HARMONY

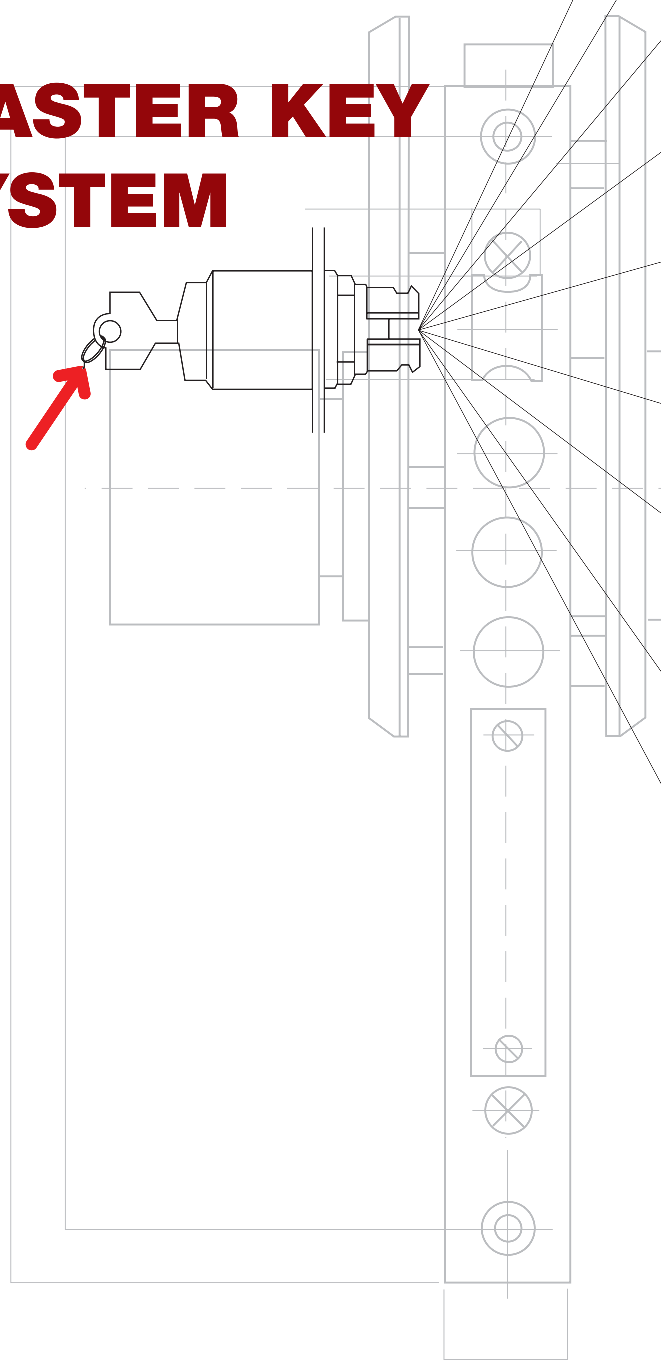
...UNLOCKING VALUE

The Harmony arrow keyrings were handcrafted by a community-based jewellery producer-group located in Welkom in the Free State province. The group is part of the Kgabane project which strives to establish community-based jewellery producer-groups in rural, peri-urban and impoverished urban areas.

Harmony Gold Mining Company Limited
Annual Report 2006
www.harmony.co.za
Registration number: 1950/038232/06
ISIN code: ZAE 000015228

CONTENTS

MASTER KEY SYSTEM



ABOUT THIS REPORT

This annual report is available on the internet at www.harmony.co.za. Harmony will produce the company's Form 20-F as required by the US Securities and Exchange Commission, printed copies of which will be available from the company from the end of October 2006. The Form 20-F will also be available electronically at www.sec.gov or on the company's website, www.harmony.co.za.

(See back cover for notes on "forward-looking statements".)

KEY FEATURES FY06

- Production of 2.4Moz of gold
- Loss reduced to R525 million – boosted by doubling of cash operating profit in the fourth quarter of the year
- Benefits of extensive restructuring process starting to become evident – aimed at eliminating unproductive assets and maximising productivity of those with potential; extensive cost savings now being recorded
- Good progress made with five growth projects with a total of R1.7 billion (US$266 million) spent in capex
- New focus on ore reserve management – emphasis on net present value in evaluating potential mining areas
- Good progress being made with implementation of Conops, resulting in improved face advance, production and cashflows
- Upgrade of Wafi Golpu resource by more than 20%

UNLOCKING VALUE FY07 – FY10

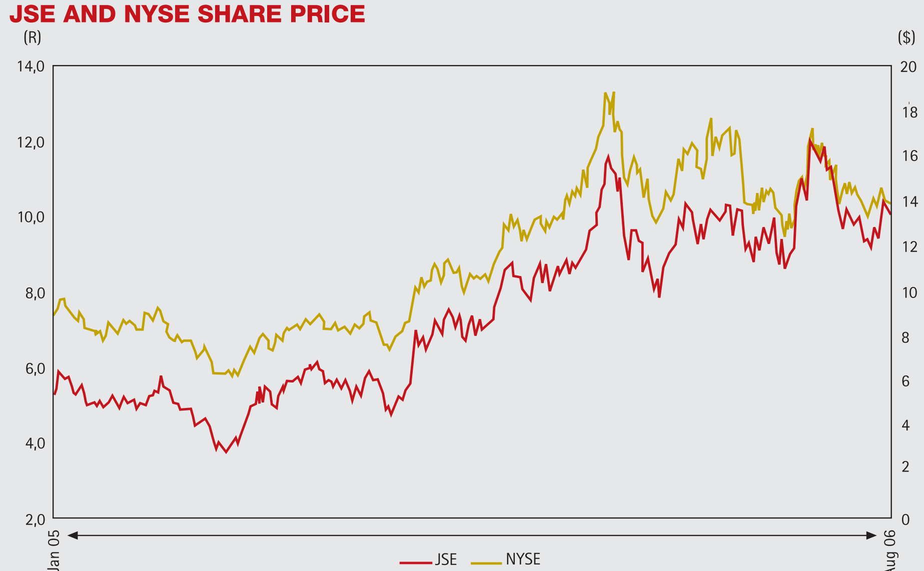
- Plan to grow gold production to 3.5Moz annually by FY10
- Reduce cash operating cost to less than $400/oz
- Capex to be spent on maintaining our position on the growth curve:
  - development of orebodies at South African operations
  - further expansion opportunities at Hidden Valley and Wafi Golpu in PNG
- Implementation of process to 'buy back our mines' – aim at promoting innovation, reducing costs and improving performance
- Committed to being the lowest cost gold producer with a focus on cost per tonne

SHARE PRICE PERFORMANCE

(Harmony share price FY06)

JSE	12-month high	R117.05
	12-month low	R46.62
NYSE and Nasdaq	12-month high	US$18.84
	12-month low	US$7.21
Free float		100%
ADR ratio		1:1

JSE AND NYSE SHARE PRICE

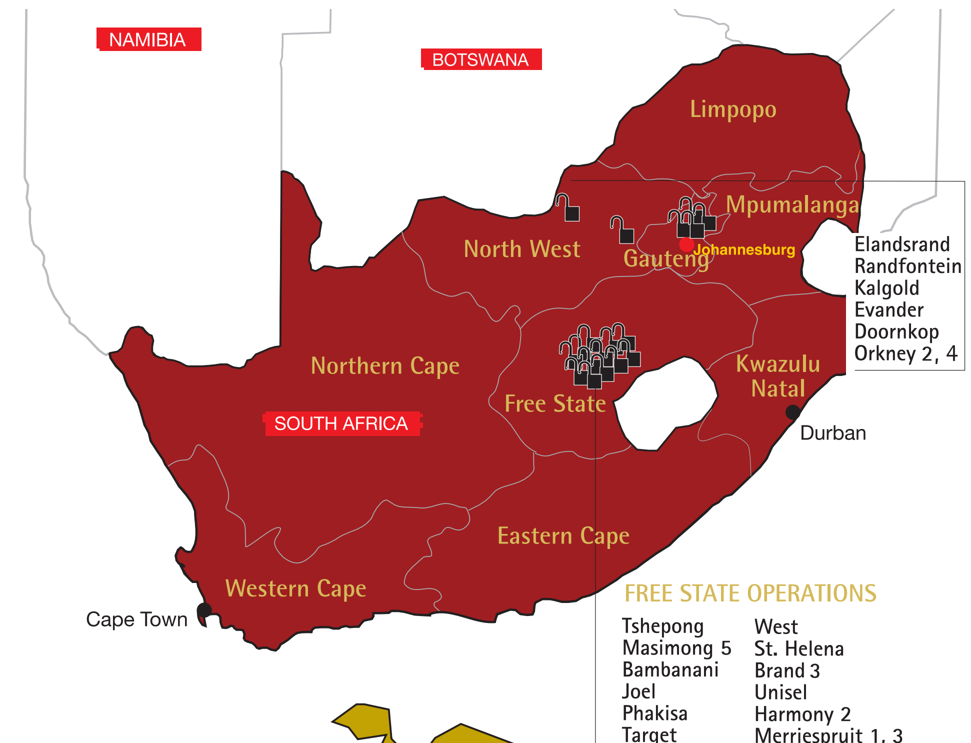


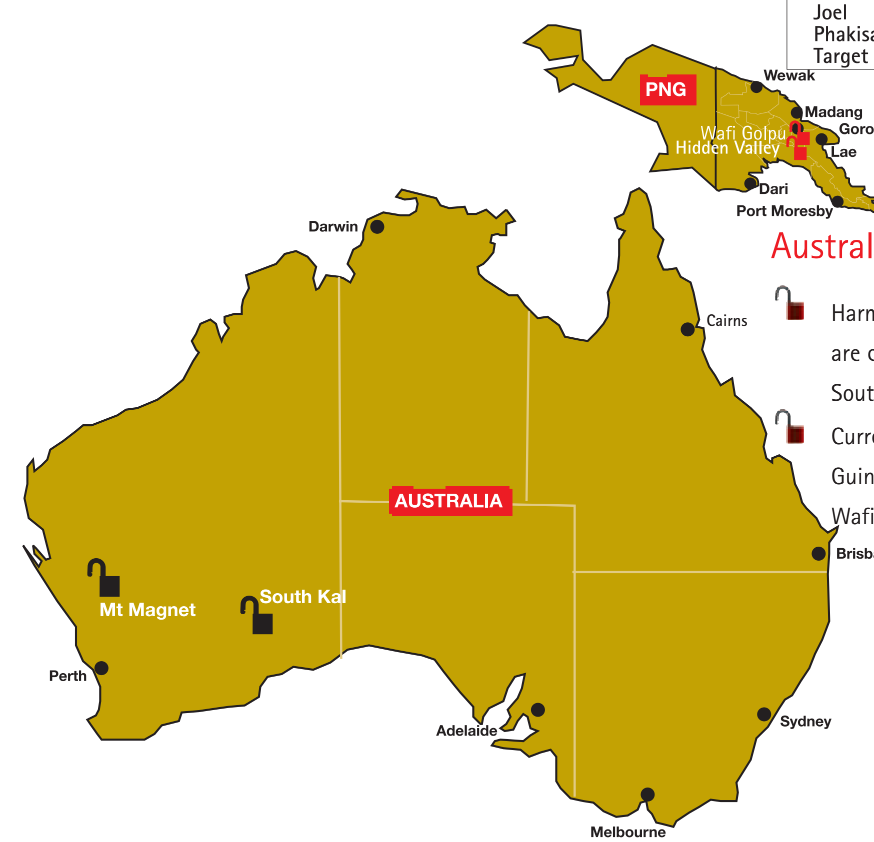
Our operations:

Our South African operations are managed in three categories:

- Quality assets include the Evander shafts, Randfontein Cooke shafts, Target, Tshepong and Masimong 5.
- Leveraged assets include Bambanani, Joel, West, Nyala, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel, Brand 3, Orkney 2 and 4.
- Growth projects include Doornkop shaft and South Reef project, Elandsrand shaft and New Mine project, Phakisa shaft and Tshepong decline project.

In addition, there are a number of surface operations, including Kalgold.





Australasia

- Harmony's operations in Australia are centred at Mount Magnet and South Kal in Western Australia.
- Current projects in Papua New Guinea are Hidden Valley and Wafi Golpu.

COMPANY PROFILE

THE RIGHT KEY

Harmony Gold Mining Company Limited is the fifth largest gold producer in the world, with operations and projects in South Africa, Australia and Papua New Guinea (PNG). In FY06, Harmony produced 2.4Moz of gold, predominantly from its operations in South Africa.

Harmony also owns one of the world's largest gold ore resources, with mineral resources as at 30 June 2006 of 537.6Moz at a cut-off grade of 250cmg/t. Of this and using a long-term gold price of R105 000/kg, 56.0Moz are in the ore reserve category.

Our active and aggressive growth campaign in South Africa and PNG means that we have five large-scale projects under way, at a capital cost in FY06 of R561 million (US$88 million). Together these projects will exploit 19.3 million life-of-mine ounces of which 15.2Moz forms part of the company's existing reserve base . Additionally, our exploration programme gained significant momentum during the year under review with investigative activities focused on large parts of Latin America, Africa, South East Asia and Europe.

THE MAS

LETTER FROM THE CHAIRMAN

Patrice Motsepe, Chairman

In my letter to shareholders last year, I proudly proclaimed myself to be a gold bug. Given the events of the past year, this remains true and the band of converts has grown considerably.

The gold market

This has been a good year for the gold market – in fact, I would call it a great year. Some gold analysts are saying that this is the best gold market that we have seen in the past 20 to 30 years.

There are several fundamental reasons for gold's strength. On the one hand, in times of strife and uncertainty, be this political or economic, comfort is to be found in gold as a safe haven. The recent upheavals in the Middle East and the rising oil price have spurred increases in the gold price. This has all been positive for demand. Additionally, the surge in economic growth globally has resulted in solid demand for gold jewellery.

On the other hand, the increasing consolidation of the gold industry by the majors has been more about maintaining production by grouping together operations where there are perceived to be synergies than finding new ounces and thus has not resulted in more gold being produced. At the same time, juniors have not been able to discover or turn to account any significant discoveries. These factors have together resulted in a gold market that is constrained on the supply-side for the first time in many years.

TER KEY

"It is Harmony's gearing to price rises and our ability to grow that has attracted investors to the company over the past 10 years"

Harmony has benefited from and has also been challenged by the global trend.

The rising price in US dollar and rand terms has boosted Harmony's earnings during the past year. The average dollar gold price in the 2006 financial year was US$529/oz, 24% higher than the US$427/oz of the previous year. But it is the rand gold price that at last benefited South African producers, particularly towards the end of the current financial year. While the average rand:dollar exchange rate was R6.36/US$1 compared with R6.18/US$1 the previous year, by financial year end it had reached a level of R7.17/US$1. This meant that the average rand gold price received rose by 28% year-on-year to R108 268/kg – currently this stands at approximately R140 000/kg.

Fundamentally it is Harmony's gearing to price rises and our ability to grow that has attracted investors to the company over the past 10 years, and that rationale remains true today.

Financial performance

Although Harmony recorded a net loss in FY06 of R525 million (US$86 million), this was a considerable improvement on the results recorded in FY05 when the net loss was R3 214 million (US$521 million). We are encouraged by our performance in the fourth quarter of the financial year when our cash operating profit more than doubled quarter on quarter from R305.6 million to R645 million (US$50 million to US$100 million). While we must acknowledge that this improved financial performance had much to do with the gold price received, it is important to note that cost savings also made a significant contribution. Based on a year-on-year comparison, cash operating profit rose from R869 million to R1 459 million (US$141 million to US$229 million).

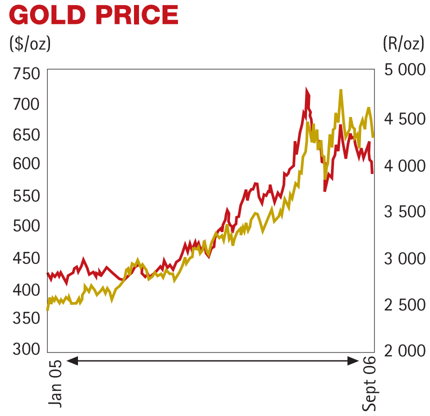
As outlined in more detail below and elsewhere in this report, we have done much to streamline our mining activities – from improving flexibility by stepping up development rates to focused productivity initiatives. We anticipate production to increase to between 2.6Moz and 2.8Moz in the next financial year.

Operating performance

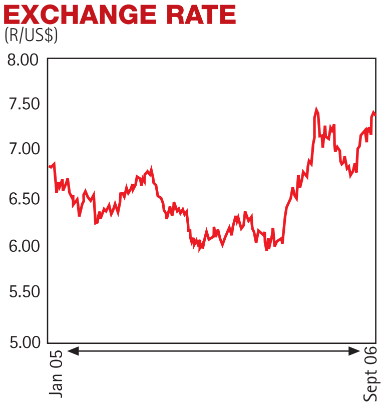
Harmony has grown over the past 10 years, from a single lease bound operation, producing some 650 000oz of gold per annum, into a multi-million ounce producer with one of the largest resource bases, and a life of mine in excess of 20 years.

Over the past eight years, Harmony acquired in excess of 20 companies and shafts in an attempt to achieve critical mass and unlock value. During this time the company built up a diverse portfolio, including some of the most leveraged, yet marginal mines in the world. However, along with the opportunities provided by these assets came the reality that, within the packages acquired, were mines or shafts at the end of their economic lives, excess infrastructure and services, massive land portfolios and onerous environmental liabilities. We also inherited an ever greater worker complement in a labour system that does not easily allow for downsizing. The coincidence of a relatively strong South African rand and a gold price, that had been in the doldrums for a prolonged period, left us no alternative but to restructure the company to ensure optimum profitability.

GOLD PRICE



EXCHANGE RATE



The restructuring took longer than the company would have liked, and certainly longer than was planned. At the operating level, the company is only now starting to see the benefit of the massive restructuring exercise that began over two years ago.

The ship has now turned and while it is not yet steaming ahead at full throttle into open waters, there are plans to revitalise Harmony's growth strategy. In spite of the difficult and challenging conditions encountered at an operating level in the past year, the board remains committed to Harmony's local and international growth programmes. Expansionary and operational capital expenditure of some R1.7 billion (US$266 million) was spent during the past year. Our unique project pipeline in South Africa and in Papua New Guinea will deliver not only growth, but an asset base whose quality will be enhanced over time as recovery grades from underground ore improve.

Prospects

Given the vagaries and the volatility of the markets, it is a brave man who dares to forecast the gold price. We do believe, however, that the gold market is likely to remain buoyant, that global production will continue to diminish, that new production will come on stream at both a greater cost and an increased risk as miners venture into formerly unchartered territories, and that the rand is unlikely to recover recent lost ground.

Harmony is committed to pursuing the rand per tonne cost control philosophy on which this company's reputation is built. This objective, combined with its growth ambitions, set the company on a course to return production to the 3.5Moz level by 2010, when about 50% of our production will come from new projects.

Thanks

I would like to thank the board members who stood down during the year: Ferdi Dippenaar, who left the company to pursue personal business interests; Ted Grobicki, who retired from the industry after a long and distinguished career; Nolitha Fakude, whose appointment as an executive director at Sasol has limited her time for external responsibilities; and Rick Menell, who is now focusing on an exploration company listed on the Toronto Stock Exchange. I extend a warm welcome to Fikile De Buck who has joined our board and look forward to her fruitful association with the company.
I would also like to express my sincere appreciation to my current board members, to the management of Harmony and to the company's more than 40 000 employees around the globe, for their commitment and dedication throughout the year. Together, we look forward to a challenging and more rewarding year ahead.

Patrice Motsepe
Non-executive chairman
13 September 2006

"We believe the gold market is likely to remain buoyant, that global production will diminish, that new production will come on stream at great cost and increased risk, and that the rand is unlikely to recover recent lost ground"

CE's review

UNLOCKING VALUE

"Harmony is all about unlocking value"

Bernard Swanepoel, CE

Dear shareholder

While the 2005 financial year may have been more exciting, the 2006 financial year has proved to be more challenging. In the short term, a number of the goals and objectives we set last year have remained out of reach although we have continued to work towards delivery on our long-term objectives, namely:

- increasing gold production to 3.5 Moz by 2010;
- building an international gold company with operating mines in South Africa, Australia, and building a new mine in PNG;
- continue to build one of the best gold pipelines in the world;
- establishing projects that allow our shareholders to take advantage of high commodity prices; and
- complying with the regulatory environs in which we operate.

We are very focussed on delivery in the full knowledge that every day that we don't unlock value from our assets is a day wasted.

The gold market's spectacular performance

Gold producers are in the business because of fundamental investor confidence in their product. My long-standing belief in gold, as the most precious of metals, has been reinforced during the year under review. A popular theory is that the tragic conflict in the Middle East and rising oil prices have been major contributors to the rise in the gold price but my view is that these factors have resulted rather in an increasingly volatile price. The current strength in the gold price has more to do with fundamental, solid demand for the metal, its intrinsic attraction as a store of value and a perceived scarcity of new resources.

The rand dollar gold price has at last benefited South African producers, particularly towards the end of the financial year. The high of R150 000/kg in May this year, is about as good a revenue-generating environment as there has been in my 20 years of gold mining although, of course, in years gone by input costs were much lower.

Record prices will not immediately have a full impact on our earnings. For us, the reality is that we must catch up on development of our South African orebodies – which has been delayed during the challenging Rand/kilogram environment experienced in recent years. This, and the major capital expenditure required for the sinking of the next generation of shafts needed to sustain and grow our production well into the future, will eat into the bonanza revenues flowing from the current surging gold price, and it will therefore push similar robust profits out into the future.

"Our entire approach to development changed during the year – we look at each development decision and base our decision on NPV"

The perceived scarcity of global gold resources is, in fact, real. Canadian research company, Mineral Economics Group (MEG), said in July this year that gold supply shortages were possible in the long term; the discovery rate of major gold deposits has declined in each of the past eight years and only about half of the new resources being discovered are being upgraded to reserves.

For Harmony, South Africa remains a significant area of focus. This is a country with a solid history of gold mining, good infrastructure, an experienced workforce, workable legislation and an area of significant scope. There are still an estimated 600 million ounces to be mined from the Witwatersrand Basin, an amount equal to the total ounces mined from it since mining operations began more than a century ago. We are equally committed to the exciting expansion opportunities we have at Hidden Valley and Wafi in PNG. The five major projects and prospects we have collectively represent substantial growth for the company going forward. Importantly for us, we have regained our growth momentum as we have continued to spend substantial amounts of capital on our growth projects despite the margin squeeze in recent years and we have managed to do so at a low capital cost per production ounce.

GROWTH PROJECTS – LOW CAPITAL COST PER PRODUCTION OUNCE

Project	Life-of-mine ounces (millions)	Total capital cost US$*	g/t
Expansion projects:			
Tshepong	1.47	43	7.2
New mines through existing infrastructure:			
Elandsrand	6.99	123	7.7
Doornkop South Reef	2.96	169	6.6
New mines:			
Phakisa	5.27	115	8.1
Hidden Valley	2.62	278	2.2
Total		728	_

Based on a gold price of R105 000/kg
*R6.53/US$

The group's share price increased by 96% (from R58.25 on 1 July 2005 to R114.10 on 30 June 2006) over the past financial year. This is a reflection of the healthy state of the South African economy, the sustained improvement in the dollar gold price and the fact that our restructuring process is behind us.

Safety

Unfortunately, I must report that our safety performance was not satisfactory this year, undermining the steady improvements that we have achieved in recent years.

Most regrettably, there were 31 fatal accidents during the year, all of these at the South African operations. On behalf of the board, I would like to express our deepest sympathy to those affected. In terms of key indicators, the fatal injury frequency rate was 0.28 per million man hours worked, up from 0.22 the previous year, while the lost-time injury frequency rate was 9.29 per million man hours, only marginally up on the previous year. An immediate and high-level response has been put in place to address safety and health issues and, in particular the behavioural aspects related to safety. No accident, let alone fatality is acceptable to us and we will continue to aim to reduce them. I have given my personal support to our safety and health programme and will hold our managers accountable for safety performance.

> "Where Conops has been implemented, operations are showing better face advance, increased production and improved cashflows."

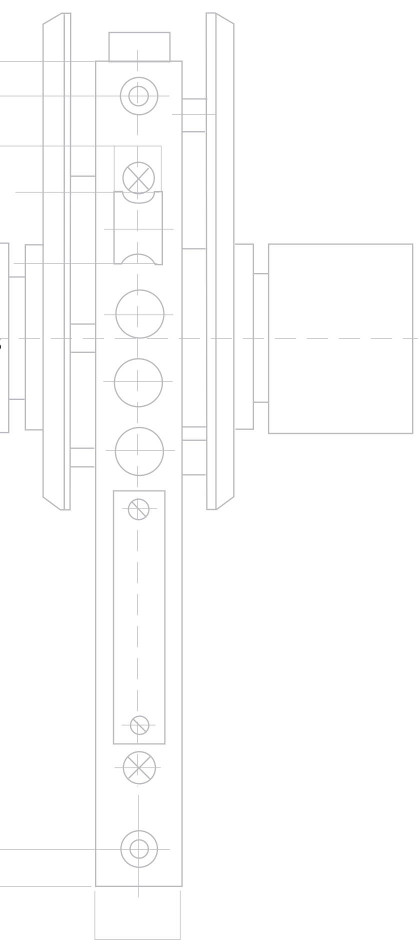
Operational performance

Our total gold production for the year to 30 June 2006 was 74 242kg, 20% lower than in the previous year. Consequently, cash operating costs were 14% higher at $433/oz.

These results should be seen against the background of the far-reaching restructuring we have undertaken at our operations over the 18-month period prior to October 2004. An audit of what we had at that time (when the rand gold price was under severe pressure) showed untenably high levels of unprofitable assets and surplus manpower, much of which slipped between the cracks during an intensive period of mergers and acquisitions. The ensuing surgery was invasive and, at the time, painful. Fortunately, we were able to retain and redeploy more than 4 000 employees to minimise the impact on the number of people that were retrenched. The restructuring only began to have measurable benefits towards the end of the year under review.

Frankly, recovery has been slower than expected and, on reflection, there are several reasons for this. Most significantly there was the recent period of inadequate development and opening up the orebody during the restructuring at our South African operations. This meant we had little flexibility – a critical requirement – coming out of a substantial restructuring process.

With the benefit of hindsight, it is clear that development at our operations was further affected by our efforts to reduce costs. During the periods when the gold price (in rand terms) was low, some of our teams had little choice but to cut back on development to maintain profitability. The company-wide restructuring agreement reached with organised labour also resulted in reduced labour flexibility during the restructuring period.



To address this issue, our entire approach to development changed during the year. We have refocused on comprehensive ore reserve management, applying and looking at each development decision in terms of its own merits and basing our decisions on whether the blocks opened up by development can generate a positive net present value at the gold price used for planning purposes. Turning the development 'ship' around has not been without its challenges, but the last quarter of the year showed a pleasing 9% growth in development (quarter on quarter) with further significant improvements planned for the next year.

Out of the restructuring process has come significant progress on implementation and re-implementation of continuous operations (Conops). While the benefits have not yet gravitated fully to the bottom line, operations where Conops have been implemented are showing better face advance, increased production and improved cashflows. Two of our quality assets, Tshepong and Masimong 5, bear particularly good testimony to the efficacy of Conops, the former reaching design capacity and the latter achieving a 17% increase in square metres mined in the last quarter of the year.

"Savings of some R80 million were made in the Services Transformation Project"

OUR PERFORMANCE OVER THE PAST YEAR

		FY06	FY05	Variance (%)
Production	kg	74 242	92 230	(20)
	oz	2 386 925	2 965 250	(20)
Revenue	R/kg	108 268	84 799	28
	US$/oz	529	427	24
Cash operating costs	R/kg	88 629	75 388	(18)
	US$/oz	433	380	(14)
Underground cash operating costs	R/tonne	349	299	(17)
Cash operating profit	R million	1 459	869	68
Cash operating profit margin	%	18	11	64
Cash earnings per share	SA cents	371	240	55
Headline loss per share	SA cents	(269)	(342)	21
Average exchange rate	Rand/US$	6.36	6.18	3

Unlocking value

Restructuring has certainly stimulated internal debate about how best to turn to account the assets we have, in terms of our orebodies, infrastructure and our people. Understandably, there has also been considerable market opinion about the way forward. While we have explored a number of options, and will continue to do so, the most obvious course of action for us is to unlock the value that we have and to grow the business.

An important product of our introspection is a sustainable business model for Harmony. We have an unusual combination of some of the most marginal and leveraged mines in the world, significant quality assets, and long-life growth projects. A preoccupying question for us has been: with this mix, what is the key to unlocking value?

It is clear to us that we need to work today and plan for tomorrow. For today, we have to ensure that every activity we undertake is focused on chasing the lowest possible cost per tonne. This ability to be the lowest cost per tonne producer has been the basic foundation on which we have built our success. Hand in hand with this we must manage our efficiencies, using our ore reserve management system as a constant point of reference. We are not only intent on making it unacceptable to mine below cut-off, but also to create enough flexibility in our orebodies to enable our teams to mine in a sustainable way at the average grade of the orebody.

Also out of our introspection has emerged a process we refer to as the Harmony Improvement Platform (HIP). This is aimed at tapping into the experience our workforce has accumulated over many years to innovate, to reduce costs and to improve performance. A Harmony Innovation Zone has been put in place to ensure that these ideas are captured and 'brought to the surface'.

HIP is aimed at addressing the current value drivers in the business – like mine call factor or production constraints – in order to improve efficiencies. HIP starts with a clear identification of what a certain operation can do, or in other words its optimal performance or 'nameplate' capacity. Roll-out teams are in place to identify issues and bottlenecks, to generate ideas to overcome these, and to harness and implement these ideas. Roll out of the HIP process began in November 2005.

An example of an area of progress made during the year is the Services Transformation Project. This involved the investigation and rationalisation of services such as finance and security, marketing, human resources and payroll. Savings of some R80 million were made during the financial year. While savings are important, quality and the delivery of better services have not been overlooked. Significant further reductions in costs, especially in the supply chain, are expected in the next year.

We are looking ahead at ways and means of meeting the cost per tonne target with Harmony of Tomorrow (HOT). HOT examines our assets and liabilities, seeking ways to either turn liabilities into assets, or at least to neutralise them. It looks at those aspects around the core, including:

- Harmony's property business, which includes more than 52 000ha of land and massive infrastructure ranging from shafts and offices to accommodation, which can be sold or leased or, with appropriate rehabilitation, be taken up the value curve. It must be noted that trust funds have been established to cater for these rehabilitation liabilities and that there could be significant savings if these rehabilitation liabilities were reduced.
- Exploitation of the by-products of our business, such as uranium, sulphuric acid and platinum group metals, such as osmium.
- Water, which is both a cost and a liability at our mining operations. By 'harvesting' water and treating it, we can either use it to reduce our own water purchases or it can be sold to other users, or both.
- Training, since as a significant employer, we are already an accredited training service provider.

"We expect to grow our production by nearly 1Moz over the next four years and will continue to improve the quality of our asset base over time"

Western Areas acquisition

We acquired a 29.2% stake in Western Areas Limited. This was a strategic investment at the time and enabled us to be a participant in the play for the South Deep orebody. As Gold Fields has been successful in acquiring Barrick's stake in South Deep, this investment will now be reconsidered.

Growth

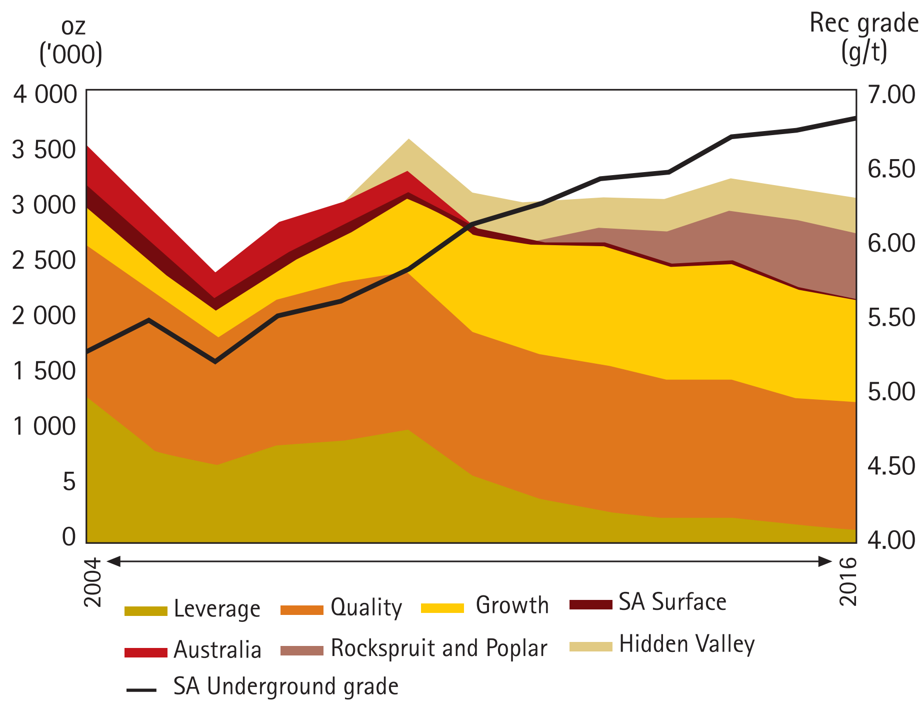
Although we have had to contend with a very testing operating and financial environment in the past year, we have continued to focus on rebuilding our growth strategy. Expenditure on all the South African and international growth projects continued as planned (see table) and our growth profile is robust. We expect to grow our production by nearly 1Moz over the next four years and will continue to improve the quality of our asset base over time (see graph on the next page).

At our Hidden Valley project in PNG, the access road reached the mine lease boundary during the last quarter of FY06 and surface infrastructure construction began during the first quarter of the new financial year.

Seeking growth

At the Wafi Golpu project, also in PNG, the Wafi Golpu resource model has been updated as part of the pre-feasibility study process, using additional information from the current drilling programme. The new resource represents increases in copper of 259 000t (19%) and in contained gold of 650 000oz (32%). It also includes molybdenum with an in-ground value of US$1 billion at the current price of US$25/t.

PLANNED PRODUCTION PROFILE: 2004 – 2016



PROGRESS REPORT ON GROWTH PROJECTS

	Life-of-mine (Moz)	Capital cost (US$ Million)	US$ Cost/oz	Cash cost $/oz	g/t	oz per annum
Phakisa (SA)	5.27	115	22	237	8.1	281 760
Elandsrand (SA)	6.99	123	18	281	7.7	445 000
Doornkop South Reef (SA)	2.96	169	57	263	6.6	340 000
Tshepong (Sub 66) (SA)	1.47	43	29	258	7.2	172 000
Hidden Valley (PNG)	2.62	278	95	229	2.2	285 000

Based on R105 000/kg and R6.50/US$(SA) = US$500/oz
Based on A$666/oz and US$0.75/A$(PNG) = US$500/oz

Relationships with unions

An important positive for the year has been the repair of a damaged relationship with our major union, the National Union of Mineworkers. We bore the brunt of three strikes during the year – the first emanating from our restructuring process, the second from wage negotiations and the third from national protest action by the Cosatu federation, which was unrelated to our business. In a year that also saw us reduce our employee complement by around 3 300, the repair is all the more noteworthy.

Other developments

The acquisition of the JSE-listed cash shell Village Main Reef was essentially a house-keeping issue – this was one of the last remaining gold assets in ARM that should be within the Harmony stable. It is also possible that it may be a vehicle to release value at some stage.

Thanks

I would like to extend my thanks to members of our Board for their continued support during the year and, in particular, to acknowledge the contribution of those who have stood down, namely Ferdi Dippenaar, Ted Grobicki, Rick Menell and Nolitha Fakude. I would like to welcome Fikile De Buck to the Board. I am grateful to our management teams and all our employees for their sterling efforts and loyalty, during a tough year when a significantly lower production base necessitated a reduced number of employees, managers and executives. During the year we bid farewell to those colleagues and friends who left the company to pursue other ventures.

Lastly, and by no means least, I would like to commend all those who contributed to our mineral resources and ore reserves declaration for FY05. Harmony was the joint winner of the annual SAMREC/IASSA award for best reporting of the mineral resources and ore reserves. I am particularly pleased with this award as it demonstrates, once again, that our compliance systems are of the highest standard.

Looking forward

Unlocking value is something that we at Harmony have focused on for many years and I believe that Harmony is well positioned to give our investors the full benefit of the continued strength in the gold price (and even a potentially higher gold price) and a rand that is more in line with its long-term trend.

Our continued investment in our major projects during very tough times has ensured that these projects have remained on track and will start to come into production over the next few years. As they come on stream over the next four years, our production will not only grow to 3.5Moz, but at the same time we expect an upgrade in the quality of our assets. This in turn will have a positive impact on our cash operating costs; we envisage our costs coming down to the $350/oz to $400/oz range during this period.

This unlocking of value is not only about the financials, however. A number of the mines that we have acquired over the years would have been closed down by now in the hands of their former owners but are still viable business entities only as a result of Harmony's unique skills and vision. This unique turnaround ability is what makes us special and we will therefore continue to create value wherever the opportunity arises.

Bernard Swanepoel
Chief Executive
13 September 2006

GEARING FOR GROWTH

A review of operations and projects

The major restructuring programme embarked on in FY05 has had a significant impact on our operations. This programme, a result of the low gold price and relatively strong rand which had been experienced for some time, led to the closure of a number of our operations/shafts which had very low margins and in most cases were at the end of their natural reserve lives. The restructuring programme also led to a significant reduction in our labour complement and the re-deployment of people. The restructuring process which began in April 2004 was only completed by October 2005.

Review of operations

A significant feature of FY06 was the implementation of continuous operations or Conops at all the operations where this system is feasible – namely at Evander, Tshepong, Masimong 5, Bambanani, Elandsrand and Randfontein. Conops refers to the practice of operating a mine for every day of the year except for the 12 official public holidays as well as the period between Christmas and New Year. Historically, mining companies in South Africa have operated only on 273 days of the year (that is, excluding every second Saturday, Sundays and all public holidays). With Conops, employees work on a roster basis, ensuring that the assets are worked for 95% (rather than 75%) of the year, and allowing more people to be employed at the same shaft. Given that it takes time to put Conops into effect and to train employees, the full benefit of Conops only started to flow through to operational results towards year end.

Another fundamental change that was effected during the year was the capitalisation of development costs. Historically, ongoing or replacement development cost formed part of operating cost. The change not only had the effect of reducing the operating cost profile on the one hand, but also resulted in better evaluation of individual development decisions. The effect of the change was a reduction of R659 million in operating cost for FY06 (FY05: R595 million).

Group performance

In the 2006 financial year, gold produced declined by 20% to 74 242kg (2 386 925oz). The average gold price received was R108 268/kg (US$529/oz), an increase in rand terms of 28% on the previous year, and a 24% rise in dollar terms. The average rand/dollar exchange rate was R6.36/US$ compared with R6.18/US$ the previous year. It reached R7.17/US$ at year end.

Cash operating costs were up by 18% to R88 629/kg (or by 14% to US$433/oz) which is a creditable performance when considering the decrease in gold production. This increase was also affected by an increase in wages of between 6% and 7% with effect from 1 July 2005 as a result of the two-year wage agreement reached with the unions in August 2005.

Employee numbers were also significantly reduced year-on-year, to approximately 44 000 people. While a further 3 250 jobs were lost during the restructuring process in FY05/FY06, an additional 1 710 jobs were created through Conops.

Underground working costs increased year-on-year by 17% to R349/t. These costs are a significant measurement for Harmony as they represent a better reflection of those elements that are under the company's control. Operating profit margin increased to 18% while cash operating profit rose by 68% to R1 459 million (US$229 million), both having felt the impact of the rising gold price and the slightly weakening rand, and are highly illustrative of Harmony's gearing.

Capital expenditure in FY06 amounted to R1.69 billion (US$266 million), of which 33% (R561 million; US$88 million) was allocated to the five growth projects in support of our robust project pipeline. In line with the company's policy of accounting for the capitalisation of mine development, there was a significant (R659 million; US$103 million) decrease in operating costs and a commensurate increase in the figure for capital expenditure.

CAPITAL EXPENDITURE (R million)

Entity	FY06
Operational capex	
South Africa	946
Australasia	181
Total	1 127
Project capex	
Doornkop South Reef	147
Elandsrand new mine	119
Tshepong North decline	53
Phakisa Shaft	147
Hidden Valley, PNG	95
Total	561
Total capex	1 688

South African operations

The South African underground operations are treated as three separate reporting entities for management and reporting purposes. We have found this system to be very effective as, among other things, it allows for different management styles and capital allocations.

These three entities are:

- the Quality Assets, which typically have a larger reserve base and hence a longer life. These form the core of the group's operations;
- the Leveraged Assets are those that provide significant upside in the event of a rising gold price (as has been evident in the latter part of FY06); and
- the Growth projects, which comprise the expansion projects/new mines currently being constructed in South Africa.

In addition there are a number of surface operations, including Kalgold.

"The overall effect of Conops is to reduce unit costs"

Our Quality Assets

The Quality Shafts, which include Target, Tshepong, Masimong 5, Evander and Randfontein's Cooke shafts, together produced 35 495kg (1.14Moz of gold) in FY06, a decrease of 17% from the previous year. Tonnes milled declined by 9% year-on-year. Volumes were negatively affected, mainly as a result of days lost to the industry (through public holidays, the wage strike in the first quarter and the Cosatu strike in the fourth quarter) and lower underground volumes.

Grade decreased by 9% to 5.74g/t from 6.33g/t in the previous year. Cash operating costs rose to R78 382/kg, an increase of 25%, mainly as a function of the reduced volumes. In dollar terms, cash operating costs rose by 21% to US$383/oz. Aided by rising metal prices in rand terms, the working profit for the Quality Assets rose by 14% to R1.078 billion.

As part of the National Union of Mineworkers' agreement signed on 19 July 2005, Conops was re-introduced at Tshepong and Bambanani mines in the second quarter, while the implementation of Conops at Masimong 5 started during the third quarter. The effect of Conops is to increase profitability in the longer term as higher volumes have a positive impact on unit costs and the bottom line.

OUR QUALITY ASSETS – Key statistics

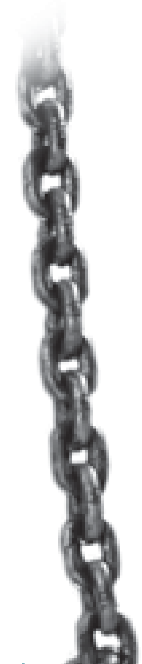
Operational statistics		FY06	FY05
Tonnes milled	000 tonnes	6 179	6 772
Grade recovered	g/t	5.74	6.33
Gold produced	kg	35 495	42 866
	oz	1 141 157	1 378 174
Cash operating costs	R/kg	78 382	62 882
	US$/oz	383	316
Financial statistics			
Revenue	R million	3 860	3 638
Cash operating cost	R million	2 782	2 695
Working profit/loss	R million	1 078	943
Capex	R million	570	500
Exchange rate	R/US$	6.36	6.18

Target

For most of FY06, Target continued to struggle with flexibility and machine availability. To address the problems related to machine availability (and hence the low development rates) a large number of the mechanised fleet was replaced during the year at a cost of some R7.4 million. We also took a decision to undertake vehicle maintenance in-house, concluding our contract with the former contractor in December 2005. We have managed to successfully effect the transition since then, albeit at a start-up cost. We are fortunate to have attracted a good quality skills base for this function in the midst of an industry-wide skills shortage. Towards year end, the mine was in a better position with respect to grade flexibility as more access points to the orebody had been opened up, facilitating an increase in production in the higher grade stopes to compensate for the lack of volumes. Nonetheless, an accelerated development programme has been put in place, with development rates in excess of 1 000m/month planned for FY07.

The net effect of this challenging year was a decrease in tonnages milled, from 1.1Mt in FY05 to 737 000t in FY06, while the overall grade decreased to 6.34g/t. Gold production at Target consequently declined by 28% year-on-year to 4 672kg (150 196oz). Operating costs increased by 35% from R52 230/kg to R70 699/kg or, in US dollar terms, to US$345/oz. Cash operating profit decreased by 14% to R187 million (US$29 million). Capital expenditure – of some R61.3 million (US$10 million) – was spent mainly on the development of the orebody and on the replacement of the mechanised fleet. This mine is set to dramatically improve its performance over the next two years.

"Tshepong is now operating at full capacity"



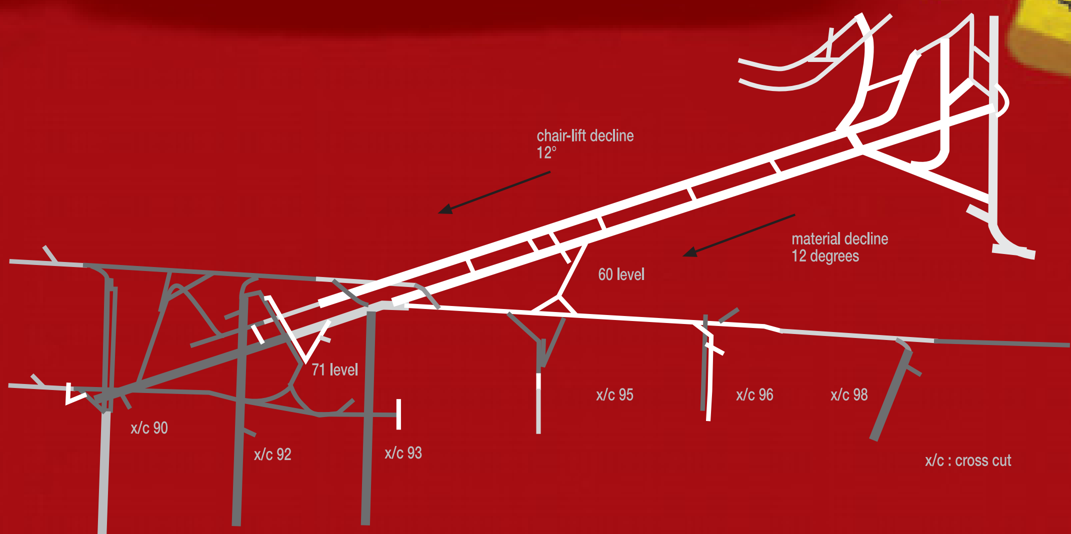
Tshepong

Following the introduction of Conops at Tshepong in the second quarter of the year, this mine is now operating at full capacity and is performing at a consistently high level. Tonnes milled rose by 5% to 1.620Mt, although recovered grade declined by 16% to 6.44g/t. Gold production decreased by 12% to 10 429kg (335 289oz). Cash operating costs – at R68 011/kg or US$333 – were well contained and, combined with the higher gold price received, resulted in a cash operating profit of R434 million (US$68 million). Capital expenditure amounted to R97 million (US$15 million) on current Tshepong operations and R53 million (US$8 million) on the Tshepong decline project.

FREE STATE PROVINCE, SOUTH AFRICA

Tshepong Decline Project

The Tshepong decline project involves an extension at depth of the mine from the current shaft bottom to a depth of some 2 200m, through the construction of a 1 200m twin decline system.

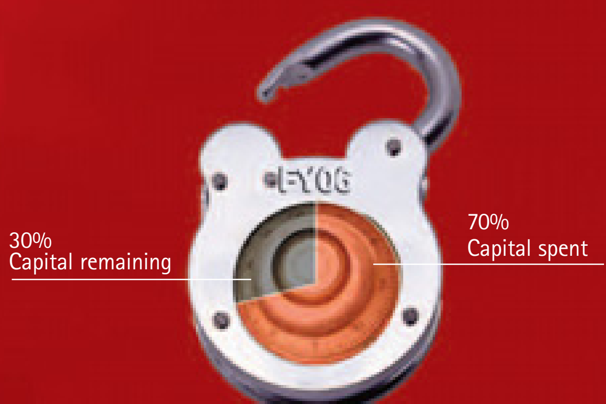


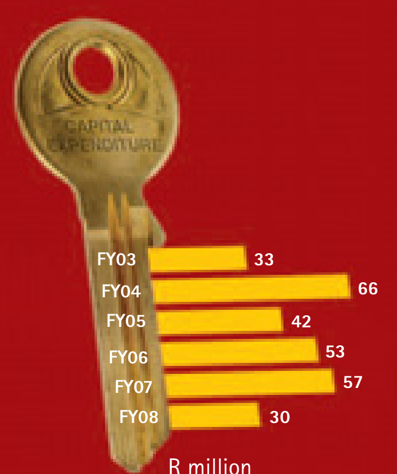
KEY DATES

Project start	April 2003
Expected completion	February 2008
EXPECTED ANNUAL PRODUCTION	5 350kg 172 000oz gold
CAPITAL EXPENDITURE	R280.4 million US$42.94 million
LIFE OF MINE	
Years	13
Tonnes milled	6.103 million
Grade (average reserve)	7.21g/t
Life-of-mine ounces	1.4Moz

Financial evaluation at a gold price of R105 000/kg

NPV at 7.5%	R738 million US$116 million
IRR	32.4%





Progress during the year:

Development of the Tshepong decline project continued during the year, although poor ground conditions resulted in delays. Capital expenditure for FY06 was below budget at R53 million (US$8.33 million), as opposed to the R81 million (US$12.73 million) planned mainly as a result of slower build-up of equipment for new levels; slower development rates due to decline layout changes as a result of the poor ground conditions; and tighter budget controls on major engineering items and maintenance.

A total of 8 024m out of 11 800m development (68%) of the project had been completed by the end of the financial year. The following progress is reported:

Chair-lift decline

75% of the 900m of required development has been completed. Scaling of the left-hand sidewall, a result of bedding planes and parallel faulting, caused in poor ground conditions and, on the rock engineer's recommendation, shotcrete and long anchor are being installed. Development in this end was delayed for two months but an additional holding will give the opportunity to continue with the chair-lift and belt level simultaneously.

Material decline

Some 85% of the 1 000m of required development has been completed. Poor ground conditions in the decline meant that new support solutions and a new blasting technique had to be investigated and implemented. The insertion of long anchor supports over the total length of the decline, from the boxhole up to the face, delayed the face advance while the presence of large rocks, dislodged because of the poor ground conditions, resulted in slow cleaning cycles. The effects of the changed support system and the new blasting technique resulted in a two-month delay. These changes have, however, resulted in a significant reduction in risk during excavation and for the duration of the operational life of the decline.

69 Level

Development on the 69 level station is 88% complete. The rehabilitation of a fall of ground of 23m has delayed the south haulage development by 90 days (some 180m). A bypass haulage has been developed around the affected area.

69 level reef and inclined waste development

Development, which is currently being undertaken on six raise lines, is on schedule.

71 level access development

Of the development on 71 level, 66% has been completed. The level is being prepared for permanent construction that will be completed by the first quarter of the new financial year when access development will continue on 71 level.

"A specialist mining team has been deployed to address the mine call factor at Masimong 5"

Masimong 5

Masimong 5's financial performance improved during the year under review, although tonnes milled dropped marginally by 2.5% to 925 000t. Grade decreased, however, by 13% to 4.58g/t, with a knock-on effect on operating costs which were R100 018/kg (US$489/oz). A specialist mining team has been deployed at the mine to address the mine call factor and to assist in returning the recovered grade to the planned levels of about 5.5g/t. Production decreased by 15% to 4 235kg (136 153oz). The net effect was a cash operating profit of R40 031 million (US$6 295 million) for the year. Capital expenditure for the period was R92 million (US$15 million), mainly spent on orebody development. It has become clear that further investment in infrastructure is necessary at this mine, specifically with regard to environmental conditions.

Evander operations

The Evander shafts delivered a steady performance for the year. As expected, the abnormal high grade at 7 shaft came to an end towards mid-year and subsequently grades returned to expected lower levels. The sill intrusion at Evander 7 shaft from the third quarter of the year also had an impact on production. During the June quarter the operations of Evander 2 and 5 were combined with all production from the two shafts being hoisted from Evander 5, thus realising cost synergies. Overall, underground tonnage decreased by 9%, from 1 703 000t to 1 541 000t, although gold production fell by 27% to 8 536kg (274 438oz). Working costs increased during the year to R82 432/kg (US$403/oz). The higher received gold price led to a working profit of R199 million (US$31 million), a decrease of R58 million on FY05.

Randfontein's Cooke section

Randfontein's steady performance was slightly disrupted by the move of the milling process from Cooke plant to Doornkop as part of the long-term strategy. The Doornkop plant is much larger and more efficient and will result in reduced costs.

As anticipated, underground tonnage decreased from 1 509 000t to 1 356 000t. As a result, gold production decreased marginally by 2% to 7 623kg (245 089oz) and working costs rose by 4% to R80 706/kg (US$395/oz). Working profit of R218 million (US$34 million) increased by 287% on the back of a higher gold price.

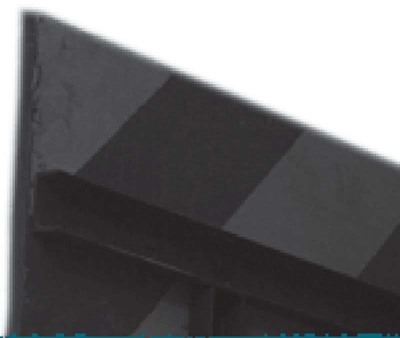
Our growth projects

Our growth assets represent our company's future engines of production and include the Elandsrand and Doornkop mines and their projects, as well as the Phakisa project.

Although good progress continued to be made at the growth shafts during the year, gold production decreased during the period mainly as a result of a lack of flexibility. Gold production decreased by 18% to 6 671kg (214 461oz). This follows a decline in volumes (tonnes milled) of 3% to 1 362 000t. Cash operating costs rose by 26% to R108 437/kg (US$530/oz) while total cash operating costs at R724 million (US$114 million) were 4% higher.

OUR GROWTH ASSETS – Key statistics

Operational statistics		FY06	FY05
Tonnes milled	000 tonnes	1 362	1 401
Grade recovered	g/t	4.90	5.77
Gold produced	kg	6 671	8 089
	oz	214 461	260 072
Cash operating costs	R/kg	108 437	85 727
	US$/oz	530	431
Financial statistics			
Revenue	R million	721	687
Cash operating cost	R million	724	694
Working loss	R million	(3)	(7)
Capex	R million	507	454
Exchange rate	R/US$	6.36	6.18



Elandsrand

Elandsrand remains focused on the completion and commissioning of the new mine project, but in the interim produces from the upper, older section of the existing mine. Production at this operation decreased by 18% to 5 315kg (170 867oz) for the year, from 895 000t milled. This decrease was, however, largely driven by a 15% decrease in grade to 5.94g/t. Operating costs increased by 26% to R106 981/kg or US$523/oz. In the longer term, the commissioning of the new mine will alleviate the continued flexibility problems being experienced at Elandsrand, and allow the operation to reach its full potential.

GAUTENG PROVINCE, SOUTH AFRICA

Elandsrand New Mine Project

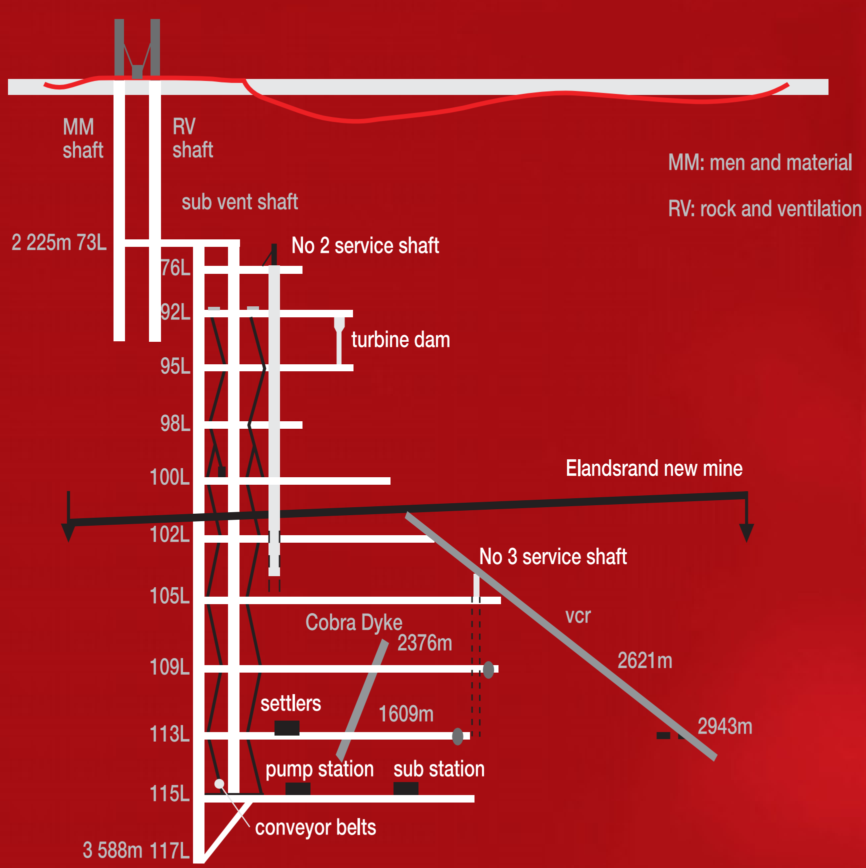
The project involves the development of a 'new mine', beneath the original Elandsrand mine, at depths of between 3 000m and 3 600m. Started by AngloGold Ashanti in 1991, the project was restarted by Harmony in FY01 following the purchase of Elandsrand in February 2001. The new mine will exploit the southern, deeper portion of the higher grade VCR payshoot.

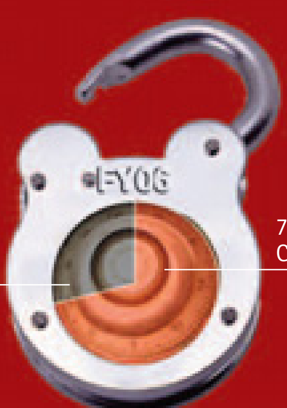
KEY DATES

Project start	May 2001
Expected completion	Dec 2010
EXPECTED ANNUAL PRODUCTION	13 850kg of gold 445 000oz of gold
CAPITAL EXPENDITURE	R805.7 million
LIFE OF MINE	
Years	22
Tonnes milled	28.2 million
Grade (average reserve)	7.71g/t
Life-of-mine ounces	6.99 million

Financial evaluation
at a gold price of R105 000/kg

NPV at 7.5%	R2 271 million
IRR	23%





Elandsrand New Mine Project cont.

Progress during the year:

Good progress was made with this project during the year:

Infrastructure

The mid-shaft loading arrangement on 100 level was de-commissioned with the holing of the transfer ore passes. This allows all reef and waste from above 100 level to be sent down and hoisted to the new loading set-up and conveyer belts on 115 level. The commissioning of the 102 level booster fan has allowed the return airway (RAW) on 105 level to be converted into an intake airway. The main sub-station on 113 level was commissioned and installed during the year.

The centre hole of the turbine dam (between 92 and 95 levels) was raise-bored during the second quarter, and the 14m-diameter dam was 13m deep by year end. The sinking of the No 2 service shaft progressed to 48m from 105 level, while the winder chamber for the No 3 service shaft was completed. This allows for the centre hole of the shaft to be raise-bored when 109 level reaches the proposed shaft position, preparing the way for the installation of the headgear and winder.

Access development

Haulage and return airways on 109 and 113 levels continued to progress well, despite a six-month stoppage at 113 level owing to methane being expelled from the transition zone after traversing the Cobra Dyke. Both levels combined managed to achieve 3 647m.

Stoping/development in project area

- 102 level – ongoing capital development continues in both easterly and westerly directions. The 31, 37 and 38 raise lines were holed with stoping operations taking place in the 34, 35, 36, 37 and 38 raise lines.
- 105 level – ongoing capital development continues in both easterly and westerly directions. The 31, 32 and 33 raise lines were holed during the year with stoping progressing on all three raise lines.

Doornkop

Volumes declined at Doornkop, by 2% to 467 000t milled, and grade in the Kimberley Reef decreased by 16% to 2.9g/t. As a result, gold production at this operation decreased by 17% to 1 356kg (43 593oz). Operating costs rose by 28% to R114 145/kg or US$558/oz. The Doornkop South Reef project is similar to the situation at Elandsrand, where mining continues in the old, upper areas of the mine. The project, which involves the deepening of the existing shaft, will exploit the higher grade South Reef payshoot from the existing shaft which is being deepened to 1 973m.

GAUTENG PROVINCE, SOUTH AFRICA

Doornkop South Reef Project

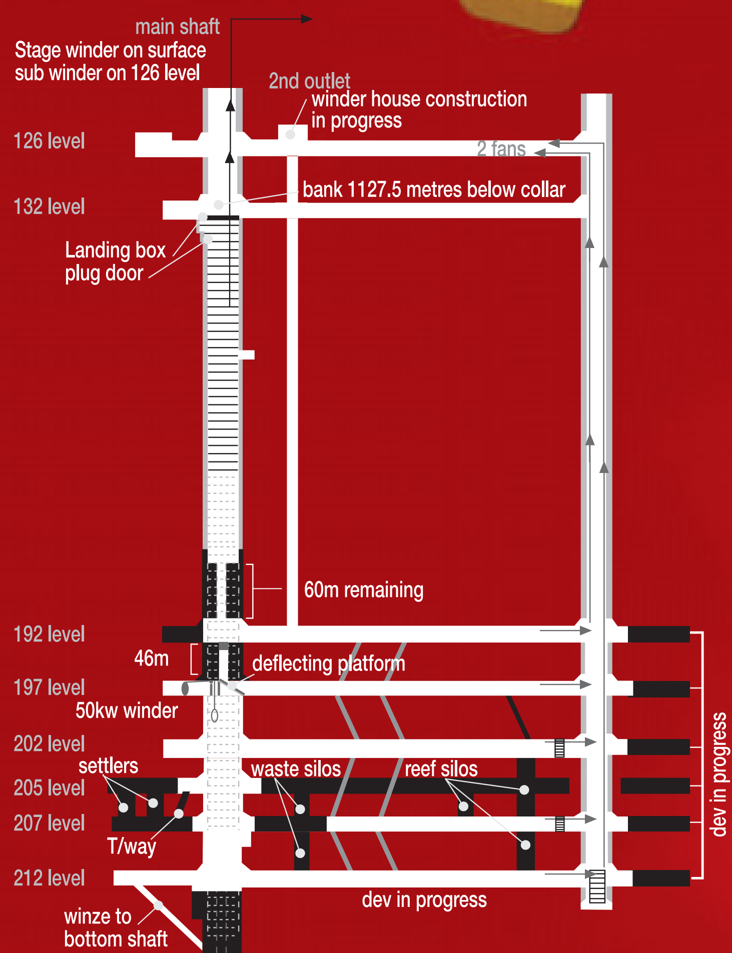
The project involves the deepening of the Doornkop mine shaft to 1 973m to mine the South Reef and development towards the mining areas. The South Reef lies between 1 650m and 2 000m below surface; the upper levels of the shaft are currently accessing the lower grade Kimberley Reef, which lies between 900m and 1 100m below surface. This project is a joint venture with African Vanguard Resources (AVR), our BEE partner – the ownership split is Harmony 74%, AVR 26%.

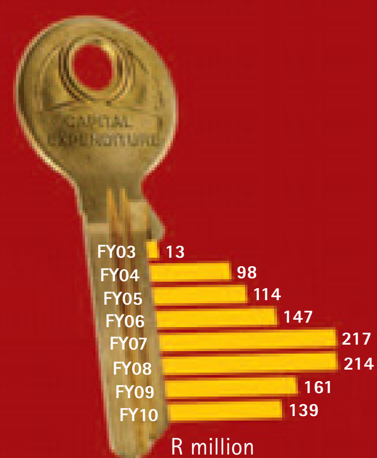
KEY DATES

Project start	January 2003
EXPECTED COMPLETION	June 2010
EXPECTED ANNUAL PRODUCTION	340 000oz of gold
CAPITAL EXPENDITURE	R1 103 million
LIFE OF MINE	
Years	11
Tonnes milled	14.5 million
Grade (average reserve)	6.6g/t
Life-of-mine ounces	2.96 million

Financial evaluation at a gold price of R105 000/kg

NPV at 7.5%	R892 million
IRR	+50%





Progress during the year:

Substantial progress was made during the year on this key project:

Sinking operations

These continued at Doornkop during the year with two separate sinking operations at different elevations in the same shaft. The top portion of the sinking operation has now progressed to 60m away from 192 level, with the bottom portion of the sinking operation completed up to 212 level. Shaft sinking should be concluded in the third quarter of FY07.

The sub-vertical shaft was modified into a dual conveyance shaft during FY06, increasing the hoisting capacity to 30 000tpm. This will speed up access development as well as facilitate the development of exploration drilling platforms. Capital has been approved for a long-hole exploration drilling programme on 106 level. This programme will allow for the further conversion of resources to reserves, as well as confirming the geological structure, thereby ensuring optimal development layouts.

FY06 development

- 2 281m were developed.
- Access development continued on 192, 197 and 202 levels.
- In-circle development around 202, 207 and 212 stations continued.
- The upper and lower portions of the main shaft were sunk 321m and 153m respectively.

Commissioning

A commissioning team was put in place to identify best-industry practices and introduce these in all areas of the South Reef mine.

FREE STATE PROVINCE, SOUTH AFRICA

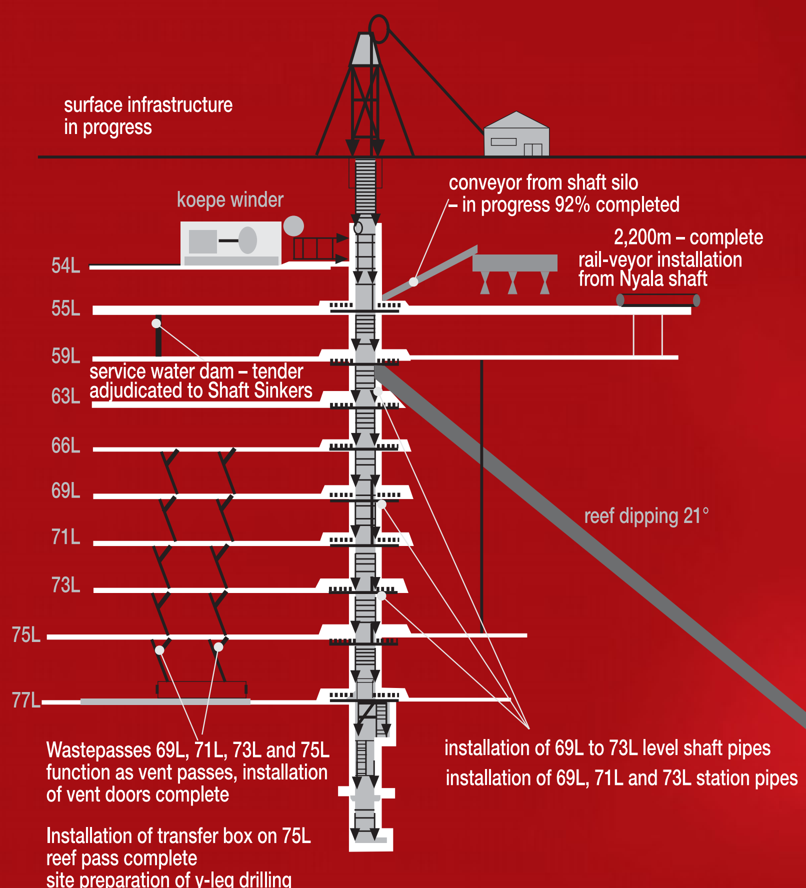
Phakisa Shaft Project

The project involves the establishment of infrastructure and the sinking and equipping of a primary shaft to a depth of 2 427m below surface. The mine will have five production levels (66, 69, 71, 73 and 75 levels) where access development will take place. 75 level will be host to a 1 500m, 9° twin decline, with another five levels (77, 79, 81, 83 and 85), where access development will be done towards the reef horizon.

The project was started in October 1993 and sinking started during February 1994. Under the previous ownership, activity was suspended during May 1999 at 2 357.9 below collar. The shaft was part of the Freegold acquisition of AngloGold assets in 2002 and was re-established in July 2003.

KEY DATES

Project start	July 2003
Expected completion	February 2009
Expected production start date	May 2008
EXPECTED ANNUAL PRODUCTION	281 760oz
EXPECTED RECOVERY GRADE AT FULL PRODUCTION LEVELS	8.11g/t
EXPECTED AVERAGE MONTHLY REEF TONS	90 000 t
CAPITAL EXPENDITURE	R750 million
LIFE-OF-MINE	
Years	21
Tonnes milled	19.67 million
Grade (average reserve)	8.33g/t
Life-of-mine ounces	5.27 million



Financial evaluation
at a gold price of R105 000/kg

NPV at 7.5%	R2 348 million
IRR	31%

Progress during the year:

Main shaft

Good progress was achieved during the year.

The stripping of all sinking equipment from 77 level to surface, and the changeover of surface headgear to permanent structure, were both completed on 2 July 2005.
The equipping of the shaft from surface to 55 level ran concurrently with the installation of the Koepe Winder, both of these projects were completed in December 2005.
The installation of station steel on levels 55, 59, 63, 66, 69, 71, 75 and 77, and the equipping buntons and guides from level 55 to level 77, was completed on 4 May 2006.

On-level construction

Access to all levels enabled the continued installation of shaft pipes from 55 level to 73 level; station civil construction on 73, 75 and 77 levels; and the installation of water control, sling and rock-handling equipment to 77 level, including loading flask, conveyor, crusher and Y-Leg drilling equipment.

Rail conveyor

The Railveyor pilot plant was installed on surface at Nyala and rigorously tested over a 10-month period to determine possible failures, maintenance requirements and costs. In April 2006, installation of the conveyance over 5km commenced on 55 level, between Phakisa and Nyala. The commissioning date is set for October 2006.

"The leveraged assets underwent significant restructuring during the year"

Our Leveraged Assets

Typically, Harmony's Leveraged Assets are older and of a lower grade than those of our quality operations. However, the shafts included in these assets frequently have significant resources. As these shafts are highly leveraged to an upturn in the gold price, they are able to provide increased profits at the right time. These shafts include: Bambanani, Joel, West, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel and Brand 3, in the Free State; and the Orkney 1, 2 and 7 shafts in North West Province.

These shafts underwent significant restructuring during the year, with a focus on improving the quality of production, and the benefits from this have started to be felt, particularly at Bambanani, Merriespruit 1, Unisel, Harmony 2 and West shaft. The Orkney 2 shaft pillar was successfully mined out during the third quarter. The North shaft project at Joel mine, which has created two more operating levels, will ensure that the mine will maintain and improve volumes going forward.

Tonnes milled declined by 15% to 4.6Mt, while the average grade achieved was 4.6g/t, a decrease of 4%. Consequently, gold production was down by 19% to 21 258kg (683 453oz), while cash operating costs decreased marginally to R100 779/kg (US$493/oz).

The above resulted in a working profit of R157 million on the back of a much improved gold price and increased focus on quality of production.

OUR LEVERAGED ASSETS – Key statistics

Operational statistics		FY06	FY05
Tonnes milled	000 tonnes	4 644	5 435
Grade recovered	g/t	4.6	4.8
Gold produced	kg	21 258	26 166
	oz	683 453	841 247
Cash operating costs	R/kg	100 779	95 215
	US$/oz	493	479
Financial statistics			
Revenue	R million	2 299	2 214
Cash operating cost	R million	2 142	2 490
Working loss/profit	R million	157	(276)
Capex	R million	245	215
Exchange rate	R/US$	6.36	6.18

South African surface operations

The Kalgold opencast mine in North West Province makes up the bulk of the reported gold produced under surface operations within Harmony, although there are a number of surface operations at other mines and shafts. Tonnages decreased from 5 923t to 3 612t during the year, with recovered grades steady at 1g/t. As a result, gold production decreased to 3 619kg (116 380oz).

Not reflected in the performance statistics is the fact that the Kalgold plant throughput increased to a record monthly tonnage of 168 422t during April 2006. The higher tonnage is important as it will assist the viability of the A Zone pit. During September 2005, trial mining began at A Zone to augment reef tonnages from D Zone. However, the higher gold price has enabled the fourth and final cut back of the D Zone. Work on this began during the course of the last year and should be completed by the end of 2006. This will then see the start of a very profitable final phase of mining from this open-pit mine over the next 18 months.

Cash operating costs rose 13% to R87 090/kg (US$426/oz), while working profit increased by 60% to R64 million or US$10.06 million.

OUR SOUTH AFRICAN SURFACE OPERATIONS – Key statistics

Operational statistics		FY06	FY05
Tonnes milled	000 tonnes	3 612	5 923
Grade recovered	g/t	1.0	1.0
Gold produced	kg	3 619	5 876
	oz	116 380	188 937
Cash operating costs	R/kg	87 090	76 996
	US$/oz	426	388
Financial statistics			
Revenue	R million	379	495
Cash operating cost	R million	315	455
Working profit	R million	64	40
Capex	R million	84	34
Exchange rate	R/US$	6.36	6.18

Australasian operations

Harmony's Australian and Papua New Guinea (PNG) operations and interests comprise:

- the Mt Magnet and South Kal mine open-pit and underground operations in Western Australia;
- the Hidden Valley project in PNG; and
- development and exploration projects in Western Australia, at the Mt Magnet and South Kal operations, and in PNG at Wafi Golpu, Moa Creek, Kerimenge, Kesiago and Bawaga. These are dealt with under the exploration section of the report on pages 44 to 47.

OUR AUSTRALIAN OPERATIONS – Key statistics

Operational statistics		FY06	FY05
Tonnes milled	000 tonnes	3 082	3 754
Grade recovered	g/t	2.3	2.5
Gold produced	kg	7 199	9 233
	oz	231 460	296 846
Cash operating costs	R/kg	85 694	67 117
	US$/oz	419	338
Financial statistics			
Revenue	R million	780	777
Cash operating cost	R million	617	619
Working profit	R million	163	158
Capex	R million	276	247
Exchange rate	R/US$	6.36	6.18
	R/A$	4.79	4.68

The Australian operations had a challenging production year. The production profile of these operations declined as a result of reduced underground production for six months at Mt Magnet (the period between the closure of the Star underground mine in June 2005 and the successful commissioning of the St George underground mine in December 2005), less open-pit feed stock at Mt Magnet, and the cessation of open-pit mining at South Kal Mines in June 2005. Production was further negatively affected by a seismic event at the Hill 50 mine at Mt Magnet which interrupted production for 38 days and by adverse ground conditions at Mt Marion underground operations. As a result of the above factors, production decreased to 7 199kg (231 460oz) from 9 233kg (296 846oz) the previous year.

However, with the successful commissioning of the St George underground in December 2005 at Mt Magnet, and its subsequent good performance, as well as the discovery and conversion from resource to reserve of the Shirl open pit at South Kal mines, (which will result in open-pit mining restarting in FY07), we expect the Australian operations to return to sustainable quarterly production levels of approximately 2 021kg (65 000oz).

Recovered grade declined by 8% as a result of 870 000t of low grade stockpiles being treated at South Kal Mines during FY06 while exploration activities continued with the aim of identifying alternative open-pit feed stock. With the discovery of Shirl open pit at South Kal Mines, we expect recovered grade to improve, as low-grade feed stocks will be replaced by open pit mined ore. Cash operating costs increased significantly to R85 694/kg as a higher percentage of annual production was sourced from underground (more expensive) sources than in the previous year. Mining contractor prices (underground and open pit) also increased significantly during the year as a result of the commodities boom in Western Australia.

Capital expenditure rose by 12% to R276 million (A$58 million), mainly as a result of the opening up of the St George decline at Mt Magnet, and continued expenditure on the Hill 50 decline.

The Australian operations generated an operating profit of R163 million (A$34 million) for the year compared to R158 million (A$34million) the previous year. Given that the production profile declined substantially, this financial performance was a direct result of the 25% increase in the gold price received per ounce in Australian dollars.

Mt Magnet

Mt Magnet produced 4 629kg (148 822oz) of gold from the processing of 1 739 053t of underground and open-pit ore and low-grade stockpiles during the year.

Rib and crown pillars have been redesigned which have resulted in a pillar strategy that is designed to better withstand further seismic events and reduce their impact so that, should such an event occur, the safety of mine personnel can be maintained and re-entry time following any possible future seismic events will be reduced. Underground mined grade showed a 4% improvement at 6.25g/t compared to the previous year. Operating results were, however, negatively affected by mining costs which increased by 28% per tonne, to A$91/t. This increase was largely as a result of increased underground contractor mining costs.

The potential for accessing the Water Tank Hill underground lodes from the St George decline is currently the subject of a scoping study, which may prove them to be economical in the current gold price environment. A drill programme of these lodes, which are accessible from the St George underground, is continuing.

During the year mining of open pits took place near the town of Cue, with ore being trucked to the mill at Mt Magnet. Ore production from open pits declined significantly compared with the previous year, with only 57 965oz being produced in the current year from open-pit and low-grade sources. Open pit and low grade tonnes treated declined from 1 987 841 tonnes in the previous year to 1 288 817t in the current year. The low volumes of open-pit dirt mined during the year, as well as increased contractor rate resulted in mining costs increasing to A$62/t.

Open-pit mining in this region will be completed early in FY07, with open-pit operations relocating to Mt Magnet. The company will be entering into a maintained dry hire agreement for open-pit mining equipment during FY07, with Harmony acting as operators, which will mitigate some of the cost pressures and flexibility issues experienced with open-pit mining contractors during FY06. The conversion of the power station at the plant from diesel to gas was completed in February 2006, resulting in a saving of R25.9 million (A$5.4 million) annually on power generation costs at current diesel prices. This amounts to an effective reduction of 13% in milling unit costs. Cash operating cost per ounce for the site during the year was A$530/oz.

South Kal Mines

South Kal mines produced 2 570kg (82 639oz) of gold during the year, compared with 3 596kg (115 614oz) in the previous year from the milling of 1 342 848t of ore.

During the year mill feed stock at the site consisted of Mt Marion underground ore blended with low-grade stockpiles, which resulted in lower production compared to previous years, when open-pit ore was also treated.

Underground production from Mt Marion decreased from 469 799t at 4.14g/t in the previous year to 403 587t at 4.04 g/t in the current year, for 52 424 underground ounces mined. This decrease was as a result of increased stress levels within the lower stope access drives at Mt Marion which resulted in ground stability problems which severely affected underground ore production. These underground conditions will require increased ground support and drive rehabilitation activities going forward, which will continue to have an impact on production. As planned, decline development was stopped during the third quarter of FY06 as the mine's economic depth limit had been reached. This effectively put the mine in 'harvest mode' with mine closure anticipated early in FY08. The conditions described above, as well as a revised underground mining contract has led to underground mining costs increasing to A$79/t.

During the year, 939 261t of low-grade material was treated at the Jubilee plant for 30 215oz of gold, with no open-pit mining taking place. Exploration work carried out during the year to identify new open-pit sources discovered the Shirl prospect, which was converted into a reserve of 510 000t at 3g/t for 49 598 mined ounces over a 15-month mine life. Work has started on bringing this pit into production, with first ore expected in September 2006. Drilling is continuing around this prospect as mineralisation is open at depth. As part of the recommencement of open-pit operations as South Kal Mines Harmony has entered into a dry hire arrangement on open-pit mining equipment, which will allow it more operational flexibility and reduce mining costs.

During the year work continued on the evaluation of a cut-back on the HamptonBoulderJubilee (HBJ) pit. The current gold price environment makes the mining of 2.9Mt at 1.66g/t for 154 000oz over a three year life feasible, with the final mining decision expected early in FY07.

Cash operating cost per ounce for the year for the site was A$601/oz.

MOROBE PROVINCE, PAPUA NEW GUINEA

Hidden Valley Project

The Hidden Valley project entails the construction of a significant gold and silver mine. This mine will process 4.2Mt of ore per annum from the two open pits. The Hamata orebody is one small pit and the Hidden Valley and Kaveroi orebodies are in a much larger open pit. The mine is located in a highly prospective exploration lease area and it is envisaged that as active exploration continues the life of the process facility may be extended as it is fed from a number of sources.

KEY DATES:

Project start	October 2005 (access road construction started) September 2006 (mine and infrastructure construction)
Expected completion	November 2008
EXPECTED ANNUAL PRODUCTION	285 000oz of gold 3.9Moz of silver (67 000oz of gold equivalent)
CAPITAL EXPENDITURE	R1 817 million US$278.3 million
LIFE OF MINE	
Years	10
Tonnes milled	43 million
Grade (average reserve)	2g/t
Life-of-mine ounces	2.6 million (gold)
Financial evaluation at a gold price of A$666 /oz	
NPV at 7.5%	A$108 million R540 million
IRR	14%
Financial evaluation at a gold price of A$800/oz	
NPV at 7.5%	A$239 million R1 195 million
IRR	21%

Project status

All the required statutory approvals for the start of the Hidden Valley project construction were obtained in the third quarter of 2005 from the PNG government. At an official signing ceremony in Wau on 5 August 2005 the Mining Lease, Memorandum of Agreement and various compensation agreements for the project and access road were signed with representatives from various levels of government as well as land owners.

A feasibility study update for the project was completed in April 2006 based on the latest reserves with new cut-off grade and pit optimisations. This study identified several significant project improvements compared to previous studies including:

- a 36% increase in recoverable ounces and a 50% increase in life-of-mine,
- a 37% reduction in the average annual bulk cubic metres (bcm) mined, and
- throughput rising by 20% to 4.2 Mtpa as a result of the new plant design.

The project will provide 2.6Moz of gold over the 10 year mine life at an average cash cost of approximately US$225/oz, net of silver credits. Average annual gold production will be approximately 285 000oz, with a peak annual production of 317 000oz. On the basis of this Feasibility Study Update, Harmony board approval for the project construction was granted in June 2006.

Hidden Valley Project cont.

Site access

The Hidden Valley site is located approximately 90km south-southwest of Lae, which is the nearest deep-water port for the project, and the Capital of Morobe Province. Access to the site from Lae uses an existing 110km sealed two-lane main road to the town of Bulolo, continuing to Hidden Valley via a new access road. Work commenced on the construction of the Hidden Valley access road to the site from the Bulolo in October 2005. Road building consists of four phases, namely pioneering operations, bulk-out, finishing and crushing. The pioneering crew located suitable routes through heavily forested areas and steep areas, making use of old logging roads for a large portion of the way. Pioneering crews reached the proposed mine site in May 2006, making the site accessible to other construction equipment which will enable the commencement of major construction earthworks. The bulk-out crew, responsible for earth moving, progressed to the 29km mark by year-end. Drainage has been increased in areas identified as having drainage problems during heavy rainfall. The finishing crew will construct the required culverts and drainage, before the crushing crew completes road construction. Current estimates indicate that the road construction will take 11 months to complete with targeted completion to final design specifications in September 2006, and require the movement of 1.7Mm^3 of earth.

Harmony contracted a road construction manager and a core of operators with extensive PNG road-building experience to undertake this project. The total construction cost of building the road is estimated to be A\$6.6 million. Costs remain under budget to date.

Engineering procurement and construction management (EPCM) contract

Following board approval of project construction a small owners' team of experienced construction professionals was recruited, including several key individuals with extensive PNG experience. In July 2006 an agreement was reached with the engineering group Ausenco Limited to provide EPCM services for the project. Ausenco started immediately with the preparation of a project execution plan as well as the detailed design stage of the project which is ongoing.

Power supply

While sufficient diesel powered generator capacity will be installed to cover the full site electrical load, the ability to obtain an alternate (cheaper) power supply from, PNG Power Limited (PNG's national power supplier), is of critical importance to the project. A Heads of Agreement setting out the key commercial terms of the proposed contract is in the process of being negotiated.

Mining fleet

The mining equipment required for the project consists of three 180 tonne excavators; a fleet of 95 tonne haul trucks and a range of ancillary equipment. Supply and maintenance agreements for this fleet are due to be signed in September 2006. The delivery of the first batch of mining equipment for pre-stripping is currently scheduled for the second quarter of FY07.

Geological update

Resource models prepared as part of the Feasibility Study Update identified a total project resource for Hidden Valley, Kaveroi and Hamata of 4.5Moz of gold (62.9Mt at 2.2g/t) and 71Moz of silver. A detailed review of these resources identified the need for additional infill drilling programmes which have been planned for the Hamata and Kaveroi deposits and will be completed in late 2006 and early 2007.

Environment

The Environmental Management Plan (EMP) has been approved. The key environmental issue for the project is the effective management of water quality in the Bulolo and Watut rivers. A range of control measures will be implemented for acid rock drainage, sediment run-off and tailings facility discharge water quality. Work continues on baseline studies and monitoring programmes required for both the construction and operational phases of the project.

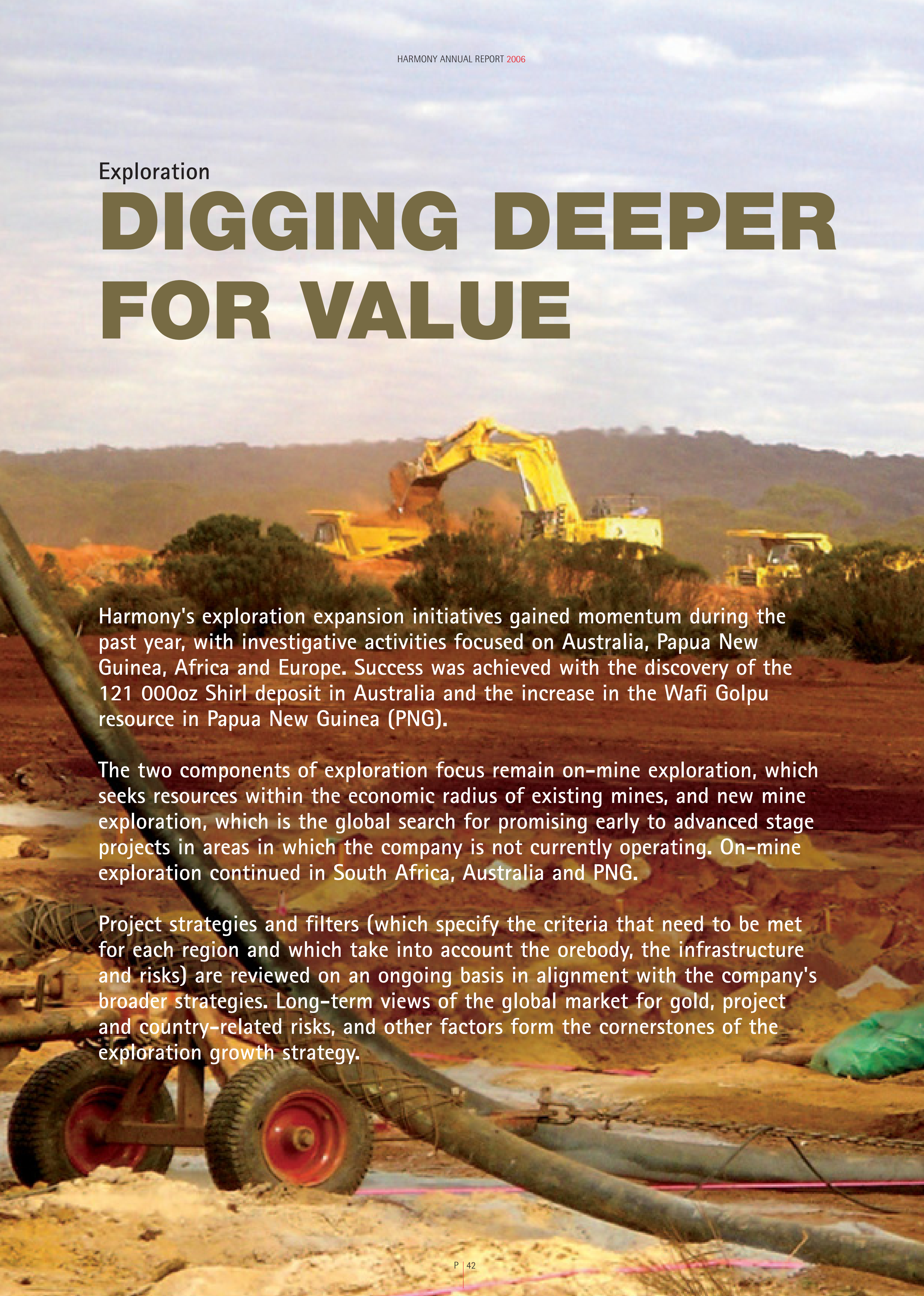
Re-engineered surface designs have led to the tailings storage facility capacity being increased from 32Mt to 43Mt and the waste dump's design now complying with acid rock drainage and other environmental commitments.

Community affairs/landowner discussions

Community support and development of the mine in compliance with the Memorandum of Agreement with landowner groups is critical to the success of the project. Meetings are held regularly with these groups as well as with officials from the provincial and national government to monitor progress and ensure these objectives are met. A range of opportunities for the commercial participation of landowner groups in the development of the project are being considered as a priority. Community relations initiatives, focused on positive outcomes for health education and infrastructure, are ongoing.

Outlook

Various options and initiatives are currently being considered to further optimise the economics of the project and to reduce the construction time line. The establishment of a low-grade stockpile with a capacity of 7Mt (0.8g/t – 1.3g/t); cost and schedule improvements as well as various Value Improvement Processes (VIPs) are being considered. Plant commissioning is currently scheduled for the end of 2008.



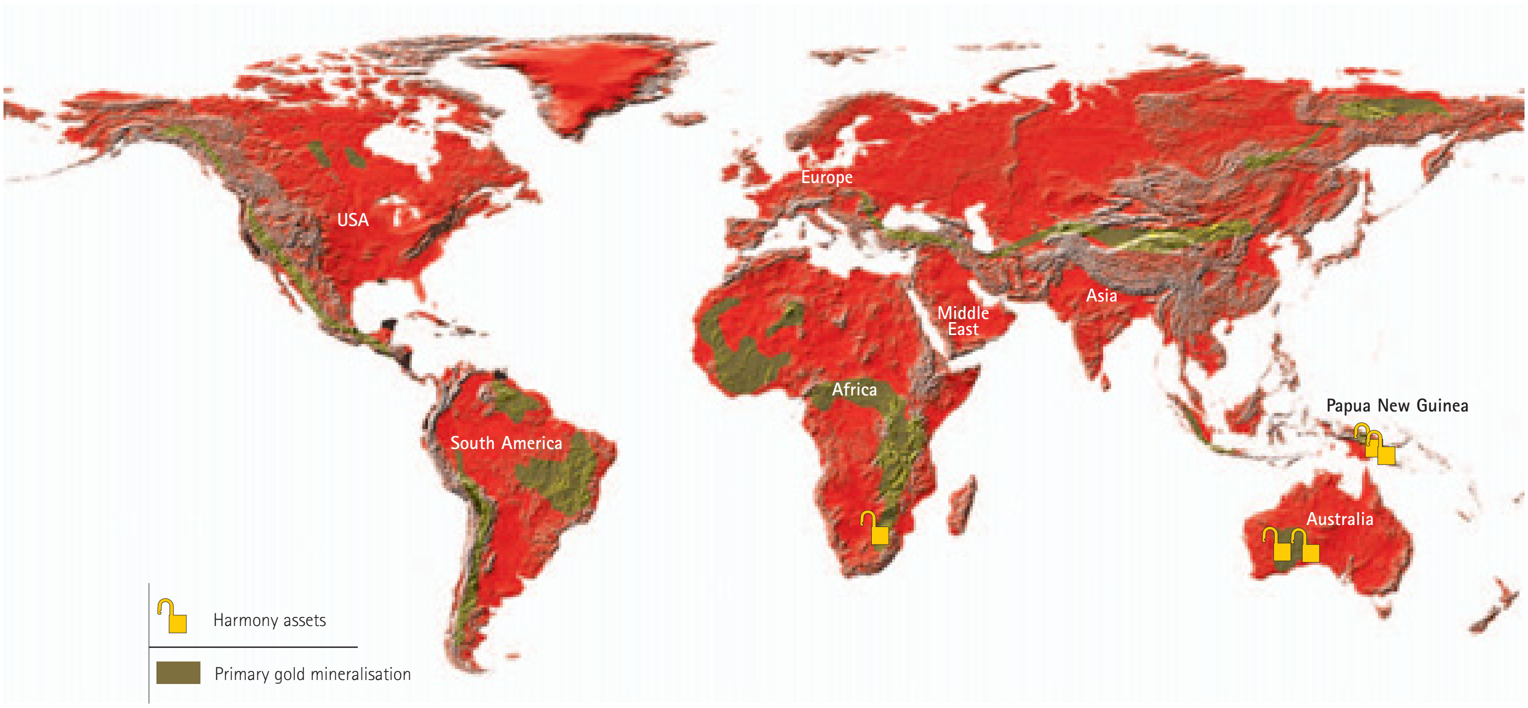
Exploration

DIGGING DEEPER FOR VALUE

Harmony's exploration expansion initiatives gained momentum during the past year, with investigative activities focused on Australia, Papua New Guinea, Africa and Europe. Success was achieved with the discovery of the 121 000oz Shirl deposit in Australia and the increase in the Wafi Golpu resource in Papua New Guinea (PNG).

The two components of exploration focus remain on-mine exploration, which seeks resources within the economic radius of existing mines, and new mine exploration, which is the global search for promising early to advanced stage projects in areas in which the company is not currently operating. On-mine exploration continued in South Africa, Australia and PNG.

Project strategies and filters (which specify the criteria that need to be met for each region and which take into account the orebody, the infrastructure and risks) are reviewed on an ongoing basis in alignment with the company's broader strategies. Long-term views of the global market for gold, project and country-related risks, and other factors form the cornerstones of the exploration growth strategy.



Australia

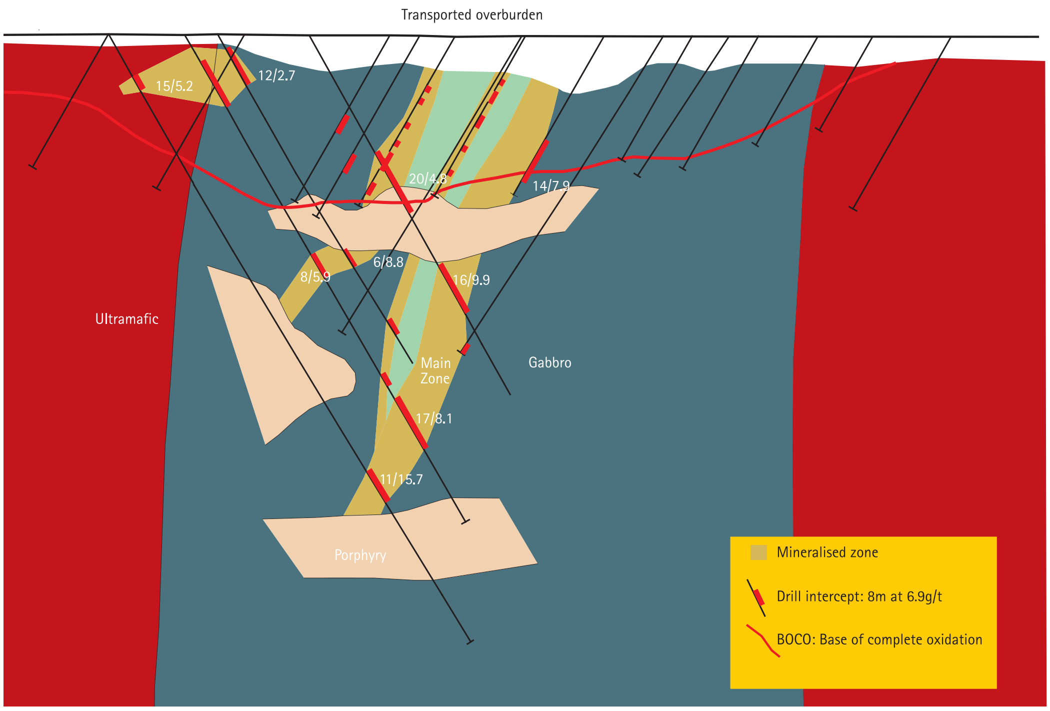
South Kal

The South Kal tenements lie between Kalgoorlie and Kambalda in the West Australian Eastern Goldfields. On-mine exploration success was achieved at South Kal with the discovery and definition of the 121 000oz Shirl resource, a sub-vertical lode hosted within a gabbro unit bounded by ultramafics and intersected by late porphyry intrusions. Around 50 000oz of ore will be mined in FY07 and hauled 35km along existing haulroads to the Jubilee Plant. This find is significant, not only in terms of providing feed to the mill, but because it opens up exploration targets previously considered non-prospective. Shirl was found by drilling an aeromagnetic anomaly beneath barren surface geochemistry. Previous deposits had at least some surface signature to indicate an orebody underneath. Shirl has shown that orebodies exist in this area without a surface geochemical signature and exploration is targeting similar anomalies. Follow up work along strike and down dip is also under way. The few drill holes that have been drilled at depth have returned underground quality intersections including, 06BSDD005 16m @ 4.9g/t from 267m, 06BSDD006 21m @ 8.5g/t Au from 241m, and SHDD03 2m @ 16.8g/t Au from 334m. A drill programme is under way to follow up on these intersections.

Exploration activities will also focus on larger base load targets along the main Boulder Lefroy Fault. The Boulder Lefroy fault hosts the Hampton Boulder Jubilee pit as well as Kalgoorlie's Super Pit to the north and Gold Field's St Ives' orebodies to the south. These exploration targets have, in part, been generated by the CSIRO Stress Transfer Modelling project undertaken in FY06.

A budget of A$3 million has been approved for exploration at South Kal mines.

SHIRL PROSPECT CROSS-SECTION 11000MN



Mt Magnet

Exploration activities at Mt Magnet, Western Australia, were hampered by ground access for much of the year owing to delays in the processing of clearing permits and unseasonably wet periods. Nonetheless, success has been achieved at Blackman's JV (75% Harmony, 25% Troy Resources). Drilling of a geochemical anomaly has produced significant results that may lead to a medium-grade oxide resource. The mineralisation is hosted in a mafic/ultramafic volcanic sequence. The best intersections to date include: 5m at 8.08g/t from 27m, 11m at 3.22g/t from 62m, 3m at 6.04g/t from 4m and 2m at 10.05g/t from 90m. Drilling is continuing.

Advanced geophysical techniques are being utilised at Mt Magnet with success. A trial of 3D induced polarisation has shown anomalism at depth underneath the Yellow Taxi pit. The survey is being increased to cover a broader area before drill targeting. The use of advance geophysics will be crucial to exploration in these mature belts and is being embraced by the exploration team at Mt Magnet.

A budget of A$4 million has been approved for exploration at Mt Magnet.

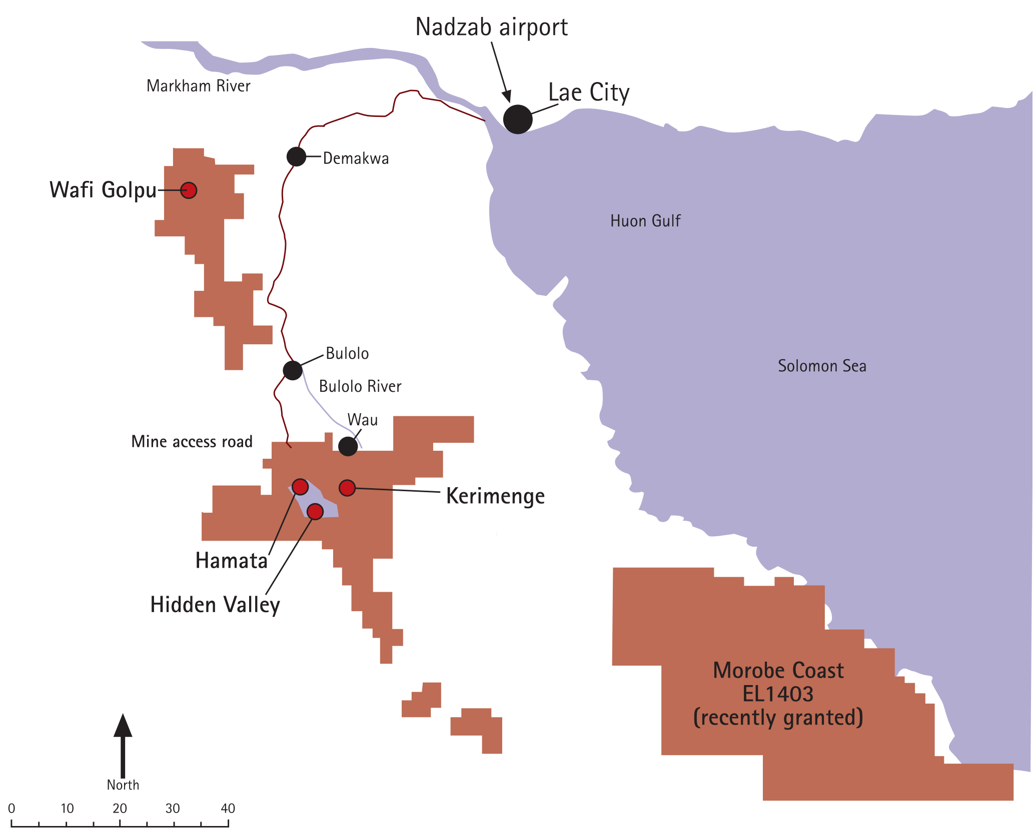
Papua New Guinea (PNG)

The mineral prospectivity of PNG is considered among the highest in the world and Harmony's land holding is one of the best in PNG. A substantial portion of our exploration effort is focused here. Our tenements (shown in the map) include the Wafi Golpu leases (960km^2), the Morobe-Hidden Valley leases (1 226km^2) and the Morobe Coast EL (2 069km^2), giving a total of 4 255km^2.

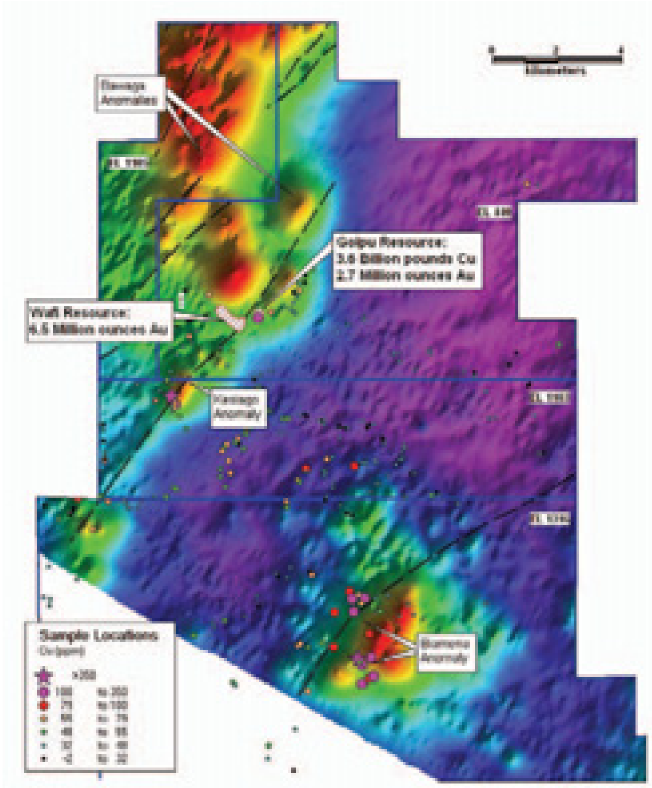
Exploration was intensified during the year and we now have a complement of 50 staff, including 14 geologists, dedicated to finding additional resources over and above those of Wafi Golpu and Hidden Valley. A budget of R47 million has been approved that includes an allowance for exploration in areas outside current leases.

Geologically, the project areas cover a tract of metamorphosed Lower Jurassic and Cretaceous sediments and obducted oceanic crust, which have been intruded by tertiary granodiorite, tonalite and porphyry units. Regionally, epithermal and porphyry related gold mineralisation is well known within the Morobe district, with historical high-grade gold mines including Wau (upper ridges) and Edie Creek. In addition, more than 2Moz of alluvial gold have been won from placer deposits in the Bulolo River valley, and small-scale alluvial prospecting in the tributaries of the Bulolo River continues today.

LOCATION OF WAFI GOLPU AND HIDDEN VALLEY, PAPUA NEW GUINEA



LOCATION OF WAFI GOLPU AND HIGH PRIORITY EXPLORATION TARGETS



Wafi Golpu

The Wafi Golpu gold-copper system represents an area of enormous potential for increasing the resource and reserve base. Already there are 9.3Moz of gold and 3.6 billion pounds of copper in the small area around Wafi hill. Near-project activities at Wafi Golpu have focused on providing additional oxide gold resources. The drilling programme has begun and returned some spectacular intersections including WR209: 21m at 10.06g/t gold from 295m.

Similar geology, geophysical trends and geochemical responses are seen throughout the remainder of the lease area as shown in the figure and these are the targets of our regional work.

Bawaga Prospect

This area is prospective for epithermal gold and porphyry copper-gold, similar to that of the Wafi Golpu system. The structural setting with north-northwest trending transfers, magnetic anomalies that suggest porphyry intrusives, and the lack of previous exploration in the area, combine to rank this target as a priority area for follow-up work. First-pass stream sediment sampling is planned for the second quarter of FY07 once access negotiations have been completed.

Kesiago and Biamena Prospects

Reprocessing of regional magnetics indicates Wafi has a clear association with a discrete magnetic high on a north-east trending transfer structure setting. The Kesiago prospect is located on the same transfer structure as that which lies 2km south-west of Wafi. Biamena lies on a similar structure 10km to the south. Both prospects show similarities in stream sediment and soil sampling as those of Wafi. These projects are at an early stage of exploration, with follow up stream and soil sampling and first phase drilling under way. They represent great potential to add Wafi-sized orebodies to the Harmony resource.

Heking

Heking is a Golpu look-alike electromagnetic (EM), just 700m south-west of the Golpu porphyry. The EM response indicates argillic alteration and/or the disseminated chalcopyrite associated with mineralisation. Diamond drill testing, a priority of this target, began in July 2006.

PAPUA NEW GUINEA, 60KM SOUTH-WEST OF LAE IN MOROBE PROVINCE

Wafi Golpu Project

The Wafi Golpu project is held under four contiguous exploration licences covering 996km². It comprises two separate ore systems, gold and copper-gold (Wafi Golpu), located in close proximity to each other. Drill testing at the four main zones at Wafi Golpu has indicated the presence of substantial gold within a mostly high-sulphidation zone. A pre-feasibility study is currently underway at Wafi Golpu. The Copper-Gold, non-refractory gold (NRG1), and Link Zone high-grade refractory gold projects are currently under consideration.

KEY DATES

Pre-feasibility studies – due dates	Mid-2007. Exact date depends on completion of drilling programmes.
Expected completion	September 2007
PROJECT CAPITAL (CAPITAL AND PRE-PRODUCTION EXPENDITURE)	
FY06	US$9.6 million
FY07-FY08	*Bankable feasibility studies to be defined by the pre-feasibility study. Expected to cost 3-5% of project capital – approximately US$40 million. Costs will be higher if it is found that a feasibility exploration decline is required.*
FY09-FY11	*Detailed engineering and construction to be defined by bankable feasibility study*
FY12 -FY13	*Scheduled start of production*

All statutory requirements necessary for the completion of pre-feasibility studies have been satisfied.

Geology, assay results and resource modelling

Assay results for the first four holes of the Wafi Golpu geotechnical drilling programme show wide, high-grade intercepts, confirming the consistency of the porphyry orebody. As part of the feasibility study process, the Wafi Golpu resource model was updated using additional information collected from the current drilling programme and reinterpretation of existing geological database information. It was previously assumed that mineralisation was cut off at the porphyry boundary; however, drilling in the current programme has confirmed that mineralisation extends into the metasediment host rock. Significantly, the resource model also includes molybdenum (Mo) and at the current price of US$25/t, the value of the in-ground molybdenum is approximately US$1 billion.

The inclusion of the mineralised meta-sediments adds some 259 000t of copper (+19%), and 650 000oz of gold (+32%) to the resource. The Wafi Golpu resource excludes the gold contained in the Wafi Golpu ore deposits, which contain a further 110Mtpa at 1.9g/t for 6.5Moz of gold. The exploration team is now investigating the work required to convert the meta-sediments resource to the indicated category.

The new Wafi Golpu model has been reviewed and endorsed by mining consultancies RSG Global and SRK. The increase in Wafi Golpu copper and gold resources was particularly encouraging given the current shortage in copper supply globally. Initial scoping studies utilising the existing indicated resource, conducted at $0.90/lb - $1.40/lb, recommended advancing the project to feasibility stage. Given current commodity price levels and the potentially larger resource, the Wafi Golpu copper-gold project appears to have significant value. The Wafi Golpu gold A, B and Link Zones were remodelled in a single block model to include the most recent drilling results. The model used a less selective approach than previous models, resulting in a larger but lower grade volume. Importantly, the re-modelling exercise included data from additional drilling which resulted in the Link Zone resource decreasing in size but increasing in grade. The overall ounce profile was only slightly lower than that of the previous model. The significantly increased grade increased the likelihood that the Link Zone resource, which currently stands at 4.8Mt @ 8.5g/t, will be found to be viable during the current pre-feasibility process.

The new Wafi Golpu gold zone model has been reviewed and endorsed by mining consultancies RSG Global and SRK.

Pre-feasibility study

A pre-feasibility study began at Wafi Golpu during July 2006. The study will test the viability of the Wafi Golpu copper-gold resource, and the high-grade refractory gold Link Zone resource. At the start of the study, it became clear that consideration of the NRG1 resource, which is the oxidised and transitional portion of the A Zone and to a lesser extent of the B Zone resource, was necessary, given the potential to realise synergies between the projects and the risk that some of the resource would be sterilised by the Link Zone and Wafi Golpu projects.

In order to complete pre-feasibility studies for the NRG1 and Link Zone resources, a scoping study was required since the viability of the projects had not been previously considered. The scoping studies are expected to be completed in the first quarter of the next financial year, and initial mining and processing estimates undertaken in the scoping study indicate good returns under the conditions assumed.

As the NRG1 and Link Zone scoping studies were progressed, geotechnical drilling required for the completion of the Wafi Golpu pre-feasibility studies was undertaken in parallel. The core samples collected during the programme are primarily for geotechnical evaluation, but will also be used for metallurgical test work and resource estimation refinement. Engineering studies are due to start in the first quarter of next year.

Processing and infrastructure studies

A process establishment and engineering contract has been awarded, with work starting during the last quarter of the year. The scope of work includes assistance with metallurgical test work, programme formulation and execution, process design, and process and general infrastructural engineering and cost estimation, including both capital and operating cost.

At the end of the year, the consultants had completed a gap analysis on previous test work, and it is expected that the finalised test work programme for each of the projects will be under way early in the coming financial year. This programme will focus on comminution test work for all projects, flotation optimisation for Wafi Golpu ore, and pressure oxidation test work for the Link Zone. Test work for each of the projects is expected to be undertaken over a period of three to four months.

Mining studies

SRK Consultants undertook scoping level studies for the Link Zone and NRG 1 resources identified at Wafi Golpu. Should results be positive, both of these projects will be advanced to pre-feasibility, in parallel with the Wafi Golpu copper-gold project, with a view to the development of an integrated site plan. The final Link Zone mining study was completed at the end of the year, with final mining quantities for NRG1 due in August 2007.

The NRG1 resource is that portion of the Wafi Golpu gold orebody which can be recovered using a conventional cyanide leach extraction method. If economically viable, this resource will be mined by way of open-pit methods.

The Link Zone resource is a high-grade portion of the Wafi Golpu gold ore body with an inventory of 4.79Mt at 8.5g/t. The Link Zone ore is refractory and requires oxidation methods such as pressure oxidation prior to extraction by conventional cyanide leach circuit. If economic, this resource will be mined by underground methods.

The results of the mining, processing and infrastructure studies will be combined into a single scoping study for the NRG1 and Link Zone projects, due at the end of August 2007. A plan to mine approximately 2Moz over six years is under consideration.

Delays in geotechnical drilling programme at Wafi Golpu

A new drill rig, which was originally expected on site in December 2005 was finally delivered in May 2006. Although the drill rig has been in production continuously since delivery, it is not yet operating at full capacity owing to a number of technical glitches. Delays in the completion of the drilling programme remain the biggest risk to the timing of completion of the Wafi Golpu pre-feasibility study, as most of the geotechnical and mining study work, along with metallurgical test work is reliant on the drilling data. Every effort is being made to minimise the impact of these delays on the time line of the pre-feasibility study. A second large-capacity drill rig has been refurbished and mobilised to site by the drilling contractor in an effort to drill remaining holes simultaneously.

Additional geotechnical personnel are being recruited, and consulting personnel will have a stronger presence on site to ensure that the logging of remaining core data is completed as quickly as possible.

Additional core cutting equipment and personnel are being made available and the analysis of drill samples is being given priority at the assay laboratory, so as to minimise delays.

Consultants working on the project are in the process of reviewing work schedules and completion times.

Environment and external relations

Key permitting, social mapping and community relations consultants have been appointed, all with extensive project experience in PNG. This is considered to be critical to the advancement of the Wafi Golpu project. The project has a history of difficulty with issues regarding traditional landowners, and minimising as many of these as early as possible will minimise their impact on the project.

Water monitoring and environmental drilling permits were issued for EL440 (all pre-feasibility drilling work is contained in this lease) and now all permits required for the completion of the study are held by the company.

Environmental baseline studies are being undertaken in line with the planned programme. Stream and sediment data collection, weather monitoring, and ore and waste rock characterisation for acid forming potential will assist in the completion of an Environmental Impact Assessment should the pre-feasibility study be found to be economic. Most rock types at Wafi Golpu have a high sulphur content and preliminary tests indicate that the potential for acid formation is high, while neutralising capacity is low. Mine and waste dump design will ensure that the potential for acid rock drainage can be managed at all times during the mine's operation.

Outlook

To date, Kina 12.3 million (A$5.6 million) has been spent on the pre-feasibility study against a total proposed budget of Kina 40.6 million (A$18.5 million). Expenditure to date is lower than budget for the same period, primarily due to delays in drilling (the Wafi Golpu drilling programme was scheduled to be completed by June 2006).

The drilling programmes at the NRG1 and Link Zones are scheduled to continue, following the completion of the Wafi Golpu programme, and the geotechnical, mining, and metallurgical study work is to continue.

Engineering and mining consultants have now begun studies in line with the budget, and full expenditure of the project budget is expected during the coming year. Regarding expenditure to date, and budgeted spend in the coming year, approximately 52% of costs are for drilling and associated activities, with the remainder being allocated to studies including mining, processing, infrastructure, environment, community affairs and marketing.

PNG

Morobe – Hidden Valley

The Morobe area hosts the 5.5Moz Hidden Valley and Hamata resources and is highly prospective for similar deposits and higher grade skarn deposits.

Moa Creek

During the year, drilling occurred at Moa Creek with good results. Four diamond drill holes were completed and the best intersections were 6m at 7.22g/t gold from 176m (MOD001), 4.2m at 6.64g/t gold from 38m (MOD002) and 3m at 19.45g/t gold from 47m (MOD004). Further trenching will be done to establish the full extent and orientation of the mineralisation before more drilling is undertaken.

Kerimenge

The immediate focus this year will be on the Kerimenge deposit that lies 7km east of the Hamata processing plant site. This prospect displays a larger geochemical signature than Hidden Valley but has only a small amount of historical drilling. Previous work stored on paper has been compiled and captured digitally and has revealed a new target orientation that will be drill tested in the new financial year.

The Waurike prospect comprises part of the greater Kerimenge prospect. Here, high-grade trench results are broadly coincident with limestone contacts. There are only 10 drill holes in this area with mineralised limestone contacts mostly untested. Ore grade intercepts were obtained in the majority of holes and results include: 17m at 4.9g/t from 14m (QD44), 20m at 3.14g/t from surface (QD23), 34m at 2.5g/t from 2m (QD97), 50m at 2.0 g/t from 56m (QD50), 44m at 2.2g/t from 36m (QD102) and 14m at 5.8 g/t from 52m (QD22B). Diamond drilling is scheduled to start at these prospects in August 2006.

As at Wafi Golpu, a drill contract has been established for continual drilling throughout the year. The rig will move from prospect to prospect as our priorities dictate.

Morobe Coast

The 2 068km^2 Morobe Coast exploration licence was granted in April 2006. The area lies to the south-east of the Morobe goldfield and presents exciting grassroots exploration potential. Previous work was limited but returned significant rock chip and stream sediment samples from the Lokaniu volcanics. A sample brought to the exploration department by a local villager had a grade of 175g/t. There are also copper, gold and lead mineral occurrences in gabbros towards the western side of the lease. A detailed aeromagnetic survey is proposed which will allow specific targeting for our first-pass site work.

The exploration team also has a watching brief over potential acquisitions or participation in other prospective regions throughout the country. This has been demonstrated most recently by the pegging of the Morobe Coast EL1403. Numerous confidentiality agreements have already been signed with neighbouring parties in anticipation of synergies that may develop further operations.

Africa

The focus of exploration in Africa is to establish partnerships with existing project operators and governments in order to generate new gold exploration prospects that may be developed into operating mines in the future. During 2006 various projects were reviewed in East, West and Central Africa.

A joint venture agreement was signed with Axmin Inc in May 2006, whereby Harmony will fund US$4 million over three years to explore Axmin's exploration licences in Senegal, known as the Sounkounko permits. This expenditure will secure 50% ownership of the Senegal projects. The first commitment period, ending April 2007, will require Harmony to spend US$800 000 on exploration activities intended to target highly prospective gold mineralised zones on the permit areas. Harmony will have earned 10% ownership of the project after the first commitment period. Subsequent work is intended to drill test targets in order to define resources.

Elsewhere in Africa, a number of exploration opportunities are currently undergoing evaluation.

South Africa

Free State

Target North

The Target North resource is situated in the Central Rand Group of the Witwatersrand Sequence, with the bulk of the resource accommodated in the Turfontein Sub-group.

Broadly speaking, the structural regime is an asymmetrical syncline with a steep western limb (40° to 90°) and a shallower eastern limb (15° to 20°). The syncline plunges approximately 9° to 10° to the north. Three major sets of structures modify the overall synclinal nature of the deposit. These comprise northeast-southwest trending normal faults which generally have down throws to the south, north-south trending normal faults with down throws to the west and various sets of low angle fore and back thrusts evident on the west limb.

The major formations, which are of interest, are the Ventersdorp Contact Reef (VCR), the Uitkyk and Van den Heeversrust members, and the Kimberley Formation. The Welkom Formation may be of minor interest.

The VCR is recognised at the base of the Klipriviersberg Group. Recent work on the VCR has significantly improved the understanding of the setting and distribution of mineralisation. It is currently believed that the VCR is best developed where it directly overlies the Elsburg A (EA) reefs. Much work is still required to develop a robust geological model for this horizon. The EA and Dreyerskuil reefs of the Uitkyk and Van den Heeversrust members are believed to be fanglomerates and arenites, which are hosted in a wedge-shaped sequence of clastic sediments, restricted to the western margin of the syncline which has a limited down dip extension. A reassessment of these horizons has been completed during the period under review.

Significant mineralisation occurs in the Big Pebble Reefs (A Reefs), which straddle the base of the Earls Court Member and within the Aandenk Member. These reefs are thought to occur within a braided steam environment. In addition, the Maraisdal Reef (B Reef) is developed at the base of the Spes Bona Member overlying the Doornkop Quartzite. A reassessment of these horizons has been completed during the period under review.

The Basal Reef (previously referred to as the Sun Reef) occurs as a polymictic coarse pebble conglomerate with a kerogen facies developed in the extreme south of the Sun area. There are few intersections and this horizon is poorly understood. The bulk of this horizon occurs significantly deeper than the Kimberley Formation and is not considered to be of economic importance.

Prior to the period under review, the project team completed an extensive exercise to collate and validate data acquired over more than 20 years of surface drilling. During the period under review, a 3-D geological model was completed and the exploration model is being reinterpreted.

Since November 2004, major re-correlation and refinement of the Central Rand Group Stratigraphy (including Dreyerskuil, Eldorado and Kimberley successions) in over 90 surface boreholes and long deflections drilled within the project area have been completed. The entire borehole database has now been validated.

Seismic data, acquired during a 3-D seismic survey undertaken in 1997, has been reviewed and the interpretation completed. The original seismic interpretation only covered the southern third of the project area, and has now been interpreted to the northern limit of the project area. The seismic interpretation has been incorporated in the recently completed 3-D geological model. A comprehensive re-evaluation of the mineral resource was completed in June 2006 in conjunction with independent party SRK acting as consultants to undertake a full technical audit on the resource and geological model. In the third quarter of FY06 under review, Harmony approved capital to drill two additional surface drillholes in the Target North area. The drillholes are intended to validate recently developed theories about the geological model. The two drillholes will be targeting VCR, EA and Dreyerskuilreefs, at depths ranging from 2 100m to 2 800m.

Other geological projects

In order to extend the life of current operations and to take advantage of a resurgent gold price, a number of geological projects have been established on both the primary reef targets in the Free State, the Basal Reef and the Leader Reef, as well as the secondary targets, the Middle Reef, the B Reef and the A Reef. By evaluating these reefs on a regional basis, rather than within a specific lease area, and through understanding geological structures, new targets for exploration and future mining can be determined in previously untested areas. An initiative is ongoing to pool the vast amount of knowledge from the ore reserve managers and senior geologists, who have extensive experience of working in the Free State Goldfields.

Basal Reef

A number of projects have been initiated to increase the reserves/resources of the Basal Reef in the Free State. The exploration and development of the Basal Reef to the west and east of Masimong is part of that shaft's expansion project. A project on Merriespruit 3 is aimed at locating isolated Basal Reef pockets beyond its subcrop on the Leader Reef while current drilling at Bambanani is intended to determine the feasibility of mining the Basal Reef below the lowest level (103L).

Leader Reef

The Leader Reef occurs in narrow channels over much of the southern part of the Free State Goldfields. Projects are under way on Harmony 2 and West mines to re-evaluate old Leader Reef mining with a view to establishing new targets.

Middle Reef

This is a highly erratic orebody located between the Basal and Leader horizons. Its complex structure makes it very difficult to mine but, where developed, can produce very high grades. Unisel continued to mine Middle Reef with considerable success, and a channel is known to extend into the neighbouring West and Bambanani mines. Management at these shafts is currently considering exploitation of the reef. An initiative is under way to look at synergies between the three mines in order to extract the orebody optimally. Taking into account lateral shifts on the De Bron fault, payable Middle Reef was discovered at Merriespruit 1 Mine. Exploration continues to find the extension of the high-grade channels that are currently being exploited.

B Reef

Located 50 to 150m above the Basal Reef, the B Reef is a highly channelised orebody with grades confined to these narrow channels only. It is currently only mined at the Tshepong and Masimong mines, however, B Reef channels are known to occur elsewhere in selected areas across the Free State Goldfields.

A project was undertaken to determine the sedimentology of the B Reef at Loraine 2 (now part of Target Mine) where it has been mined since the 1960s. A high-grade B Reef channel runs through the shaft pillar, as well as to the north-west and south-east of the shaft. A business case is currently being completed to assess the viability and options of extracting the shaft pillar and surrounding areas. The same high-grade channel has been located some 2.5km further north to the west of Loraine 1. Underground drilling is under way to determine the extent of this channel.

A capital drilling programme for B Reef has been completed at Tshepong, and the project will now move into the next phase. The extension of the B Reef channels to the east and west at Masimong 5 forms part of the Masimong expansion project. In addition, B Reef channels are currently being explored at St Helena and Unisel, and at Merriespruit. A regional B Reef model is being put together to identify potential targets.

A Reef

The A Reef is located approximately 40m above the B Reef and is also highly channelised. It is currently being mined at Harmony 2 and at Brand 1 and 3. Exploration is ongoing to determine the extent of these channels outside of current mining areas. Harmony 2 undertook a capital drilling programme in order to equip old Basal areas and drill 180m to the A Reef horizon. An investigation is under way to evaluate exploitation of the A Reef occurring between Harmony 2 and Virginia 1, where development took place on thick (3m+) A Reef channels in the 1990s.

A Reef has been mined previously in the Loraine 1C area of Target Mine, and a re-investigation of the sedimentology has been undertaken. The reopening and extraction of A Reef forms one option of the business case study currently being undertaken for Loraine.

Exploration continues for A Reef on Masimong 5 and Unisel; it may be possible to mine it at Tshepong and Phakisa.

Evander

The Evander 2 shaft-deepening project

The aim of the project is to explore the Kimberley Reef between 24 and 26 levels. Development of an incline shaft down to 26 level is planned in order to access the blocks of ground lying below current infrastructure. The crosstrend to the main payshoot has been projected into the target area.

Exploration is ongoing. Two drill platforms were developed (461m in total) and drilling has been carried out from these development ends (slushers). As at May 2006, 925m of drilling had been completed (of 2 380m planned) and seven reef intersections had been obtained. Gold grades ranged as follows: 131cmg/t, 625cmg/t and 2 101cmg/t in the 24E43 slusher, and 575cmg/t, 180cmg/t, 120cmg/t and 1 863cmg/t in the 24E45A slusher. Drilling indicates that the edge of the payshoot has been intersected, which is believed to trend parallel to the main Kinross payshoot. Drilling will continue in order to establish the extent of this payshoot. The additional planned 1 455m of drilling will conclude the exploration programme.

Evander 7 target

The aim of this project is to locate the down-dip extension of the Evander 5 payshoot, which merged with another payshoot from Evander 6 shaft. The Evander 5 payshoot is intersected by the 250m Kinross fault, creating three target areas. Drilling and development are under way and have partially confirmed the existence of the first target area, T1. The first raise in the T1 western flank is due to start during FY07. Currently, easterly drive development is taking place, which will allow drilling of the eastern flank of T1 within a few months. This development will also allow drilling of a portion of the second target area T2, once T1 drilling is complete.

Poplar

The Poplar project area is situated 30km north-west of the current mining operations at Evander No 8 Shaft. It is bounded in the east by the town of Leandra and in the west by the informal settlement of Eendrag. Poplar is inclusive of the Evander mining right of 36 898ha. The project area lies 120km east-south-east of Johannesburg.

The economic placer of the Poplar lease area is the Kimberley Reef. It occurs at a depth below surface of between 500m in the east to 1 200m in the west. The reef strikes north-south and dips from14° to 24° to the east. The Kimberley Reef comprises a sequence of fluvial, channel sediments that were deposited in a braided stream environment. Deposition of the reef was influenced by the footwall lithologies. The area of economic mineralisation is not continuous throughout the Poplar lease, but the most extensive zone of mineable reef is found in the southern part of the area. The high grade Kimberley Reef is associated with carbon and narrow, small-pebble, clast-supported and well-packed oligiomictic conglomerate.

The Poplar project will include greenfields development involving installation of a twin-shaft system to 1 200m below surface to exploit the above-mentioned Kimberley Reef payshoot. A definitive feasibility study was completed on this project in FY03. This study was updated recently at present day costs and a gold price of R105 000/kg. Capital expenditure for this project is estimated at R2.6 billion with a projected internal rate of return (IRR) of 14.0% pre-tax and 10.3% post-tax (at a discount rate of 7.5%). Total mineral resources are unchanged at 25.6Mt at 7.60g/t in situ for a total of 194 tonnes or 6.2Moz of gold. Ore reserves are estimated at 13.5Mt at 6.99g/t head grade for a total of 94.3 tonnes or 3.0Moz of gold.

The possibility that this orebody can be linked up to the south with the Evander South project is also being investigated. A linkage would result in an orebody stretching over 20km in strike length. This project still requires board approval.

Rolspruit

The Rolspruit project aims to exploit the deeper extension (to 2 670m below surface) of the Kimberley Reef (Kinross payshoot), adjacent to Evander 8 shaft, through a twin-shaft system from surface. A definitive feasibility study was completed in FY03 and has been reviewed in the past year. An improved engineering design incorporating a twin surface shaft system, followed some years later by a sub-vertical shaft system, replaces the abovementioned single lift twin shaft system. Capital expenditure is therefore delayed, production start up is accelerated and a conventional engineering design is incorporated. The project economics are now as follows (at a R105 000/kg gold price and 7.5% discount rate) – capital expenditure of 3.06 billion, a projected pre-tax IRR of 12% and a life of mine of 22 years. Further refinement to the improved design will be completed in the coming year.

The total mineral resources estimate for the project totals 81.90Mt at 5.87g/t in situ resulting in 480.30t - or 15.4Moz of gold. Estimated ore reserves total 24.4Mt at 7.78g/t, giving 212.8t of gold (8.70g/t) or 6.8Moz of gold.

Other Evander projects

The Central Projects team is currently re-assessing three other Evander projects: Evander South, Twistdraai and Evander 6 shaft re-opening. For each of these projects, the original data has to be validated; seismic lines need to be re-interpreted where present; and a 3-D geological model developed (a similar process to that which was undertaken at Target North). The aim is to produce a detailed understanding of the Evander Basin, taking into account current mining activities. This study will also take into consideration the Poplar and Rolspruit project areas.

Randfontein

At the Cooke section, exploration continues to focus on finding additional VCR targets at Cooke 3 shaft. Priority will be given to exploration for the extension of VCR payshoots eastward, up-dip of current mining activities. In addition, a portion of VCR between Cooke 2 and 3 shafts will become a drilling target. A further drilling project is under way to determine the extent of the Elsburg payshoot towards the west of the shaft, below current mining levels. During 2006, 'down-the-hole' radar maybe used to provide further geological information. Development and drilling of the 128 South project is ongoing. Drilling to date has confirmed expected grades and channel widths on the UE1A reef. Where possible, Kimberley reefs (K4, K7 and K9) are also intersected and VCR intersections are planned in future. Further drilling will continue to add value to the construction of the structural and facies model for this area. The first stoping for this project is planned for early 2007.

Elandsrand

In addition to the shaft-deepening project, an investigation is being conducted into establishing the economic viability of mining the Elsburg Reefs occurring in the footwall to the VCR. All historical drilling and sampling data has been collated and high-grade intersections identified. Initial investigations have shown that the uranium-bearing reef bands also contain the highest gold grades.

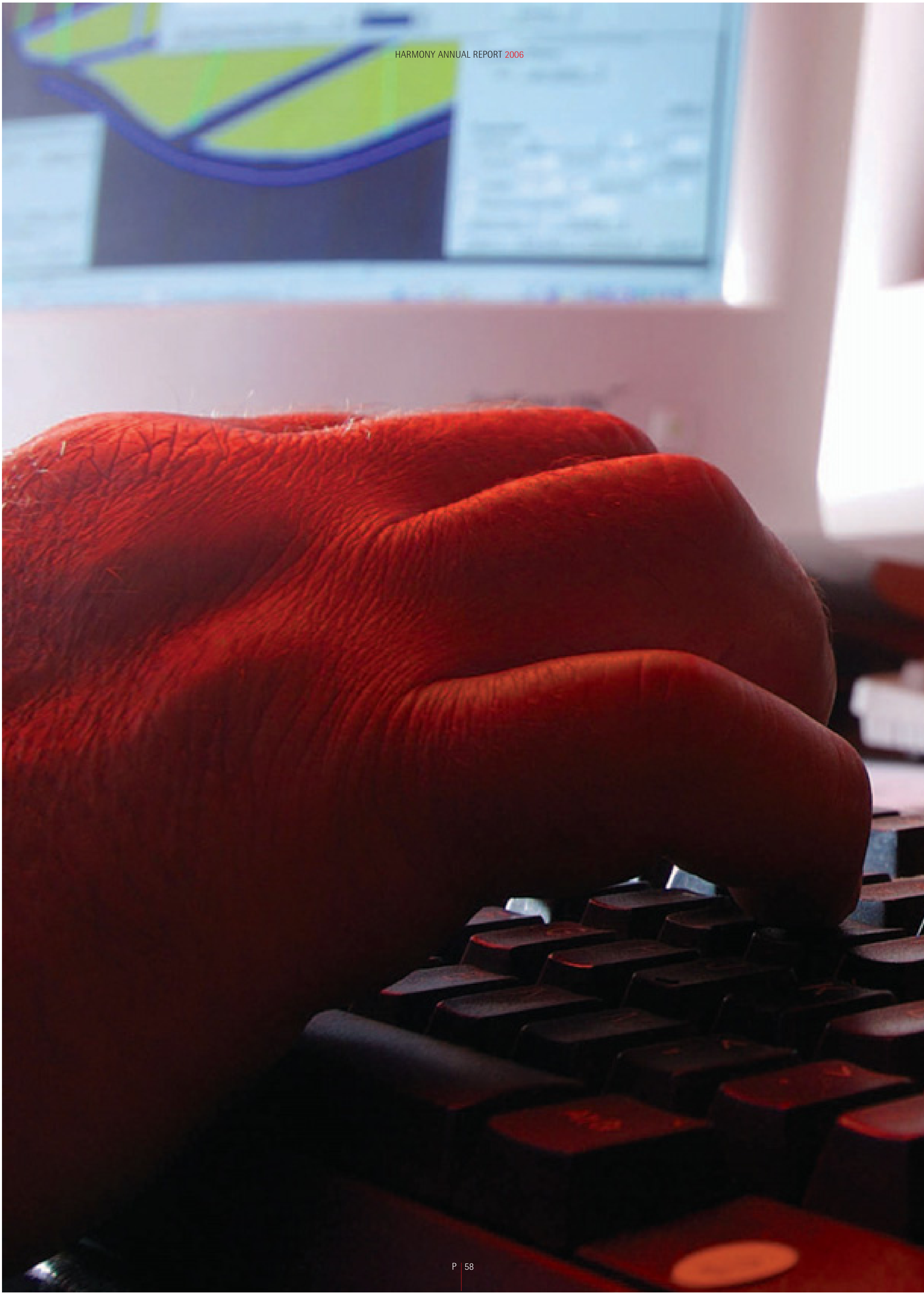
These reef bands also occur further west and are considered as potential targets in the Elandsrand deepening project area. New geological drillhole data obtained over the Elsburg Reef bands are being correlated with known mineralisation information for mined-out areas. This data will also be used to interpret expected sub-crop positions and trends, as early indication exists of localised enrichment of the sub-crop. If robust mineable reef bands can be identified deeper in the footwall, a detailed study will be undertaken to determine cut-off grades for the mining of these. Drilling continues.

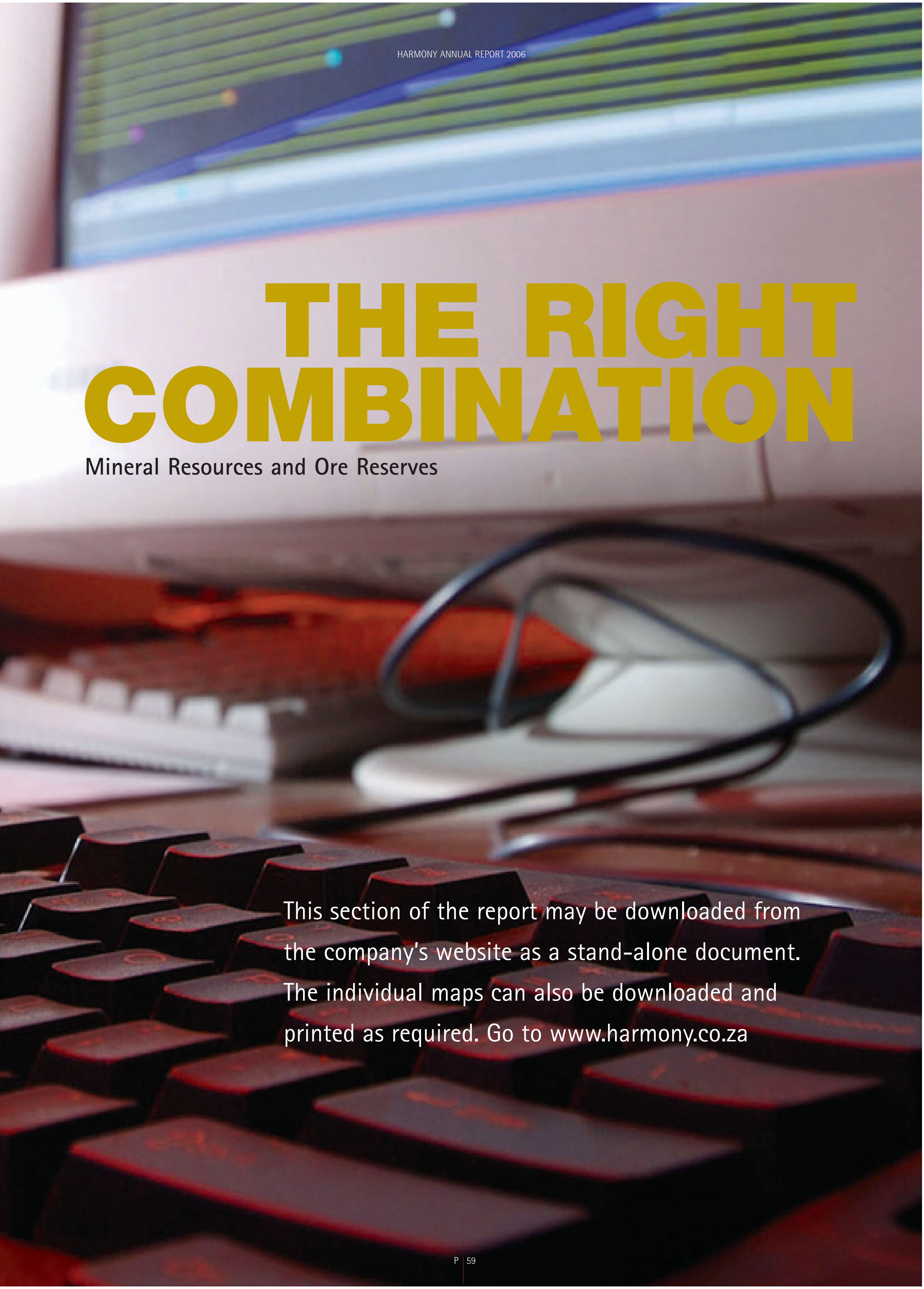
Latin America

A strategic shift in the early part of the financial year saw Harmony Peru's grassroots exploration activity in southern Peru phased out. During the programme, Harmony geologists visited 305 desktop-generated targets. Although three concessions were pegged and follow-up work completed, none offered the potential that Harmony was looking for. The strategic shift saw the Peru personnel turn their focus to the whole of Latin America, specifically to expose the company to advanced-stage gold projects. Projects were reviewed in Mexico, Argentina, Brazil, Venezuela, Guyana, Peru, Ecuador and Honduras.

A comprehensive database was constructed and populated with the details of close to 1 000 gold exploration projects in Latin America. Advanced projects were extracted and reviewed in detail, and various projects visited. Opportunities were identified and negotiations initiated but under current market conditions, the majority of opportunities were acquisitive in nature or offered as equity stakes in the holding companies, rather than being presented as joint venture opportunities.

As a result of a more focused approach to African exploration, high risks associated with Latin American investments at present and less positive cost/benefit ratios of growth opportunities on a continent where Harmony owns no operations, a corporate decision was taken to close the Lima office. Processes related to closure of the Harmony Peru regional office are under way.





THE RIGHT COMBINATION

Mineral Resources and Ore Reserves

This section of the report may be downloaded from the company's website as a stand-alone document. The individual maps can also be downloaded and printed as required. Go to www.harmony.co.za

Mineral Resources and Ore Reserves

Introduction

As of 30 June 2006, Harmony reported mineral resources of 537.6Moz and ore reserves of 56.0Moz. The measured and indicated mineral resources are inclusive of those mineral resources modified to produce the ore reserves. The ore reserves are reported as mill delivered tonnes at the grade delivered to the mill.

Commodity prices

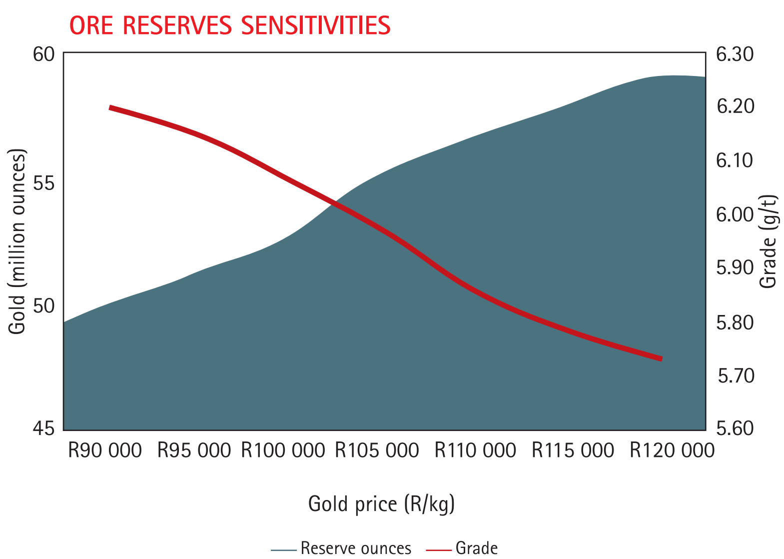
For the conversion of Mineral Resources to Ore Reserves at our South African and Australian operations, Harmony uses a gold price of US$500oz. An exchange rate of R6.53/US$ is used for South Africa and for Australia, an exchange rate of US$0.74 per Australian dollar is used, giving gold prices of R105 000/kg or A$680/oz respectively. These gold prices have also been used in mine planning. In Papua New Guinea (PNG), the Hidden Valley feasibility study was completed using a base case of US$445/oz (gold) and a silver price of US$6.50/oz and these prices have therefore been used in the declaration of Ore Reserves. Mine planning at Hidden Valley is being done using prices of US$500/oz for gold and US$7.50/oz for silver.

Reconciliation FY05/FY06

A reconciliation of Harmony's ore reserves shows an increase of 3% from 54.1Moz to 56.0Moz. Overall, there was a depletion of approximately 2.4Moz in FY06. The 29.2% equity ounces from Western Areas added 4.2Moz to ore reserves, contributing most to the positive increase.

Of the company's 56.0Moz of ore reserves, 42.0Moz are classified as current reserves (above infrastructure), 9.8Moz are classified as below infrastructure, ie reserves for which capital expenditure has yet to be approved, and 4.2Moz are equity reserves from Western Areas.

Mineral resources have increased from 528.6Moz to 537.6Moz, mainly as a result of the addition of 9.8Moz from Harmony's 29.2% stake in Western Areas.



The graph shows ore reserve sensitivities, exclusive of surface stockpiles, to changing gold price below and above R105,000/kg. Note that these sensitivities are approximations only and based on the ore bodies in the current life-of-mine plans. Accordingly at different gold prices alternative mining strategies may be pursued, including the addition of more secondary reef horizons into reserves.

YEAR-ON-YEAR RECONCILIATION OF ORE RESERVES

	GOLD (tonnes)	GOLD (million ounces)
Balance at June 2005	1 684	54.1
Mined during FY2006	(76)	(2.4)*
Plus ounces attributable from associate (Western Areas)	131	4.2**
Other adjustments	3	0.1
Balance at June 2006	1 742	56.0

* *Ounces based on ROM grades*

** *Ounces attributable to an associate*

Reporting Code

Harmony uses the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), which sets out the internationally recognised procedures and standards for reporting of mineral resources and reserves in South Africa. This code was developed by the South African Institute of Mining and Metallurgy and is the recommended guideline for reserve and resource reporting for companies listed on the JSE Limited. The code was updated in June 2006 and Harmony has proactively aligned itself with the requirements of the new release of the SAMREC code.

Harmony's reporting of its Australian and PNG mineral resources and ore reserves also complies with the Australian Code for the Reporting of Mineral Resources and Ore Reserves (JORC code) of the Australian Institute of Mining and Metallurgy. This code is materially the same as the SAMREC code.

In reporting reserves, distinct cognisance has also been taken of Industry Guide 7 of the United States Securities Exchange Commission.

Harmony uses the term 'ore reserves,' which has the same meaning as 'mineral reserves', as defined in the SAMREC code.

Definitions as per the SAMREC code

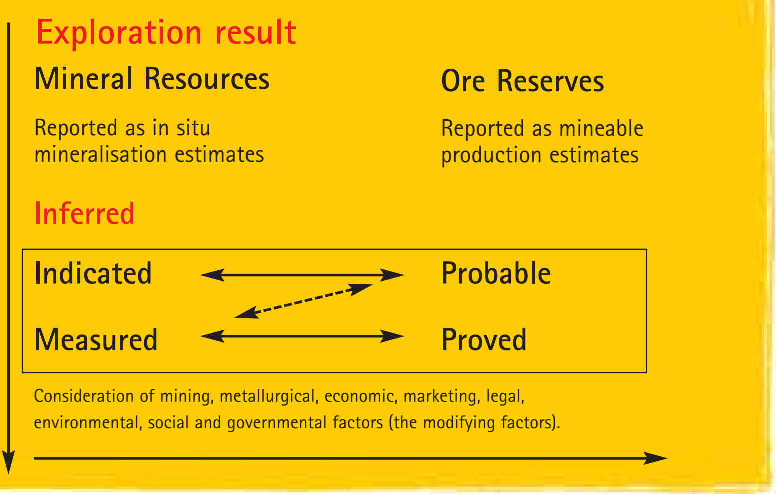
Mineral Resources

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

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

An **indicated mineral resource** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level

FRAMEWORK OF THE SAMREC CODE



of confidence. It is based on exploration, sampling and the testing of information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

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

Ore Reserves

An **ore reserve** is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proven mineral reserves.

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

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

Harmony reporting in compliance with SAMREC

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

- a 10-year view; and
- the gold price (in rand per kilogram) for 10 years.

RELATIONSHIP BETWEEN HARMONY'S MINERAL RESOURCES AND ORE RESERVES ACCORDING TO THE SAMREC CODE

UNDERGROUND, OPEN PITS, PROJECTS*, AND WESTERN AREAS** EQUITY OUNCES

Increasing level of geoscientific knowledge and confidence

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
3 789	4.33	16 426	528 098

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
286.4	5.97	1 709.7	54 965

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
2 485	3.82	9 495	305 258

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
916	5.09	4 664	149 936

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
220.9	5.94	1 312	42 175

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
388	5.85	2 268	72 904

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
65.6	6.07	398	12 790

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

*Ounces below infrastructure at Poplar and Rolspruit (21.7 million resource ounces and 9.8 million reserve ounces).

**Western Areas 29.2% equity of some 9.8 million resource ounces and 4.2 million reserve ounces.

SURFACE STOCKPILE

Increasing level of geoscientific knowledge and confidence

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
944	0.31	296	9 523

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
79.4	0.41	32.7	1 052

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
515	0.28	145.3	4 671

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
362	0.35	125.3	4 029

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
12	0.63	7	237

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
68	0.38	25.6	823

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
68	0.37	25	815

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

NB: Rounding of figures may result in slight computational discrepancies

By applying this process, Harmony uses a gold price of $1 000/oz and an exchange rate of R7.53/US$ to derive a cut-off grade for mineral resources of approximately 250cmg/t (approximately 2g/t).

- Mineral resources have been estimated on the basis of geoscientific knowledge with input from the company's ore reserve managers, geologists and geostatistical staff. Each mine's mineral resources are categorised, blocked-out and ascribed an estimated value. At most mines computerised geostatistical estimation processes are used.
- In order to define that portion of a measured and indicated mineral resource that can be converted to a proven and probable ore reserve, Harmony applies the concept of a cut-off grade. At our underground South African mines, this is done by defining the optimal cut-off as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. The cut-off grade is determined using the company's Optimiser computer programme which requires the following as input: the database of measured and indicated resource blocks (per shaft section); an assumed gold price which, for this ore reserve statement, was taken as R105 000/kg; planned production rates; the mine recovery factor (MRF) which is equivalent to the mine call factor multiplied by the plant recovery factor; and planned cash operating costs (rand per tonne). Rand per tonne cash operating costs are historically based but take cognisance of distinct changes in the cost environment such as restructuring, right-sizing, and other cost reduction initiatives, and for below infrastructure ounces, a capex estimate.

The ore reserves represent that portion of the measured and indicated resources above cut-off in the life-of-mine plan and have been estimated after consideration of the factors affecting extraction, including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors. A range of disciplines which includes geology, survey, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management have been involved at each mine in the life-of-mine planning process and the conversion of resources into reserves.

The modifying factors related to the ore-flow used to convert the mineral resources to ore reserves through the life-of-mine planning process are stated for each individual shaft. For these factors, 18-month historical information is used, except if there is a valid reason to do otherwise.

As a result of the depth at which mining occurs and the resulting rock engineering requirements at our South African underground mines, some shafts design stope support pillars into their mining layouts which accounts for discounts of 7% to 10%. A further 15% discount is applied as a life-of-mine factor to provide for unpay and off-reef mining. In general, life-of-mine plan extraction factors do not exceed 85% and are reflected in the ore reserves.

Auditing

Independent consultant SRK audited the Harmony June 2006 mineral resource and ore reserves statement. This excluded the PNG assets which were independently audited by RSG Global as part of a feasibility study. Western Areas equity ounces are based on its audited mineral resources and ore reserve statement as at December 2005, adjusted for depletion for the period from January 2006 to June 2006.

Awards

Harmony is proud to have been voted the joint winner of the annual SAMREC/IASSA award from the Investment Analysts Society of Southern Africa (IASSA) for the best reporting of mineral resources and ore reserves, according to the SAMREC code for its FY05 declaration. This achievement demonstrates Harmony's competency in all aspects regarding compliance in the reporting of its most important assets.

Competent person's declaration

Harmony employs an ore reserve manager at each of its operations who takes responsibility for the reporting of the mineral resources and ore reserves of the mines for which they are responsible.

The competent person responsible for the overall preparation and reporting of the company's mineral resources and ore reserves is Jaco Boshoff (BSc (Hons), MSc (Geology), MBA) who is a registered natural scientist with 11 years' relevant experience.

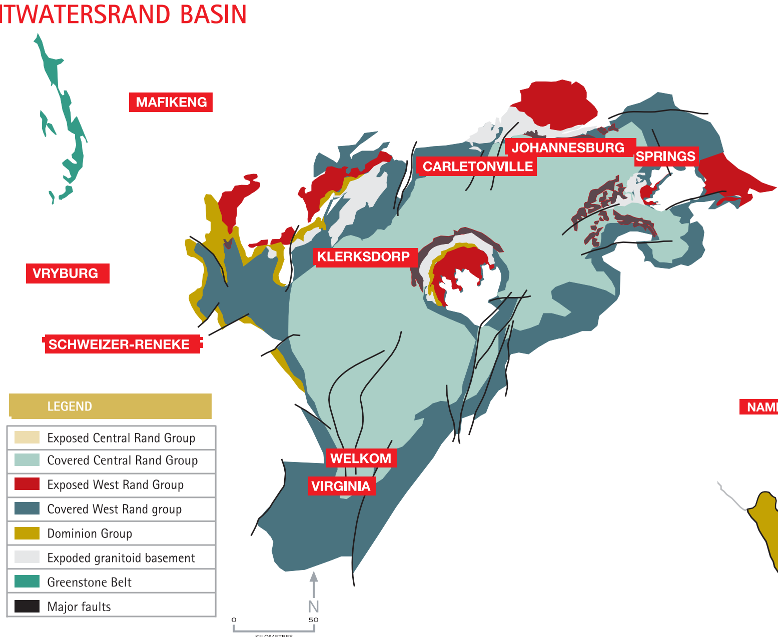
Mineral Resources and Ore Reserves Statement per tax entity

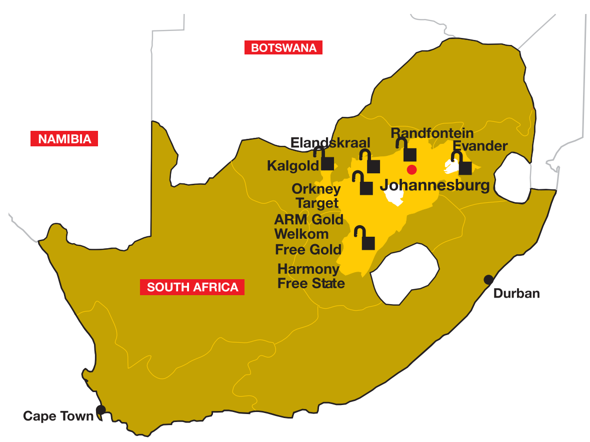
The tables in this section report the company's mineral resources and ore reserves as at 30 June 2006. Investors in the United States should note that Harmony uses certain terms, such as 'mineral resources', in this annual report that the SEC guide strictly prohibits us from including in our filings with the SEC.

Witwatersrand Basin, South Africa

The Witwatersrand Basin has been filled by a 6-kilometre thick succession of sedimentary rocks, situated on the Kaapvaal Craton, and extending laterally for hundreds of kilometres. The majority of the ore resources tend to be concentrated on one or two unconformaties with a minority of the resources being spread over the other unconformaties (reefs). Mining that has taken place is mostly deep-level underground mining, exploiting the narrow, generally shallow-dipping tabular reefs.

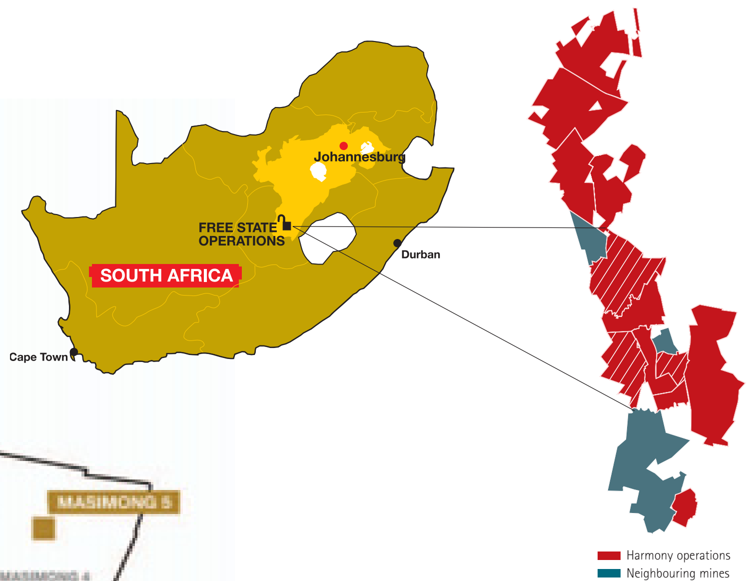
WITWATERSRAND BASIN





Free State operations

GEOLOGY: These operations, which originally exploited the Basal Reef, have also begun mining secondary reefs. Harmony 2 Mine is continuing to mine Basal Reef pillars, but the majority of its production comes from the A Reef, located 140m above. The A Reef is highly channelised and mining is confined to these distinct channels. Dips are shallow towards the east, becoming steeper approaching the De Bron Fault in the west. Merriespruit 1 and 3 Mines are exploiting the Basal and Leader reefs, as well as locally developed Middle Reef pockets. Dips tend to be at 20° to the north with very little structure apart from the De Bron Fault in the west. At Unisel, the Basal, Middle and Leader Reefs are mined, with reefs dipping 30° to the east. The structure is complex due to a number of north-south trending faults as well as sills close to the Basal Reef. Brand 3 Mine is mining Basal pillars together with the A Reef. The structure is dominated by north-south trending faults, often with lateral shift. Brand 2 and 5 have extensive Basal and Leader Reefs, located between the north-south trending Dagbreek and Stuurmanspan faults. The Masimong shafts exhibit intense faulting due to a number of north-south trending faults parallel to the Homestead fault in the west. Reef dips are mainly to the south-east, varying from 5 to 35°. Masimong 5 Mine is currently mining Basal Reef as well as the B Reef. The B Reef is characterised by complex sedimentologically-controlled gold mineralisation within a wide east-west trending channel, which cuts through the lease area. Within this channel, very high-grade gravel bars containing abundant kerogen and visible gold were deposited. Masimong 4 and Saaiplaas 3 have mined Basal and A Reef. Mining is dominated by faulting, which results in strong dips (50°) in the west.



MINERAL RESOURCES

Shaft	MEASURED Tonnes (Mt)	MEASURED g/t	MEASURED Gold (000kg)	MEASURED Gold (000oz)	INDICATED Tonnes (Mt)	INDICATED g/t	INDICATED Gold (000kg)	INDICATED Gold (000oz)	INFERRED Tonnes (Mt)	INFERRED g/t	INFERRED Gold (000kg)	INFERRED Gold (000oz)	TOTAL Tonnes (Mt)	TOTAL g/t	TOTAL Gold (000kg)	TOTAL Gold (000oz)
Underground– operating mines																
Harmony 2	4.6	5.31	24.6	791	9.3	3.10	29.0	932	90.4	3.55	321.1	10 324	104.4	3.59	374.7	12 047
Merriespruit 1	18.3	3.62	66.2	2 128	17.2	3.30	56.8	1 826	18.0	3.77	68.1	2 189	53.5	3.57	191.0	6 143
Merriespruit 3	14.3	3.36	47.9	1 540	12.5	3.53	44.0	1 417	30.6	3.75	114.7	3 687	57.3	3.60	206.7	6 642
Unisel	11.5	4.56	52.4	1 686	18.0	3.83	68.8	2 211	53.4	3.96	211.6	6 804	82.9	4.02	332.8	10 701
Brand 3	10.7	4.52	48.5	1 560	7.5	4.51	34.0	1 094	12.7	3.07	39.0	1 255	31.0	3.93	121.6	3 909
Masimong 5	11.4	6.25	70.9	2 280	18.4	5.56	102.2	3 287	200.2	4.38	877.8	28 221	229.9	4.57	1 050.9	33 788
Total	**70.8**	**4.39**	**310.6**	**9 987**	**82.9**	**4.04**	**334.9**	**10 766**	**405.4**	**4.03**	**1 632.3**	**52 480**	**559.0**	**4.07**	**2 278**	**73 230**
Underground – mines on care and maintenance																
Brand 2	1.8	5.14	9.2	294	0.5	4.19	2.2	70	0.0	0.00	0.0	0	2.3	4.92	11.3	364
Masimong 4	2.7	5.87	15.6	503	2.8	6.12	16.8	541	115.7	2.46	284.7	9 155	121.2	2.62	317.2	10 199
Saaiplaas 3	8.6	4.35	37.5	1 205	3.7	4.79	17.9	576	37.8	5.14	193.9	6 236	50.1	4.97	249.3	8 017
Brand 5	9.8	4.42	43.2	1 389	3.4	3.13	10.8	347	7.9	3.97	31.3	1 008	21.1	4.04	85.3	2 744
Total	**22.9**	**4.62**	**105.5**	**3 392**	**10.5**	**4.56**	**47.7**	**1 534**	**161.4**	**3.16**	**510.0**	**16 398**	**194.7**	**3.41**	**663.2**	**21 324**
Total underground	**93.6**	**4.44**	**416.1**	**13 378**	**93.3**	**4.10**	**382.5**	**12 300**	**566.8**	**3.78**	**2 142.3**	**68 878**	**753.7**	**3.90**	**2 941.0**	**94 554**
Grand total	**93.6**	**4.44**	**416.1**	**13 378**	**93.3**	**4.10**	**382.5**	**12 300**	**566.8**	**3.78**	**2 142.3**	**68 878**	**753.7**	**3.90**	**2 941.0**	**94 554**

MODIFYING FACTORS

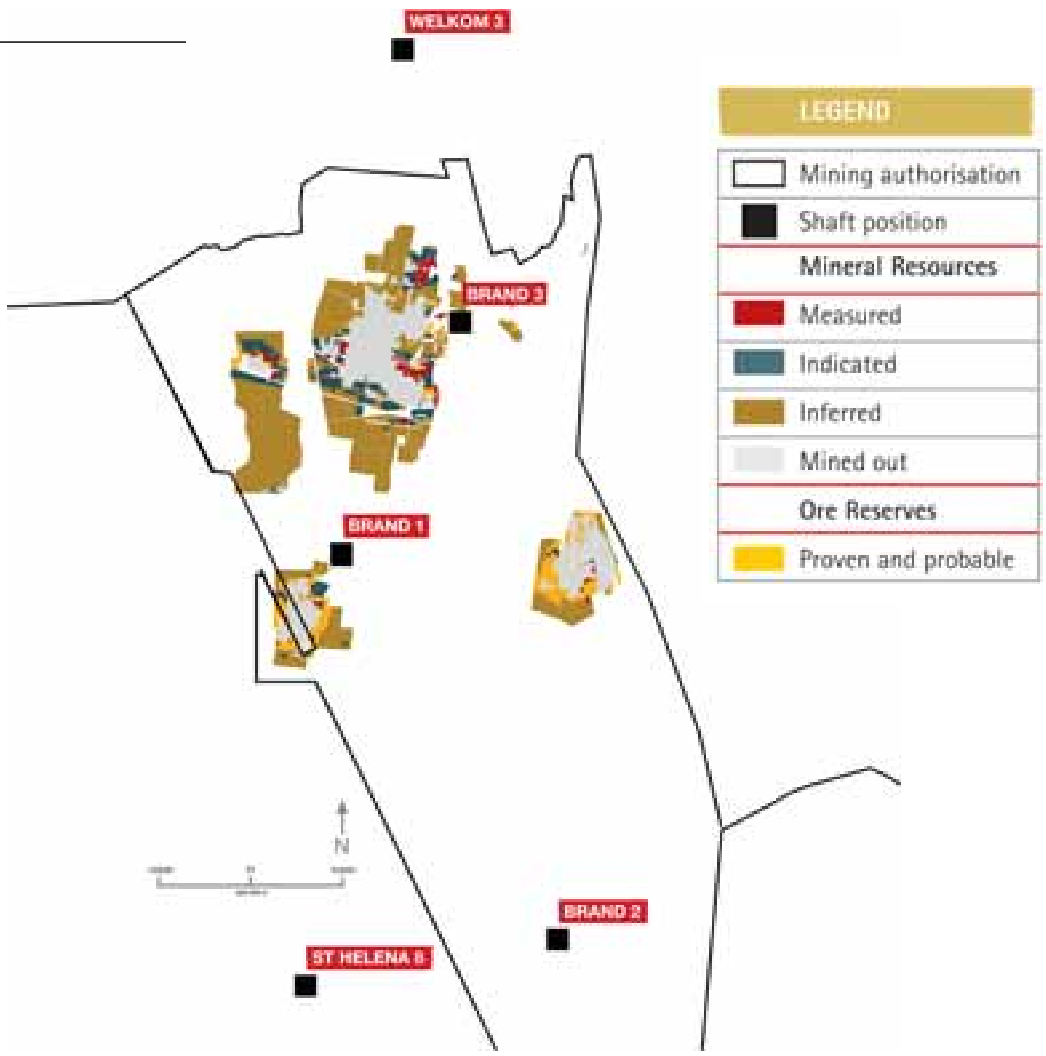
Shaft	Gold price (R/kg)	MCF (%)	SW (cm)	MW (cm)	EP (%)
Harmony 2	105 000	66	175	189	96.7
Merriespruit 1	105 000	73	175	189	60.7
Merriespruit 3	105 000	72	229	248	54.4
Unisel	105 000	85	168	166	68.4
Brand 3	105 000	80	158	182	14.3
Masimong 5	105 000	77	136	146	84.4

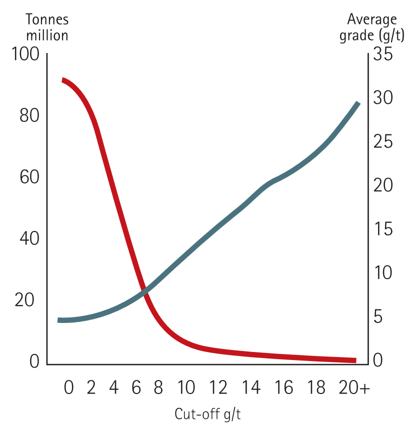
MCF = Mine call factor *MW = Milling width*
SW = Stoping width *EP = Extraction percentage*

ORE RESERVES

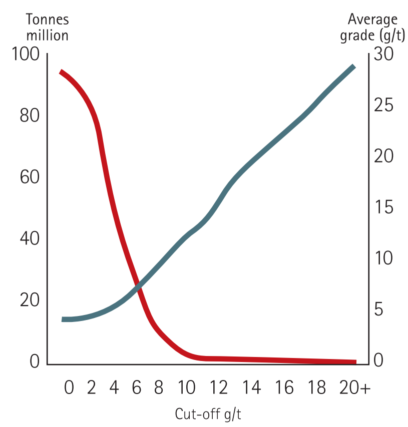
Shaft	PROVEN Tonnes (Mt)	PROVEN g/t	PROVEN Gold (000kg)	PROVEN Gold (000oz)	PROBABLE Tonnes (Mt)	PROBABLE g/t	PROBABLE Gold (000kg)	PROBABLE Gold (000oz)	TOTAL Tonnes (Mt)	TOTAL g/t	TOTAL Gold (000kg)	TOTAL Gold (000oz)
Underground												
Harmony 2	0.6	6.56	4.1	132	1.4	3.39	4.6	149	2.0	4.39	8.7	281
Merriespruit 1	2.8	4.31	12.1	388	1.3	4.44	5.7	184	4.1	4.35	17.8	572
Merriespruit 3	0.4	4.15	1.8	58	1.0	4.66	4.5	145	1.4	4.51	6.3	203
Unisel	1.8	6.02	10.9	349	2.1	5.74	12.2	392	3.9	5.87	23.1	741
Brand 3	0.1	5.80	0.5	17	0.2	3.99	0.7	23	0.3	4.60	1.3	40
Masimong 5	5.7	5.42	30.8	989	7.1	4.88	34.7	1 114	12.8	5.12	65.4	2 103
Total underground	**11.4**	**5.26**	**60.2**	**1 933**	**13.0**	**4.79**	**62.5**	**2 007**	**24.5**	**5.01**	**122.6**	**3 940**
Grand total	**11.4**	**5.26**	**60.2**	**1 933**	**13.0**	**4.79**	**62.5**	**2 007**	**24.5**	**5.01**	**122.6**	**3 940**

FREE STATE
Brand 3 shaft
A Reef

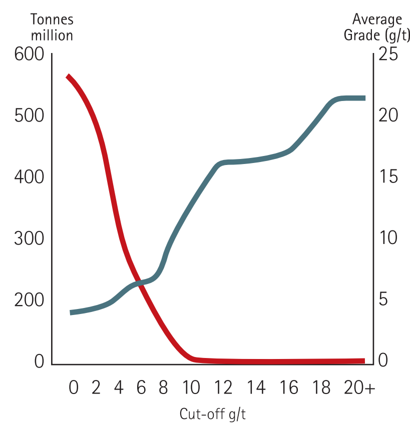




Free State grade tonnage curve
– **Measured**



Free State grade tonnage curve
– **Indicated**



Free State grade tonnage curve
– **Inferred**

Tonnes
Average grade

FREE STATE

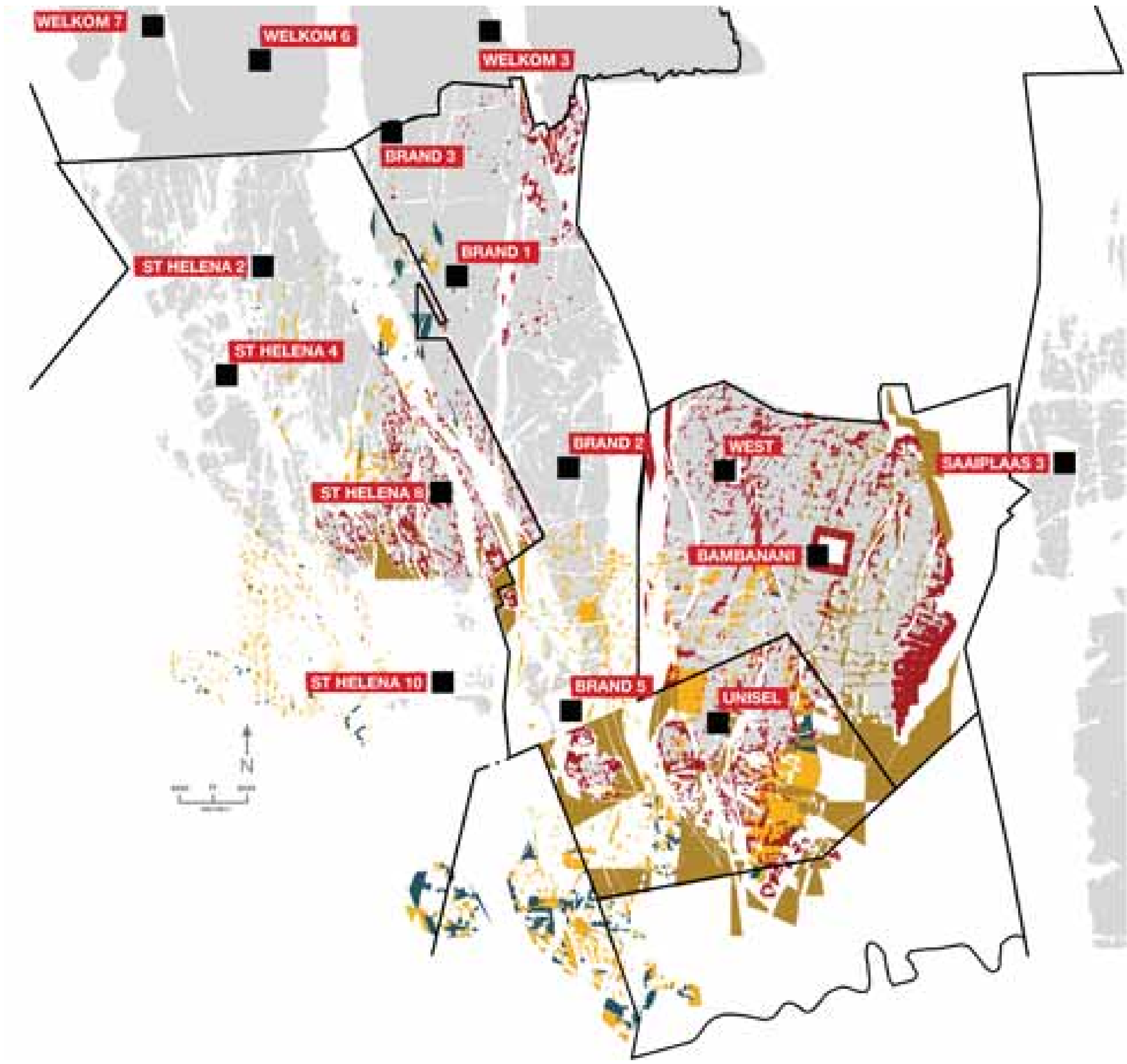
Brand 3 shaft and Unisel shaft

Basal Reef

FREEGOLD

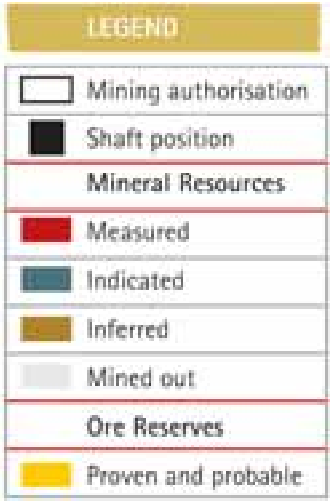
St. Helena 8 shaft, West shaft and Bambanani

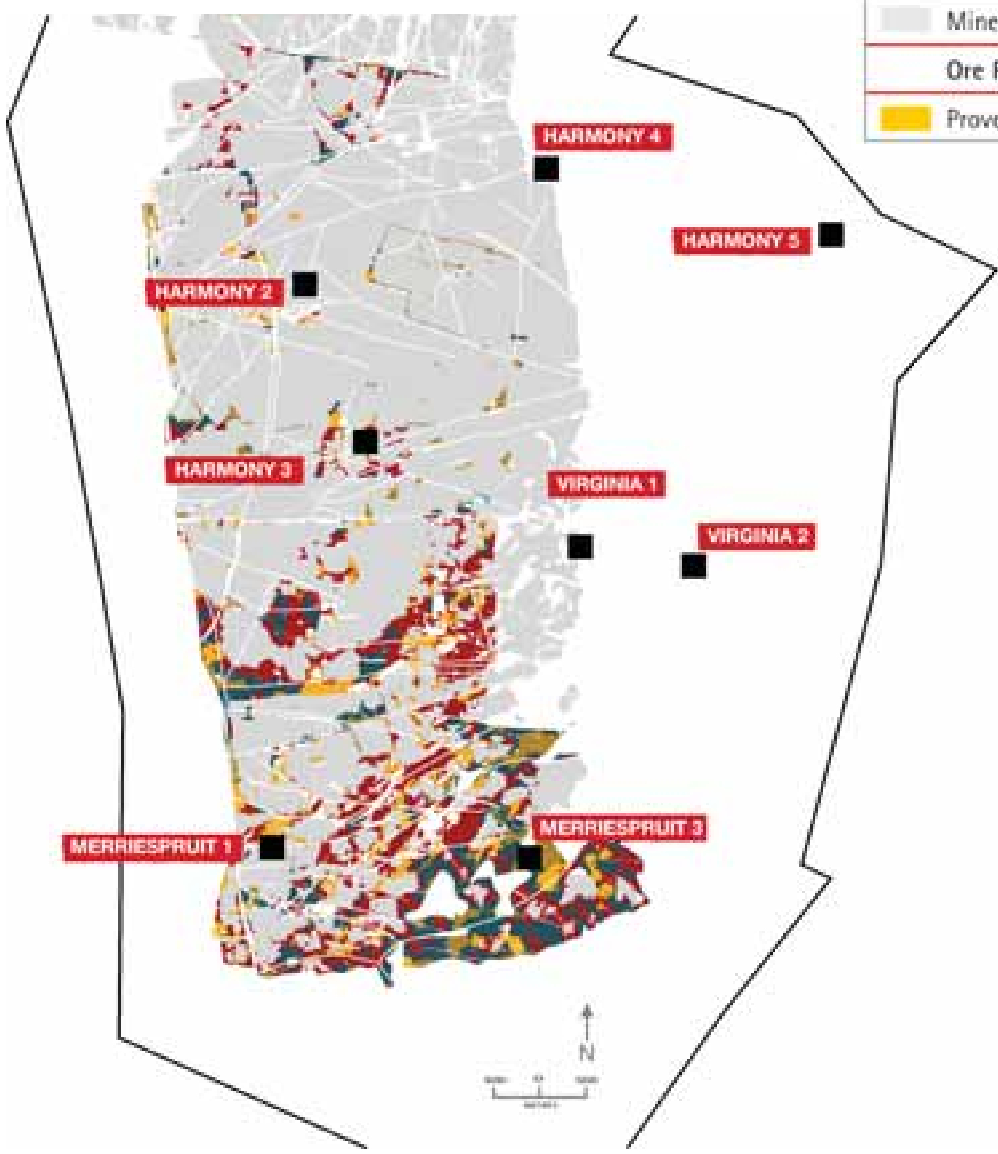
Basal Reef



FREE STATE

Merriespruit 1
Merriespruit 3
Harmony 2 shafts
Basal Reef





Freegold operations

GEOLOGY: The mines of the Freegold operations – Tshepong, Phakisa, Bambanani, West, Kudu, Sable, Nyala, Eland and St Helena - are located to the north and west of Welkom, while Joel Mine is situated 30km to the south. Joel is mining the shallow flat-dipping Beatrix/VS5 Reef; the other mines primarily exploit the Basal Reef. Limited mining has taken place on Leader Reef, A Reef and B Reef in the past. Kudu, Sable, Nyala, Eland and St Helena are characterised by intense faulting, especially towards the western margin. Tshepong, Phakisa, West and Bambanani are cut by the regional north-south trending faults and, mostly, have shallow dips to the east. B Reef is currently being mined at Tshepong and the potential for it to be exploited elsewhere is being ascertained.

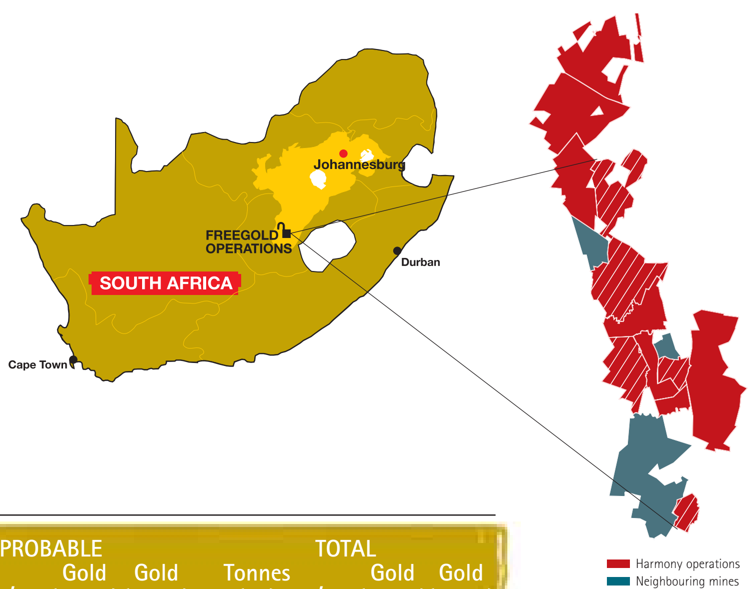
MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – operating shafts																
Bambanani	16.0	9.85	157.7	5 069	21.7	5.43	118.0	3 794	53.5	4.09	218.9	7 037	91.3	5.42	494.6	15 900
Tshepong	7.7	11.89	91.9	2 954	22.8	10.86	247.9	7 972	62.4	7.06	440.8	14 172	93.0	8.40	780.6	25 098
Phakisa	0.0	0.00	0.0	0	24.6	11.64	286.5	9 212	92.0	5.64	518.7	16 678	116.6	6.91	805.3	25 890
West	8.2	4.13	33.9	1 091	10.8	2.51	27.0	869	33.7	2.01	67.6	2 173	52.7	2.44	128.6	4 133
St Helena 8	5.1	5.99	30.7	988	1.7	5.08	8.8	284	4.6	4.38	20.0	643	11.4	5.21	59.6	1 915
Joel	8.0	5.64	45.1	1 451	1.2	6.22	7.6	245	13.7	6.04	82.6	2 654	22.9	5.91	135.3	4 350
Total	**45.1**	**7.97**	**359.4**	**11 554**	**82.9**	**8.39**	**696.0**	**22 377**	**259.9**	**5.19**	**1 348.6**	**43 358**	**387.9**	**6.20**	**2 403.9**	**77 288**
Underground – shafts on care and maintenance																
Eland	3.7	8.85	32.5	1 044	2.8	5.66	15.9	512	42.2	3.82	161.3	5 186	48.7	4.31	209.7	6 742
Sable/Kudu	8.5	5.01	42.4	1 364	5.0	5.27	26.3	846	41.0	3.08	126.3	4 059	54.4	3.58	195.0	6 269
Nyala	6.4	6.03	38.5	1 237	4.0	4.62	18.6	599	84.2	3.65	307.6	9 891	94.6	3.86	364.8	11 727
St Helena 2	1.4	6.23	8.9	286	6.2	3.56	22.2	714	1.7	3.15	5.4	173	9.4	3.89	36.5	1 173
St Helena 4	6.6	4.12	27.1	871	2.0	3.53	6.9	221	9.1	3.76	34.4	1 106	17.7	3.87	68.4	2 198
St Helena 10	0.9	3.09	2.8	91	3.9	3.63	14.2	457	18.2	3.77	68.8	2 213	23.1	3.72	85.9	2 761
Total	**27.4**	**5.55**	**152.2**	**4 892**	**24.0**	**4.35**	**104.2**	**3 350**	**196.4**	**3.58**	**703.8**	**22 628**	**247.8**	**3.87**	**960.2**	**30 870**
Total underground	**72.5**	**7.06**	**511.5**	**16 446**	**106.9**	**7.49**	**800.2**	**25 725**	**456.3**	**4.50**	**2 052.4**	**65 985**	**635.7**	**5.29**	**3 364.1**	**108 156**
Surface stockpile	**67.6**	**0.38**	**25.6**	**823**	**10.2**	**0.60**	**6.1**	**196**	**260.9**	**0.28**	**72.4**	**2 327**	**338.7**	**0.31**	**104.1**	**3 346**
Grand total	140.1		537.1	17 269	117.1		806.3	25 922	717.2		2 124.8	68 313	974.4		3 468.2	111 502

MODIFYING FACTORS

Shaft	Gold price (R/kg)	MCF (%)	SW (cm)	MW (cm)	EP (%)
Bambanani	105 000	80	192	219	59.0
West	105 000	80	175	196	37.9
Phakisa	105 000	83	100	129	79.8
Tshepong	105 000	74	103	137	82.4
St Helena 8	105 000	85	168	186	45.5
Joel	105 000	86	142	167	73.6
Surface stockpile	105 000	100			

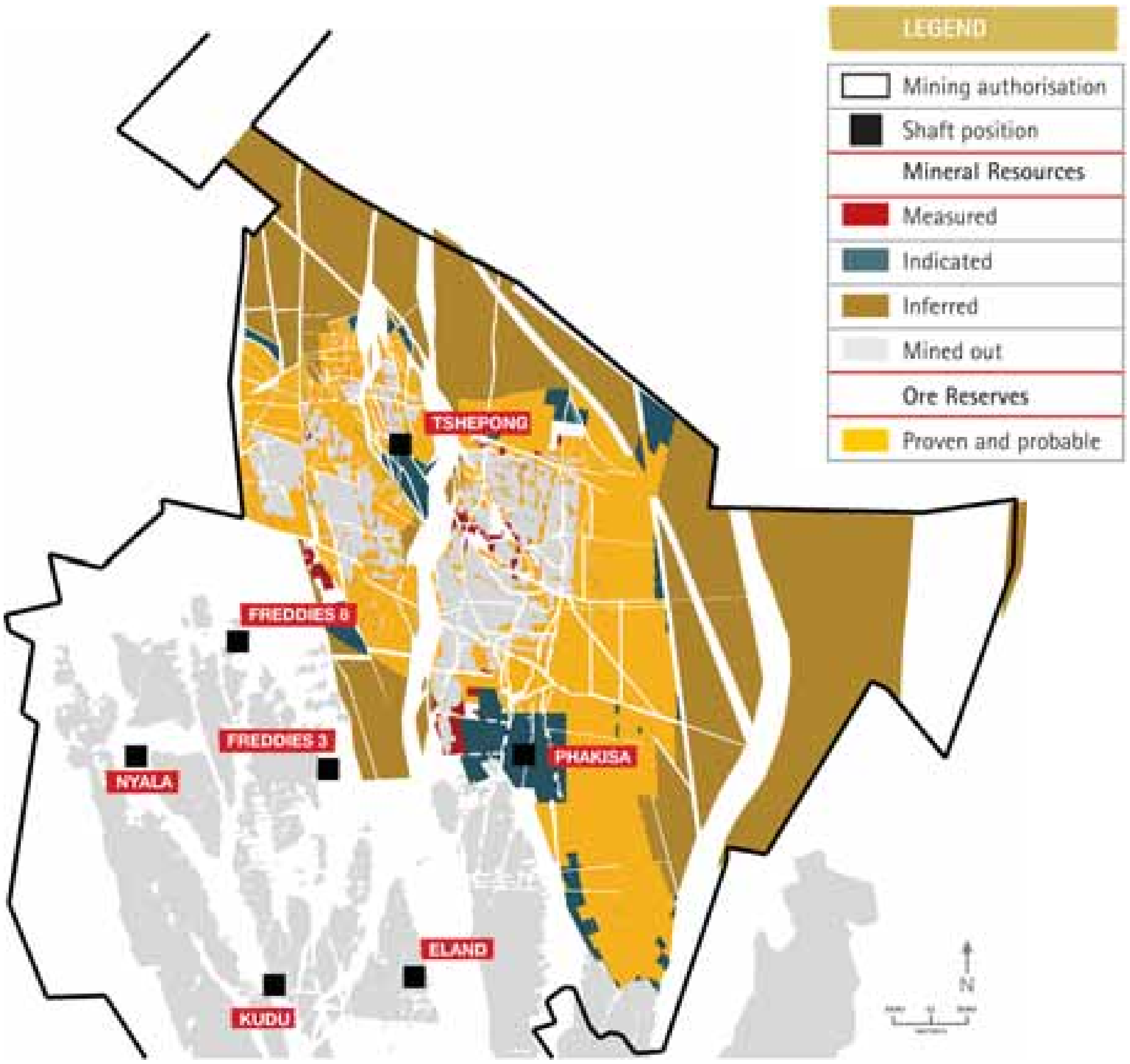
MCF = Mine call factor
SW = Stoping width
MW = Milling width
EP = Extraction percentage

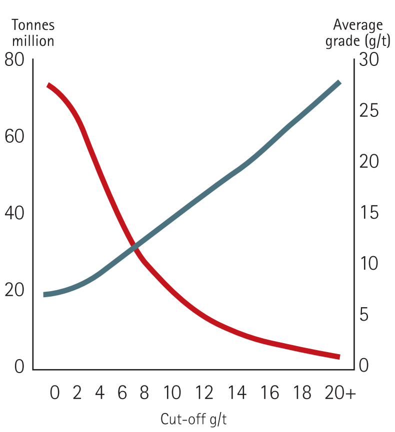


ORE RESERVES

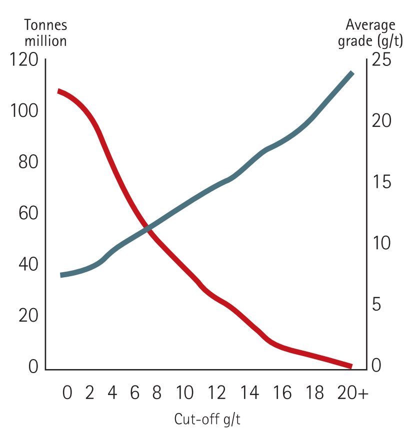
	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Bambanani	6.6	7.40	48.9	1 572	2.3	7.56	17.3	556	8.9	7.44	66.2	2 128
West	0.5	6.34	3.0	97	0.4	6.38	2.7	87	0.9	6.36	5.7	184
Phakisa	0.0	0.00	0.0	0	19.7	8.33	163.9	5 268	19.7	8.33	163.9	5 268
Tshepong	6.6	7.68	50.3	1 618	17.4	6.84	118.8	3 820	23.9	7.07	169.2	5 438
St Helena 8	0.6	6.37	4.0	130	0.4	5.33	2.1	62	1.0	5.98	6.1	196
Joel	1.6	5.29	8.5	273	0.7	5.08	3.5	113	2.3	5.22	12.0	386
Total underground	**15.9**	**7.23**	**114.8**	**3 690**	**40.8**	**7.55**	**308.3**	**9 910**	**56.7**	**7.46**	**423.0**	**13 600**
Surface stockpile	**67.6**	**0.38**	**25.4**	**815**	**9.9**	**0.60**	**5.9**	**190**	**77.5**	**0.41**	**31.3**	**1 005**
Grand total	83.5		140.2	4 505	50.7		314.2	10 097	134.2		454.3	14 605

FREEGOLD
Tshepong and Phakisa shafts
Basal Reef

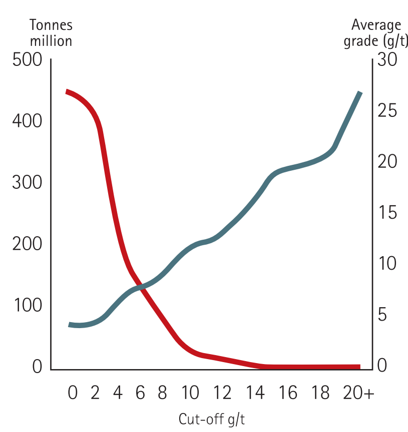




Freegold grade tonnage curve
– **Measured**



Freegold grade tonnage curve
– **Indicated**



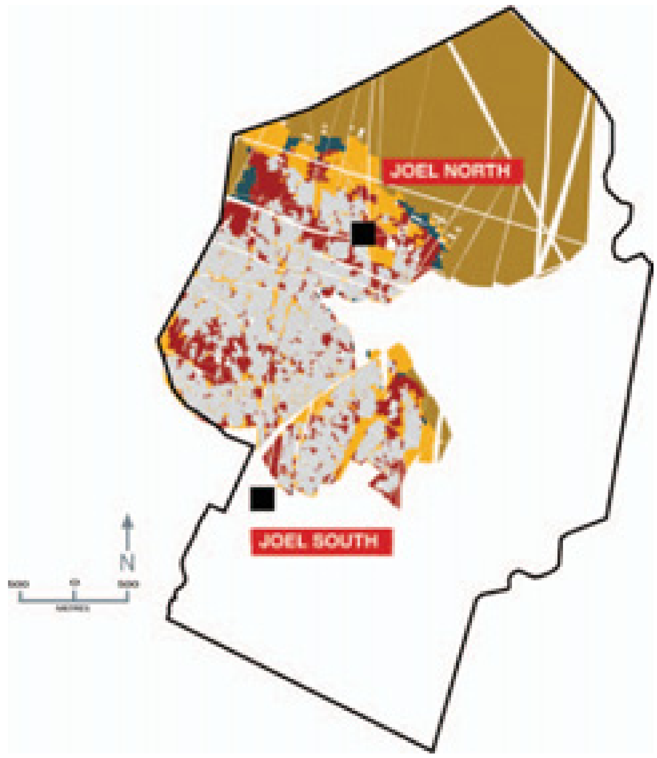
Freegold grade tonnage curve
– **Inferred**

Tonnes
Average grade

FREEGOLD

Joel North and Joel South shafts

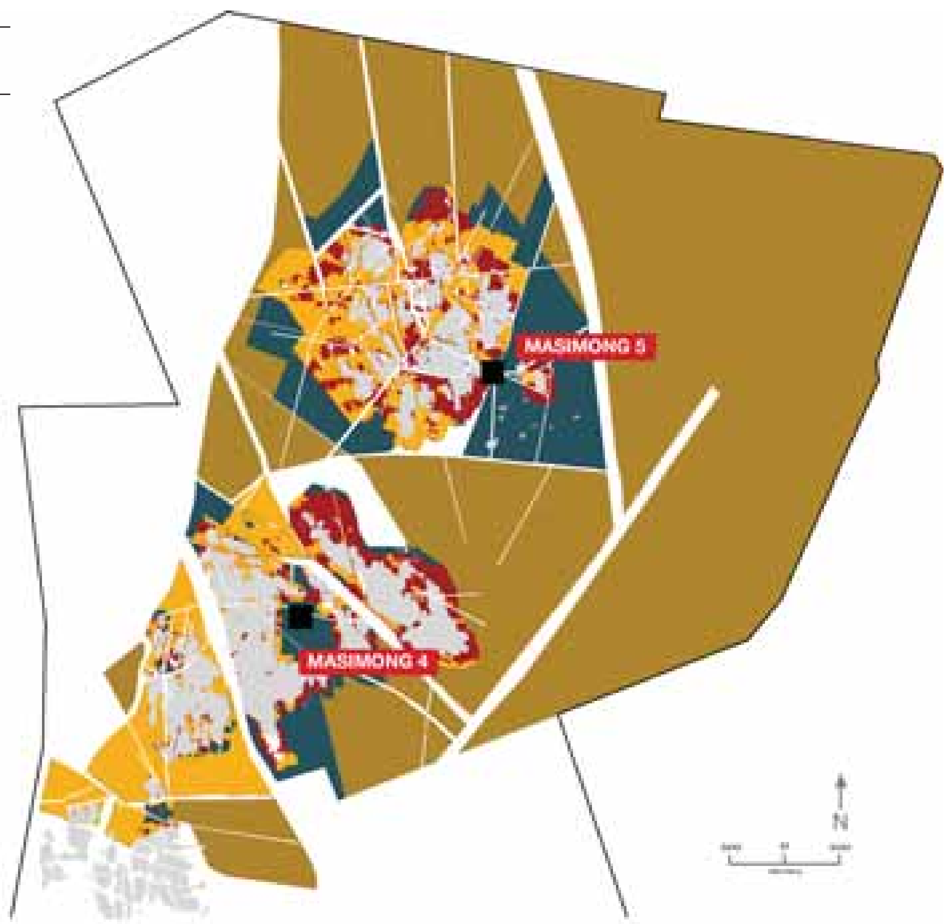
Beatrix/VS5 Reef



FREE STATE

Masimong 4 and Masimong 5 shafts

Basal Reef



Evander operations

GEOLOGY: The Evander Basin is a tectonically preserved sub-basin outside the main Wits Basin and forms an asymmetric syncline, plunging to the north-east. It is structurally complex, with a series of east-north-east striking normal faults, and in the south-east margin of the basin, vertically to locally overturned reef is present. The only economic reef horizon exploited in the Evander Basin is the Kimberley Reef. The Intermediate Reef is generally poorly mineralised, except where it erodes the subcropping Kimberley Reef in the south and west of the basin.

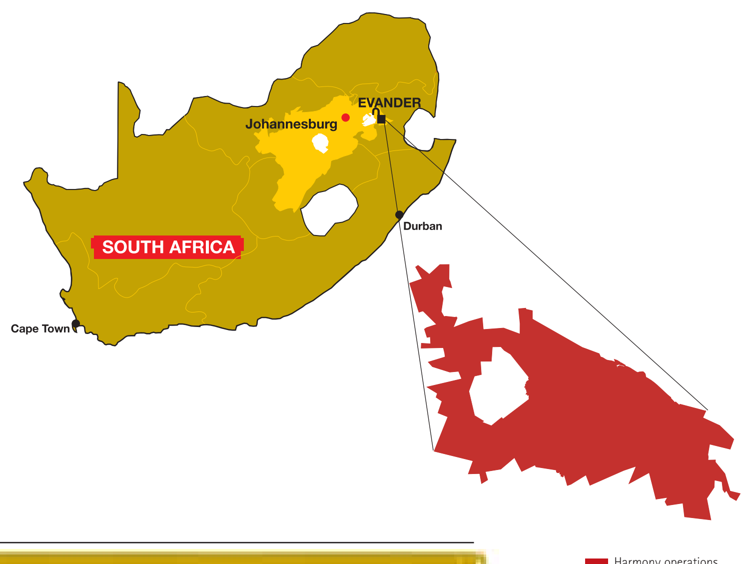
MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – operating shafts																
Evander 2, 3 and 5	7.8	7.78	60.9	1 957	4.0	7.10	28.1	904	31.5	8.35	262.9	8 452	43.3	8.13	351.9	11 313
Evander 7	12.7	5.56	70.8	2 278	6.1	6.30	38.5	1 239	26.5	7.33	194.1	6 240	45.3	6.69	303.5	9 757
Evander 8	4.6	7.24	33.0	1 062	21.6	8.52	184.4	5 928	37.2	5.81	216.3	6 953	63.4	6.84	433.7	13 943
Total	**25.1**	**6.56**	**164.8**	**5 297**	**31.7**	**7.92**	**251.1**	**8 071**	**95.2**	**7.07**	**673.2**	**21 644**	**152.0**	**7.16**	**1 089.0**	**35 013**
Underground – mines on care and maintenance																
Evander 9	5.5	5.25	28.7	923	1.6	4.52	7.4	238	32.8	6.71	220.2	7 080	40.0	6.42	256.3	8 241
Total	**5.5**	**5.25**	**28.7**	**923**	**1.6**	**4.52**	**7.4**	**238**	**32.8**	**6.71**	**220.2**	**7 080**	**40.0**	**6.42**	**256.3**	**8 241**
Projects (below infrastructure)																
Rolspruit	0.0	0.00	0.0	0.00	29.1	11.59	337.4	10 847	52.8	2.71	142.9	4 593	81.9	5.87	480.3	15 440
Poplar	0.0	0.00	0.0	0.00	25.6	7.58	194.0	6 237	0.0	0.00	0.0	0	25.6	7.58	194.0	6 237
Total	**0.0**	**0.00**	**0.0**	**0.00**	**54.7**	**9.71**	**531.4**	**17 084**	**52.8**	**2.71**	**142.9**	**4 593**	**107.5**	**6.27**	**674.3**	**21 677**
Total underground	**30.6**	**6.32**	**193.5**	**6 220**	**88.0**	**8.97**	**789.8**	**25 393**	**180.8**	**5.73**	**1 036.3**	**33 318**	**299.4**	**6.75**	**2 019.6**	**64 931**
Surface stockpile	**0.0**	**0.00**	**0.0**	**0.0**	**215.7**	**0.33**	**71.3**	**2 294**	**0.0**	**0.00**	**0.0**	**0**	**215.7**	**0.33**	**71.3**	**2 294**
Grand total	**30.6**		**193.5**	**6 220**	**303.8**		**861.2**	**27 687**	**180.8**		**1 036.3**	**33 318**	**515.2**		**2 091.0**	**67 225**

MODIFYING FACTORS

Shaft	Gold price (R/kg)	MCF (%)	SW (cm)	MW (cm)	EP (%)
Evander 2, 3 and 5	105 000	73	134	152	67.4
Evander 7	105 000	83	138	172	80.9
Evander 8	105 000	79	122	160	74.9
Rolspruit	105 000	80	110	128	80.8
Poplar	105 000	75	100	116	85.1

MCF = Mine call factor
SW = Stoping width
MW = Milling width
EP = Extraction percentage

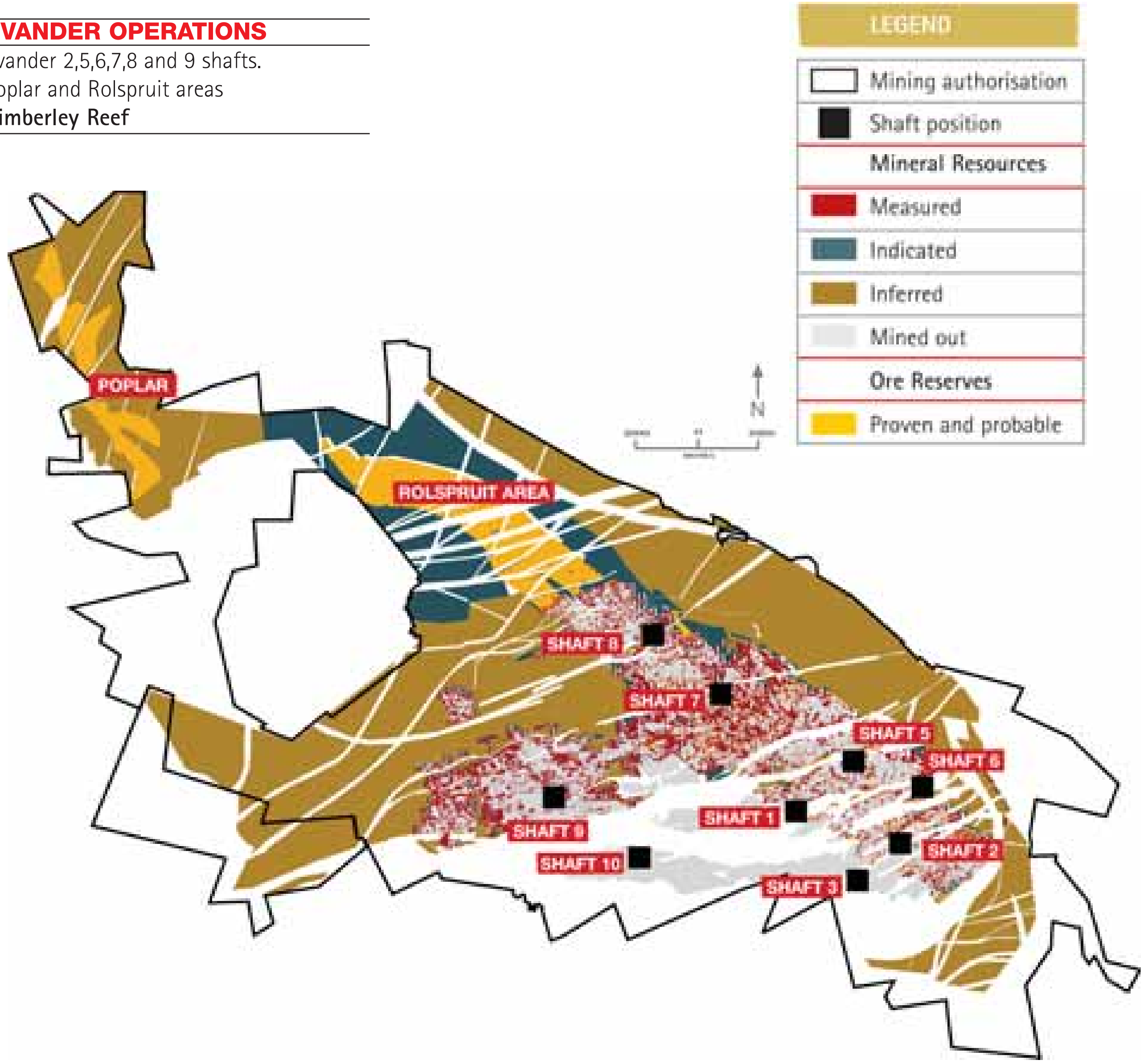


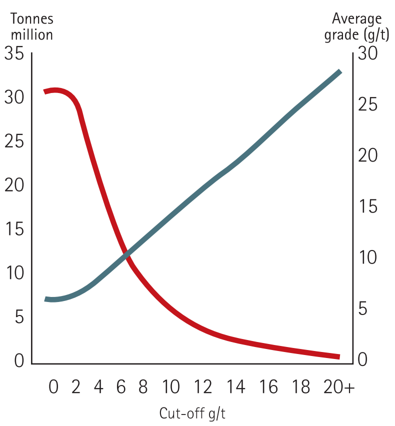
ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – operating mines												
Evander 2,3 and 5	1.7	8.61	14.2	458	1.0	7.89	7.9	254	2.7	8.34	22.2	712
Evander 7	3.0	6.37	19.0	612	2.0	7.31	14.8	476	5.0	6.75	33.8	1 088
Evander 8	0.4	7.60	3.1	101	12.9	6.64	85.6	2 753	13.3	6.67	88.8	2 854
Total underground	**5.1**	**7.20**	**36.4**	**1 171**	**15.9**	**6.81**	**108.3**	**3 483**	**21.0**	**6.90**	**144.7**	**4 654**
Projects (below infrastructure)												
Rolspruit	0.0	0.00	0.0	0	24.4	8.72	212.8	6 842	24.4	8.72	212.8	6 842
Poplar	0.0	0.00	0.0	0	13.5	6.99	94.3	3 032	13.5	6.99	94.3	3 032
Total projects	**0.0**	0.00	0.0	**0**	**37.9**	**8.10**	**307.1**	**9 874**	**37.9**	**8.10**	**307.1**	**9 874**
Grand total	**5.1**	**7.20**	**36.4**	**1 171**	**53.8**	**7.72**	**415.5**	**13 357**	**58.9**	**7.63**	**451.9**	**14 528**

EVANDER OPERATIONS

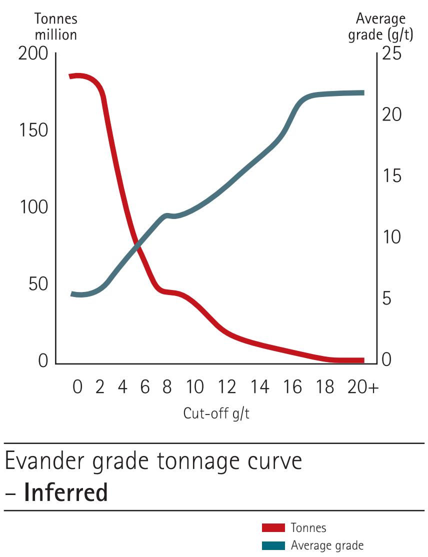
Evander 2,5,6,7,8 and 9 shafts.
Poplar and Rolspruit areas
Kimberley Reef





Evander grade tonnage curve
– **Measured**

Evander grade tonnage curve
– **Indicated**



Evander grade tonnage curve
– **Inferred**

Randfontein

GEOLOGY: The structure of the West Rand Goldfield is dominated by the Witpoortjie and Panvlakte Horst blocks, which are superimposed over broad folding associated with the south-east plunging West Rand syncline. At Cooke mines, two major fault trends are present. The first is parallel to the Panvlakte Fault and strikes north-northeast, having small throws and no lateral shift. The second trend north-west to west, has small throws, but significant lateral shift, resulting in the payshoots becoming displaced. The main orebodies mined at Cooke 1, 2 and 3 Mines are the UE1A with secondary reefs being the E8 Reef and the VCR. At Doornkop Mine, the Kimberley Reefs and the South Reef are being exploited.

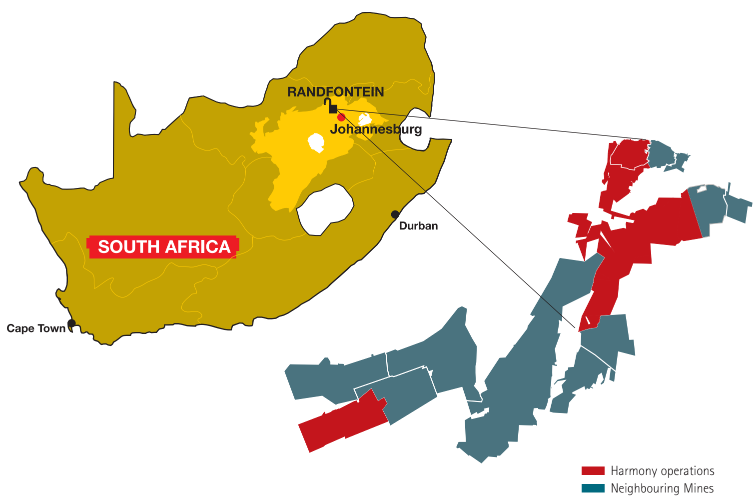
MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – operating shafts																
Cooke 1	11.1	4.74	52.7	1 693	10.3	2.85	29.2	940	152.2	2.10	319.6	10 274	173.6	2.31	401.5	12 907
Cooke 2	10.0	3.99	39.9	1 283	9.4	2.97	27.9	896	83.1	1.42	118.4	3 805	102.5	1.82	186.1	5 984
Cooke 3	17.7	5.43	96.0	3 087	28.8	4.69	135.1	4 343	126.3	3.59	453.3	14 572	172.8	3.96	684.3	22 002
Doornkop Kimberley Reef	8.5	3.18	27.2	874	7.2	2.48	17.8	573	208.4	1.90	396.8	12 756	224.1	1.97	441.7	14 203
Doornkop South Reef	0.2	7.92	2.0	63	1.6	10.40	16.3	523	63.7	5.39	343.2	11 036	65.5	5.52	361.5	11 622
Total underground	**47.6**	**4.58**	**217.7**	**7 000**	**57.2**	**3.96**	**226.3**	**7 275**	**633.7**	**2.57**	**1 631.2**	**52 443**	**738.5**	**2.81**	**2 075.2**	**66 718**
Surface stockpile	0.0	0.00	0.0	0	136.0	0.35	47.9	1 539	253.8	0.29	72.9	2 344	390.0	0.31	120.8	3 883
Grand total	**47.6**		**217.7**	**7 000**	**193.5**		**274.2**	**8 814**	**887.5**		**1 704.1**	**54 787**	**1 128.5**		**2 196.0**	**70 601**

MODIFYING FACTORS

Shaft	Gold price (R/kg)	MCF (%)	SW (cm)	MW (cm)	EP (%)
Cooke 1	105 000	77	182	226	53.4
Cooke 2	105 000	74	156	170	61.0
Cooke 3	105 000	62	165	180	69.2
Doornkop Kimberley Reef	105 000	75	418	488	75.8
Doornkop South Reef	105 000	75	120	130	83.2
Surface stockpile	105 000	100			

MCF = Mine call factor
SW = Stoping width
MW = Milling width
EP = Extraction percentage



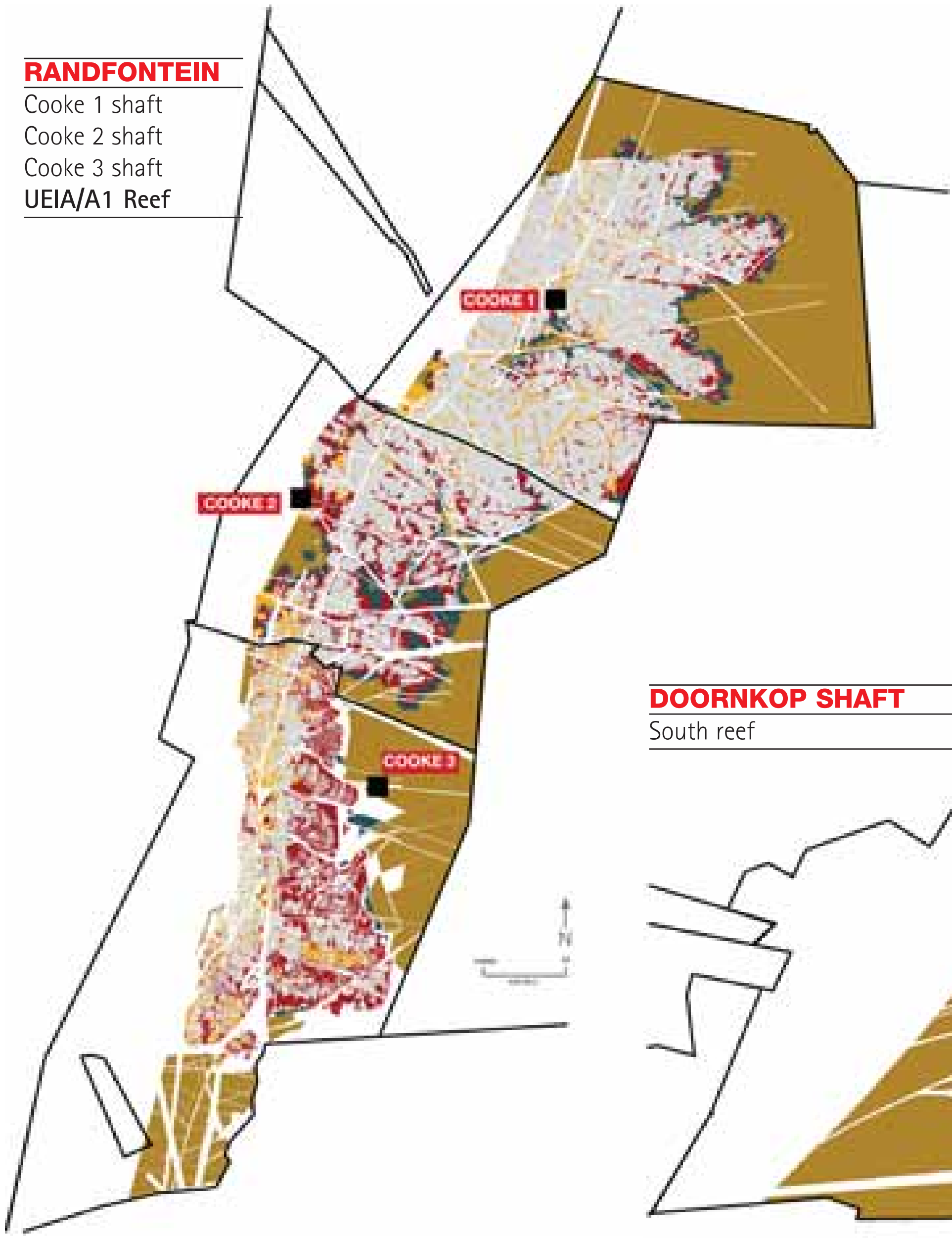
ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – operating shaft												
Cooke 1	0.5	8.39	4.4	140	0.2	3.93	0.8	25	0.7	7.17	5.1	165
Cooke 2	0.6	7.68	4.6	148	0.5	7.17	3.5	112	1.1	7.45	8.1	260
Cooke 3	2.9	7.08	20.8	669	4.3	5.84	25.1	806	7.2	6.34	45.9	1 475
Doornkop Kimberley Reef	0.1	3.75	0.5	16	0.2	2.28	0.5	17	0.4	2.82	1.0	33
Doornkop South Reef	0.1	6.36	0.6	19	1.3	7.04	9.4	302	1.4	7.00	10.0	321
Total underground	**4.3**	**7.21**	**30.9**	**992**	**6.5**	**6.00**	**39.3**	**1 262**	**10.8**	**6.48**	**70.1**	**2 254**
Surface stockpile	**0.0**	**0.00**	**0.0**	**0**	**1.9**	**0.77**	**1.5**	**47**	**1.9**	**0.77**	**1.5**	**47**
Grand total	**4.3**		**30.9**	**992**	**8.4**		**40.8**	**1 309**	**12.7**		**71.6**	**2 301**

Note: Randfontein surface stockpiles – proven information has been included with that of probable.

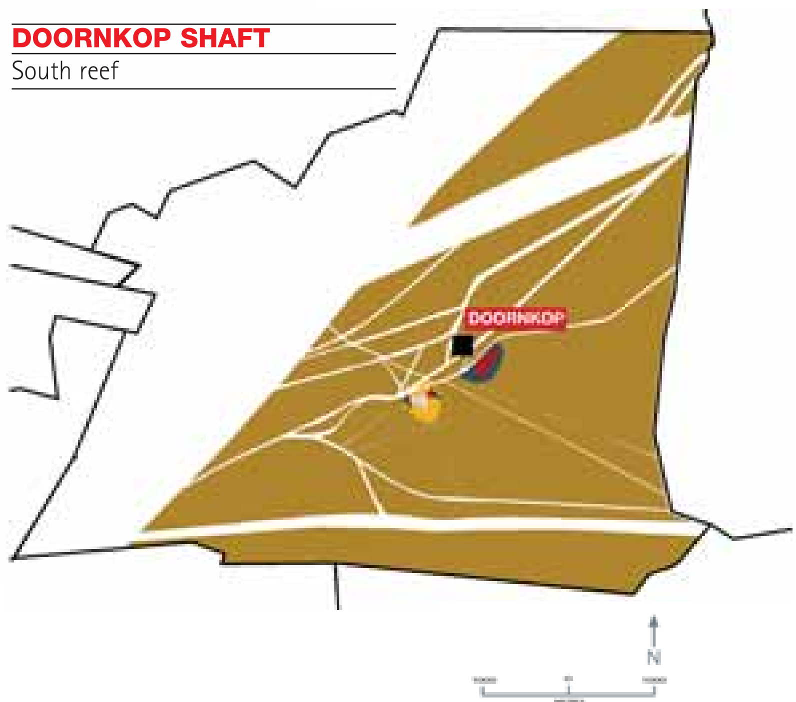
RANDFONTEIN

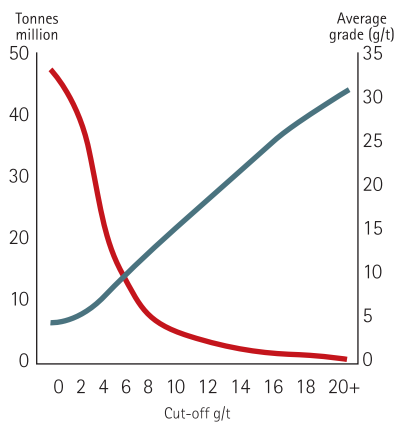
Cooke 1 shaft
Cooke 2 shaft
Cooke 3 shaft
UEIA/A1 Reef



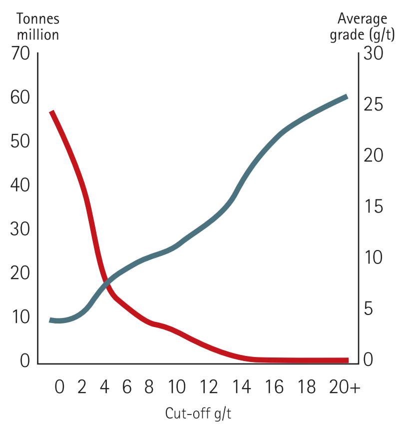
DOORNKOP SHAFT

South reef

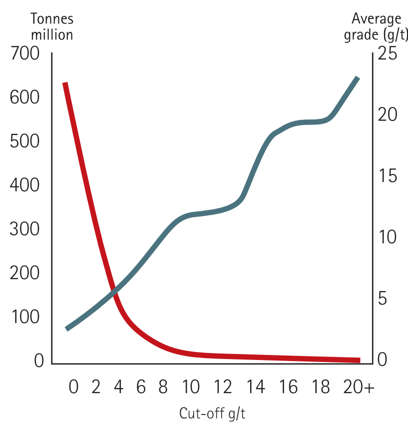




Randfontein grade tonnage curve
– Measured



Randfontein grade tonnage curve
– Indicated



Randfontein grade tonnage curve
– Inferred

Tonnes
Average grade

Elandskraal

GEOLOGY: The structure on the Far West Rand is dominated by a series of east trending normal faults with throws of up to 40m, as well as a series of north-northeast striking normal faults with generally smaller displacements in the north-west. Faulting is generally less prevalent than in other Wits goldfields. The primary reefs exploited are the Ventersdorp Contact Reef (VCR) and the Carbon Leader, separated by 900 to 1 300m, increasing from east to west. Secondary targets are the Middlevlei Reef (50 to 75m above the Carbon Leader) and the Mondeor Conglomerate Reef Zone, which subcrops beneath the VCR at Deelkraal and the western side of Elandsrand.

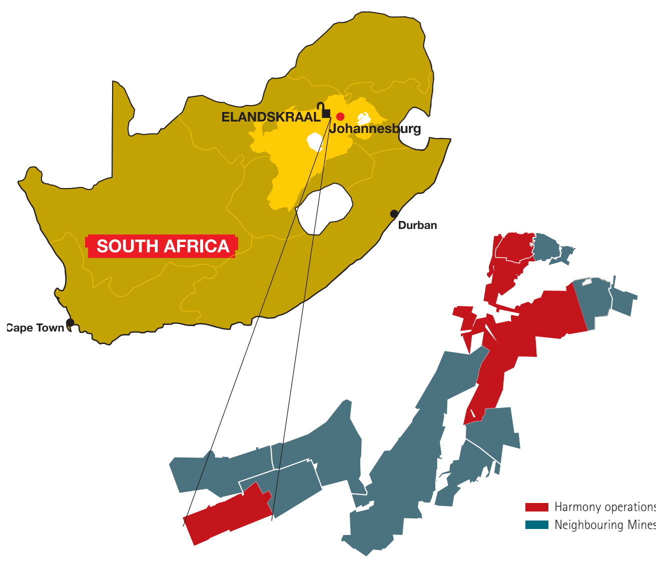
MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – operating shafts																
Elandsrand	29.2	8.05	234.8	7 550	34.2	9.30	318.2	10 231	11.4	9.65	109.7	3 526	74.8	8.87	662.8	21 307
Total	**29.2**	**8.05**	**234.8**	**7 550**	**34.2**	**9.30**	**318.2**	**10 231**	**11.4**	**9.65**	**109.7**	**3 526**	**74.8**	**8.87**	**662.8**	**21 307**
Underground – shafts on care and maintenance																
Deelkraal	7.6	6.78	51.9	1 668	3.8	5.70	21.7	697	34.4	5.24	180.4	5 800	45.9	5.54	254.0	8 165
Total	**7.6**	**6.78**	**51.9**	**1 668**	**3.8**	**5.70**	**21.7**	**697**	**34.4**	**5.24**	**180.4**	**5 800**	**45.9**	**5.54**	**254.0**	**8 165**
Total underground	**36.8**	**7.79**	**286.7**	**9 218**	**38.0**	**8.94**	**339.9**	**10 928**	**45.8**	**6.34**	**290.1**	**9 326**	**120.6**	**7.60**	**916.7**	**29 472**
Grand total	**36.8**	**7.79**	**286.7**	**9 218**	**38.0**	**8.94**	**339.9**	**10 928**	**45.8**	**6.34**	**290.1**	**9 326**	**120.6**	**7.60**	**916.7**	**29 472**

MODIFYING FACTORS

Shaft	Gold price (R/kg)	MCF (%)	SW (cm)	MW (cm)	EP (%)
Elandsrand	105 000	88	134	149	68.7

MCF = Mine call factor
SW = Stoping width
MW = Milling width
EP = Extraction percentage

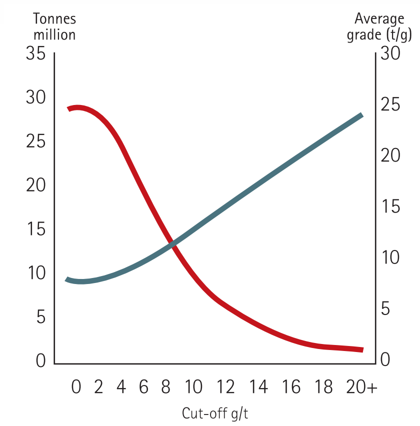


ORE RESERVES

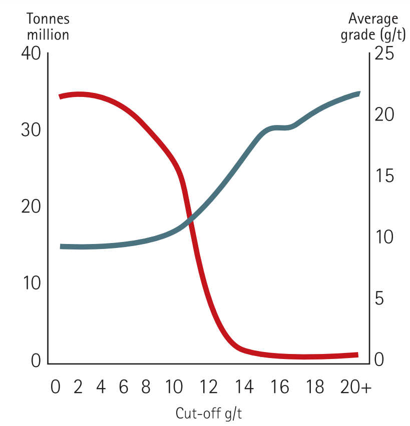
	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Elandsrand	4.7	8.30	38.8	1 249	24.7	7.43	183.9	5 912	29.4	7.57	222.7	7 160
Grand total	**4.7**	**8.30**	**38.8**	**1 249**	**24.7**	**7.43**	**183.9**	**5 912**	**29.4**	**7.57**	**222.7**	**7 160**

ELANDSKRAAL

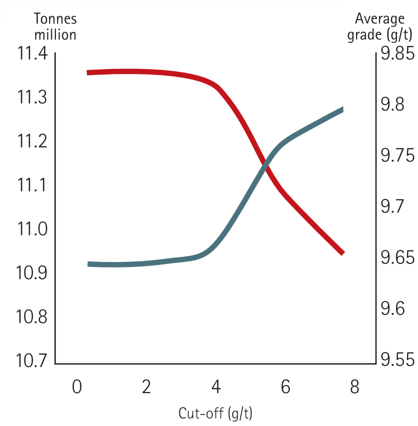
Elandsrand shaft
Deelkraal shaft
VCR



Elandskraal grade tonnage curve
– **Measured**



Elandskraal grade tonnage curve
– **Indicated**



Elandskraal grade tonnage curve
– **Inferred**

Tonnes
Average grade

Orkney Shafts

GEOLOGY: The Orkney operations are located in the Klerksdorp Goldfields on the north-western margin of the Witwatersrand Basin. The area is cut by north-east striking normal faults, which have throws of several hundreds of metres, producing a series of horsts and grabens. These, in turn, have been cut by small-scale sympathetic faults with throws of tens of metres, resulting in reef blocks of up to only 100m in width. The primary gold carriers are the VCR and the Vaal Reef, with the Black Reef, Zandpan Marker and Dennys Reef existing but uneconomic at present. The Elsburg Reefs is the main target at Orkney 6 and 7 Mine, usually together with the VCR, against which it subcrops along a northeast trending band.

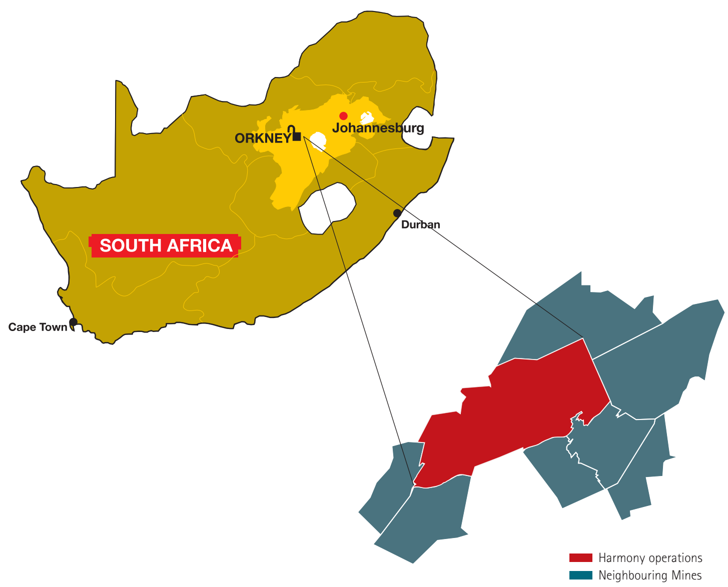
MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – operating shafts																
Orkney 2	2.6	14.98	38.5	1 236	0.5	12.84	6.4	205	0.4	13.91	5.6	181	3.5	14.55	50.5	1 622
Orkney 4	9.0	10.57	95.5	3 071	5.3	10.25	54.7	1 759	11.4	6.18	70.8	2 276	25.8	8.56	221.0	7 106
Orkney 6,7	18.4	6.08	112.1	3 605	8.9	5.03	45.0	1 446	27.5	4.02	110.4	3 550	54.9	4.88	267.5	8 601
Total	**30.1**	**8.19**	**246.1**	**7 913**	**14.8**	**7.18**	**106.1**	**3 410**	**39.3**	**4.75**	**186.8**	**6 007**	**84.1**	**6.41**	**539.0**	**17 330**
Underground – shafts on care and maintenance																
Orkney 1	1.8	14.74	26.1	838	0.7	14.51	9.9	318	0.6	13.98	9.0	289	3.1	14.53	44.9	1 445
Orkney 3	1.1	2.89	3.0	98	1.4	2.26	3.2	102	59.8	2.61	156.4	5 029	62.3	2.61	162.6	5 229
Orkney 5	1.7	12.58	20.9	671	0.2	14.36	2.3	74	3.9	5.17	20.3	651	5.7	7.57	43.4	1 396
Total	**4.5**	**11.16**	**50.0**	**1 606**	**2.2**	**6.84**	**15.4**	**494**	**64.4**	**2.88**	**185.7**	**5 969**	**71.1**	**3.53**	**251.0**	**8 069**
Grand total	**34.5**	**8.57**	**296.1**	**9 519**	**17.0**	**7.13**	**121.4**	**3 904**	**103.7**	**3.59**	**372.5**	**11 976**	**155.3**	**5.09**	**790.0**	**25 399**

MODIFYING FACTORS

Shaft	Gold price (R/kg)	MCF (%)	SW (cm)	MW (cm)	EP (%)
Orkney 2	105 000	75	148	209	89.6
Orkney 4	105 000	92	121	160	76.4
Orkney 6,7	105 000	95	121	133	66.9

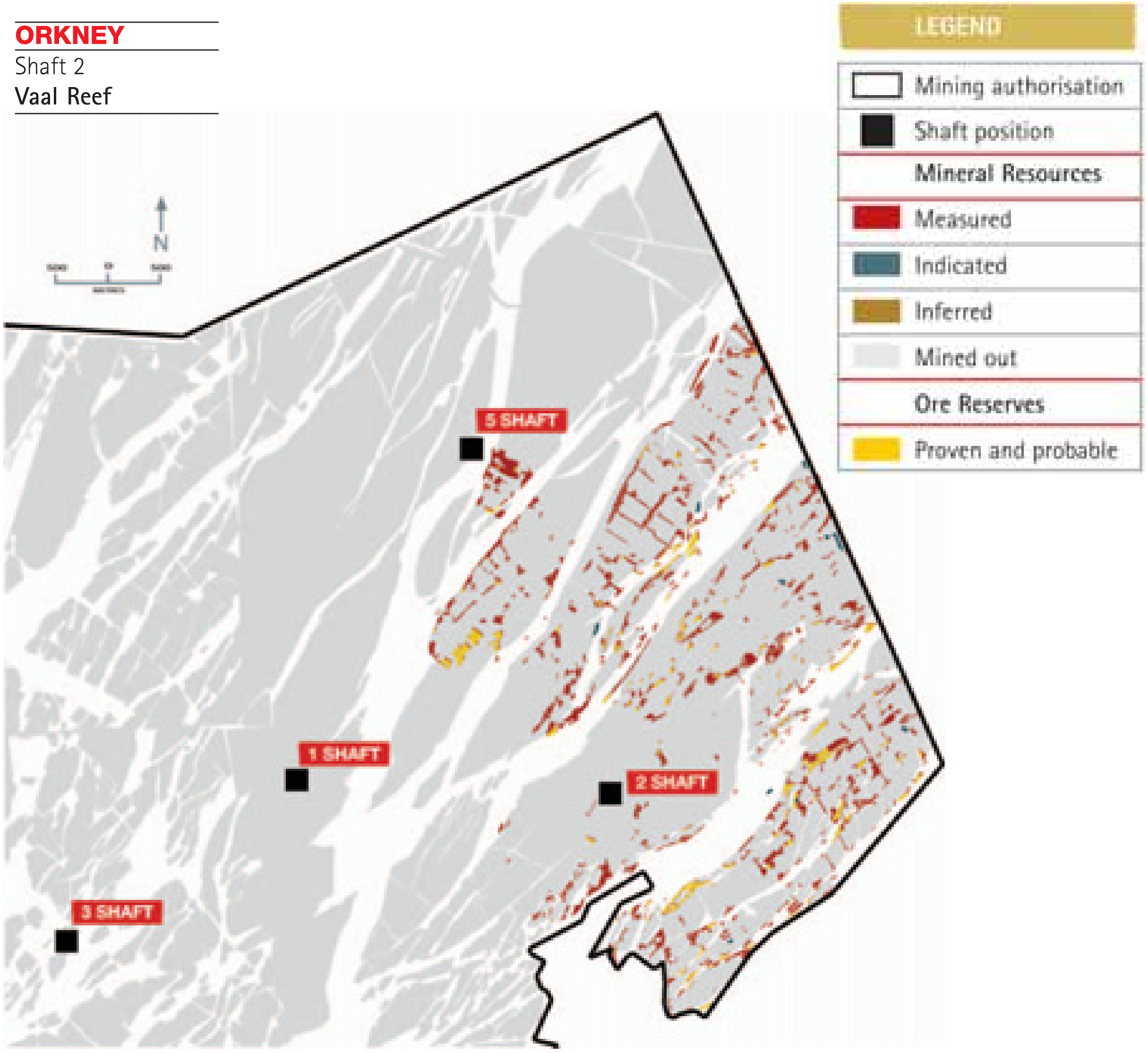
MCF = Mine call factor *MW = Milling width*
SW = Stoping width *EP = Extraction percentage*

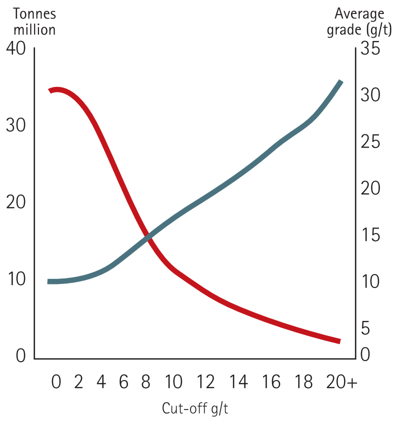


ORE RESERVES

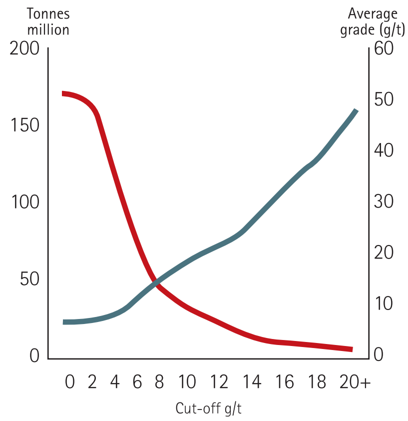
	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Orkney 2	1.2	8.46	10.0	323	0.3	7.33	2.0	64	1.5	8.25	12.0	387
Orkney 4	1.4	6.58	9.1	293	1.6	4.58	7.2	231	3.0	5.52	16.3	524
Orkney 6, 7	1.3	5.27	7.0	224	1.0	5.01	5.0	161	2.3	5.16	12.0	385
Grand total	**3.9**	**6.71**	**26.1**	**840**	**2.8**	**5.00**	**14.2**	**456**	**6.7**	**5.99**	**40.3**	**1 296**

ORKNEY
Shaft 2
Vaal Reef

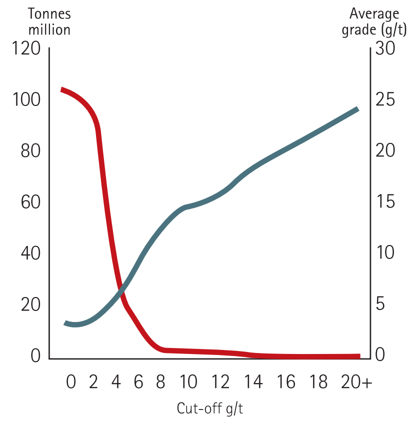




Orkney grade tonnage curve
– **Measured**



Orkney grade tonnage curve
– **Indicated**



Orkney grade tonnage curve
– **Inferred**

Tonnes
Average grade

ORKNEY
Shaft 4
Vaal Reef

LEGEND	
	Mining authorisation
	Shaft position
	Mineral Resources
	Measured
	Indicated
	Inferred
	Mined out
	Ore Reserves
	Proven and probable

ORKNEY
6 and 7 shafts
EB3, EB4, and EB5 Reefs

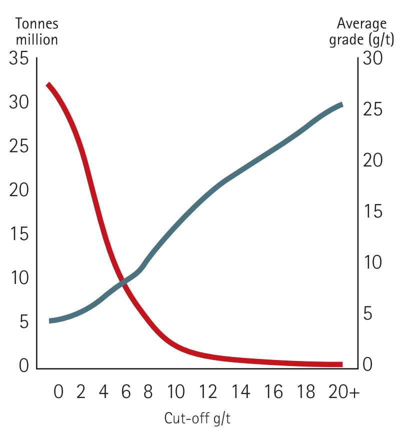
Welkom

GEOLOGY: The mining right area for the Welkom operations is located centrally within the Free State Goldfields. These operations are mature and all shafts are on care and maintenance. The Basal Reef was the main reef exploited at all operations. It strikes north to north-west and dips to the east by between 20° and 40°. It is bounded in the west by the Rheedersdam Fault and in the east by the De Bron Fault. The area is also cut by similar north-south trending faults, namely the Dagbreek and Ararat. Leader Reef has also been exploited at Welkom 6 Mine, whilst Saaiplaas Reef (a thick low grade channel superimposed on the Basal Reef) has been mined at Welkom 7.

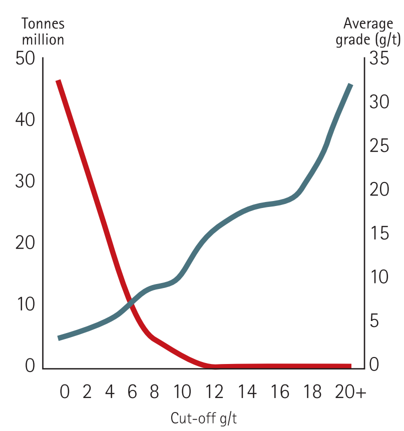
MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground – mines on care and maintenance																
Welkom 1	8.5	5.28	44.6	1 434	11.6	4.25	49.3	1 587	0.9	6.40	5.7	185	21.0	4.75	99.7	3 206
Welkom 2	3.4	5.87	19.7	632	2.7	4.64	12.5	403	0.8	4.87	3.8	123	6.8	5.27	36.0	1 158
Welkom 3	4.3	4.46	19.3	621	11.4	4.12	46.7	1 503	0.1	12.23	1.1	36	15.8	4.26	67.2	2 160
Welkom 4	3.8	4.63	17.5	561	1.2	4.04	5.0	161	8.5	2.10	17.8	573	13.5	2.99	40.3	1 295
Welkom 6	6.0	3.32	20.0	642	3.7	3.73	13.7	440	0.0	0.00	0.0	0	9.7	3.47	33.7	1 082
Welkom 7	6.2	3.06	19.0	611	15.6	2.31	35.9	1 155	1.4	3.99	5.8	186	23.2	2.61	60.7	1 952
Total underground	**32.1**	**4.36**	**140.0**	**4 501**	**46.2**	**3.54**	**163.3**	**5 249**	**11.7**	**2.93**	**34.3**	**1 103**	**90.0**	**3.75**	**337.5**	**10 853**
Grand total	32.1	4.36	140.0	4 501	46.2	3.54	163.3	5 249	11.7	2.93	34.3	1 103	90.0	3.75	337.5	10 853

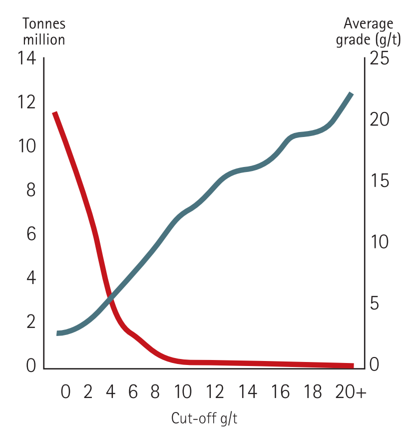
NO ORE RESERVES DECLARED



Welkom grade tonnage curve
– **Measured**



Welkom grade tonnage curve
– **Indicated**



Welkom grade tonnage curve
– **Inferred**

Tonnes
Average grade

Target

GEOLOGY: The Target operations are located at the northern extent of the Free State Goldfields, some 20 km north of Welkom. The reefs currently exploited are the Elsburg – Dreyerskuil conglomerates, which form a wedge-shaped stacked package, comprising 35 separate reef horizons, often separated by quartzite beds. The Elsburg Reefs are truncated by an unconformity surface at the base of the overlying Dreyerskuil Member. Below the subcrop, the Elsburg dips steeply to the east, with dips becoming progressively shallower down dip. Close to the subcrop, the thickness of the intervening quartzites reduces, resulting in the Elsburg Reefs coalescing to form composite reef packages that are exploited by massive mining techniques at Target Mine. The Dreyerskuil also consists of stacked reefs dipping shallowly to the east. These reefs tend to be less numerous, but more laterally extensive than the underlying Elsburg Reefs. The Big Pebble Reefs, B Reef and Basal Reef have been exploited at the old Lorraine shafts in the past and potential exists for opening up these old areas.

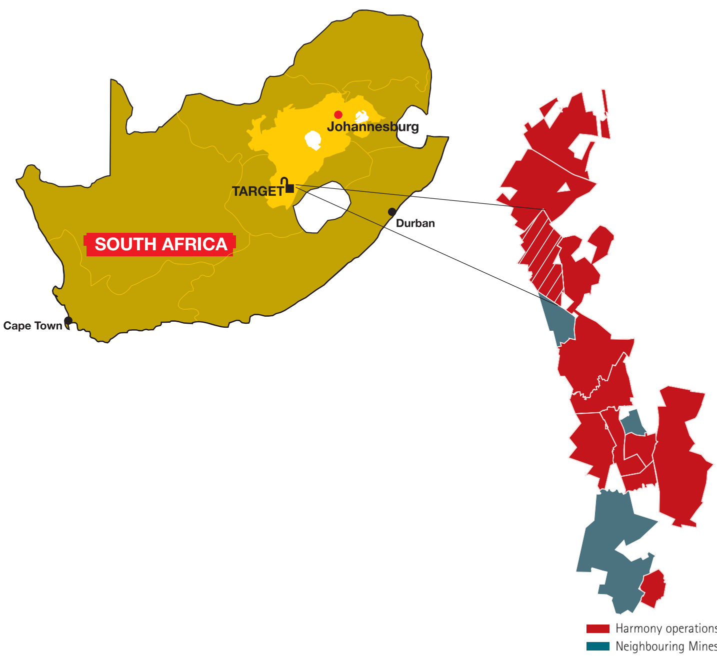
MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Target	9.9	9.04	89.6	2 879	20.7	6.52	135.1	4 345	6.1	5.95	36.3	1 167	36.7	7.10	261.0	8 391
Lorraine	4.6	7.16	32.8	1 056	43.7	6.78	296.5	9 532	38.6	4.71	181.8	5 845	86.9	5.88	511.1	16 433
Target North	0	0.00	0	0	84.2	8.11	683	21 956	226.2	6.23	1 408.2	45 275	310.4	6.60	2 091.1	67 231
Total underground	**14.5**	**8.44**	**122.4**	**3 935**	**148.7**	**7.50**	**1 114.5**	**35 832**	**270.8**	**6.00**	**1 626.3**	**52 287**	**434.0**	**6.60**	**2 863.2**	**92 055**
Grand total	**14.5**	**8.44**	**122.4**	**3 935**	**148.7**	**7.50**	**1 114.5**	**35 832**	**270.8**	**6.00**	**1 626.3**	**52 287**	**434.0**	**6.60**	**2 863.2**	**92 055**

MODIFYING FACTORS

Shaft	Gold price (R/kg)	MCF (%)	Dilution (%)	MW (cm)	EP (%)
Underground	105 000	100	5		

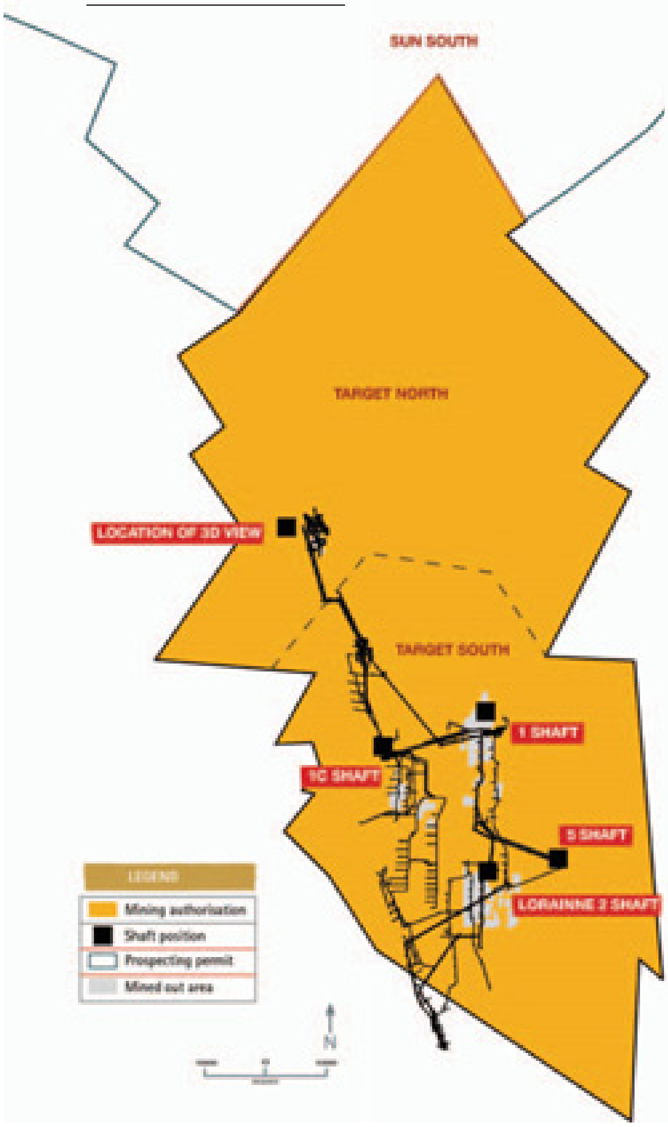
MCF = Mine call factor
SW = Stoping width
MW = Milling width
EP = Extraction percentage



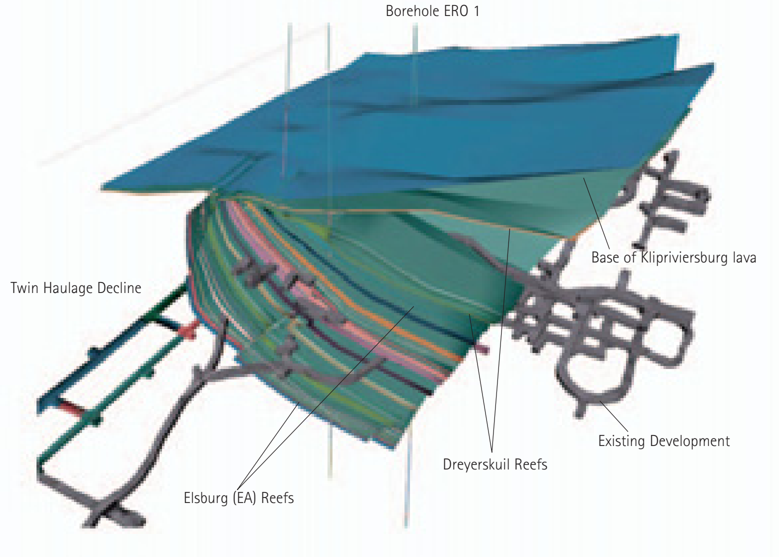
ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Target	7.4	7.94	58.7	1 886	11.9	6.35	75.5	2 427	19.3	6.96	134.1	4 313
Total underground	**7.4**	**7.94**	**58.7**	**1 886**	**11.9**	**6.35**	**75.5**	**2 427**	**19.3**	**6.96**	**134.1**	**4 313**
Grand total	**7.4**	**7.94**	**58.7**	**1 886**	**11.9**	**6.35**	**75.5**	**2 427**	**19.3**	**6.96**	**134.1**	**4 313**

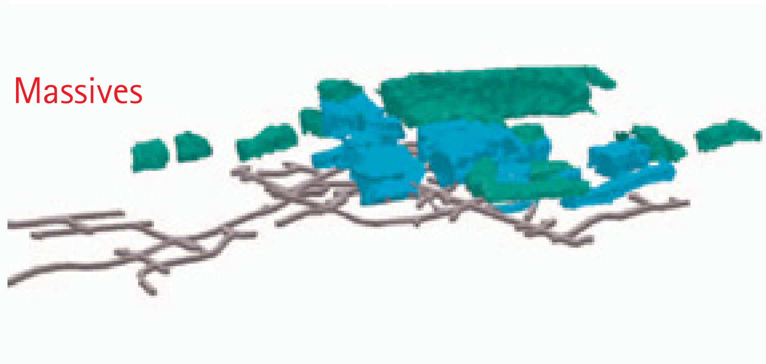
TARGET



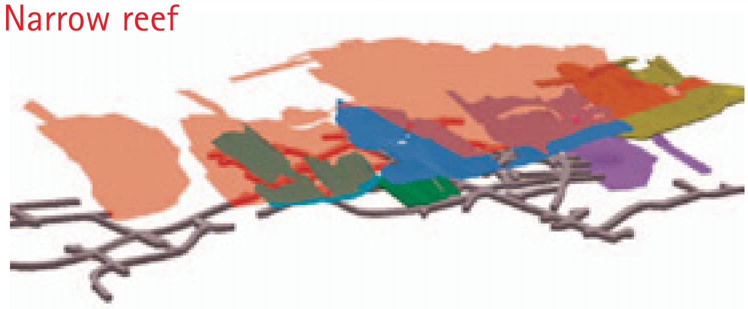
3D view

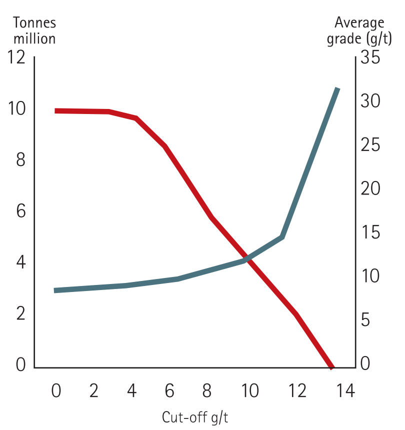


Massives

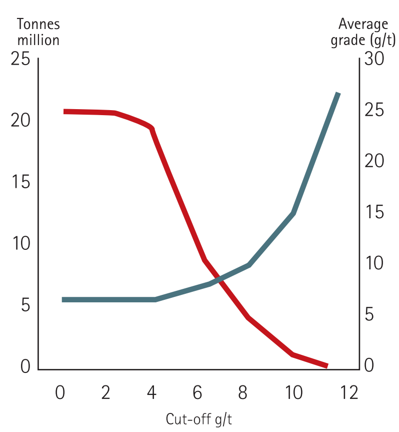


Narrow reef

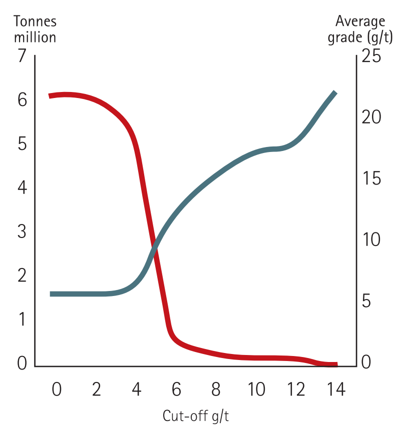




Target grade tonnage curve
– **Measured**



Target grade tonnage curve
– **Indicated**



Target grade tonnage curve
– **Inferred**

Tonnes
Average grade

Kalgold

GEOLOGY: The Kalgold operations are located within the Kraaipan Greenstone Belt, 60km south of Mafikeng. This is part of the larger Amalia-Kraaipan Greenstone terrain, consisting of north trending linear belts of Archaean meta-volcanic and meta-sedimentary rocks, separated by granitoid units. Mineralisation occurs in shallow dipping quartz veins, which occur in clusters or swarms, within the steeply dipping magnetite-chert banded iron formation. Disseminated sulphide mineralisation, dominated mostly by pyrite, occurs around and between the shallow dipping quartz vein swarms. The D Zone is the largest orebody encountered and has been extensively mined within a single open pit operation, along a strike length of 1 300m. Mineralisation has also been found in the Mealie Field Zone (adjacent to the D Zone), the A Zone and A Zone West (along strike to the north of the D Zone), and the Watertank and Watermill areas to the north of the A Zone.

MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Kalgold	5.5	0.88	4.8	155	20.7	1.95	40.4	1 298	1.3	1.85	2.3	75	27.5	1.73	47.5	1 528
Grand total	5.5	0.88	4.8	155	20.7	1.95	40.4	1 298	1.3	1.85	2.3	75	27.5	1.73	47.5	1 528

MODIFYING FACTORS

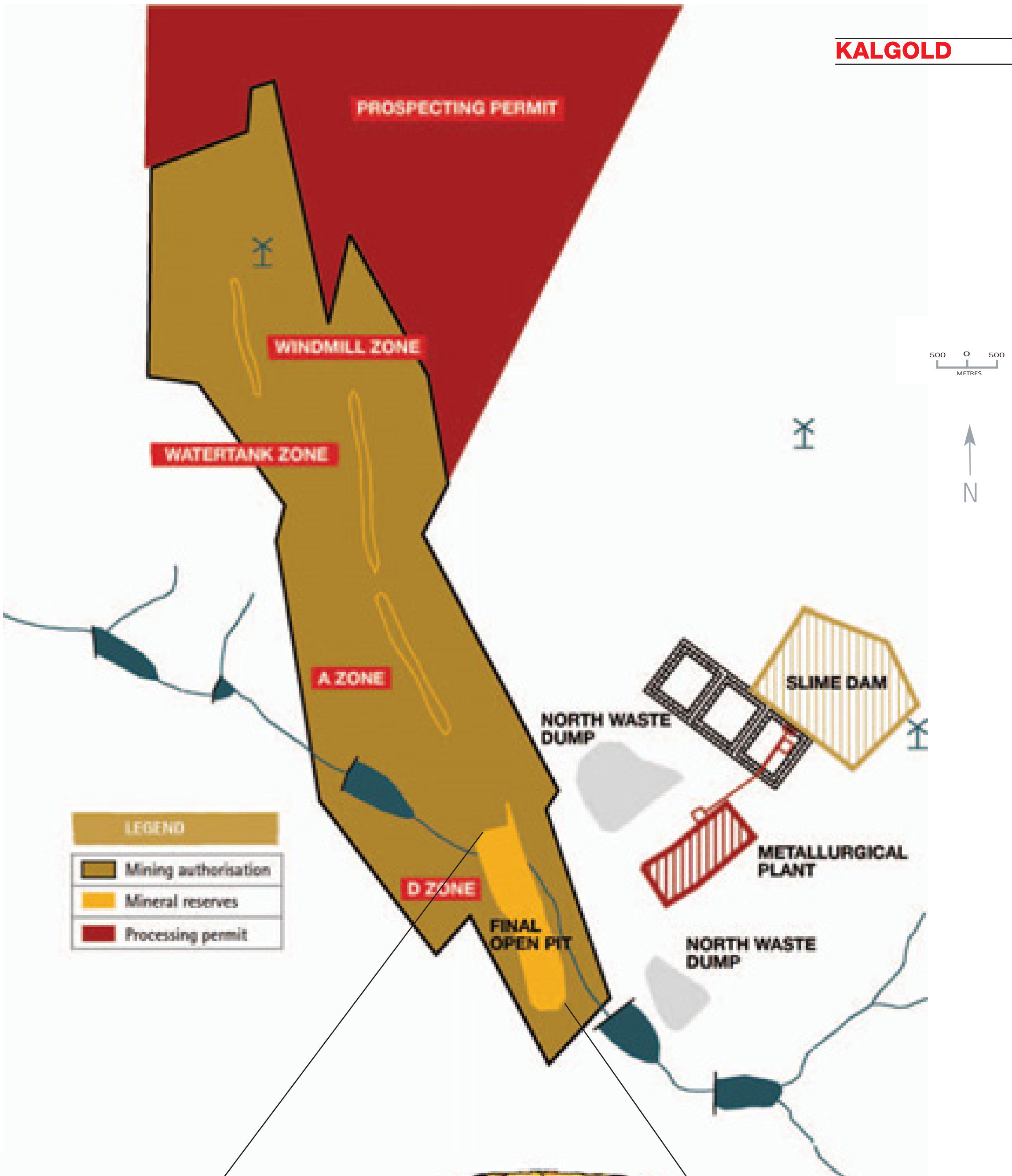
Mine	Gold price (R/kg)	MCF (%)	Dilution (%)
Kalgold	105 000	100	10

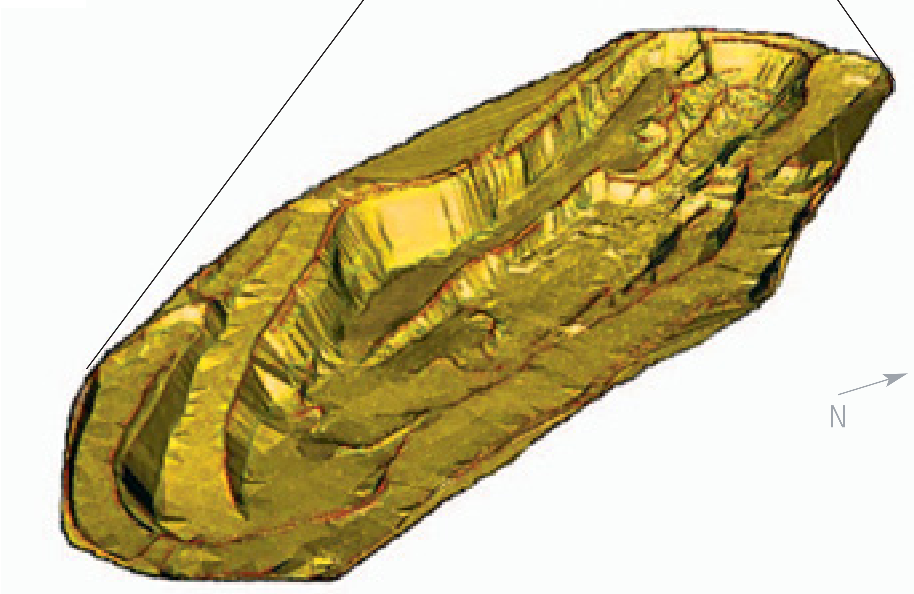
MCF = Mine call factor
SW = Stoping width
MW = Milling width
EP = Extraction percentage

ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Kalgold	3.7	0.74	2.7	88	4.9	1.61	7.8	252	8.5	1.24	10.6	340
Grand total	3.7	0.74	2.7	88	4.9	1.61	7.8	252	8.5	1.24	10.6	340

KALGOLD





3D view of pit

Australia

GEOLOGY: The Yilgarn Craton is a large Archaean terrain and comprises an early high-grade granite-gneiss metamorphic terrain (the Southwestern Province), and three granite-greenstone terrains (the North-East Goldfields, the Southern Cross and Murchison Provinces). The major gold deposits occur at Kalgoorlie, Kambalda, Mt Magnet, Boddington and Wiluna, and are hosted in greenstone belts. These form linear belts of mafic, ultramafic and felsic volcanics, intercalated with sedimentary sequences, and have been multiply deformed and metamorphosed. The mode of occurrence of the gold mineralisation on the Harmony leases tends to be small- to medium-sized structurally controlled lobs, sheers, and quartz veins.

MINERAL RESOURCES

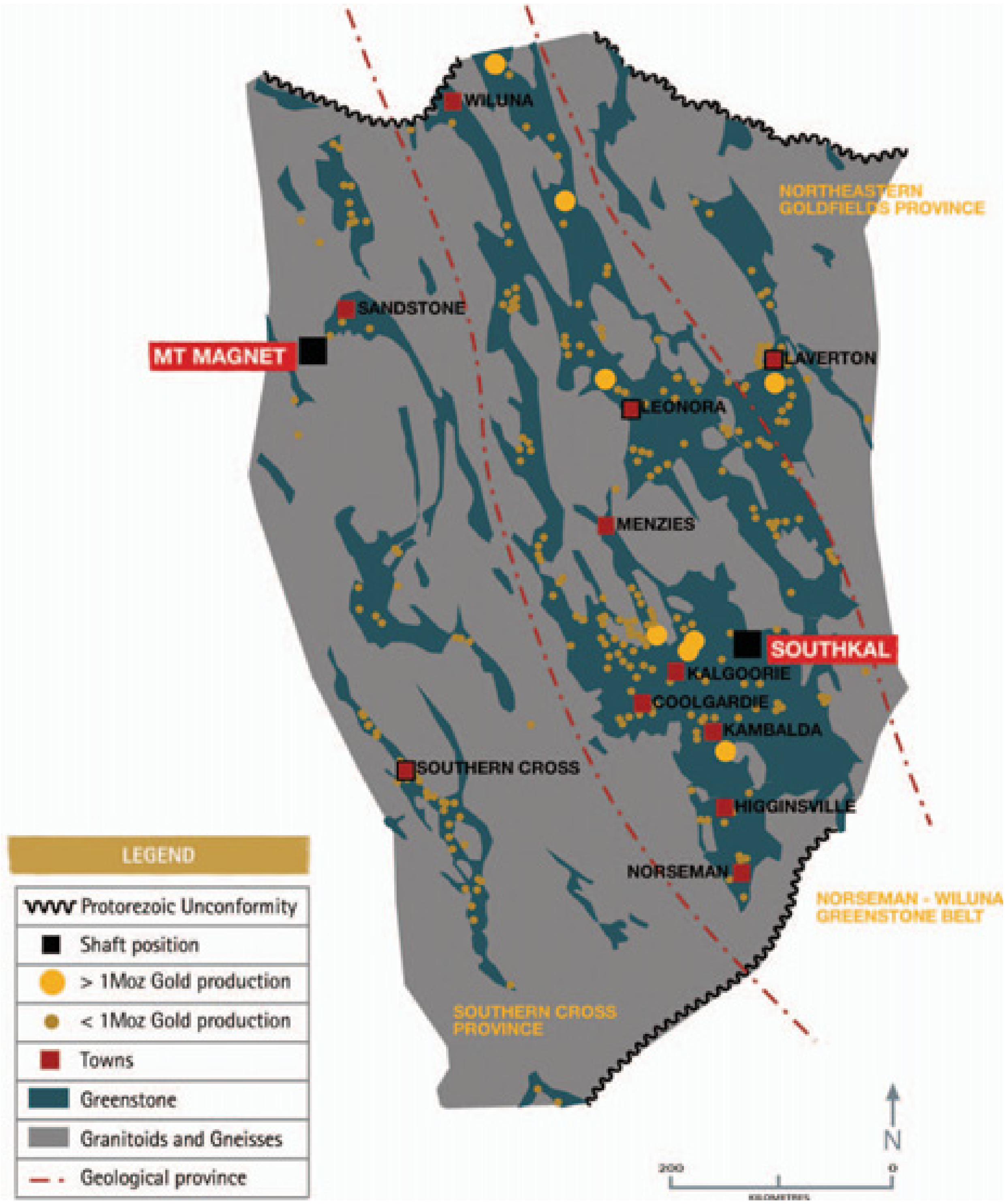
	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
South Kal Mines	4.4	2.70	12.0	385	40.1	1.80	72.2	2 322	51.6	1.45	74.7	2 403	96.1	1.65	159.0	5 110
Mt Magnet	6.1	3.28	20.0	642	25.5	3.00	76.5	2 461	17.1	3.19	54.6	1 755	48.7	3.10	151.1	4 858
Grand total	10.5	3.08	32.0	1 027	65.6	2.27	148.8	4 783	68.7	1.88	129.3	4 158	144.8	2.14	310.0	9 968

ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
South Kal Mines	0.8	1.80	1.4	45	3.2	2.10	6.9	221	4.0	2.07	8.3	266
Mt Magnet	1.6	2.32	3.7	120	1.6	3.66	5.8	188	3.2	2.98	9.6	308
Grand total	2.4	2.15	5.1	165	4.8	2.63	12.7	409	7.2	2.47	17.8	574

AUSTRALIAN OPERATIONS

Geological plan of Yilgarn Craton



Papua New Guinea

GEOLOGY: Papua New Guinea (PNG) lies on the northern end of the Australian Plate and has three major components: a continental cratonic platform, an arc of volcanic islands and a central collisional fold belt, consisting of Mesozoic sediments, ophiolite sequences, Tertiary sediments and diorite intrusions. During collision, the Wau Graben, the host of major gold and silver deposits, was formed in the fold belt. It coincided with a phase of volcanic activity, resulting in precious and base metals deposits being formed. These include epithermal gold deposits at Hidden Valley, Hamata, Kerimenge and Wafi and porphyry-style copper deposits such as Golpu. Numerous other gold and copper-gold prospects, which are at various stages of exploration and evaluation, occur at Harmony's leases.

GOLD MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Hidden Valley and Kaveroi	5.4	2.19	11.7	376	37.0	1.80	73.0	2 347	42.4	1.64	69.5	2 236	84.7	1.82	154.2	4 959
Hamata	0.0	0.00	0.0	0	5.1	2.40	12.3	397	1.6	2.30	3.6	115	6.7	2.38	15.9	512
Wafi	0.0	0.00	0.0	0	67.1	1.90	127.4	4 096	42.6	1.77	75.4	2 424	109.6	1.85	202.8	6 520
Golpu	0.0	0.00	0.0	0	87.5	0.63	55.1	1 771	59.2	0.49	29.0	933	146.7	0.57	84.1	2 704
Grand total	5.4	2.19	11.7	376	196.7	1.36	267.8	8 611	145.7	1.22	177.5	5 708	347.8	1.31	457.1	14 695

GOLD ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Hidden Valley and Kaveroi	5.1	2.18	11.1	358	33.0	1.90	62.5	2 008	38.1	1.93	73.6	2 366
Hamata	0.0	0.00	0.0	0	4.9	2.20	10.8	346	4.9	2.20	10.8	346
Grand Total	5.1	2.18	11.1	358	37.9	1.93	73.2	2 354	43.0	1.96	84.4	2 712

SILVER MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)
Hidden Valley and Kaveroi	5.4	39.66	212.2	6 822	37	33.91	1 255.8	40 373	42.4	31	1 318.3	42 384	84.7	32.88	2 786.2	89 578
Grand Total	5.4	39.66	212.2	6 822	37.0	33.91	1 255.8	40 373	42.4	31.11	1 318.3	42 384	84.7	32.88	2 786.2	89 578

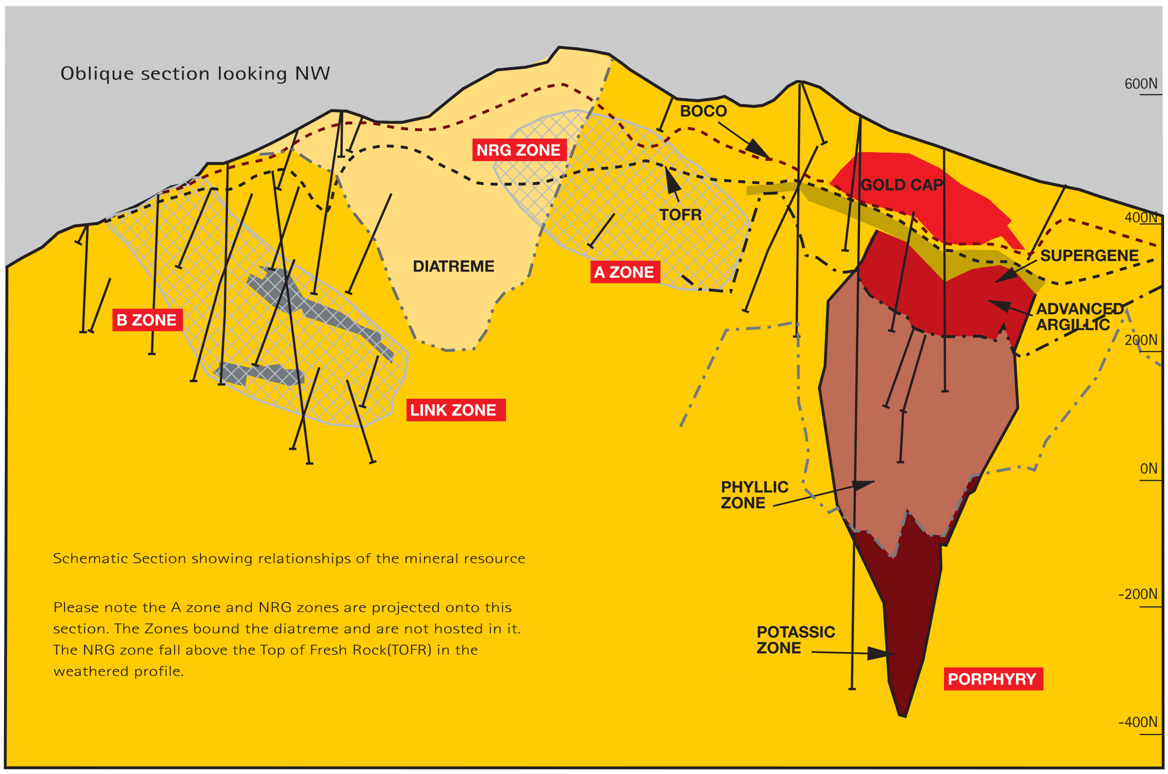
SILVER ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)
Hidden Valley and Kaveroi	5.1	39.63	202.1	6 498	33.0	33.23	1 096.7	35 261	38.1	34.09	1 298.9	41 759
Grand Total	5.1	39.63	202.1	6 498	33.0	33.23	1 096.7	35 261	38.1	34.09	1 298.9	41 759

GOLPU MINERAL RESOURCES (POLY METALIC)

Golpu	Tonnes (Mt)	Cu %	As ppm	Ag ppm	Mo ppm	Cu metal Kt
Measured	0	0	0	0	0	0
Indicated	87.5	1.4	419	1.7	110	1 186
Inferred	59.2	0.7	308	1.4	161	430
Total	146.7	1.1	374	1.59	131	1 616

WAFI GOLPU PROJECT



Western Areas

Harmony is reporting its 29.2% equity share in the defined Mineral Resources and Ore Reserves of Western Areas which comprise Western Areas' attributable share in South Deep. The information sourced for this section of the Harmony report was obtained from the Western Areas Annual Report of December 2005 and adjusted for depletion (approximately 25 570 attributable ounces) for the period 1 January 2006 to 30 June 2006. More details can be obtained from this report.

MINERAL RESOURCES

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
South Deep	4.3	8 24	35.2	1 131	38.0	7.08	268.7	8 638	0.0	0.00	0.0	0	42.2	7.19	303.8	9 769
Grand Total	4.3	8 24	35.2	1 131	38.0	7.08	268.7	8 638	0.0	0.00	0.0	0	42.2	7.19	303.8	9 769

ORE RESERVES

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
South Deep	1.8	7.32	13.0	418	19.6	6.08	119.1	3 829	21.4	6.19	132.1	4 247
Grand Total	1.8	7.32	13.0	418	19.6	6.08	119.1	3 829	21.4	6.19	132.1	4 247

MINERAL RESOURCES AND ORE RESERVES BREAKDOWN BY QUALITY, LEVERAGED, AND GROWTH ASSETS

At Harmony we manage and report our South African operations as

- Quality assets
- Leveraged assets
- Growth assets

While mineral resources and ore reserves are required to be reported by tax entity (on previous pages), for ease of use we have provided a breakdown of our mineral resources and ore reserves according to quality, leveraged and growth assets.

QUALITY ASSETS

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Evander 2, 3 and 5	7.8	7.78	60.9	1 957	4.0	7.10	28.1	904	31.5	8.35	262.9	8 452	43.3	8.13	351.9	11 313
Evander 7	12.7	5.56	70.8	2 278	6.1	6.30	38.5	1 239	26.5	7.33	194.1	6 240	45.3	6.69	303.5	9 757
Evander 8	4.6	7.24	33.0	1 062	21.6	8.52	184.4	5 928	37.2	5.81	216.3	6 953	63.4	6.84	433.7	13 943
Cooke 1	11.1	4.74	52.7	1 693	10.3	2.85	29.2	940	152.2	2.10	319.6	10 274	173.6	2.31	401.5	12 907
Cooke 2	10.0	3.99	39.9	1 283	9.4	2.97	27.9	896	83.1	1.42	118.4	3 805	102.5	1.82	186.1	5 984
Cooke 3	17.7	5.43	96.0	3 087	28.8	4.69	135.1	4 343	126.3	3.59	453.3	14 572	172.8	3.96	684.3	22 002
Target	9.9	9.04	89.6	2 879	20.7	6.52	135.1	4 345	6.1	5.95	36.3	1 167	36.7	7.10	261.0	8 391
Tshepong	7.7	11.89	91.9	2 954	22.8	10.86	247.9	7 972	62.4	7.06	440.8	14 172	92.9	8.40	780.6	25 098
Masimong 5	11.4	6.25	70.9	2 280	18.4	5.56	102.2	3 287	200.2	4.38	877.8	28 221	230.0	4.5	1 050.	33 788
Sub Total	**92.9**	**6.52**	**605.7**	**19 473**	**142.1**	**6.53**	**928.4**	**29 854**	**725.5**	**4.02**	**2919.5**	**93 856**	**960.5**	**4.6**	**4 453.6**	**143 183**
Projects (below infrastructure)																
Rolspruit	0.0	0.00	0.0	0.00	29.1	11.59	337.4	10 847	52.8	2.71	142.9	4 593	81.9	5.87	480.3	15 440
Poplar	0.0	0.00	0.0	0.00	25.6	7.58	194.0	6 237	0.0	0.00	0.0	0	25.6	7.58	194.0	6 237
Total	**0.0**	**0.00**	**0.0**	**0.00**	**54.7**	**9.71**	**531.4**	**17 084**	**52.8**	**2.71**	**142.9**	**4 593**	**107.5**	**6.27**	**674.3**	**21 679**
Grand total	**92.9**	**6.52**	**605.7**	**19 473**	**196.8**	**7.42**	**1 459.8**	**46 938**	**778.3**	**3.93**	**3 062.4**	**98 449**	**1 068.0**	**4.80**	**5 127.8**	**164 862**

Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Evander 2,3 and 5	1.7	8.61	14.2	458	1.0	7.89	7.9	254	2.7	8.34	22.1	712
Evander 7	3.0	6.37	19.0	612	2.0	7.31	14.8	476	5.0	6.75	33.8	1 088
Evander 8	0.4	7.60	3.1	101	12.9	6.64	85.6	2 753	13.3	6.67	88.7	2 854
Cooke 1	0.5	8.39	4.4	140	0.2	3.93	0.8	25	0.7	7.17	5.2	165
Cooke 2	0.6	7.68	4.6	148	0.5	7.17	3.5	112	1.1	7.45	8.1	260
Cooke 3	2.9	7.08	20.8	669	4.3	5.84	25.1	806	7.2	6.34	45.9	1 475
Target	7.4	7.94	58.7	1 886	11.9	6.35	75.5	2 427	19.3	6.96	134.2	4 313
Tshepong	6.6	7.68	50.3	1 618	17.4	6.84	118.8	3 820	24.0	7.07	169.2	5 438
Masimong 5	5.7	5.42	30.8	989	7.1	4.88	34.7	1 114	12.8	5.12	65.5	2 103
Sub total	**28.7**	**7.17**	**205.9**	**6 621**	**57.3**	**6.40**	**366.6**	**11 787**	**86.1**	**6.66**	**572.6**	**18 408**
Projects (below infrastructure)												
Rolspruit	0.0	0.00	0.0	0	24.4	8.72	212.8	6 842	24.4	8.72	212.8	6 842
Poplar	0.0	0.00	0.0	0	13.5	6.99	94.3	3 032	13.5	6.99	94.3	3 032
Sub total	**0.0**	**0.00**	**0.0**	**0**	**37.9**	**8.10**	**307.1**	**9 874**	**37.9**	**8.10**	**307.1**	**9 874**
Grand total	**28.8**	**7.17**	**205.9**	**6 621**	**95.2**	**7.08**	**673.8**	**21 661**	**124.0**	**7.10**	**879.7**	**28 282**

LEVERAGED ASSETS

Mineral Resources

Shaft	MEASURED Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	INDICATED Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	INFERRED Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	TOTAL Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Harmony 2	4.6	5.31	24.6	791	9.3	3.10	29.0	932	90.4	3.55	321.1	10 324	104.4	3.59	374.7	12 047
Merriespruit 1	18.3	3.62	66.2	2 128	17.2	3.30	56.8	1 826	18.0	3.77	68.1	2 189	53.5	3.57	191.0	6 143
Merriespruit 3	14.3	3.36	47.9	1 540	12.5	3.53	44.1	1 415	30.6	3.75	114.7	3 687	57.3	3.61	206.7	6 642
Unisel	11.5	4.56	52.4	1 686	18.0	3.83	68.8	2 211	53.4	3.96	211.6	6 804	82.9	4.02	332.8	10 701
Brand 3	10.7	4.52	48.5	1 560	7.5	4.51	34.0	1 094	12.7	3.07	39.0	1 255	30.9	3.93	121.6	3 909
Bambanani	16.0	9.85	157.7	5 069	21.7	5.43	118.0	3 794	53.5	4.09	218.9	7 037	91.3	5.42	494.6	15 900
West Shaft	8.2	4.13	33.9	1 091	10.8	2.51	27.0	869	33.7	2.01	67.6	2 173	52.7	2.44	128.6	4 133
St Helena 8	5.1	5.99	30.7	988	1.7	5.08	8.8	284	4.6	4.38	20.0	643	11.4	5.21	59.6	1 915
Joel	8.0	5.64	45.1	1 451	1.2	6.22	7.6	245	13.7	6.04	82.6	2 654	22.9	5.91	135.3	4 350
Orkney 2	2.6	14.98	38.5	1 236	0.5	12.84	6.4	205	0.4	13.91	5.6	181	3.5	14.55	50.5	1 622
Orkney 4	9.0	10.57	95.5	3 071	5.3	10.25	54.7	1 759	11.4	6.18	70.8	2 276	25.7	8.56	221.0	7 106
Orkney 6 and 7	18.4	6.08	112.1	3 605	8.9	5.03	45.0	1 446	27.5	4.02	110.4	3 550	54.8	4.88	267.5	8 601
Kalgold	5.5	0.88	4.8	155	20.7	1.95	40.4	1 298	1.3	1.85	2.3	75	27.5	1.73	47.5	1 528
Total underground	**132.2**	**5.73**	**757.9**	**24 374**	**135.3**	**3.99**	**540.6**	**17 378**	**351.2**	**3.79**	**1 332.7**	**42 848**	**618.7**	**4.25**	**2 631.2**	**84 597**

Ore Reserves

Shaft	PROVEN Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	PROBABLE Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	TOTAL Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Harmony 2	0.6	6.56	4.1	132	1.4	3.39	4.6	149	2.0	4.39	8.7	281
Merriespruit 1	2.8	4.31	12.1	388	1.3	4.44	5.7	184	4.1	4.35	17.8	572
Merriespruit 3	0.4	4.15	1.8	58	1.0	4.66	4.5	145	1.4	4.51	6.3	203
Unisel	1.8	6.02	10.9	349	2.1	5.74	12.2	392	3.9	5.87	23.1	741
Brand 3	0.1	5.80	0.5	17	0.2	3.99	0.7	23	0.3	4.60	1.3	40
Bambanani	6.6	7.40	48.9	1 572	2.3	7.56	17.3	556	8.9	7.44	66.2	2 128
West	0.5	6.34	3.0	97	0.4	6.38	2.7	87	0.9	6.36	5.7	184
St Helena 8	0.6	6.37	4.0	130	0.4	5.33	2.1	66	1.0	5.98	6.1	196
Joel	1.6	5.29	8.5	273	0.7	5.08	3.5	113	2.3	5.22	12.0	386
Orkney 2	1.2	8.46	10.0	323	0.3	7.33	2.0	64	1.5	8.25	12.0	387
Orkney 4	1.4	6.58	9.1	293	1.6	4.58	7.2	231	3.0	5.52	16.3	524
Orkney 6 and 7	1.3	5.27	7.0	224	1.0	5.01	5.0	161	2.3	5.16	12.0	385
Kalgold	3.7	0.74	2.7	88	4.9	1.61	7.8	252	8.6	1.24	10.5	340
Grand total	**22.6**	**5.41**	**122.6**	**3 944**	**17.6**	**4.33**	**75.3**	**2 423**	**40.2**	**4.94**	**198.0**	**6 367**

GROWTH ASSETS

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Doornkop South Reef	0.2	7.92	2.0	63	1.6	10.40	16.3	523	63.7	5.39	343.2	11 036	65.5	5.52	361.5	11 622
Elandsrand	29.2	8.05	234.8	7 550	34.2	9.30	318.2	10 231	11.4	9.65	109.7	3 526	74.8	8.87	662.8	21 307
Phakisa	0.0	0.00	0.0	0	24.6	11.64	286.5	9 212	92.0	5.64	518.7	16 678	116.6	6.91	805.3	25 890
Total underground	**29.4**	**8.05**	**236.8**	**7 613**	**60.4**	**10.28**	**621.0**	**19 966**	**167.1**	**5.82**	**971.7**	**31 240**	**256.9**	**7.12**	**1 829.5**	**58 819**

Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Doornkop South Reef	0.1	6.36	0.6	19	1.3	7.04	9.4	302	1.4	7.00	10.0	321
Elandsrand	4.7	8.30	38.8	1 249	24.7	7.43	183.9	5 912	29.4	7.57	222.7	7 161
Phakisa	0.0	0.00	0.0	0	19.7	8.33	163.9	5 268	19.7	8.33	163.9	5 268
ota l underground	**4.8**	**8.27**	**39.4**	**1 268**	**45.8**	**7.81**	**357.1**	**11 482**	**50.5**	**7.85**	**396.6**	**12 750**

ORE RESERVES STATEMENT (IMPERIAL)

	PROVEN			PROBABLE			TOTAL		
Operations	Tonnes (million)	Grade (oz/ton)	Gold[1] (Moz)	Tonnes (million)	Grade (oz/ton)	Gold[1] (Moz)	Tonnes (million)	Grade (oz/ton)	Gold[1] (Moz)
South Africa underground									
Elandskraal	5.16	0.242	1.25	27.28	0.217	5.91	32.44	0.221	7.16
Free State	12.61	0.153	1.93	14.37	0.140	2.01	26.98	0.146	3.94
Randfontein	4.73	0.210	0.99	7.21	0.175	1.26	11.94	0.189	2.25
Evander	5.57	0.210	1.17	17.54	0.199	3.48	23.11	0.201	4.65
Evander (below infrastructure)				41.80	0.236	9.87	41.80	0.236	9.87
Target	8.14	0.232	1.89	13.11	0.185	2.43	21.25	0.203	4.31
Free Gold	17.51	0.211	3.69	45.01	0.220	9.91	62.52	0.218	13.60
Orkney	4.29	0.196	0.84	3.13	0.146	0.46	7.42	0.175	1.30
Total	**58.01**	**0.203**	**11.76**	**169.45**	**0.209**	**35.33**	**227.46**	**0.207**	**47.09**
South Africa surface									
Randfontein	0	0	0	2.10	0.022	0.05	2.10	0.022	0.05
Kalgold	4.07	0.022	0.09	5.35	0.047	0.25	9.42	0.036	0.34
Free Gold	74.56	0.011	0.82	10.88	0.017	0.19	85.44	0.012	1.01
Total	**78.63**	**0.011**	**0.90**	**18.33**	**0.027**	**0.49**	**96.96**	**0.014**	**1.39**
Australian operations[2]									
Mt. Magnet	1.77	0.068	0.12	1.76	0.107	0.19	3.54	0.087	0.31
South Kalgoorlie	0.85	0.053	0.05	3.56	0.062	0.22	4.41	0.060	0.27
Total	**2.62**	**0.063**	**0.17**	**5.32**	**0.077**	**0.41**	**7.95**	**0.072**	**0.57**
Papua New Guinea[3]									
Hidden Valley	5.62	0.064	0.36	36.38	0.055	2.01	42.00	0.056	2.37
Kaveroi and Hamata	0.00	0.000	0.00	5.40	0.064	0.35	5.40	0.064	0.35
Total	**5.62**	**0.064**	**0.36**	**41.78**	**0.056**	**2.35**	**47.40**	**0.057**	**2.71**
Western Areas[4]									
South Deep (29.2% Equity)	1.96	0.213	0.42	21.58	0.177	3.83	23.54	0.180	4.25
GRAND TOTAL	**146.84**	**0.093**	**13.61**	**256.46**	**0.165**	**42.41**	**403.30**	**0.139**	**56.02**

1 Gold ounce figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures.

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

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

4 Includes Harmony's 29.2% equity ounces from Western Areas.

NB Rounding of figures may result in slight computational discrepancies.

ORE RESERVES STATEMENT (METRIC)

Operations	PROVEN Tonnes (million)	PROVEN Grade (g/t)	PROVEN Gold[1] (000kg)	PROBABLE Tonnes (million)	PROBABLE Grade (g/t)	PROBABLE Gold[1] (000kg)	TOTAL Tonnes (million)	TOTAL Grade (g/t)	TOTAL Gold[1] (000kg)
South Africa underground									
Elandskraal	4.7	8.31	39	24.7	7.43	184	29.4	7.57	223
Free State	11.4	5.26	60	13.0	4.79	62	24.5	5.01	123
Randfontein	4.3	7.20	31	6.5	6.00	39	10.8	6.48	70
Evander	5.1	7.21	36	15.9	6.81	108	21.0	6.90	145
Evander (below infrastructure)	0	0	0	37.9	8.10	307	37.9	8.10	307
Target	7.4	7.94	59	11.9	6.35	75	19.3	6.96	134
Free Gold	15.9	7.23	115	40.8	7.55	308	56.7	7.46	423
Orkney	3.9	6.71	26	2.8	5.00	14	6.7	5.99	40
Total	**52.6**	**6.95**	**366**	**153.7**	**7.15**	**1 099**	**206.3**	**7.10**	**1 465**
South Africa surface									
Randfontein	0	0	0	1.9	0.77	1	1.9	0.77	1
Kalgold	3.7	0.74	3	4.9	1.61	8	8.6	1.24	11
Free Gold	67.6	0.37	25	9.9	0.60	6	77.5	0.40	31
Total	**71.3**	**0.39**	**28**	**16.7**	**0.91**	**15**	**88.0**	**0.49**	**43**
Australian operations[2]									
Mt. Magnet	1.6	2.32	4	1.6	3.65	6	3.2	2.98	10
South Kalgoorlie	0.8	1.82	1	3.2	2.13	7	4.0	2.06	8
Total	**2.4**	**2.16**	**5**	**4.8**	**2.63**	**13**	**7.2**	**2.47**	**18**
Papua New Guinea[3]									
Hidden Valley	5.1	2.18	11	33.0	1.89	62	38.1	1.93	73
Kaveroi and Hamata	0.0	0.00	0	4.9	2.20	11	4.9	2.20	11
Total	**5.1**	**2.18**	**11**	**37.9**	**1.93**	**73**	**43.0**	**1.96**	**84**
Western Areas[4]									
South Deep (29.2% Equity)	1.8	7.32	13	19.6	6.08	119	21.4	6.19	132
GRAND TOTAL	**133.2**	**3.18**	**423**	**232.6**	**5.67**	**1 319**	**365.8**	**4.76**	**1 742**

1 Gold kilogram figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tons and head grades. Metallurgical recovery factors have not been applied to the reserve figures.

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

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

4 Includes Harmony's 29.2% equity ounces from Western Areas Limited.

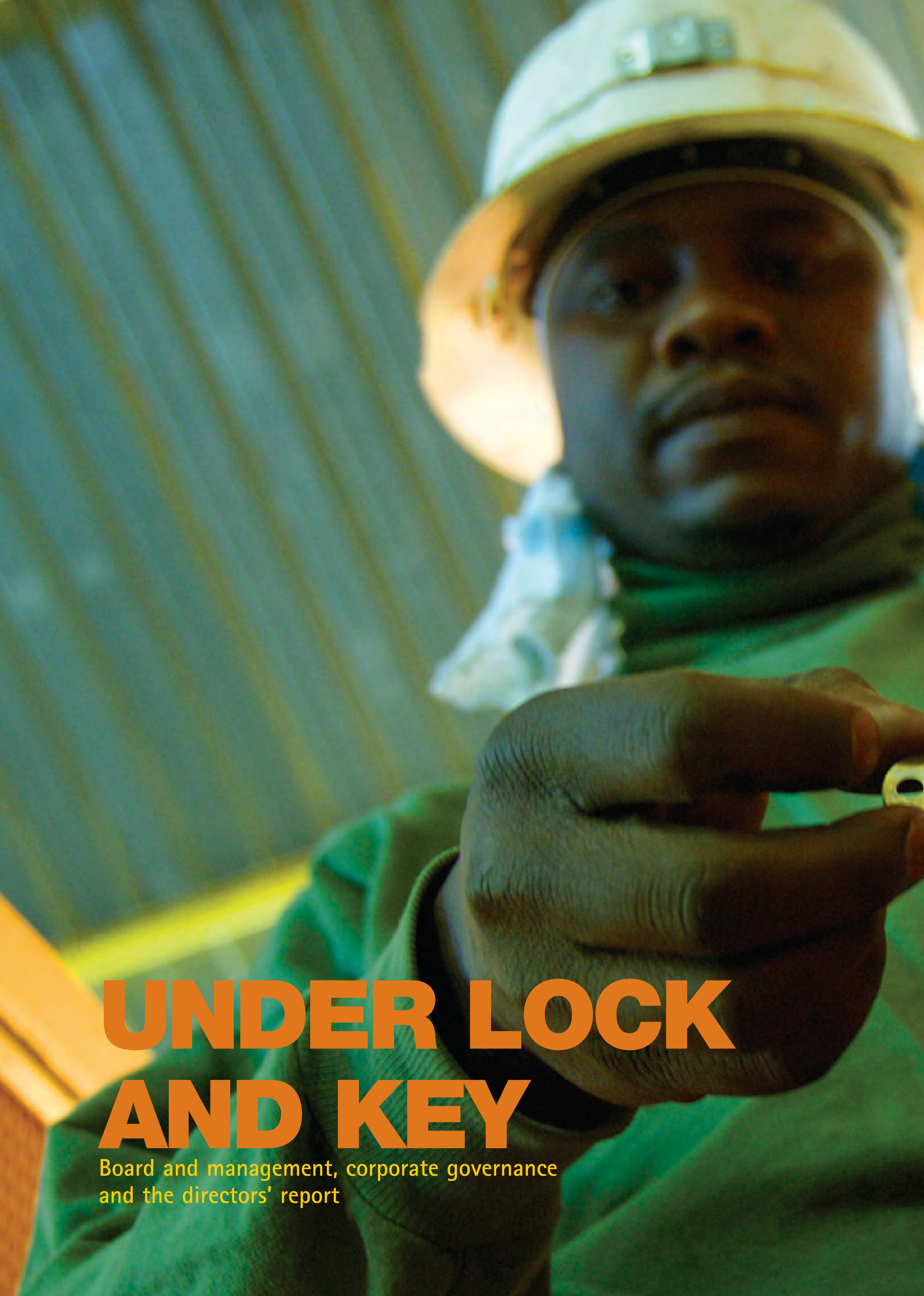
NB Rounding of figures may result in slight computational discrepancies.

SIGNED BY COMPETENT PERSON

Glossary of geological terms

Below infrastructure:	That part of a company's ore reserve that can only be accessed following certain capital expenditure which has yet to be approved.
Craton:	A part of the earth's crust that has attained stability and has been little deformed for a long period of geological time.
Diorite:	A group of plutonic rocks intermediate in composition between acidic and basic.
Felsic:	An igneous rock having abundant light coloured minerals.
Graben:	A block of rock that lies between two faults, and has moved downward to form a depression between two adjacent fault blocks.
Greenstone:	A field term for any compact dark green altered or metamorphosed basic igneous rock that owes its colour to chlorite.
Horst:	A block of rock that lies between two faults and has moved upward relative to the two adjacent fault blocks.
Kaapvaal Craton:	The ancient proto-continental basement of South Africa.
Lacustrine:	Pertaining to sediments formed in lakes.
Mafic:	An igneous rock composed chiefly of dark, ferromagnesium minerals.
Ophiolite:	A group of mafic and ultramafic igneous rocks derived by metamorphism, whose origin is associated with an early phase of the development of a geosyncline.
Plunge:	The inclination of a fold axis or other linear feature, measured in the vertical plane.
Subcrop:	A rock stratum that unconformably underlies another rock stratum.
Syncline:	Concave fold in stratified rock, in which strata dip down to meet in a trough.
Witwatersrand Basin:	A sedimentary basin in South Africa.

Jaco Boshoff, Harmony Group
BSc (Hons), MSc (Geology), MBA, Pri.Sci.Nat



UNDER LOCK AND KEY

Board and management, corporate governance and the directors' report

Non-executive chairman

Patrice Motsepe (44) 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), NAFCOC and Mamelodi Sundowns Football Club.

Executive directors

Bernard Swanepoel (45) BSc (Mining Engineering), B Com (Hons) – Chief executive. Bernard started his career with Gengold in 1983, culminating in his appointment as general manager of Beatrix Mine in 1993. He joined Randgold in 1995 as managing director of Harmony. For the past 11 years, Bernard has led the team behind the company's growth and acquisition initiatives. He serves as a non-executive director of ARM Limited, Sanlam Limited and Western Areas Limited.

Nomfundo Qangule (39), BComm, BComm (Hons) CTA, CA (SA), member of CAIB (SA) – Financial director (appointed July 2004). Prior to joining Harmony, Nomfundo was the executive manager of Worldwide African Investment Holdings (Pty) Ltd (WAIH). During her time at WAIH, she was chairperson of the Board of Argil Holdings (Pty) Ltd and non-executive director of CS Holdings Ltd, serving as a member of the Remuneration, Audit and Investment committees. In addition, she was an Executive Committee member and non-executive director of Negotiated Benefits Consultants (Pty) Ltd. Nomfundo started her career as a credit manager in the Corporate and International Division of Nedcor Bank Ltd. Later she joined ABSA Corporate and Merchant Bank's Credit Division. She is a qualified chartered accountant, a member of the Institute of Bankers and holds a Certificate in Financial Markets from Acumen.

Non-executive directors

Frank Abbott (51), BCom, CA(SA), MBL – Non-executive director. Frank joined the Rand Mines/Barlow Rand Group in 1981, where he obtained broad financial management experience at operational level. He was appointed as financial controller to the newly formed Randgold in 1992 and was promoted to financial director of that group in October 1994. Until 1997, he was also a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Proprietary Mines. 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 as financial director of ARM and remain on Harmony's board as a non-executive director. Currently, Frank is the financial director of ARM.

Joaquim Chissano (66), an independent Non-executive director. Mr Chissano was appointed to Harmony's Board of Directors with effect from 22 April 2005. Mr. Chissano is the former President of Mozambique who has served his country in many capacities initially as a Founding Member of the FRELIMO Movement and one of the leaders during that country's struggle for independence (1962-1974). During the transition period that led the country to independence, he served as Prime Minister of the Transition Government (1974-1975). Subsequent to Mozambique's independence in 1975, he was appointed Foreign Minister and on the death of Samora Machel, assumed the office of President of the Republic and of the FRELIMO Party in 1986. His leadership at the helm of the FRELIMO Party and of Government advanced 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 the Joaquim Chissano Foundation dealing with matters of peace, development and culture, of which he is the Chairperson. He also established the Africa Forum for Former African Heads of State and Government of which he 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 member of the board of several international institutions, notably the Club de Madrid, The Hunger Project, International Crisis Group, and Nelson Mandela Institution (for Science & Technology).

Fikile De Buck (46), BA (Economics), FCCA (UK) – 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 (39) BSc (Advanced Biochemistry), MBA, Doctorate in Business Administration, Independent non-executive director. Simo has been a director of Harmony since October 2002. He also serves as non-executive chairman of PIKITUP Johannesburg (Pty) Ltd and as a non-executive director of Trans-Caledon Tunnel Agency. He resigned as the chief executive of Rand Water late in 2005 and joined Lonmin Platinum Ltd as Shared Business Services Advice President.

Modise Motloba (40) BSc, Diploma in Strategic Management, Baruch College, New York – Independent non-executive director (appointed July 2004). 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 the 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 Services 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 a leader who made a lasting contribution in the investments arena and 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 NAFCOC/ 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 (67) BSc (Eng), MBA, ISMP (Harvard) – Independent non-executive director. Cedric 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 Natal University's Development Foundation and as a member of the Council of that university. He joined the Tongaat-Hulett Group Ltd in 1977 as managing director of Tongaat Foods and thereafter progressed to Executive Chairman of the Building Materials Division; he became chief executive officer of the group in 1991; and, in May 2000, he assumed the dual roles of chief executive officer and executive chairman. He is currently non-executive chairman of the group and serves on a number of other boards including those of the Nedbank Group, Datatec Limited and Kumba Resources.

MANAGEMENT

Bob Atkinson (54), NHD (Metalliferous Mining). In the 2004 financial year, Bob was the Chief Operating Officer at Harmony Gold Australia and was appointed as Executive, Sustainable Development (Safety and Occupational Health) at Harmony in South Africa in July 2004. He serves as Operations Director of Growth Projects. He has more than 30 years' experience in the mining industry. He joined Harmony as a production manager in 1986 and served as Operations Manager on the Executive Committee from June 2001 to May 2003.

Jaco Boshoff (36), BSc (Hons), MSc (Geology), PrSciNat. Jaco has been with Harmony since April 1996. Since March 2004, he has served as an Ore Resources Executive and Competent Person. Prior to this appointment, he was the Ore Reserve Manager from 1998 to 2004 and before that held geologist positions 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 over 10 years.

Graham Briggs (51), BSc (Hons) (Geology), PrSciNat. Graham has some 30 years' experience in the mining industry. He joined Harmony as New Business Manager in 1995 and is currently the Chief Executive of Harmony Australia and the Regional Manager for Australasia. He started his career in geology as a field assistant in 1972 and had exposure to various exploration projects. Before attending university, Graham spent most of his time on gold exploration in the Free State, South Africa. At Gengold he spent time on various mines in South Africa including Buffelsfontein, West Rand Consolidated, Grootvlei and ended his career with Gengold as an ore reserve manager at Beatrix. He has had a varied career at Harmony including a 20-month period in Canada, but the focus has been on matters relating to ore reserve management.

Tracey Jonkheid (35), BA Communication (Hons) (cum laude), MBA. Tracey has served as Harmony's internal strategist on a full-time basis since May 2002, in which capacity she advises the Executive Committee on implementing and integrating initiatives for internal change. She fulfilled this role as an external consultant on a part-time basis for 18 months prior to May 2002. Her background is in the advertising industry where she has worked as a strategist at four of South Africa's largest advertising agencies. Tracey is the company's Executive, Marketing. Tracey resigned on 1 August 2006.

Philip Kotze (45), GDE (Mining Economics) (Wits), NHD (Metalliferous Mining) (Wits), DPLR (UNISA), MDP (Wits Business School). Philip started his career with Anglovaal in 1981. After completing a NHD in Metalliferous Mining in 1984, he joined Anglo American's Gold and Uranium Division. During this period he was involved in a number of major projects. These included the establishment of mechanised deep-level mining and the restructuring of operations to optimum profitability. He left AngloGold (as Anglo American's Gold and Uranium Divison was then known) at the end of 1996 and was responsible for starting up Kalahari Goldridge Mining Company, a low-grade open-pit gold mine in the Kalahari, South Africa. He was responsible for building the mine to design capacity and served as executive director. During 1999, following Harmony's acquisition of Kalgold, Philip became part of the Harmony Executive Committee. His role in Harmony has been operational in nature and has mainly been focused on the integration of new acquisitions. He accepted the position of Executive, Investor Relations when Ferdi Dippenaar resigned in December 2005.

Jackie Mathebula (35), BAdmin (Hons), MBA. Jackie joined Harmony in September 2002 as an Employee Relations and Industrial Relations Executive. In 2004 his portfolio was changed to that of Training, Human Resource Development and Occupational Health, and in 2005 to the position of Executive, Corporate Affairs. Prior to joining Harmony, he was a general manager in human resources for Gensec Bank, a human resources manager at Gold Fields Ltd and he also occupied various positions within the then Iscor group (now Mittal Steel South Africa). His last position at Iscor was that of works manager, human resources for the specialised steel products business. He also worked for the South African government in the Gazankulu Public Service Commission.

De Wet Schutte (35), BComm (Acc), BCompt (Hons), CA(SA) and Executive Program University of Virginia (USA).
De Wet joined Harmony in May 2004 and is responsible for Exploration and New Business Development. Before joining Harmony, De Wet spent seven years at Iscor Ltd (now Ispat Iscor) in various positions including those of general manager, corporate finance. He also brings experience from Metair Ltd where he served as group financial manager.

Peter Steenkamp (46), BSc (Eng), Mine Managers Certificate. Peter currently serves on the Executive Committee as Chief Operating Officer. Peter joined Harmony in October 2003 following the merger with ARMgold. Prior to joining Harmony, he was an executive director of ARMgold in charge of Gold Operations. Peter has 21 years' experience in the mining industry. He started his career as a trainee miner with the Chamber of Mines Training College and after graduating he worked for Gold Fields as a shift boss. He then joined Vaal Reefs (an operation in Anglo American's Gold and Uranium Division) in 1989, occupying various positions including those of shift boss, mine overseer, technical assistant, section manager and business unit manager until 1997. The following year he began working for ARMgold as a business unit leader.

Boetie Swanepoel (46), BCompt (Hons), CA(SA). Boetie joined Harmony from Beatrix Mine in 1995 as Financial Manager. He has more than 21 years' financial services experience, mostly in the mining industry. He was appointed to the Executive Committee in November 2000 and is responsible for the development of Harmony's shaft financial managers, the financial control environment and the service delivery departments.

Marian van der Walt (33), BCom (Law), LLB, Higher Diploma in Tax, Diploma in Corporate Governance, Diploma in Insolvency Law, Certificate in Business Leadership. Marian has 10 years of legal experience and was appointed as Company Secretary on 3 February 2003. She completed her articles at Routledges 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 and Legal and Compliance (which includes risk management) was added to her portfolio in January 2006.

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 operational level. Subsequent to that he was appointed as Group Financial Manager in 2001, before being relocated in 2003 to his current position at Harmony Australasia as Chief Financial Officer.

Abre van Vuuren (46) 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 Human Resource Processes and Systems and Remuneration. He has approximately 21 years' experience in the mining industry.

CORPORATE GOVERNANCE

We at Harmony recognise that our continued success depends on the highest levels of integrity across all sectors of our business. We want all 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. Corporate governance is not just a check-list at Harmony; our aim is to 'live' by the spirit and principles of the company's codes of corporate governance.

Harmony acknowledges the Constitution of South Africa as the supreme law of the country and is committed to the principles of sound corporate governance. The company is satisfied that it complies with the listings requirements of the JSE Limited (primary listing) and the other exchanges on which the company is listed, and substantially complies with the recommendations of the King Report for Corporate Governance for South Africa, 2002 (King II). As a foreign issuer registered with the Securities and Exchange Commission (SEC) in the United States, Harmony is also bound to comply with Section 404 of the Sarbanes-Oxley Act of 2002.

Board of directors

The Harmony Board of Directors takes its responsibility seriously to act in good faith, with due diligence and care, and to supervise and monitor so that good corporate governance forms an integral part of the management of the company. The board places great emphasis on enterprise risk management as a cornerstone of its internal control mechanisms and is satisfied that risk management has become a part of the daily running of Harmony, in all disciplines and at all levels.

The board and each board committee has its own charter. These give the board and the committees clear guidance on their roles and responsibilities and how to achieve the balance between performance in the interests of the company and conformance with the principles of corporate governance. These charters are reviewed on an annual basis to ensure that the conduct of the board and its committees are in line with the latest governance requirements. The board charters are available on the company's website at www.harmony.co.za.

Board structure

Harmony has a unitary board structure, comprising nine directors, with a balance between executive (two) and non-executive (seven) directors. Of the seven non-executive directors, five are independent as defined by King II. Harmony has no shadow or alternate directors.

The company believes that the non-executive and independent directors are of sufficient calibre 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 the gender and racial mix of its members and believes that it has achieved an acceptable balance. The details of our directorate are set out under the heading Directorate on page 100.

Meetings

The board, in terms of its charter, is required to hold regular meetings (on at least a quarterly basis) so as to monitor important issues and to meet its objectives. All board members are required to attend all board meetings. Four board meetings were held during the year. See table on page 109 for attendance of meetings.

Chairman and chief executive

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

Board Charter

The board's fiduciary duties are dealt with in Harmony's board charter, which serves as guidance to each member of the board regarding the purpose and role of the board, its responsibilities, its authority, composition, meetings and 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 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 South Africa, London, Paris, Brussels and the USA (Nasdaq and the NYSE). In addition to King II, the Sarbanes-Oxley Act imposes additional prohibitions and responsibilities on all Harmony's directors. A more comprehensive report on Harmony's compliance with the Sarbanes-Oxley Act appears on page 133.

The board accepts responsibility for monitoring and supervision of executive management and the induction of new or inexperienced directors. As part of the company's induction programme each new director is personally 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 the company's auditors, KPMG) and the JSE Listings Requirements. This induction is also extended to directors' appointments to various committees. Non-executive directors are invited to visit Harmony's operations at their convenience and attend management meetings at their discretion. The company secretary and other specialists also perform additional briefings as circumstances require or as requested by board members.

The board has the authority to delegate matters, with the necessary written authority, to management and these matters are monitored and evaluated on a regular basis. Board members have unrestricted access to all group information, records, documents and to management should they wish to discuss any matter independently of the executive directors. If necessary, a board member may take independent professional advice at the group's expense.

DUTIES AND RESPONSIBILITIES: THE BOARD

Duties

- To establish and administer the group's system of corporate governance.
- To adopt a written statement of its own governance principles and regularly re-evaluate them.
- To exercise leadership, enterprise, integrity and judgement based on fairness, accountability, responsibility and transparency.
- To determine the group's purpose, values and stakeholders and to develop strategies to achieve its purpose, implement its values and satisfy its shareholders.
- To evaluate the performance of the board and prospective directors through the Nomination and Remuneration committees.
- To ensure that the group complies with all the relevant laws, regulations and codes of best business practice.
- To ensure that the group operates ethically by adopting and regularly reviewing and updating the group's Code of Ethics.
- To make a statement at the end of each financial year that they believe that the group will be a going concern in the year ahead.

Responsibilities

- Providing direction to and equipping management to formulate a strategic planning process and to adopt the recommended strategic plan.
- Monitoring of group policies.
- Appointment of the chairperson, provision of guidance on the appointment of directors and other senior executives, including the chief executive officer and secretary.
- Consideration of the issue of succession of directors and senior management, as referred by the Nomination Committee.
- Formulation and monitoring of a group-wide delegation of authority framework.
- Identification of the principal risks and key performance indicators of the group's businesses and ensuring the implementation and regular evaluation of systems to manage those risks through a Risk Management Committee.
- Ensuring 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 funds mobilisation policies and strategies, including those relating to procurement and capital expenditure.
- Manage conflicts of interest and independence issues.
- Monitoring and supervision of executive management.
- Ensuring that an adequate budgeting and planning process exists and that performance is monitored against budgets and plans.
- Providing accountability: 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.
- Addressing the adequacy of employee retirement and health care benefits and funding.
- Ensuring that the group has an effective affirmative action plan.
- Reviewing, monitoring and approving the strategic direction with regard to IT solutions.
- Protection of assets and reputation.
- Providing orientation and ensuring adequate training for directors.
- Implement meaningful communication and integrated financial and relevant other reporting to its shareholders.
- To ensure on an annual basis that the corporation will continue as a going concern for its next fiscal year.

Internal control

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. The procedures and systems which act as checks and balances on the provision and gathering of information are reviewed by the board from time-to-time. The Sarbanes-Oxley compliance project, of which the first three phases were completed during the year, has added value in ensuring that Harmony's controls are sound and that any deficiencies are addressed and that any control deficiencies are remedied. Harmony has started a company-wide project to improve its standards, policies and procedures in respect of internal control: project teams have been formed at operational and service levels to assist with the updating of various standards, policies and procedures. An adequate budgeting and planning process exists and performance is monitored against these budgets and plans.

Self-assessment

The board is required to conduct a self-assessment or self-evaluation annually. The chairman is required to assess the performance of the individual board members and the board is required to evaluate the chairman, based on several factors, which include expertise, inquiring attitude, objectivity and independence, judgement, understanding of Harmony's business, understanding and commitment to the board's duties and responsibilities, willingness to devote the time needed to prepare for and participate in committee deliberations, timely responses and attendance at meetings. A board effectiveness survey was launched in June 2006, the results of which will be presented during the coming year.

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 148. The number of share options held by the executive directors during the financial year are detailed in the Directors' Report on page 145.

Non-executive directors

None of the non-executive directors has service contracts with Harmony. The non-executive directors are entitled to fees as agreed at Harmony's annual general meeting (AGM) from time to time, reimbursement of out-of-pocket expenses incurred on Harmony's behalf and remuneration for other services, such as serving on committees. Currently, each non-executive director is entitled to R20 000 per quarter, plus R5 000 per quarter for every committee on which he/she serves. Non-executive directors do not qualify for share options.

The Remuneration Committee has agreed to an increase in directors' fees for the 2007 financial year, subject to approval by shareholders. The proposed new fee schedule is set out in the notice of meeting.

Harmony's Chairman, Patrice Motsepe, was involved as a related party in the sale of Harmony's holding in African Rainbow Limited (ARM) to the ARM Broad-Based Economic Empowerment Trust of which Harmony and ARM Limited are trustees, with Nomfundo Qangule and Frank Abbott representing each company respectively.

Frank Abbott was also a director of Village Main Reef Gold Limited, at the time that Harmony purchased ARM Limited's 37.8% holding in that company in June 2006.

The company is not aware of any other directors, or their families, 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 one-third of directors 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 general meeting of shareholders, Dr Simo Lushaba and Mr Modise Motloba will retire by rotation. These directors have made themselves available for re-election and a summary of their CVs appears on pages 100 and 101 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 executive directors is exempt 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.

NON-EXECUTIVE DIRECTORS' ATTENDANCE AT BOARD MEETINGS FY06

	Board
Number of meetings held	4
Directors	
Patrice Motsepe (Chairman)	4
Frank Abbott	4
Joaquim Chissano	4
Fikile De Buck*	0
Dr Simo Lushaba	4
Modise Motloba	4
Cedric Savage	4

** Fikile De Buck was only appointed on 30 March 2006.*

The various board committees are as follows:

AUDIT COMMITTEE

Members	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

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, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards; and to provide 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 fulfils the following 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, the financial accountant, the company secretary and the executive: new business are invited to each meeting to answer any questions posed by the members of the committee. Frank Abbott, a non-executive, is also invited to every 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 the Sarbanes-Oxley Act. However, the Audit Committee members through their collective experience meet a majority of the definitions of the SEC for an 'Audit Committee financial expert' in both the private and public sectors. The members have served as directors and officers of numerous public companies and have over the years developed extensive experience, knowledge and understanding of generally accepted accounting principles, in overseeing the preparation, audit and evaluation of financial statements. Harmony believes that the combined knowledge, skills and experience of the Audit Committee, and their authority to engage outside experts as they deem appropriate to provide them with advice on matters related to their responsibilities, enable them, as a group, to act effectively in the fulfilment of their tasks and required responsibilities.

Their attendance of meetings is shown in the table on the previous page.

The Audit Committee is reviewed on an ongoing basis to ensure that the committee's duties and responsibilities are aligned with the requirements of and developments regarding corporate governance. The Audit Committee complies fully with its charter.

Responsibilities of the Audit Committee as set out in the Audit Committee Charter

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

- The Audit Committee and the Risk Management Committee must 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.
- The Audit Committee must 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 among management and the external auditor in connection with any external audit report.
- Evaluate the performance of the external auditor.

Financial and 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.

Process improvement

- 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 as to appropriateness of such judgements.
- Review with the external auditor, the internal auditing department and management the extent to which changes or improvements in financial/accounting practices or 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.)

Ethics and legal compliance

- Review compliance with all laws, regulations, ethics, policies and rules.

Responsibilities of the Audit Committee as set out in the Audit Committee Charter cont.

- Review significant cases of employee conflicts of interest, misconduct, or fraud and the resolution of the cases.
- Review the internal audit's 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.
- Ensure that management has the proper review system in place to ensure that any activities, reports and other financial information disseminated meets 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.

Internal control

- Understand the company's key risk areas and the internal control structure. The committee should monitor the control process through the results of audits executed by the internal and external audit functions. The 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 the extent to which resources are utilised in an efficient and economical manner and programmes 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

- 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 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

- The Audit Committee must report and make recommendations to the board regarding any issues that may arise. The main board retains responsibility for implementing such recommendations.

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 required mix of skills of the board, 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 backgrounds, 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 to attend the annual general meeting and be prepared to answer questions concerning the appointment of executive and non-executive directors.

NOMINATION COMMITTEE

Members	Independent non-executive	Period
Patrice Motsepe	No	24 October 2003 to date
Nolitha Fakude*	Yes	1 January 2004 to 30 March 2006
Frank Abbott	No	5 August 2005 to date
Joaquim Chissano	Yes	3 May 2003 to date

** Nolitha Fakude resigned on 30 March 2006 due to her increased responsibilities as executive of a listed company.*

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 to review succession planning of directors. The duties and responsibilities of this committee are set out in the Nomination Committee Charter, with which the committee complies fully.

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

REMUNERATION COMMITTEE

Members	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

** Patrice Motsepe resigned as chairman of the Remuneration Committee on 2 May 2006 to comply with corporate governance recommendations regarding the independence of the Remuneration Committee chairman. He remained as a member of the Remuneration Committee.*

In October 2005, the board resolved that the Remuneration Committee should meet at least quarterly. The Remuneration Committee comprises three independent non-executive directors. 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, 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 outcomes of their decisions and who will give due regard to the interests of the shareholders and to the financial and commercial health of Harmony. The Remuneration Committee's primary objectives are to serve as a party 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.

Duties and responsibilities of the Remuneration Committee

- Annual review of remuneration policies for senior executives and directors.
- Annual review of the basis of calculation of senior executives' and directors' remuneration to ensure that it is reasonable.
- Review of current industry practice and professional executive recruitment organisations' publications.
- Review of the different methods of remunerating senior executives and directors.
- Review of existing and proposed fringe benefits and share option schemes;
- Review of retirement and termination payments.
- Review of related party transactions and disclosure, if any.
- Make recommendations to the board on remuneration packages and policies applicable to the 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.

Duties 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 they 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.

Duties and responsibilities of the Empowerment Committee

- Ensuring 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.
- Auditing and monitoring the development and progress of empowerment within the company.
- Addressing inequalities that may exist in staff profiles and organisational practices.
- Reviewing and monitoring whether appropriate support is given to previously disadvantaged staff in order to equip them for successful careers in the company.

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

Three meetings were held during the financial year, at which a majority of the members were present. The objectives, role, responsibilities, authority, membership and meeting requirements of the committee are set out in the Remuneration Committee's charter, with which the committee complies fully.

SUSTAINABLE DEVELOPMENT COMMITTEE

Member	Independent non-executive	Period
Modise Motloba (chairman)	Yes	5 August 2005 to date
Nolitha Fakude*	Yes	24 January 2003 to 30 May 2006
Joaquim Chissano	Yes	3 May 2006 to date
Fikile De Buck	Yes	3 May 2006 to date

* *Read together with table on page 145 regarding directorate appointments, resignations and retirement.*

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 sustainable development issues as, in particular, health and 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 which were attended by a majority of the members. (See the attendance table on page 109.)

EMPOWERMENT COMMITTEE

Member	Independent non-executive	Period
Nolitha Fakude *	Yes	26 January 2004 to 30 May 2006
Joaquim Chissano (chairman)	Yes	3 May 2006 to date
Modise Motloba	Yes	30 July 2004 to date
Bernard Swanepoel	No	3 May 2006 to date

* *Read together with table on page 145 regarding directorate appointments, resignations and retirements.*

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 complies fully with its charter.

The responsibilities and duties of the Empowerment Committee include meeting at least once a year or more often should the need arise. One meeting was held in FY06 and it is planned that in future this committee should meet on a quarterly basis.

INVESTMENT COMMITTEE

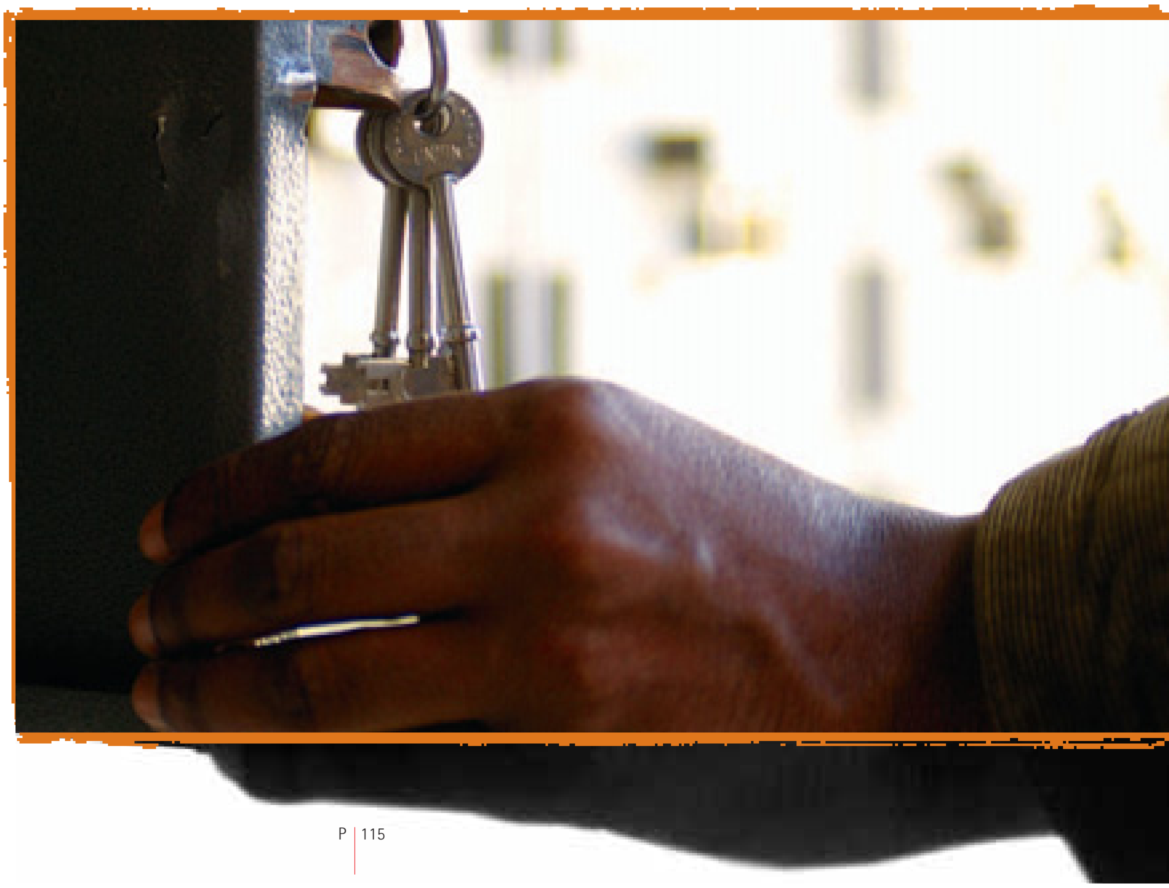
Members	Independent non-executive	Period
Dr Simo Lushaba (chairman as from 5 August 2005)	Yes	26 January 2004 to date
Frank Abbott	No	30 July 2004 to date
Fikile De Buck	Yes	3 May 2006 to date
Cedric Savage (former chairman)	Yes	26 January 2004 to date

The Investment Committee was established to focus on annual capital projects, strategic and operational plans and any acquisitions, thereby assisting the board with regard to these matters. The primary purpose of the Investment Committee is to ensure that the capital projects have been adequately reviewed and budgeted for, due diligence and any other procedures for mergers and acquisitions have been followed, and cognisance has been taken of BEE requirements.

The Investment Committee has four non-executive members, three of whom are independent. The committee meets at least twice a year, but may, at its discretion, meet more often depending on the circumstances. The Investment Committee's terms of reference set out the purpose, responsibilities and duties, authority, membership and frequency of meetings of the committee. This committee complies fully with its charter.

Duties and responsibilities of the Investment Committee

- Considering the viability of the capital project and/or acquisition and the effect it may have on the company.
- Making recommendations to the board as to whether or not to proceed with a particular capital project. During significant mergers and acquisitions the following shall be considered:
  - auditing and monitoring the development and progress of investments;
  - ensuring that due diligence procedures have been followed; and
  - reviewing the due diligence procedures.



Five Investment Committee meetings were held during the financial year.

Company secretary

Harmony's Company Secretary, Marian van der Walt, plays a pivotal role in the achievement of good corporate governance and the board has empowered her accordingly. The company secretary supports the chairman in:

- ensuring the effective functioning of the board;
- providing guidance to the chairman and 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 interest of Harmony, discharge these responsibilities and duties; and
- raising matters that may warrant the attention of the board.

Marian van der Walt is also the executive responsible for legal matters, compliance and risk management and she ensures compliance with all relevant statutory and regulatory requirements, having due regard for the specific business interests of Harmony. In addition, she assists in carrying out corporate strategies by ensuring that the board's decisions and instructions are clearly communicated to the relevant persons, and is available to provide a central source of guidance and advice within Harmony on matters of ethics and good governance.

Management committees

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

Committee name	Dealing with:
Brand Committee	Deals with all matters relating to the Harmony brand. Meets monthly.
Ethics Committee	Reviews gift registers on a quarterly basis and discuss matters relating to ethics in the company. Instituted in May 2006.
Exco Committee	The executive committee meets on a monthly basis to discuss company strategy, operational results and major projects.
Mining Rights Conversion Committee	Oversees the mining rights conversion process. Instituted in February 2006, and required to meet monthly.
Operational Review Committee	Oversees the execution of detailed shaft plans, employee relations, procurement, costs and cash flows.
Ibandla (which means 'Meeting of leaders')	The Ibandla deals with all operational issues and safety. This meeting is held monthly and attended by mine managers, the chief executive and the financial director.

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 II Report. The features of this process are outlined in the group's Risk Policy Framework. All group divisions, operations and processes are subject to the risk policy 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 exposures. 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 our business environment, as well as take informed decisions in conditions of uncertainty. Risk registers have been rolled out at most of our operations, making it easier for the identification of the various risks and opportunities within Harmony. The subject of risk has been included as an agenda item for management meetings.

An Enterprise Risk Management Committee was established in April 2005. This committee consists of the financial director, the chief risk officer, the company secretary, the group engineer and the treasurer (responsible for insurance). The committee meets quarterly 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.

A succession plan is also in place, should circumstances arise that may have a substantial influence on the company's management structure.

Risk factors

As part of its risk management process, Harmony has identified the following risk factors. Also as part of this process, Harmony has put in place measures to limit and mitigate these risks, as far as this is possible and practicable. These risks are reported in the company's Form 20F which is filed with the US Securities Exchange Commission (SEC) and, in the interests of comprehensive and good disclosure, we report on these risks in this annual report as well.

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

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

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

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities.

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

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

PRICE PER OUNCE

Year	High ($)	Low ($)	Average ($)
1996	418	378	398
1997	390	330	360
1998	339	276	308
1999	305	357	331
2000	338	252	295
2001	298	254	276
2002	330	264	297
2003	389	302	345
2004	431	340	385
2005	457	389	423
2006 (through to 12 September)	730	418	574

On 30 June 2006, the afternoon fixing price of gold on the London Bullion Market was $614 per ounce. On 13 September 2006, the afternoon fixing price of gold on the London Bullion Market was $590.70 per ounce.

While the aggregate effect of these factors is impossible for Harmony to predict, if gold prices should fall below Harmony's cash operating cost of production and remain at such levels for any sustained period, Harmony may experience losses and may be forced to curtail or suspend some or all of its operations. In addition, Harmony would also have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate reserves. Harmony's average cash operating cost of production per ounce of gold sold was approximately R93 968/kg in FY06, R81 839/kg in FY05 and R79 599/kg in FY04.

As most of Harmony's production costs are incurred in rands and the gold we produce 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.

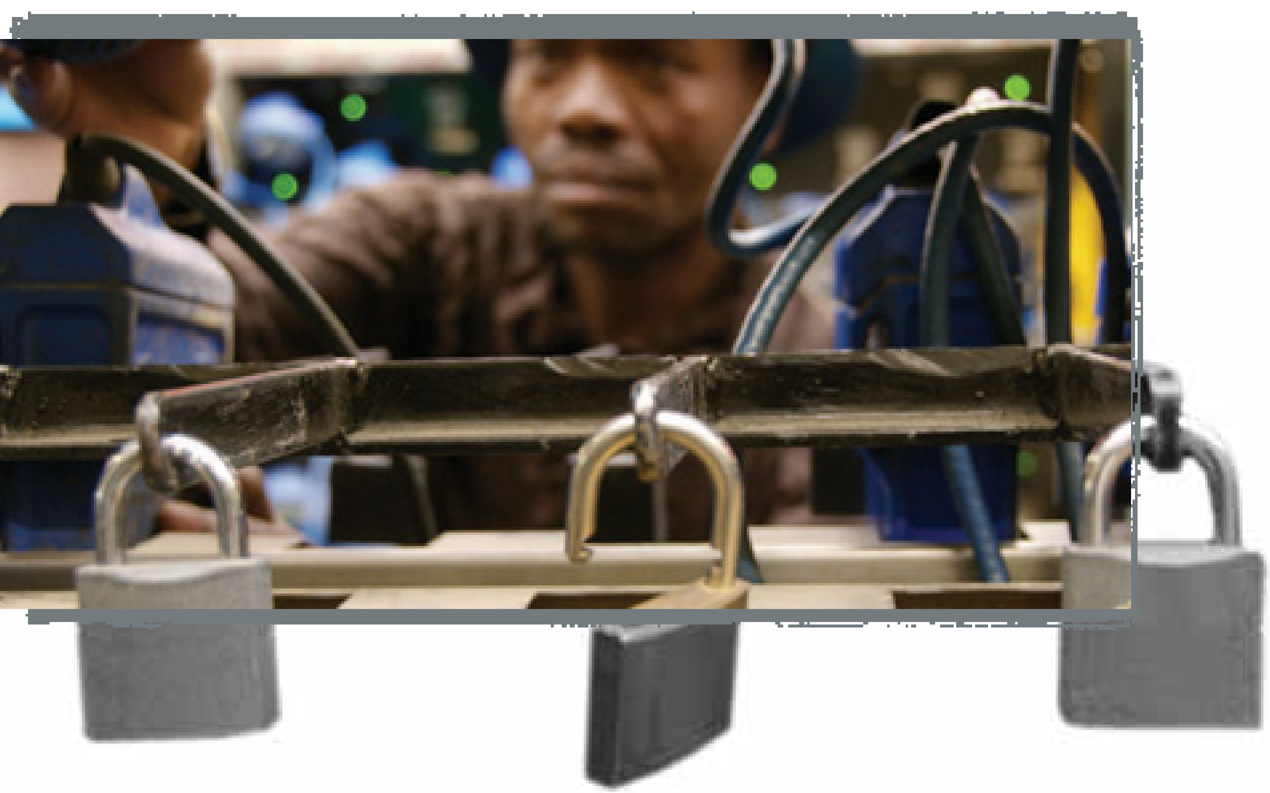
Gold is sold throughout the world in US dollars, but most of Harmony's operating costs are incurred in rands. As a result, any significant and sustained appreciation of the rand against the US dollar will serve to materially reduce Harmony's rand revenues and overall net income.

The rand depreciated slightly overall in FY06 after having appreciated significantly against the US dollar generally since the end of calendar year 2001. The latter appreciation followed a period of significant depreciation against the US dollar between 1997 and 2001. Harmony's operating environment has been severely influenced by the stronger rand, which has appreciated 30% against the US dollar since 2002, and has had a negative impact on the company's short-term profitability.

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

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

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



As at 30 June 2006, Harmony's mining operations reported total proven and probable reserves of 56.2Moz. If Harmony is unable to acquire additional gold producers or generate additional proven and probable reserves at Harmony's existing operations or through its exploration activities, Harmony cannot be certain that it will be able to expand or replace its current production with new reserves in an amount sufficient to guarantee its mining operations beyond the current life of its reserves.

Estimates of Harmony's gold reserves are based on several assumptions, including those related to mining and recovery factors, future cash costs of production and the price of gold, and may yield less gold under actual production conditions than currently estimated.

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

Since ore reserves are only estimates that Harmony makes based on the above factors, Harmony may in future need to revise these estimates. In particular, if Harmony's cash costs of production increase (whether in terms of the rand, the Australian dollar, or in relative terms due to the 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.

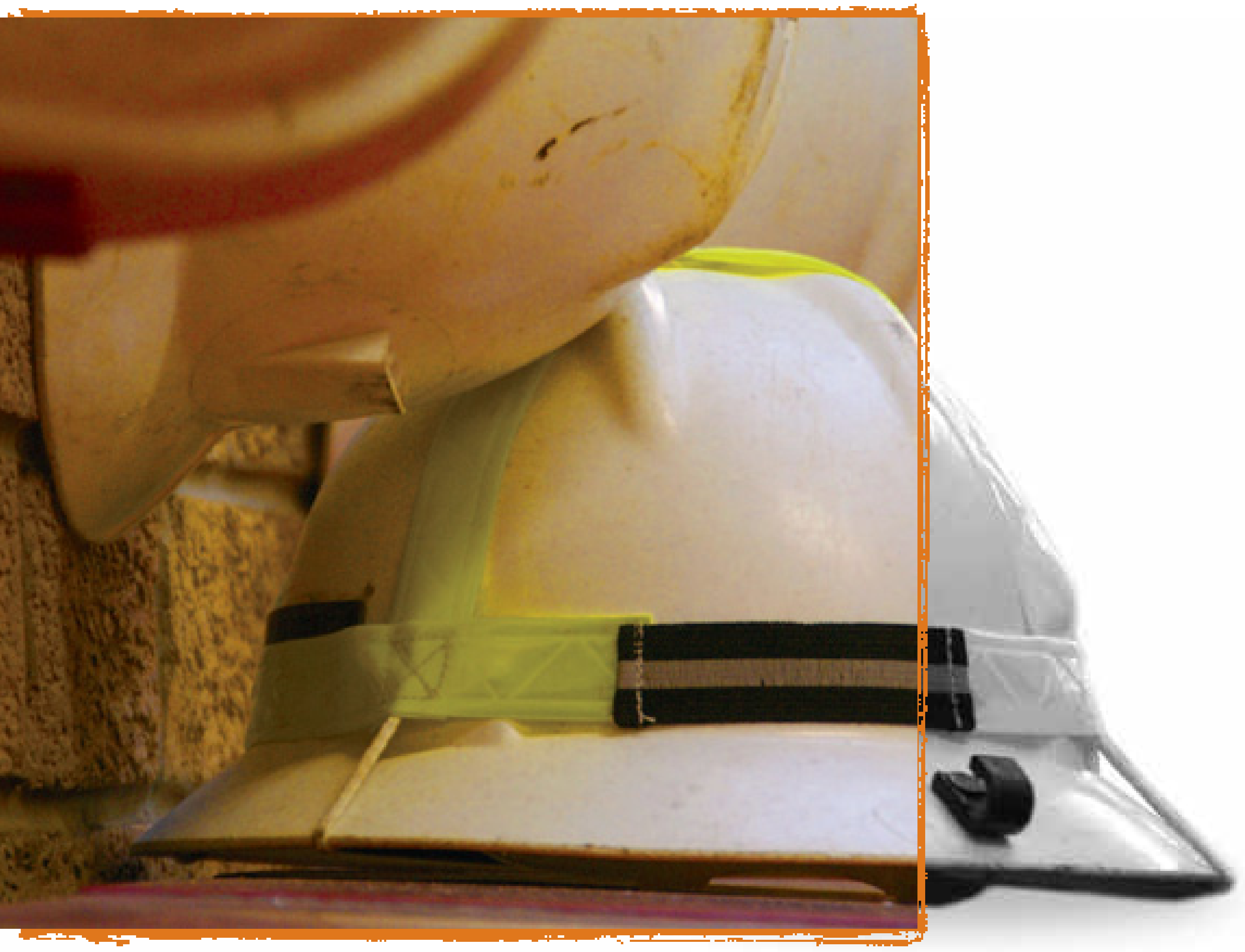
To maintain gold production beyond the expected lives of Harmony's existing mines or to increase production materially above projected levels, Harmony will need to access additional reserves through exploration or discovery.

Harmony's operations have limited proven and probable reserves, and exploration and discovery are necessary to maintain current gold production levels at these operations. 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 Harmony's proven and probable reserves. To access additional reserves, Harmony will need to successfully complete development projects, including extending existing mines and, possibly, developing new mines. Development projects would also be necessary to access any mineralisation discovered by exploration in Australasia. Harmony typically uses feasibility studies to determine whether or not to undertake significant development projects. Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about:

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



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

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

- the availability and timing of necessary environmental and governmental permits;
- the timing and cost necessary to construct mining and processing facilities, which can be considerable;
- the availability and cost of skilled 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 operation mines, as well as a number of prospective known gold mineralised regions around the world. During FY06, the bulk of exploration expenditure was allocated to activities in Australia, PNG 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.

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

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

- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining the financial and strategic focus of Harmony while integrating the acquired business;
- problems in implementing uniform standards, controls, procedures and policies;
- increasing pressures on existing management to oversee a rapidly expanding company; and
- to the extent Harmony acquires mining operations outside South Africa or Australia, difficulties may be encountered relating to operating in countries in which Harmony has not previously operated.

Any difficulties or time delays in successfully integrating new acquisitions may have a material adverse effect on Harmony's business, operating results, financial condition and share price.

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

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

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

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

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

Hazards associated with waste-rock mining include:

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

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

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

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

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

Harmony's operations have been materially affected by inflation in recent years. Even though the inflation rate has decreased over the last three years, working costs and especially wages have increased above inflation over the past three years resulting in significant cost pressures on the mining industry. Harmony's profits and financial condition could also be affected adversely in the absence of a concurrent devaluation of the rand and a decrease 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 changes in South Africa, Australia, PNG, or any other country in which we operate, and the impact which 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.

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

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

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

Since Harmony's South African labour force has substantial trade union participation, Harmony faces the risk of disruption to its operations arising 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. Due to the high level of union membership among Harmony's employees, approximately 86%, Harmony is at risk of having, and did experience in fiscal 2005 for example, production stoppages for indefinite periods due to strikes and other labour disputes. Significant labour disruptions have affected our operations and financial condition and we are not able to predict whether or not we will experience significant labour disputes in the future.

Our production may also be materially affected by labour laws. South African labour laws regulate work time, provide for mandatory compensation in the event of termination of employment for operational reasons, and impose large monetary penalties for non-compliance with administrative and reporting requirements in respect of affirmative action policies, and could result in significant costs. In addition, future South African labour legislation and regulations may further increase our cash costs of production or alter our relationship with our employees. Harmony may continue to experience significant changes in labour law in South Africa over the next several years.

HIV/Aids poses risks to Harmony regarding productivity and costs.

The incidence of HIV/Aids in South Africa and PNG, which is forecast to increase over the next decade, poses risks to Harmony in terms of potentially reduced productivity and increased medical and other costs. Harmony expects increases in the incidence of HIV/Aids infection and HIV/Aids-related diseases among the workforce over the next several years and this 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 healthcare 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 may increase in future depending on changes in the nature of underlying legislation and the profile of Harmony's employees. This increased cost, should it transpire, is currently indeterminate. Harmony has embarked on a number of interventions focused on improving the quality of life of Harmony's workforce, although there can be no guarantee that such initiatives will not be adversely affected by increased costs. See the section on Health on page 36 in the Sustainable Development report.

Laws governing mineral rights ownership have changed in South Africa.

Harmony is governed by the South African Mineral and Petroleum Resources Development Act 2002, or Minerals Act. The principal objectives set out in the Act are:

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

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

The principles contained in the Mining Charter relate to the transfer of 26% of South Africa's mining assets to historically disadvantaged South Africans, or HDSAs. Under the Mining Charter, the South African mining industry has committed to secure the financing to fund participation by HDSAs. The Mining Charter provides for the review of the participation process after five years to determine what further steps, if any, are needed to achieve the 26% target participation. The Mining Charter requires programmes for black economic empowerment and the promotion of value-added production, such as jewellery-making and other gold fabrication, in South Africa. The Mining Charter also sets out targets for broad-based black economic empowerment in the areas of human resources, skills development, employment equality, procurement and beneficiation. In addition, the Mining Charter addresses other socio-economic issues, such as migrant labour, housing and living conditions.

Harmony actively carries out mining and exploration activities in all material areas of its mineral rights. Three of Harmony's operations have been granted their mining licences. We have applied for new licences over all of our existing operations and await approval. We have taken steps to comply with the provisions of the Mining Charter and the MPRDA, such as promoting value-added production, exploring black empowerment initiatives and increasing worker participation. We expect more costs involved in compliance with the Mining Charter to lead to increased cash operating costs, which may have an adverse impact on the profits generated by Harmony's operations in South Africa. However, many positive intrinsic benefits have flowed to the company, in keeping to the spirit of the charter.

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

In Australia, most mineral rights belong to the government, and mining companies pay royalties to government based on production. There are, however, limited areas where government has granted freehold estates without reserving mineral rights. Harmony's subsidiary, New Hampton, has freehold ownership of its Jubilee mining areas, but the other mineral rights in Harmony's Australasian operations belong to the Australian and Papua New Guinea governments and are subject to royalty payments. In addition, current Australian law generally requires native title approval to be obtained before a mining licence can be granted and mining operations can begin. New Hampton and Hill 50 have approved mining leases for most of their reserves, including all reserves that are currently being mined. Should New Hampton or Hill 50, or any of our initiatives in Papua New Guinea or other exploration areas, desire to expand operations into additional areas under exploration, these operations would need to convert the relevant exploration 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.

Harmony is subject to extensive environmental regulations.

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

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

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

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

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

Harmony cannot guarantee to pay cash dividends to its shareholders in the near future.

While it is the intention of Harmony to declare and pay cash dividends, it is its policy to only do so if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors, including the amount of cash available, and on capital expenditures and other cash requirements existing at that time. Under South African law, cash dividends may only be paid out of retained or current profits. We did not declare a cash dividend in FY06 and we cannot guarantee that cash dividends will be paid in the future.

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

Dividends or distributions with respect to Harmony's ordinary shares have historically been paid in rands. The US dollar equivalent of any dividends or distributions with respect to Harmony's ordinary shares would be adversely affected by potential future decreases in the value of the rand against the US dollar. As at the end of FY06, the value of the rand relative to the US dollar had decreased by 7.50% compared with the closing rate for FY05.

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

On 30 June 2006, Harmony had an aggregate of 1 200 000 000 ordinary shares authorised to be issued and, at that date, an aggregate of 396 934 450 ordinary shares were issued and outstanding. Harmony also has employee share option schemes. The employee share option schemes came into effect in 1994, 2001 and 2003 respectively. At 30 June 2006, options to purchase a total of 12 741 307 ordinary shares were outstanding. The exercise prices of these options vary between R22.90 and R93.00. As a result, shareholders' equity interests in Harmony are subject to dilution to the extent of the future exercises of the options.

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

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

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

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our cost of compliance.

Laws, regulations and standards relating to accounting, corporate governance and public disclosure, new SEC regulations, NYSE rules, JSE 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 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, our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations regarding our required assessment of our internal controls over financial reporting and our external auditors' audit of that assessment, requires the commitment of significant financial and managerial resources. Our independent auditors may be unable to issue unqualified attestation reports on management's assessment of the operating effectiveness of our internal controls over financial reporting should there be any material misrepresentation as a result of control deficiencies.

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.

Code of ethics

The Harmony Code of Ethics has been developed to respond to the challenge of ethical conduct in a business environment. The Code of Ethics goes beyond the company's legal and institutional responsibilities by formalising Harmony's values. The purpose of the code is to guide employees' behaviour, not to provide specific answers to every conceivable situation in the workplace.

We approached the development of the Code of Ethics in a fully inclusive manner, with broad consultation and information gathering at all levels of the company. Employees have been kept fully informed about the Code of Ethics and all employees are expected to comply with its contents. (The term 'employees' is used in the broadest sense and includes all staff with whom a service contract exists, including management, non-management, directors, contractors, consultants, suppliers and temporary staff.) Harmony's Code of Ethics can be viewed on the website: www.harmony.co.za

An Ethics Committee was formed in May 2006, which consists of the company secretary, the human resources executive and the executive operational finance. This committee is required to meet quarterly to monitor the gift registers and any reported unethical behaviour. The code of ethics is reviewed annually by the board.

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 personal dealings in Harmony shares by them or those by their concert parties to the company secretary. A formal clearance procedure in respect of directors' dealing in Harmony shares also exists.

Internal control and internal audit

Harmony has established an Internal Audit Function, which has been outsourced to KPMG Management Assurance Services. Internal Audit is an independent appraisal function established by the board to evaluate the adequacy and effectiveness of controls, disciplines, systems and procedures, within Harmony, in order to reduce business risks to an acceptable level in a cost-effective manner. In achieving its independent organisational status, the Internal Audit reports to the Audit Committee. The relationship between the Audit Committee and the Internal Audit Function encompasses reporting and oversight relationships.

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 etc., 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 minor matters, the board is satisfied that Harmony's internal controls are more than adequate in safeguarding its assets, preventing and detecting errors and fraud, ensuring the accuracy and completeness of accounting records, and preparing reliable financial statements.

Worker participation

Harmony has worker participation structures in place to deal with issues that affect employer/employee relations by encouraging 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

Accurate and reliable 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 Information Manual required in terms of the Promotion of Access to Information Act via the website.

Sustainable development report

An important development brought about through King II is the integration of financial and non-financial reporting, where the latter includes reporting on the economic, social and environmental impacts of the company, the so-called 'triple bottom line'. Harmony is pleased to report that it has qualified for the JSE's Socially Responsible Index for the third consecutive year.

As recommended by King II, 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 has adopted an incremental approach towards GRI reporting. An index indicating those areas that are reported on this year, those areas where the systems are not currently in place for reporting, and the areas that are not applicable to the company, is provided. Harmony's Sustainable Development Report for FY06 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

In terms of Section 302 of the act, 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, the 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 make known and available its required assertion about the adequacy of internal controls 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 the Act, Harmony's management has developed and is in the process of implementing an effective and efficient assessment process to manage reporting obligations in a way that will ensure public trust.

Such certification is required by the Act from the end of FY07 and the necessary processes are being implemented within Harmony to meet this deadline.

The Section 404 assessment process entails the following:

- Phase 1: Scoping
- Phase 2: Documentation
- Phase 3: Testing and Remediation
- Phase 4: Evaluation and Reporting

Phase	
Phase 1: Scoping	The scoping of significant accounts, disclosures and processes, which have an impact on the financial statements, is complete.
Phase 2: Documentation	The documentation phase is complete. Each documented process was reviewed at Control Group meetings held with the process owners. Thereafter, the Technical Review members reviewed the documented processes to establish whether internal controls were properly designed.
Phase 3: Testing and Remediation	The process for testing operating effectiveness is complete. Testing results were reviewed at Technical Review meetings held throughout the testing period. Testing and remediation were done simultaneously and all design and operating effectiveness deficiencies are being addressed, and appropriate corrective actions are being implemented. All deficiencies identified were evaluated and classified into categories such as: 1. internal control deficiencies, 2. significant deficiencies, and 3 material weakness deficiencies.
Phase 4: Evaluation and Reporting	Harmony's chief executive and chief financial officer will be required to confirm that the internal controls in Harmony are adequate and do not result in any material misstatements in the annual report in FY07.

The cycle of the Sarbanes-Oxley process is continuing with the updating of process documentation and testing of controls to ensure compliance by FY07. The roll-out of the project, which includes training and awareness creation, to the rest of the Harmony group has begun.

Although the prescriptions of the Sarbanes-Oxley are much publicised in the United States, Harmony has always subscribed to honest, transparent and timeous reporting.

Significant ways in which Harmony's corporate governance practices differ from practices followed by 115 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.

Statement of responsibility of the Board of Directors

The directors of Harmony are responsible for the preparation, integrity, and fair presentation of the financial statements of Harmony Gold Mining Company Limited (Harmony) and its subsidiaries. The financial statements presented on pages 154 to 232 have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the accounts include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all statements of IFRS considered 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. See page 133 for more information on Sarbanes-Oxley compliance. This risk management process was followed to the date of approval of the annual financial statements.

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

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

The group's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 153.

The financial statements were approved by the Board of Directors on 13 September 2006, and signed on its behalf by:

Z B Swanepoel
Chief Executive
Virginia, South Africa
September 2006

N V Qangule
Financial Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

The company and its subsidiaries

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

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 2006. These appear on pages 154 to 232 of this report. These financial statements have been prepared using appropriate accounting policies and conform to International Financial Reporting Standards, supported by reasonable and prudent judgements and estimates where required.

There was a significant improvement in performance due to the increase in cash operating profit which resulted from the higher gold price. Group revenue increased by 3% from R7.82 billion in the previous year to R8.04 billion in FY06. This was on the back of a significant increase in the rand gold price received, however kilograms produced decreased from 92 230kg in 2005 to 74 242kg in 2006.

Cash operating profits increased by 68% to R1.46 billion in FY06 (FY05: R869 million) resulting in a net loss of R525 million, compared with a loss of R3.21 billion in the previous year. Headline loss amounted to R1.06 billion (FY05: R1.24 billion loss), which is equivalent to a headline loss per share of R2.69 (FY05: R3.42 loss per share). The reduction in net loss can be attributed to an increase in revenue, a reversal on impairment of fixed assets of R216 million (FY05: impairment of R1 513 million), a profit on the sale of Gold Fields shares of R307 million (FY05: loss of R372 million) as well as a credit in employment termination and restructuring costs of R78 million (FY05: expenditure of R453 million).

Change in accounting policy

Capitalising mine development cost: During the financial year, the group retrospectively changed its accounting policy on the capitalisation of mine development cost.

Previously mine development costs were capitalised only until the reef horizon was intersected. Further costs to develop the orebody were expensed as normal cash operating cost. Under the revised accounting policy expenditure for all development incurred after intersecting the reef horizon that will give access to proven and probable ore reserves will now be capitalised. Capitalised costs are amortised over the estimated life of the proven and probable reserves to which the costs give access.

The Group believes that the newly adopted principle is more relevant and reliable because:

- it aligns its policy with those of its peers in the global mining industry;
- allows for a direct link between revenue and associated expenditure;
- allows for a better componentisation; and
- the additional costs capitalised under the revised policy meet the definition of an asset.

The impact of this adjustment on the net loss is fully disclosed in the notes to the financial statements (Please refer to note 1(c) of the financial statements, Change in accounting policy).

Implementation of new accounting policy

IFRS 2, Share-based payments: On 1 July 2005, the company adopted the requirements of IFRS 2, Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity-settled payments after 7 November 2002 that were unvested as at 1 January 2005. The company issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at fair value of the equity instruments at the date of the grant. The deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. The company used the binomial option pricing model in determining the fair value of the options granted.

The impact of this adjustment on the net loss is fully disclosed in the notes to the financial statements (Please refer to note 1(b) of the financial statements, Implementation of new accounting policy)

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 2006 are set out in the statements of shareholders' equity on page 156 of this report. Year-on-year the issued share capital of the company increased by R1 796 628 to R198 467 225.00 which is equal to 3 593 256 newly issued ordinary shares of 50 cents each. The increased amount is mainly owing 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 10 November 2006. Members, therefore, will be requested to consider resolutions at the forthcoming annual general meeting, placing under the control of the directors 10% of the then remaining unissued ordinary shares not required for purposes of the share option schemes.

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

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

Investments

A schedule of investments in subsidiaries, associates and listed and unlisted investments, appears on pages 230 to 232 of this report.

Contingencies

Action, in respect of silicosis claims, was instituted by 10 plaintiffs employed at Elandsrand mine in December 2004. The first defendant in these matters is Anglo American Corporation of South Africa Limited, 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. 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.

Movements in borrowings

On 16 June 2001, Harmony launched and priced an issue of senior unsecured fixed rate bonds in an aggregate principal amount of R1 200 million, with semi-annual interest payable at a rate of 13% per annum. The bonds were listed on the Bond Exchange of South Africa and were issued to settle existing debt and fund the purchase of Elandskraal and New Hampton. On 6 July 2005, a total of R281.7 million of the bond's notional value was repurchased at a cost of R294.6 million. The remaining balance of the bond was settled on 14 June 2006 at a total cost of R918 million.

On 9 March 2006, Harmony Gold Mining Company entered into a term loan facility of R1 000 million with Rand Merchant Bank, for the purpose of partially funding the acquisition of the 29.2% stake in Western Areas Limited. Interest is compounded at a rate equal to a three-month JIBAR plus 1.5%. The loan amount is payable on 13 March 2007 and interest is compounded monthly and payable quarterly from 13 June 2006.

On 5 April 2002, ARMgold entered into a term loan facility of R500 million with BOE Limited for the purpose of partially funding ARMgold's acquisition of shares in Freegold and loans made by ARMgold to Freegold in connection with the acquisition of mining assets from the then AngloGold Limited. The facility is collateralised by a pledge of the following:

- ARMgold's shares in Freegold;
- the proceeds to ARMgold from the exercise of call options of Harmony as set out in the Freegold Joint Venture Agreement;
- the proceeds to ARMgold of put options purchased by ARMgold to create downside protection on the gold price,
- all amounts owing to ARMgold by Freegold; and
- monies held to the account of the Distribution Account, being the account to which all distributions by Freegold to ARMgold in the form of the distribution on shares or repayments of interest or capital in respect of unsecured shareholder loans, must be credited. There were no balances on this account at 30 June 2005.

The loan was repayable over a four-year period in bi-annual instalments of R89 580 194, the first was on 31 December 2002 and the final instalment was settled on 30 June 2006. Interest was compounded monthly at a fixed rate of 15.49%

During the 2005 financial year Harmony entered into a number of transactions to dispose of the 19.5% investment held in ARM. These transactions included transactions in the open market to dispose of a 5.82% share in ARM on which a loss of some R213 million was recorded. In addition, Harmony disposed of the remaining portion of the investment in ARM to the ARM Broad-Based Economic Empowerment Trust (the Trust). As part of the various agreements put in place to arrange the sale of the shares to the Trust, Harmony has accepted terms which resulted in the majority of the risk not being transferred away from Harmony. This relates mainly to a "Put Option" whereby the loan of R480 million can be put to Harmony by Nedbank Limited in the event of default on any of the loans obtained by the Trust in acquiring the shares from Harmony. Based on accounting rules governing the accounting for SPEs it is required that Harmony consolidate the Trust and therefore the total Trust liability and the total investment in ARM is accounted for on the consolidated balance sheet, as the Trust is deemed to form part of the Harmony Group.

The value of the shares in the Trust have been written down to R29 per share which is the maximum realisable price under the terms of the agreement.

On 6 June 2006, the ARM Broad-Based Economic Empowerment Trust refinanced the shares held by the Trust, which resulted in the cancellation of the 'Put Option'. The 'Put Option' was replaced by a guarantee to the value of R367 million as at 27 May 2006, plus interest accrued at the applicable funding rate. The number of shares available for disposal by the Trust is 8 175 640.

An indemnity from ARM Limited to the value of 50% of Harmony's liability under the guarantee, has been received. This indemnity is subject to a maximum amount of R107 million, as at 27 May 2006, plus interest thereon at the applicable funding rate and further reduces the Harmony obligation. Net obligation to Harmony, after taking the afore-mentioned adjustments into account, will be R260 million plus accrued interest.

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 general meeting, 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 accounts of the group. At year end, total borrowings amounted to R3 597 million (FY05: R3 755 million).

Acquisitions

On 9 March 2006, Harmony announced that it had acquired a total of 44.99 million shares in Western Areas Limited (Western Areas or the company) representing a 29.2% stake in the company. This was done by acquiring 37.37 million shares from Allan Gray and buying a total of 7.62 million shares on the open market.

On 21 June 2006 Harmony announced that it had acquired 37.8% of the issued share capital of Village Main Reef Gold Mining Company Limited (Village) for an amount of R458 775. The equity stake was purchased from ARM at a price of 20 cents per share. Due to the fact that the acquisition surpasses the 35% mark, Harmony was obliged under the Securities Regulation Code on Takeovers and Mergers to extend an offer to the remaining shareholders of Village to acquire all of their shares at the same price at which it acquired the 37.8% stake. On 14 August 2006 Harmony announced that minority shareholders holding 3 163 shares in Village (being 0.08% of the shares in respect of which the offer was made) had accepted its offer. Harmony now holds 2 295 663 shares representing 37.83% of the issued share capital of Village.

Disposals

On 16 November 2005, Harmony disposed of its remaining 26.5 million Gold Fields Limited shares for R2 442 million, equivalent to an average price of R93.228 per share. The process was concluded through market disposals, which started on 10 November 2005, and an open market offering on

15 and 16 November 2005. The investment was acquired at a cost of R2 135 million, resulting in a profit of R307 million.

On 31 March 2006, the company disposed of the entire share capital of Buffalo Creek Mines (Pty) Ltd for R106 million (A$24 million). According to the agreement the A$24 million was to be settled as follows:

- A$4.3 million to be paid in cash;
- 1 907 892 shares in GBS Gold International, valued at A$5 million;
- A$5 million to be paid in cash in September 2006;
- Shares in GBS Gold International, equal in value to A$4.4 million, to be issued in September 2006; and
- A$5.4 million to be paid in cash in September 2007.

The net asset value of Buffalo Creek Mines (Pty) Ltd was R92 million (A$21 million), resulting in a profit of R14 million (A$2.9 million) for the group.

For further details on other disposals refer to notes 10 and 11 of the financial statements.

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

Dividends

No dividend was declared during FY06 (FY05: Nil).

Share incentives

Harmony share options are granted to management as an incentive, in addition to annual salaries. The exercise of each option granted is set at the closing market price of Harmony's ordinary shares on the JSE on the day before the date of grant. Each option remains open for acceptance for 10 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 have similar rules.

The options issued under the share option schemes may only be exercised over five years in five equal parts.

The following formula is used to calculate the amount of options an employee is entitled to:

$$\left(\frac{\text{ANNUAL COST TO COMPANY X GROUP LEVEL (1 TO 7)}}{\text{STRIKE PRICE}}\right) - \text{UNVESTED OPTIONS} = \text{OPTION ALLOCATION/TOP-UP}$$

EXECUTIVE DIRECTORS' AND MANAGEMENT'S SHARE OPTIONS

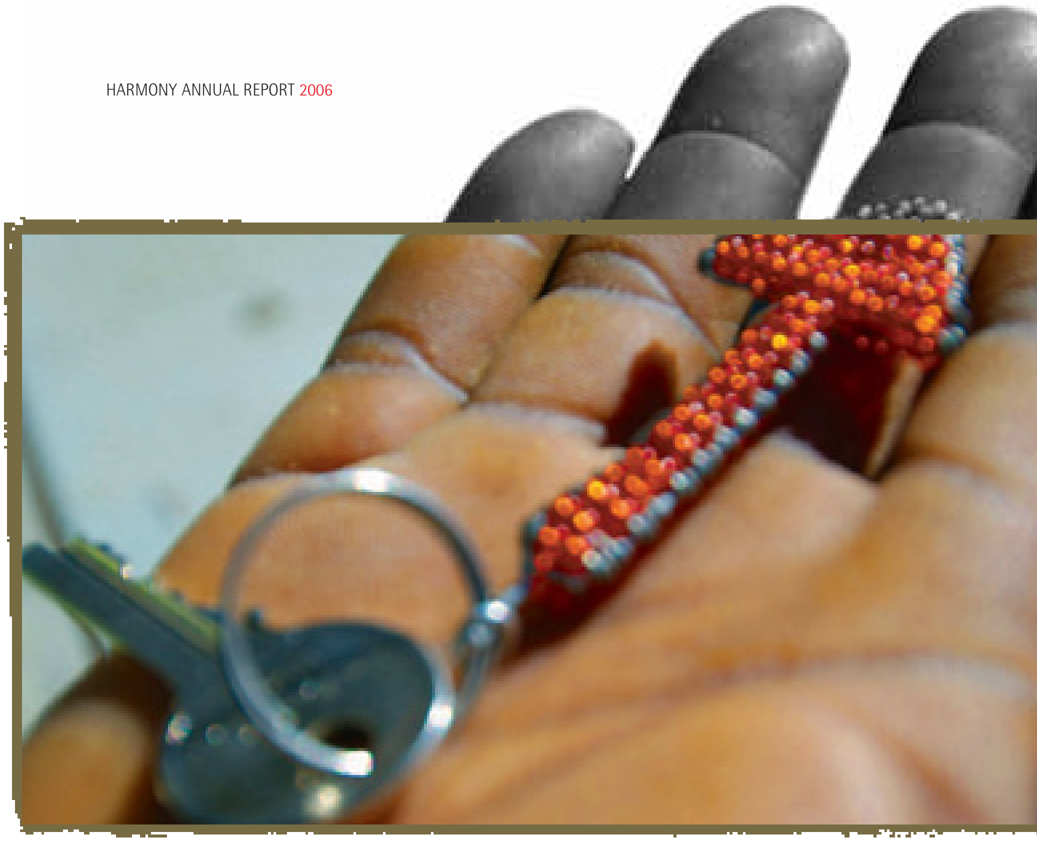
	Balance as at 1 July 2005		Exercised and sold during the year		Allocated during the year [1]		Vested Options [2]		Lapsed	Balance 30 June 2006	
	Number of options	Average price per share	Number of options	Average price per share	Number of options	Average price per share	Number of options	Average price per share		Number of options	Average price per share
Frank Abbott [4]	73 400	49.60	73 400	49.60	–	–	–	–	–	–	–
Ferdi Dippenaar	237 141	51.58	55 400	57.88	–	–	–	–	181 741	–	–
Ted Grobicki	307 400	44.41	146 700	44.41	–	–	–	–	160 700	–	–
Nomfundo Qangule	186 124	52.58	26 000	66.15	–	–	26 000	66.15	–	160 124	52.58
Bernard Swanepoel [5]	469 767	51.58	128 800	49.60	–	–	97 313	52.58	–	340 967	52.58
Management (All) [3]	18 363 063	49.26	4 167 575	93.29	–	–	–	–	1 449 181	12 741 307	49.34

1. No options were allocated during the year.
2. The options that have vested can be exercised. Only vested options should be added to the total remuneration of each director. Unvested options are deducted as part of the share option calculation formula and therefore each new option allocation merely constitutes a top-up. See formula above. Vested options have only been shown for directors to give an indication of directors' total remuneration.
3. The price per share option range between R22.90 and R93.00. The last date on which an option may be exercised is 26 April 2015.
4. Frank Abbott is the only non-executive director who held share options.
5. See a breakdown of Bernard Swanepoel's total remuneration for FY2006 on page 149.
6. This table should be read together with the table on appointments, resignations and retirement of directors.

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 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 options 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. The 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 are no longer allowed to place their shares in the share purchase trust. The share purchase trust is funded by a loan from Harmony, which it repays once it receives repayment of the recourse loans granted to employees. Members of the Remuneration Committee serve as trustees. The trustees are not eligible to receive loans from the trust. We do not allow our participants to use structures to lock in profits as the options are meant to align our employees with our shareholders. The 2003 Share Option Scheme was approved by shareholders on 14 November 2003. The total number of shares reserved for the 2003 Scheme was 23 204 960, which represented 9% of the issued share capital of the company as at 16 September 2003. Despite numerous discussions with unions representing our non-managerial employees, we have not yet reached agreement as to the issue of options to non-managerial employees in terms of the 2003 Scheme. As such, no options have been granted to non-managerial employees under the 2003 Scheme; 5% of this scheme has been allocated to management.



Broad-Based Employee Share Scheme

In line with our negotiations with the unions, a decision has been taken to form a separate broad-based employee share option scheme or trust (the Broad-based Scheme), with the beneficiaries thereof being non-managerial employees and communal employee beneficiary schemes, aimed at benefiting our non-managerial employees and their families.

The total number of shares to be reserved for the Broad-based Scheme will be 5% of our issued share capital, will be granted under the Broad-based Scheme, subject to certain employee performance-linked milestones which can be realistically achieved. Once achieved, the value is unlocked to the Broad-based Scheme for the ultimate benefit of the non-managerial employees. Management and employees will jointly participate in the structuring of the Broad-based Scheme. 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.

Introduction of the Harmony 2006 Share Plan effective from 1 July 2006

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

Recent developments in the accounting and regulatory treatments of share-based incentives, coupled with evolving best practice internationally, has resulted in the conclusion that Harmony's existing share option scheme is sub-optimal and should be replaced with a more contemporary plan. The company's Remuneration Committee has resolved that the existing Share Option Scheme will remain in place and run its course for options already granted, until such time as all options are exercised or lapse. However, no new options will be granted.

The Remuneration Committee and the board of the company recommend the adoption of the Harmony 2006 Share Plan (the Plan), which incorporates the following elements: equity settled share appreciation rights, performance shares, and performance allocated restricted shares. The recommended schemes are in line with best practice in the UK and increasingly in the US and in South Africa.

The Plan will be established by the company under which executive directors and senior employees of the company and its subsidiaries and associates will be awarded rights to receive shares in the company, 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) and the restricted shares, these 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 IFRS2 (AC139), it is envisaged that 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 the company's currently issued ordinary shares for all Harmony share schemes. The 14% of the share capital of the company 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 to, inter alia, growth in earnings above inflation, comparative total shareholder return relative to competitor peer groups, and achievement of sustainability index measures. They are designed to be stretching but achievable and are linked where applicable to the company'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 the company'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 the company and of its share price.

A summary of the main elements of the Plan and their performance conditions as they are to be implemented is set out in the annexure to the notice to shareholders. Performance conditions for subsequent awards may utilise different performance measures and targets, but will be no less challenging in the context of the prevailing business environment.

Directorate

The following directors have served on Harmony's board since our 2005 Annual Report was published:

BOARD OF DIRECTORS

Name	Date of appointment	Date of resignation
Patrice Motsepe*	23 September 2003	By rotation or resignation
Bernard Swanepoel	16 May 1995	By resignation or retirement
Frank Abbott*	1 October 1994	By rotation or resignation
Joaquim Chissano* #	20 April 2005	By rotation or resignation
Fikile De Buck* #	30 March 2006	By rotation or resignation
Ferdi Dippenaar	9 June 1997	Resigned on 6 December 2005
Nolitha Fakude* #	18 October 2002	Resigned on 30 June 2006
Ted Grobicki	12 October 1994	Retired on 30 March 2006
Dr Simo Lushaba* #	18 October 2002	By rotation or resignation
Rick Menell*	23 April 2004	Resigned on 6 December 2005
Modise Motloba* #	30 July 2004	By rotation or resignation
Nomfundo Qangule	26 July 2004	By resignation or retirement
Cedric Savage* #	23 September 2003	By rotation or resignation

* Non-executive directors

\# Independent

Abridged CVs of all our directors appear on page 100 of this report. All directors have made themselves available for election to the board at the upcoming general meeting of members. In terms of the company's Articles of Association, Dr Simo Lushaba and Modise Motloba 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

Disclosures by directors indicate that, at the date of this report, their individual shareholdings and those of their immediate families and associates, did not exceed 1% of the company's issued share capital.

The existing directors' interests and dealings in shares acquired, other than through share incentive schemes, for the year under review and up to 30 June 2006, are set out in the table below:

Title	Balance 30 June 2005	Acquired	Disposed	Balance at 30 June 2006
Executive				
Bernard Swanepoel	10 000	–	10 000	–
Ted Grobicki*	30 000	–	30 000	–

Ted Grobicki's holding in Harmony was held on behalf of a trust of which he is a trustee, but not a beneficiary. He retired on 30 March 2006.

Directors' emoluments

Harmony's Remuneration Committee (see page 113 for details) ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to the company's overall performance.

An external consultant, Deloitte, was approached in November 2005 to establish whether executive pay was market related. The Execeval scoring system was used to evaluate the executives and to compare equivalent gradings in the mining and national markets. It was established that executives' remuneration fell below the lowest quartile in most instances. Executive pay was based on guaranteed pay at the lower quartile combined with short- and long-term incentives of which some were performance linked.

Acknowledging the reasons for the relatively low guaranteed pay, such as the disappointing performance of the company and the adverse effect of the restructuring that took place, the Remuneration Committee acknowledged that the company is on a path of growth and that the need

had arisen to review the reward philosophy of the company. A reward philosophy was adopted in May 2006 which contains the following components:

- the reward strategy intent;
- reward strategy design principles;
- pay levels;
- pay mix;
- short-term incentives;
- long-term (share-based) incentives; and
- non-financial rewards.

The objective of Harmony's reward strategy is to enable the business to:

- recruit high performing skills from a limited pool of talent;
- retain competent employees who enhance business performance;
- reinforce, encourage and promote superior performance;
- direct employees' energies and activities towards achieving key business goals;
- achieve most effective returns (employee productivity) for total employee spend; and
- address diverse employee needs across differing cultures.

To achieve the above objective, the following decisions were made by the board regarding executive remuneration:

- guaranteed remuneration of executives to be pitched at close to median (50 percentile level) of comparable South African executive remuneration; and
- through performance-related annual bonuses, capped at a maximum of 50% and long-term incentive plans, executives will be able to earn up to the top quartile (75 percentile level), based on superior company and individual performance.

Where the Remuneration Committee considered the gap to be unreasonably large, the board agreed to an interim adjustment to the executive directors' guaranteed remuneration, with effect from 1 March 2006 and spread over a period of two years.

Directors' emoluments for the year ended 30 June 2006 are set out in the table on the next page in compliance with the requirements of the JSE Limited:

DIRECTORS' REMUNERATION

Name	Remuneration (R000) FY05[7]	Directors' fees (R000) FY06	Salaries and benefits[1] (R000) FY06	Retirement contributions during the year (R000) FY06	Bonuses paid (R000) FY06	Total FY06[8]
Non-executive						
Patrice Motsepe	110	115	–	–	–	115
Frank Abbott[2]	–	–	–			–
Nolitha Fakude	135	140	–	–	–	140
Mr J Chissano		60	–	–	–	60
Ms F De Buck	–	–	–	–	–	–
Dr Simo Lushaba	120	130	–	–	–	130
Rick Menell	80	120	–	–	–	120
Modise Motloba	85	100	–	–	–	100
Cedric Savage	140	140	–	–	–	140
Executive[3]						
Bernard Swanepoel[6]	2 103	–	2 066	326	–	2 392
Ferdi Dippenaar[5]	1 404	–	644	103	–	747
Ted Grobicki[4]	2 574	–	2 818	257	–	3 075
Nomfundo Qangule[6]	1 174	–	1 317	124	–	1 441
TOTAL	8 640[7]	830[8]	6 845	810	–	8 485

Note: Please read this table in conjunction with the table setting out the appointments, resignations and retirement on page 145.

1 Increase granted to executive directors in March 2006. See Directors' emoluments.

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.

4 Ted Grobicki's salary is paid in A$. The conversion rate from A$ to R is based on the average exchange rate for the year of R4.80/A$.

5 Ferdi Dippenaar resigned on 6 December 2005 and his remuneration is only reflected up to 31 December 2005.

6 Includes increases awarded as from 1 March 2006 (see page 147 for explanation).

7 Total remuneration for FY05 includes R715 000 in remuneration paid to Dr Morley Nkosi, Mike Pleming, Lord Robin Renwick and Mangisi Gule who either resigned or retired during the course of the financial year.

8 The total remuneration paid in FY06 also includes R25 000 paid to Dr Morley Nkosi.

CE'S REMUNERATION – OPTIONS (RANDS)

	Granted	Strike price	Vested	Value of vested options at strike price	Gross value of options if exercised at R94* on 12 September 2006
Granted over five years on 10 August 2004	145 600	66.15	58 240	3 852 576	1 621 984
Granted over five years on 26 April 2005	195 367	39.00	39 073	1 523 847	2 149 015
Total value# of options as at 12 September 2006 assuming a share price of R94	340 967	52.58	97 313	5 376 423	3 770 999#

* Rounded-off 5-day VWAP of Harmony share as at 12 September 2006.
# Income tax and broker's fee (2%) will be deducted from this amount.

CE'S REMUNERATION

Salary	R000
Salary as at 30 June 2005	1 827
Increase in March 2006 on total package	239
Salary as at 30 June 2006	2 066
Plus all other benefits	326
Plus value of share option transactions during FY2006	5 645
Total remuneration for the year ending 30 June 2006	8 037

Non-executive directors' remuneration

Non-executive directors are paid R20 000 per quarter and an additional R5 000 per quarter per board committee they serve on. An additional R4 000 per day is paid to a non-executive director who performs any additional duties over and above his or her duties as a non-executive director.

Fees paid to non-executive directors were reviewed by the Remuneration Committee during May 2006. An external consultant, Deloitte, was mandated to establish the remuneration of non-executive directors of similar and comparable companies.

The proposed fees are set out in the notice of meeting enclosed with this report.

Shareholders will be required to consider whether or not these increases are acceptable at the annual general meeting to be held on 10 November 2006.

Employees' remuneration

Following the completion of the in-house salary equalisation programme and consistent with our productivity results, in terms of total earnings, Harmony is the best 'payer' in the industry at all levels, except the executive level:

- category 3 workers (lowest level) earn on average R5 249 per month;
- category 3 to 8 workers earn on average R6 314 per month; and
- level 9 + (managers) earn on average R21 807 per month.

Shareholders

Information on shareholder spread, range of shareholdings and public shareholders, as well as major shareholders, is presented on pages 236 to 239 of this report.

Post year-end events

On 21 June 2006 Harmony announced that it had acquired 37.8% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited (Village). Due to the fact that the acquisition surpasses the 35% mark, Harmony was obliged under the Securities Regulation Code on Takeovers and Mergers to extend an offer to the remaining shareholders of Village to acquire all of their shares at the same price at which it acquired the 37.8% stake.

On 14 August 2006 Harmony announced that minority shareholders holding 3 163 shares in Village (being 0.08% of the shares in respect of which the offer was made) had accepted its offer. Harmony currently holds 2 295 663 shares representing 37.83% of the issued share capital of Village.

Related party transactions

The chairman of the company's Board of Directors, Patrice Motsepe, was involved as a related party in the sale of Harmony's interest in ARM. 14% of our shareholding in ARM was sold to the ARM Broad-based Economic Empowerment Trust of which Harmony and ARM are trustees. Nomfundo Qangule and Frank Abbott represent each company respectively. (Refer to note 22 (e) of the financial statements.)

Frank Abbott was also a director of Village Main Reef Gold Limited (Village), at the time that Harmony purchased ARM Limited's 37.8% holding in that company in June 2006. (Refer to note 23 (c) of the financial statements.)

The group acquired 37.37 million of the 44.99 million shares held in Western Areas Limited from Allan Gray Ltd. As at 30 June 2006 Alan Gray Ltd was one of the group's top shareholders, by holding 11.8% of Harmony's total shares. (Refer to note 23 (b) of the financial statements.)

Company secretary

The secretary of the company is Marian van der Walt. Her business and postal addresses appear on the inside back cover 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 have been made and are true, correct and up to date."

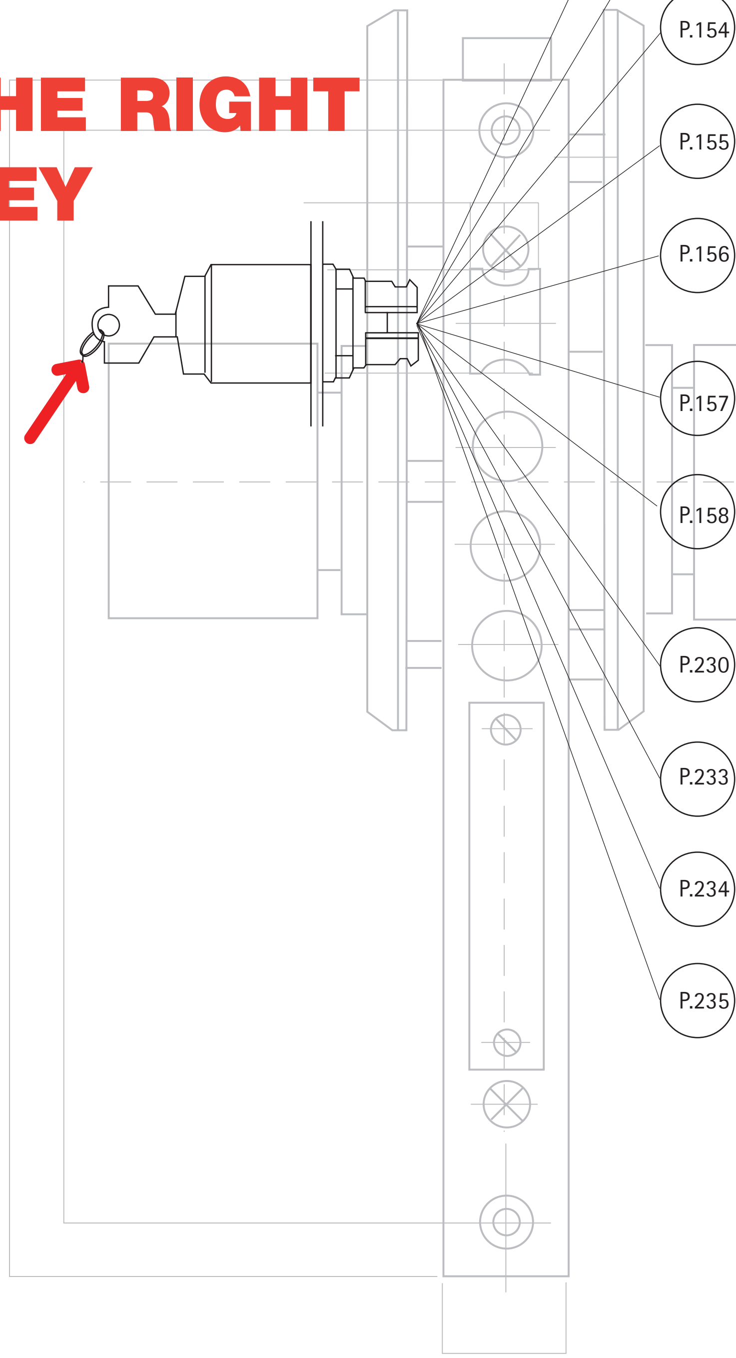
Independent auditors

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
11 November 2005 (Annual general meeting)	Authority to directors to re-purchase shares

THE RIGHT KEY



CONTENTS

OPERATIONAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2006

METRIC (RAND)	2006	2005
Underground operations		
Tonnes milled (000)	13 040	14 484
Gold produced (kg)	67 881	81 209
Yield (g/t)	5.20	5.61
Cash operating cost (R/t milled)	460	420
Surface operations		
Tonnes milled (000)	5 839	8 799
Gold produced (kg)	6 361	11 021
Yield (g/t)	1.09	1.25
Cash operating cost (R/t milled)	100	99
Total operations		
Gold produced (kg)	74 242	92 230
Gold price received per kilogram (R/kg)	108 268	84 799
Cash operating cost (R/kg)	88 629	75 388

IMPERIAL (US DOLLAR)	2006	2005
Underground operations		
Tonnes milled (000)	14 381	15 972
Gold produced (oz)	2 182 415	2 610 918
Yield (oz/t)	0.152	0.163
Cash operating cost ($/t milled)	66	68
Surface operations		
Tonnes milled (000)	6 439	9 703
Gold produced (oz)	204 510	354 332
Yield (oz/t)	0.032	0.037
Cash operating cost ($/t milled)	14	15
Total operations		
Gold produced (oz)	2 386 925	2 965 250
Gold price received per ounce ($/oz)	529	427
Cash operating cost ($/oz)	433	380

Average conversion rate for the 12 months under review: US$1 = R6.36 (2005: R6.18)

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HARMONY GOLD MINING COMPANY LIMITED

We have audited the annual financial statements and group annual financial statements of Harmony Gold Mining Company Limited set out on pages 135 to 150 and pages 154 to 232 for the year ended 30 June 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group at 30 June 2006, and the results of their operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.
Director: HP Odendaal
Registered Auditor

13 September 2006
Johannesburg

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		NOTE	GROUP 2006 RM	GROUP 2005 RM
1 192	**1 448**	**Revenue**		**8 039**	7 822
(1 303)	**(1 352)**	Cash operating costs	4	**(6 580)**	(6 953)
(111)	**96**	**Cash operating profit/(loss)**		**1 459**	869
(114)	**(135)**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	4	**(1 032)**	(1 008)
(32)	**(31)**	Corporate, administration and other expenditure	4	**(127)**	(111)
15	**12**	Reversal of provision for rehabilitation costs	4	**13**	23
(242)	**(58)**	**Gross profit/(loss)**	5	**313**	(227)
(14)	**(14)**	Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities	6	**(57)**	(34)
–	**(28)**	Care and maintenance cost of closed shafts		**(174)**	(185)
(129)	**55**	Employment termination and restructuring costs	7	**78**	(453)
–	**–**	Exploration expenditure		**(107)**	(72)
(294)	**156**	Reversal of impairment/(impairment) of assets	8	**216**	(1 513)
–	**–**	Loss from associates	23	**(105)**	–
(1)	**–**	(Loss)/gain on financial instruments		**(523)**	16
–	**–**	Marketing and new business expenditure		**(58)**	(95)
(72)	**(10)**	Other (expenses)/income – net	9	**(21)**	(26)
(394)	**306**	Profit/(loss) on sale of listed investments	10	**306**	(555)
1	**–**	Profit/(loss) on sale of subsidiaries	11	**14**	(1)
–	**–**	Permanent diminution in value of available-for-sale financial asset	12	**–**	(337)
1	**1**	Provision for post retirement benefits	35	**(7)**	(56)
–	**–**	Fair value of non-derivative financial instruments	13	**87**	17
(36)	**(48)**	Share-based compensation	30	**(103)**	(67)
218	**275**	Investment income	14	**224**	149
(325)	**(275)**	Finance cost	15	**(470)**	(505)
(1 287)	**360**	**(Loss)/income before tax**		**(387)**	(3 944)
118	**(46)**	Taxation	16	**(138)**	730
(1 169)	**314**	**Net (loss)/income**		**(525)**	(3 214)
		Basic loss per share (cents)	17	**(133)**	(888)
		Fully diluted loss per share (cents)	17	**(133)**	(888)
		Interim dividends per share (cents)	18	**–**	–
		Proposed final dividends per share (cents)	18	**–**	–
		Total dividends per share (cents)	18	**–**	–

BALANCE SHEETS

AT 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		NOTE	GROUP 2006 RM	GROUP 2005 RM
		ASSETS			
		Non-current assets			
1 297	1 517	Property, plant and equipment	19	23 318	22 511
–	–	Intangible assets	20	2 270	2 267
1	1	Restricted cash	21	255	52
2 151	129	Investments in financial assets	22	2 255	4 070
–	1	Investments in associates	23	1 909	–
24 168	27 777	Investments in subsidiaries	24	–	–
70	110	Deferred income tax	16	1 975	1 811
79	66	Trade and other receivables	27	107	84
27 766	29 601	**Total non-current assets**		32 089	30 795
		Current assets			
256	247	Inventories	26	666	583
167	178	Trade and other receivables	27	721	632
30	30	Income and mining taxes		27	27
1 301	157	Cash and cash equivalents	28	651	1 778
1 754	612	**Total current assets**		2 065	3 020
29 520	30 213	**Total assets**		34 154	33 815
		EQUITY			
		Share capital and reserves			
25 338	25 521	Share capital	29	25 489	25 289
213	372	Other reserves	30	(271)	(586)
301	615	(Accumulated loss)/retained earnings		(2 015)	(1 485)
25 852	26 508	**Total equity**		23 203	23 218
		Non-current liabilities			
1 392	1 463	Borrowings	31	2 591	2 422
95	180	Deferred income tax	16	4 275	3 994
24	–	Derivative financial instruments	32	631	386
118	115	Provision for environmental rehabilitation	33	860	837
14	16	Provision for other liabilities and charges	34	16	14
4	4	Retirement benefit obligations	35	107	89
1 647	1 778	**Total non-current liabilities**		8 480	7 742
		Current liabilities			
844	922	Trade and other payables	36	1 458	1 514
1 171	1 000	Borrowings	31	1 006	1 333
6	5	Shareholders for dividends		7	8
2 021	1 927	**Total current liabilities**		2 471	2 855
3 668	3 705	**Total liabilities**		10 951	10 597
29 520	30 213	**Total equity and liabilities**		34 154	33 815

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Number of ordinary shares issued	Share capital RM	Share premium RM	(Accumulated loss)/retained earnings RM	Other reserves RM	Total RM
Notes		29	29		30	
GROUP						
Balance – 30 June 2004 (as previously reported)	320 741 577	160	20 729	1 078	(1 186)	20 781
Change in accounting policy for the capitalisation of development costs (net of income tax of R191 million)	–	–	–	765	–	765
Adoption of IFRS2 – Share-based compensation	–	–	–	(17)	17	–
Balance – 30 June 2004 (as restated)	320 741 577	160	20 729	1 826	(1 169)	21 546
Net loss (restated)	–	–	–	(3 214)	–	(3 214)
Dividends declared	–	–	–	(97)	–	(97)
Issue of shares						
– Acquisition of 11.5% interest in Gold Fields	72 173 265	37	4 422	–	–	4 459
– Exercise of employee share options	426 352	–	20	–	–	20
Share issue expenses	–	–	(80)	–	–	(80)
Treasury shares	–	–	1	–	–	1
Foreign exchange translation	–	–	–	–	349	349
Deferred share-based compensation	–	–	–	–	67	67
Mark-to-market of listed and other investments	–	–	–	–	173	173
Mark-to-market of environmental trust funds	–	–	–	–	(6)	(6)
Balance – 30 June 2005	393 341 194	197	25 092	(1 485)	(586)	23 218
Net loss	–	–	–	(525)	–	(525)
Dividends declared	–	–	–	(5)	–	(5)
Issue of shares						
– Exercise of employee share options	3 593 256	2	181	–	–	183
Treasury shares	–	–	17	–	–	17
Foreign exchange translation	–	–	–	–	109	109
Deferred share-based compensation	–	–	–	–	103	103
Mark-to-market of listed and other investments	–	–	–	–	105	105
Mark-to-market of environmental trust funds	–	–	–	–	(2)	(2)
Balance – 30 June 2006	**396 934 450**	**199**	**25 290**	**(2 015)**	**(271)**	**23 203**
COMPANY						
Balance – 30 June 2004 (as previously reported)	320 741 577	160	20 779	1 357	256	22 552
Change in accounting policy for the capitalisation of development costs (net of income tax of R13 million)	–	–	–	221	–	221
Adoption of IFRS2 – Share-based compensation	–	–	–	(11)	11	–
Balance – 30 June 2004 (as restated)	320 741 577	160	20 779	1 567	267	22 773
Net loss (restated)	–	–	–	(1 169)	–	(1 169)
Dividends declared	–	–	–	(97)	–	(97)
Issue of shares						
– Acquisition of 11.5% interest in Gold Fields	72 173 265	37	4 422	–	–	4 459
– Exercise of employee share options	426 352	–	20	–	–	20
Share issue expenses	–	–	(80)	–	–	(80)
Deferred share-based compensation	–	–	–	–	36	36
Mark-to-market of listed and other investments	–	–	–	–	(90)	(90)
Balance – 30 June 2005	393 341 194	197	25 141	301	213	25 852
Net income	–	–	–	314	–	314
Issue of shares						
– Exercise of employee share options	3 593 256	2	181	–	–	183
Deferred share-based compensation	–	–	–	–	48	48
Mark-to-market of listed and other investments	–	–	–	–	111	111
Balance – 30 June 2006	**396 934 450**	**199**	**25 322**	**615**	**372**	**26 508**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		NOTE	GROUP 2006 RM	GROUP 2005 RM
		Cash flows from operating activities			
(285)	159	Cash generated by/(utilised in) operations	40	690	(357)
201	254	Interest received		207	132
17	21	Dividends received		17	17
(254)	(199)	Interest paid		(201)	(261)
(37)	–	Income and mining taxes paid		(12)	(55)
(358)	235	**Net cash generated by/(utilised in) operating activities**		701	(524)
		Cash flows from investing activities			
–	(14)	Net increase in amounts invested in environmental trusts		(31)	(2)
10	–	Restricted cash		(203)	10
–	–	Cash held by subsidiaries on acquisition	41	2	5
–	–	Cash held by subsidiaries at disposal	41	–	(11)
(85)	–	Investment in Gold Fields acquired		–	(85)
–	–	Investment in Orpheo by Harmony acquired	41	(5)	–
–	–	Investment in MP Britz and H Taute Pharmacies acquired	41	(1)	–
–	–	Proceeds on disposal of Buffalo Creek	41	19	–
–	–	Cost on closure of hedge positions		(344)	(212)
2 094	2 461	Proceeds on disposal of available-for-sale financial assets		2 462	2 546
–	–	Acquisition of associate		(2 012)	–
(637)	(3 598)	Decrease/(increase) in other non-current investments		18	(7)
3	3	Proceeds on disposal of mining assets		80	129
(159)	(200)	Additions to property, plant and equipment		(1 747)	(1 392)
1 226	(1 348)	**Net cash (utilised in)/generated by investing activities**		(1 762)	981
		Cash flows from financing activities			
553	1 000	Borrowings raised		1 000	1 403
(632)	(1 213)	Borrowings paid		(1 393)	(1 212)
20	183	Ordinary shares issued		183	20
(80)	–	Shares issue expenses		–	(80)
(97)	(1)	Dividends paid		(7)	(97)
(236)	(31)	**Net cash (utilised in)/generated by financing activities**		(217)	34
–	–	**Foreign currency translation adjustments**		151	(65)
632	(1 144)	**Net (decrease)/increase in cash and cash equivalents**		(1 127)	426
669	1 301	**Cash and equivalents – beginning of year**		1 778	1 352
1 301	157	**Cash and equivalents – end of year**		651	1 778

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The annual financial statements, as modified by available-for-sale financial assets, and financial assets and liabilities (including derivative instruments), which have been brought to account at fair value through the income statement or through other reserves under shareholders' equity, are prepared on an historical cost basis. The accounting policies as set out below have been consistently applied, except for the capitalisation of mine development cost and the adoption of share-based compensation (IFRS2). The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the South African Companies Act.

New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006. These new standards and interpretations have not been early adopted by the group and a reliable estimate of the impact of the adoption thereof for the group cannot yet be determined for all of them, as management is still in the process of determining the impact of these standards and interpretations on future financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

Title		Effective date
New statement		
• IFRS 6 – Exploration for and evaluation of Mineral Resources	#	Financial year commencing on or after 1 January 2006
• IFRS 7 – Financial instruments: disclosures, and a complementary amendment to IAS 1, Presentation of financial statements – capital disclosures	#	Financial year commencing on or after 1 January 2007
New South African Statement		
• AC 503 – Accounting for black economic empowerment (BEE) transactions	ˆ	Financial year commencing on or after 1 May 2006
Amendment		
• IAS 19 – Employee benefits	ˆ	Financial year commencing on or after 1 January 2006
• IAS 21 – Net investment in a foreign operation	ˆ	Financial year commencing on or after 1 January 2006
• IAS 39 and IFRS 4 – Financial guarantee contracts	#	Financial year commencing on or after 1 January 2006
• IAS 39 – Cash flow hedge accounting of forecast intragroup transactions	&	Financial year commencing on or after 1 January 2006
• IAS 39 – The fair value option	ˆ	Financial year commencing on or after 1 January 2006

1 ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Title		Effective date
New Interpretation		
• IFRIC Interpretation 4 – Determining whether an arrangement contains a lease	#	Financial year commencing on or after 1 January 2006
• IFRIC Interpretation 5 – Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	#	Financial year commencing on or after 1 January 2006
• IFRIC Interpretation 6 – Liabilities arising from participating in a specific market – waste electrical and electronic equipment	#	Financial year commencing on or after 1 January 2006
• IFRIC Interpretation 7 – Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economics	&	Financial year commencing on or after 1 March 2006
• IFRIC Interpretation 8 – Scope of IFRS 2	^	Financial year commencing on or after 1 May 2006
• IFRIC Interpretation 9 – Reassesment of embedded derivatives	#	Financial year commencing on or after 1 June 2006
• IFRIC Interpretation 10 – Interim financial reporting and impairment	#	Financial year commencing on or after 1 November 2006

Not yet assessed
^ Assessed: no major impact
& Assessed: not applicable

(b) Implementation of new accounting policy

IFRS 2, Share-based payments: On 1 July 2005, the company adopted the requirements of IFRS 2, share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity-settled payments after 7 November 2002 that were unvested as at 1 January 2005. The company issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at fair value of the equity instruments at the date of the grant. The deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. The company used the binomial option pricing model in determining the fair value of the options granted.

The impact of this adjustment was as follows:

	GROUP	
	2006 RM	2005 RM
Effect on net loss:		
Increase in expense	(103)	(67)
Income tax	–	–
Increase in net loss	(103)	(67)
Effect on opening accumulated loss:		
Increase in expense		(17)
Income tax		–
Increase in accumulated loss		(17)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1 ACCOUNTING POLICIES (CONTINUED)

(b) Implementation of new accounting policy (continued)

	COMPANY 2006 RM	COMPANY 2005 RM
Effect on net income/(loss):		
Increase in expense	**(48)**	(36)
Income tax	**–**	–
Decrease in net income/increase in net loss	**(48)**	(36)
Effect on opening retained earnings:		
Increase in expense		(11)
Income tax		–
Decrease in retained earnings		(11)
Refer to note 30(f), Other reserves		

(c) Change in accounting policy

During the financial year, the group retrospectively changed its accounting policy on the capitalisation of mine development cost.

Previously mine development costs were capitalised only until the reef horizon was intersected. Further costs to develop the orebody were expensed as normal working costs. Under the revised accounting policy, expenditure for all development incurred after intersection of the reef horizon that will give access to proven and probable ore reserves will now be capitalised. Capitalised costs are amortised over the estimated life of the proven and probable reserves to which the costs give access.

The group believes that the newly adopted principle is more relevant and reliable because:

(i) it aligns its policy with those of its peers in the global mining industry;

(ii) allows for a direct link between revenue and associated expenditure;

(iii) allows for better componentisation; and

(iv) the additional costs capitalised under the revised policy meet the definition of an asset.

The impact of this adjustment was as follows:

	GROUP 2006 RM	GROUP 2005 RM
Effect on net loss:		
Decrease in cash operating cost	**659**	595
Increase in amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**(314)**	(213)
Increase in taxation	**(74)**	(73)
Decrease in loss	**270**	308
Effect on opening retained earnings:		
Decrease in cash operating cost		1 406
Increase in amortisation and depreciation of mining properties, mine development costs and mine plant facilities		(450)
Increase in taxation		(191)
Increase in retained earnings		765

1 ACCOUNTING POLICIES (CONTINUED)

(c) Change in accounting policy (continued)

	COMPANY	
	2006 RM	2005 RM
Effect on net income/loss:		
Decrease in cash operating cost	138	122
Increase in amortisation and depreciation of mining properties, mine development costs and mine plant facilities	(64)	(53)
Increase in taxation	(4)	(4)
Increase in profit/decrease in loss	69	66
Effect on opening retained earnings:		
Decrease in cash operating cost		316
Increase in amortisation and depreciation of mining properties, mine development costs and mine plant facilities		(82)
Increase in taxation		(13)
Increase in retained earnings		221

Refer to note 19, Property, plant and equipment

(d) Consolidation

The consolidated financial information includes the financial statements of the company, its subsidiaries, its proportionate interest in joint ventures, special purpose entities (SPEs) – also referred to as special purpose vehicles (SPVs) – and its interests in associates.

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

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

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net asset acquired is recorded as goodwill (refer to 1(d)(v)).

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

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

Investments in subsidiaries are accounted for at cost and are adjusted for impairments where appropriate in the company's financial statements.

1 ACCOUNTING POLICIES (CONTINUED)

(d) Consolidation (continued)

(ii) Associates are those entities, other than a subsidiary, in which the group has a material long term interest and in respect of which the group exercises significant influence over operational and financial policies, normally owning between 20% and 50% of the voting equity, but which it does not control.

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

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The carrying value of an associate is reviewed on a regular basis and, if an impairment in the carrying value has occurred, it is written off in the period in which such permanent impairment is identified.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

Investments in associates are accounted for at cost and are adjusted for impairments where appropriate in the company's financial statements.

(iii) Joint ventures are those entities in which the group holds a long-term interest and which is jointly controlled by the group and one or more ventures under a contractual arrangement. The group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method, the group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

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

Investments in joint ventures are accounted for at cost and are adjusted for impairment where appropriate in the company's financial statements.

1 ACCOUNTING POLICIES (CONTINUED)

(d) Consolidation (continued)

(iv) Special purpose entities (SPEs) are those undertakings that are created to satisfy specific business needs of the group. These are consolidated where the group has the right to the majority of the benefits of the SPE and/or is exposed to the majority of the risk thereof. SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the group.

(v) Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary, associate, joint venture or business at the date of acquisition. Goodwill on acquisition of subsidiaries, joint ventures and businesses are included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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

(e) Foreign currency transactions

i) Functional and presentation currency: Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African rands, which is the group's functional and presentation currency.

ii) Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. These transactions are included in the determination of other income.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of fair value gain or losses. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

1 ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency transactions (continued)

iii) Group companies: The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of the balance sheet;

b) income and expenses for each income statement are translated at average exchange rates; and

c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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

iv) Convenience translations: The consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows have been expressed in United States dollars for information purposes and do not form part of the audited financial statements.

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

(f) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with insignificant interest rate risk and original maturities of three months or less.

(g) Restricted cash

Restricted cash consists of cash held as security deposits on mining tenements as well as cash held to acquire shares in subsidiaries as part of the compulsory takeover of shares.

(h) Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale, held-to-maturity and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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

1 ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

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

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

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

The fair values of quoted investments are based on current bid prices. If the value of the financial instrument can not be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If, in the opinion of the directors, permanent diminution in value exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

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

(iv) Financial assets at fair value through profit or loss have two sub-categories: 'financial assets held-for-trading', and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as 'held-for-trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(i) Inventories

Inventories which include bullion on hand, gold in process, and stores and materials, are measured at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost of bullion is determined by reference to production cost.

Stores and materials consist of consumable stores and are valued at average cost.

1 ACCOUNTING POLICIES (CONTINUED)

(i) Inventories (continued)

Bullion on hand and gold in process at certain of the underground operations include gold in lockup which can be reliably measured, and generally this is from the smelter onwards. Where mechanised mining is used in underground operations, work in progress is accounted for at the earliest stage of production when reliable estimates of quantities and costs are capable of being made, normally from when ore is broken underground. Given the varying nature of the group's open-pit operations, predominantly located in Australia, gold in process represents either production in the form of broken ore or production from the time of placement on heap leach pads. It is valued using the weighted average cost method. Costs included are average production costs, including amortisation and depreciation at the relevant stage of production.

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to perform the sale.

(j) Trade and other receivables

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

(k) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 39. The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge: Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other (losses)/gains – net'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

1 ACCOUNTING POLICIES (CONTINUED)

(l) Borrowings

Borrowings are initially recognised at fair value net of transaction cost incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisations, using the effective yield method.

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

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

(m) Exploration costs

Exploration costs are expensed as incurred. When a decision is taken that a mining property is capable of commercial production, all further pre-production expenditure, including evaluation costs, are capitalised. Costs related to property acquisitions and mineral and surface rights are capitalised. Where the directors consider that there is little likelihood of the properties or rights being exploited or the value of the exploration rights have diminished below cost, an impairment is recognised.

(n) Property, plant and equipment

(i) Mining assets including mine development costs and mine plant facilities are initially recorded at cost, whereafter it is measured at cost less accumulated amortisation and impairment. Costs include pre-production expenditure incurred in the development of the mine and the present value of future decommissioning costs. Interest on borrowings to specifically finance the establishment of mining assets is capitalised until it is substantially completed. Development costs incurred to evaluate and develop new orebodies, or to define mineralisation in existing orebodies, or to establish or expand productive capacity or to maintain production are capitalised. Mine development costs are capitalised to the extent it provide access to gold bearing reef and have future economic benefit.

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

Where the average life-of-mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the income statement.

(ii) Mining operations placed on care and maintenance: The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred.

(iii) Non-mining fixed assets: Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

(iv) Undeveloped properties are initially valued at the fair value of resources obtained through acquisitions. The fair value of these properties are annually tested for impairment.

1 ACCOUNTING POLICIES (CONTINUED)

(n) Property, plant and equipment (continued)

(v) Depreciation and amortisation of mining assets: Depreciation and amortisation of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method based on estimated proved and probable reserves. To the extent that these costs benefit the entire ore body, they are amortised over the estimated life of the ore body. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortised over the estimated life of that specific ore block or area. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. Amortisation is first charged on mining ventures from the date on which the mining ventures reach commercial production quantities.

(vi) Depreciation and amortisation of non-mining fixed assets: Other non-mining fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- Vehicles at 20% per year;
- Computer equipment at 33.3% per year;
- Computer software at 50% per year; and
- Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(o) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(p) Environmental rehabilitation

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of expected rehabilitation cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using rates that reflect inflation and the time value of money.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the group's accounting policy. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred.

1 ACCOUNTING POLICIES (CONTINUED)

(q) Environmental trust funds

Annual contributions are made to the group's trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trusts plus growth in the trust funds are included under investments on the balance sheet.

(r) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(s) Deferred taxation

The group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method deferred income and mining taxes are recognised for the tax consequences of temporary differences by applying expected tax rates to the differences between the tax base of certain assets or liabilities and its balance sheet carrying amount. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or on the initial recognition of an asset or liability in a transaction that is not a business combination and does neither affect accounting nor taxable profit or loss at the time of the transaction. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortisation and depreciation on property, plant and equipment, provisions, post retirement benefits, tax losses and unutilised capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unutilised capital allowances can be utilised.

(t) Employee benefits

(i) Pension and provident plans are funded through annual contributions. The group's contributions to the defined contribution pension and provident plans are charged to the income statement in the year to which they relate. The group's liability is limited to its annually determined contributions.

(ii) Medical plans: The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using market yields consistent with the term and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in the income statement at revaluation date. The future liability for current and retired employees and their dependents is accrued in full based on actuarial valuations obtained annually.

1 ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(iii) Equity compensation benefits: The group operates an equity-settled, share-based compensation plan, where the group grants share options to certain employees. Equity share-based payments are measured at fair value of the equity instruments at the date of the grant. The deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. The company used the binominal option pricing model in determining the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

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

(v) Leave pay: The group provides for the cost of the leave days granted to employees during the period in which the leave days accumulate.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(w) Revenue recognition

(i) Revenue represents gold sales and is recognised when the risks and rewards of ownership has passed to the buyer with delivery from the refinery. Sales revenue excludes value added tax but includes the net profit and losses arising from financial derivatives that meet the definition of normal sale to the extent that they relate to that metal and have been matched at the date of the financial statements.

(ii) Interest income: Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

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

1 ACCOUNTING POLICIES (CONTINUED)

(x) Dividends declared

Dividends proposed and the related transactions thereon are recognised when declared by the board of directors. The dividends paid therefore relate to those declared in the current financial year. Dividends are payable in South African rands.

Dividends declared which are payable to foreign shareholders are subject to approval by the South African Reserve Bank in terms of South African foreign exchange control regulations. In practice, dividends are freely transferable to foreign shareholders.

(y) Segmental reporting

The primary reporting format of the group is by business segment. As there is only one business segment, being mining, extraction and production of gold, the relevant disclosures have been given in the financial statements. The secondary reporting format is by geographical analysis by origin. The segmental information is supplied on a shaft level in the geographical area. The accounting policies of the segments are the same as those described in the other accounting policy notes.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Valuation and amortisation of mining assets

The fair value of mining assets are generally determined utilising discounted future cash flows. Management also considers such factors as the market capitalisation of the group, the quality of the individual orebody and country risk in determining the fair value.

During the year under review, the group calculated fair value based on updated life-of-mine plans, a gold price of R105 000 per kilogram and a discount rate of 8.38% (2005: R92 000 per kilogram and a 8.2% discount rate) (refer note 8).

(b) Impairment of investment in associate

For listed companies the carrying value of investments in associates, are evaluated for impairment on the higher of the closing share price on year end, average share price over a reasonable period thereafter as well as recent transactions or the fair value of the underlying assets of the investment. An impairment loss or the reversal of an impairment loss is only recognised when deemed of a permanent nature.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Valuation of investments (assets available-for-sale)

If the value of the financial instrument can not be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

(d) Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

A discount rate of 12.88%, inflation rate of 5.5% and expected life of the mines according to the life-of-mine plans were utilised in the calculation of the estimated net present value of the rehabilitation liability (2005: discount rate of 13.63% and inflation rate of 5%).

(e) Estimate of employee benefit liabilities

An updated actuarial valuation is being carried out at the end of each financial year. Assumptions used to determine the liability include, a discount rate of 9%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA "a mf" tables) (60 years) and a medical inflation rate of 6.34% (2005: discount rate of 9%, 60 years and a medical inflation rate of 6.34%).

(f) Estimate of taxation

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) Hedging and financial derivatives

The Delta of the hedge position, is the equivalent gold position that would have the same mark-to-market sensitivity for a small change in the gold price. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities at year end (refer note 39).

(h) Fair value of share-based compensation

The fair value of options granted are being determined using the binomial valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 38 for detail on each of the share option schemes.)

(i) Impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(d)(v). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(j) Gold in lock-up

Gold in lock-up in certain plants are estimated based on the plant call factor calculated.

(k) Assessment of contingencies

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

(l) Undeveloped properties

The valuation of undeveloped properties was based on going market prices for these resources.

(m) Gold mineral reserves

At the end of each financial year, the estimate of proven and probable gold mineral reserve is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

3 FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity (refer note 39).

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(ii) Price risk

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the company to significant concentrations of credit risk, consist predominantly of cash and cash equivalents, short-term investments and various derivative financial instruments.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value liquidity risk

Fluctuations in interest rates and gold lease rates impact on the value of short-term cash and financing activities, giving rise to interest rate risk.

The group's interest rate risk further arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group had borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mostly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		4 COST OF SALES		
		Cash operating costs include mine production, transport and refinery costs, applicable general and administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping. Ongoing employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. These costs, analysed by nature, consist of the following:		
895	1 004	Labour costs, including contractors	4 711	4 749
287	281	Stores and materials	1 495	1 571
165	141	Water and electricity	815	871
33	15	Hospital costs	89	147
(12)	(12)	Changes in inventory	(131)	(11)
(122)	(138)	On-going capital	(659)	(595)
57	61	Other	260	221
1 303	1 352	Cash operating costs	6 580	6 953
114	135	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	1 032	1 008
32	31	Corporate, administration and other expenditure	127	111
(15)	(12)	Reversal of provision for rehabilitation costs	(13)	(23)
1 434	1 506	Cost of sales	7 726	8 049
		5 GROSS PROFIT/(LOSS)		
		The following have been included in gross profit/(loss):		
8	6	**Professional fees**	35	51
2	2	**Auditors' remuneration**	13	13
1	2	Fees – current year	11	9
1	–	Fees – other services	2	4
		6 AMORTISATION AND DEPRECIATION OF ASSETS OTHER THAN MINING PROPERTIES, MINE DEVELOPMENT COSTS AND MINE PLANT FACILITIES		
–	–	Other non-mining assets	43	20
14	14	Borrowings' issue costs	14	14
14	14		57	34

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		7 EMPLOYMENT TERMINATION AND RESTRUCTURING COSTS		
(129)	55	Free State	55	(129)
–	–	Randfontein and Elandskraal	(5)	(103)
–	–	Evander	(6)	(25)
–	–	Kalgold	–	(1)
–	–	Freegold	31	(174)
–	–	ARMgold (Welkom and Orkney)	6	(12)
–	–	Avgold	(2)	(9)
–	–	Musuku	(1)	–
(129)	55		78	(453)

During FY06, the company continued with the process of down-scaling production at some shafts. This was done according to the initial plan that was communicated to the unions by 30 June 2005. Actual cost amounted to R140 million and was utilised against the provision recognised in 2005.

The re-negotiations with the various labour unions at the beginning of FY06, resulted in a reduced number of employees being retrenched at the Free State, Freegold and ARMgold operations. Only 3 000 of the initial 5 000 planned and communicated retrenchments were realised during the year. The remaining balances were reversed during the 2006 year.

During March 2005, Harmony announced that the company had commenced the final restructuring process in its Free State region following the weakening of the gold price in rand per kilogram terms. A process to down-scale production at some shafts was initiated and communicated to the unions by 30 June 2005. An accrual was raised to cover the estimated cost of the restructuring.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		8 REVERSAL OF IMPAIRMENT/(IMPAIRMENT) OF ASSETS		
(294)	156	Free State	156	(294)
–	–	Lydex	(114)	–
–	–	Evander	80	(89)
–	–	Kalgold	–	(137)
–	–	Australian operations	–	(637)
–	–	Freegold	94	(353)
–	–	ARMgold (Welkom and Orkney)	–	(3)
(294)	156		216	(1 513)

COMPANY			GROUP	
2005 RM	2006 RM		2006 RM	2005 RM

8 REVERSAL OF IMPAIRMENT/(IMPAIRMENT) OF ASSETS (CONTINUED)

During the year ended 30 June 2006, the group reversed R330 million of the R736 million impairment recorded in 2005 at its Free State, Evander and Freegold operations. The fair values calculated based on the updated mine plans, a gold price of R105 000 per kilogram and a discount rate of 8.38%, fairly exceeded the carrying value of the abovementioned operations at 30 June 2006. Accordingly, a decision was made to reverse the previously recorded impairments.

The R114 million impairment recorded in 2006 at Lydenburg Exploration Ltd relates to an impairment loss on amounts previously capitalised as undeveloped properties for which no future financial benefits are expected by management.

During the year ended 30 June 2005, the South African operations recorded an impairment of R876 million at a number of its operations. This impairment relates to an impairment of mining properties, mine development costs and mine plant facilities, as well as some undeveloped properties. The adjustment to the expected amount of gold to be produced as well as revised working costs resulted in revised life-of-mine plans being designed for the South African operations. Utilising the revised mine plans, a gold price of R92 000 per kilogram and a discount rate of 8.2%, the calculated fair values did not support the carrying value of some of the South African operations. Accordingly an asset impairment of R876 million was charged against income.

The Australian operations recorded an impairment of R637 million during the year ended 30 June 2005. This impairment relates to an impairment loss on amounts previously capitalised as undeveloped properties for which no future financial benefits are expected by management. An impairment was also recorded on mining assets mainly resulting from a review performed on life-of-mine plans. The revised life-of-mine plans included an adjusted Australian dollar gold price and adjustments to estimated production costs. Using the revised mine plans, a gold price of A$550 per ounce and a discount rate of 7%, the calculated fair values did not support the carrying value of some of the Australian operations. Accordingly, an asset impairment of R637 million was charged against income. The Australian discount rate differs from the South African discount rate due to the difference in country risk.

Fair value is generally determined utilising discounted future cash flows. Management also considers such factors as the market capitalisation of the group, the quality of the individual orebody and country risk in determining fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
		9 OTHER (EXPENSES)/INCOME – NET		
3	2	Profit on sale of property, plant and equipment	65	78
(20)	8	Foreign exchange profits/(losses) – net	(25)	3
(38)	–	Non-mining bad debts	(5)	(38)
(17)	(20)	Other expenditure – net	(56)	(69)
(72)	(10)		(21)	(26)

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
		10 PROFIT/(LOSS) ON SALE OF LISTED INVESTMENTS		
(372)	307	Profit/(loss) on sale of investment in Gold Fields Limited	307	(372)
–	(1)	Loss on sale of investment in San Gold Corporation	(1)	–
(22)	–	Loss on sale of investment in ARM Limited	–	(213)
–	–	Profit on sale of investment in Bendigo NL	–	30
(394)	306		306	(555)

The company disposed of its remaining investment in Gold Fields Limited (Gold Fields) for R2 442 million. The process was concluded through market disposals which began on 10 November 2005 and an open market offering on 15 and 16 November 2005. The investment was acquired at a cost of R2 135 million, resulting in a profit of R307 million (refer note 22(f)).

On 29 December 2005, Harmony disposed of its investment in San Gold Corporation for R19 million. The investment was carried at a total cost of R20 million, resulting in a loss of R1 million (refer note 22(a)).

On 18 January 2006 Harmony disposed of its investment in Atlas Gold Limited for R1 million (A$0.2 million). The investment of 500 000 shares was carried at a total cost of A$0.1 million, resulting in a profit of A$0.1 million (refer note 22(g)).

On 3 June 2005, the company disposed of 30 million shares in Gold Fields Limited (Gold Fields) for R2 041 million. The investment was acquired at a cost of R2 413 million, resulting in a loss of R372 million (refer note 22(f)).

The company disposed of 5.82% of the 19.5% investment held in ARM Limited (ARM) for R346 million through a range of transactions on 3 February 2005, 15 March 2005 and 27 May 2005. The 5.82% portion of the investment was acquired at a cost of R559 million, resulting in a loss of R213 million (refer note 22(e)).

On 1 April 2005, Harmony disposed of its investment in Bendigo NL (Bendigo), carried at a total cost of A$26 million, for R158 million, resulting in a profit of R30 million. Previously a diluted loss of R88 million was accounted for, resulting in a net loss over the life of the investment of R58 million.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		11 PROFIT/(LOSS) ON SALE OF SUBSIDIARIES		
–	–	Profit on sale of investment in Buffalo Creek Mines (Pty) Ltd (a)	14	–
1	–	Profit on sale of investment in NACS (b)	–	1
–	–	Loss on sale of investment in Future (c)	–	(9)
–	–	Profit on sale of investment in Ubuntu (d)	–	7
1	–		14	(1)

(a) On 31 March 2006, the company disposed of the entire share capital of Buffalo Creek Mines (Pty) Ltd for R106 million (A$24 million). According to the agreement the A$24 million was to be settled as follows:

- A$4.3 million to be paid in cash
- 1 907 892 Shares in GBS Gold International, valued at A$5 million.
- A$5 million to be paid in cash in September 2006
- Shares in GBS Gold International, to be issued in September 2006, equal to the value of A$4.4 million
- A$5.4 million to be paid in cash in September 2007

The net asset value of Buffalo Creek Mines (Pty) Ltd was R92 million (A$21 million), resulting in a profit of R14 million (A$2.9 million) for the group.

(b) On 1 July 2004, the company disposed of the entire share capital of National Accommodation & Catering Services (Proprietary) Limited (NACS) for R1.3 million. The net asset value of NACS was R0.5 million, resulting in a profit of R0.8 million for the group. The subsidiary was acquired from African Rainbow Mineral and Exploration Investments (Proprietary) Limited (ARMI) as part of the acquisition of ARMgold on 23 September 2003.

(c) On 29 November 2004, the company disposed of the entire share capital of Future Mining (Proprietary) Limited (Future) for R1. The net asset value of Future was R9 million, resulting in a loss of R9 million for the group. The subsidiary was acquired from ARMI as part of the acquisition of ARMgold on 23 September 2003.

(d) On 30 November 2004, the company disposed of the entire share capital of Ubuntu Small Scale Mining (Proprietary) Limited (Ubuntu) for R0.4 million. The net asset value of Ubuntu was a negative R6.6 million, resulting in a profit of R7 million for the group. The subsidiary was acquired from ARMI as part of the acquisition of ARMgold on 23 September 2003.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
		12 PERMANENT DIMINUTION IN VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSET		
–	–	Permanent diminution in value of shares in listed companies	–	(337)

The purchase by the ARM Broad-Based Economic Empowerment Trust (the Trust) of 13.68% of the investment in ARM was financed and underwritten by Harmony. As part of the various agreements put in place to arrange the sale of the shares to the Trust, Harmony accepted terms which resulted in the majority of the risk not being transferred to the Trust. The Trust is accounted for on the consolidated Harmony balance sheet, as the Trust is deemed to form part of the Harmony Group. This will be unwound as the shares in the Trust are taken up by the incumbent owners. In the interim, the value of the shares in the Trust have been written down to R29 per share which is the maximum realisable price in terms of the agreement.

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
		13 FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENT		
–	–	Mark-to-market on embedded derivative	87	17

The sale agreement of the ARM shares gave rise to a non-derivative financial instrument that is classified as "fair value through profit and loss". This is due to Harmony not sharing in the full increase in the share value of the ARM shares above R29 per share, as the fair value movement recognised is equivalent to the interest paid on the Nedbank Loans (refer note 31(h) and (i)).

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
		14 INVESTMENT INCOME		
201	254	Interest received on held-to-maturity and other financial assets	207	132
17	11	Dividends received from available-for-sale financial assets	11	17
–	10	Other dividends	6	–
218	275		224	149

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		15 FINANCE COST		
		Cash interest paid		
26	–	Banks and short-term facilities	–	32
136	90	Senior unsecured fixed-rate bonds	90	136
81	84	Convertible unsecured fixed-rate bonds	82	81
11	–	Nedbank Limited	2	11
	24	Rand Merchant Bank	24	–
–	1	Other creditors	3	1
254	199	**Total cash interest paid**	201	261
		Non-cash interest paid		
57	63	Convertible unsecured fixed-rate bonds	63	57
–	–	AngloGold Limited	–	27
–	–	BOE Bank Limited	18	44
–	–	Nedbank Limited	88	17
–	–	Post-retirement benefits	8	20
14	13	Rehabilitation costs	92	79
71	76	**Total non-cash interest paid**	269	244
325	275	**Total interest paid**	470	505
		The non-cash interest charges relate to imputed interest charges on the various liabilities, in terms of the applicable accounting rules.		
		16 TAXATION		
		The components of taxation in the income statement are the following:		
		South African taxation		
(4)	–	Mining tax	–	(4)
–	–	Non-mining tax	(11)	(3)
82	(26)	Deferred tax	(138)	404
40	(20)	Deferred tax – impairment of assets	(65)	158
		Foreign taxation		
–	–	Current tax	–	(69)
–	–	Deferred tax – normal	76	53
–	–	Deferred tax – impairment of assets	–	191
118	(46)	**Total taxation**	(138)	730

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		16 TAXATION (CONTINUED)		
		Mining tax on mining income is determined on a formula basis which takes into account the profit and revenue from mining operations during the year. Non-mining income is taxed at a standard rate. Mining and non-mining income of Australian operations are taxed at a standard tax rate of 30% (2005: 30%). Deferred tax is provided at the estimated expected future mining tax rate for temporary differences. Major items causing the company's income tax provision to differ from the maximum mining statutory tax rate of 45% (2005: 45%) were:		
535	(131)	Tax on net income at the maximum statutory mining tax rate	179	1 280
(270)	58	Non-taxable income/additional deductions	(98)	282
163	62	Difference between estimated effective mining tax rate and maximum mining statutory rate on timing differences	38	213
(224)	–	Difference between South African mining formula tax rate and maximum mining statutory rate on mining income	10	(670)
–	–	Difference between non-mining tax rate and maximum mining statutory rate on non-mining income	(76)	(78)
(81)	(35)	Change in estimated effective mining tax rate on deferred tax	(191)	(282)
(5)	–	Change in statutory mining tax rate	–	(10)
–	–	Change in statutory non-mining tax rate	–	(5)
118	(46)	**Income and mining taxation**	(138)	730
9%	13%	**Effective income and mining tax rate**	-36%	19%
		Deferred income and mining tax liabilities and assets on the balance sheet as of 30 June 2006 and 30 June 2005, relate to the following:		
		Deferred income and mining tax liabilities		
45	137	Amortisation and depreciation	3 587	3 291
3	1	Product inventory not taxed	64	16
18	27	Convertible bonds	28	18
–	1	Other	14	–
–	–	Deferred financial liability	(72)	(76)
(5)	(21)	Unredeemed capital expenditure	(681)	(603)
(9)	(9)	Provisions, including non-current provisions	(172)	(112)
(27)	(66)	Tax losses	(468)	(351)
25	70		2 300	2 183
		The group's net deferred tax liability/(asset) per tax entity is made up as follows:		
(70)	(110)	Deferred tax assets	(1 975)	(1 811)
95	180	Deferred tax liabilities	4 275	3 994
25	70		2 300	2 183

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		16 TAXATION (CONTINUED)		
		The movement in the net deferred tax liability recognised in the balance sheet is as follows:		
147	25	At the beginning of the year	2 183	2 850
–	–	Acquired through the purchase of subsidiaries and businesses and the finalisation of purchase prices of subsidiaries and businesses	(17)	–
(122)	45	Total charge/(reversal) per income statement	127	(806)
–	–	Foreign currency translation adjustments	7	139
25	70	At the end of the year	2 300	2 183

As at 30 June 2006, the group had unredeemed capital expenditure of R7 797 million (2005: R6 581 million) and tax losses carried forward of R2 507 million (2005: R1 827 million) available for deduction against future mining income. These future deductions are utilisable against mining income generated only from the group's current mining operations and does not expire unless the group ceases to trade for a period longer than one year.

17 LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year

	GROUP 2006 RM	GROUP 2005 RM
Net loss attributable to shareholders	(525)	(3 214)
Weighted average number of ordinary shares in issue ('000)	393 727	361 817
Basic loss per share (cents)	(133)	(888)

Fully diluted loss per share

For the diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes and warrants in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	GROUP 2006 RM	GROUP 2005 RM
Weighted average number of ordinary shares in issue ('000)	393 727	361 817
Potential ordinary shares ('000)	–	–
Weighted average number of ordinary shares for fully diluted loss per share ('000)	393 727	361 817
Fully diluted loss per share (cents)	(133)	(888)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		17 LOSS PER SHARE (CONTINUED)		
		The inclusion of share options issued to employees as at 30 June 2006 and 30 June 2005, as potential ordinary shares, would have an anti-dilutive effect on the diluted loss per share. Additionally the potential ordinary shares to be issued upon the conversion of the convertible unsecured fixed-rate bond (refer to note 31) would have an anti-dilutive effect on diluted earnings per share. Accordingly, such additional shares have not been taken into account in the determination of the diluted loss per share.		
		Headline loss per share		
		The calculation of headline loss per share is based on the basic loss per share calculation adjusted for the following items:		
		Net loss attributable to shareholders	(525)	(3 214)
		Net (reversal of impairment)/impairment of assets	(151)	1 163
		– Gross	(216)	1 513
		– Taxation	65	(350)
		Profit on sale of property, plant and equipment	(65)	(78)
		Net (profit)/loss on sale of listed investments	(306)	555
		Net (profit)/loss on sale of subsidiary	(14)	1
		Permanent diminution in value of available-for-sale financial asset	–	337
		Headline loss	(1 061)	(1 236)
		Basic headline loss per share (cents)	(269)	(342)
		Fully diluted headline loss per share (cents)	(269)	(342)
		18 DIVIDENDS DECLARED		
		No interim dividend was declared during 2006 and 2005	–	-
		No final dividend was declared during 2006 (2005: dividend no. 79 for 2004 of 30 cents)	–	97
		No final dividend was proposed for 2006. The final dividend in respect of the 2004 financial year was approved on 30 July 2004. The 2004 financial statements did not reflect the final dividend proposed. It was accounted for in the 2005 financial year.		

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		19 PROPERTY, PLANT AND EQUIPMENT		
1 296	1 516	Mining properties, mine development costs and mine plant facilities	23 250	22 342
1	1	Other non-mining assets	68	169
1 297	1 517		23 318	22 511
		Mining properties, mine development costs and mine plant facilities		
2 873	3 031	Cost at beginning of year	31 683	30 287
–	–	Acquired through the purchase of subsidiaries	1	4
–	–	Acquired through the purchase of businesses	5	–
159	200	Additions	1 708	1 431
(1)	(1)	Disposals	(47)	(604)
–	–	Disposal of subsidiary	–	(4)
–	–	Foreign currency translation adjustments	489	569
–	–	Adjustment to rehabilitation asset	(55)	–
3 031	3 230		33 784	31 683
1 327	1 735	Accumulated depreciation and amortisation at beginning of year	9 341	7 253
–	–	Acquired through the purchase of subsidiaries	–	2
294	(156)	Impairment of fixed assets	(330)	1 513
–	–	Disposals	(33)	(571)
–	–	Disposal of subsidiary	–	(4)
–	–	Foreign currency translation adjustments	524	140
114	135	Amortisation and depreciation charge for the year	1 032	1 008
1 735	1 714		10 534	9 341
1 296	1 516	**Net book value**	23 250	22 342
		Other non-mining assets		
28	28	Cost at beginning of year	249	226
–	–	Additions	39	27
–	–	Disposals	(1)	(5)
–	–	Foreign currency translation adjustments	18	1
28	28		305	249
27	27	Accumulated depreciation and amortisation at beginning of year	80	60
–	–	Impairment of assets	114	–
–	–	Amortisation and depreciation charge for the year	43	20
27	27		237	80
1	1	**Net book value**	68	169
1 297	1 517	**Total net book value**	23 318	22 511

Other non-mining assets consist of mineral subscription and participation rights, freehold land, computer equipment and motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		20 INTANGIBLE ASSETS		
		Goodwill		
–	–	Opening net book value (a)	2 267	2 267
–	–	Acquired through the purchase of subsidiaries (b)	3	–
–	–	**Closing net book value**	2 270	2 267
		The net book value as at 30 June 2006, is made up as follows:		
–	–	Cost	2 375	2 372
–	–	Accumulated amortisation	(105)	(105)
–	–	**Net book value**	2 270	2 267

(a) The opening net book value of goodwill relates to the acquisition of ARMgold on 22 September 2003.

(b) The goodwill relates to the acquisition of GP Britz Pharmacy and H Taute Pharmacy, by Healthshare Health Solutions (Pty) Ltd. Healthshare Health Solutions (Pty) Ltd is a joint venture company with Network Healthcare Holdings Limited (Netcare).

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		21 RESTRICTED CASH		
1	1	Bissett proceeds held in trust	1	1
–	–	Australian shareholders funds	8	9
–	–	Security deposits	246	42
1	1		255	52

An amount of C$0.2 million (2005: C$0.2 million) of the proceeds on sale of Bissett is held in trust with Stike and Elliot attorneys in Canada. The amount will be held in trust until clearance is provided by the Canadian tax authority that all outstanding tax obligations by Harmony have been met.

An amount of A$1.4 million (2005: A$2 million) is held to acquire the remaining shares in Australian subsidiaries, as part of the compulsory takeover of shares.

An amount of A$46 million (2005: A$8 million) is held in respects of security deposits on mining tenements.

Restricted cash is measured at fair value.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		22 INVESTMENTS IN FINANCIAL ASSETS		
		Available-for-sale financial assets		
11	–	Investment in San Gold Resources Corporation (a)	–	11
6	–	Investment in Gold City Industries Limited (b)	–	6
–	–	Investment in GBS Gold International Inc (c)	21	–
–	–	Investment in Alloy Resources (d)	5	–
–	–	Investment in African Rainbow Minerals Limited (e)	941	854
2 027	–	Investment in Gold Fields Limited (f)	–	2 027
–	–	Investment in Atlas Gold Limited (g)	–	1
–	–	Investment in Peninsula Minerals Limited (h)	1	–
2 044	–		968	2 899
		Held-to-maturity		
107	129	Environmental trust funds (i)	1 287	1 171
2 151	129	Total financial assets	2 255	4 070

(a) On 17 March 2004, the company received 5 000 000 ordinary shares in San Gold, issued at C$0.40 per share, as partial consideration for the sale of the company's wholly owned subsidiary, Bissett. San Gold is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. The market value of the investment was R11 million (C$0.40 per share) on 30 June 2005, resulting in an increase of R1 million since acquisition, which was reflected as equity reserves (refer to note 30(b) for more detail). Effective 30 June 2005, Gold City and San Gold Resources were amalgamated to form a new company named San Gold Corporation. Accordingly the company received 0.5176 San Gold Corporation shares for each Gold City share held and 1 San Gold Operation share for 1 San Gold share, bringing the total shares held in San Gold Corporation to 7 957 498 shares. On 29 December 2005 the company disposed of its investment in San Gold Corporation for R19 million. The investment was carried at a total cost of R20 million, resulting in a loss of R1 million (refer to note 10).

(b) On 17 March 2004, the company received 5 714 285 ordinary shares in Gold City, issued at C$0.35 per share, as partial consideration for the sale of the company's wholly owned subsidiary, Bissett. Gold City was a mineral resources company, which had a secondary listing on the Toronto Stock Exchange. Effective 30 June 2005, Gold City and San Gold Resources were amalgamated to form a new company named San Gold Corporation. Accordingly the company received 2 957 498 San Gold Corporation shares, exchanged at a ration of 1:0.5176.

COMPANY			GROUP	
2005	2006		2006	2005
RM	RM		RM	RM

22 INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)

(c) On 31 March 2006, Vadessa (Pty) Ltd, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, received 1 907 892 shares in GBS Gold International Inc., issued at C$1.75, as partial consideration for the sale of the company's wholly owned subsidiary, Buffalo Creek Mines (Pty) Ltd. GBS is a mineral resources company, which is listed on the Toronto Stock Exchange. The market value of the investment was R21 million (C$1.75 per share) on 30 June 2006, resulting in a decrease of R4.7 million since acquisition, which was reflected as equity reserves (refer note 30(b)).

(d) On 3 April 2006, Big Bell Gold Operations (Pty) Ltd, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, received 5 000 000 shares, valued at A$0.20 per share, in Alloy Resources, as partial consideration for the sale of Comet tenements. The market value of the investment was R5 million (A$0.185 per share) on 30 June 2006, resulting in a decrease of R0.4 million since acquisition, which was reflected as equity reserves (refer to note 30(b)).

(e) During FY05, Harmony entered into a number of transactions to dispose of the 19.5% investment held in ARM. These transactions included transactions in the open market to dispose of a 5.82% share in ARM on which a loss of some R213 million was recorded (refer to note 10). In addition Harmony disposed of the remaining portion of the investment in ARM to the Trust. As part of the various agreements put in place to arrange the sale of the shares to the Trust, Harmony has accepted terms which resulted in the majority of the risk not being transferred away from Harmony. This relates mainly to a guarantee whereby the loan of R480 million can be put to Harmony by Nedbank Limited in the event of default on any of the loans obtained by the Trust in acquiring the shares from Harmony. Based on accounting rules governing the accounting for SPEs, it is required that Harmony consolidate the Trust and therefore the total Trust liability and the total investment in ARM is accounted for on the consolidated balance sheet, as the Trust is deemed to form part of the Harmony Group.

The value of the shares in the Trust have been written down to R29 per share which is the maximum realisable price in terms of the agreement (refer to note 12 and 13).

On 6 June 2006, the ARM Broad-Based Economic Empowerment Trust refinanced the shares held by the Trust, which resulted in the cancellation of the "Put Option". The "Put Option" was replaced with a guarantee to the value of R367 million as at 27 May 2006, plus interest accrued at the applicable funding rate. The number of shares available for disposal by the Trust is 8 175 640.

COMPANY			GROUP	
2005 RM	2006 RM		2006 RM	2005 RM

22 INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)

An indemnity from ARM Limited to the value of 50% of Harmony's liability under the guarantee has been received. This guarantee is subject to a maximum amount of R107 million, as at 27 May 2006, plus interest thereon at the applicable funding rate, and further reduces Harmony's obligation. Net obligation to Harmony, after taking the afore-mentioned adjustments into account, will be R260 million plus accrued interest.

(f) On 30 November 2004, the company acquired 56 606 482 ordinary shares in Gold Fields, representing 11.5% of their issued share capital, at a total cost of R4 458 million by the issue of 1.275 Harmony shares for every Gold Fields' share. Gold Fields is a mineral resources company, primarily gold, with a primary listing on the JSE and a secondary listing on the New York Stock Exchange (NYSE). The investment was classified as an available-for-sale investment. On 3 June 2005, the company disposed of 30 million shares in Gold Fields, representing 6.5% of their issued share capital, for R2 041 million. These shares were acquired at a total cost of R2 413 million, resulting in a loss of R372 million (refer to note 10).

The company disposed of its remaining investment held in Gold Fields Limited (Gold Fields) for R2 442 million. The process was concluded through market disposals which commenced on 10 November 2005 and an open market offering on 15 and 16 November 2005. The investment was acquired at a cost of R2 135 million, resulting in a profit of R307 million (refer to note 10).

The investment was carried at fair value and the R376 million mark-to-market movement for 2006 resulted in an increase in value of R268 million since acquisition, which was reflected as equity reserves (refer to note 30(b)).

Dividends to the value of R11 million were received from this investment during the current financial year (2005: R17 million).

(g) During January 2006, the company disposed of the 500 000 ordinary held in Atlas Gold Limited for R1 million (A$0.2 million). The investment was acquired on 13 January 2005, as partial consideration for the sale of tenements, at a cost of A$0.20 per share (A$0.1 million) (refer note 10).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

22 INVESTMENTS IN FINANCIAL ASSETS (CONTINUED)

(h) On 25 January 2005, the company received 5 million ordinary shares in Peninsula Minerals Limited, issued at A$0.02 per share, as partial consideration for the sale of tenements. The market value of the investment was R0.5 million (A$0.02 per share) on 30 June 2006 (2005: R0.3 million (A$0.01 per share)).

(i) The environmental trust funds are irrevocable trusts under the group's control. The contributions to the trusts are invested primarily in interest-bearing short-term and other investments. The cost of these investments approximate their fair value. These investments provide for the estimated cost of rehabilitation during and at the end of the life of the group's mines. Income earned on the investments are accounted for as investment income. These investments are restricted in use and may only be used to fund the group's approved rehabilitation costs.

23 INVESTMENTS IN ASSOCIATES

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
–	–	Opening carrying amount	–	124
–	–	Associate becoming a listed investment on dilution (a)	–	(124)
–	1	Shares acquired at cost	2 014	–
–	–	Share of loss after tax	(105)	–
–	1	Closing carrying amount	1 909	–
		The carrying amount consist of the following:		
–	–	ARMgold (a)	–	–
–	–	Western Areas Limited (b)	1 908	–
–	1	Village Main Reef Gold Mining Company (1934) Limited (c)	1	–
–	1		1 909	–

(a) In prior years, the group acquired a 17.25% interest in ARM through its 50% interest in a joint venture with ARMgold, ARMgold/Harmony Joint Investment Company Pty Ltd (Clidet). The joint venture company purchased 27 786 362 shares in ARM from Anglo American Plc for R1 209 million on 8 May 2003 and a further 11 003 399 shares for R478 million on 14 May 2003, giving a combined interest of 34.5% in the issued share capital of ARM. On 22 September 2003, the group acquired the additional 17.25%, owned by Clidet, through its acquisition of ARMgold. ARM is listed on the JSE and has interests in operating gold, manganese, iron, chrome, platinum, and nickel mines in South Africa, as well as cobalt and copper mines in Zambia. Clidet's investment in ARM was diluted to 19% in May 2004, by the issue of new shares by ARM, following a range of transactions between Harmony, ARM and ARMI, resulting in a loss on dilution of R163 million. A voting pool agreement between Harmony and ARMI in respect of their shareholding in ARM, was reached.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM

23 INVESTMENTS IN ASSOCIATES (CONTINUED)

The result was that the investment in ARM was reclassified in 2005 to an available-for-sale financial asset (refer to note 22(e)).

(b) On 9 March 2006, the group acquired a 29.2% interest in the issued share capital of Western Areas Limited through its subsidiary ARMgold/Harmony Joint Investment Company Pty Ltd. The company purchased 44 985 939 shares in Western Areas Limited on 9 March 2006 at R44.23 per share at a total cost of R2 012 million. Western Areas is listed on the JSE Limited and has interests in operating gold mines in South Africa.

On 30 June 2006, the fair value of the investment was calculated at R1 872 million (R41.70 per share). The fair value was evaluated by management and no permanent indication of impairment was identified, therefore no diminution was recognised.

Western Areas Limited has a 31 December year-end and the latest available audited financials are for the year ended 31 December 2005.

The unaudited results of Western Areas for the period since acquisition of the investment on 9 March 2006 to 30 June 2006 are as follows:

	100% RM	29.2% RM
Revenue	50	15
Cash operating costs	(165)	(48)
Cash operating loss	(115)	(33)
Operating loss	(155)	(45)
Net loss	(358)	(105)

At 30 June 2006, the unaudited balance sheet of Western Areas Limited was as follows:

	100% RM	29.2% RM
Non-current assets	6 043	1 765
Current assets	250	73
Total assets	6 293	1 838
Equity and liabilities	887	259
Non-current liabilities	4 642	1 356
Current liabilities	764	223
Total equity and liabilities	6 293	1 838

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		23 INVESTMENTS IN ASSOCIATES (CONTINUED)		
		(c) On 21 June 2006, Harmony acquired 37.8% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited at a total cost of R0.5 million. The equity stake was purchased from African Rainbow Minerals Limited at a price of 20 cents per share. Village is listed on the JSE Limited in the gold sector and has been dormant for some time without any operating mines. The acquisition forms part of Harmony's strategic positioning.		
		Village Main Reef Gold Mining Company (1934) Limited has a 30 June year-end and the latest available audited financials are for the year ended 30 June 2005.		
		Non-current assets		1
		Current assets		4
		Total assets		5
		Equity		2
		Non-current liabilities		3
		Total liabilities		5
		24 INVESTMENTS IN SUBSIDIARIES		
20 394	20 400	Shares at cost (refer Annexure A)		
3 774	7 377	Loans to subsidiaries (refer Annexure A)		
24 168	27 777	**Total investments in subsidiaries**		

25 INVESTMENT IN JOINT VENTURES

The group has joint venture agreements with the following companies:

Orpheo by Harmony (Pty) Ltd (50%)

Healthshare Health Solutions (Pty) Ltd (45%)

The group's effective share of income, expenses, assets and liabilities, which is included in the 2006 consolidated statements, is as follows:

Orpheo by Harmony (Pty) Ltd (50%)

Income statement

Net income to the value of R0.006 million is included in the group's results.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		25 INVESTMENT IN JOINT VENTURES (CONTINUED)		
		Balance sheet		
		Non-current assets		
		Property, plant and equipment	1	–
		Current assets		
		Inventories	1	–
		Total assets	2	–
		Non-current liabilities		
		Borrowings	1	–
		Current liabilities		
		Trade and other payables	1	–
		Total equity and liabilities	2	–
		Healthshare Health Solutions (Pty) Ltd		
		Income statement		
		Interest received	1	–
		Other income/expenses	19	6
		Profit before tax	20	6
		Taxation	(7)	–
		Dividend declared	(10)	–
		Net profit	3	6
		Balance sheet		
		Non-current assets		
		Goodwill	3	–
		Current assets		
		Inventories	2	–
		Trade and other receivables	3	5
		Cash and cash equivalents	12	2
		Total assets	20	7
		Equity	9	6
		Current liabilities		
		Trade and other payables	7	1
		Income tax	4	–
		Total equity and liabilities	20	7

During the financial year the group received income of R6 million from this investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		26 INVENTORIES		
81	94	Gold in-process and bullion on hand	458	342
175	153	Stores and materials at average cost	208	241
256	247		666	583
		Gold in-process in the following operations are valued at net realisable value:		
		Free State	–	81
		Randfontein	–	109
		Elandskraal	18	7
		Freegold	–	11
			18	208
		27 TRADE AND OTHER RECEIVABLES		
		Current		
89	84	Trade receivables (gold sales)	292	288
16	8	Other mining related receivables	102	65
(2)	(2)	Provision for impairment	(13)	(14)
103	90		381	339
(12)	(14)	Value added tax	108	100
48	57	Interest and other receivables	85	124
22	26	Employee receivables	40	36
6	19	Insurance claims and prepayments	60	33
–	–	Deferred consideration for sale of Buffalo Creek (a)	47	–
167	178		721	632
		Non-current		
–	–	Deferred consideration for sale of Buffalo Creek (a)	29	–
53	55	Loans and other (b)	78	84
26	11	Loan to Harmony Share Trust (c)	–	–
79	66		107	84

(a) On 31 March 2006, the company disposed of the entire share capital of Buffalo Creek Mines (Pty) Ltd for R106 million (A$24 million). According to the agreement the last instalment was to be settled in cash, payable September 2007 (refer note 11(a)).

(b) Loans and other comprise various industry related investments and loans, which have been valued by the directors. The directors of the company perform independent valuations of the investments on an annual basis to ensure that no permanent impairment in the value of the investments has occurred. These loans are unsecured and interest free, with no fixed terms of repayment over the short term. During the financial year, the group did not receive any income from these investments (2005: R0 million).

(c) A loan of R11 million (2005: R26 million) was made to the Harmony Share Trust to acquire 387 571 shares (2005: 589 050 shares) for employees participating in the Harmony Share Option Scheme. Refer to note 38 for detail on the share option scheme.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		28 CASH AND CASH EQUIVALENTS		
1 301	157	Cash at bank and deposits on call	651	1 778
		All deposits are on twenty-four hour call.		
		29 SHARE CAPITAL		
		Share capital		
		Authorised		
		1 200 000 000 (2005: 1 200 000 000) ordinary shares of 50 cents each		
		10 958 904 (2005: 10 958 904) redeemable convertible preference shares of 50 cents each		
		Issued		
		396 934 450 (2005: 393 341 194) ordinary shares of 50 cents each		
		On 30 June 2006, 143 919 shares were still to be issued by the company. These shares relate to share options that were exercised on 30 June 2006.		
		Shares		
160	197	Balance of ordinary shares of 50 cents each at 1 July 2005	197	160
–	2	Issued in terms of the share option scheme	2	–
37	–	Acquisition of 11.5% interest in Gold Fields	–	37
197	199	Balance as at 30 June 2006	199	197
		Share premium		
20 779	25 141	Balance as at 1 July 2005	25 092	20 729
4 422	–	Issue of shares: Acquisition of 11.5% interest in Gold Fields	–	4 422
20	181	Exercise of employee share options	181	20
(80)	–	Share issue expenses	–	(80)
–	–	Treasury shares	17	1
25 141	25 322	Balance as at 30 June 2006	25 290	25 092
25 338	25 521	Total share capital	25 489	25 289

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Directors' report and note 38 set out details in respect of the share option scheme.

The company has a general authority to purchase its shares up to a maximum of 20% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 12 November 2004. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act no 61 of 1973 of South Africa, as amended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
		30 OTHER RESERVES		
–	–	Foreign exchange translation reserve (a)	(316)	(425)
(111)	–	Mark-to-market of listed investments (b)	(7)	(112)
–	–	Mark-to-market of environmental trust funds (c)	–	2
277	277	Equity component of convertible bond (d)	277	277
–	–	Acquisition of minority interest in subsidiary (e)	(381)	(381)
47	95	Share based compensation (f)	187	84
–	–	Other	(31)	(31)
213	372		(271)	(586)

(a) The balance of the foreign exchange translation reserve represents the cumulative translation effect of the company's off-shore operations.

(b) On 30 November 2004, the company acquired 56 606 482 ordinary shares in Gold Fields, at a total cost of R4 458 million by the issue of 1.275 Harmony shares for every Gold Fields' share. Gold Fields is a mineral resources company, primarily gold, which has its primary listing on the JSE Limited and a secondary listing on the NYSE. On 3 June 2005, the company disposed of 30 million shares in Gold Fields, resulting in a loss of R372 million. The market value of the remaining investment as at 30 June 2005 was R2 027 million, resulting in a decrease of R108 million since acquisition.

The company disposed of its remaining investment held in Gold Fields Limited (Gold Fields) for R2 442 million. The process was concluded through market disposals which commenced on 10 November 2005 and an open market offering on 15 and 16 November 2005. The investment was acquired at a cost of R2 135 million, resulting in a profit of R307 million.

The market value of the investment increased by R376 million during the period, resulting in a net increase of R268 million since acquisition, which was realised in the income statement as profit on disposal of the investment (refer to note 22(f)).

On 17 March 2004, the company received 5 000 000 ordinary shares in San Gold, valued at R10 million, as partial consideration for the sale of the company's wholly owned subsidiary, Bissett. San Gold is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. Effective 30 June 2005, Gold City and San Gold Resources were amalgamated to form a new company named San Gold Corporation. Accordingly the company received 0.5176 San Gold Corporation shares for each Gold City share held and 1 San Gold Operation share for 1 San Gold share, bringing the total shares held in San Gold Corporation to 7 957 498 shares. On 29 December 2005 the company disposed of its investment in San Gold Corporation for R19 million. The investment was carried at a total cost of R20 million, resulting in a loss of R1 million. The market value of the investment as at 29 December 2005 was R20 million, resulting in a decrease of R6 million since acquisition, which realised in the income statement to the profit on disposal of the investment (refer to note 22(a)).

COMPANY			GROUP	
2005 RM	2006 RM		2006 RM	2005 RM

30 OTHER RESERVES (CONTINUED)

On 17 March 2004, the company received 5 714 285 ordinary shares in Gold City, valued at R10 million, as partial consideration for the sale of the company's wholly owned subsidiary, Bissett. Gold City is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. Effective 30 June 2005, Gold City and San Gold Resources were amalgamated to form a new company named San Gold Corporation. Accordingly the company received 2 957 498 San Gold Corporation shares, exchanged at a ration of 1:0.5176. The market value of the investment as at 30 June 2005 was R6 million, resulting in a decrease of R4 million since acquisition, which realised in the income statement to the profit on disposal of the investment (refer to note 22(b)).

On 31 March 2006 the group received 1 907 892 shares in GBS Gold International Inc., issued at C$1.75, as partial consideration for the sale of the company's wholly owned subsidiary, Buffalo Creek Mines (Pty) Ltd. GBS is a mineral resources company, which are listed on the Toronto Stock Exchange. The market value of the investment was R21 million (C$1.75 per share) on 30 June 2006, resulting in a decrease of R4.7 million since acquisition, which was reflected as equity reserves (refer note 22(c)).

On 3 April 2006 Big Bell Gold Operations (Pty) Ltd, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, received 5 000 000 shares, valued at A$0.20 per share, in Alloy Resources, as partial consideration for the sale of Comet tenements. The market value of the investment was R5 million (A$0.185 per share) on 30 June 2006, resulting in a decrease of R0.4 million since acquisition, which was reflected as equity reserves (refer to note 22(d)).

Harmony's 34.5% investment in 38 789 761 issued ordinary shares of ARM was diluted to 19% on 3 May 2004, by the issue of new shares by ARM, following a range of transactions between Harmony, ARM and ARMI. The result was that the investment in ARM was reclassified from an investment in an associate to an available-for-sale investment. Through the same range of transactions, Harmony disposed of its platinum interest in the Kalplats platinum project to ARM for the issue of 2 000 000 new ordinary shares in ARM, giving a total value to the investment in ARM of R1 727 million. ARM is listed on the JSE Limited and has interests in operating gold, manganese, iron, chrome, platinum, and nickel mines in South Africa. The market value of the investment as at 30 June 2004 was R1 452 million, resulting in a decrease in carrying value of R275 million. Starting on 3 February 2005 the company disposed of its entire investment in ARM through a range of transactions and the mark-to-market reserve was realised in the income statement to the profit on disposal of the investment and the permanent diminution in value of investment (refer to notes 12 and 13).

30 OTHER RESERVES (CONTINUED)

(c) The balance of the mark-to-market of environmental trust funds reserve relates to the mark to market of government gilts and bonds in the portfolio of investments of the environmental trust funds.

(d) On 21 May 2004, the company issued 4.875% convertible bonds at a nominal value of R1 700 million. The bonds are convertible at the option of the bondholders at any time on or after 1 July 2004 and up to and including 15 May 2009, unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares, at a nominal value R0.50 per share. The fair values of the liability component and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in fair value and other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods (refer to note 31(b)).

(e) On 15 March 2004, Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle, held by minorities. The excess of the purchase price of R579 million (A$123 million) over the carrying amount of minorities acquired, amounting to R381 million, has been accounted for under other reserves.

(f) The company issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. During 2006 a deferred share-based compensation expense of R103 million (2005: R67 million) was charged to the income statement (refer to note 38).

The different categories of other reserves are made up as follows:

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
		Foreign exchange translation reserve		
–	**–**	At the beginning of the year	**(425)**	(774)
–	**–**	Current year's foreign exchange movement	**109**	349
–	**–**	At the end of the year	**(316)**	(425)

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		30 OTHER RESERVES (CONTINUED)		
		Mark-to-market of listed investments		
(21)	**(111)**	At the beginning of the year	**(112)**	(285)
7	**–**	Unrealised mark-to-market of San Gold investment	**(6)**	7
–	**–**	Realised mark-to-market of San Gold investment	**6**	–
–	**3**	Realised mark-to-market of Gold City investment	**3**	–
–	**–**	Unrealised mark-to-market of GBS Gold investment	**(5)**	–
–	**–**	Unrealised mark-to-market of Alloy Resources investment	**(1)**	–
(5)	**–**	Unrealised mark-to-market of ARM investment	**–**	(108)
17	**–**	Realisation of mark-to-market on disposal of ARM investment	**–**	383
(313)	**376**	Unrealised mark-to-market of Gold Fields investment	**376**	(313)
204	**(268)**	Realisation of mark-to-market on disposal of Gold Fields investment	**(268)**	204
(111)	**–**	At the end of the year	**(7)**	(112)
		Mark-to-market of environmental trust funds		
–	**–**	At the beginning of the year	**2**	8
–	**–**	Mark-to-market of available-for-sale investments	**(2)**	(6)
–	**–**	At the end of the year	**–**	2
		Equity component of convertible bond		
277	**277**	At the beginning/end of the year	**277**	277
		Acquisition of minority interest in subsidiary		
–	**–**	At the beginning/end of the year	**(381)**	(381)
		Deferred share based compensation		
11	**47**	At the beginning of the year	**84**	17
36	**48**	Share based compensation expensed	**103**	67
47	**95**	At the end of the year	**187**	84
		Other reserves		
–	**–**	At the beginning/end of the year	**(31)**	(31)
		31 BORROWINGS		
		Unsecured long-term borrowings		
1 200	**–**	Senior unsecured fixed rate bonds (a)	**–**	1 200
(24)	**–**	Fair value adjustment	**–**	(24)
(5)	**–**	Less: amortised discount and bond issue costs	**–**	(5)
1 171	**–**		**–**	1 171
(1 171)	**–**	Less: short-term portion	**–**	(1 171)
–	**–**		**–**	–

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		31 BORROWINGS (CONTINUED)		
1 700	1 700	Convertible unsecured fixed rate bonds (b)	1 700	1 700
(277)	(277)	Equity conversion component, net of deferred tax liability	(277)	(277)
(60)	(60)	Deferred tax liability	(60)	(60)
1 363	1 363	Liability component on initial recognition	1 363	1 363
64	127	Interest expense	127	64
(35)	(27)	Less: amortised bond issue costs	(27)	(35)
1 392	1 463		1 463	1 392
–	–	Africa Vanguard Resources (Proprietary) Limited (c)	32	32
–	1 000	Rand Merchant Bank (d)	1 000	–
–	(1 000)	Less: short term portion	(1 000)	–
–	–		–	–
1 392	1 463	**Total unsecured long-term borrowings**	1 495	1 424
		Secured long-term borrowings		
–	–	Gold Fields Limited (e)	5	5
–	–	Less: short-term portion	(5)	(2)
–	–		–	3
–	–	Nedbank Limited (f)	154	140
–	–	BOE Bank Limited (g)	–	159
–	–	Less: short-term portion	–	(159)
–	–		–	–
–	–	Nedbank Limited (h)	402	364
–	–	Nedbank Limited (i)	540	490
–	–	Auriel Alloys (j)	1	2
–	–	Less: short-term portion	(1)	(1)
–	–		–	1
–	–	**Total secured long-term borrowings**	1 096	998
1 392	1 463	**Total long-term borrowings**	2 591	2 422

(a) On 16 June 2001, Harmony launched and priced an issue of senior unsecured fixed-rate bonds in an aggregate principal amount of R1 200 million, with semi-annual interest payable at a rate of 13% per annum. These bonds were repayable on 14 June 2006, subject to early redemption at Harmony's option. The bonds were listed on the Bond Exchange of South Africa and were issued to settle existing debt and fund the purchase of Elandskraal and New Hampton. Included in the amortisation charge as per the income statement is R5 million (2005: R5 million) for amortisation of the bond issue costs. On 6 July 2005, a total of R281.7 million of the bond's notional value was repurchased at a cost of R294.6 million. The remaining balance of the bond was settled on 14 June 2006 at a total cost of R918 million.

COMPANY			GROUP	
2005 RM	2006 RM		2006 RM	2005 RM

31 BORROWINGS (CONTINUED)

(b) On 21 May 2004, Harmony issued an international unsecured fixed-rate convertible bond in an aggregate principal amount of R1 700 million. Interest at a rate of 4.875% per annum is payable semi-annually in arrears on 21 May and 21 November of each year, commencing 21 November 2004. The bonds mature five years from the issue date at their nominal value of R1 700 million unless converted into the company's ordinary shares. The bonds are convertible at the option of the bondholders at any time on or after 1 July 2004 and up to and including 15 May 2009, unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares, at a nominal value of R0.50 per share. The number of ordinary shares to be issued at such a conversion shall be determined by dividing the principal amount of each bond by the conversion price in effect on the relevant conversion date. The fair values of the liability component and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond (10%). The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in fair value and other reserves net of deferred income taxes. In subsequent periods, the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The bonds are listed on the London Stock Exchange for Bonds. The terms and conditions of the bonds prohibit Harmony and its material subsidiaries from creating any encumbrance or security interest over any of its assets to secure any relevant debt (or any guarantee or indemnity in respect of any relevant debt) without according the same security to the bondholders or without obtaining the prior approval of the bondholders. Included in the amortisation charge as per the income statement is R9 million (2005: R9 million) for amortisation of the bond issue costs.

(c) The loan from Africa Vanguard Resources (Proprietary) Limited (AVR) remained unchanged from the previous year. In 2005, AVR borrowed an additional R18 million to service working capital commitments. This increased the initial loan of R14 million to R32 million. The loan is unsecured and interest free, with no fixed terms of repayment over the short term.

(d) On 9 March 2006, Harmony Gold Mining Company entered into a term loan facility of R1 000 million with Rand Merchant Bank, for the purpose of partially funding the acquisition of the 29.2% stake in Western Areas Limited. Interest is compounded at a rate equal to three-month JIBAR plus 1.5%. The loan amount is payable on 13 March 2007 and interest, which is compounded monthly, is payable quarterly from 13 June 2006.

COMPANY			GROUP	
2005	2006		2006	2005
RM	RM		RM	RM

31 BORROWINGS (CONTINUED)

(e) On 1 July 2002, Freegold entered into an agreement with St Helena Gold Mines Limited, a fully owned subsidiary of Gold Fields Limited, to purchase its St Helena assets for R129 million. R120 million was payable on 29 October 2002, being the effective date after the fulfillment of all the conditions precedent. The balance of R9 million is payable by way of a 1% royalty on turnover, monthly in arrears, for a period of 48 months, commencing on the 10th of the month following the effective date.

(f) On 30 July 2003, Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVR) entered into a term loan facility of R116 million with Nedbank Limited for the purpose of partially funding AVR's purchase of an undivided 26% share of the Mining titles, to be contributed to the Doornkop joint venture with Randfontein. Interest at a fixed rate equal to JIBAR plus the applicable margin plus stamp duties and holding costs shall be repayable to the extent that the borrower received profit participation interest for the interest periods. Unpaid interest shall be capitalised and repaid with the loan amount. The loan amount and any interest accrued is repayable on 30 July 2008. Interest capitalised during the year ended 30 June 2006 amounted to R14 million (2005: R12 million).

(g) On 5 April 2002, ARMgold entered into a term loan facility of R500 million with BOE Bank Limited for the purpose of partially funding ARMgold's acquisition of shares in Freegold and loans made by ARMgold to Freegold in connection with the acquisition of mining assets from AngloGold Limited. The facility is collateralised by a pledge of the following:

(i) ARMgold's shares in Freegold;

(ii) The proceeds to ARMgold from the exercise of call options of Harmony as set out in the Freegold Joint Venture Agreement;

(iii) The proceeds to ARMgold of put options purchased by ARMgold to create downside protection on the gold price,

(iv) All amounts owing to ARMgold by Freegold; and

(v) Monies held to the account of the Distribution Account, being the account to which all distributions by Freegold to ARMgold in the form of the distribution on shares or repayments of interest or capital in respect of unsecured shareholder loans, must be credited. There were no balances on this account at 30 June 2005.

The loan was repayable over a four-year period in bi-annual instalments of R89 580 194, the first of which was on 31 December 2002. The final instalment was settled on 30 June 2006. Interest was compounded monthly at a fixed rate of 15.49%.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM

31 BORROWINGS (CONTINUED)

(h) On 15 April 2005, the Trust entered into a term loan facility of R356 million with Nedbank Limited for the purpose of funding the Trust's partial acquisition of the shares, the company held in ARM (refer note 22(e)). The loan bears interest, compounded monthly, at a fixed rate of 10.02%. Interest capitalised during the year ended 30 June 2006 amounted to R38 million (2005: R8 million). The loan is repayable on the 5th anniversary of the advance date (refer note 12 and 13).

(i) On 15 April 2005, the Trust entered into a second term loan facility of R474 million with Nedbank Limited for the purpose of funding the balance of the Trust's acquisition of the shares, the company held in ARM (refer note 22(e)). The loan bears interest, compounded monthly, at a fixed rate of 9.52%. Interest capitalised during the year ended 30 June 2006 amounted to R49 million (2005: R9 million interest and R7 million other charges). The loan is repayable on the 5th anniversary of the advance date (refer note 12 and 13).

(j) During December 2003, Musuku Beneficiation Systems (Proprietary) Limited, a wholly owned subsidiary of the company, entered into a long-term loan facility of R2 million with Auriel Alloys for the purpose of financing the acquisition of Dental Alloy equipment. The loan bears interest at 11% and is payable by way of 60 instalments of R50 000 each.

The exposure of the group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
–	–	Variable	154	140
1 171	1 000	Current	1 006	1 333
–	–	Between 1 to 2 years	–	5
1 392	1 463	Between 2 to 5 years	2 405	2 245
–	–	Over 5 years	32	32
2 563	2 463	Total borrowings	3 597	3 755
%	%		%	%
0.0	0.0	Variable	4.2	3.7
45.7	40.6	Current	28.0	35.5
0.0	0.0	Between 1 to 2 years	0.0	0.1
54.3	59.4	Between 2 to 5 years	66.9	59.8
0.0	0.0	Over 5 years	0.9	0.9
100.0	100.0	Total borrowings	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		31 BORROWINGS (CONTINUED)		
		The maturity of borrowings is as follows:		
1 171	1 000	Current	1 006	1 333
–	–	Between 1 to 2 years	–	5
1 392	1 463	Between 2 to 5 years	2 559	2 385
–	–	Over 5 years	32	32
2 563	2 463	Total borrowings	3 597	3 755
		The effective interest rates at the balance sheet date were as follows:	%	%
		*Senior unsecured fixed rate bonds (a)	–	13.0
		Convertible unsecured fixed rate bonds (b)	10.0	10.0
		Africa Vanguard Resources (Proprietary) Limited (c)	0.0	0.0
		Rand Merchant Bank (d)	9.0	0.0
		Gold Fields Limited (e)	0.0	0.0
		Nedbank Limited (f)	13.0	9.5
		*BOE Bank Limited (g)	15.5	15.5
		Nedbank Limited (h)	10.0	10.02
		Nedbank Limited (i)	9.5	9.5
		Auriel Alloys (j)	11.0	11.0

* Loan repaid in full

Other borrowings

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 general meeting, exceed R40 million or 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 accounts of the group. At year end, total borrowings amounted to R3 597 million (2005: R3 755 million).

32 DERIVATIVE FINANCIAL INSTRUMENTS

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
24	–	Derivative financial liabilities	631	386

During the financial year ended 30 June 2006, Harmony closed out 30 000oz call options sold and 108 000oz forward contracts at a cost of R213 million (US$34 million). Currency contracts acquired with the acquisition of Avgold matured on 31 December 2005 and was closed out at a total cost of R131 million. During the previous financial year, Harmony closed out the remaining gold lease rate swaps which were inherited through the acquisition of New Hampton Gold and Hill 50. These close outs are in accordance with Harmony's strategy of being unhedged.

All forward-pricing commitments and forward exchange contracts are classified as speculative and the mark-to-market movements are reflected in the income statement.

Refer to note 39 for more detail on the outstanding financial instruments.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		33 PROVISION FOR ENVIRONMENTAL REHABILITATION		
		Provision raised for future rehabilitation		
123	118	Opening balance	837	776
–	–	Change in estimate – Balance sheet	(57)	–
(19)	(16)	Change in estimate – Income statement	(19)	(29)
5	6	Inflation present value adjustment	44	32
9	7	Time value of money component	48	47
–	–	Foreign currency translation adjustments	7	11
118	115	Closing balance	860	837

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R1 696 million (2005: R1 390 million).

Included in the charge to the income statement is an amount of R48 million (2005: R47 million) relating to the time value of money.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		The movements in the investments in the group Environmental Trust Funds, were as follows:		
99	107	Opening balance	1 171	1 080
8	7	Interest accrued	87	87
–	14	Contributions made	32	3
–	–	Mark-to-market of available-for-sale investments	(2)	2
–	–	Reimbursement of costs incurred	(1)	(1)
107	128	Closing balance	1 287	1 171
		Future net obligations		
252	291	Ultimate estimated rehabilitation cost	1 696	1 390
(107)	(128)	Amounts invested in Environmental Trust Funds	(1 287)	(1 171)
145	163		409	219

The group intends to finance the ultimate rehabilitation costs from the money invested with the environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		34 PROVISION FOR OTHER LIABILITIES AND CHARGES		
		Social plan		
12	14	Opening balance	14	12
2	2	Charge to income statement	2	2
14	16	Closing balance	16	14

The company has undertaken to donate R50 million over a period of 10 years to The Harmony Gold Mining Company Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R18.5 million was made during the 2004 year. The balance will be donated in instalment of R3.5 million per annum with the final instalment in 2013. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the company's workforce, to put measures in place to ensure that the technical and life skills of the company's workforce are developed and to develop the company's workforce in such a manner to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The movements in the investment of The Harmony Gold Mining Company Social Plan Trust for the period were as follows:

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
20	26	Opening balance	26	20
4	4	Contributions made	4	4
2	2	Interest accrued	2	2
26	32	Closing balance	32	26

35 RETIREMENT BENEFIT OBLIGATIONS

(a) Pension and provident funds: The group contributes to several pension and provident funds governed by the Pension Funds Act, 1946 for the employees of its South African subsidiaries. The pension funds are multi-employer industry plans. The group's liability is limited to its annually determined contributions.

The provident funds are funded on the "money accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds.

The Australian group companies make contributions to each employee's Superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The Superannuation Guarantee Contributions were set at a minimum of 9% of gross salary and wages for the 2006 year (2005: 9%).

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2006 financial year amounted to R317 million (2005: R346 million).

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		35 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)		
		(b) Post-retirement benefits other than pensions: Most of the supervisory and managerial workers in South Africa participate in the Minemed medical scheme, as well as other medical schemes. The group contributes to these schemes on behalf of current employees and retired employees who retired prior to 31 December 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The group's contributions to these schemes on behalf of current employees amounted to R88 million for 2006 and R62 million for 2005.		
		With the exception of some Freegold employees included from date of acquisition, no post-retirement benefits are available to other current employees. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.		
		Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 9%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables and a medical inflation rate of 6.34%.		
		The liability is based on an actuarial valuation conducted during the year ended 30 June 2006, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2007.		
4	4	Present value of unfunded obligations	107	89
		Movement in the liability recognised in the balance sheet		
5	4	Opening balance as previously stated	89	10
–	–	Additional provision for the current employees	–	39
		Contributions paid		
(1)	(1)	– Current financial year	(2)	(2)
–	–	– Prior financial years	–	(2)
		Other expenses included in staff costs		
		Current service cost		
–	1	– Current financial year	3	3
–	–	– Prior financial years	–	4
		Interest cost		
–	–	– Current financial year	8	7
–	–	– Prior financial years	–	13
		Net actuarial gains recognised during the year		
–	–	– Current financial year	9	20
–	–	– Prior financial years	–	(3)
4	4	Balance at the end of the year	107	89
		The principal actuarial assumptions used for accounting purposes were:		
9%	9%	Discount rate	9%	9%
6.34%	6.34%	Healthcare inflation rate	6.34%	6.34%
60 years	60 years	Normal retirement age	60 years	60 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

36 TRADE AND OTHER PAYABLES

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
311	416	Trade payables	523	331
–	–	Short term borrowings	8	18
324	274	Payroll accruals	281	434
51	61	Leave liabilities	221	204
78	53	Accruals	259	300
80	118	Other liabilities	166	227
844	922		1 458	1 514

Leave liability

Employee entitlements to annual leave are recognised on an ongoing basis. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

Company 2005 RM	Company 2006 RM		Group 2006 RM	Group 2005 RM
62	51	At the beginning of the year	204	264
(51)	(48)	Benefits paid	(182)	(257)
–	–	Foreign currency translation adjustments	1	2
40	58	Total expenses per income statement	198	195
51	61	At the end of the year	221	204

37 EMPLOYEE BENEFITS

Number of permanent employees as at 30 June:

	Group 2006	Group 2005
Harmony Free State	11 847	11 365
Evander	5 874	5 895
Kalgold	172	180
Randfontein	5 550	5 640
Elandskraal	4 264	4 149
Australian operations	513	195
Freegold (100%)	12 736	15 404
ARMgold	2 398	3 530
Avgold	442	435
Other	67	71
Total	43 863	46 864

Aggregate earnings:

The aggregate earnings of employees including directors were:

	Group 2006 RM	Group 2005 RM
Salaries and wages and other benefits	3 461	3 207
Retirement benefit costs	318	317
Medical aid contributions	88	50
	3 867	3 574

Directors' remuneration is fully disclosed in the Directors' report.

38 SHARE OPTION SCHEME

The company has an Employee Share Option Scheme (Harmony Share Option Scheme) hereunder referred to as the HSOS scheme.

Harmony has employee share option schemes under which certain qualifying employees may be granted options to purchase shares in the company's authorised but unissued ordinary shares. Of the total of 8 000 000 ordinary shares under the specific authority of the directors in terms of the Harmony (2001) Share Option Scheme, 7 572 500 shares have been offered to participants leaving a balance of 427 500. In addition a total of 1 065 400 shares were still outstanding under the Harmony (1994) Share Option Scheme. On 12 November 2003, an additional 23 204 960 ordinary shares were approved to be offered to participants under the Harmony (2003) Share Option Scheme. On 30 June 2006, 13 532 997 shares have been offered to participants, leaving a balance of 9 671 963.

In terms of the rules of the HSOS scheme, the exercise price of the options granted is equal to fair market value of the shares at the date of the grant.

Options currently expire no later than 10 years from the grant date and annually from the grant date, a third of the total options granted are exercisable in terms the Harmony (1994) Share Option Scheme and a fifth of the total options granted are exercisable in terms of the Harmony (2001) Share Option Scheme, as well as the Harmony (2003) Share Option Scheme. The company has no legal or constructive obligation to repurchase or settle the options in cash. Proceeds received by the company from the exercise are credited to share capital and share premium.

Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. During 2006 a deferred share-based compensation expense of R103 million (2005: R67 million) was charged to the income statement.

Share option activity was as follows:

	Number of share options granted	Average exercise price per share (Rand)
Balance as at 30 June 2004	6 101 958	–
Share options granted during the year	13 611 762	–
Share options lapsed	(883 695)	–
Share options exercised during the year	(471 962)	45.69
Balance as at 30 June 2005	18 358 063	–
Share options lapsed	(1 449 181)	–
Share options exercised during the year	(4 167 575)	49.76
Balance as at 30 June 2006	12 741 307	–

The details pertaining to share options issued and exercised by directors during the year are disclosed in the directors' report.

The number of shares held by the Harmony Share Trust at year end amounted to 177 200 (2005: 589 050).

The following table summarises the status of share options outstanding at 30 June 2006:

Grant date	Number of options	Option price (Rand)
21 September 1999	15 600	22.90
13 January 2000	31 700	35.40
15 November 2000	22 000	27.20
24 April 2001	66 750	36.50
20 November 2001	1 014 104	49.60
23 September 2002	127 351	66.00
27 March 2003	667 000	91.60
10 August 2004	3 076 550	66.15
26 April 2005	7 720 252	39.00
	12 741 307	

The share options outstanding at 30 June 2006 comprise 3.21% of the issued share capital.

38 SHARE OPTION SCHEME (CONTINUED)

The following table summarises the number of share options not vested:

	2006	2005
Grant date		
27 March 2003	536 400	804 600
10 August 2004	3 119 639	3 899 549
26 April 2005	7 769 770	9 712 213
	11 425 809	14 416 362

The fair value of the options is determined using the binomial valuation model.

The significant inputs into the model were:

	2006	2005
Price at date of grant (Rand per share)		
26 April 2005 option grant	39.00	39.00
10 August 2004 option grant	66.15	66.15
27 March 2003 option grant	91.60	91.60
Vesting period (years)		
26 April 2005 option grant	5	5
10 August 2004 option grant	5	5
27 March 2003 option grant	5	5
	%	%
Risk-free interest rate		
26 April 2005 option grant	8.37	8.37
10 August 2004 option grant	9.94	9.94
27 March 2003 option grant	11.63	11.63
Volatility*		
26 April 2005 option grant	35	35
10 August 2004 option grant	40	40
27 March 2003 option grant	45	45
Dividend yield		
26 April 2005 option grant	0	0
10 August 2004 option grant	0	0
27 March 2003 option grant	0	0
Vesting conditions		
Employee needs to remain in service of the group for the vesting period.		

* The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

39 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS

Harmony is exposed to various market risks, including commodity price risk, foreign currency risk, interest rate risk, liquidity risk and credit risk associated with the underlying assets and liabilities of the company as well as with anticipated transactions. Harmony does not issue derivative financial instruments for trading or speculative purposes. However, following periodic evaluation of these exposures, Harmony may enter into derivative financial instruments to manage these exposures.

Commodity price sensitivity

As a general rule, Harmony sells its gold production at market prices. Harmony, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production. A significant proportion of New Hampton's and Hill 50's production was however already hedged when they were acquired by Harmony.

It is Harmony's strategy to continuously evaluate the hedge agreements as well as market conditions in order to close these contracts out at the most beneficial time.

The group had the following net forward-pricing commitments against future production at 30 June 2006. The total net delta of the hedge position at 30 June 2006 was 356 849 oz (11 099 kg).

Summary of the group's gold hedge position at 30 June 2006

Year		30 June 2007	30 June 2008	30 June 2009	Total
Australian Dollar Gold:					
Forward contracts	Kilograms	4 572	3 110	3 110	10 793
	Ounces	147 000	100 000	100 000	347 000
	AUD per oz	515	518	518	516
Call options sold	Kilograms	311	–	–	311
	Ounces	10 000	–	–	10 000
	AUD per oz	562	–	–	562
Total commodity contracts	Kilograms	4 883	3 110	3 110	11 104
	Ounces	157 000	100 000	100 000	357 000
Total net gold **	Delta (kg)	4 885	3 111	3 104	11 099
	Delta (oz)	157 056	100 006	99 788	356 849

** The Delta of the hedge position indicated above, is the equivalent gold position that would have the same marked-to-market sensitivity for a small change in the gold price. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities at 30 June 2006.

These contracts are classified as speculative and the marked-to-market movement is reflected in the income statement.

The mark-to-market of these contracts was a negative R631 million (negative US$88 million) at 30 June 2006 (at 30 June 2005: negative R252 million or negative US$38 million). The values at 30 June 2006 were based on a gold price of US$600 (AUD808) per ounce, exchange rates of US$1/R7.17 and AUD1/USD0.74 and prevailing market interest rates and volatilities at that date. These valuations were provided by independent risk and treasury management experts.

These marked-to-market valuations are not predictive of the future value of the hedge position, nor of the future impact on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of the valuation, at market prices and rates available at the time.

Harmony closed out 30 000oz call options sold and 108 000oz forward contracts during the year ending 30 June 2006 at a cost of R213 million (US$34 million)

Foreign currency sensitivity

Harmony's revenues are sensitive to the ZAR/US$ exchange rates as all of the revenues are generated by gold sales, denominated in US$. Harmony, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a ZAR/US$ exchange rate in advance for the sale of its future gold production.

39 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity (continued)

Harmony inherited these currency contracts with the acquisition of Avgold. The contracts were classified as speculative and the mark-to-market movement was reflected in the income statement.

These currency contracts matured on 31 December 2005 and was closed out accordingly at a total cost of R131 million. The mark-to-market of these contracts was NIL at 30 June 2006. At 30 June 2005, the mark-to-market was a negative R108 million (negative US$16 million), based upon an exchange rate of US$1/R6.6670 and prevailing market interest rates at the time. Independent risk and treasury management experts provided these valuations.

Interest rate and liquidity risk

Fluctuations in interest rates and gold lease rates impact on the value of short-term cash and financing activities, giving rise to interest rate risk.

Gold lease rate swaps

Harmony generally does not undertake any specific actions to cover its exposure to gold lease rates in respect of its derivative financial instruments. Through its acquisitions of New Hampton Gold and Hill 50, Harmony did however acquire certain gold lease rate swaps.

During the financial year ending 30 June 2005, Harmony closed out the remaining gold lease rate swaps which were inherited through the acquisition of New Hampton Gold and Hill 50. Through the close out of these agreements, Harmony received R2 million (US$0.3 million). The mark-to-market movement was reflected in the income statement.

Interest rate swaps

The group had interest rate swap agreements to convert R600 million of its R1.2 billion senior unsecured fixed rate bond (HAR1) to variable rate debt. These interest rate swaps were designated as fair value hedges.

The interest rate swap ran over the term of the bond and comprised of two separate trances:
(a) R400 million: receive interest at a fixed rate of 13% and pay floating at JIBAR (reset quarterly) plus a spread of 1.8%.
(b) R200 million: receive interest at a fixed rate of 13% and pay floating at JIBAR (reset quarterly) plus a spread of 2.2%.

The bond as well as the interest rate swaps matured on 14 June 2006 and was settled in full. The marked-to-market value of the transactions was a NIL at 30 June 2006 (at 30 June 2005 a negative R24 million (US$4 million), based on the prevailing interest rates and volatilities at the time.)

Surplus funds

In the ordinary course of business, the group receives cash from its operations and is required to fund its working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group is able to actively source financing at competitive rates.

Concentration of credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timeously.

Financial instruments, which subject the company to significant concentrations of credit risk, consist predominantly of cash and cash equivalents, short-term investments and various derivative financial instruments. The group's financial instruments do not represent a concentration of credit risk as the group deals with and maintains cash and cash equivalents, short-term investments and derivative financial instruments with a variety of well established financial institutions of high quality and credit standing.

The credit exposure to any one counter party is managed by setting exposure limits, which are reviewed regularly. The group's debtors and loans are regularly monitored and assessed. An adequate level of provision is maintained.

Fair value of financial instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The carrying amount of the receivables, all accounts payable, cash and cash equivalents are a reasonable estimate of the fair values thereof, because of the short-term maturity of such instruments.

The carrying value of investments in the environmental trust funds with short term maturities, approximate their fair values. Available-for-sale investments (including those in the environmental trust fund) are carried at market value.

Long-term borrowings are subject to market related rates and approximate fair value.

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		40 CASH GENERATED BY/(UTILISED IN) OPERATIONS		
		Reconciliation of (loss)/profit before taxation to cash generated by/(utilised in) operations:		
(1 287)	360	(Loss)/income before taxation	(387)	(3 944)
		Adjustments for:		
128	149	Amortisation and depreciation	1 089	1 042
294	(156)	(Reversal of impairment)/impairment of assets	(216)	1 513
1	–	Loss/(gain) on financial instruments	523	(16)
(3)	(2)	Profit on sale of mining assets	(65)	(78)
(1)	(1)	Net increase in provision for former employees' post retirement benefits	7	56
(19)	(16)	Net decrease in provision for environmental rehabilitation	(19)	(29)
–	–	Loss from associates	105	–
36	48	Share-based compensation	103	67
–	–	Permanent diminution in value of available-for-sale financial asset	–	337
–	–	Fair value of non-derivative financial instrument	(87)	(17)
394	(306)	(Profit)/loss on sale of listed investments	(306)	555
(1)	–	(Profit)/loss on sale of subsidiary	(14)	1
(17)	(21)	Dividends received	(17)	(17)
(201)	(254)	Interest received	(207)	(132)
254	199	Interest paid – cash	201	261
71	76	Interest paid – non cash	269	244
15	7	Other non cash transactions	(86)	(56)
		Effect of changes in operating working capital items:		
138	(11)	Receivables	(54)	235
(38)	9	Inventories	(82)	(50)
(49)	78	Accounts payable and accrued liabilities	(67)	(329)
(285)	159	Cash generated by/(utilised in) operations	690	(357)

41 ADDITIONAL CASH FLOW INFORMATION

The income and mining taxes paid in the statement of cash flow represents actual cash paid.

a) Acquisitions and disposals of Subsidiaries/Businesses

i) For the year ended June 2006:

(a) On 1 July 2005, the group acquired a 50% share in a joint venture with Orpheo by Harmony (Pty) Ltd. The aggregate fair value of the assets acquired and liabilities assumed were:

	2006 RM	2005 RM
Inventories	1	
Property, plant and equipment	5	
Accounts payable and accrued liabilities	(1)	
Total purchase price	5	
Paid for by way of accounts payable	(5)	
Cash and cash equivalents at acquisition	–	

41 ADDITIONAL CASH FLOW INFORMATION (CONTINUED)

a) Acquisitions and disposals of Subsidiaries/Businesses (continued)

i) For the year ended June 2006: (continued)

(b) On 20 December 2005, the group acquired a 45% share in GP Britz and H.Taute Pharmacies through its joint venture agreement with Healthshare Health Solutions (Pty) Ltd. The aggregate fair value of the assets acquired and liabilities assumed were:

	2006 RM	2005 RM
Inventories	2	
Accounts receivable	1	
Property, plant and equipment	1	
Intangible assets	3	
Accounts payable and accrued liabilities	(8)	
Total purchase price	(1)	
Paid for by way of accounts payable	(1)	
Cash and cash equivalents at acquisition	(2)	

(c) On 31 March 2006, the group disposed of its shareholding in Buffalo Creek Mines (Pty) Ltd. The aggregate fair values of the assets and liabilities sold were:

	2006 RM	2005 RM
Inventories	1	
Property, plant and equipment	110	
Deferred tax	(16)	
Provision for rehabilitation liability	(4)	
Accounts payable and accrued liabilities	(1)	
Foreign exchange	(1)	
Profit on disposal sale of subsidiary	14	
Total purchase price	103	
Proceeds received by way of accounts receivable	(62)	
Proceeds received by way of cash	(19)	
Proceeds received by way of shares	(22)	
Cash and cash equivalents at disposal	–	

ii) For the year ended June 2005:

(a) With effect from 22 September 2003, the company acquired the entire shareholding of Harmony Engineering (Proprietary) Limited, Ubuntu, NACS and Future from ARMI, as part of the acquisition of ARMgold. During the year, the company disposed of the entire share capital of the following companies: NACS as of 1 July 2004; Future as of 29 November 2004; and Ubuntu as of 30 November 2004. The aggregate fair values of the assets acquired and liabilities assumed, and subsequently disposed of, were:

	2006 RM	2005 RM
Inventories		1
Accounts receivable		5
Property, plant and equipment		1
Investments		16
Accounts payable and accrued liabilities		(13)
Income and mining taxes payable		(3)
Net loss on sale of subsidiaries		1
Total purchase price		8
Paid for by way of accounts payable		(4)
Proceeds received by way of accounts receivable		2
Cash and cash equivalents at disposal		(11)
Cash and cash equivalents at acquisition		(5)

COMPANY 2005 RM	COMPANY 2006 RM		GROUP 2006 RM	GROUP 2005 RM
		42 COMMITMENTS AND CONTINGENCIES		
		Capital expenditure commitments		
–	4	Contracts for capital expenditure	153	28
210	54	Authorised by the directors but not contracted for	2 678	1 829
210	58		2 831	1 857
		This expenditure will be financed from existing cash resources and where appropriate, borrowings.		
		Contingent liabilities		
–	–	Guarantees and suretyships	18	18
28	28	Environmental guarantees	129	134
28	28		147	152

Occupational healthcare services

Occupational healthcare services are made available by Harmony to employees from its existing facilities. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. This increased cost, should it transpire, is currently indeterminate. The group is monitoring developments in this regard.

Action was instituted by 10 plaintiffs employed at Elandsrand Mine in December 2004. The first defendant in these matters is Anglo American Corporation of South Africa Limited (Anglo American), with Harmony cited as the second defendant. These 10 claims constitute test cases in relation to claims for damages for silicosis allegedly contracted by the plaintiffs over their period of employment with Anglo American and Harmony at Elandsrand. The board of directors does not believe that the 10 test cases present a significant risk and the probabilities vastly favour a dismissal of the actions. At this stage, the contingent liability can not be reasonably quantified.

43 RELATED PARTY TRANSACTIONS

The Chairman of the company's board of directors, Patrice Motsepe, was involved as a related party in the sale of Harmony's interest in ARM. 14% of our shareholding in ARM was sold to the ARM Broad-based Economic Empowerment Trust of which Nomfundo Qangule and Frank Abbott, directors of the company, are trustees, representing Harmony and ARM respectively (refer to note 22(e)).

On 21 June 2006, Harmony acquired 37.8% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited (Village) from ARM Limited. The Chairman of the company's board of directors, Patrice Motsepe, is also a member of ARM Limited's board of directors.

Frank Abbott was also a director of Village Main Reef Gold Limited (Village), at the time that Harmony purchased ARM Limited's 37.8% holding in Village (refer to note 23(c)).

The group acquired 37.37 million of the 44.99 million shares held in Western Areas Limited from Allan Gray Ltd. As at 30 June 2006, Allan Gray Ltd was one of the group's top shareholders, holding 11.8% of Harmony's total shares (refer to note 23(b)).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director, (whether executive or otherwise) of the company.

For the year 2006, total directors remuneration amounted to R8.5 million and senior management's remuneration to R524 million. Directors' remuneration is fully disclosed in the Directors' report.

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had any interest, direct or indirect, in any transaction concluded in the 2006 and 2005 financial years, or in any proposed transaction that has affected or will materially affect Harmony or its investment interests or subsidiaries, other than stated above.

None of the directors or members of senior management of Harmony or any associate of such director or member of senior management is currently or has been at any time during the past two financial years indebted to Harmony and /or its subsidiaries.

44 SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

(a) On 21 June 2006, Harmony announced that it had acquired 37.8% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited (Village). Due to the fact that the acquisition surpasses the 35% mark, Harmony was obliged under the Securities Regulation Code on Takeovers and Mergers to extend an offer to the remaining shareholders of Village to acquire all of their shares at the same price at which it acquired the 37.8% stake.

On 14 August 2006, Harmony announced that minority shareholders holding 3 163 shares in Village (being 0.08% of the shares in respect of which the offer was made) had accepted its offer. Harmony currently holds 2 295 663 shares representing 37.83% of the issued share capital of Village (refer note 23(c)).

45 GEOGRAPHICAL AND SEGMENT INFORMATION

The primary reporting format of the company is by business segment. As there is only one business segment, being mining, extraction and production of gold, the relevant disclosures have been given in the financial statements. The secondary reporting format is by geographical analysis by origin. It was decided to supply the segmental information at a shaft level in the geographical area. The accounting policies of the segments are the same as those described in the accounting policy notes.

Gold operations are internally reported based on the following geographic areas: Free State, Evander, Kalgold, Randfontein, Elandskraal, Free Gold, New Hampton, Hill 50, Abelle, ARMgold and Avgold. The Free State, Randfontein, Kalgold, Evander, Elandskraal, Free Gold, ARMgold and Avgold are specific gold producing regions within South Africa. New Hampton, Hill 50 and Abelle mines are located primarily in Western Australia and Papua New Guinea. The Company also has exploration interests in Southern Africa, Australia and Peru which are included in Other. Cash operating costs include mine production, transport and refinery costs, applicable general and administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping. Ongoing employee termination cost is included, however employee termination cost associated with major restructuring and shaft closures are excluded. Selling, administrative, general charges and corporate costs are allocated between segments based on the size of activities based on production results.

Harmony has split its South African operations in the following categories for segmental purposes:

a) Quality assets: The quality shafts are those shafts with a larger reserve base and longer life, which form the core of the Group's production.

b) Leverage assets: The leverage shafts are those shafts that supplement production and provide the upside in the event of a positive swing in the Rand gold price.

c) Growth projects: The growth shafts comprise the expansion projects established through existing infrastructure, as well as the three new mines we are building in South Africa.

d) Surface: The South African surface operations include the Kalgold opencast mine, all previously mined rock, whether waste or reef, and any clean-up operations as well as plant and other infrastructure.

e) Other: It relates to the segmental information that could not be allocated to specific shafts or surface operations within a geographical area.

f) Other entities: The other entities category represents all other companies and entities that do not form part of the normal mining operations in the Group.

The effect of the change in accounting policy, Capitalisation of ongoing development costs (refer note 1 (c)) as allocated to the reported segments is set out on page 222 to 223, effect of the change in policy – 2006 and pages 228 to 229 effect of the change in policy – 2005

The effect of the implementation of new accounting policy – IFRS2: Share-based payments (refer note 1 (b)) is not disclosed, as this information is not allocated to shaft level.

The segmental split on a geographical basis at a shaft level is:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

45 GEOGRAPHICAL AND SEGMENT INFORMATION (CONTINUED)

YEAR ENDED 30 JUNE 2006	Revenue RM	Production costs RM	Cash operating profit/(loss) RM	Depreciation RM	Reversal of impairment RM
SOUTH AFRICA					
Free State operations					
Quality assets					
Masimong (note a)	464	424	40	36	92
Leveraged assets					
Harmony 2	234	213	21	17	–
Merriespruit 1	163	153	10	10	–
Merriespruit 3	147	154	(7)	8	–
Unisel	243	183	60	18	64
Brand 3	141	148	(7)	11	–
Brand 5	2	6	(4)	–	–
Surface	54	41	13	33	–
Other	–	–	–	17	–
Total Free State	**1 448**	**1 322**	**126**	**150**	**156**
Evander operations					
Quality assets					
Evander 5 (note b)	205	210	(5)	31	80
Evander 7	270	208	62	27	–
Evander 8	428	286	142	42	–
Leveraged assets					
Evander 9	–	–	–	–	–
Surface	–	–	–	2	–
Other	–	–	–	–	–
Total Evander	**903**	**704**	**199**	**102**	**80**
Randfontein operations					
Quality assets					
Cooke 1	273	205	68	30	–
Cooke 2	204	147	57	23	–
Cooke 3	356	263	93	18	–
Growth projects					
Doornkop	148	155	(7)	39	–
Surface	39	32	7	40	–
Other	–	–	–	–	–
Total Randfontein	**1 020**	**802**	**218**	**150**	**–**
Elandsrand operations					
Growth projects					
Elandsrand	573	569	4	72	–
Leveraged assets					
Deelkraal	–	–	–	–	–
Surface	–	–	–	0	–
Other	–	–	–	–	–
Total Elandsrand	**573**	**569**	**4**	**72**	**–**

a) In 2006, Saaiplaas 3 shaft was included in the Masimong complex and therefore not reported separately.
b) In 2006, Evander 2 shaft was consolidated into Evander 5 shaft and therefore not reported separately.
* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. cash, receivables, investments, etc.
** Production statistics are unaudited.
*** Net loss before taxation from the other entities includes a loss from associates of R105 million.

	Profit/(loss) before tax RM	Taxation RM	Net profit/ (loss) RM	Mining assets RM	Unallocated assets (*) RM	Total assets RM	Total liabilities RM	Capital expenditure RM	Kilograms gold (**)	Tonnes milled (**) (T'000)
	Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	472	–	472	Total liabilities not calculated at shaft level	92	4 235	925
				50	–	50		25	2 160	542
				45	–	45		16	1 495	372
				37	–	37		11	1 359	410
				212	–	212		25	2 269	454
				18	–	18		6	1 295	367
				–	–	–		–	15	3
				241	–	241		25	494	813
				442	908	1 350		–	–	–
	174	**46**	**128**	**1 517**	**908**	**2 425**	**3 630**	**200**	**13 322**	**3 886**
	Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	237	–	237	Total liabilities not calculated at shaft level	41	1 940	408
				337	–	337		64	2 588	394
				290	–	290		62	4 008	739
				–	–	–		–	–	–
					–	–		–	–	–
				272	188	460		6	–	–
	149	**23**	**126**	**1 136**	**188**	**1 324**	**323**	**173**	**8 536**	**1 541**
	Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	85	–	85	Total liabilities not calculated at shaft level	24	2 504	445
				93	–	93		24	1 861	320
				198	–	198		52	3 258	591
				1 434	–	1 434		166	1 356	467
				37	–	37		55	362	489
				–	818	818		–	–	–
	24	**193**	**(169)**	**1 847**	**818**	**2 665**	**935**	**321**	**9 341**	**2 312**
	Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	1 859	–	1 859	Total liabilities not calculated at shaft level	194	5 315	895
						–		–	–	–
				2	–	2		–	–	–
				–	656	656		–	–	–
	(87)	**(57)**	**(30)**	**1 861**	**656**	**2 517**	**578**	**194**	**5 315**	**895**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

45 GEOGRAPHICAL AND SEGMENT INFORMATION (CONTINUED)

YEAR ENDED 30 JUNE 2006 (CONTINUED)	Revenue RM	Production costs RM	Cash operating profit/(loss) RM	Depreciation RM	Reversal of impairment RM
SOUTH AFRICA					
Freegold operations					
Quality assets					
Tshepong	1 143	709	434	175	–
Growth projects					
Phakisa	–	–	–	–	–
Leveraged assets					
Bambanani	592	554	38	82	43
Joel	199	186	13	14	10
Eland	13	7	6	–	–
Kudu/Sable	6	6	–	–	–
West Shaft	83	87	(4)	10	–
Nyala	1	1	–	–	–
St Helena	44	69	(25)	3	41
Surface	34	34	–	1	–
Other	–	–	–	–	–
Total Freegold	2 115	1 653	462	285	94
ARMgold operations					
Leveraged assets					
Orkney 2	233	189	44	15	–
Orkney 4	198	186	12	8	–
Welkom 1	–	–	–	–	–
Surface	–	–	–	–	–
Other	–	–	–	1	–
Total ARMgold	431	375	56	24	–
Avgold operations					
Quality assets					
Target	517	330	187	80	–
Surface	2	6	(4)	1	–
Other	–	–	–	–	–
Total Avgold	519	336	183	81	–
Kalgold operations					
Surface	250	202	48	77	–
Other	–	–	–	–	–
Total Kalgold	250	202	48	77	–
Other entities ***	–	–	–	7	(114)
TOTAL SOUTH AFRICA	7 259	5 963	1 296	948	216
AUSTRALASIA					
Mt Magnet	510	378	132	116	–
South Kal	270	239	31	18	–
Papua New Guinea	–	–	–	2	–
Other	–	–	–	5	–
TOTAL AUSTRALASIA	780	617	163	141	–
TOTAL HARMONY	8 039	6 580	1 459	1 089	216

a) In 2006, Saaiplaas 3 shaft was included in the Masimong complex and therefore not reported separately.

b) In 2006, Evander 2 shaft was consolidated into Evander 5 shaft and therefore not reported separately.

* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. cash, receivables, investments, etc.

** Production statistics are unaudited.

*** Net loss before taxation from the other entities includes a loss from associates of R105 million.

Profit/(loss) before tax RM	Taxation RM	Net profit/ (loss) RM	Mining assets RM	Unallocated assets (*) RM	Total assets RM	Total liabilities RM	Capital expenditure RM	Kilograms gold (**)	Tonnes milled (**) (T'000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	3 077		3 077	Total liabilities not calculated at shaft level	150	10 429	1 620
			1 870		1 870		147	–	–
			706		706		85	5 450	1 084
			73		73		23	1 823	395
			–		–		–	126	19
			–		–		–	63	12
			64		64		6	794	186
			–		–		–	6	2
			46		46		3	398	115
			6		6		2	343	304
			1 153	1 842	2 995		–	–	–
177	**4**	**173**	**6 995**	**1 842**	**8 837**	**2 886**	**416**	**19 432**	**3 737**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	66	–	66	Total liabilities not calculated at shaft level	15	2 173	315
			84	–	84		30	1 832	368
			–	–	–		–	–	–
			–	–	–		–	–	–
			5	2 437	2 442		–	–	–
(11)	**(5)**	**(6)**	**155**	**2 437**	**2 592**	**144**	**45**	**4 005**	**683**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	2 005	–	2 005	Total liabilities not calculated at shaft level	61	4 672	737
			5	–	5		–	23	185
			5 139	137	5 276		–	–	–
72	**–**	**72**	**7 149**	**137**	**7 286**	**38**	**61**	**4 695**	**922**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	87	–	87	Total liabilities not calculated at shaft level	2	2 397	1 821
			–	39	39		–	–	–
(38)	**–**	**(38)**	**87**	**39**	**126**	**14**	**2**	**2 397**	**1 821**
(234)	10	(244)	10	3 076	3 086	958	–	–	–
226	**214**	**12**	**20 757**	**10 101**	**30 858**	**9 506**	**1 412**	**67 043**	**15 797**
(4)	5	(9)	515	67	582	170	155	4 629	1 739
(3)	6	(9)	305	60	365	88	25	2 570	1 343
(46)	–	(46)	1 520	6	1 526	23	95	–	–
(560)	(87)	(473)	154	669	823	1 164	1	–	–
(613)	**(76)**	**(537)**	**2 494**	**802**	**3 296**	**1 445**	**276**	**7 199**	**3 082**
(387)	**138**	**(525)**	**23 251**	**10 903**	**34 154**	**10 951**	**1 688**	**74 242**	**18 879**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

45 GEOGRAPHICAL AND SEGMENT INFORMATION (CONTINUED)

Effect of change in accounting policy – 2006	Decrease in working cost	Increase in amortisation	Gross impact on loss before tax	Deferred tax	Net impact on loss after tax
SOUTH AFRICA					
Free State operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated
Quality assets					
Masimong (note a)	57	18	39		
Leveraged assets					
Harmony 2	23	11	12		
Merriespruit 1	15	10	5		
Merriespruit 3	12	6	6		
Unisel	25	11	14		
Brand 3	6	8	(2)		
Brand 5	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total Free State	**138**	**64**	**74**	**4**	**70**
Evander operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated
Quality assets					
Evander 5 (note b)	39	26	13		
Evander 7	23	16	7		
Evander 8	37	32	5		
Leveraged assets					
Evander 9	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total Evander	**99**	**74**	**25**	**5**	**20**
Randfontein operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated
Quality assets					
Cooke 1	24	13	11		
Cooke 2	24	12	12		
Cooke 3	42	14	28		
Growth projects					
Doornkop	19	30	(11)		
Surface	–	–	–		
Other	–	–	–		
Total Randfontein	**109**	**69**	**40**	**–**	**40**
Elandsrand operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated
Growth projects					
Elandsrand	75	30	45		
Leveraged assets					
Deelkraal	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total Elandsrand	**75**	**30**	**45**	**14**	**31**

a) In 2006, Saaiplaas 3 shaft was included in the Masimong complex and therefore not reported separately.
b) In 2006, Evander 2 shaft was consolidated into Evander 5 shaft and therefore not reported separately.

Effect of change in accounting policy – 2006 (continued)	Decrease in working cost	Increase in amortisation	Gross impact on loss before tax	Deferred tax	Net impact on loss after tax
SOUTH AFRICA (CONTINUED)					
Freegold operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Quality assets					
Tshepong	96	36	60		
Growth projects					
Phakisa	–	–	–		
Leveraged assets					
Bambanani	79	20	59		
Joel	17	7	10		
Eland	–	–	–		
Kudu/Sable	–	–	–		
West Shaft	6	2	4		
Nyala	–	–	–		
St Helena	3	3	–		
Surface	–	–	–		
Other	–	–	–		
Total Freegold	**201**	**68**	**133**	**43**	**90**
ARMgold operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Leveraged assets					
Orkney 2	15	6	8		
Orkney 4	17	2	16		
Welkom 1	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total ARMgold	**32**	**8**	**24**	**8**	**16**
Avgold operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Quality assets					
Target	5	1	4		
Surface	–	–	–		
Other	–	–	–		
Total Avgold	**5**	**1**	**4**	**–**	**4**
Kalgold operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Surface	–	–	–		
Other	–	–	–		
Total Kalgold	–	–	–	–	–
Other entities	–	–	–	–	–
TOTAL SOUTH AFRICA	**659**	**314**	**345**	**74**	**271**
AUSTRALASIA					
Mt Magnet	–	–	–	–	–
South Kal	–	–	–	–	–
Papua New Guinea	–	–	–	–	–
Other	–	–	–	–	–
TOTAL AUSTRALASIA	**–**	**–**	**–**	**–**	**–**
TOTAL HARMONY	**659**	**314**	**345**	**74**	**271**

45 GEOGRAPHICAL AND SEGMENT INFORMATION (CONTINUED)

YEAR ENDED 30 JUNE 2005	Revenue RM	Production costs RM	Cash operating profit/(loss) RM	Depreciation RM	Reversal of impairment RM
SOUTH AFRICA					
Free State operations					
Quality assets					
Masimong (note a)	423	404	19	33	98
Leveraged assets					
Harmony 2	181	186	(5)	14	–
Merriespruit 1	120	134	(14)	9	21
Merriespruit 3	144	151	(7)	8	–
Unisel	172	192	(20)	14	52
Brand 3	123	141	(18)	11	23
Brand 5	–	13	(13)	1	18
Saaiplaas 3	6	30	(24)	0	2
Surface	23	21	2	23	80
Other	–	–	–	15	–
Total Free State	**1 192**	**1 272**	**(80)**	**128**	**294**
Evander operations					
Quality assets					
Evander 2	128	169	(41)	11	45
Evander 5	124	98	26	11	44
Evander 7	343	203	140	25	–
Evander 8	401	257	144	24	–
Leveraged assets					
Evander 9	7	19	(12)	–	–
Surface	–	–	–	1	–
Other	–	–	–	–	–
Total Evander	**1 003**	**746**	**257**	**72**	**89**
Randfontein operations					
Quality assets					
Cooke 1	209	193	16	34	–
Cooke 2	144	149	(5)	16	–
Cooke 3	306	261	45	23	–
Growth projects					
Doornkop	139	146	(7)	32	–
Surface	88	87	1	20	–
Other	–	–	–	–	–
Total Randfontein	**886**	**836**	**50**	**125**	**–**
Elandsrand operations					
Growth projects					
Elandsrand	548	548	–	52	–
Leveraged assets					
Deelkraal	6	4	2	–	–
Surface	–	–	–	–	–
Other	–	–	–	–	–
Total Elandsrand	**554**	**552**	**2**	**52**	**–**

* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. cash, receivables, investments, etc.

** Production statistics are unaudited.

Profit/(loss) before tax RM	Taxation RM	Net profit/ (loss) RM	Mining assets RM	Unallocated assets (*) RM	Total assets RM	Total liabilities RM	Capital expenditure RM	Kilograms gold (**)	Tonnes milled (**) (T'000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	320	–	320	Total liabilities not calculated at shaft level	66	4 976	949
			42	–	42		22	2 132	507
			39	–	39		18	1 417	376
			34	–	34		11	1 701	497
			141	–	141		26	2 022	448
			23	–	23		17	1 440	406
			–	–	–		–	1	–
			3	–	3		–	79	27
			250	–	250		10	297	424
			445	4 029	4 474		–	–	–
(1 334)	**(118)**	**(1 216)**	**1 297**	**4 029**	**5 326**	**3 597**	**170**	**14 065**	**3 634**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	73	–	73	Total liabilities not calculated at shaft level	–	1 517	324
			70	–	70		43	1 465	222
			299	–	299		49	4 044	491
			270	–	270		51	4 726	666
			–	–	–		–	80	28
			–	–	–		–	–	–
			267	208	475		–	–	–
66	**60**	**6**	**979**	**208**	**1 187**	**313**	**143**	**11 832**	**1 731**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	89	–	89	Total liabilities not calculated at shaft level	18	2 460	472
			92	–	92		16	1 693	366
			164	–	164		51	3 617	671
			1 285	–	1 285		177	1 639	477
			18	–	18		37	1 039	2 501
			–	461	461		–	–	–
(166)	**(170)**	**4**	**1 648**	**461**	**2 109**	**397**	**299**	**10 448**	**4 487**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	1 718	–	1 718	Total liabilities not calculated at shaft level	161	6 450	924
			17	–	17		–	71	1
			2	–	2		–	–	–
			–	659	659		–	–	–
(231)	**(59)**	**(172)**	**1 737**	**659**	**2 396**	**670**	**161**	**6 521**	**925**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

45 GEOGRAPHICAL AND SEGMENT INFORMATION (CONTINUED)

YEAR ENDED 30 JUNE 2005 (CONTINUED)	Revenue RM	Production costs RM	Cash operating profit/(loss) RM	Depreciation RM	Reversal of impairment RM
SOUTH AFRICA					
Freegold operations					
Quality assets					
Tshepong	1 008	625	383	137	–
Growth projects					
Phakisa	–	–	–	–	–
Leveraged assets					
Bambanani	520	515	5	82	49
Joel	169	179	(10)	15	12
Eland	71	83	(12)	–	–
Kudu/Sable	67	117	(50)	4	37
West Shaft	74	80	(6)	6	–
Nyala	61	109	(48)	10	96
St Helena	78	149	(71)	9	119
Surface	95	95	–	7	40
Other	–	–	–	–	–
Total Freegold	**2 143**	**1 952**	**191**	**270**	**353**
ARMgold operations					
Leveraged assets					
Orkney 2	206	195	11	17	–
Orkney 4	202	183	19	13	–
Welkom 1	7	10	(3)	–	–
Surface	–	–	–	–	–
Other	–	–	–	1	3
Total ARMgold	**415**	**388**	**27**	**31**	**3**
Avgold operations					
Quality assets					
Target	552	336	216	113	–
Surface	3	3	–	2	–
Other	–	–	–	–	–
Total Avgold	**555**	**339**	**216**	**115**	**–**
Kalgold operations					
Surface	286	249	37	21	137
Other	–	–	–	–	–
Total Kalgold	**286**	**249**	**37**	**21**	**137**
Other entities **	11	–	11	6	–
TOTAL SOUTH AFRICA	**7 045**	**6 334**	**711**	**820**	**876**
AUSTRALASIA					
Mt Magnet	478	376	101	136	270
South Kal	299	243	57	82	182
Papua New Guinea	–	–	–	3	–
Other	–	–	–	1	185
TOTAL AUSTRALASIA	**777**	**619**	**158**	**222**	**637**
TOTAL HARMONY	**7 822**	**6 953**	**869**	**1 042**	**1 513**

* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. cash, receivables, investments, etc.

** Production statistics are unaudited.

Profit/(loss) before tax RM	Taxation RM	Net profit/ (loss) RM	Mining assets RM	Unallocated assets (*) RM	Total assets RM	Total liabilities RM	Capital expenditure RM	Kilograms gold (**)	Tonnes milled (**) (T'000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	4 282	–	4 282	Total liabilities not calculated at shaft level	144	11 841	1 542
			1 723	–	1 723		116	–	–
			675	–	675		75	6 144	989
			55	–	55		16	2 005	452
			–	–	–		–	833	159
			–	–	–		–	783	176
			68	–	68		1	876	160
			–	–	–		9	731	180
			15	–	15		6	932	222
			23	–	23		2	1 133	1 235
			–	3 978	3 978		–	–	–
(903)	**(250)**	**(653)**	**6 841**	**3 978**	**10 819**	**3 038**	**369**	**25 278**	**5 115**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	64	–	64	Total liabilities not calculated at shaft level	9	2 440	375
			69	–	69		5	2 394	413
			–	–	–		–	85	19
			–	–	–		–	–	–
			–	141	141		3	–	–
(14)	**(24)**	**10**	**133**	**141**	**274**	**326**	**17**	**4 919**	**807**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	2 023	–	2 023	Total liabilities not calculated at shaft level	62	6 527	1 069
			6	–	6		11	42	80
			5 139	109	5 248		–	–	–
28	**–**	**28**	**7 168**	**109**	**7 277**	**200**	**73**	**6 569**	**1 149**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	136	–	136	Total liabilities not calculated at shaft level	(26)	3 365	1 683
			8	49	57		–	–	–
(122)	**–**	**(122)**	**144**	**49**	**193**	**31**	**(26)**	**3 365**	**1 683**
(582)	6	(588)	6	1 149	1 155	818	13	–	–
(3 258)	**(555)**	**(2 703)**	**19 953**	**10 783**	**30 736**	**9 389**	**1 219**	**82 997**	**19 531**
(380)	(105)	(275)	521	–	521	498	97	5 637	2 488
(262)	(68)	(194)	369	–	369	347	63	3 596	1 266
(29)	–	(29)	1 338	–	1 338	18	74	–	–
(15)	(2)	(13)	162	689	851	344	13	–	–
(686)	**(175)**	**(511)**	**2 390**	**689**	**3 079**	**1 207**	**247**	**9 233**	**3 754**
(3 944)	**(730)**	**(3 214)**	**22 343**	**11 472**	**33 815**	**10 597**	**1 466**	**92 230**	**23 285**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

45 GEOGRAPHICAL AND SEGMENT INFORMATION (CONTINUED)

Effect of change in accounting policy – 2005	Decrease in working cost	Increase in amortisation	Gross impact on loss before tax	Deferred tax	Net impact on loss after tax
SOUTH AFRICA					
Free State operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Quality assets					
Masimong	43	11	32		
Leveraged assets					
Harmony 2	22	11	11		
Merriespruit 1	18	8	10		
Merriespruit 3	7	6	1		
Unisel	26	10	16		
Brand 3	17	6	11		
Brand 5	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total Free State	**133**	**52**	**81**	**4**	**77**
Evander operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Quality assets					
Evander 5	43	15	28		
Evander 7	25	6	19		
Evander 8	29	17	12		
Leveraged assets					
Evander 9	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total Evander	**97**	**38**	**59**	**13**	**46**
Randfontein operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Quality assets					
Cooke 1	16	6	10		
Cooke 2	15	5	10		
Cooke 3	51	17	34		
Growth projects					
Doornkop	21	14	7		
Surface	–	–	–		
Other	–	–	–		
Total Randfontein	**103**	**42**	**61**	**–**	**61**
Elandsrand operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Growth projects					
Elandsrand	65	20	45		
Leveraged assets					
Deelkraal	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total Elandsrand	**65**	**20**	**45**	**14**	**31**

Effect of change in accounting policy – 2005 (continued)	Decrease in working cost	Increase in amortisation	Gross impact on loss before tax	Deferred tax	Net impact on loss after tax
SOUTH AFRICA (CONTINUED)				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Freegold operations					
Quality assets					
Tshepong	102	24	78		
Growth projects					
Phakisa	–	–	–		
Leveraged assets					
Bambanani	51	16	35		
Joel	15	9	6		
Eland	–	–	–		
Kudu/Sable	–	–	–		
West Shaft	1	1	–		
Nyala	–	–	–		
St Helena	6	3	3		
Surface	–	–	–		
Other	–	–	–		
Total Freegold	**175**	**53**	**122**	**39**	**83**
ARMgold operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Leveraged assets					
Orkney 2	9	3	6		
Orkney 4	5	1	4		
Welkom 1	–	–	–		
Surface	–	–	–		
Other	–	–	–		
Total ARMgold	**14**	**4**	**10**	**3**	**7**
Avgold operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Quality assets					
Target	8	4	4		
Surface	–	–	–		
Other	–	–	–		
Total Avgold	**8**	**4**	**4**	**–**	**4**
Kalgold operations				Deferred tax not calculated at shaft level	Net impact on loss after tax not calculated at shaft level
Surface	–	–	–		
Other	–	–	–		
Total Kalgold	–	–	–	–	–
Other entities *	–	–	–	–	–
TOTAL SOUTH AFRICA	**595**	**213**	**382**	**73**	**309**
AUSTRALASIA					
Mt Magnet	–	–	–	–	–
South Kal	–	–	–	–	–
Papua New Guinea	–	–	–	–	–
Other	–	–	–	–	–
TOTAL AUSTRALASIA	**–**	**–**	**–**	**–**	**–**
TOTAL HARMONY	**595**	**213**	**382**	**73**	**309**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

ANNEXURE A – STATEMENT OF SUBSIDIARY COMPANIES

COMPANY AND DESCRIPTION		ISSUED SHARE CAPITAL R000	EFFECTIVE GROUP INTEREST 2006 %	2005 %	COST OF INVESTMENT BY HOLDING COMPANY 2006 RM	2005 RM	LOANS FROM/(TO) HOLDING COMPANY 2006 RM	2005 RM
DIRECT SUBSIDIARIES:								
Dormant companies								
Harmony Gold (Management Services) (Pty) Ltd	(a)	1	100	100	–	–	–	–
Virginia Salvage (Pty) Ltd	(a)	2	90	90	–	–	–	–
Unisel Gold Mines Ltd	(a)	23 136	100	100	89	89	(92)	(92)
Exploration company:								
Harmony Gold Peru SA	(b)	2	100	100	6	–	–	4
Lydenburg Exploration Ltd	(a)	42 792	100	100	204	204	(15)	(20)
Gold mining companies:								
African Rainbow Minerals Gold Ltd	(a)	96	100	100	7 081	7 081	115	(45)
Avgold Ltd	(a)	6 827	100	100	6 935	6 934	265	167
Evander Gold Mines Ltd	(a)	39 272	100	100	545	545	8	15
Randfontein Estates Ltd	(a)	19 882	100	100	1 311	1 311	2 658	2 094
Investment holding companies:								
Harmony Gold Australia (Pty) Ltd	(c)	3 886 933	100	100	3 887	3 887	266	(157)
West Rand Consolidated Mines Ltd	(a)	17 967	100	100	321	321	(24)	(2)
Harmony Gold (Netherlands) B.V.	(i)	165	100	–	–	–	–	–
HGM (Isle of Man) Ltd	(f)	14	100	–	–	–	–	–
Marketing companies:								
Authentic Beverage (Pty) Ltd	(a)	#	100	100	–	–	–	–
Harmony Gold (Marketing) (Pty) Ltd	(a)	#	100	100	–	–	63	63
Harmony Precious Metal Services SAS	(d)	62	100	100	–	–	68	63
Mining related services companies:								
Harmony Engineering (Pty) Ltd	(a)	#	100	100	3	3	(2)	(3)
Musuku Benefication Systems (Pty) Ltd	(a)	#	100	100	–	–	61	48
Property holding companies:								
La Riviera (Pty) Ltd	(a)	#	100	100	–	–	–	–
INDIRECT SUBSIDIARIES:								
Dormant companies:								
Arai Liki Offshore (Pty) Ltd	(c)	293	100	100	–	–	–	–
Bracken Mines Ltd	(a)	#	100	100	–	–	–	–
Garden Gully (Pty) Ltd	(c)	#	100	100	–	–	–	–
Garnkirk (Pty) Ltd	(c)	#	100	100	–	–	–	–
Jubilee Minerals (Pty) Ltd	(c)	2	100	100	–	–	–	–
Leslie Gold Mines Ltd	(a)	#	100	100	–	–	–	–
Loraine Gold Mines Ltd	(a)	#	100	100	–	–	–	–
Muro Baru (Pty) Ltd	(c)	#	100	100	–	–	–	–
NHG Investments (Pty) Ltd	(c)	#	100	100	–	–	–	–
Selcast Nickel (Pty) Ltd	(c)	#	100	100	–	–	–	–
Swaziland Gold (Pty) Ltd	(e)	#	100	100	–	–	–	–
Winkelhaak Mines Ltd	(a)	#	100	100	–	–	–	–
Exploration company:								
Harmony Gold (Exploration) (Pty) Ltd	(a)	10	100	100	–	–	–	–

COMPANY AND DESCRIPTION		ISSUED SHARE CAPITAL R000	EFFECTIVE GROUP INTEREST 2006 %	2005 %	COST OF INVESTMENT BY HOLDING COMPANY 2006 RM	2005 RM	LOANS FROM/(TO) HOLDING COMPANY 2006 RM	2005 RM
INDIRECT SUBSIDIARIES (continued)								
Gold mining companies:								
Abelle Ltd	(c)	488 062	100	100	–	–	–	–
Big Bell Gold Operations (Pty) Ltd	(c)	#	100	100	–	–	–	–
Buffalo Creek Mines (Pty) Ltd	(c)	#	100	100	–	–	–	–
Harmony Gold Operations Ltd	(c)	405 054	100	100	–	–	–	–
Kalahari Goldridge Mining Company Ltd	(a)	1 275	100	100	–	–	–	–
Mt Magnet Gold NL	(c)	79 710	100	100	–	–	–	–
New Hampton Gold Fields Ltd	(c)	196 248	100	100	–	–	–	–
South Kal Mines (Pty) Ltd	(c)	6	100	100	–	–	–	–
Investment holding companies:								
Aurora Gold Ltd	(c)	685 006	100	100	–	–	–	–
Aurora Gold Australia (Pty)Ltd	(c)	58	100	100	–	–	–	–
Aurora Gold Finance Ltd	(c)	#	100	100	–	–	–	–
Aurora Gold Services (Pty) Ltd	(c)	#	100	100	–	–	–	–
Aurora Gold (WA) (Pty) Ltd	(c)	163 115	100	100	–	–	–	–
Aurora Gold (PNG) (Pty) Ltd	(c)	#	100	100	–	–	–	–
Aurora Gold (Wafi) (Pty) Ltd	(c)	#	100	100	–	–	–	–
Aurora Gold Administration (Pty) Ltd	(c)	293	100	100	–	–	–	–
Evander Stone Holdings (Pty) Ltd	(a)	#	100	100	–	–	–	–
Harmony Gold Ltd	(f)	550	100	100	–	–	–	–
Harmony Gold Investments (Pty) Ltd	(c)	#	100	100	–	–	–	–
Harmony Gold Securities (Pty) Ltd	(c)	#	100	100	–	–	–	–
Harmony Gold WA (Pty) Ltd	(c)	#	100	100	–	–	–	–
Harmony Victoria (Pty) Ltd	(c)	#	100	100	–	–	–	–
Potchefstroom Gold Areas Ltd	(a)	8 407	100	100	–	–	–	–
Vadessa (Pty) Ltd	(c)	#	100	100	–	–	–	–
Marketing company:								
Harmony Precision Casting (Pty) Ltd	(a)	357	70	70	–	–	–	–
Mineral right holding companies:								
Australian Ores & Minerals (Pty) Ltd	(c)	8 766	100	100	–	–	–	–
Carr Boyd Minerals (Pty) Ltd	(c)	402 414	100	100	–	–	–	–
Cogent (Pty) Ltd	(a)	#	100	100	–	–	–	–
Hampton Gold Mining Areas Ltd	(g)	299 680	100	100	–	–	–	–
Kwazulu Gold Mining Company (Pty) Ltd	(a)	#	100	100	–	–	–	–
Morobe Consolidated Gold Fields Ltd	(h)	#	100	100	–	–	–	–
Portions 1 and 3 Wildebeesfontein (Pty) Ltd	(a)	2	100	100	–	–	–	–
Potchefstroom Gold Holdings (Pty) Ltd	(a)	2	100	100	–	–	–	–
Remaining Extent and Portion 15 Wildebeesfontein (Pty) Ltd	(a)	1	90	90	–	–	–	–
The Kunana Mining Company (Pty) Ltd	(a)	#	100	100	–	–	–	–
Trodex Platinum (Pty) Ltd	(a)	4	100	100	–	–	–	–
Venda Gold Mining Company (Pty) Ltd	(a)	#	100	100	–	–	–	–
Wafi Mining Ltd	(h)	#	100	100	–	–	–	–

ANNEXURE A – STATEMENT OF SUBSIDIARY COMPANIES

COMPANY AND DESCRIPTION		ISSUED SHARE CAPITAL R000	EFFECTIVE GROUP INTEREST 2006 %	EFFECTIVE GROUP INTEREST 2005 %	COST OF INVESTMENT BY HOLDING COMPANY 2006 RM	COST OF INVESTMENT BY HOLDING COMPANY 2005 RM	LOANS FROM/(TO) HOLDING COMPANY 2006 RM	LOANS FROM/(TO) HOLDING COMPANY 2005 RM
INDIRECT SUBSIDIARIES (continued)								
Property holding companies:								
Evander Township Ltd	(a)	1 340	**100**	100	**–**	–	**–**	–
Evander Township Development Ltd	(a)	3	**100**	100	**–**	–	**–**	–
Quarrytown Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Salt Holdings Ltd	(a)	60	**100**	100	**–**	–	**–**	–
JOINT VENTURE COMPANY – DIRECT:								
Gold mining company:								
ArmGold/Harmony Freegold Joint Venture Company (Pty) Ltd	(a)	20	**100**	100	**17**	17	**2 256**	1 902
Investment holding company:								
ARMgold/Harmony Joint Investment Company (Pty) Ltd	(a)	#	**100**	100	**1**	1	**1 750**	(263)
Mining related services company								
Healthshare Health Solutions (Pty) Ltd	(a)	#	**45**	–	**–**	–	**–**	–
Orpheo by Harmony (Pty) Ltd	(a)	#	**50**	–	**–**	–	**–**	–
JOINT VENTURE COMPANY – INDIRECT:								
Dormant company:								
Jeanette Gold Mines Ltd	(a)	#	**96**	96	**–**	–	**–**	–
GP Britz Pharmacy Pty Ltd	(a)	#	**45**	–	**–**	–	**–**	–
H Taute Pharmacy Pty Ltd	(a)	#	**45**	–	**–**	–	**–**	–

The group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method the group includes its share of the joint venture's individual income and expenses, assets and liabilities in the relevant components of the financial statements on a line by line basis.

COMPANY AND DESCRIPTION		ISSUED SHARE CAPITAL R000	EFFECTIVE GROUP INTEREST 2006 %	EFFECTIVE GROUP INTEREST 2005 %	COST OF INVESTMENT BY HOLDING COMPANY 2006 RM	COST OF INVESTMENT BY HOLDING COMPANY 2005 RM	LOANS FROM/(TO) HOLDING COMPANY 2006 RM	LOANS FROM/(TO) HOLDING COMPANY 2005 RM
ASSOCIATE COMPANY – INDIRECT:								
Gold mining company:								
Western Areas Limited	(a)	154 054	**29**	–	**–**	–	**–**	–
Village Main Reef Gold Mining Company	(a)	758	38	–	**–**	–	**–**	–

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement the group's share of the associates' profit or loss for the period. The group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post acquisition earnings and other movement in the reserves.

	2006 RM	2005 RM	2006 RM	2005 RM
Total	**20 400**	20 394	**7 377**	3 774
Total investments			**27 777**	24 168

\# Indicates issued share capital of less than R1 000

- (a) Incorporated in the Republic of South Africa
- (b) Incorporated in the Republic of Peru
- (c) Incorporated in Australia
- (d) Incorporated in France
- (e) Incorporated in Swaziland
- (f) Incorporated in the Isle of Man
- (g) Incorporated in the United Kingdom
- (h) Incorporated in the Papua New Guinea
- (i) Incorporated in the Netherlands

The above investments are valued by the directors at book value.

The interest of Harmony Gold Mining Company Ltd in the aggregate amount of the after tax losses of its subsidiaries, joint venture companies and associates is R839 million (2005: losses of R2 045 million).

CONVENIENCE TRANSLATION UNAUDITED INCOME STATEMENTS (US$/IMPERIAL)

FOR THE YEAR ENDED 30 JUNE 2006

Please note: This income statement has not been prepared in accordance with US-GAAP. For convenience purposes, the IFRS income statement has been converted in US Dollars using the applicable rates.

		GROUP	
	2006 $M	2005 $M	2004 $M
Revenue	**1 264**	1 266	1 276
Cash operating costs	**(1 035)**	(1 125)	(1 104)
Cash operating profit	**229**	141	172
Amortisation and depreciation of mining properties mine development costs and mine plant facilities	**(162)**	(164)	(154)
Corporate, administration and other expenditure	**(20)**	(18)	(14)
Reversal of provision for rehabilitation costs	**2**	4	17
Gross profit/(loss)	**49**	(37)	21
Amortisation and depreciation of assets other than mining properties mine development costs and mine plant facilities	**(9)**	(5)	(18)
Care and maintenance cost of closed shafts	**(27)**	(30)	–
Employment termination and restructuring costs	**12**	(73)	(33)
Exploration expenditure	**(17)**	(12)	(15)
Reversal of impairment/(impairment) of assets	**30**	(245)	–
(Loss)/Income from associates	**(16)**	–	8
(Loss)/gain on financial instruments	**(82)**	3	(32)
Marketing and new business expenditure	**(9)**	(15)	(13)
Other (expenses)/income – net	**(3)**	(5)	9
Profit/(loss) on sale of listed investments	**48**	(90)	5
Profit on sale of subsidiaries	**2**	–	–
Permanent diminution in value of available-for-sale financial asset	**–**	(55)	–
Provision for post-retirement benefits	**(1)**	(9)	–
Impairment of investment in associate	**–**	–	(13)
Fair value of non-derivative financial instruments	**14**	3	
Share-based compensation	**(16)**	(11)	(2)
Profit on sale and loss on dilution of investment in associates	**–**	–	54
Investment income	**35**	24	30
Finance cost	**(74)**	(82)	(73)
Loss before tax	**(64)**	(639)	(72)
Taxation	**(22)**	118	34
Net loss before minority interests	**(86)**	(521)	(38)
Minority interests	**–**	–	1
Net loss	**(86)**	(521)	(37)
Convenience translation based on average rates of US$/R6.36 (2005: US$/R6.18) (2004: US$/R6.89)			

CONVENIENCE TRANSLATION UNAUDITED BALANCE SHEETS (US$/IMPERIAL)

AT 30 JUNE 2006

Please note: This income statement has not been prepared in accordance with US-GAAP. For convenience purposes, the IFRS income statement has been converted in US Dollars using the applicable rates.

	GROUP	
	2006 $M	2005 $M
ASSETS		
Non-current assets		
Property, plant and equipment	3 252	3 375
Intangible assets	317	340
Restricted cash	36	7
Investment in financial assets	315	611
Investment in associates	266	–
Deferred income tax	275	272
Trade and other receivables	15	13
Total non-current assets	4 476	4 618
Current assets		
Inventories	93	87
Trade and other receivables	100	94
Income and mining taxes	4	4
Cash and equivalents	91	267
Total current assets	288	452
Total assets	4 764	5 070
EQUITY		
Share capital and reserves		
Share capital	3 555	3 792
Other reserves	(38)	(88)
Accumulated loss	(281)	(223)
Total equity	3 236	3 481
Non-current liabilities		
Borrowings	361	363
Deferred income tax	596	599
Derivative financial instruments	88	58
Provision for environmental rehabilitation	120	126
Provision for other liabilities and charges	3	2
Retirement benefit obligations	15	13
Total non-current liabilities	1 183	1 161
Current liabilities		
Trade and other payables	204	227
Borrowings	140	200
Shareholders for dividends	1	1
Total current liabilities	345	428
Total equity and liabilities	4 764	5 070
Convenience translation based on closing rates of US$/R7.17 (2005: US$/R6.67)		

CONVENIENCE TRANSLATION UNAUDITED STATEMENTS OF CASH FLOWS (US$/IMPERIAL)

FOR THE YEAR ENDED 30 JUNE 2006

Please note: This income statement has not been prepared in accordance with US-GAAP. For convenience purposes, the IFRS income statement has been converted in US Dollars using the applicable rates.

		GROUP	
	2006 $M	2005 $M	2004 $M
Cash flows from operating activities			
Cash generated by/(utilised in) operations	108	(58)	131
Interest received	33	21	29
Dividends received	3	3	1
Interest paid	(32)	(42)	(46)
Income and mining taxes paid	(2)	(9)	(84)
Net cash generated by/(utilised in) operating activities	110	(85)	31
Cash flows from investing activities			
Net increase in amounts invested in environmental trusts	(5)	–	(5)
Restricted cash	(32)	2	(9)
Cash held by subsidiaries on acquisition	–	1	101
Cash held by subsidiaries at disposal	–	(2)	–
Investment in Orpheo acquired	(1)	–	–
Cash paid for Abelle	–	–	(88)
Investment in MP Britz and H.Taute Pharmacies acquired	–	–	–
Proceeds on disposal of Buffalo Creek	3	–	–
Cash received for Bissett	–	–	3
Investment in Gold Fields acquired	–	(14)	–
Cost on closure of hedge positions	(54)	(34)	(19)
Proceeds on disposal of listed investments	365	380	146
Acquisition of associate	(321)	–	–
Increase in other non-current investments	3	(1)	(8)
Proceeds on disposal of mining assets	13	21	29
Additions to property, plant and equipment	(275)	(225)	(215)
Net cash (utilised in)/generated by investing activities	(304)	128	(65)
Cash flows from financing activities			
Borrowings raised	160	232	267
Borrowings paid	(205)	(200)	(211)
Ordinary shares issued	29	3	19
Shares issue expenses	–	(13)	(11)
Dividends paid	(1)	(16)	(57)
Net cash (utilised in)/generated by financing activities	(17)	6	7
Foreign currency translation adjustments	35	1	19
Net (decrease)/increase in cash and cash equivalents	(176)	50	(8)
Cash and equivalents – beginning of year	267	217	225
Cash and equivalents – end of year	91	267	217
Convenience translation based on average rates of US$/R6.36 (2005: US$/R6.18) (2004: US$/R6.89)			
Convenience translation based on closing rates of US$/R7.17 (2005: US$/R6.67) (2004: US$/R6.23)			

ACCESS CARD

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This Annual Report is available in printed format from Harmony's Investor Relations department or in electronic format on the internet at www.harmony.co.za.

In addition, Harmony will produce the Form 20-F (a report required by the Securities and Exchange Commission in the United States), copies of which are available at the end of October 2006 free of charge on EDGAR at www.sec.gov or from our website: www.harmony.co.za.

Share price analysis

The rand remained relatively steady during most of the fiscal year at around R6.10 to the US$ until April 2006. In May it fell sharply lower to end the financial year at R7.17/US$. The Harmony share price rose overall during the course of the year, trading on the JSE from a low of R46.62 in August/September 2005 to a high of R117.05 per share in January 2006. On the NYSE, the share traded between a low of US$7.21 and a high of US$18.84 per share. At the end of the financial year, the share price closed at R114.10 and US$16.29 per share. As at 30 June 2006, the resulting market capitalisation was R45.29 billion and US$6.32 billion respectively.

Share information

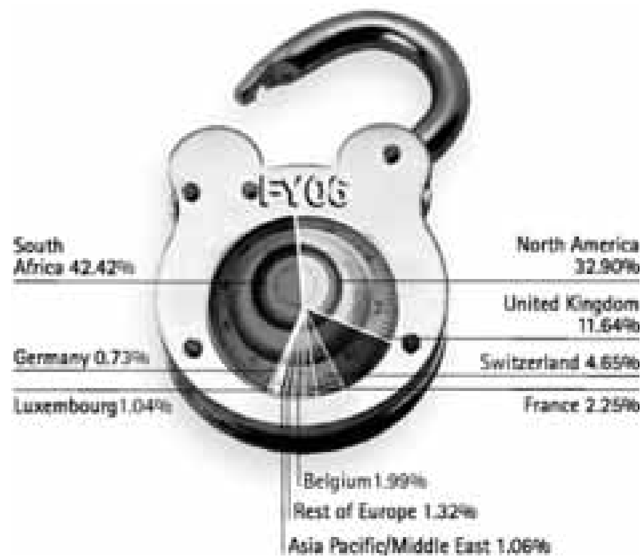
Sector	Resource
Sub-sector	Gold
Nature of business	Harmony Gold Mining Company Limited and its subsidiaries are engaged in underground and open-pit gold mining, exploration and related activities in South Africa, Australia and Papua New Guinea.
Issued share capital as at 30 June 2006	396 934 450
Market capitalisation	
At 30 June 2006 – R114.10	R45.29 billion
At 30 June 2006 – US$16.29	US$6.32 billion
Share price statistics – FY06	
12-month high	R117.05
12-month low	R46.62
12-month high	US$18.84
12-month low	US$7.21
Free float	100%
ADR ratio	1:1

Shareholder profile

As at 30 June 2006, a total of 396 934 450 shares or 100.00% of the total shares in issue were outstanding of which institutional ownership represented 73.06% of the shares outstanding. In terms of non-institutional ownership, ARM Ltd, controls 63 632 922 shares or 16.16% of the issued share capital.

Our South African shareholder base has declined marginally from 43.3% to 42.42%. US institutional and US retail ownership combined gives overall ownership by US shareholders of 32.90% of Harmony's issued share capital. European ownership equates to 13.04% of the shares outstanding while the UK institutions control 11.64%. Harmony also trades in Brussels, Paris and Luxembourg but these are minority listings.

Geographical distribution of shareholders



Top 20 shareholders

SHAREHOLDER	SHARES OUTSTANDING	% OF SHARES OUTSTANDING
Allan Gray Ltd.	60 222 692	15.25
Merrill Lynch Investment Managers Ltd. (UK)	32 211 043	8.16
Capital Research & Management Company	25 518 733	6.46
Orbis Investment Management Limited	12 485 220	3.16
Old Mutual Asset Managers (Pty) Ltd.	7 861 299	1.99
Arnhold and S. Bleichroeder Advisers, LLC	7 174 525	1.82
Public Investment Commissioners	7 164 610	1.81
Metropolitan Asset Management	5 879 807	1.49
Capital International, Inc.	5 084 818	1.29
Capital Guardian Trust Company	4 384 770	1.11
Vanguard Group Inc.	3 904 848	0.99
Capital International SA	3 722 208	0.94
Fidelity Management and Research Company	3 555 600	0.90
Morgan Stanley Investment Management	3 375 478	0.85
Jennison Associates, L.L.C.	3 306 173	0.84
Futuregrowth Asset Management	3 164 522	0.88
Pictet & Cie.	3 110 299	0.79
Bank Julius Baer & Co. Ltd.	2 909 011	0.74
Liberty Life Assurance Company	2 874 434	0.73
American Century Investment Management Inc.	2 502 219	0.63

ACCESS CARD

CONTINUED

Analysis of ordinary shares (Strate) at 30 June 2006

SHARES HELD	NUMBER OF SHAREHOLDERS	% NUMBER OF HOLDERS	NUMBER OF SHARES HELD	% OF ISSUED SHARE CAPITAL HELD
1 to 10 000	14 217	96.43	6 079 706	1.53
10 001 to 100 000	301	2.04	11 502 654	2.90
100 001 to 1 000 000	182	1.24	54 134 923	13.64
over 1 000 000	43	0.29	325 217 176	81.93
Totals	14 743	100.00	396 934 459	100.00

Ordinary share performance on the JSE

MARKET PRICE PER SHARE (RAND)	FY06	FY05	FY04	FY03	FY02	FY01
Band						
As at 30 June	**114.10**	58.25	65.25	98.50	142.00	46.90
High	**117.05**	93.30	122.60	181.50	187.30	50.00
Low	**46.62**	36.40	59.50	71.00	38.50	26.50
Number of ordinary shares issued (000)	**396 934**	393 232	320 742	184 854	169 247	144 553
Number of deals recorded	**148 746**	85 487	97 918	112 163	77 752	20 087
Volume of shares traded (000)	**351 555**	303 414	279 660	310 765	206 171	55 967
Volume of shares traded as % of total issued shares	88.6	77.0	87.0	168 1	121.8	38.7

Shareholder information

SHAREHOLDERS' DIARY

Financial year-end	30 June
Annual financial statements issued	End September 2006
Form 20-F issued	Mid-October 2006
Annual general meeting	10 November 2006

The dates of our quarterly results announcements will be published on our website: www.harmony.co.za

CURRENCY CONVERSION GUIDE	2006	2005	2004	2003
As at 30 June 2006, one South African rand was equal to:				
Australian dollar	**5.3080**	5.0916	4.3029	5.0684
Euro	**9.1575**	8.0532	7.4944	8.5980
British pound	**13.2046**	11.9224	11.1829	12.3621
US dollar	**7.2701**	6.6670	6.2275	7.5100
Canadian dollar	**6.4929**	5.4496	4.6211	5.5835

Share liquidity

TRADE DATE	JSE VOLUME	NYSE VOLUME	PARIS VOLUME	BRUSSELS VOLUME	LSE VOLUME	TOTAL VOLUME	SHARES IN ISSUE
30-Jun-06	34 421 540	40 010 600	1 064 617	526 000	6 633 136	82 655 893	396 934 450
31-May-06	43 414 334	53 506 602	912 480	875 750	6 951 232	105 660 398	396 934 450
30-Apr-06	28 401 879	37 230 100	1 067 594	612 000	5 634 958	72 946 531	395 140 690
31-Mar-06	35 665 633	52 015 400	1 633 131	813 800	9 953 539	100 081 503	394 369 190
28-Feb-06	44 304 632	45 555 000	1 426 812	1 452 050	14 922 354	107 660 848	394 319 390
31-Jan-06	28 538 708	39 784 900	1 031 154	1 169 750	8 300 495	78 825 007	394 161 370
31-Dec-05	20 008 700	28 543 500	1 345 947	776 850	6 288 265	56 963 262	394 161 370
30-Nov-05	22 562 612	32 084 300	1 150 527	807 650	4 599 345	61 204 434	393 721 340
31-Oct-05	24 168 141	27 621 500	1 973 404	636 550	12 058 410	66 458 005	393 401 240
30-Sep-05	33 616 600	48 201 800	647 150	1 346 050	7 734 973	91 546 573	393 341 190
31-Aug-05	17 487 291	28 287 400	487 009	480 350	3 124 411	49 866 461	393 341 190
31-Jul-05	18 965 099	20 242 500	699 768	200 300	3 189 982	43 297 649	393 341 190

Stock exchange listings and ticker codes

The primary listing of the company's ordinary shares is on the JSE Limited. Its ordinary shares are also listed on stock exchanges in London, Paris and Berlin, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs) and on the New York Stock Exchange in the form of American Depositary Shares (ADSs).

JSE Limited	HAR
New York Stock Exchange and Nasdaq	HMY
London Stock Exchange	HRM
Euronext Brussels	HG
Euronext Paris	HMY
Berlin Stock Exchange	HAM1

Shareholder spread

	NUMBER OF SHARE-HOLDERS	% OF SHARE-HOLDERS	NUMBER OF SHARES HELD	% SHARES HELD
Public	14 737	99.95	332 844 259	83.85
Non-public	6	0.05	64 090 200	16.15
Holding 10%+	1	0.01	63 632 922	16.03
Share options scheme	1	0.01	320 250	0.08
Employees share trust	1	0.01	96 421	0.03
Directors	3	0.02	40 607	0.01
Totals	14 743	100.00	396 934 459	100.00

Performance on JSE

Number of shares traded (000)	382 815
Percent of total issued shares	96.44
Value of shares traded (R000)	32 713 364
Price quoted (cents per share)	
– Highest	11705
– Lowest	4662
– Closing	11410
Market capitalisation at year-end (R000)	45 290 221

GLOSSARY OF TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the general reader in understanding certain terms as used in this annual report.

ALLUVIAL: the product of sedimentary processes in rivers, resulting in the deposition of alluvium (soil deposited by a river).

AURIFEROUS: a substance that contains gold.

BENEFICIATION: the process of adding value to gold products by transforming gold bullion into fabricated gold products.

BROWNFIELDS PROJECT: a potential mining site with known mineral resources.

CALL OPTION: a contract that permits the owner to purchase an asset at a specified price on or before a specified date.

CAPITAL EXPENDITURE: total capital expenditure on mining assets to both maintain and expand operations.

CASH COST: a measure of the average cost of producing an ounce of gold, calculated by dividing the total cash working costs in a period by the total gold production over the same period. Working costs represent total operating costs less certain administrative expenses, royalties and depreciation. In determining the cash cost of different elements of the operations, production overheads are allocated pro rata.

CHANNEL WIDTH: the total thickness of the entire reef unit to be mined, including internal waste, but excluding external waste.

CONTAINED OUNCES: gold ounces from which neither extraction, dilution nor processing recovery losses have been deducted.

CUT-OFF GRADE: the grade at which the total profit from mining the orebodies, under a specified set of mining parameters, is maximised.

DEPLETION: the decrease in quantity of ore in a deposit or property resulting from extraction or production.

DEVELOPMENT: activities (including shaft sinking and on-reef and off-reef tunnelling) required to prepare for mining activities and maintain a planned production level and those costs to enable the conversion of mineralised material to reserves.

EXPLORATION: activities associated with ascertaining the existence, location, extent or quality of mineralised material, including economic and technical evaluations of mineralised material.

FAULTING: the process of fracturing that produces a displacement of rock.

FOOTWALL: the underlying side of a fault, orebody or stope.

FORWARD CONTRACT: an agreement for the sale and purchase of an asset at a specified future date at a fixed price.

FORWARD CURRENCY SALE CONTRACT: an agreement for the sale of a specific quantity of one currency for another currency at a specified future date at a fixed exchange rate.

FORWARD PURCHASE: an agreement for the purchase of a commodity at a specified future date at a fixed price.

FORWARD SALE: the sale of a commodity for delivery at a specified future date and price.

GOLD ASSETS: the after-tax net asset value of the company's gold assets including gold exploration properties and hedging gains or leases.

GOLD RESERVES: the gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tonnes and head grade).

GRADE: the average amount of contained in a tonne of gold, leaving ore expressed in grams per tonne of ore.

GREENFIELD: a potential mining site of unknown quality.

HANGINGWALL: the overlying side of a fault, orebody or stope.

HEAD GRADE: the grade of the ore as delivered to the metallurgical plant.

IN SITU: in place, i.e. within unbroken rock or still in the ground.

LIFE-OF-MINE: the number of years that an operation is planning to mine and treat ore, taken from the current mine plan.

IRR: internal rate of return.

LEVEL: the workings or tunnels of an underground mine that are on the same horizontal plane.

MARK-TO-MARKET: the current fair value of a derivative based on current market prices or to calculate the current fair value of a derivative based on current market prices, as the case may be.

MEASURES: conversion factors from metric units to U.S. units are provided below.

METALLURGICAL PLANT: a processing plant used to treat ore and extract the contained gold.

METALLURGY: in the context of this document, the science of extracting metals from ores and preparing them for sale.

MILL DELIVERED TONNES: a quantity, expressed in tons, of ore delivered to the metallurgical plant.

MILLING/MILL: the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

MINEABLE: that portion of a mineralised deposit for which extraction is technically and economically feasible.

METRIC UNITS – US EQUIVALENT

1 tonne = 1 t = 1.10231 short tons
1 gram = 1 g = 0.03215 ounces
1 gram per tonne = 1 g/t
= 0.02917 ounces per short ton
1 ounce = 31.15 grams
1 kilogram per tonne = 1 kg/t
= 29.16642 ounces per short ton
1 kilometre = 1 km = 0.621371 miles
1 metre = 1 m = 3.28084 feet
1 centimetre = 1 cm = 0.3937 inches
1 millimetre = 1 mm = 0.03937 inches
1 hectare = 1 ha = 2.47105 acres

MINERAL RESOURCE: A mineral resource is a concentration or occurrence of material of economic interest in or on the earth's crust in such from, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories. The mineral resources are inclusive of those resources which have been modified to produce ore reserves.

MINERALISATION: the presence of a target mineral in a mass of host rock.

MINERALISED MATERIAL: a mineralised body that has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. Such a deposit does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

NPV: net present value.

OPEN-PIT/OPEN-CAST/OPEN CUT: mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

ORE: a mixture of mineralised material from which at least one of the contained minerals can be mined and processed at an economic profit.

ORE GRADE: the average amount of gold contained in a tonne of gold bearing ore expressed in ounces per tonne.

ORE RESERVE: that part of mineralised material which at the time of the reserve determination could be economically and legally extracted or produced. Ore reserves are reported as general indicators of the life of mineralised materials. Changes in reserves generally reflect: Grades of ore actually processed may be different from stated reserve grades because of geological variation in different areas mined, mining dilution, losses in processing and other factors. Recovery rates vary with the metallurgical characteristics and grade of ore processed. Neither reserves nor projections of future operations should be interpreted as assurances of the economic life of mineralised material nor of the profitability of future operations.

OREBODY: a well defined mass of mineralised material of sufficient mineral content to make extraction economically viable.

OUNCE: one Troy ounce, used in imperial statistics equals 31.1035 grams. A kilogram = 32.1507 ounces

OVERBURDEN TONNES: tonnes that need to be removed to access an ore deposit.

PAY LIMIT: the breakeven grade at which the orebody can be mined without profit or loss, calculated using the forecast gold price, working costs and recovery factors.

PRICE TO EARNINGS RATIO: the current share price divided by adjusted earnings per share.

GLOSSARY OF TERMS

CONTINUED

PROBABLE RESERVES: reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

PROSPECT: an area of land with insufficient data available on the mineralisation to determine if it is economically recoverable, but warranting further investigation.

- development of additional reserves;
- depletion of existing reserves through production;
- actual mining experience; and
- price forecasts.

PROSPECTING LICENCE: an area for which permission to explore has been granted.

PROVEN RESERVES: RESERVES FOR WHICH: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

PUT OPTION: a contract that enables the owner to sell an asset at a specified price on or before a specified date.

PUT PURCHASE: a right, but not an obligation, of a party, purchased at a specified cost, to sell a specific quantity of a commodity at a specified future date at a fixed price.

RECOVERY GRADE: the actual grade of ore realised after the mining and treatment process.

REEF: a gold-bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold.

REFINING: the final stage of metal production in which impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.

REHABILITATION: the process of restoring mined land to a condition approximating its original state.

SAMPLING: taking small pieces of rock at intervals along exposed mineralisation for assay (to determine the mineral content).

SHAFT: a shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

SPOT PRICE: the current price of a metal for immediate delivery.

STOPE: the underground excavation within the orebody where the main gold production takes place.

STRIPPING: the process of removing overburden to expose ore.

TAILINGS: finely ground rock from which valuable minerals have been extracted by milling.

TAILING DAM/SLIMES DAM: dams or dumps created from tailings or slimes.

TONNAGE: quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.

TONNE: one tonne is equal to 1 000 kilograms (also known as a metric ton).

TRENCHING: making elongated open-air excavations for the purposes of mapping and sampling.

TREND: the arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.

UNCONFORMITY: the structural relationship between two groups of rock that are not in normal succession.

WASTE: ore rock mined with an insufficient gold content to justify processing.

WASTE ROCK: the non-mineralised rock and/or rock that generally cannot be mined economically that is hoisted to the surface for disposal on the surface normally close to the shaft on an allocated dump.

YIELD: the actual grade of ore realised after the mining and treatment process.

Directorate and Administration

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Incorporated in the Republic of South Africa
ISIN: ZAE000015228

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Global BuyDIRECTSM

The Bank of New York maintains a direct share purchase and dividend reinvestment plan for Harmony. Global BuyDIRECTSM, a direct and sale/dividend reinvestment plan sponsored and administered by the Bank of New York, offers investors the opportunity to purchase depositary receipts at commissions that are typically less than a retail broker. For additional information, please visit the Bank of New York's website at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or write to:

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FORWARD-LOOKING STATEMENTS

Statements in this report include "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance.

Forward-looking statements are generally identified by the words "expect," "anticipates," "believes," "intends," "estimates" and similar expressions. All forward-looking statements involve a number of risks, uncertainties and other factors, and Harmony cannot give assurances that such statements will prove to be correct. Risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

Although Harmony's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Harmony, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Certain of these risks and uncertainties are discussed in the Form 20-F that Harmony will file with the US Securities and Exchange Commission by the end of October 2006. The Form 20-F may be downloaded from the company's website - www.harmony.co.za. For convenience these risk factors are repeated in this annual report on pages 118 to 131.

Russell and Associates

www.harmony.co.za