from time to time (whether retrospectively or otherwise) by the Board in any respect (except for certain specific clauses that may only be amended through approval in a general meeting), provided that no such amendment shall operate to alter the terms

Executive directors' and management share options

	Balance as at 1 July 2006		Exercised and sold during the year	
	Number of options	Average price per share	Number of options	Average price per share
Frank Abbott ³	0	0	0	0
Graham Briggs ³	122 230	48.55	30 592	106.77
Nomfundo Qangule ³	160 124	56.63	37 224	120.57
Bernard Swanepoel ³	340 967	50.59	0	0
Senior management ²	9 527 878	48.66	2 209 380	111.01

¹ No options were allocated during the year

² The price per share option ranged between R22.90 and R93.00. The last date on which an option may be exercised is 26 April 2015.

³ This table should be read together with the table on appointments, resignations and retirement of directors on page 104.

and conditions of any option granted to a participant prior thereto, without the written consent of that participant and provided that the prior written approval of the JSE has been obtained. Share option allocations are approved by the Remuneration Committee. No share options were re-priced during the financial year.

Harmony adopted a share purchase scheme in which 1994 and 2001 Share Option Scheme participants respectively were allowed to participate. This share purchase scheme provides for a share purchase trust controlled by Harmony. Recourse loans are 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 Schemes. Since 27 March 2003, share option scheme participants were 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. Members of the Remuneration Committee serve as trustees. The trustees are not eligible to receive loans from the trust. Participants are not allowed to use structures to lock-in profits as the options are meant to align employees with our shareholders. A share option scheme (the 2003 Scheme) was approved by shareholders on 14 November 2003. The total number of shares reserved for the 2003 Scheme was 23 234 960, which represented 9% of the issued share capital of the company as at 16 September 2003. It was the intention at the time to reserve 4% of the then issued share capital for

managerial employees and 5% for broad-based participation by non-managerial employees. We have had numerous discussions with unions representing our non-managerial employees but have not reached agreement as to the issue of options to non-managerial employees under the 2003 Scheme. No options have been granted to non-managerial employees under the 2003 Scheme; 5% of the 2003 Scheme has been allocated to management.

Broad-Based Employee Share Scheme

The total number of shares to be reserved for the Broad-Based Scheme will be 5% of our current issued share capital, subject to certain employee performance-linked milestones which can be realistically achieved. Once achieved, the value is unlocked to the Broad-Based Scheme for the ultimate benefit of non-managerial employees. Management and employees will jointly participate in the structuring of the Broad-Based Scheme. It is the intention of the company to structure the Broad-Based Scheme to maximise the recognition of black participation therein, both from the perspective of the Mineral and Petroleum Resources Development Act and the Broad-Based Black Economic Empowerment Act. Discussions with unions representing our non-managerial employees are on-going in relation to options to benefit non-managerial employees in terms of the 2003 Scheme.

The Harmony 2006 Share Plan

The Remuneration Committee engaged with independent professional service providers to design an appropriate suite of share-based incentives which are in line with what they believe is global best practice and emerging South African practice, which in combination serve to reward the required attributes of shareholder alignment and long-term, sustained performance.

The Harmony 2006 Share Plan (the Plan) was adopted by shareholders at the annual general meeting held on 10 November 2006. The plan incorporates the following elements: equity-settled share appreciation rights, performance shares and performance allocated restricted shares.

In terms of the Plan, executive directors and senior employees of Harmony and its subsidiaries and associates are awarded rights to receive shares in Harmony, based on the value of these awards when time and performance conditions have been met, the awards have vested and, in the case of the Share Appreciation Rights (SARs), the restricted shares, have been exercised.

The primary intent of the Plan is to reward executives and senior management for long-term, sustained performance aligned to shareholder value, and at the same time to ensure an optimal positioning in terms of the accounting and regulatory environment.

In order to minimise volatility in earnings dilution due to IFRS 2, it is envisaged that

Allocated during the year ¹		Lapsed	Balance as at 30 June 2007	
Number of options	Average price per share		Number of options	Average price per share
0	0	0	0	0
0	0	0	91 938	48.55
0	0	0	122 900	56.23
0	0	0	340 967	50.59
0	0	0	7 318 498	48.01

rewards will be settled in shares. The nature of the plan is not as dilutive as a normal share option scheme. As a result the maximum number of shares required for settlement over a 10-year period is envisaged to be 14% of Harmony's currently issued ordinary shares for all Harmony share schemes, including the broad-based employee scheme option. The 14% of the share capital of Harmony that is reserved for the share schemes was approved at the annual general meeting held in November 2005.

The performance conditions governing the vesting of the scheme instruments are related, *inter alia*, to growth in earnings above inflation, comparative total shareholder returns relative to competitor peer groups, and the achievement of sustainability index measures. They are designed to be stretching but achievable, and are linked where applicable to Harmony's medium-term business plan, over rolling three-year performance periods.

Annual allocations of SARs, awards of performance shares and grants of restricted shares will be governed by Harmony's reward philosophy, in which (*inter alia*) the "expected value" of long-term incentive reward is set for defined categories of executives and senior management. Expected value is defined as the present value of the future reward outcome of an allocation/award/grant, given the targeted future performance of Harmony and of its share price.

Annual incentive scheme

Harmony's Remuneration Committee ensures that Harmony's directors and senior executives are fairly rewarded for their

Allocations made to the directors and management in terms of the Harmony 2006 Share Plan during FY07 were as follows

	Share appreciation rights	Conditional award performance shares
GP Briggs	3 473	11 326
N Qangule	3 941	12 851
ZB Swanepoel	6 536	34 102
Senior management	928 641	480 237
Total	942 591	538 516

Note: The allocations to ZB Swanepoel and N Qangule were cancelled following their resignation in August 2007.

Board of directors

Name	Date of appointment	Date of resignation
Patrice Motsepe*	23 September 2003	By rotation or resignation
Bernard Swanepoel	16 May 1995	Resigned on 6 August 2007
Frank Abbott**	1 October 1994	By rotation or resignation
Graham Briggs	6 August 2007	By rotation or resignation
Joaquim Chissano*#	20 April 2005	By rotation or resignation
Fikile De Buck*#	30 March 2006	By rotation or resignation
Dr Simo Lushaba*#	18 October 2002	By rotation or resignation
Cathie Markus*#	31 May 2007	By rotation or resignation
Modise Motloba *#	30 July 2004	By rotation or resignation
Nomfundo Qangule	26 July 2004	Resigned on 21 August 2007
Cedric Savage*#	23 September 2003	By rotation or retirement
André Wilkens*	6 August 2007	By rotation or retirement

* *Non-executive directors*

** *Frank Abbott served as a non-executive director until 20 August 2007 and was appointed interim financial director on 21 August 2007.*

Independent

individual contributions to Harmony's overall performance. In September 2006, the Remuneration Committee approved an annual incentive scheme to benefit executive directors and members of management.

Directorate

The directors listed in the table above have served on Harmony's Board since the 2006 Annual Report was published.

Abridged CVs of all directors appear on pages 80 to 81 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, Mr PT Motsepe and Mr JA Chissano 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.

Directors' interests

The Board of Directors indicated that, at the date of this report, that neither them, nor any of their immediate families and associates, held any direct shareholding in the company's issued share capital.

None of the directors held or acquired any shares in the company, other than through share incentive schemes for the year under review and up to 30 June 2007.

Directors' emoluments

Harmony's Remuneration Committee (see page 91 for details) ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance.

Non-executive directors' remuneration

The Board has agreed to an increase in non-executive fees, effective from 1 July 2007, in line with inflation (CPI) of between 7% and 8%. Shareholders will be required to approve the increase in fees at the annual general meeting to be held on 26 November 2006. Non-executive directors receive the fees stipulated in the table on page 109.

Shareholders

Information on shareholder spread, range of shareholdings and public shareholders, as well as major shareholders, is presented on page 193 of this report.

Non-executive directors' remuneration

Board/Board committee	Existing annual fee (irrespective of number of meetings held)	Annual fee post increase (irrespective of number of meetings held)
Board	R110 000	R118 000
Audit Committee	R45 000	R48 000
Empowerment Committee	R30 000	R32 000
Investment Committee	R30 000	R32 000
Nomination Committee	R30 000	R32 000
Remuneration Committee	R30 000	R32 000
Sustainable Development Committee	R40 000	R43 000
Special fee for additional work performed	R5 000 per day	R5 500
Chairman of Board	R495 000	R530 000
Chairman of Board committees	Double the amount that the individual Board committee member receives	Increases of between 7% and 8%

Directors' remuneration

Name	Remuneration	Directors' fees	Salaries and benefits ¹	Retirement contributions	Bonuses paid	Total
	(R000)	(R000)	(R000)	during the year	(R000)	(R000)
	FY06	FY07	FY07	(R000) FY07	FY07	FY07
Non-executive						
Patrice Motsepe	115	615	–	–	–	615
Frank Abbott ²	–	–	–	–	–	–
Mr J Chissano	60	275	–	–	–	275
Ms F De Buck	–	260	–	–	–	260
Dr Simo Lushaba	130	280	–	–	–	280
Cathie Markus	–	–	–	–	–	–
Modise Motloba	85	300	–	–	–	300
Cedric Savage	140	325	–	–	–	325
Executive³						
Nomfundo Qangule	1 174	–	1 832	167	–	2 000
Bernard Swanepoel	2 392	–	3 218	437	–	3 655
Total						7 710

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

1 Increase granted to executive directors in March 2006. Increases paid to Bernard Swanepoel and Nomfundo Qangule were done in two tranches – in March 2006 and in October 2006.

2 Frank Abbott has waived his non-executive director's fee.

3 Our executive directors have waived their directors' fees in terms of our Articles of Association. No remuneration is reflected for Graham Briggs for FY07, as he was appointed as Acting Chief Executive post year end on 6 August 2007.

Post year-end events

Directorate

Bernard Swanepoel resigned from his position as Chief Executive of Harmony on 6 August 2007, after 12 years at Harmony. Bernard grew the company from a single mining lease to become the world's fifth largest gold producer and spearheaded the

company's strong acquisition phase. Graham Briggs was appointed as Acting Chief Executive with effect from 6 August 2007.

Harmony's Financial Director, Nomfundo Qangule, resigned on 21 August 2007 and Frank Abbott was appointed to the position for an interim period of six months until a

suitable appointment can be made by the Board of Directors.

Trading statement

On 6 August 2007, Harmony issued a trading statement to shareholders drawing attention to anticipated cost increases and operational problems.

Disposals

South Kal assets

In July 2007, Harmony entered into an agreement with Dioro Exploration NL (Dioro) and Harmony to acquire Harmony's South Kal assets in Western Australia. The total purchase price is AU\$45 million, which consists of a cash component and a share component. The share component entails the issuance of 160 million Dioro shares and a cash component of AU\$25 million.

The transaction will require a minimum capital raising by Dioro of \$35 million by the completion date. The completion of the agreement is subject to shareholder and regulatory approvals.

Orkney assets

On 4 September 2007, Harmony announced that it had signed formal agreements with Pamodzi Gold Limited (Pamodzi Gold) for the sale to all rights, title and interest of the Orkney shafts located near Orkney in the North West Province.

Pamodzi Gold has engaged Harmony to take management control of the Orkney operations under a contracting agreement by 1 October 2007, prior to all conditions precedent being met. Harmony has agreed in principle to this arrangement and both parties envisage signing a formal agreement within the next three weeks.

The initial purchase consideration payable to Harmony by Pamodzi Gold for the Orkney shafts is equal to R550 million, and a secondary consideration is calculated as follows:

- 3% of net smelter revenues in respect of the first one million ounces of gold produced by Orkney after the effective date of the transaction; and
- 1.75% of net smelter revenue in respect of all gold produced, subject thereafter to a maximum aggregate amount of R450 million.

The initial Orkney purchase consideration will be settled by Pamodzi Gold by:

- the payment of a cash amount of R350 million; and
- the issue of 9 272 903 ordinary shares in Pamodzi Gold to Harmony.

Nedbank loan facility

At the end of September 2007, the company entered into a loan agreement with Nedbank Limited for an amount of R2 billion. African Rainbow Minerals Gold Limited, Evander Gold Mines Limited, Randfontein Estates Limited, Avgold Limited, ARMgold/Harmony Joint Investment Company (Proprietary) Limited and ARMgold/Harmony Freegold Joint Venture Company (Proprietary) Limited, all being subsidiaries of the Company, will, irrevocably and unconditionally jointly and severally, guarantee the Company's obligations under the loan agreement.

Related party transactions

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, have had any interest, direct or indirect, in any transaction since 1 July 2006, or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

African Rainbow Minerals Limited (ARM Limited) currently holds 16% of Harmony's shares. Patrice Motsepe, André Wilkens and Frank Abbott are directors of ARM Limited. Harmony's holding in Village was acquired from ARM Limited.

Refer to note 44 of the financial statements for details on the ARM BEE Trust. Frank Abbott represented ARM Limited, a trustee of the ARM Empowerment Trust during FY07. ARM Limited is one of Harmony's largest shareholders and BEE partners, holding 16% of Harmony's shares.

Company secretary

The secretary of the company is Marian van der Walt. Her business and postal addresses appear on page 196 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".

Independent auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

Their address is:

2 Eglin Road
Sunninghill 2157

Special resolutions

Effective date	Resolution
10 November 2007	Authority to directors to repurchase shares