Harmony

BACK TO BASICS

Focus on costs

Growth projects on track

Progress at Wafi/Golpu

Gold market robust

2007

ANNUAL REPORT

One hard hat R12

One pair of boots R320

49mm winder rope R395 000

The hearts and minds of Harmony team members: Priceless!

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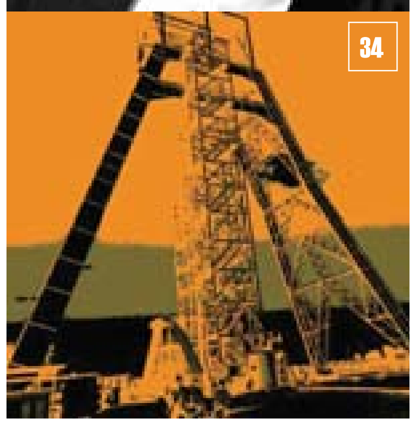


About this report

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.

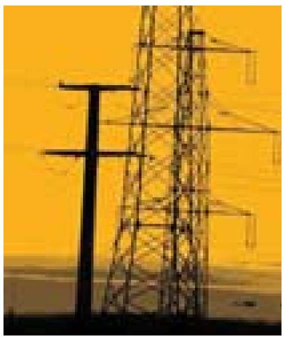
Certain of these risks and uncertainties are discussed in the Form 20-F that Harmony will file with the US Securities and Exchange Commission by the end of October 2007. The Form 20-F may be downloaded from the company's website - www.harmony.co.za. For convenience these risk factors are repeated in this annual report on pages 94 to 99.

IN SHORT

HARMONY PURCHASES RIO TINTO'S RIGHTS TO ROYALTY AGREEMENT

March 2007

Harmony and Rio Tinto reached agreement on the purchase of the latter's royalty rights related to the Hidden Valley and Kerimenge deposits in PNG. This transaction, which cost around US$22.5 million, will effectively reduce the cost per ounce of gold produced at Hidden Valley by US$13.



POWER SUPPLY SECURED FOR HIDDEN VALLEY

May 2007

Harmony signed an agreement with PNG Power Limited (PPL) to supply the Hidden Valley Mine with electricity, a milestone in the development of the Hidden Valley Mine.
The benefit of this agreement is that it significantly lowers the cost of power compared to producing power by means of diesel generators.

ALWYN PRETORIUS HEADS OPERATIONS

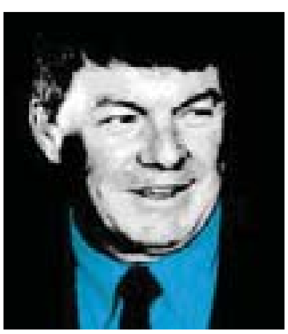
February 2007

Experienced Harmony manager Alwyn Pretorius was appointed as the chief operating officer. Pretorius, who has 15 years' experience in the gold mining industry, holds degrees in both mining and industrial engineering.

SALE OF SOUTH KAL

July 2007

Harmony announced the sale of the South Kal Mine to Dioro Exploration NL. Although still subject to a number of conditions precedent, the transaction is expected to be concluded by October 2007. The transaction price includes A$25 million (approx. R150 million) payable in cash to Harmony on completion and the issue of shares to the value of A$20 million (approximately R120 million) to Harmony.



BRIGGS APPOINTED ACTING CHIEF EXECUTIVE

August 2007

The Harmony board appointed Graham Briggs, former Managing Director of Harmony Australasia, as Acting Chief Executive (CE) following the resignation of Bernard Swanepoel.

Harmony Chairman Patrice Motsepe welcomed Briggs to his new position, commenting that he was confident that his vast experience would make a valuable contribution to Harmony.

KEY STATISTICS

Headline earnings

43 SA cps

Cash earnings up by

75%

R1.2 billion

– attributable capital expenditure on growth projects

R341 million

net profit – first net profit in three years

Development up by

35%

R194 million

on exploration in FY07

3.5Moz

added to reserves as a result of pre-feasibility studies at Harmony's Evander South Project as well as Wafi/Golpu in PNG.

53.6 Moz

– Harmony's current gold ore reserves

CORPORATE PROFILE

Harmony is the world's fifth largest gold producer, operating 22 individual mines and projects in three countries, South Africa, Australia and Papua New Guinea (PNG). In FY07 Harmony generated a turnover of R10.7 billion and produced 2.3Moz of gold, primarily from its operations in South Africa.

The group's capital growth campaign in South Africa and PNG involves the development of five large-scale projects which combined will exploit 20 million life-of-mine ounces.

Our South African operations are managed in three categories:

- Quality assets include the Evander shafts, Randfontein Cooke shafts, Target, Tshepong and Masimong.
- Growth projects include Doornkop South Reef project, Elandsrand, Phakisa, the new mine project and the Tshepong decline project.
- Leveraged assets include Bambanani, Joel, St Helena, Harmony, Merriespruit, Unisel Brand and Orkney.

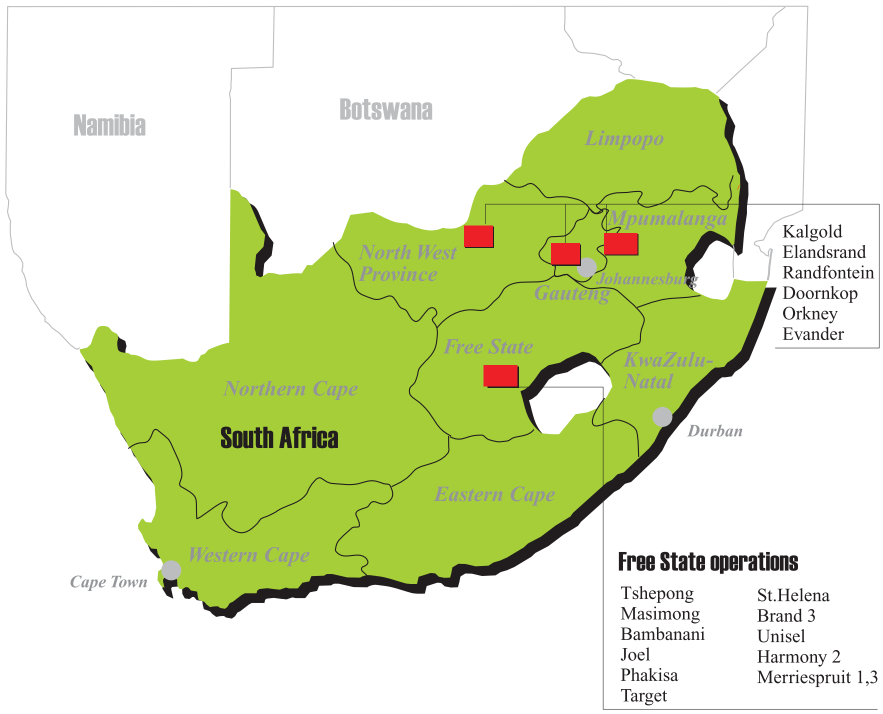
In addition, there are a number of surface operations, including Kalgold, and the Phoenix project.

In FY07, Harmony's assets in Australia were the South Kal and Mt Magnet operations.

Harmony announced the sale of South Kal on 31 July 2007.

Current projects in PNG are Hidden Valley and Wafi/Golpu.

Harmony's global exploration programme continues with activities focused on southern Africa and PNG.



Share price information		
JSE [HAR]	12-month high	R121.26
	12-month low	R89.57
NYSE and Nasdaq [HMY]	12-month high	US$17.02
	12-month low	US$12.09
Free float		100%
ADR		1:1

Harmony is going through an important period of change in the leadership of its management.

I am confident that the process that is currently under way of re-focusing and re-motivating management and reverting to our 'Back to Basics' Harmony management style will re-position Harmony as a globally competitive and profitable company.

Shareholders will be aware that Bernard Swanepoel resigned as Chief Executive at the beginning of August 2007. Bernard played an important role in the growth and success of Harmony.

On behalf of the Board, Harmony's executive committee and all its employees, I thank him for the huge contribution he has made to Harmony over the years and wish him well in the future.

The history of Harmony reflects an ability to confront serious challenges and to restructure and turn loss-making shafts into profitable operations.

The bulk of the management team that was part of the Harmony success story is still with us and we are committed to rebuilding and repositioning Harmony as a globally competitive company. The Board appointed Graham Briggs who is an experienced Harmony executive to be Acting CE.

Graham has been with the company for 12 years and prior to his appointment as Acting CE, he was responsible for Harmony's international portfolio in Australia and Papua New Guinea. A geologist by profession, with extensive experience over three decades in ore reserve management, mining and the management of people. Graham is ideally suited to spearhead Harmony's 'Back to Basics' approach in the coming months. He has the support of an able and resourceful management team.

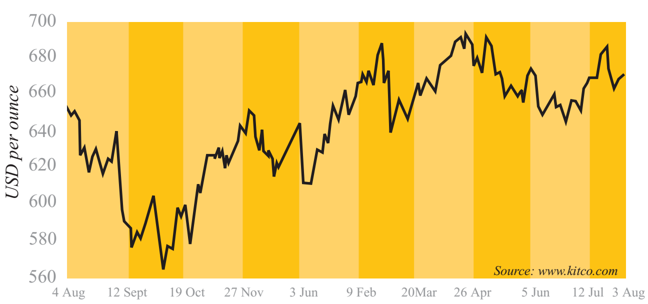
From an operational point of view, Harmony experienced a number of challenges which, when combined with the unsatisfactory focus on cost control and systems, resulted in various operational areas underperforming during the year. These areas will be more closely managed by the strong leadership team that has been put in place and this should result in improved productivity and competitiveness.

On the other hand, Harmony made excellent progress in accelerating development to create flexibility at existing operations; the substantial progress made at the five world-class growth projects should ensure that the company is transformed into a global player, with better quality and lower cost assets.

In its pursuit of becoming a low-cost, high-quality gold producer, Harmony has negotiated the sale of two of the mines it purchased during its early formative years in order to rebalance its asset base and to fund the high-growth pathway ahead of it.

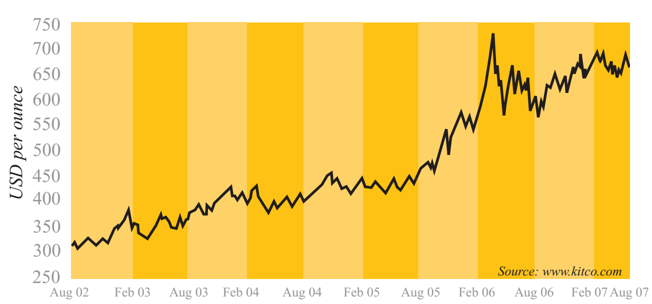
The sale of the South African Orkney shafts to Pamodzi Gold Ltd and the sale of the South Kal mine in Australia to Dioro Exploration NL were an integral part of the rebalancing strategy. The company has retained an interest in the potential upside that these operations may yield, through a royalty agreement in the case of Pamodzi and a shareholding in Dioro. Both transactions are subject to conditions precedent and should be finalised in FY08, once these conditions have been fulfilled.

Gold price over one year ***High 694.28 Low 560.75***



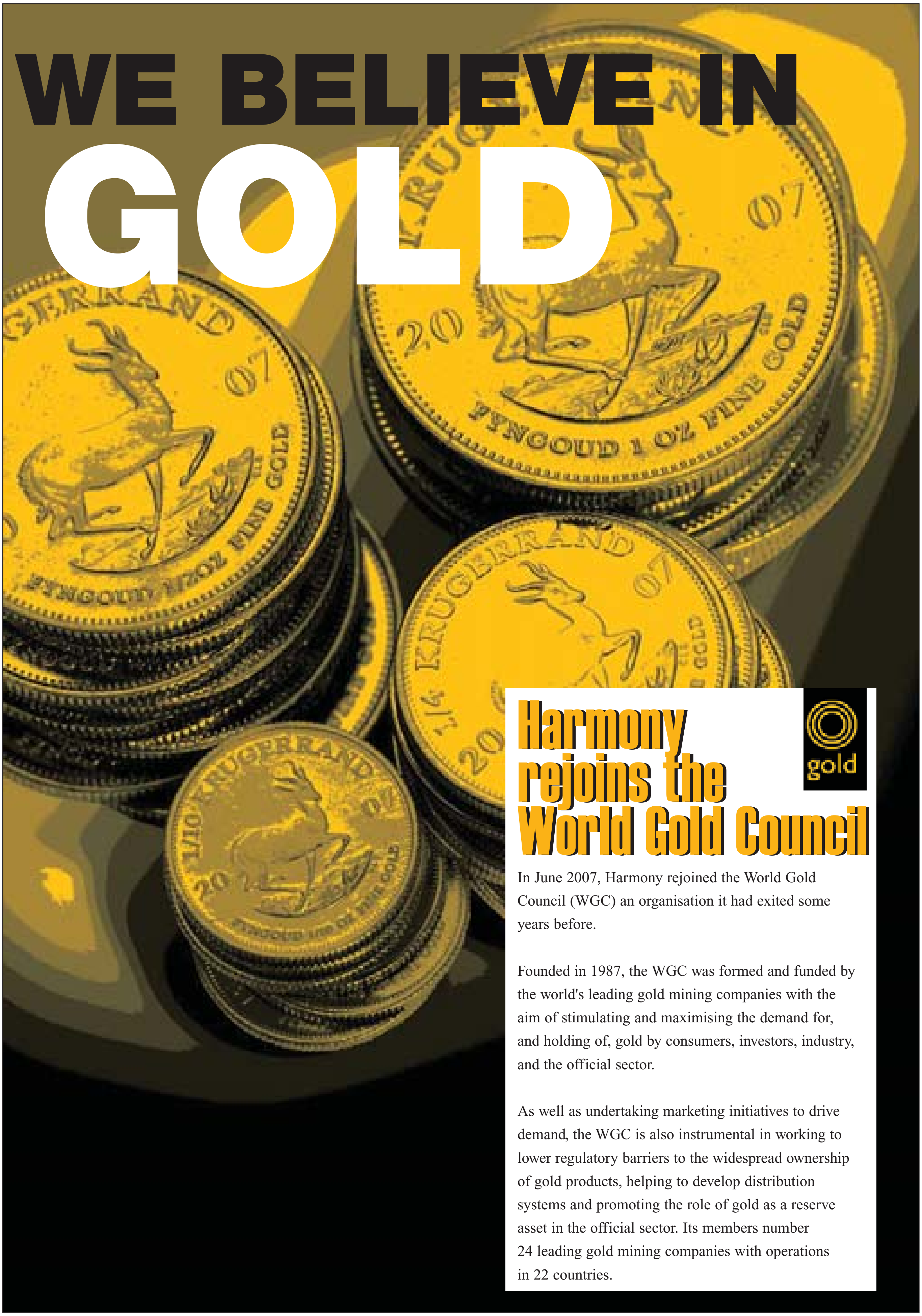
Based on New York Close

Gold price over five years ***High 725.75 Low 305.20***



Based on New York Close

WE BELIEVE IN GOLD



Harmony rejoins the World Gold Council

In June 2007, Harmony rejoined the World Gold Council (WGC) an organisation it had exited some years before.

Founded in 1987, the WGC was formed and funded by the world's leading gold mining companies with the aim of stimulating and maximising the demand for, and holding of, gold by consumers, investors, industry, and the official sector.

As well as undertaking marketing initiatives to drive demand, the WGC is also instrumental in working to lower regulatory barriers to the widespread ownership of gold products, helping to develop distribution systems and promoting the role of gold as a reserve asset in the official sector. Its members number 24 leading gold mining companies with operations in 22 countries.

I am confident that Graham and the management team will rejuvenate and refocus Harmony to successfully implement the 'Back to Basics' strategy.

Financial performance

For the year ended June 2007, Harmony reported improved headline earnings of 43 SA cents per share compared with a headline loss of 269 SA cents per share in FY06.

In US dollars, headline earnings improved from a loss of 42 US cents per share in FY06 to a profit of 6 US cents per share for FY07. A net profit of R341 million was reported for FY07.

Both the operational and financial performance in the fourth quarter were disappointing. In particular, data capturing problems with a newly-installed accounting system led to the under-reporting of costs amounting to some R250 million in the third quarter with these having to be allocated to the fourth quarter, with negative effects. An internal review of the new accounting system is currently underway to address shortcomings in both the system and its operation.

Total cash operating costs for the group rose by 26.8% year-on-year which was more than anticipated. Management is giving this matter serious attention.

The gold market

The market for gold shares continues to confound and bemuse scholars and speculators alike.

Two things remain certain – firstly, fundamental demand for gold remains strong and, secondly, as gold shares behave like no others, these continue to trade at higher multiples than do other stocks.

At Harmony we believe in gold, and despite the handsome attractions of other metals such as our by-products copper and uranium, we want to reassure shareholders that we are first and foremost a gold mining company.

We are developing new mines at a lower cost per ounce than our current operations, thus making them robust enough to survive any margin squeeze and to withstand any sudden reverse in the gold price. However, we expect the gold price to continue to trade in the $500 to $700/oz price range in the medium term where it has traded during the year under review.

We are further encouraged by a recent Gold Fields Minerals Services (GFMS) report that indicates continued support for investor confidence in gold in the medium to long term. GFMS cites possible reasons for this as being: actual and potential dollar weakness; a potentially sharp slowdown in the US economy and the damage this would inflict on conventional asset returns; the threat of higher inflation and an escalation of geopolitical tensions.

Fundamental demand for gold appears to have continued with lower official sales and an acceptance of a new 'floor price' in the gold jewellery sector. Producer de-hedging, combined with the continued decline in global gold output, underpins this bullish view.

Dividends

Harmony is committed to significant capital expenditure for the next four years in order to increase its production volumes. During this period, cash generated by the operations will be used to fund our growth projects. Accordingly, no final dividend was declared by the Board of Directors for the financial year ended 2007.

Prospects

Looking ahead to FY08, we see continued buoyancy in the gold market. We expect the rand/dollar exchange rate to perform much as it did in FY07. While Harmony is likely to produce marginally less gold in FY08 – these should be higher quality ounces which directly benefit the bottom line. In the longer term, the company will continue to grow as new projects come on stream. Production is planned to rise to about 3.1Moz by FY11, with about 50% of that production coming from the newer, lower cost assets.

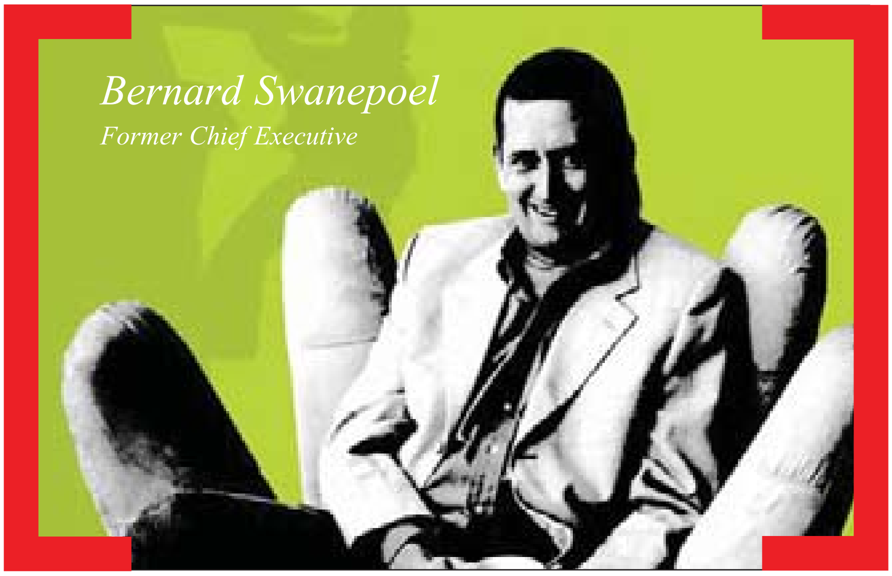
Thanks

The board extends its thanks to the Harmony management team and to the employees and their representatives who have withstood a tough year. I extend my personal thanks to my fellow board members and take this opportunity to welcome to the board former platinum industry executive Cathie Markus as non-executive director, and look forward to her contribution to the company. I also welcome veteran miner and ARM CEO André Wilkens as non-executive director to the Harmony board with effect from August 2007, and Frank Abbott who has agreed to assume the position of interim finance director for a period of six months. This follows the resignation of Nomfundo Qangule on 21 August 2007, to whom we also extend our thanks and good wishes.

In conclusion

The next financial year is sure to bring more change and I am confident that Harmony will rise to the challenges and that management will rebuild the trust and credibility that made us globally competitive and successful.

Patrice Motsepe
Chairman
28 September 2007



A few words on Bernard Swanepoel, former Chief Executive of Harmony

After being at the helm of Harmony for 12 years, Bernard Swanepoel resigned his Chief Executive position on 6 August 2007.

He attended the University of Pretoria where he read for an engineering degree graduating with a BSc in mining engineering. He later also completed a B.Com at the University of Pretoria.

Bernard started his mining career with Gengold in 1983 and rose steadily through the ranks. In 1993 he was appointed general manager of Beatrix Mine and two years later he joined Randgold as managing director of Harmony Mine.

Bernard set about cancelling the service contract between Harmony and Randgold in 1994 and in 1997 Harmony Gold Mining Company Limited was listed on the JSE as a separate entity.

Well-respected and charismatic, Bernard, Harmony's new Chief Executive led the Harmony team through a period of acquisitive growth. Bernard turned Harmony from a single-lease mining company, into a multi-million US dollar company. A new Harmony brand and brand print was designed and proudly implemented throughout the acquired assets.

After listing the company on the NYSE in 2002, Bernard, the contrarian, pursued his acquisition strategy in South Africa when other companies were seeking new resources beyond its borders. He set about acquiring the "throw-away" assets in the South African mining industry.

During the next three years the acquisition strategy was implemented in full force and Harmony announced on average one acquisition a month. Some of the more noteworthy transactions included

- the Randfontein and AVR JV agreement to jointly conduct mining operations at Doornkop in January 2003;
- Harmony's announcement of the offer for Abelle Limited in February 2003. This acquisition brought with it the Hidden Valley tenements in PNG.;
- the announcement to merge with ARMgold in May 2003 and obtaining shareholders' approval by August.

Also in May 2003, he set about aggressively acquiring 35% of Anglovaal Mining's shareholding and by April 2004 Harmony had acquired the entire shareholding of Avgold. Then in October 2004 he launched the proposal of a merger with Gold Fields.

Being the visionary, Bernard announced the country's most ambitious BEE deal of its time ahead of the enactment of the Mineral and Petroleum Resources Development Act. The company announced in February 2005, that it had been approached by the financial advisor to a consortium to create a new black empowerment company proposing to purchase Harmony's 20% stake in ARM for about R1.1 billion. The consortium would be led by African Rainbow Minerals & Exploration Investments Limited, a company affiliated with Patrice Motsepe.

There is no doubt that the spate of acquisitions created a portfolio of assets of mixed quality, some of which should provide Harmony with growth potential for the next 20 years.

In August 2007 Bernard resigned at the height of his career. Bernard is an extremely private person, preferring to keep his personal life out of the public eye. He is a true South African who enjoys rugby and spending time in the harsh sun on his game farm.

The 2007 financial year has been a challenging one for Harmony and, having been appointed post year-end, it is incumbent on me to provide greater insight into our plans for the year ahead. That said, some review is relevant and necessary, particularly on the status of the market, and on our operating and financial performance.

The gold market and the market for gold shares

The gold price continued to be robust during the year under review, and global equity markets hit all-time highs. Post year-end, the US-based liquidity crunch sent substantial ripples into all sectors. Harmony was not unaffected and, while the company outperformed its primary competitors for the financial year (see graph), our trading update released in early August – discussed below – was unfortunately ill-timed and coincided with the market jitters. Our share price has since started to rebound as we provided greater clarity to investors and I believe that consistent delivery on our promises will be rewarded.

Harmony remains one of the few gold counters that reflects its "gold premium", and this is something that we are ever mindful of when we consider the turning to account of resources that are rich in copper and uranium. We are also conscious of maintaining our leverage to gold, the ultimate store of value and haven of safety.

Safety and health

It is with great regret that I report that 27 people died during the course of work at our South African operations. The board and management of Harmony extend their sympathy to the families and friends of the deceased.

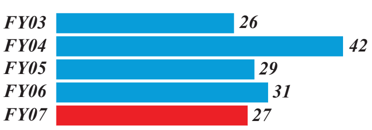
The provision of safe and healthy workplaces is one of Harmony's key priorities, and the elimination of all workplace injuries is a strategic focus area. Following a regression in the company's safety performance in South Africa in FY06, an immediate high-level review was instituted. Action taken as a consequence of this included the recruitment of highly qualified personnel to staff a new safety management service focused on compliance. Each shaft and surface area is audited three or four times annually, and includes audits of compliance with legal and company standards as well as physical conditions.

While not a single fatality is acceptable to us, it is pleasing to note that our efforts have resulted in some improvement in both our Lost-Time Injury Frequency Rate (LTIFR) and our Fatal Injury Frequency Rate (FIFR). In South Africa, the FIFR (per million man hours) declined from 0.27 to 0.22, an improvement of 19%, while the LTIFR declined by 7% to 15.27 (per million man hours) (FY06: 16.42). Safety performance in both Australia and PNG continued to be exemplary during the year under review. Additional information on safety and health appears in the Sustainable Development Report which may be downloaded from our website, www.harmony.co.za.

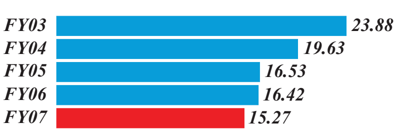
Financial performance

As can be seen from the summary presented in the table on page 11, our performance in FY07 exceeded that of FY06, albeit largely as a result of the rising gold price. The financial performance was much improved, with the group posting net profit of R341 million (US$46 million), the first time that we have registered a profit in three years (clearly indicating the impact that the restructuring is having on our performance).

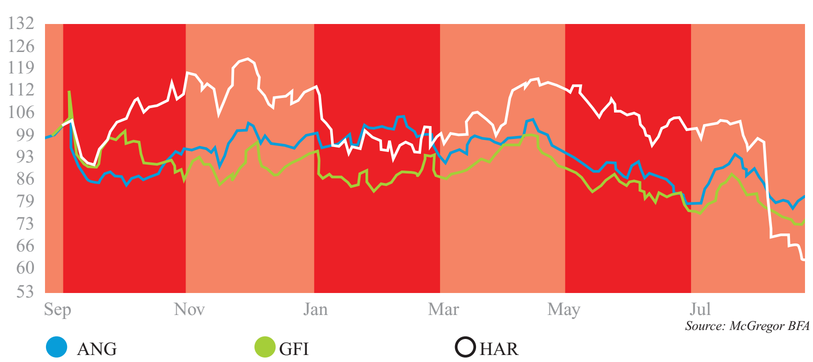
Group fatalities



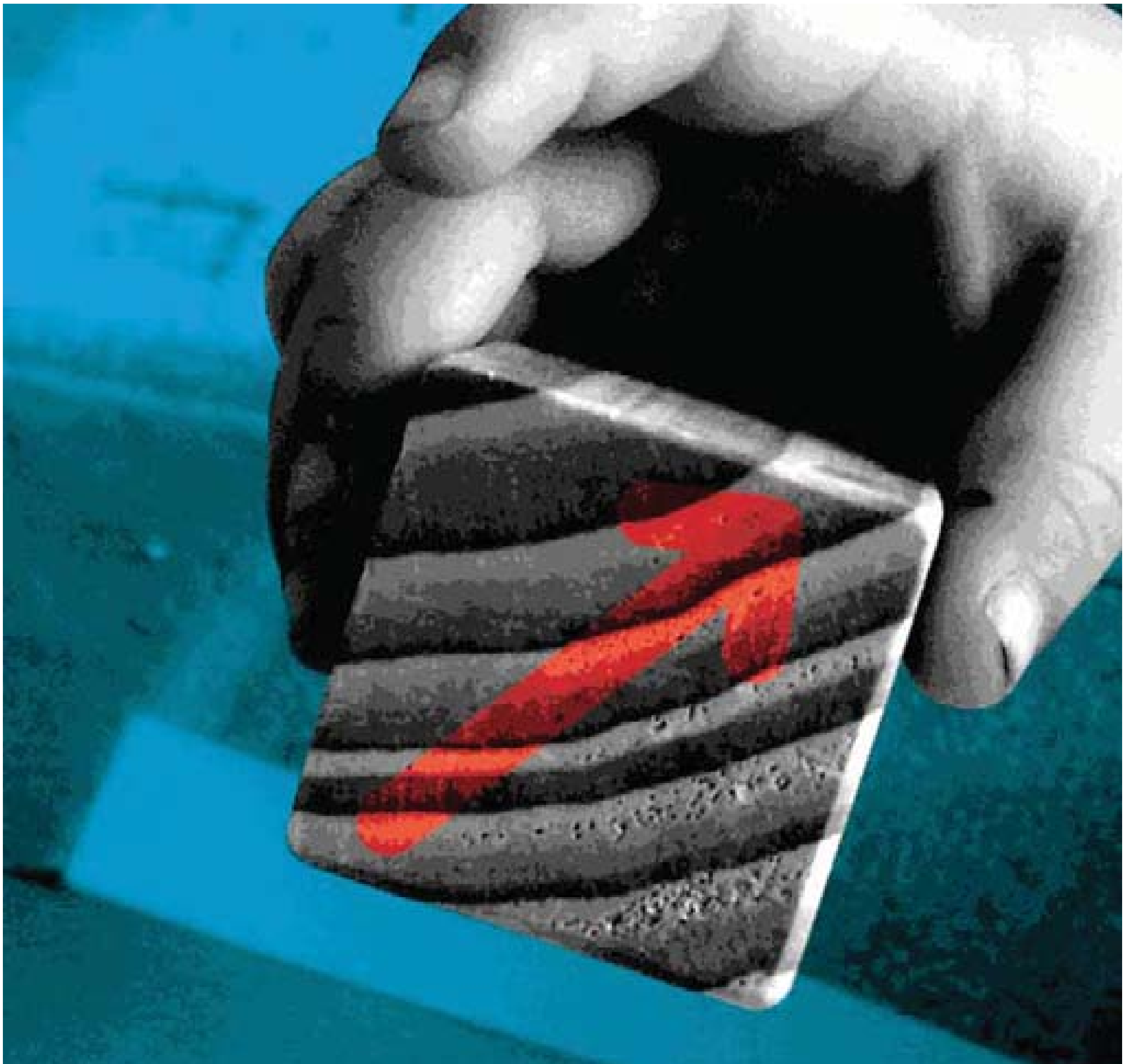
Group LTIFR (per million man hours)



Harmony's share price versus AngloGold Ashanti and Gold Fields



Source: McGregor BFA



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BACK TO BASICS

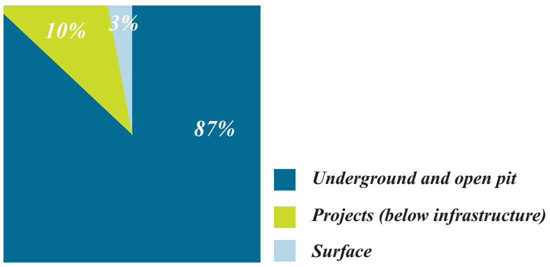
Harmony's ore reserves

Harmony's ore reserves as at 30 June 2007 amounted to 53.6 million ounces of gold compared with 56.0 million 12 months previously. Mineral resources at year-end totalled 281.6 million ounces of gold, of which ore reserves accounted for 19%.

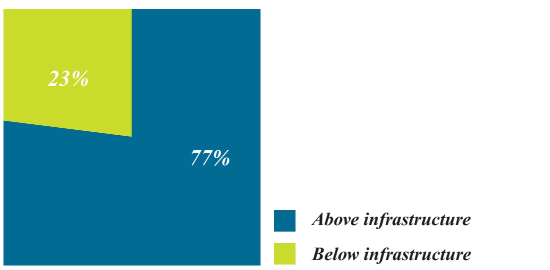
Of the decline in ore reserves, year-on-year depletion accounted for 2.3 million ounces after disposals, shaft closures and the loss of Western Area equity ounces of 5.3 million ounces. This however was offset by ounces generated as a result of progress made with pre-feasibility studies at the Evander South Project and at Wafi/Golpu in PNG which added 3.5 million ounces to reserves.

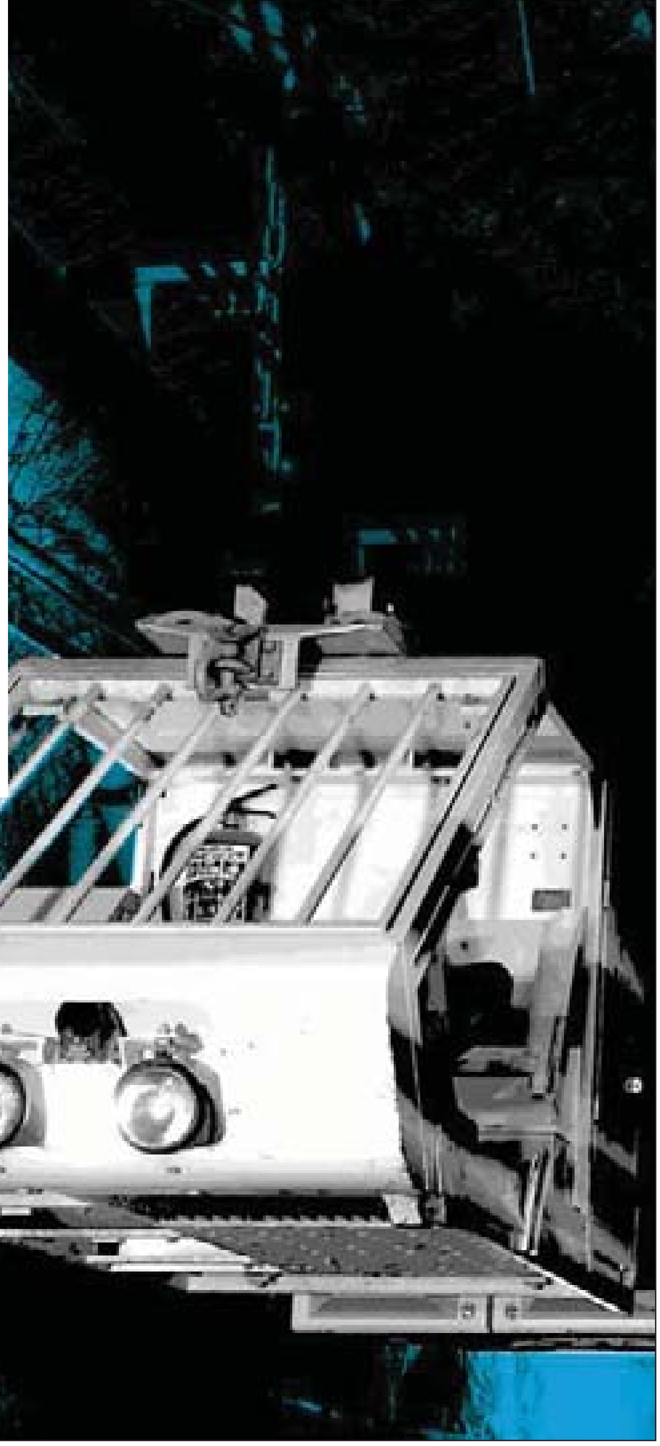
Of the company's 53.6 million ounces of reserves, 41.5 million ounces are classified as current reserves (above infrastructure) and 12.1 million ounces are classified below infrastructure (reserves for which capital expenditure has still to be approved).

Ore reserves by source



Breakdown of ore reserves





		FY07	FY06
Gold produced - continued ops	kg	61 879	62 975
	oz	1 989 445	2 024 667
Gold produced - discontinued ops	kg	10 723	11 267
	oz	344 753	362 258
Gold produced - total	kg	72 602	74 242
	oz	2 334 198	2 386 925
Average gold price achieved	R/kg	147 839	108 345
– cont. ops	US$/oz	639	530
Average gold price achieved	R/kg	146 321	107 926
– discont. ops	US$/oz	629	524
Average gold price achieved	R/kg	147 580	108 268
– total	US$/oz	638	529
Revenue - continued ops	R million	9 148	6 823
	US$ million	1 271	1 073
Revenue - discontinued ops	R million	1 569	1 216
	US$ million	217	190
Revenue - total	R million	10 717	8 039
	US$ million	1 488	1 263
Cash costs - continued ops	R/kg	110 958	88 638
	US$/oz	480	434
Cash costs - discontinued ops	R/kg	120 768	88 577
	US$/oz	522	431
Cash costs - total	R/kg	112 407	88 629
	US$/oz	486	433
Cash operating profit	R million	2 282	1 241
– cont. ops	US$ million	317	195
Cash operating profit	R million	274	218
– discont. ops	US$ million	37	34
Cash operating profit	R million	2 556	1 459
– total	US$ million	354	229
Cash operating margin			
– continued ops	%	25	18
Cash operating margin			
– discontinued ops	%	17	18
Cash operating margin - total	%	24	18
Cash earnings per share	SA cps	574	316
– cont. ops	US cps	80	50
Cash earnings per share	SA cps	69	56
– discont. ops	US cps	10	9
Cash earnings per share - total	SA cps	642	371
	US cps	89	58
Headline earnings/(loss) per share	SA cps	129	(275)
– cont. ops	US cps	18	(43)
Headline earnings/(loss) per share	SA cps	(85)	6
– discont. ops	US cps	(12)	1
Headline earnings/(loss) per share	SA cps	43	(269)
– total	US cps	6	(42)
Fully diluted earnings/(loss)	SA cps	235	(139)
per share – cont. ops	US cps	33	(22)
Fully diluted earnings/(loss)	SA cps	(150)	4
per share - discont. ops	US cps	(21)	1
Fully diluted earnings/(loss)	SA cps	85	(133)
per share - total	US cps	12	(21)
Average exchange rate	Rand/US$	7.20	6.36

Pleasingly, cash operating profit increased to R2 556 million (FY06: R1 459 million) while operating profit improved to R1 228 million from R255 million in FY06. This follows a rise in revenue for the year of 33% to R10 717 billion (FY06: R8 039 billion). The gold price received for the year was 21% higher, at US$638/oz (FY06: US$529/oz), while the rand/dollar exchange rate was weaker at R7.20, and also played a role in raising rand-based revenue. Basic headline earnings per share improved substantially to 43 SA cents from a loss of 269 SA cents per share recorded in FY06.

Operating performance

Operating performance was disappointing on a number of levels and this is discussed in greater detail in the review of operations on pages 14 to 19.

The issue of most concern during the year was the significant increase in cash operating costs, which rose by 26.8% year-on-year from R6.6 billion to R8.2 billion. The cost spiral was felt particularly in the second half of the year, but was masked in the third quarter owing to a system-capturing error.

The erroneous reporting is regrettable and was first reported in a trading update to the market on 6 August 2007 when initially discovered. It had a significant impact on both the results for the fourth quarter and for the year. The error is ascribed to a newly installed accounting software system that resulted in some R250 million of the March quarter's costs not being reported and having to be captured in the June quarter. This in turn resulted in the final quarter's total cash operating costs rising by 44.0%, quarter-on-quarter.

Costs remain of foremost concern to management and stringent cost control mechanisms are actively being implemented, particularly regarding capital expenditure, overheads and services. Some of the biggest culprits in recent months have been the rising cost of consumables (such as steel) and supervisory labour. Harmony is also placing greater emphasis on smarter mining to ensure that we mine as the orebody dictates we should. Ore reserve management is something that we at Harmony have been particularly good at in the past – we have the skills and know-how but we have dropped the ball in terms of focus. We intend to get this back.

Internal and external reviews of our new accounting system are being conducted and we believe that by FY08 all outstanding issues should have been resolved. We understand that it will require consistent effort to regain investor confidence, both in our systems and our ability to manage our costs. We are committed to building a positive track record in this regard.

On the issue of costs, we are pleased to have spearheaded objections against Arcelor Mittal Steel South Africa Limited (Mittal Steel) which after four years of investigation and testimony, led to the precedent-setting judgment by the South African Competition Tribunal (Tribunal) in its case against the excessive pricing of flat steel by that company. Steel is an important consumable in our company and the industry in general in South Africa. We estimate that, over the life of our mines, excessive costs will have shaved off around R1.5 billion from our bottom line.

In March 2007, the Tribunal found that Mittal did in fact abuse its dominant position by engaging in excessive pricing. On 6 September, the Tribunal imposed a penalty on Mittal Steel and certain behavioural remedies aimed at reducing Mittal Steel's dominance and its practice of segmented pricing in the local market for flat steel products.

An area where we can be justifiably proud of having met expectations is that of orebody development. This was a strategic imperative set by the company to be able to gain greater flexibility over a period of 18 months. Year-on-year development increased by 35% and, while we have not seen the full benefits of this increase as yet, we anticipate its visible impact in the coming financial year.

We also welcome the spirit and manner in which this year's wage negotiations were conducted. We are pleased that the parties were able to reach agreement without any strikes or shifts being lost. A wage increase of 8.5% which was signed between the gold mining industry and the trade unions became effective 1 July 2007. Wage offers for the second year were agreed on CPIX + 1%, with a guaranteed minimum of 8%.

Disposals

Harmony embarked on a disposal strategy during the year in support of transforming the company's asset base to a lower-cost, longer-life one. In April 2007, we announced the sale of the Orkney shafts to Pamodzi Gold in a transaction valued at R550 million (US$78 million). The sale may provide cash to Harmony, and has been set up so that we can enjoy any upside to the gold price through an innovative royalty agreement. The transaction agreement was signed on 31 August and the sale should be concluded by the end of the year.

On 31 July 2007, we reached agreement to sell South Kal Mines to Dioro Exploration NL in Australia. Dioro will pay to Harmony A$25 million (R150 million) in cash and will issue a 160 million shares to the value of A$20 million (R120 million).
The transaction is expected to close in October 2007.

Growth

The events just after year-end did much to distract the attention from the good progress made at our growth projects during FY07. These projects represent the life-blood of Harmony going forward and bringing them on stream on time and at the right cost remains a priority. Together these projects will add some 1.4 million ounces to production over the next four years and substantially improve the quality of our operations going forward.

Attributable capital expenditure incurred for these five growth projects during FY07 amounted to R1 174 million, with Hidden Valley in PNG accounting for around 45% of this. A special report on these projects appears on pages 20 to 33 of this report.

These projects will require a great deal of capital expenditure over the next two to three years and, given the current cash position of the company, we are re-evaluating the planned capital expenditure, together with project timelines. Additional funding options are being investigated, including debt raising and the disposal of certain assets, such as the Cooke uranium dump. We will keep shareholders apprised of developments over the coming months.

Exploration

Another area where we have made a great deal of progress is in both extending and proving our exploration portfolio and this is addressed in greater detail in the Exploration Review on pages 34 to 45. Exploration activities cost the company around R194 million (US$27 million) in FY07, which is an increase of 173% on the exploration expenditure incurred in FY06.

In July 2007, we completed the pre-feasibility studies for the Golpu copper-gold deposit located at the Wafi site in the Morobe province of PNG. A pre-feasibility study for the Wafi gold deposit study is currently under way and due for completion in November 2007. The Golpu study identified a technically and economically viable project plan, with the definition of a probable ore reserve of 70.8 million tonnes, grading 1.1% copper, 0.61g/t gold, and 121ppm molybdenum. The project is due to be presented to the board in January 2008 for approval of a full-scale feasibility study. The possibility of complementary or investment partnerships is being considered to turn the projects into mines, particularly given the large copper component of the orebodies.

While we recognise that exploration is an important part of the reserves and resources pipeline, the company's current cash situation dictates that exploration activities at Evander South and Target North be slowed down, and activities in Senegal and West Africa suspended. Exploration in PNG will continue, although in the short term we will refocus on extracting optimal value from our investment.

Building up reserves

After accounting for depletion and replacements, Harmony's gold ore reserves amounted to 53.6 million ounces at the end of June 2007. (A gold price of US$520/oz was used for the conversion of Mineral Resources to Ore Reserves along with an exchange rate of US$/R6.88 for South Africa and AU$/US$0.73 for Australia, resulting in equivalent gold prices of R115 000/kg or AU$712/oz, respectively.) A comprehensive and expanded reserve and resource statement may be found on page 46.

This reserve statement reflects a year-on-year depletion of 2.3Moz during the course of the year owing to mining, disposals of assets and shaft closures. The loss of the Western Areas equity ounces accounted for a further decrease of 5.3Moz of reserves.

The pre-feasibility studies at Harmony's Evander South Project as well as Wafi/Golpu in PNG added 3.5Moz to reserves. A further increase of 1.8Moz is attributable to growth in reserves from the South African operations. While our copper and molybdenum reserves were not included as gold equivalents, following an extensive drilling exploration programme, Harmony declared its uranium mineral resources within the measured and indicated resource categories. Five tailings dams at Randfontein delivered 363 million tonnes containing 79.1 million pounds of U_3O_8; and six tailings dams in the Free State, 264 million tonnes containing 40 million pounds of U_3O_8. These resources represent the total contained dump resources and no economic cut-offs were applied. Economics of dual pay limits were also not applied.

Other developments

A number of other corporate developments were undertaken during the year in order to clean up and align the company structure.

In March 2007, Harmony concluded negotiations with Rio Tinto in which we purchased Rio's rights to the royalty agreement entered into prior to the acquisition by Harmony of the Hidden Valley and Kerimenge deposits in PNG. The cost to Harmony of approximately US$22.5 million (R158 million) will be met through the issue of shares and a cash payment of US$2.5 million (R18 million). The effect of the transaction will be to reduce the cost of gold produced at Hidden Valley by US$13 per ounce, estimated at around US$35 million savings over the life of the mine.

In May 2007, Harmony closed out the remainder of its Australian hedge book, which it had inherited with the acquisition of Hill 50 mine. In total, some 230 000 ounces were closed out at an average spot rate of A$809/ounce, for a total cost of A$75.8 million (R436 million). This means that Harmony is now totally unhedged.

After tendering our Western Areas shares for conversion to Gold Fields shares in December 2006, we entered into an agreement in August 2007 to sell our Gold Fields ordinary shares for a consideration of some R1.3 billion (US$185 million). The proceeds were used to settle the Randfontein redeemable preference shares issued to Rand Merchant Bank (RMB) in April 2007, as well as the performance equity swap entered into with RMB.

At the beginning of July 2007 Harmony announced its intention to issue a US dollar-denominated seven-year fixed-rate unsecured bond, subject to market conditions. However, by mid-July it had become apparent that market conditions were not suitable and this bond was postponed.

Mining rights conversion

Harmony has lodged applications with the Department of Minerals and Energy to obtain new order mining rights in terms of the Minerals and Petroleum Development Act 2002, Act No 288 of 2002 (MPRDA).

As part of the requirements for obtaining and retaining the mining licences in terms of the MPRDA, Harmony has undertaken to invest in various parts of each operation's Social and Labour Plan (SLP).

The Harmony team

Much has changed at Harmony during the past year and, no doubt, much will continue to change during the year ahead. In March 2007, Alwyn Pretorius, an experienced and highly competent mining engineer, was appointed to head up the South African operations. He replaced Peter Steenkamp, who joined our BEE partner Pamodzi Gold as CEO.

Since being appointed Acting CE, I have strengthened the Harmony executive by appointing Mashego Mashego as Human Resources Executive. Abre van Vuuren now assumes responsibility for Corporate Services.

Tom Smith, general manager of Tshepong, has been appointed chief operating officer (COO), South Region. In order to improve the effectiveness of the COO, I also thought it prudent to split the responsibilities between Tom Smith and Alwyn Pretorius, COO North Region, in running Harmony's 22 mines.

Thanks

I would like to extend my appreciation to the chairman and the board for their guidance and support, particularly in the trying times of recent months. Very importantly, I want to thank our management team and our employees for their valued support and encourage them to take to heart our back to basics approach. This is what made Harmony great and what we are good at.

Going forward

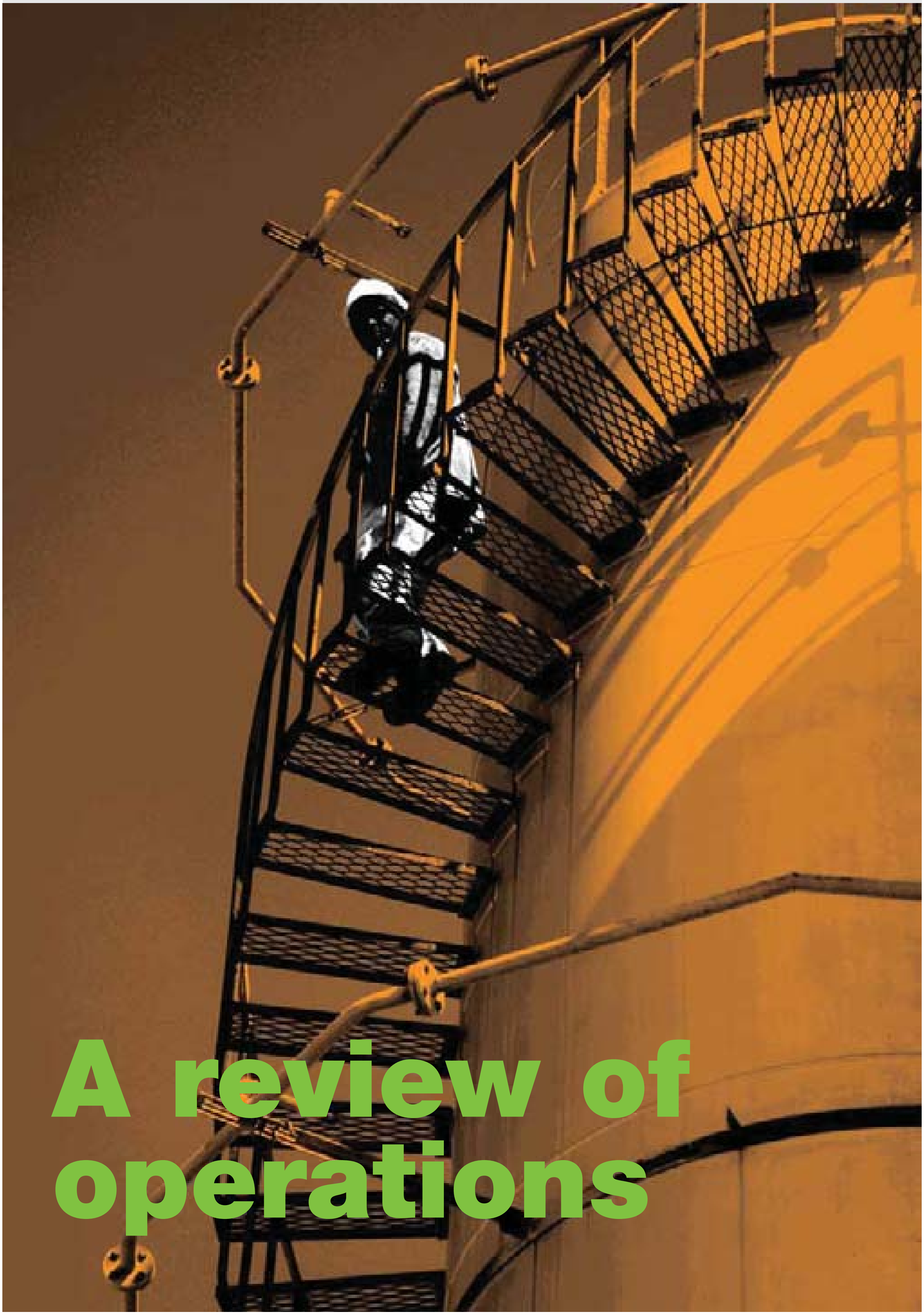
Harmony's growth and value-accretion strategy remains intact and we will continue to exploit complementary and opportunistic acquisitions both locally and internationally.

A key priority for the year ahead is ensuring that we turn our current operations to optimal account. Due diligence procedures will be completed at all our shafts to ascertain what measures should be implemented where.

Our back to basics approach and focus on disciplined mining should have management and the workforce concentrating on reversing the downward trend in our production and the upward trend in costs. We are keenly aware that good management and intensive cost controls will enhance the company's prospects. Although no dramatic upturn should be expected in the next two quarters, productivity improvements will, however, be expected from each and every employee throughout the company. We recognise too that we need to align the objectives of the company with those of our employees, particularly middle management. Our efforts will be focussed on remotivating the Harmony management, and re-implementing the 'Back to Basics' Harmony approach is what made us competitive and successful in the past.

We have excellent orebodies, well-advanced projects and high-calibre management. With a clear focus on future improvements in production and costs, we will make a contribution to the future prosperity of Harmony.

Graham Briggs
Acting CE
28 September 2007



A review of operations

Alwyn Pretorius, Chief Operating Officer

Capital expenditure by operation (R million)

Operation/project	FY07 Rm	FY06 Rm	Variance (%)
Operational capex	**1 569**	**1 127**	**39.2**
South Africa	1 375	946	45.3
Australasia	194	181	7.2
Project capex	**1 174**	**561**	**109.3**
Doornkop South Reef	238	147	61.9
Elandsrand New Mine	114	119	(4.2)
Tshepong North decline	62	53	17.0
Phakisa Shaft	234	147	59.2
Hidden Valley, PNG	526	95	453.7
Total group capex	**2 743**	**1 688**	**62.5**

Harmony's mining operations are situated in South Africa and Australia. Over the next five years, five major growth projects under way in South Africa and in Papua New Guinea (PNG) will start the transformation of our assets into a portfolio of lower-cost, longer-life operations.

For management and reporting purposes the South African operations are treated as three separate categories, namely the quality, leveraged and growth assets. The quality assets, which typically have a larger reserve base and hence a longer life, form the core of the group's operations. The leveraged assets comprise the more marginal operations, have a large resource base and provide significant upside in the event of a rise in the gold price. The growth assets are the expansion projects and new mines still under development. In addition, Harmony has a number of surface operations around existing mines, as well as the Kalgold open-pit mine and the Phoenix project.

Harmony's Australasian assets are Mt Magnet and South Kal (sold in July 2007) in Western Australia, and the Hidden Valley project in PNG. The four growth projects in South Africa and the growth project in PNG are dealt with in detail on pages 21 to 33.

In FY07, total gold production declined marginally to 72 602 kg (2.334 million ounces) from 74 242 kg (2.387 million ounces) the previous year. The average gold price received was 36% higher, however, at R147 580/kg or US$638/oz.

Cash operating costs increased by 26.8% to R112 407/kg or US$486/oz, a function of lower production and rising input costs. The operating margin for the year increased to 24% (18% in FY06), while cash operating profit rose by 75% to R2.6 billion (US$354 million).

Attributable capital expenditure in FY07 rose to R1.2 billion (US$163 million), an increase of 109.3% on the previous year. Operational capex (essentially the capitalisation of mine development) amounted to R1.6 billion (US$218 million) compared with R1.1 billion for FY06.

Gold production

	FY07		FY06		Variance (%)
	kg	oz	kg	oz	
South Africa	65 610	2 109 401	67 043	2 155 408	(2.1)
Quality assets	33 248	1 068 943	35 495	1 141 155	(6.3)
Growth assets	7 840	252 061	6 671	214 444	17.5
Leveraged assets	21 383	687 476	21 258	683 425	0.6
Surface operations	3 139	100 921	3 619	116 384	(13.3)
Australia	6 992	224 797	7 199	231 517	(2.9)
Total group	72 602	2 334 198	74 242	2 386 925	(2.2)

South Africa

Looking at the year under review there are a number of highlights to report, as well as a number of challenges.

Foremost among the highlights is the improvement in safety. While we cannot boast about our safety performance until we reach a level of zero fatalities, we are pleased that both our Fatal Injury Frequency Fate (FIFR) and Lost-Time Injury Frequency Rate (LTIFR) have improved during the year, by 19% and 7% respectively on an annualized basis. This has been the result of a concerted effort by management in whom we have instilled a disciplined approach to safety. Most of our shafts have rolled out Sindlile Mosha (meaning 'safety' and 'mongoose' in seSotho, Xhosa and Zulu) – our behaviour-based safety system – which places a great deal of emphasis on and empowers the individual, and has as its basis the fundamental view that we can produce to target within a safe environment.

Another highlight was the increased level of development achieved during the year. This follows the strategic decision taken in the previous year to increase development to improve stope face length flexibility. Year-on-year development rose by 35%, 164 053m in FY07. While we started to see some of the benefits flow through from this initiative in FY07, the degree of flexibility we are seeking will be more fully felt in FY08.

We also made substantial progress with our continuous improvement programme which is known as the Harmony Improvement Platform (HIP). This has involved a process of formalising the concept of continuous improvement in the company. We have appointed improvement leaders at an operational level to encourage ideas from employees at the rock face and to make continuous improvement a part of day-to-day operations. The ideas that are generated – we call them value propositions – are ranked and cover the areas of production, cost containment, human resources and health and safety. An example of an issue that has been regularly identified is that of eliminating bottlenecks in logistics; by so doing we are able to increase throughput which contributes directly to the bottom line. Another idea has resulted in the evaluation of different kinds of rock drills. This particular project has led to the partial roll-out of Hilti electric rock drills at Masimong mine. These rock drills have several advantages over conventional pneumatic rock drills in that they have greater penetration rates; ergonomically, they are better designed; and they emit lower levels of noise and thus are compliant with our hearing conservation programmes. To ensure that these innovations are shared and implemented throughout the company, we have developed the Harmony Improvement Zone, a virtual notice board of ideas, and have allocated people and other resources to this project.

The challenges that we faced during the year included the underperformance of our recovered grade, the declining productivity of our workforce which led to underperformance regarding production, and the fact that continuous operations (Conops) has not really lived up to our expectations.

The issue of grade and ore reserve management is vital to a group such as ours as it tends to be highly geared to the gold price. We have given a great deal of attention to this issue, particularly in the latter part of FY07. We have established a team specifically to focus on the task of reviewing the basis of our ore reserve management systems. Our way of doing things is unique in that we use cut-offs rather than pay limits. We have returned to the fundamental principle that the orebody must dictate what we mine and how we mine. We have done a great deal of work in terms of geological mapping and borehole drilling, and this has improved our understanding of the nature of the areas that we mine. We like to get the ‘bigger picture’ regarding grade trends and facies models, to be able to understand the specific characteristics in different areas.

Increased development will improve our mining flexibility and therefore our ability to manage the average mining grade.

Our job as managers is to ensure that our workplaces are more production-worthy than ever before. We need to pay greater attention to ensuring that everything that a stope team needs to have in place is actually in place, and this includes logistics, systems and people. It also includes environmental conditions and attending to employees’ well-being. This is why we place such a great deal of emphasis on voluntary counselling and testing (VCT) for employees, the wellness programme and the provision of highly active anti-retrovirals (HAART). It extends to the use of technology, including the use of lighter machinery which is easier to use and install, and providing better transport for employees, right up to the place where they work. We have also initiated a people transformation project, in co-operation with the National Union of Mineworkers (NUM), to improve productivity. This was launched in August 2007 and we expect to see some results from this during the year ahead.

Regarding Conops, a task team has been established to investigate the detailed implementation of this concept on a shaft-by-shaft basis. Conops is the practice of non-stop mining or operating a mine for every day of the year (including Saturdays and Sundays, but excluding the 12 official public holidays). Typically, the practice increases the use of assets to around 95% of the year, from about 75%, and allows more people to be employed. We had high hopes for Conops, and we still have, but to date the system has not fulfilled its potential to improve production in the way that it should have. It adds a layer of costs to the operations in terms of additional people, infrastructure and allowances. This means that if you do not achieve the right level of production, then you completely erode the benefits. This is a significant issue for us as close to 60% of our operations, and all of our quality operations, are running on Conops. Evander 8 and Tshepong are two flagship operations for Conops. Our task team has started at Tshepong, identifying best practice and assessing and analysing the systems in place there, and will then be moving from shaft to shaft to ensure that we implement improvements at our other operations.

Interestingly, many of the challenges we face in respect of Conops have to do with people and often involve resistance to change. When we understand the challenges better, we will be better placed to overcome them.

Quality assets

The quality operations, which include Target, Tshepong, Masimong, Evander and Randfontein’s Cooke shafts, together produced 33 248 kg (1 068 943 oz) of gold in FY07, a decrease of 6.3% on the previous year. Overall, grade decreased by 7.5% to 5.3g/t.

Quality assets – key statistics

	Units	FY07	FY06	Variance (%)
Operational statistics				
Tonnes milled	000t	6 258	6 179	1.3
Grade recovered	g/t	5.31	5.74	(7.5)
Gold produced	kg	33 248	35 495	(6.3)
	oz	1 068 943	1 141 155	(6.3)
Cash operating costs	R/kg	102 327	78 382	(30.5)
	US$/oz	443	383	(15.7)
Financial statistics				
Revenue	R million	4 910	3 860	27.2
Cash operating cost	R million	3 403	2 782	(22.3)
Working profits (loss)	R million	1 507	1 078	39.8
Capex	R million	761	570	33.5

Cash operating costs rose by 31% to R102 327/kg, largely as a result of the lower volumes but also because of rising input costs. In dollar terms, cash operating costs increased by 15.7% to US$443/oz.

Tshepong

Grade problems experienced at Tshepong during the year were due to increases in stoping width and overexposure in the Leeuwbosch area which has a highly variable grade, which together resulted in the underperformance of this key operation. This was exacerbated by an underground fire in the third quarter and two seismic events in the fourth quarter. By year-end, mining crews had been moved to areas anticipated to yield higher grades and this operation is expected to recover somewhat during the year ahead. Mining in the sub 66 decline area is also scheduled to increase.

Costs rose by 20% to 81 315 (US$351/oz) as overall gold production was down by 4.9% to 9 919 kg (318 887oz). Grade was down by 6.8% from 6.44g/t to 6.00g/t.

Target

Performance at Target improved during the second half of the year as a result of the increased availability of the mining vehicle fleet, and fewer problems encountered with large rocks in massive stoping areas (which had resulted in decreased loading rates and the need for secondary blasting in the first half of the year). Harmony's fleet replacement strategy at Target, with R140 million to be spent over a period of four years, will further improve availability of trackless equipment and result in a more sustainable production profile in future. However, the grade decreased by 14.7% to 5.41 g/t as a result of the ongoing depletion of massive higher grade stopes and ongoing stope sequencing. While volumes were higher at 820 000t, total gold produced was 5.2% lower at 4 430kg (142 433oz) as a result of the lower grades. At the same time, costs rose by 21.2% to 85 678 (US$370/oz).

Masimong

The Masimong mine continued to struggle with grade during FY07 and reported a low mine-call factor. Initiatives to improve water handling in cross cuts and optimise fragmentation and electronic ore tracking were put in place to improve the mine call factor. Higher volumes were achieved in the final quarter and areas with improved grades have been identified in the B-reef areas.

Gold production increased by 8.7% to 4 602kg (147 958oz) for the year, on the back of higher volumes – 5.3% up on 974 000t. The average grade, at 4.72g/t, was 3.1% higher than the previous year, while cash costs rose by 29.5% to R129 565/kg (US$552/oz).

Evander

On the whole the Evander operation had a good year, although the mine experienced some problems with ventilation at No 8 shaft and No 7 shaft continued to be affected by the footwall sill break through. The current focus at No 7 shaft is on pillars in the upper parts of the shaft and the re-establishment of mining in the pay shoot extension after unexpectedly low grade areas were encountered due to the break through in the footwall sill.

Annual gold production of R7 322kg (235 379oz) in FY07 was 14.2% down. The grade declined by 12.5% to 4.85g/t, while cash costs rose by 35.2% to R111 433/kg (US$482/oz).

Cooke 1, 2 and 3 shafts

Randfontein's Cooke 1 and 3 shafts continue to be affected by higher costs and lower productivity, largely owing to measures put in place to minimise the exposure of employees to radiation. A dedicated return airway is currently being established at Cooke 3 to improve ventilation flow through the mine and this will ameliorate the problem in the future.

In addition, operations were also affected by the loss of face length and reduced mining flexibility.

Overall, production declined by 8.5% to 6 975kg (224 245oz). Grade was 4.4% lower at 5.37g/t. Cash costs rose, however, to R115 269/kg (US$499/oz).

Growth assets

The growth assets represent the future of Harmony's operations. Of the three projects under development, two of these (Elandsrand and Doornkop) are extensions of existing operations, while the third one (Phakisa) involves the development of a new mine. Details of these projects appear on pages 21 to 33.

Gold production from these shafts rose by 17.5% to 7 840kg (252 061oz) of gold during the year, as volumes increased by 14.1%. Cash operating costs rose by 8.2% to R117 289/kg (or US$507/oz).

Elandsrand

Operations at Elandsrand improved significantly in the first half of the year, although the mine was badly affected by infrastructural failure in the second half. This included the unavailability of compressors and refrigeration plants and disruptions to the electricity supply. Significant resources have been allocated to the mine to deal with these issues, including the assigning of two full-time engineers to the shaft.

Growth assets – key statistics

	Units	FY07	FY06	Variance (%)
Operational statistics				
Tonnes milled	000t	1 554	1 362	14.1
Grade recovered	g/t	5.05	4.90	3.1
Gold produced	kg	7 840	6 671	17.5
	oz	252 061	214 444	
Cash operating costs	R/kg	117 289	108 437	(8.2)
	US$/oz	507	530	4.3
Financial statistics				
Revenue	R million	1 158	721	60.6
Cash operating cost	R million	919	724	(26.9)
Working profits (loss)	R million	239	(3)	8 066.7
Capex	R million	735	507	45.0

With 49% of production now from the new mine, grades improved marginally from 5.94g/t to 5.98g/t. Cash operating costs increased from R106 981/kg in FY06 to R121 872/kg in FY07 due to an increase in labour, equipping and infrastructure maintenance in preparation for the build up in production planned for the next three years.

Doornkop

Doornkop commenced its first scheduled stope blasting on the South Reef in June 2007. Further information on this project can be obtained on page xx of this report.

The grade at Doornkop increased by 13.8% to 3.30g/t, resulting in a 10.9% reduction in cash operating costs to R101 708/kg. The reduction in cost also had a positive effect on the revenue reported from Doornkop, increasing from R148 million to R263 million.

Leveraged assets

Typically, the leveraged assets have large resource bases but less by way of reserves. They are older operations with lower grades than the quality assets. Importantly though, they provide a great deal of gearing for the company when the gold price rises.

The leveraged assets are Bambanani, Joel, West, St Helena, Harmony 2, Merriespruit 1 and 3, Unisel and Brand 3 in the Free State, and Orkney 1, 2 and 7 shafts in North West Province. On 4 September 2007, Harmony signed an agreement regarding the sale of the Orkney shafts to Pamodzi Gold.

Surface operations

	Units	FY07	FY06	Variance (%)
Operational statistics				
Tonnes milled	000t	4 943	3 612	36.8
Grade recovered	g/t	0.64	1.00	(36)
Gold produced	kg	3 139	3 619	(13.3)
	oz	100 921	116 384	(13.3)
Cash operating costs	R/kg	93 982	87 090	(7.9)
	US$/oz	407	426	4.5
Financial statistics				
Revenue	R million	470	379	24.0
Cash operating cost	R million	294	315	6.7
Working profits (loss)	R million	176	64	175.0
Capex	R million	118	84	40.5

In FY07, the average grade from the leveraged shafts decreased to 4.28g/t. Tonnes milled rose by 7.6% on the previous year to 5Mt resulting in an increase in gold production from 21 258kg in FY06 to 21 383kg in FY07. Cash operating costs rose by 26.0% to R126 957/kg or US549/oz. It was a disappointing and unfortunate year for the leveraged shafts.

Operations were halted from March 2007 at the Joel North shaft for the start of an engineering project to develop and equip a proper shaft bottom. The original construction and equipping of the shaft did not allow for the effective removal of spillage and operations would be permanently halted if this were not corrected. The project, which is costing about R10 million, will be completed in September 2007. West shaft was closed down during the year.

At Bambanani mine, operations were also stopped for three months as the scaling of the mine's second ore pass deteriorated to such an extent that it became unusable. The first ore pass had previously been taken out of service because of scaling, and work had begun developing on a new ore pass between levels 70 and 75 to replace the existing part of the old scaled ore pass in 2005. The new ore pass came into operation in July 2007 and has been appropriately lined to ensure a longer life. Bambanani is currently looking at rehabilitating one of the old ore passes and developing a new one as an alternative.

The Brand and Unisel mines all delivered good performances for the year, albeit off relatively low bases.

Surface operations

The Kalgold operation in North West Province is the primary asset within this portfolio. Tonnages from surface operations increased by 36.8% for the year to 4.9Mt, but grade decreased by 36% to 0.64g/t and this resulted in gold production declining by 13.3% to 3 139kg (100 921oz).

Cash operating costs rose by 7.9% to R93 982/kg (US$407/oz) largely as a result of the decline in production.

The region in which the Kalgold operation is situated suffered from a severe drought during the year and consequently only 50% of the ore mined was milled during the last two quarters of the year. Because this operation is located in such a dry area, the

Leveraged assets

	Units	FY07	FY06	Variance (%)
Operational statistics				
Tonnes milled	000t	4 996	4 644	7.6
Grade recovered	g/t	4.28	4.58	(6.6)
Gold produced	kg	21 383	21 258	0.6
	oz	687 476	683 425	0.6
Cash operating costs	R/kg	126 957	100 779	26.0
	US$/oz	549	493	(11.4)
Financial statistics				
Revenue	R million	3 156	2 299	37.3
Cash operating cost	R million	2 716	2 142	(26.8)
Working profits (loss)	R million	440	157	180.3
Capex	R million	409	245	66.9

Australian operations

	Units	FY07	FY06	Variance (%)
Operational statistics				
Tonnes milled	000t	2 961	3 082	(3.9)
Grade recovered	g/t	2.36	2.33	1.3
Gold produced	kg	6 992	7 199	(2.9)
	oz	224 797	231 517	(2.9)
Cash operating costs	R/kg	118 635	85 694	(38.4)
	US$/oz	513	419	(22.4)
Financial statistics				
Revenue	R million	1 021	780	30.9
Cash operating cost	R million	829	617	(34.4)
Working profits (loss)	R million	192	163	17.8
Capex	R million	720	276	160.9

plant was designed to conserve water but even this was not enough to withstand the abnormal drought conditions that prevailed and there was insufficient borehole water available.

By year-end the mining was in the last part of the D zone pit, after the completion of the final cut-back. Mining will progress into the Windmill and Watertank zones in FY08.

The Phoenix project

Harmony owns plant tailings deposits on surface in Evander, Randfontein and in the Free State. These present an opportunity for generating revenue by retreating and extracting the gold and other mineral content from the tailings by means of an Ergo-type operation. The availability of water for the re-mining and treating of the material, space for new tailings facilities and the necessary licensing approvals are pivotal to the success of Project Phoenix.

Confidence exists in our ability to be able to treat 545Mt and generate a profit of approximately R41 million per month at a gold price of R105 000 per kilogram.

Monthly tonnages treated at the plant during FY07 increased steadily to average about 280 000 tonnes. Additional surface sources treated at a higher grade and higher recovery rates have also been treated at Phoenix.

To date, R41.18 million has been spent on Project Phoenix. An amount of R37.57 million remains to be approved over the next two years.

Australian operations

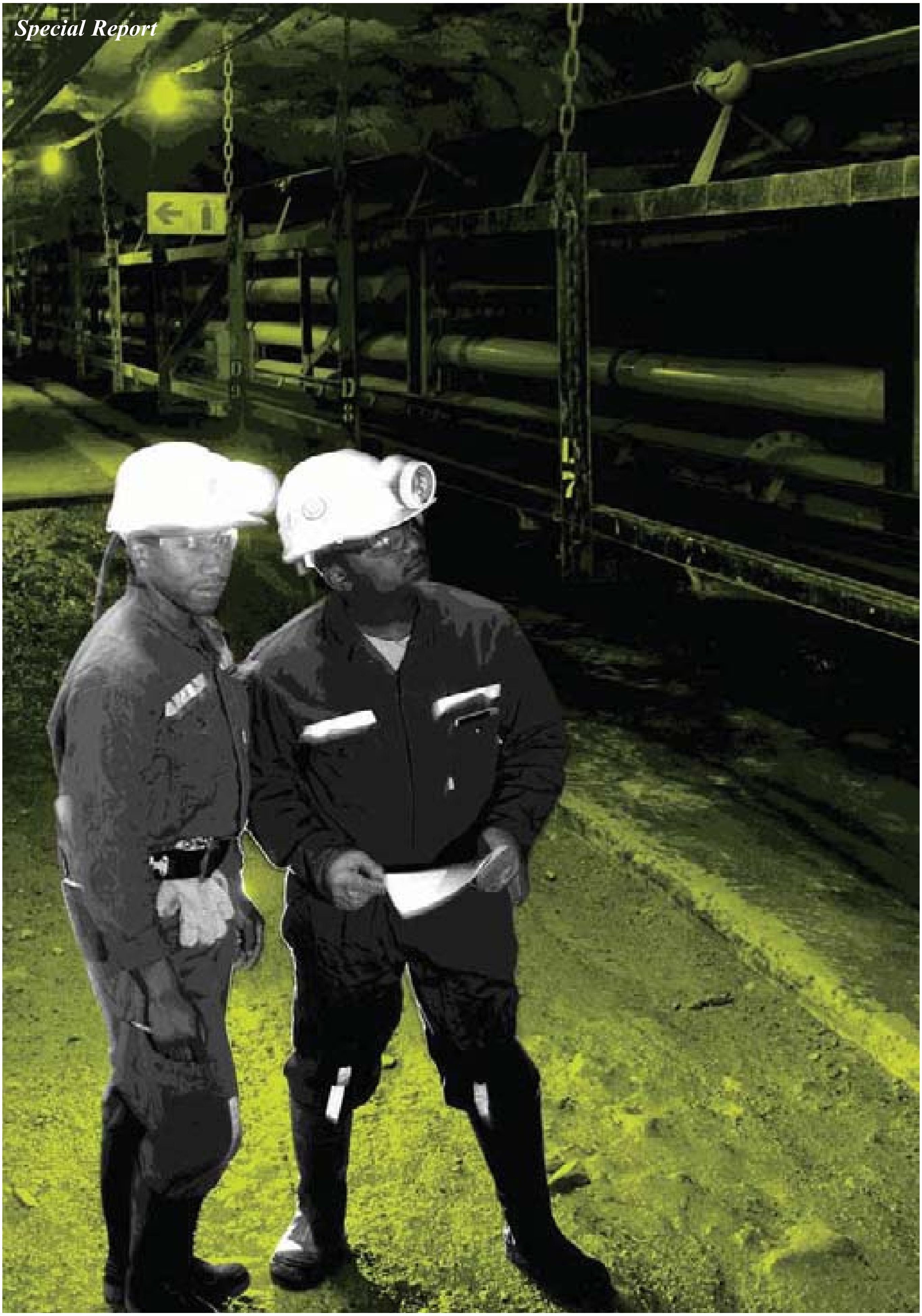
The Australian operations faced another tough year with difficult seismic conditions at the Hill 50 mine at Mt Magnet and the planned closure of the Mt Marion mine at South Kal negatively impacting on production. Production at these operations was 3.9% down on last year with 2.96Mt milled compared to 3.08Mt in 2006 and production of 224 797 ounces against 231 517 ounces in 2006. The grade was slightly higher at 2.36g/t for the year against 2.33 for the previous year.

Following two seismic events at the Hill 50 underground mine at Mt Magnet, a decision was made to systematically install dynamic ground support in the lower levels of the mine, which in turn limited stoping activities and increased operating costs. However, this new ground support regime will allow the successful and safe extraction of the remaining stopes during the winding down phase of the mine.

Although Mt Magnet has significant exploration potential the current remaining reserves provide less than one year's production and therefore the decision has been made to mine the remaining ore, place the mine into care and maintenance and put it up for sale as an exploration play. Interest has been shown by numerous companies and it is hoped to finalise a sales agreement on this asset before the end of the 2007 calendar year.

The South Kal operation performed well against budget during the year, but our strategic intent to dispose of these assets was achieved with the signing of a sales agreement with an Australian Junior, Dioro Exploration NL at year end and divestment of other prospective exploration leases to two nickel miners, in two separate transactions. Total consideration for the package, including the nickel disposals, is A$48 million cash and A$20 million in Dioro script. A number of conditions precedent are still outstanding before these sales can be executed and accounted for. It is expected that these conditions will be met in the December 2007 quarter.

In the last quarter of the year, the remaining 230 000oz of gold of the hedge book initially acquired on the purchase of the Australian assets were closed out at an average price of A$809/oz, at a total cost of A$75.8 million. This amount was settled from available cash resources in the group. Consequently, Harmony's production is now entirely unhedged, in line with company objectives. An impairment charge of A$67 million (R447 million), mostly relating to the Mt Magnet operation was recognised on these assets at year-end.


Special Report

CAPITAL PROJECTS

– an in-depth analysis

Substantial progress has been made on the company's growth projects during the past financial year. The five projects – four in South Africa and one in PNG – comprises 20.1Moz of Harmony's production profile over their respective mine lives. Importantly, this growth has been undertaken at a very reasonable level of capital cost per production ounce and will increase the average grade of mineable reserves (see table).

Progress on these projects and their current status is featured on the pages that follow.

Growth projects – low capital cost per production ounce

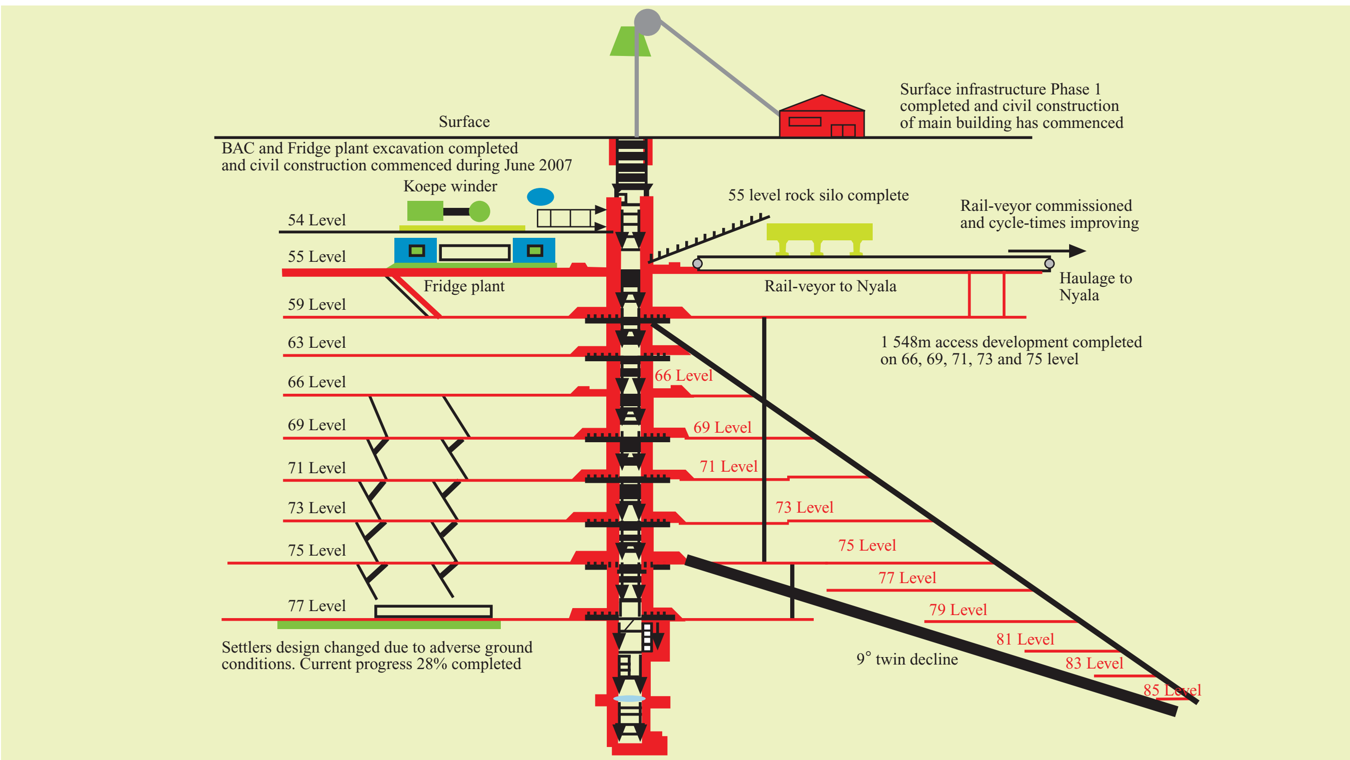
	Life of mine ounces (million)	Total capital cost (US$ million)	Total capital cost (US$/oz)	g/t	Cash cost (US$/oz)	Annual production (oz)
Expansion projects						
Tshepong	1.4	43	31	7.2	279	135 030
New mines through existing infrastructure						
Elandsrand	7.55	137	18	7.9	272	415 893
Doornkop South Reef	3.06	178	58	6.6	301	347 220
New mines under construction						
Phakisa	5.40	130	24	8.3	278	281 634
Hidden Valley	2.65	365	95	2.2	224	285 000

PHAKISA PROJECT

LOCATION: Free State, South Africa

Project description:

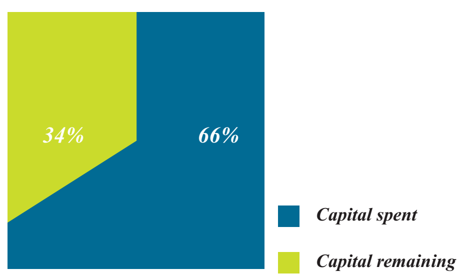
The project involves the establishment of infrastructure and the sinking and equipping of a primary shaft to a depth of 2 427m below surface. The mine will have five production levels (66, 69, 71, 73 and 75 levels) where access development will take place. 75 level will be host to a 1 500m, 9° twin decline, with another five levels (77, 79, 81, 83 and 85), from where there will be access development towards the reef horizon. The project was started in October 1993 and sinking during February 1994. Under the previous ownership, activity was suspended during May 1999 at 2 357.9m below collar. The shaft was part of the Freegold acquisition of AngloGold assets in 2002 and was re-established in July 2003.



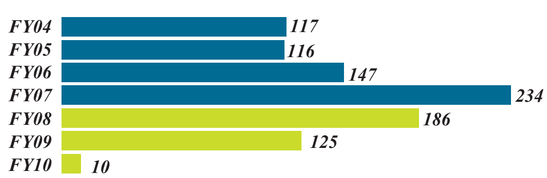
Key statistics	
Expected annual gold production	282 000oz
Capital expenditure	R934 million
	$130 million
LOM	22 years
Tonnes milled over LOM	19.97 million
Grade (average reserve head grade)	8.27g/t
LOM ounces	5.40 million

Key dates	
Project start	July 2003
Expected completion	April 2010

Phakisa: Capital expenditure to date (%)



Phakisa: Capital expenditure (Rm)



Project progress during the year:

Key milestones achieved:

Good progress was made in a number of areas. By year-end, the project was about 80% complete, which reflects a delay of some three months.

Main shaft:

- The main shaft was commissioned in November 2006 following the completion of all in-circle development. Installation of the Koepe winder has been completed and the winder has been licensed for both men and materials.

On-level construction:

- Access development has begun on all production levels and good progress was made, particularly in the second half of the year. However, some hoisting and tramming delays were experienced and various ore handling constraints resulted in slower-than-anticipated access development.
- Construction of the settler system has started.
- Construction of the clear water dam between 55 and 59 levels is in progress and was ahead of schedule at year-end.
- Excavations for the bulk air cooler and fridge plant were completed in May 2007 and civil construction is now under way.

Rail-veyor:

- The rail-veyor was commissioned on 10 April 2007, with the commissioning of a second train planned for October 2007.

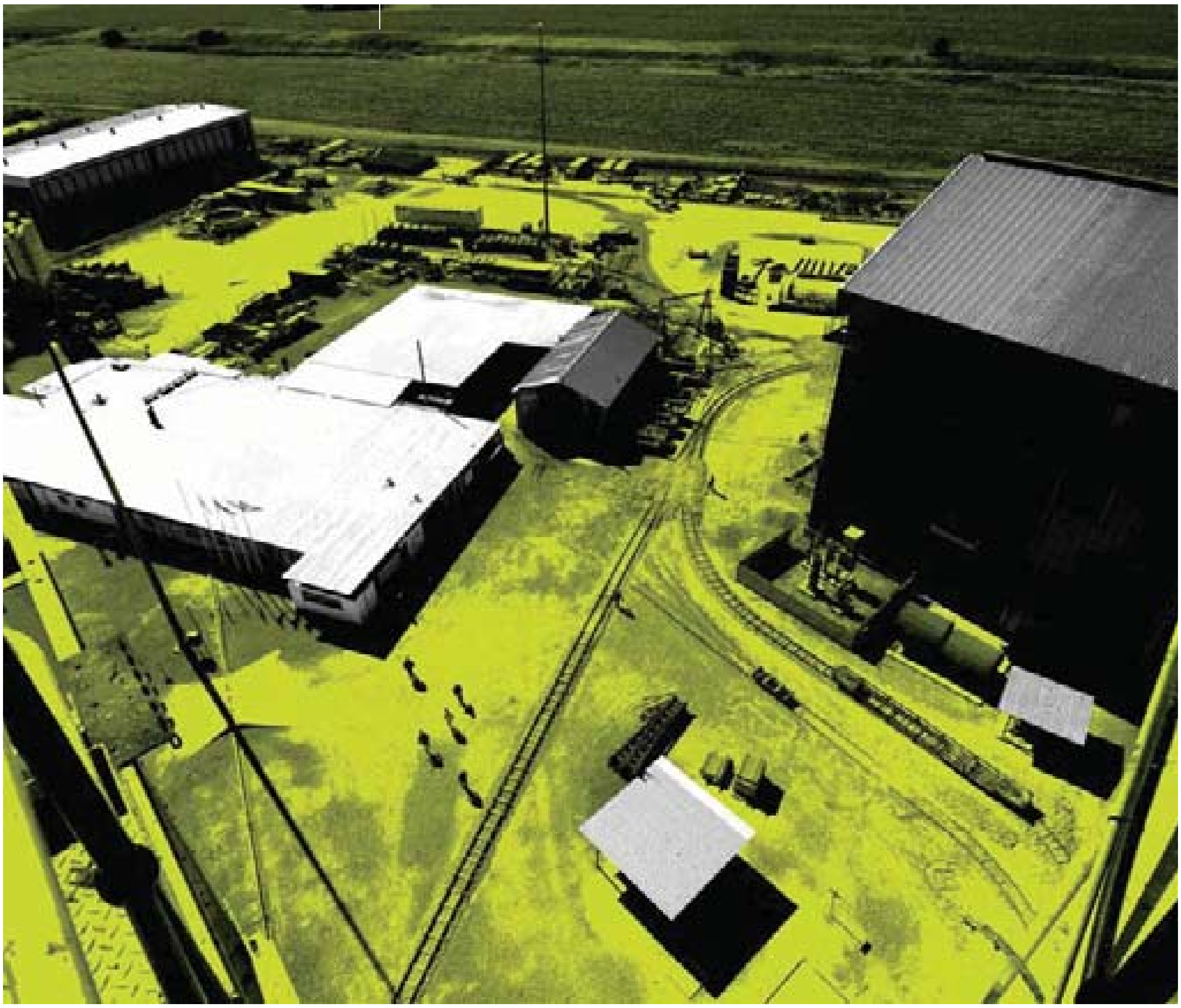
A number of commissioning challenges were experienced, cycle times have continued to improve.

Going forward:

Production is scheduled to begin in June 2008.

Key milestones for FY08 are:

- Commissioning of the second rail-veyor train – October 2008.
- Commissioning of 55 level bulk air cooler – March 2008
- Commissioning of the surface ice plant – May 2008



DOORNKOP SOUTH REEF

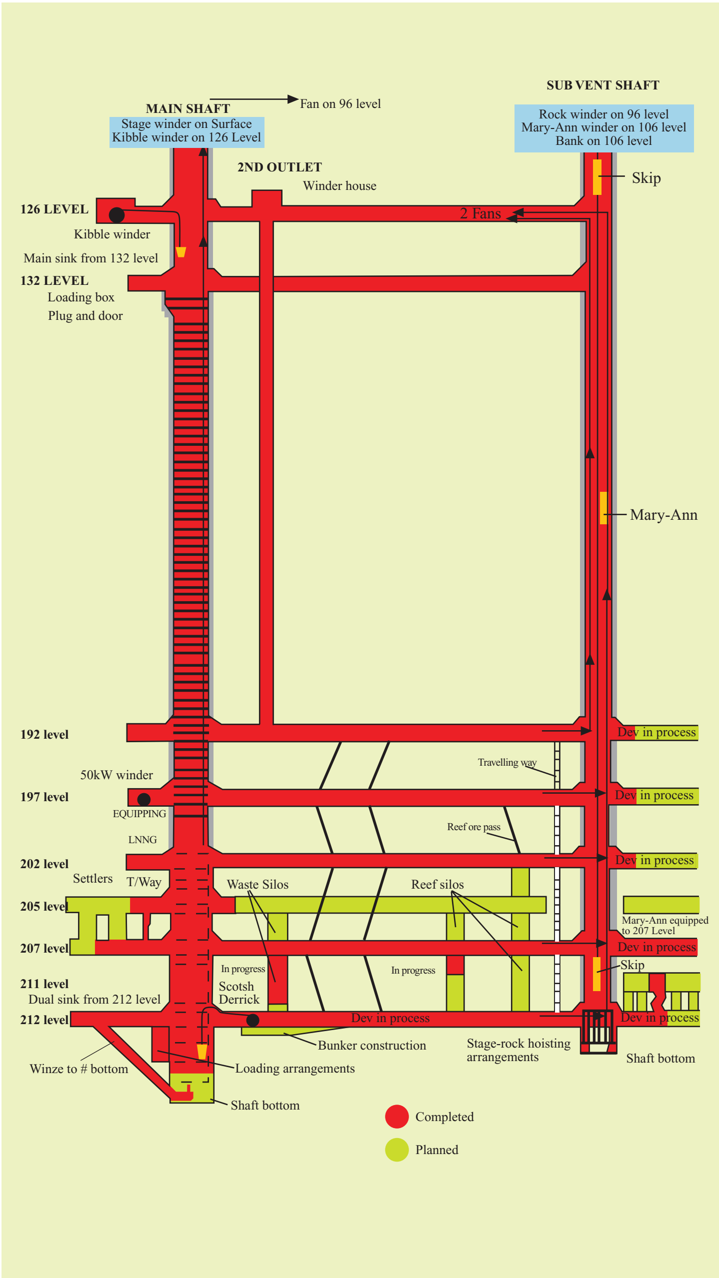
LOCATION: Gauteng, South Africa

Project description:

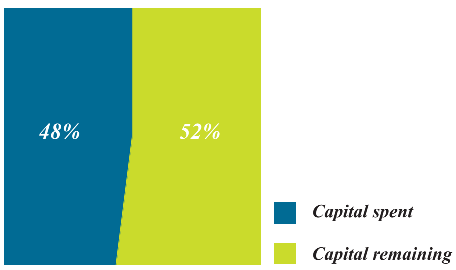
The project involves the deepening of the Doornkop mine shaft to 1 973m and development to mine the South Reef. The South Reef lies between 1 650m and 2 000m below surface; the upper levels of the shaft are currently accessing the lower grade Kimberley Reef, which lies between 900m and 1 100m below surface.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

Key statistics	
Expected annual gold production	10 796kg
(average during peak years)	347 000oz
Capital expenditure	R1 284 million
	$178 million
LOM	11 years
Tonnes milled over LOM	14.6 million
Grade (average reserve head grade)	6.60g/t
LOM ounces	3.06 million

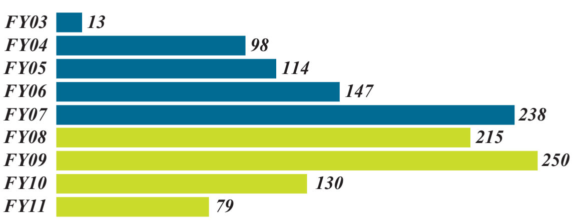
Key dates	
Project start	January 2003
Expected completion	July 2010



Doornkop: Capital expenditure to date (%)



Doornkop: Capital expenditure (Rm)



Project progress during the year:

The most significant achievement was the completion of the shaft sinking programme. The shaft was sunk from two positions simultaneously, a world first as far as we know. The programme culminated with the removal of the plug between 192 and 197 levels, where a deflector was installed on 197 level, allowing for the loading of rock from 197 level and for other operations to continue below 212 level. The programme was engineered and executed on time with few significant problems.

The upper portion of the shaft (from 132 level to 192 level) has been equipped as a dual purpose compartment allowing for materials to be transported to the levels as they are equipped. 192 level is currently equipped to provide all the stoping materials required for the mining programme that started in July 2007. Sustaining the development programme via the sub-shaft infrastructure has been a challenge, as has the development of our people to take on the operation of a new mine.

Key milestones achieved:

- The commissioning of a second service winder in the sub-shaft has allowed for a step change in throughput from this facility which has provided more flexibility to support the requirements for access development.
- The shaft bottom was excavated to 45m below 212 level and the plug between 192 and 197 levels was removed in March 2007.
- The dual purpose winder (rock and material conveyance) compartment was equipped to 192 level in the main shaft in March 2007.
- The station on 192 level was equipped to receive materials through the dual-purpose compartment.

Going forward:

The first gold was produced from the project in July 2007 and full production is expected to be reached in December 2009.

Key milestones to be achieved in FY08:

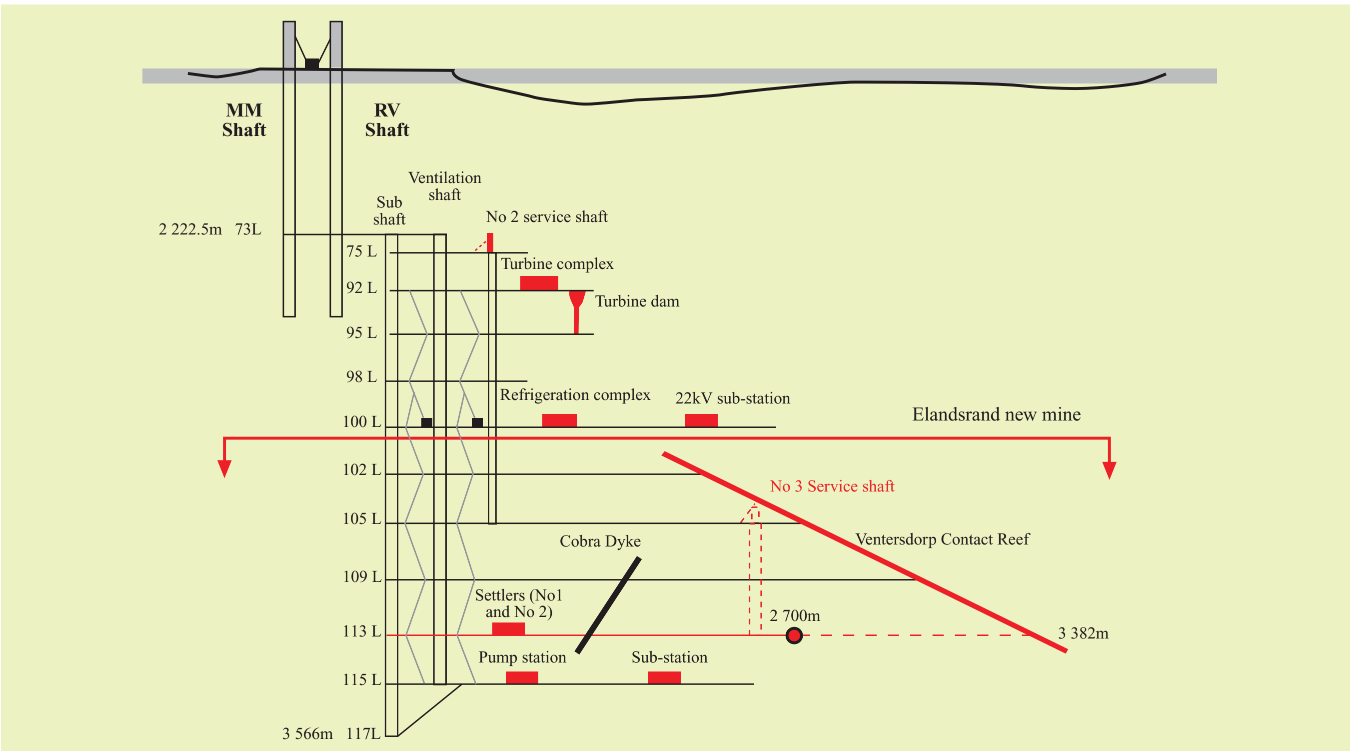
- The rock winder installation will be completed by December 2007.
- The main shaft will be partially equipped by the of end December 2007; and will be partially commissioned to hoist 90 000tpm by the end of March 2008.
- The rock winder is expected to be commissioned by June 2008.

ELANDSRAND NEW MINE

LOCATION: Gauteng, South Africa

Project description:

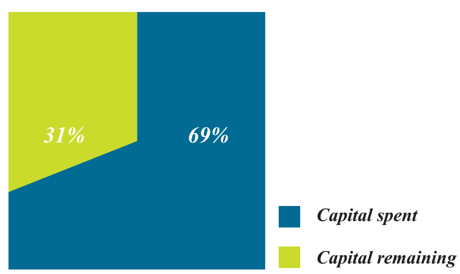
The project involves the development of a 'new mine' beneath the original Elandsrand mine at depths of between 3 000m and 3 600m. Originally started by AngloGold in 1991, the project was restarted by Harmony in FY01 following the purchase of Elandsrand in February 2001. The new mine will exploit the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



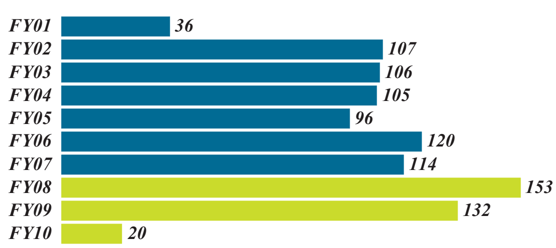
Key statistics	
Expected annual gold production	12 933kg
	415 806oz
Capital expenditure	R989 million
	$137 million
LOM	20 years
Tonnes milled over LOM	29.6 million
Grade (average reserve head grade)	7.94g/t
LOM ounces	7.55 million

Key dates	
Project start	May 2001
Expected completion	December 2010

Elandsrand: Capital expenditure to date (%)



Elandsrand: Capital expenditure (Rm)



Project progress during the year:

Good progress was made with all the targeted project milestones having been achieved. The project remains on schedule. Sinking of the No 2 service shaft from 95 level down to 105 level was completed.

Key milestones achieved:

Infrastructure:

- Sinking and equipping of the No 2 service shaft to its final depth (105 level) was completed during the year.
- The 92 level turbine dam was sunk to its depth of 26m, and supported and sealed.
- The Man 1 winder stations on the sub-shaft were commissioned on all five levels (102, 105, 109, 113 and 115). The sub-shaft can now hoist men and material with both winders on the project levels.
- All the electrical main sub-stations on the project levels (except 115 level) have now been completed and commissioned. This includes all main feeder cables below 100 level. All the services cables have been installed from 100 level to 115 level. These will be commissioned during the first quarter of FY08.
- The 22kV system from surface to 100 level was completed and is awaiting installation of the 10MVA transformer on 100 level.
- The installation of the No 1 settler was completed and is planned to be brought on line towards the end of December 2007.
- The winder and headgear chamber for the No 3 service shaft was completed.

Access development:

- In March 2007, 109 level access development reached the 'end of project capital' position and is continuing as ongoing capital. Development of 738m was achieved.
- 113 level advanced by 780m for the year and is forecast to reach 'end of project capital' in May 2008.

Going forward:

There were scope changes to the refrigeration and ventilation requirements for the mine. These included changes to the 100 level condenser cooling arrangement, the installation of horizontal evaporator dams on 100 level, permanent bulk air coolers on both the east and west sides of the mine on the project levels, and the introduction of mobile refrigeration plants for the development on 109 and 113 levels.

Key milestones for FY08:

- Commissioning of the 115 level main electrical sub-station by October 2007.
- Commission of 100 level 22kV sub-station by November 2007.
- Commissioning of the 115 level pump station (No 1 settler, mud pumps, clear water pumps and shaft pump column) by December 2007.
- Completion of access development on 113 level by May 2008.
- Completion of the No 3 service shaft sub-bank, headgear and winder installation by May 2008.

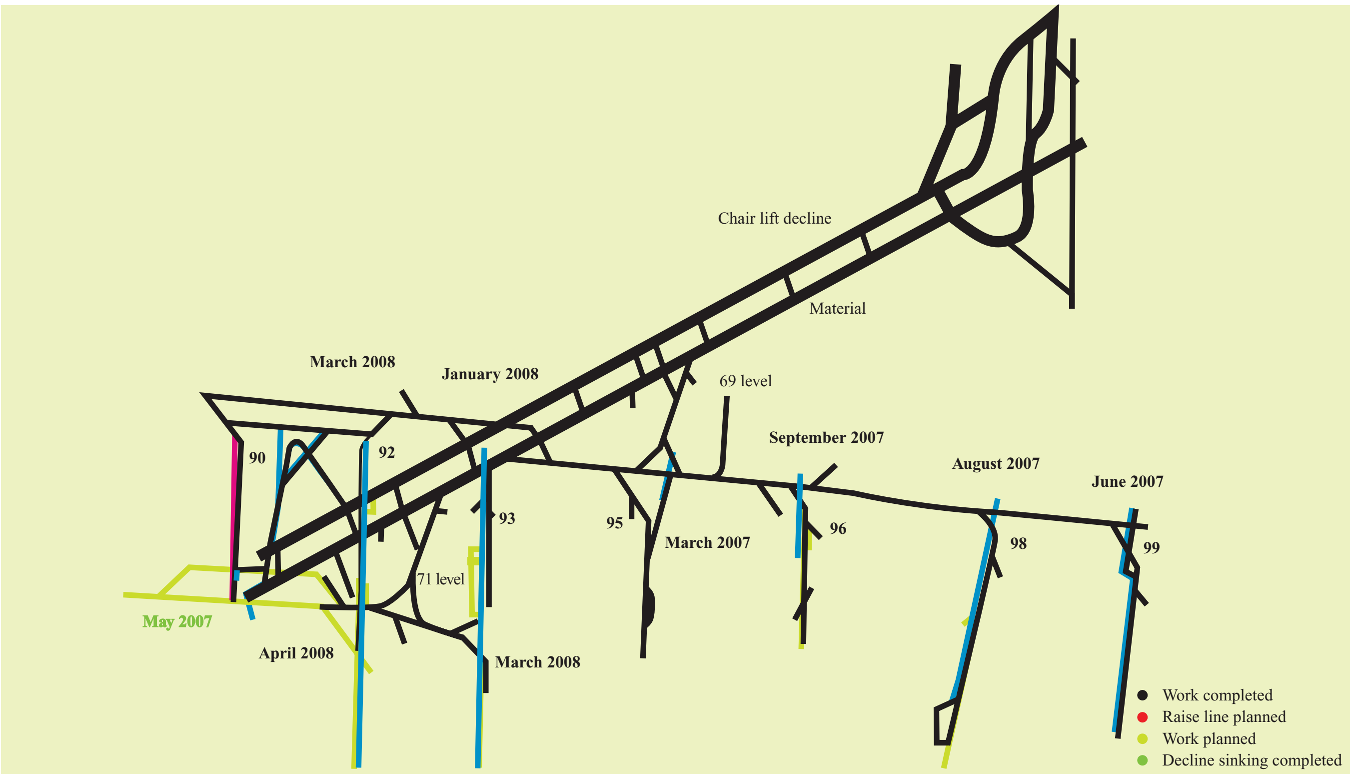
TSHEPONG SUB 66 DECLINE

LOCATION: Free State, South Africa

Project description:

The Tshepong decline project involves an extension at depth of the mine from the current shaft bottom to a depth of some 2 200m, with the construction of a 1 200m twin-decline system accessing 69 and 71 levels.

Schedule to full production

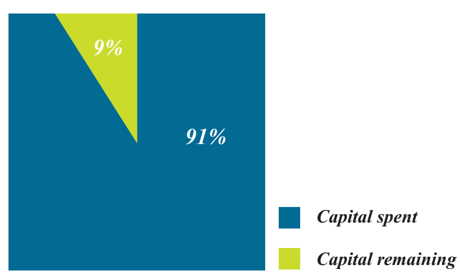


Key statistics	
Expected average annual gold production*	3 982kg
	128 046oz
Capital expenditure	R280 million
	$43 million
LOM	13 years
Tonnes milled over LOM	6.10 million
Grade (average reserve head grade)	7.21g/t
LOM ounces	1.4 million

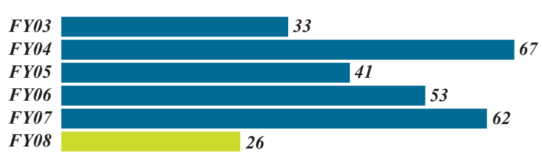
Key dates	
Project start	April 2003
Expected completion	May 2008

**At full production*

Tshepong: Capital expenditure to date (%)



Tshepong: Capital expenditure (Rm)



Project progress during the year:

Good progress continued to be made with the Tshepong decline project during the year, with 219 metres on-reef development having been recorded by June 2007. Production build-up will increase steadily during FY08 with the completion of the ore passes and raises.

The capital scope of work for 69 level and the sinking of the material/chairlift decline haulages were completed. The project remains on budget.

The total project was 90% complete at year-end, which was only slightly later than originally planned. This was a notable achievement given the delays experienced during the previous year.

Most of the remaining development is on 71 level, where the access development and raise lines will be completed in FY08.

Key milestones:

69 level

- Reef and incline waste development on capital is now 100% complete. During the period that the project was delayed in the previous year, crews were redeployed to ongoing capital projects. As a result, seven cross-cuts with raise development were completed compared with the four raises originally planned.
- 77% of the capital raise line metres were completed, that is, 90 line (35%), 92 line (55%), 93 line (49%), 95 line (100%), 96 line (94%), 98 line (65%) and 99 line (100%). The balance of the capital raise line metres (23%) will be done on 71 level.

71 level access development

- 71% of total work was completed by year-end, including development and construction.
- Access development to the south is in progress with 663m of access development and 440m of raise line development to be completed by June 2008.

Going forward:

The primary challenge during FY08 will be the remaining construction work. Although 75% of the development/raise bore metres for the planned ore passes has been completed, equipping will only start once this has been completed. The rehabilitation of the ore passes before commissioning has added work to the scope of the project.

Key milestones for FY08 are:

- The chairlift which is currently being installed is due for completion in September 2008.
- The installation of the pump station and pipes for the 72 level dam began in July 2007 when materials were delivered.
- The extension of the conveyor and mono-train to the end of the decline will be completed by December 2007.
- Equipping of the ore passes and 72 belt cross-cut is scheduled for completion by March 2008.

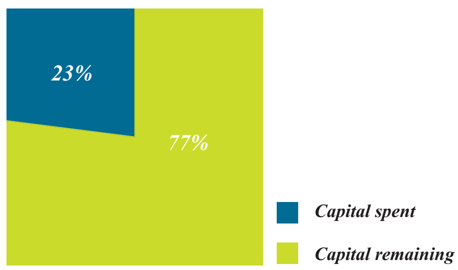
HIDDEN VALLEY PROJECT

LOCATION: Morobe Province, Papua New Guinea

Project description:

The Hidden Valley project entails the construction of a significant gold and silver mine. This mine will process 4.2Mt of ore a year 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.

Hidden Valley: Capital expenditure to date (%)



Key statistics	
Expected annual gold production	285 000oz
Expected annual silver production	3.845Moz
	(60 000 oz gold equivalent)
Capital expenditure (construction capital)	A$475 million
	R2 684 million
	US$365 million
LOM	10.3 years
Tonnes milled over LOM	43 million
Grade (average reserve)	2.2 g/t
LOM ounces	2.65 million (gold)

Key dates	
Project start	
Access road construction:	October 2005
Mine and infrastructure constructions:	September 2006
Mine pre-strip:	June 2007
Expected completion	March 2009

Hidden Valley: Capital expenditure (A$m)

Project progress during the year:

Excellent progress was made with the Hidden Valley project during the year and, although a number of delays were experienced, efforts were made to ensure that these did not have an impact on the overall project schedule

The project slipped behind schedule by four months during FY07 mainly due to production problems with the SAG mill in the Czech Republic. The main challenges to maintaining the revised schedule are production of the SAG mill, timely availability of the permanent camp and construction of the process plant platform.

A detailed review of the project budget was undertaken in FY07. The current project budget is US$365 million (excluding mine fleet capital), which represents a 23% increase on the last reported budget. Increases in costs were primarily caused by market forces resulting from the high demand created by resource development projects in the region.

The only significant change in the scope of work was the move of the Hidden Valley ROM pad from the west to the eastern side of the pit. This was necessary because geotechnical drilling and advice received identified an unacceptable level of risk regarding potential slope stability. This change reduced capital costs and schedule risks but had an impact on operating costs. The mining schedule is being reworked to optimise it for the eastern ROM pad.

Key milestones:

Site access

- Work started on the construction of the Hidden Valley access road to the site from Bulolo in October 2005 and the mining lease boundary was reached in May 2006. Since then the road network has been extended to the Hidden Valley mine: Hamata Junction was reached in September 2006, and the Hamata plant site was reached in February 2007.

Engineering procurement and construction management (EPCM) contract:

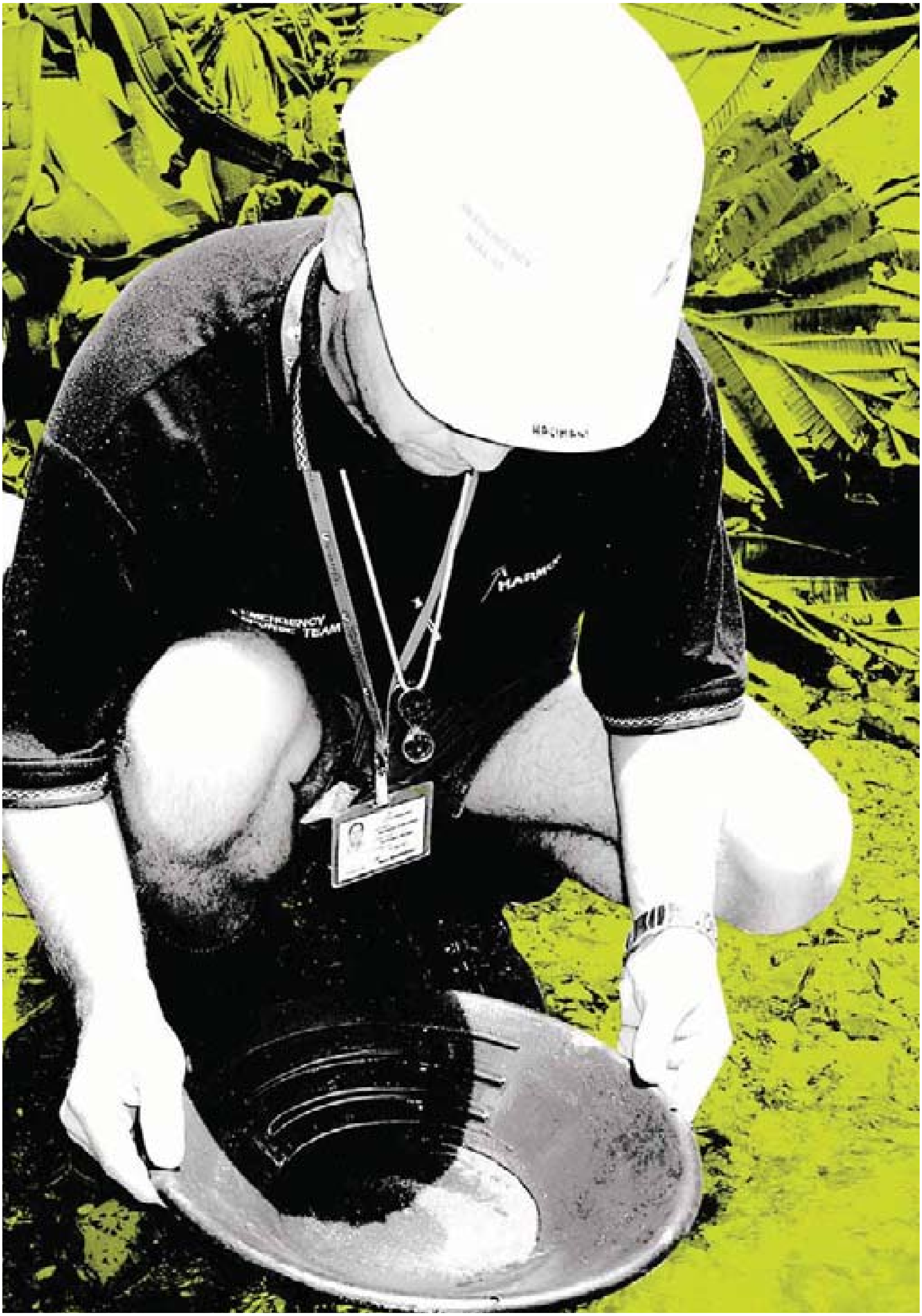
- In July 2006 an agreement was reached with the engineering group Ausenco Limited to provide EPCM services for the project. Engineering work has generally been running to plan and is being undertaken in Brisbane in Australia and Manila in the Philippines. Detailed design of the process plant started in February 2007, following finalisation of process design and specification of process equipment for procurement purposes. Detailed design was 45% complete at the end of June 2007.

- The first major piece of process equipment was ordered in September 2006. This was for supply of the SAG mill. It is estimated approximately 100 orders or contracts will be placed by the Ausenco procurement section. By the end of FY07 more than 80 packages had been issued to tender and 52 had been awarded. Excluding the SAG mill, all suppliers are on schedule to supply their equipment in time to meet the overall project schedule.

- The construction of the permanent camp is one of the major construction contracts to be handled by Ausenco. The initial tender resulted in no suitable bids and an alternative delivery process was undertaken. The camp is now under construction but is currently behind schedule. However, construction is being expedited so as to reduce any possible impact on the overall project schedule.

Roads and earthworks:

- A road construction manager and a core of operators with extensive PNG road-building experience were contracted to undertake the road and earthworks using Harmony-owned equipment. In addition to the access roads, the team is also building the platforms for the process plant and other infrastructure as well as the dams and related facilities for the tailings storage facility. The platform for the



permanent camp was completed in December 2006 and construction of the permanent camp started in May 2007.

- By year-end, most infrastructure platforms had been completed and work was focused on the process plant platform and the Tailings Storage Facility (TSF). Work on the TSF is running to schedule but work on the process plant platform is behind schedule for a variety of reasons. A range of initiatives have been or are being undertaken to ensure this activity does not have an impact on the overall project schedule.

Power supply

- While sufficient diesel-powered generator capacity will be installed to cover the full site electrical load, the ability to obtain an alternative, cheaper power supply from PNG Power Limited (PNG's national power supplier) has been of critical importance to the project.

- A power supply agreement was signed with PNG Power in April 2007 to provide hydro-generated power to the project. This involves the construction of a new hydro-generator at the existing Yonki Dam power site as well as a new 132kV transmission line from Nadzab (Lae Airport) to Hidden Valley. The agreement requires the power to be available by 1 January 2009.

Mining

- Supply and maintenance agreements for Hidden Valley mining equipment were signed with PNG Komatsu dealer UMW in November 2006.

- The first two mining fleets consisting of two PC2000 excavators and eight 785 haul trucks were commissioned in May and June 2007. This equipment was initially used for excavation of a ROM pad for the Hidden Valley crusher.

- Construction of the Hidden Valley South dump and pre-stripping of the Hidden Valley open pit started towards the end of June 2007. It is planned to pre-strip over 20Mt of material during FY08, with additional mining equipment scheduled to be commissioned in November 2007 and February 2008.

Geological update

- A resource definition drilling programme was completed during the year on the Hamata orebody giving a 160 000oz increase in gold reserve. Gold resources increased by 198 000oz over the previous year. The geological model indicates potential for extension of the orebody at depth and to the north-east.

- A resource definition drilling programme on the Kaveroi orebody started during the year with completion planned for February 2008. This programme has the potential to add significantly to gold and silver reserves at Hidden Valley in FY08.

Environment

- An amendment to the Environmental Permit reflecting project improvements identified in the Updated Feasibility Study was approved as a minor amendment by the Department of Environment and Conservation in November 2006.

- The Environmental Management Plan (EMP) has been approved. An acid rock drainage and waste dump strategy was submitted to the Department of Environment and Conservation in March 2007, along with a South Dump design report.

- The final tailings dam design was submitted to the Department of Mines in accordance with the Mining (Safety) Act in June 2007.

Community affairs

- Significant landowner employment opportunities have been delivered with the development of a traineeship program for heavy equipment operators. Aptitude tests were performed with more than 500 local people using an immersive truck simulator prior to hiring 48 landowners to operate the first two fleets of mining equipment.

- Commercial participation of landowner groups in the development of the project has started. The business development arm of the landowner association (NKW) has either been awarded or is bidding on contracts for catering, bus transportation, fuel freight, general freight, labour hire, road maintenance and security services. This will provide a solid financial platform to develop sustainable landowner businesses in the longer term.

Going forward:

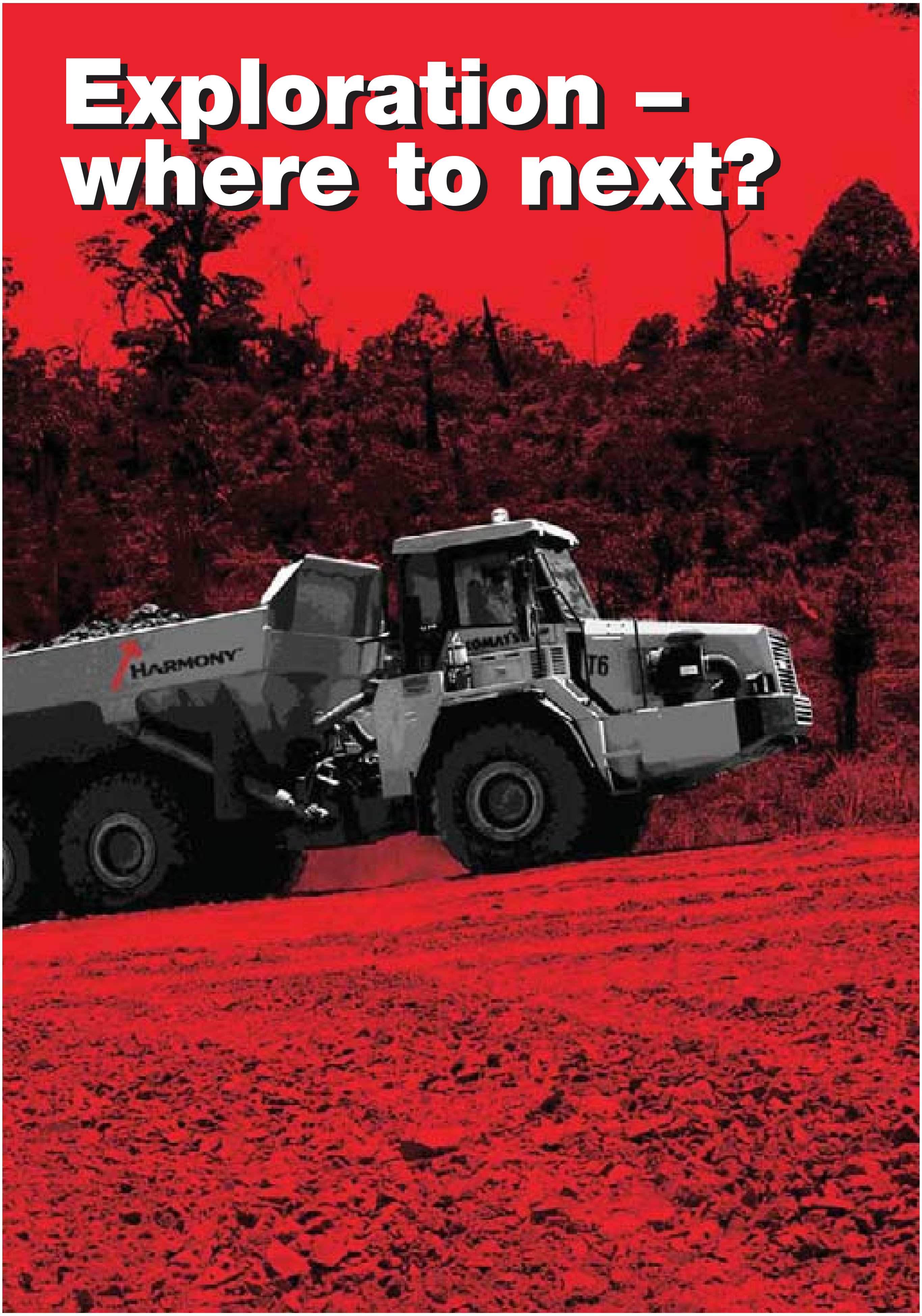
Key activities in FY08 will be:

- completion of the detailed design;
- ongoing procurement activities;
- continuation of pre-stripping for both Hamata and Hidden Valley;
- completion of the Hamata plant site earthworks;
- mobilisation and completion of the site civil works;
- start of structural, mechanical, piping, electrical and instrumentation work; and
- start of commissioning planning.

Key milestones to be achieved in FY08:

- Start process plant civil works – December 2007
- Start process plant structural/mechanical installation – February 2008
- Completion of permanent camp – December 2007
- Start overland conveyor construction – January 2008
- Start electrical and instrumentation installation – April 2008
- Complete site civil works – June 2008
- Commission mining fleets 3 and 4 – November 2007 and February 2008 respectively

Exploration – where to next?



Harmony's exploration programme in FY07 concentrated on PNG, Australia and Africa. It was a successful period, most notably in the highly prospective country of PNG. It is worth singling out the Biamena prospect, which is in close proximity to Wafi/Golpu, where preliminary results for surface sampling are outstanding, and to the diamond drilling programme on the Western Zone near Wafi. In Australia, initial drilling beneath the Eastern Jaspilite pit at Mt Magnet yielded some spectacular intercepts.

Our exploration initiatives are divided into two categories: greenfields and brownfields.

- Greenfields exploration is the search for new mining opportunities where infrastructure (processing plants, roads, power) would be required should the decision be taken to establish a new mine. Exploration is carried out in-house or in joint venture partnerships.
- Brownfields exploration takes place near operating mines where existing infrastructure can be used to exploit any new orebodies.

Harmony has exploration 'filters' to ensure that efforts are focused on targets of a meaningful size. For example, if the company were to consider constructing a new mine, we would expect production of more than 200 000oz of gold a year, low cash costs (less than US$350/oz) and a life of mine of not less than 10 years.

Apart from the nature of the orebodies and infrastructure (existing and required), Harmony's growth strategy is shaped by long-term views of the gold market and project- and country-related risks.

Australia

Harmony is in discussions with a number of parties to dispose of the Mt Magnet operation in Australia. After the close of the financial year, Harmony entered into an agreement with Dioro Exploration NL and other interested parties for the sale of its South Kal mines and its nickel and non-nickel tenements in Western Australia. It is Harmony's intention to dispose of all its Western Australia assets.

PAPUA NEW GUINEA

PNG is considered to have very significant geological potential and Harmony's lease holding to the south-west of Lae in the province of Morobe is substantial (3 480km^2) and one of the most prospective on the mainland. The tenements fall into three main blocks:

- the Wafi/Golpu leases (440km^2);
- the Morobe-Hidden Valley leases (971km^2); and
- the Morobe Coast EL (2 069km^2).

The tenements cover a portion of the New Guinea Mobile Belt, comprising a tract of metamorphosed Lower Jurassic and Cretaceous sediments and obducted oceanic crust, which has been intruded by tertiary granodiorite, tonalite and porphyry units.

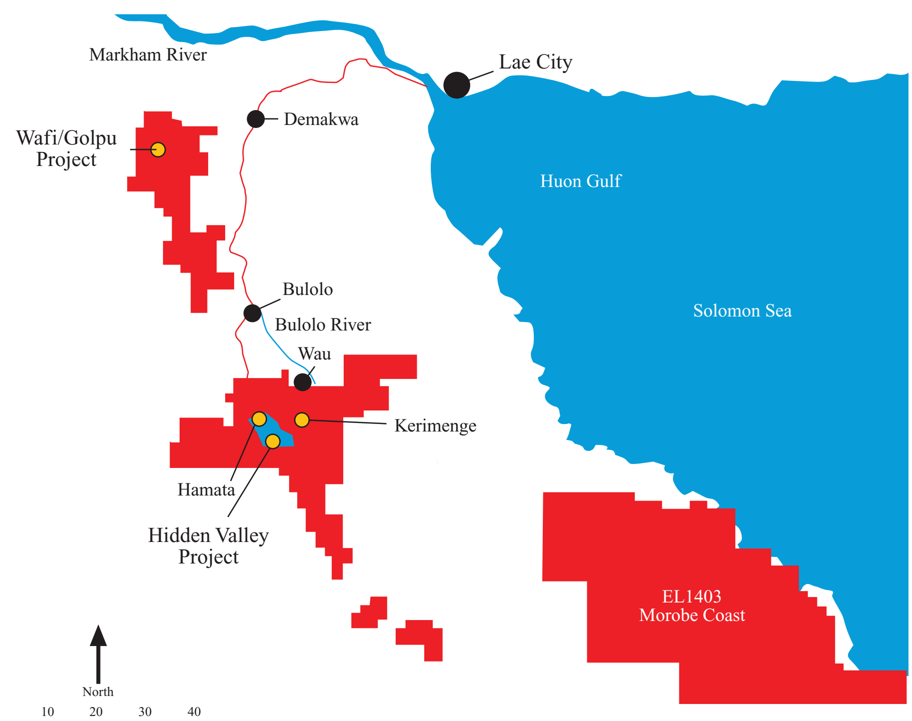
Resource estimates for Wafi/Golpu and Hidden Valley have outlined mineralised material containing some 14.8 million ounces of gold, 47 million pounds of molybdenum, 3.9 billion pounds of copper, and 89Moz of silver. Outside of the known resource areas the tenements, which are under-explored, are highly prospective for epithermal- and porphyry-related gold mineralisation.

During FY07 much work was done reviewing and upgrading systems, working teams and communications, to give Harmony a strong base for its exploration activities in PNG. The potential for organic growth through successful exploration is high.

A budget of A$15.6 million for exploration in PNG – 70% for greenfields and 30% for brownfields activities – has been approved for FY08.

Wafi/Golpu

The potential of the Wafi/Golpu project, comprising gold and copper-gold, is vast. A pre-feasibility study which started at the beginning of FY06 reached a major milestone with the completion of the Golpu studies in July 2007. The Wafi/Golpu pre-feasibility studies are due for completion in November 2007. The study tested the viability of the Wafi/Golpu resource and identified an economically viable project with a probable ore reserve of 70.8Mt grading 1.13% copper, 0.61g/t gold and 121ppm molybdenum.



WAFI BROWNFIELDS EXPLORATION

Exploration within a 1km radius of the existing deposits at Wafi and Golpu remains focused on adding high-grade underground or surface oxide resources. Prospects include the Western Zone, Nambonga North and Hesson Creek.

Western Zone

In FY07 a nine-hole drilling programme of 3 797m was undertaken. The highlights were:

WR204	21m @ 10.1g/t from 316m
WR207	9m @ 5.9g/t from 389m
WR219	26m @ 7.1g/t from 234m
	5m @ 13.1g/t from 311m
	6m @ 8.3g/t from 320m
WR229	5m @ 5.4g/t from 374m
WR230	14m @ 4.2g/t from 293m
WR234	30m @ 6.68g/t from 279m

The results show that the mineralisation, which is more complex than originally thought, is structurally controlled and hosted entirely in metasedimentary rocks of the Owen Stanley metamorphics. It is similar in style to the Link Zone which is situated approximately 400m to the south. There is potential for a high-grade deposit, yielding a resource in excess of 500 000oz, and systematic step-out drilling is continuing.

Hesson Creek

The Hesson Creek anomaly is situated several hundred metres south-south-east of the A Zone resource. It is localised on a north-north-west splay fault associated with the Wafi Transfer structure. Gold mineralisation is associated with quartz veins stained with iron oxides and hosted in altered metasediments.

Rock-chip sampling obtained long low-grade intervals of gold anomalism from quartz-alunite-dickite-kaolin alteration zones.

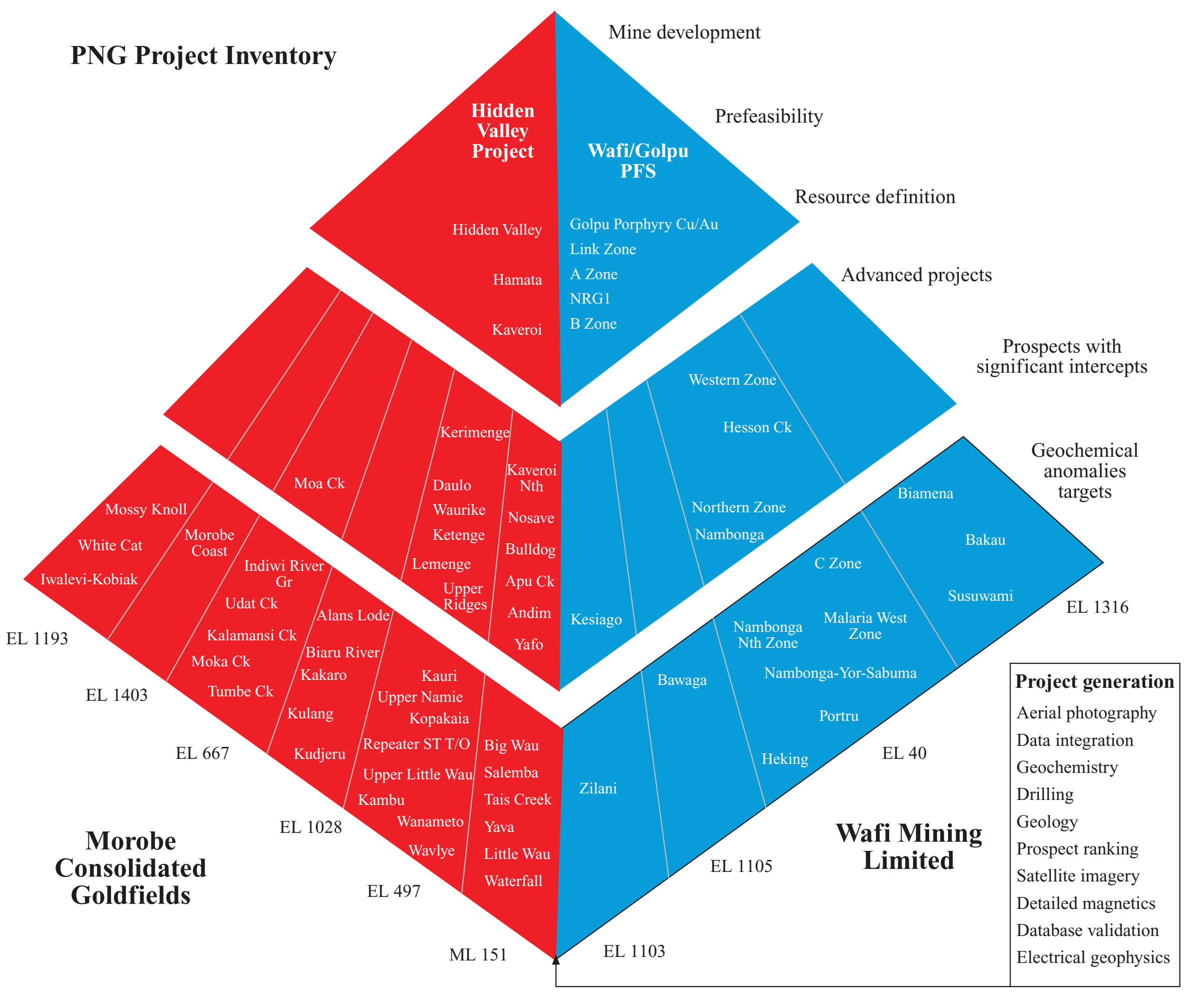
A north-north-west trending linear zone of 100m by 500m with in excess of 0.5 g/t Au in soil sampling was delineated. Two holes were drilled by CRA Exploration (Pty) Ltd off the northern end of the anomaly to test the surface mineralisation. One of these holes, WR143 returned 62m @ 2g/t Au (This includes 10m @ 4.3g/t Au). Follow-up work on this anomaly is planned for FY08.

WAFI GREENFIELDS EXPLORATION

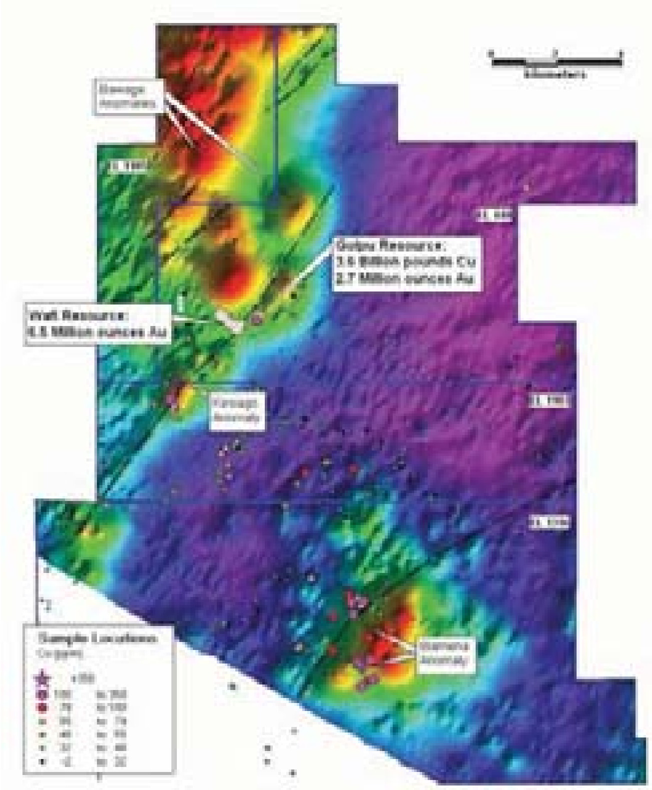
Three prospects – Biamena, Bawanga and Kesiago – in the Wafi region have the potential to deliver 'Wafi/Golpu'-type mineralisation.

Biamena

The Biamena deposit is situated 12km to the south-south-east of Wafi and is prospective for epithermal gold and porphyry copper-gold mineralisation. Anomalous copper and gold stream sediment samples were first collected in the



Location of Wafi/Golpu and high priority exploration targets



area in 1984, but there had been little exploration work to find the source of the anomaly until Harmony first started exploring here during FY07. Due to the rugged terrain, activities in the area require helicopter support throughout.

Recent work by Harmony has included mapping, ridge and spur soil sampling (545 samples), and three line kilometres of manual trenching.

Soil sampling has defined a roughly circular gold anomaly (more than 0.1g/t), about 1km in diameter and open to the south. The anomaly exhibits a classic porphyry copper metal (values ranging between 100ppm and 0.18%) zonation with elevated lead, zinc and manganese values forming concentric zones around the central copper-gold core.

Results from channel sampling of the trenches have produced some excellent mineralised intercepts at surface, including:

Trench 3	15m @ 24.4g/t Au; 1.4% Cu
Trench 5 (W)	12m @ 3.1g/t Au; 0.14% Cu
	6m @ 2.9g/t Au; 0.1% Cu
	14m @ 4.6g/t Au; 447ppm Cu
	6m @ 17.3g/t Au; 345ppm Cu
Trench 5 (E)	6m @ 7.6g/t Au; 0.12% Cu
	8m at 3.5g/t Au; 0.17% Cu
Trench 7	6m at 7.6g/t Au; 861ppm Cu
	5m @ 16.9g/t Au; 0.7% Cu
Trench 8	5m @ 6.5g/t Au; 697ppm Cu

Work on the prospect is at a very early stage. Mapping has shown that the high-grade zones in trenches 3 and 8 are structurally controlled, and accompanied by strong to intense pervasive potassic alteration. The main mineralised fault zone strikes north-west and is being targeted for porphyry-related copper-gold mineralisation at depth.

A ground-based electromagnetic survey, an induced polarisation survey and ground magnetics are planned to outline porphyry targets at depths of up to 500m below surface. Grid-based geochemistry and mapping will also be undertaken. Initial drilling on the prospect is now under way and will be expedited to test high-grade trench and surface geochemical results.

Kesiago

The Kesiago anomaly, which covers an area of approximately $3km^2$, is situated 2.5km to the south-west of the Wafi prospect. It is associated with the north-east/south-west-trending Wafi Transfer structure.

Stream sediment results show elevated coincident copper and gold results, similar in tenor to those obtained from the Golpu deposit. Its footprint and potential size make it the highest ranked grassroots target on the Wafi tenements.

A programme of trench sampling and mapping with follow-up drilling has been designed and is scheduled to start in the second quarter of FY08.

Bawaga

This area is prospective for epithermal gold and porphyry copper-gold similar to that of the Wafi/Golpu system. It is a priority for follow-up work given its structural setting with north-north-west trending transfers, magnetic anomalies that suggest porphyry intrusives and the lack of previous exploration in the area.

Other prospects

Magnetics have also shown a number of favourable structural environments with the potential for major gold or copper-gold systems in areas in the Wafi region where there has been little or no previous exploration. First-pass exploration – stream sediment sampling, mapping and reconnaissance rock chip sampling – is planned for these areas in order to identify new prospects.

HIDDEN VALLEY BROWNFIELDS EXPLORATION

There are a number of opportunities in the relatively under-explored Hidden Valley mining lease area which could provide additional resources to increase the life of the Hidden Valley mine. These include the

Big Wau, Salemba, Bulldog North and Yafo prospects.

Exploration work planned for the first half of FY08 on the Hidden Valley mining lease includes mapping and sampling of new exposures (developed as part of the mine construction), solid geology interpretation, and blanket ridge and spur surface geochemistry. These base datasets will be integrated with detailed helicopter-borne magnetics. The Hidden Valley mine lease targets will then be ranked and prioritised for drill testing in the second half of FY08.

MOROBE-HIDDEN VALLEY GREENFIELDS EXPLORATION

The Morobe area hosts the Hidden Valley and Hamata resources which are situated in the centre of several major high-tenor stream-sediment gold anomalies. There are a number of prospects such as Kerimenge, Kauri, Heyu, Moa Creek and Upper Ridges. In FY07 the focus was on Kerimenge.

Kerimenge

The Kerimenge deposit lies approximately 6km to the north-east of Hidden Valley and 7km to the east of the proposed Hamata processing plant site. Rock-chip sampling outlines a larger geochemical signature than Hidden Valley but most historical drilling has focused on the main Kerimenge mineralisation zone. There are a number of opportunities to significantly expand the size of the deposit along strike and down dip, and for different styles of mineralisation associated with cross-cutting lodes. Kermenge presents an opportunity to convert resources (there is potential to define more than 1Moz of gold) that are accessible using infrastructure developed for Hidden Valley.

Gold mineralisation occurs with disseminated pyrite and arsenopyrite in hydrothermal breccia and with quartz-veined stockwork in Andesite porphyry. Drilling targeted gold mineralisation on the southern extension of the Kerimenge Fault, over a strike of 400m and amounted to 11 holes for 1 671m during the year. Significant intercepts include:

QD129	6m @ 5.0g/t Au from 51m
QD130	21.5m @ 2.7g/t Au from 5m
QD131	7m @ 3.9g/t Au from 74m
QD134	20.0m @ 1.6g/t Au from 153m
QD135	19m @ 4.1g/t Au from 49m
QD136	5.4m @ 51.7g/t Au from 101m

Of particular importance is the drill intercept obtained in QD136 because the mineralisation occurs in brecciated metasediments in the footwall of the fault. This represents a new style of high-grade mineralisation, previously unknown at this prospect. Work on strike and depth extensions is ongoing. In addition, potential for further tonnage exists on the north-west trend where QD85 encountered 32.1m @ 8.3g/t Au from 168m.

Compilation of historical exploration data around the broader Kerimenge prospect has shown a number of high-grade trench results which have not be followed up with drilling. These trench results are broadly coincident with limestone contacts and mapping and drill testing is planned for FY08.

Kauri

The Kauri prospect lies about 9km to the north-east of the Hidden Valley deposit and represents a major centre of more than 1g/t sediment anomalism. The footprint of the anomaly is in excess of 2.5km and is similar in tenor to the anomaly that led to the discovery of the Hidden Valley deposit.

A programme of follow-up stream sediment sampling, ridge and spur soil sampling, and follow-up trenching and mapping has been planned and scheduled for the first half of FY08. The intention is to define drill targets for testing in the second half of FY08.

Heyu

The Heyu prospect is situated approximately 7km north-west of the mill site at Hamata. The recently constructed access road to the Hidden Valley mine can be used by all those involved in exploration at Heyu where previous programmes had to be supported by helicopters.

The Heyu stream sediment anomaly is of a high order with over 4km of strike. It is associated with the Upper Watut Fault, which is the extension of the same structure that hosts the Hidden Valley deposit, situated some 12km along strike to the south-east.

Work at Heyu during FY07 has included mapping and rock-chip sampling of new exposures in the mine access road. The results have been encouraging with assays of up to 5.4g/t Au obtained from a fractured, quartz-veined porphyry. The road mapping forms part of an extended programme to determine the source of a major (in excess of 1.0g/t Au) stream sediment anomaly.

The broader prospect area also includes the strike extensions from the historic Edie Creek lodes. The resource potential with the existing mine infrastructure makes this a priority target for additional mill feed for Hidden Valley.

The FY08 work programme includes infill stream sediments, mapping and rock-chip sampling. About 1 600m of follow-up diamond drill testing is scheduled for the second half of that year.

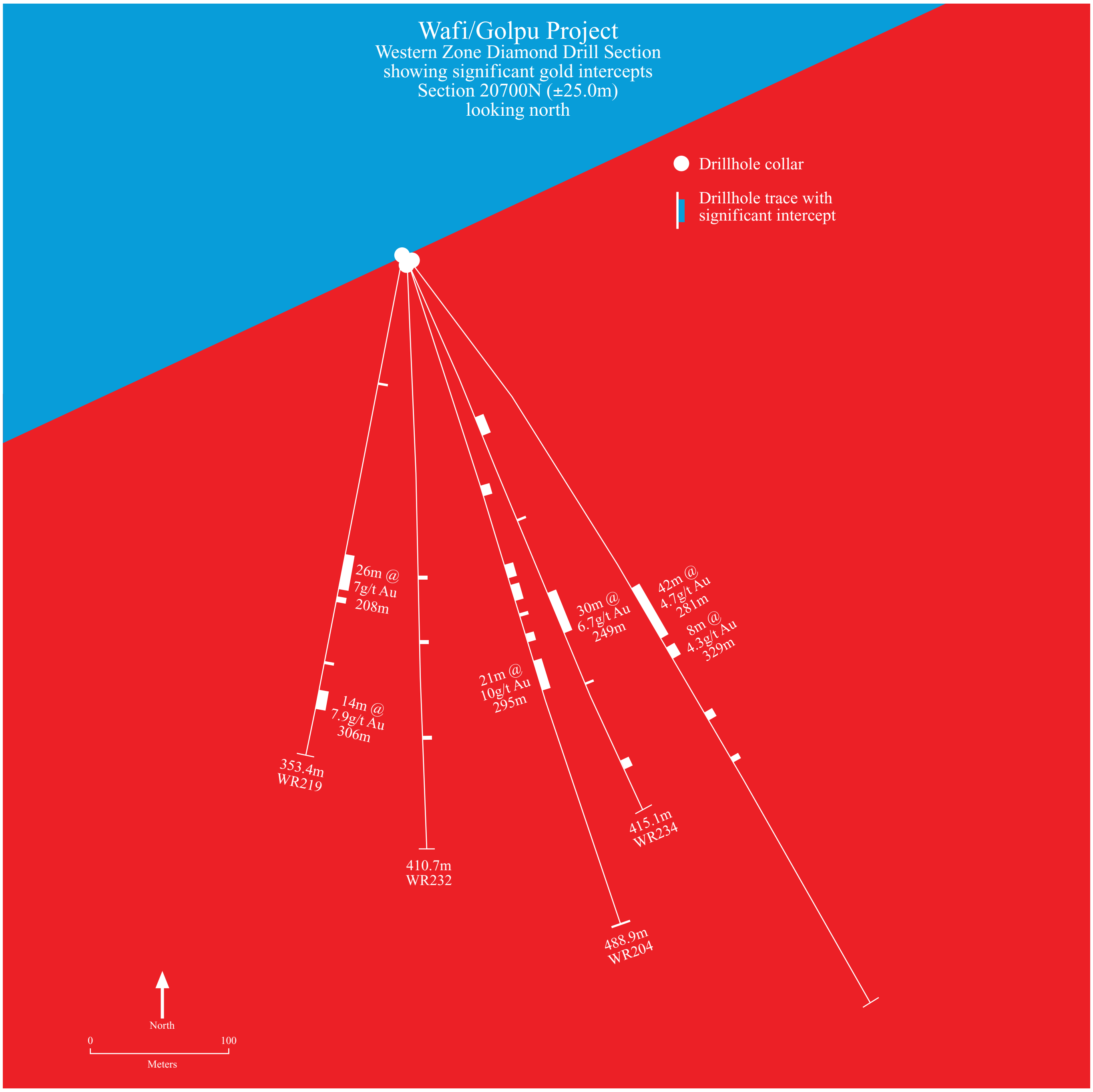
Moa Creek

Work at Moa Creek (located approximately 15km west-south-west of the Hidden Valley deposit) was scheduled to wind back during FY07. However, a landslide exposed a mineralised hypothermal breccia and subsequent trench sampling yielded 35m @ 3.3g/t Au. Mapping suggested that the mineralised breccia has a potential strike in excess of 1km. The prospect has the potential to deliver a major stand-alone gold orebody.

Trench sampling has recently been completed to scope out the hydrothermal breccia. Provided results are encouraging, the follow-up work scheduled for FY08 includes diamond drilling, and further mapping and stream sediment sampling over the broader Moa Creek area.

MOROBE COAST

The Morobe Coast exploration licence covers some 2 069km^2. The area lies to the south-east of the Morobe goldfield and presents exciting grassroots exploration potential. It is targeted for major (in excess



of 1Moz) epithermal gold and porphyry-related copper-gold deposits.

Earlier exploration work was limited but it returned anomalous gold assays in rock-chip and stream sediments samples from the Lokaniu volcanics. There was no follow up to determine the hard rock source and no drill testing was undertaken on the tenement.

Giu

The Giu prospect is situated some 10km south-west of the Morobe township on the east coast of PNG. The prospect is a district-scale anomaly, 20km in diameter, with elevated gold rock-chip and stream sediment geochemistry. The aim of the current exploration programmes is to identify and develop prospect areas with the potential for stand-alone gold orebodies with related metals present.

During FY07 results from the first-pass stream sediment sampling have outlined an area of more than 10km^2 with highly anomalous gold stream sediment geochemistry. Stream sediment samples taken from drainages within this anomalous zone assay in excess of 0.46g/t. Mapping to date has outlined several areas of structurally controlled epithermal vein mineralisation hosted in vesicular basalts. Rock-chip samples have been encouraging with anomalous values of copper, gold, molybdenum and zinc returned. The maximum gold copper, molybdenum and zinc returned were:13.9g/t Au, 1.25% Cu, 0.05% Mo and 0.89% Zn.

Fieldwork continues and includes stream sediment sampling and the excavation of trenches over outcropping mineralised zones. Systematic stream sediment coverage is scheduled for completion by the second quarter of FY08.

WAFI/GOLPU PROJECT

LOCATION: Morobe Province, Papua New Guinea

Project description:

The Wafi/Golpu project encompasses four contiguous exploration licences held by Wafi Mining Limited and covering 440km^2. The Wafi complex consists of two separate orebodies, a gold only resource and a copper-gold resource (the Golpu resource), located in close proximity to each other.

Drill testing at the four main zones at Wafi/Golpu has indicated the presence of significant gold within a mostly high sulphidation zone and a pre-feasibility study is currently underway. The resources falling within the ambit of the pre-feasibility study are:

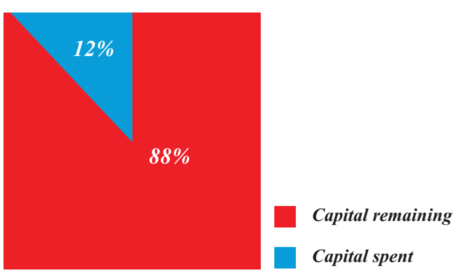
- Golpu: a copper-gold porphyry resource
- Link Zone: a high-grade refractory gold resource contained within the large, lower grade B Zone resource.
- NRG1 (non-refractory gold): a low-medium grade gold resource in the fully and partially oxidized zones of the refractory A and B Zone deposits which is amenable to conventional cyanide leaching.

Of these, the Golpu deposit has by far the highest value, while the Link Zone and NRG1 deposits are considered to have the potential to add value to the overall project with the realization of synergies which become available through the mining of multiple ore bodies.

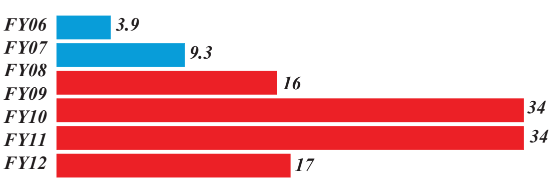
Key statistics	
NRG1 and Link Zone	
Expected annual gold production (five years)	200 000oz
Golpu	
Expected annual copper production	90 000oz
	150Mlb
	(Gold as credits in copper concentrate)

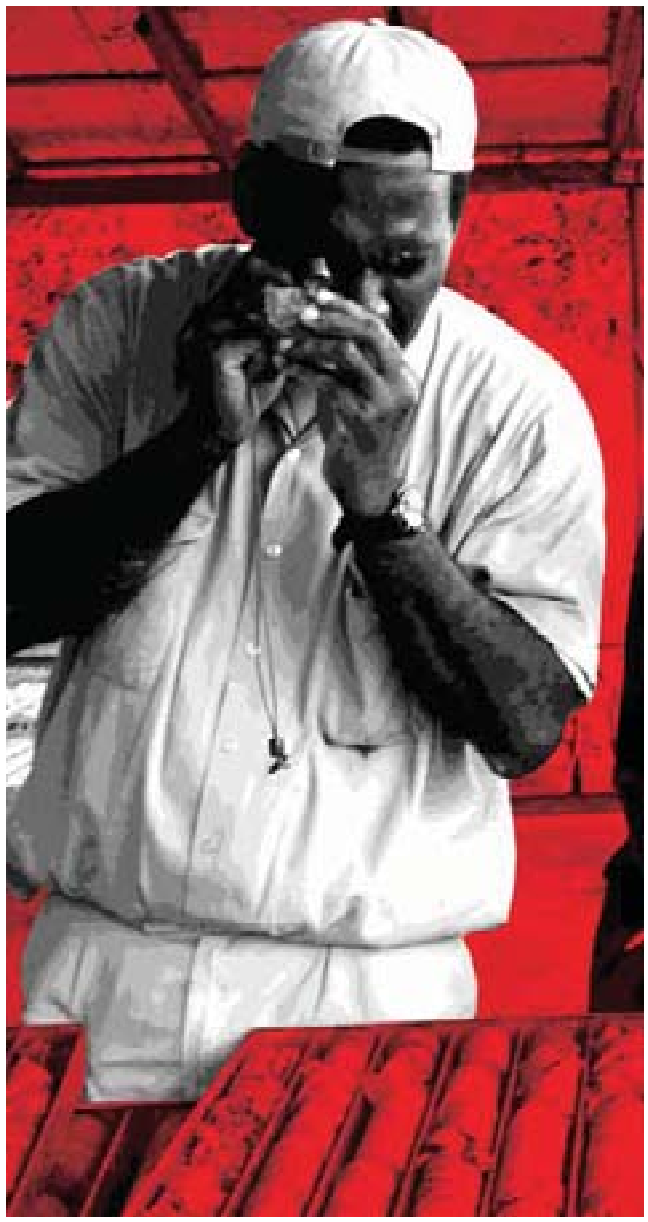
Key dates	
Pre-feasibility study began	Mid-2005
Pre-feasibility study to be completed	October 2007
Definitive feasibility study to begin	FY08
Production to begin	FY13

Wafi/Golpu: Capital expenditure to date (%)



Wafi/Golpu: Capital expenditure (US$m) for pre-feasibility and feasibility studies





Project progress during the year

Pre-feasibility study

The major pre-feasibility study under way at the Wafi project is nearing completion. The study, which began in August 2005, is scheduled to be finalised in October 2007 and has considered all aspects of developing an operation at Wafi including:

- geology;
- mining (including geotechnical and hydrological considerations);
- mineral processing;
- infrastructure requirements (both on site and off site);
- environmental issues;
- community and external relations issues; and
- product marketing.

On completion, the pre-feasibility study will be submitted to the Harmony board with the definitive feasibility study scheduled to begin in the second half of FY08.

Geology, assay results and resource modelling

The pre-feasibility study drilling program, which lasted from October 2005 until November 2006, included the drilling of 12 holes for 6 800 metres at Golpu, and 23 holes for 5 070 metres in the Link and NRG1 Zones. The program was completed approximately four months later than originally planned because of:

- the late arrival of the new drilling rigs required for the deep-hole drilling at Golpu and
- the poor drilling conditions experienced at depths of more than 800 metres.

The NRG1 and Link Zone drilling programs began in November 2006 (on completion of the Golpu program), and were concluded at the end of FY07.

Drilling within the Golpu resource confirmed the suitability of the existing resource, with only minor changes identified during the re-modelling process. The most notable change to the Golpu resource model was the addition of 12 million tonnes @ 0.7%Cu, and 0.5ppm Au in the metasediment resource which surrounds the porphyry body. The current Golpu resource is detailed in the table below.

Results of drilling obtained in the NRG1 and Link Zone resources to the end of FY07 are not sufficient to commence re-modelling of the deposit. A new model for the resources will be generated upon completion of the drilling campaign. The current NRG1 and Link Zone resources stand at:

NRG1: Resources at 0.8 g/t gold cut-off

Resource Category	Tonnes (Mt)	Au	Moz Au
Indicated	8.07	1.46	0.38
Inferred	9.40	1.86	0.56
Total	17.48	1.68	0.94

Link Zone: Resources at 0.8g/t cut-off

Category	Tonnes (Mt)	Au	Moz Au
Indicated	4.28	8.57	1.18
Inferred	0.51	6.53	0.11
Total	4.79	8.35	1.29

The current resources for Golpu, Link Zone, and NRG1 are in addition to the greater A and B zone resources, which contain an additional 83Mt @ 1.5g/t for 4.1 million ounces. Given the relatively low grade and refractory nature of the deposits, the A and B Zone resources were not included in the current pre-feasibility study. It is hoped that suitable processing methods will be identified to make the exploitation of the latter resource financially viable as the project progresses.

AB Zone: Resource at 0.8g/t cut-off

Resource Category	Tonnes (Mt)	Au	Moz Au
Indicated	51.71	1.45	2.41
Inferred	31.07	1.69	1.69
Total	82.79	1.54	4.10

Both the Golpu copper-gold resource model and Wafi gold (incorporating AB Zone, Link Zone, and NRG1) have been reviewed and endorsed by RSG Global and SRK consultants, and both resource models are JORC and SAMREC compliant.

Mining studies

Mining studies, conducted following the drilling program, for the Golpu, Link Zone and NRG1 deposits were completed by external consultants under the guidance of the Harmony project team. The Golpu mining study is at a pre-feasibility level of definition, while the Link Zone and NRG1 studies remain at conceptual level.

Detailed geotechnical logging of all core data collected in the drilling program has taken place, along with hydrological testing including packer testing, falling-head testing, and the monitoring of piezometers installed in selected bore holes. The geological setting at Golpu is complex and additional information (especially structural) is required for the definitive feasibility study. However, the data collected to date has been sufficient to select block caving as the preferred mining method, and to set base parameters for mine design, including excavation, ground support, and infrastructure requirements, and cave modelling.

The mine plan for Golpu has been reviewed and approved by internationally recognised block caving experts. Consensus is that a decline excavation

Golpu: Current resource

	Class	Mt	Cu %	Au ppm	As ppm	Ag ppm	Mo ppm	Fe ppm	Cu Metal Kt	Au Moz
Porphyry	Indicated	87.62	1.39	0.63	431	1.66	110	81,752	1,220	1.77
	Inferred	4.27	1.52	1.03	15	2.11	66	44,596	65	0.14
	Subtotal	91.90	1.40	0.65	412	1.68	108	80,024	1,285	1.91
Peripheral Mineralisation	Inferred	71.21	0.67	0.46	269	1.38	162	80,439	479	1.05
Total	**Indicated & Inferred**	**163.11**	**1.08**	**0.56**	**350**	**1.55**	**132**	**80,205**	**1,763**	**2.96**

Golpu: mining inventory

		Tonnes (million	Cu %	Au (g/t)	Mo (ppm)	As (ppm)
Indicated	Lift 1	39.3	1.30	0.56	120	213
	Lift 2	15.1	1.40	1.00	133	27
	Subtotal	54.4	1.33	0.68	124	162
Inferred	Lift 1	18.8	0.64	0.47	202	81
	Lift 2	11.8	0.68	0.57	163	23
	Subtotal	30.6	0.66	0.51	187	59
Unclassified	Lift 1	7.5	0.00	0.00	0	0
	Lift 2	8.2	0.38	0.20	61	103
	Subtotal	15.8	0.20	0.11	32	54
Total		**100.7**	**0.95**	**0.54**	**129**	**133**

Golpu: probable reserves

		Tonnes (million	Cu %	Au (g/t)	Mo (ppm)	As (ppm)
Indicated	Lift 1	38.3	1.30	0.56	120	212
	Lift 2	15.3	1.42	1.01	131	27
	Subtotal	53.6	1.33	0.69	123	159
Inferred	Lift 1	6.5	0.52	0.33	142	91
	Lift 2	5.2	0.70	0.60	148	22
	Subtotal	11.6	0.60	0.45	145	61
Unclassified	Lift 1	3.1	0.00	0.00	0	0
	Lift 2	2.5	0.69	0.37	108	143
	Subtotal	5.6	0.30	0.16	48	63
Total		**70.8**	**1.13**	**0.61**	**121**	**136**

should be undertaken in subsequent feasibility studies so as to confirm mining parameters prior to commitment to construction of the mine.

The optimal mining inventory includes mining of inferred resources. The mining inventory for Golpu is presented in the table above.

To determine the effect of not including the inferred material in determining the cave footprint, a separate caving analysis was completed. This analysis assigned zero economic value to Inferred material in order to establish mining volume for the reserve, and grade was then used to determine the estimated metal grades inclusive of dilution. The results of this analysis are shown in the table above.

Subsequent financial analysis of the results of the outcome of the reserve mining scenario confirmed that the mine is profitable at assumed metal prices (Copper $2.30/lb, Gold $520/oz, Molybdenum $20/lb), and a probable reserve as tabled above is therefore defined.

The Golpu mine plan was completed with the minimisation of arsenic recovery as a critical factor. Block caving studies were completed to maintain arsenic grades below 300ppm to ensure that the final copper concentrate can be sold on world copper smelting markets. Should arsenic removal processes be found to be viable (see mineral processing) in the future, the mining inventory may increase by as much as 30%.

Link Zone and NRG1 mining studies were completed to an "advanced conceptual" level, giving a reasonable level of confidence in the mining plans. Mining studies of these deposits for the pre-feasibility study are to be completed following an update of the Wafi gold resource model. It is expected that the Wafi gold resources have the potential to add value to the overall mine plan, but will not alter the overall viability of the project, which will be determined by Golpu. The NRG1 resource is to be mined by conventional open pit methods, while the Link Zone will be extracted using a modified underground sub-level caving mine plan.

Mineral processing

Mineral processing methods for the three deposits under review will be:

- Golpu – standard flotation methods to produce a copper concentrate for sale to copper smelters.
- Link Zone – whole ore pressure oxidation followed by cyanide leaching to produce gold doré.
- NRG1 – Cyanide leaching to produce gold doré.

The focus of the pre-feasibility study was to optimise copper concentrate production for Golpu, and to develop a viable processing method for the Link Zone ore. Test work indicates that an average of 87.6% copper and 54% gold recovery to the final concentrate will be achieved.

Initial test work on the alkaline sulphide leaching process was successful in removing 95% of the arsenic, without the loss of copper from the final concentrate. This development is extremely encouraging (although only preliminary), and further work to test the economic viability of alkaline sulphide leaching (ASL) is planned for FY08.

Infrastructure

Design and cost estimates for all infrastructure requirements at Wafi/Golpu have been completed and the infrastructure requirements have been split into "on site" and "off site" categories. On-site infrastructure includes:

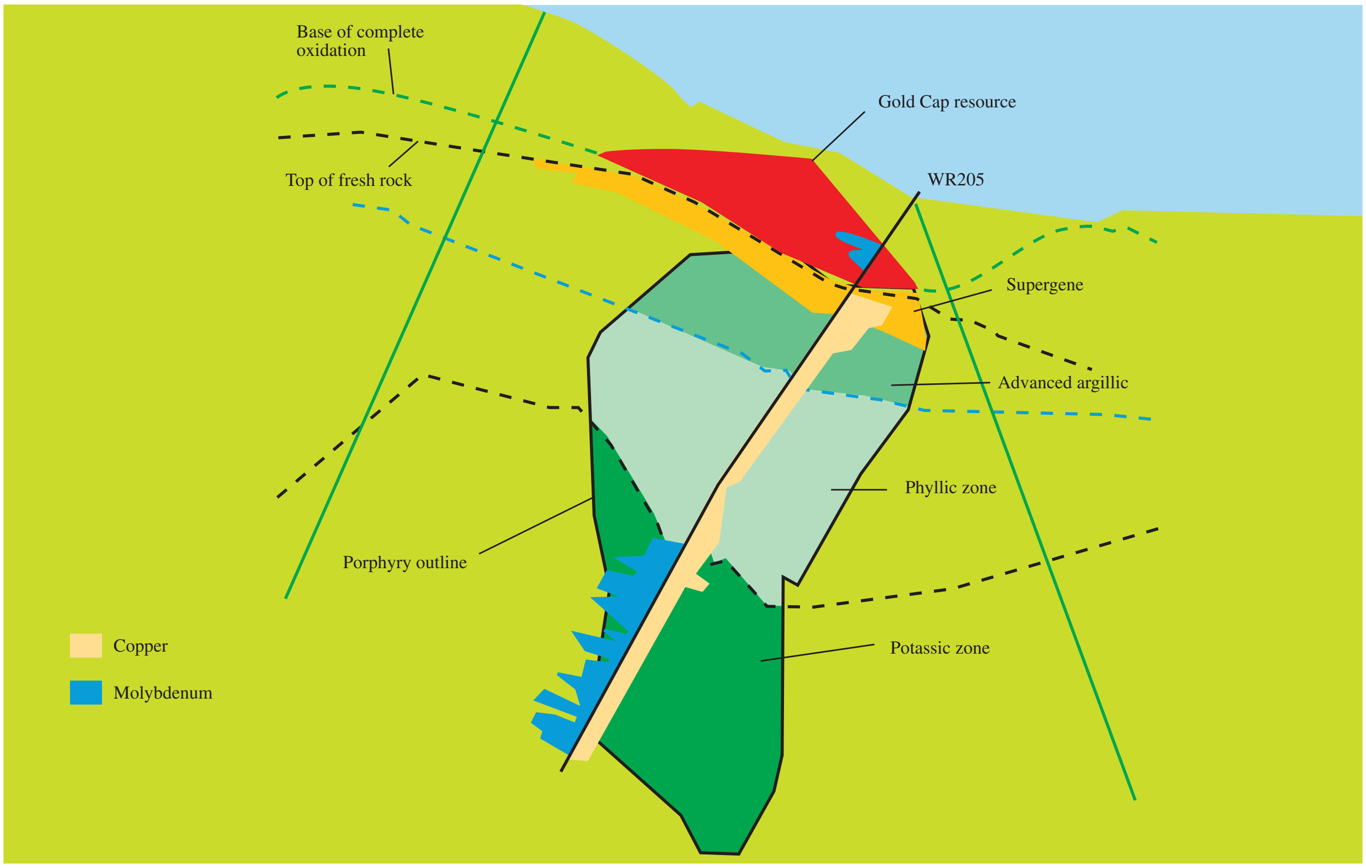
- Processing plant and associated equipment;
- Storm water management;
- Electrical distribution;
- Bulk liquid and solid handling and storage;
- Buildings;
- Site accommodation;
- Sewage treatment;
- Waste management;
- Mobile equipment;
- Communications systems;
- Security; and
- Temporary facilities.

Infrastructure designs include consideration of geotechnical and seismic activity parameters for the site. Geotechnical studies (including field work) and seismic risk assessments were completed as part of the pre-feasibility study.

Off-site infrastructure requirements include:

- site road access;
- concentrate handling to the port of Lae;
- site power supply;

Geological domains in the Golpu model, used for identification of zones for further test work. Drill hole showing copper grade (brown) continuity through the orebody.



- site water supply; and
- Lae port requirements.

The off-site infrastructure studies are currently completed to scoping level accuracy, with completion to pre-feasibility study level of accuracy due in November 2007.

Forward Work Programme

It is anticipated that following completion of all PFS work (currently planned for November 2007), a single go forward option for the definitive feasibility study will be determined. It is expected that findings of the pre-feasibility study will be examined by the Harmony Board during the first half of FY08, with the start of the definitive feasibility study planned for the second half of FY08.

Given the requirement to mine a feasibility decline as part of the mine definitive feasibility study, it is expected that the duration of definitive feasibility study studies will be in the vicinity of three years. Mining of the decline and extensive diamond drilling programs will be the major physical work requirements during the definitive feasibility study.

The definitive feasibility study will examine all aspects of the project in detail, with 15 to 20% of total project deliverables planned to be completed by the end of the definitive feasibility study. The definitive feasibility study will allow a decision whether to fund development of the project.

Provided that the outcomes of studies are positive, the project is planned to be developed immediately following the definitive feasibility study. Detailed Engineering and construction will require two to three years for completion, with first metal production from the site anticipated to be achieved during FY14.

The cost of the definitive feasibility study is expected to be approximately US$100 million inclusive of the cost for mining the feasibility decline. The cost, which is approximately 7 to 10% of project capital, is consistent with the expenditure requirements for definitive feasibility study programs of projects of similar size and complexity.

AFRICA

Harmony's strategy in Africa is to explore through alliances with junior exploration companies. Projects are considered at all stages of the exploration cycle, ranging from grassroots to advanced levels. Exploration is focused on areas where there is potential to discover sizeable (more than 2Moz) gold deposits that can be mined using open-pit methods. During FY07 the company continued to evaluate exploration opportunities on the continent.

In May 2007 the joint venture with Axmin Inc in eastern Senegal entered its second year. The tenement, which is 840km^2 in size, includes metavolcanic and metasedimentary rocks of the Birimian Formation and partially covers the prospective Mali-Senegal shear zone. Through expenditure of US$4 million over three years to May 2009 (US$800 000 spent thus far), Harmony can earn a 50% interest in Axmin's land holdings. During the first year of the joint venture trenching indicated that zones with anomalous gold concentrations are commonly wider than 10m and can extend for several hundred metres along strike. The best surface gold grades encountered are 10m @ 1.9g/t, 4m @ 3.2g/t, 8m @ 1.6g/t and 4m @ 25g/t. The results of a geophysical survey suggest that gold occurrences may continue along structures and down dip. Drill targets have been firmed up and were tested during a 1 600m diamond drill programme in July 2007, before the start of the rainy season, while work on the gold assay results continues.

The exploration boom in West Africa has resulted in a shortage of drill rigs. For this reason the joint venture intends to purchase a combined RAB/RC drill rig which should be available at the beginning of the next dry season when the systematic drill testing of the gold prospects should get under way.

SOUTH AFRICA

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°). 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 north-east/south-west 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.

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 stream environment. In addition, the Maraisdal Reef (B Reef) is developed at the base of the Spes Bona Member overlying the Doornkop quartzite.

The Basal Reef (previously referred to as the Sun Reef) occurs as a plymictic 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.Drilling on the Target North project started in August 2006. Two boreholes are currently in progress on the farms Dreyerskuil and Maraisdal. The borehole DKL10 has intersected mineralized Elsburg horizons between 2 169m and 2 412m and is currently being deflected. The intersections from this borehole are being assessed and interpreted. They seem to suggest that the Upper Elsburg reefs are mineralised in the so-called Siberia Fan area.

Several problems have been encountered with the northern borehole, MAL19, and work on this is some five to six months behind schedule.

Drilling will continue in FY08. DKL10 is scheduled for completion in the first half of FY08 and MAL19 in March 2008.

To date R9.3 million has been spent on this project with an additional R8.7 million budgeted for FY08.

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 the current infrastructure. The cross-trend to the main pay shoot has been projected into the target area.

Poplar

The Poplar project area is situated 30km north-west of the current mining operations at Evander No 8 shaft and 120km east/south-east of Johannesburg. 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 economic heart 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 from 14° 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 the installation of a twin-shaft system to 1 200m below surface to exploit the Kimberley Reef pay shoot.

Total mineral resources are 25.6Mt at 7.6g/t in situ for a total of 194t or 6.2Moz of gold. Ore reserves are estimated at 13.5Mt at 7g/t head grade for a total of 94.3t or 3Moz of gold.

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

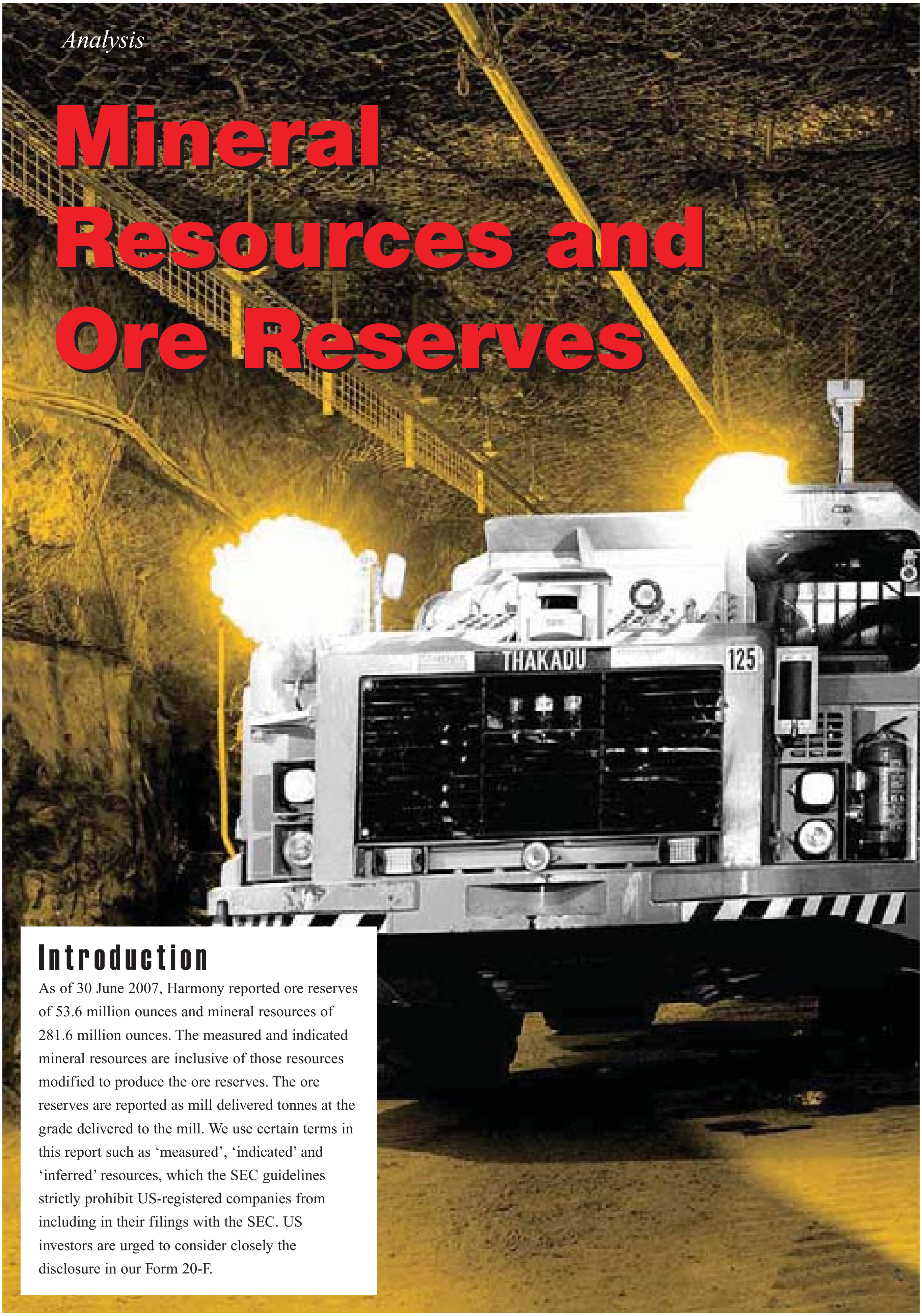
An exploration office was established and drilling started in January 2007. Adverse ground conditions in the form of dolomites were encountered and a new drilling contractor, with experience of such conditions, had to be appointed.

The exploration drilling will be completed in FY08 and a more comprehensive 3D geological model of the orebody will be prepared. This is expected to lead to a revised pre-feasibility study to mine the orebody.

To date, R8.3 million has been spent. An amount of R40.2 million remains for exploration at Poplar.

Analysis

Mineral Resources and Ore Reserves



Introduction

As of 30 June 2007, Harmony reported ore reserves of 53.6 million ounces and mineral resources of 281.6 million ounces. The measured and indicated mineral resources are inclusive of those resources modified to produce the ore reserves. The ore reserves are reported as mill delivered tonnes at the grade delivered to the mill. We use certain terms in this report such as ‘measured’, ‘indicated’ and ‘inferred’ resources, which the SEC guidelines strictly prohibit US-registered companies from including in their filings with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F.

Commodity prices

A gold price of US$520/oz was used for the conversion of Mineral Resources to Ore Reserves at our South African and Australasian operations. An exchange rate of US$/R6.88 for South Africa and AU$/US$0.73 for Australia has been used, resulting in a gold price of R115 000/kg or AU$712/oz

Reconciliation FY06/FY07

Ore Reserves

A reconciliation of Harmony's ore reserves shows a decrease of 4.3% from 56.0 million ounces to 53.6 million ounces. As indicated in the table below, Harmony's Ore Reserves as at 30 June 2007 reflects a year-on-year depletion of 2.3 million ounces when compared with the combined ore reserves for 30 June 2006. Disposals of assets, shaft closures, and the loss of the Western Areas equity ounces accounts for a further decrease of 5.3 million ounces of reserves.

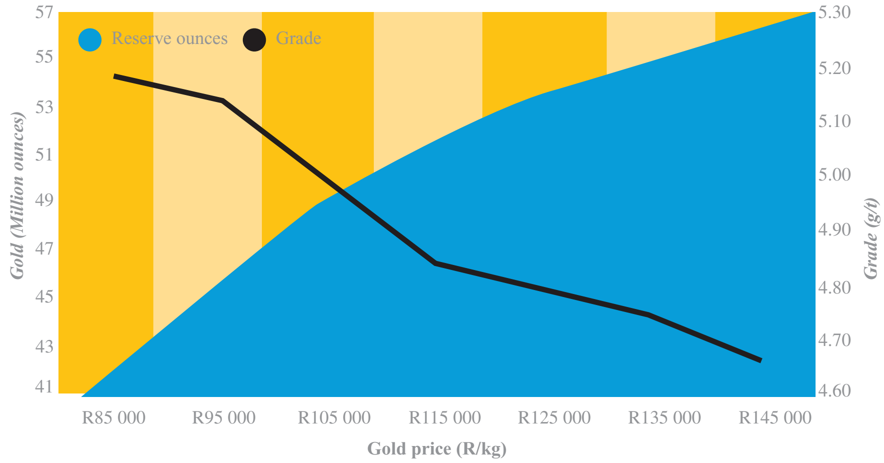
On the positive side the successful pre-feasibility studies at Harmony's Evander South Project as well as Golpu in Papua New Guinea (PNG) added 3.5 million ounces to the reserves. A further increase of 1.8 million ounces is attributable to growth in the reserves from the South African operations.

Of the company's 53.6 million ounces of ore reserves, 41.5 million ounces are classified as current reserves (above infrastructure) and 12.1 million ounces are classified as below infrastructure, i.e. reserves for which capital expenditure has yet to be approved.

Reporting Code

Harmony uses the South African Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (SAMREC Code), which sets out the internationally recognised procedures and standards for reporting of mineral resources and ore 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

Ore Reserves Sensitivity



The graph illustrates ore reserve sensitivities, inclusive of projects below infrastructure and exclusive of surface stockpiles, to a changing gold price below and above R115 000/kg. Note that these sensitivities are approximations only and based on the orebodies in the current life of mine plans and pre-feasibility studies. Accordingly, at different gold prices, alternative mining strategies may be pursued, including the addition of more secondary reef horizons into reserves.

Ore Reserve reconciliation: FY06 to FY07

		GOLD (tonnes)	GOLD (million ounces)
	Balance at June 2006	**1 742**	**56.0**
Reductions	Mined during FY07	72	(2.3)*
	Western Areas equity ounces	(131)	(4.2)
	Disposals and shaft closures	(34)	(1.1)**
	Total	1 505	48.3
Additions	Evander South (Pre-feasibility)	65	2.1
	Golpu (Pre-feasibility)	44	1.4
	Other adjustments	56	1.8
	Balance at June 2007	**1 670**	**53.6**

* *Ounces based on ROM grades.*
** *Reasonable expectation that Orkney assets would be sold.*

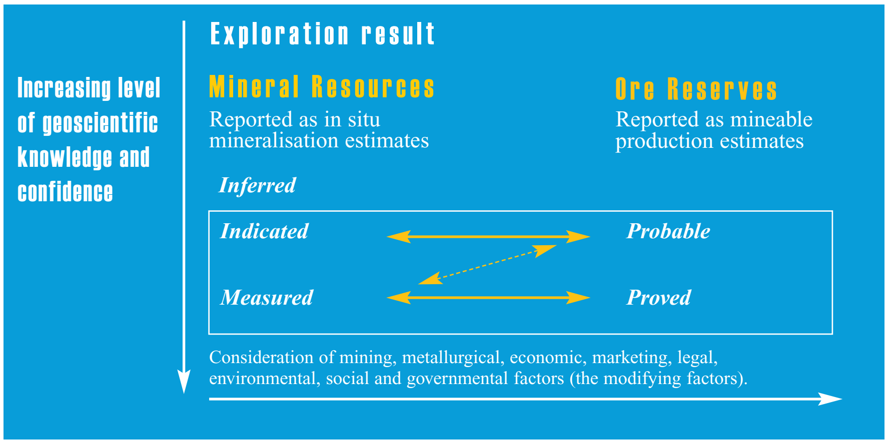
Mineral Resources breakdown: FY07

	GOLD (tonnes)	GOLD (million ounces)
Underground and open pits	7 581	243.8
Projects (below infrastructure)	890	28.6
Surface sources	286	9.2
Total	**8 757**	**281.6**

The difference between the declared Mineral Resources for FY06 (537.6 million ounces) and that for FY07 (281.6 million ounces) can be broken up into the following components. Disposals, shaft closures and Western Areas amounted to 35.2 million ounces. Depletion accounted for 3.3 million ounces and an increase of abandoned blocks of 25.1 million ounces. Resources that previously formed part of the company's declared mineral resource statement but which are not being declared this year amount to 192.4 million ounces (see table below). The reason for this exclusion is that Harmony does not currently consider that there would be reasonable and realistic prospects for the eventual economic extraction of these resources (as per the SAMREC code).

	GOLD (tonnes)	GOLD (million ounces)
Closed shafts	2 875	92.4
Projects	2 091	67.2
Minor reefs	948	30.5
Surface sources	72	2.3
Total	**5 986**	**192.4**

Framework of the SAMREC code



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 of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are 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 sampling, and assumed but not verified geologically and/or through analysis of grade continuity.

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

UNDERGROUND AND OPEN PITS

Increasing level of geoscientific knowledge and confidence

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
1 911	3.97	7 581	243 751

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
280	4.37	1 225	39 398

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
1 179	3.53	4 159	133 722

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
513	4.13	2 122	68 210

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
224	4.01	898	28 884

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
219	5.95	1 301	41 819

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
56	5.80	327	10 514

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

SURFACE STOCKPILE

Increasing level of geoscientific knowledge and confidence

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
1 033	0.28	286	9 182

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
208	0.31	64	2 058

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
444	0.27	121	3 875

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
12	0.58	7	231

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
11	0.60	7	218

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
577	0.27	158	5 076

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
196	0.29	57	1 840

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

PROJECTS (BELOW INFRASTRUCTURE)

Increasing level of geoscientific knowledge and confidence

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
146	6.11	890	28 620

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
52	7.31	380	12 212

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
73	3.42	251	8 056

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
72	8.83	640	20 564

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
52	7.31	380	12 212

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
–		–	–

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
–	–	–	–

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

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 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 includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

A *Probable Ore Reserve* is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a Proved Ore Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A *Proven Ore Reserve* is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

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 a long-term view on future economic modifying factors.

By applying this process, Harmony uses a gold price US$1 000/oz and an exchange rate of US$/R8.60 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 R115 000/kg; planned production rates; the Mine Recovery Factor (MRF) which is equivalent to the Mine Call Factor (MCF) multiplied by the Plant Recovery Factor (PRF); 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

The Harmony Mineral Resources and Ore Reserves have been comprehensively audited by a team of internal competent persons that operate independently from the operating units. The Internal Audit team verifies compliance with the Harmony Code of Resource blocking, valuation, classification, cut-off calculations, development of life of mine plans and SAMREC sheets which supports Harmony's Annual Mineral Resource and Ore Reserve Statement. This audit process is specifically designed to be aligned with compliance requirements for internationally recognised procedure and standards such as:

- South African Code for Reporting Mineral Resources and Mineral Reserves – SAMREC Code
- Australian Code for Reporting Mineral Resources and Ore Reserves - JORC Code
- Industry Guide 7 of the United States Securities Exchange Commission
- Sarbanes-Oxley requirements

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 in South Africa is Jaco Boshoff (BSc (Hons), MSc (Geology), MBA. Pri.Sci.Nat) with 12 years' relevant experience.

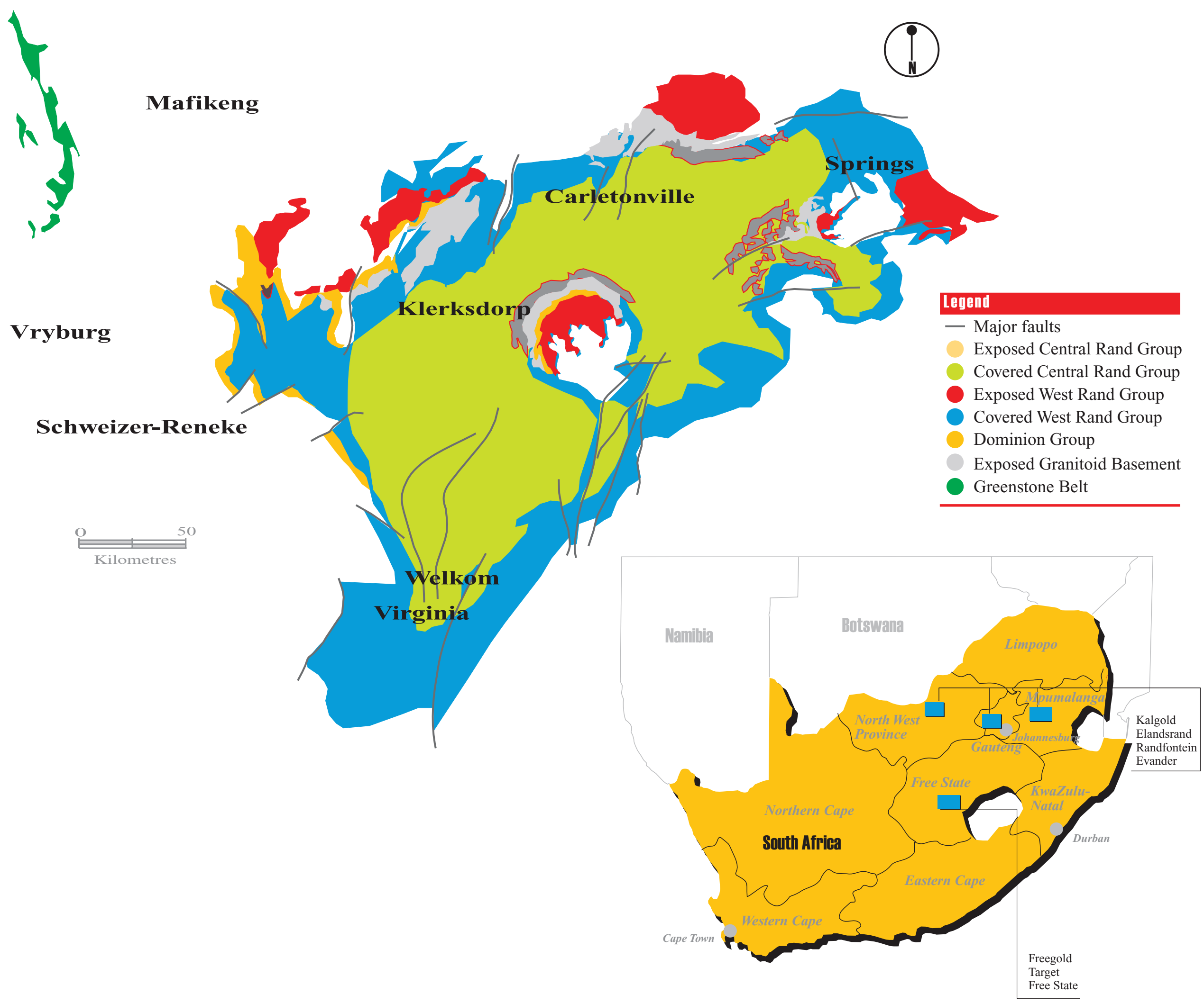
The competent person responsible for Papua New Guinea and Australia is Greg Job (BSc, MSc (Min Econ), MAusIMM). Greg has 20 years' experience in mine and resource geology.

Mineral Resources and Ore Reserves Statement per tax entity

The tables in this section report the company's mineral resources as at 30 June 2007.

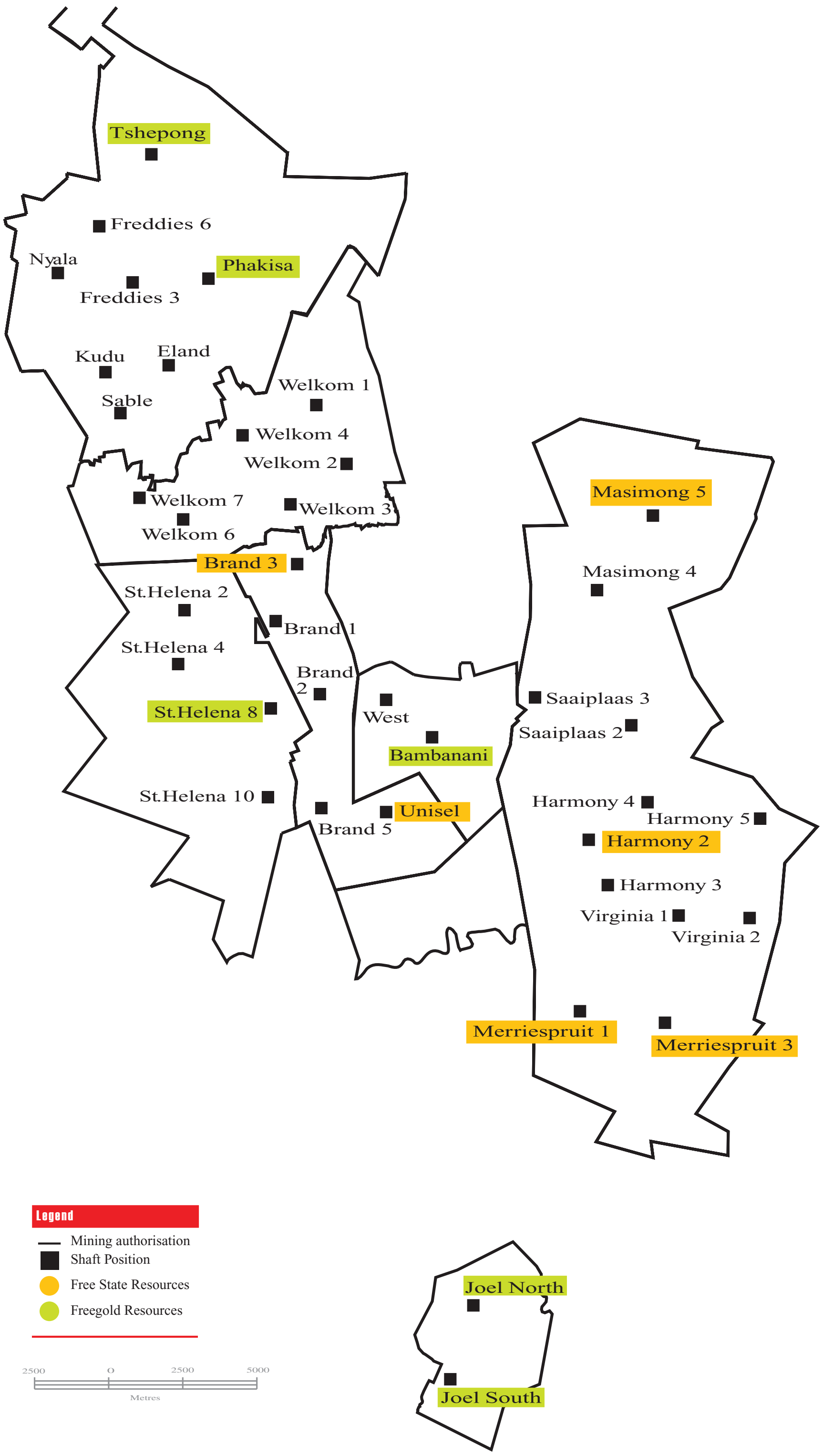
Witwatersrand Basin, South Africa

The Witwatersrand Basin, situated on the Kaapvaal Craton, has been filled by a 6-kilometre thick succession of sedimentary rocks, which extend laterally for hundreds of kilometres. The majority of the ore resources tend to be concentrated in reef bands located on one or two distinct unconformities. A minority of the resources are located on other unconformities. Mining that has taken place is mostly deep-level underground mining, exploiting the narrow, generally shallow-dipping tabular reefs.



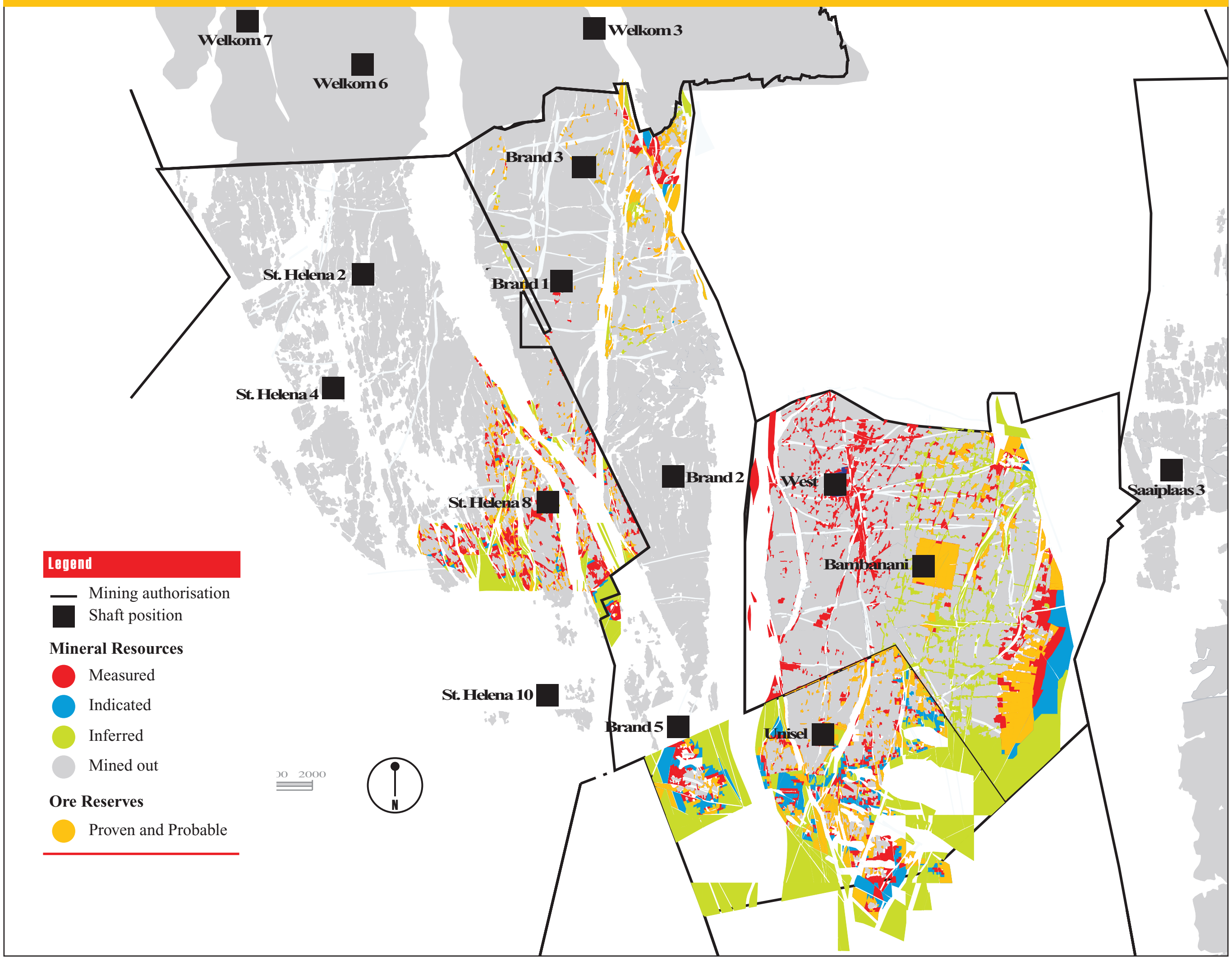
Free State operations

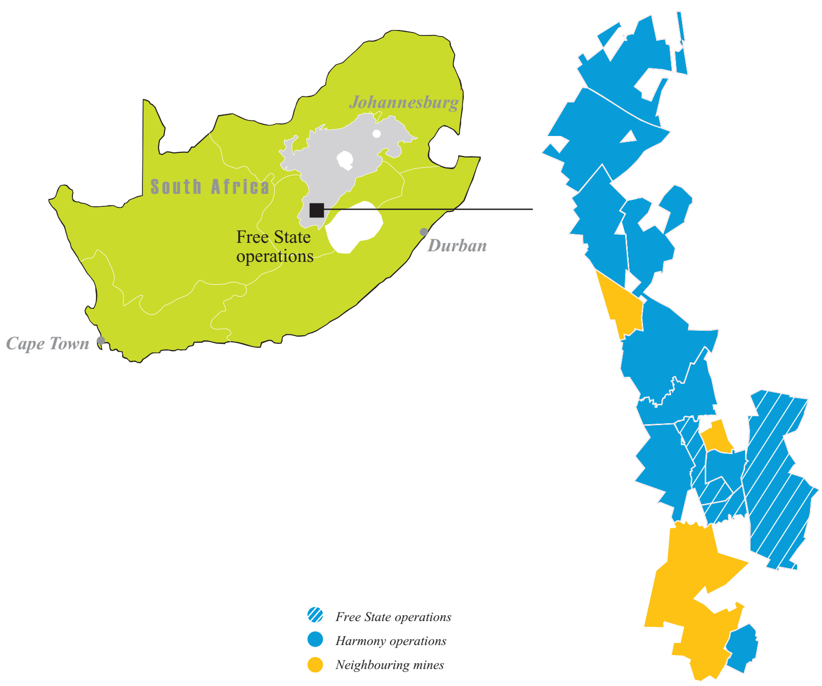
Geology: These operations, which originally exploited the Basal Reef, have also begun mining secondary reefs, most notably the Leader Reef (15-20m above Basal), the B Reef (100m above Basal) and the A Reef (40m above the B Reef). Harmony 2 is continuing to mine high grade Basal Reef pillars, as well as Leader Reef, but the majority of its production comes from the A Reef. 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 are exploiting the Basal and Leader reefs, as well as locally developed high grade 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 1/3 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, currently on care and maintenance, have mined mostly Basal and Leader Reefs. 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 is currently exploiting 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. Within this channel, gravel bars, containing abundant kerogen and gold, were deposited. Masimong 4 and Saaiplaas 3 have mined Basal and A Reef. Mining is dominated by faulting, which results in steep dips (50°) in the west.



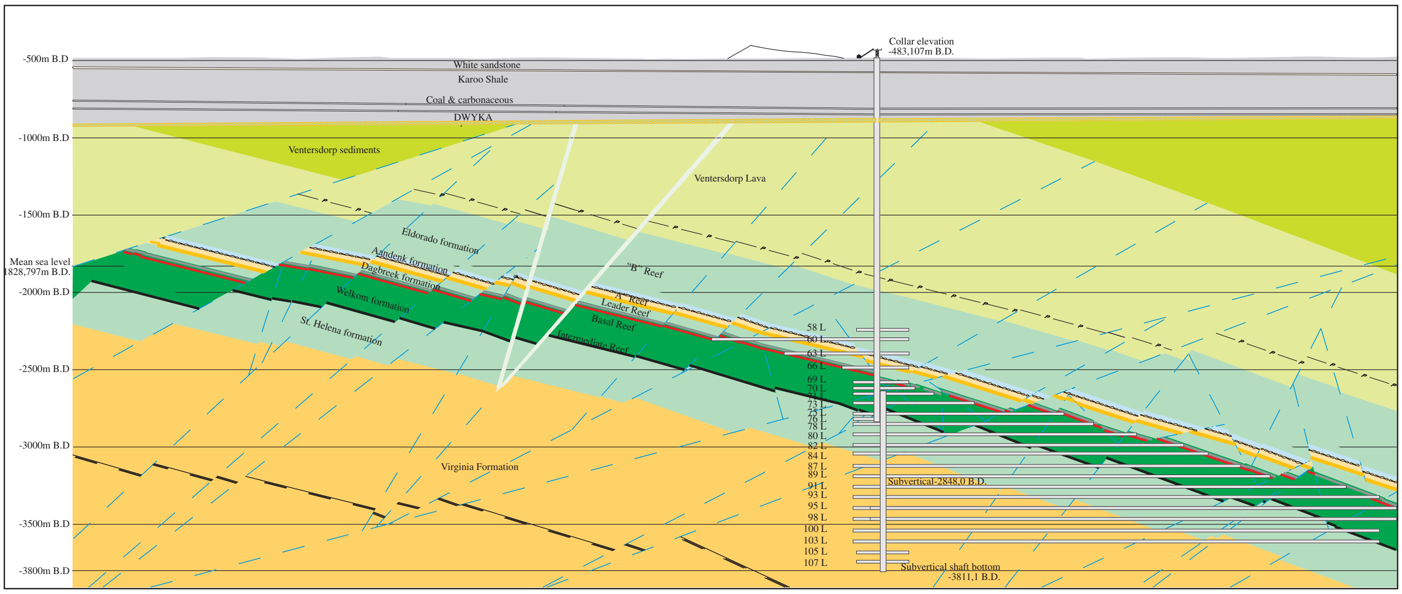
FREE STATE
Brand 3 Shaft and Unisel Shaft
Basal Reef

FREE GOLD
St. Helena 8 and Bambanani Shafts
Basal Reef





Bambanani mine geology section looking north



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																
Harmony 2	6.2	3.99	24.8	796	5.5	2.70	14.8	477	100.8	3.44	347.0	11 156	112.5	3.44	386.6	12 429
Merriespruit 1	13.9	3.95	54.7	1 760	11.8	3.62	42.6	1 369	22.8	3.72	84.7	2 725	48.4	3.76	182.1	5 854
Merriespruit 3	14.5	3.61	52.4	1 683	11.8	3.68	43.4	1 396	27.2	3.77	102.5	3 294	53.5	3.71	198.2	6 373
Unisel	9.7	4.18	40.6	1 305	17.5	3.71	65.0	2 090	48.2	4.09	197.4	6 348	75.4	4.02	303.0	9 743
Brand 3	2.3	4.72	10.7	343	0.8	4.39	3.7	119	0.6	4.11	2.5	81	3.7	4.54	16.9	543
Masimong 5	13.0	7.00	91.2	2 933	18.9	5.41	102.3	3 289	132.5	5.27	698.2	22 447	164.5	5.42	891.7	28 669
Grand total	**59.5**	**4.61**	**274.3**	**8 820**	**66.3**	**4.10**	**271.9**	**8 740**	**332.2**	**4.31**	**1 432.3**	**46 051**	**458.0**	**4.32**	**1 978.6**	**63 611**

Modifying factors

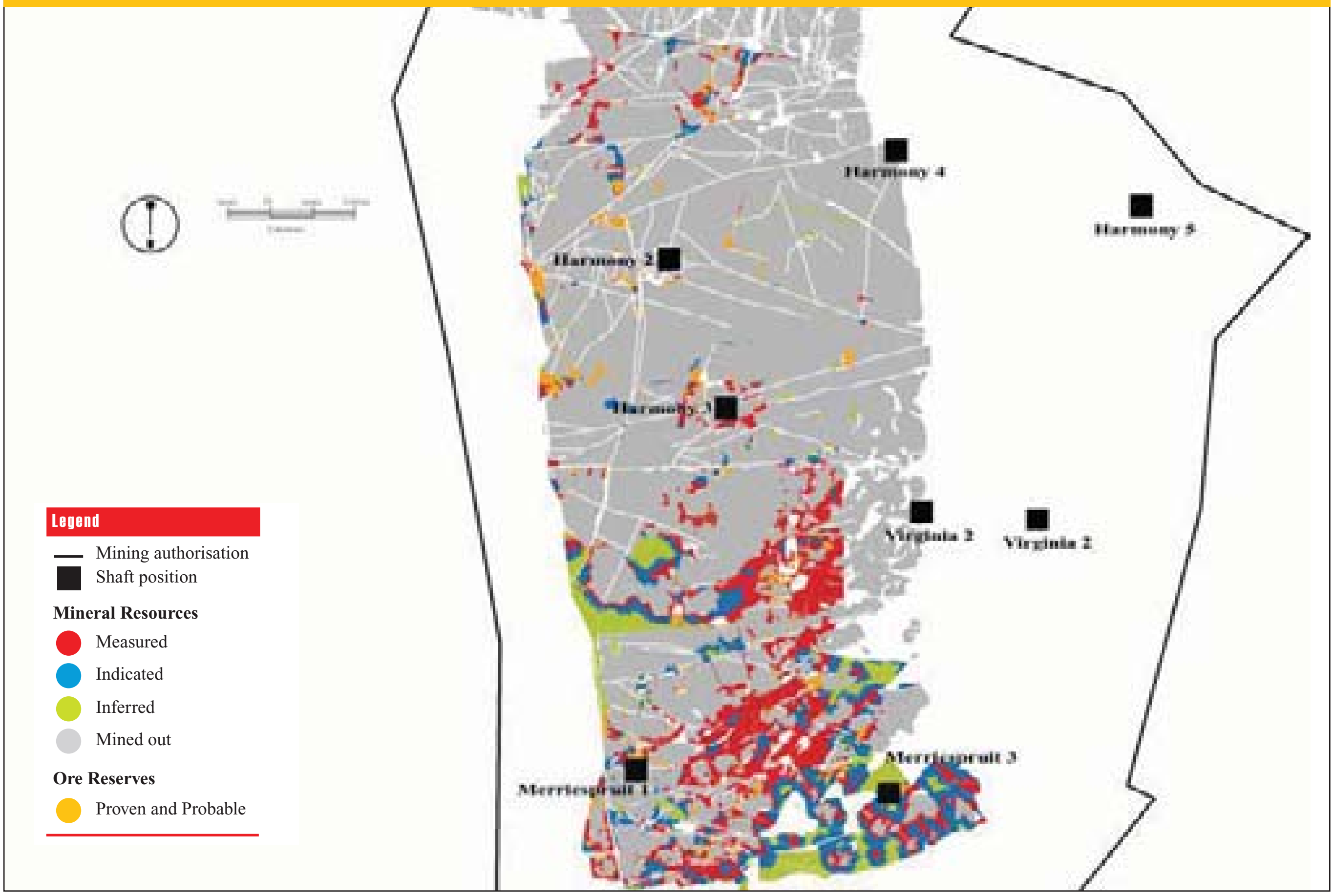
Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)	EP (%)
Harmony 2	115 000	72	176	196	95.0	70.5
Merriespruit 1	115 000	69	168	193	95.2	71.3
Merriespruit 3	115 000	75	219	241	94.6	47.9
Unisel	115 000	85	175	191	92.8	69.8
Brand 3	115 000	90	182	222	94.3	75.3
Masimong 5	115 000	75	135	148	95.5	99.0

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

Ore reserves

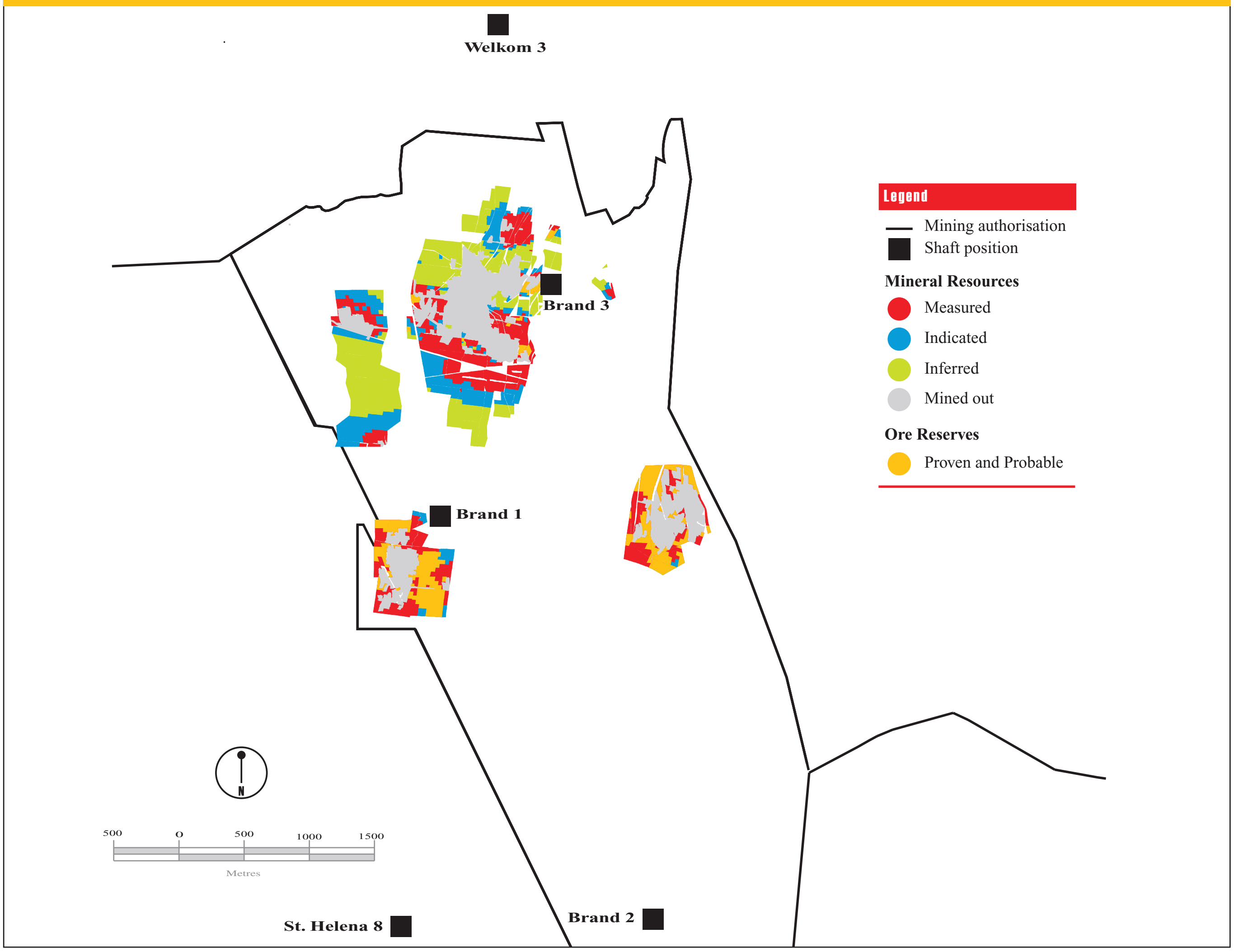
	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Harmony 2	0.7	4.70	3.4	110	0.2	3.48	0.6	20	0.9	4.46	4.1	130
Merriespruit 1	0.8	4.66	3.8	122	0.6	4.42	2.8	91	1.5	4.55	6.6	213
Merriespruit 3	0.3	4.48	1.4	45	0.7	4.76	3.2	102	1.0	4.67	4.6	147
Unisel	1.8	5.32	9.4	303	2.1	5.22	11.2	361	3.9	5.27	20.7	664
Brand 3	0.5	4.45	2.2	70	0.1	4.29	0.4	14	0.6	4.43	2.6	84
Masimong 5	5.1	6.00	30.9	993	4.0	5.69	22.8	732	9.1	5.86	53.6	1 725
Grand total	**9.3**	**5.52**	**51.1**	**1 643**	**7.7**	**5.31**	**41.1**	**1 320**	**17.0**	**5.42**	**92.2**	**2 963**

FREE STATE
Merriespruit 1, 3 and Harmony 2 Shafts
Basal Reef

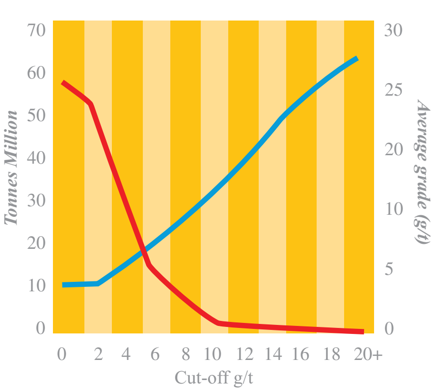


FREE STATE
Masimong 4 and Masimong 5 Shafts
Basal Reef

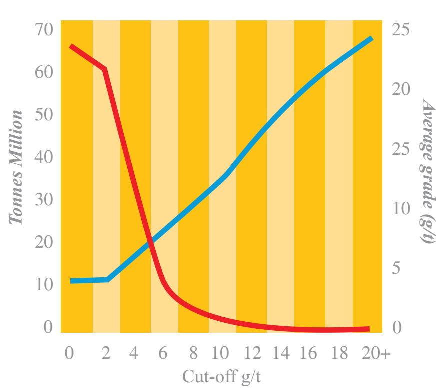
FREE STATE
Brand 3 Shaft
A Reef



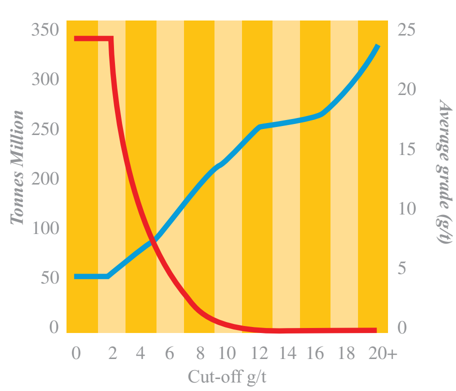
Free State grade tonnage curve – Measured



Free State grade tonnage curve – Indicated



Free State grade tonnage curve – Inferred

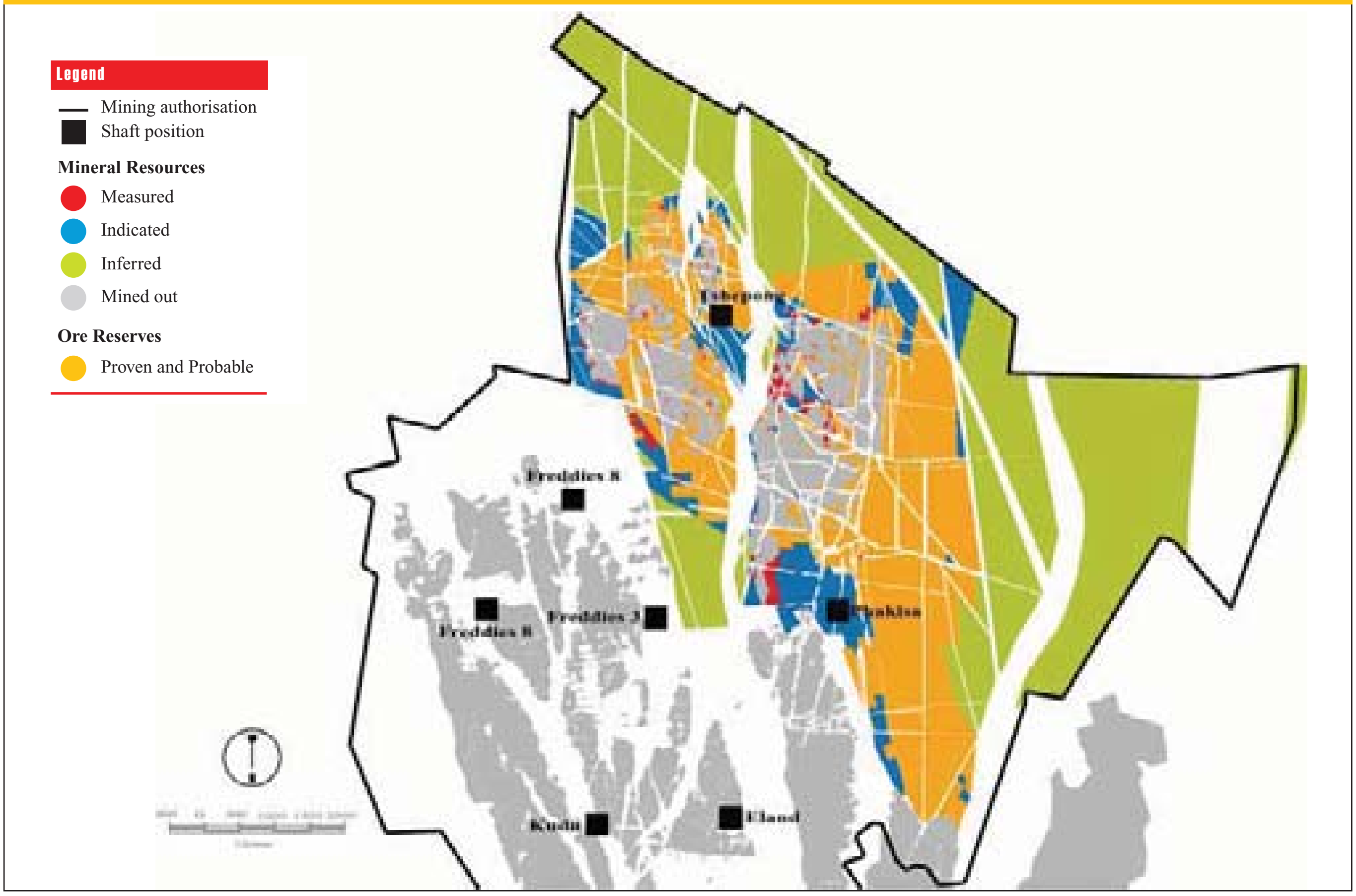


Tonnes Average grade

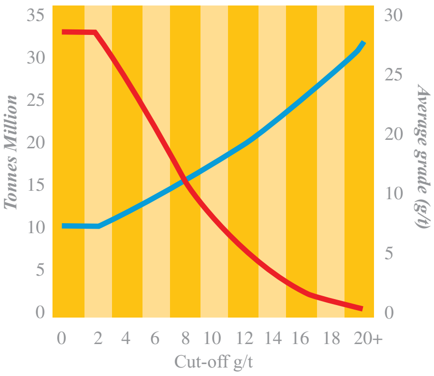
Freegold operations

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 is situated 30km to the south. Joel is mining the shallow flat-dipping Beatrix/VS5 Reef, while 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 has the potential to be exploited elsewhere.

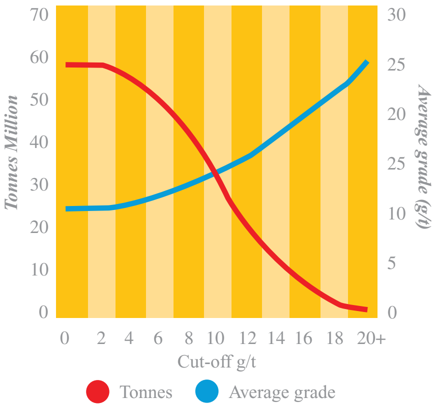
FREEGOLD
Tshepong and Phakisa shafts
Basal Reef



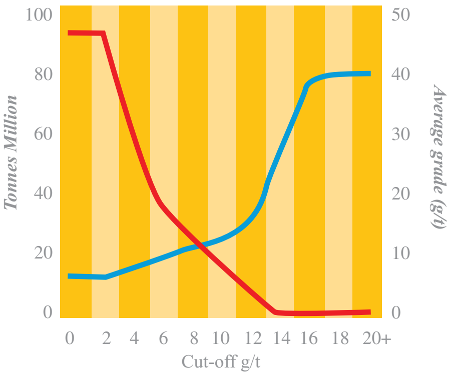
Freegold grade tonnage curve – Measured



Freegold grade tonnage curve – Indicated



Freegold grade tonnage curve – Inferred



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																
Bambanani	14.5	10.12	146.4	4 705	7.5	8.25	61.8	1 987	15.1	5.08	76.8	2 470	37.1	7.68	285.0	9 162
Tshepong	8.2	11.77	96.9	3 116	22.2	11.39	252.7	8 123	29.4	5.88	172.9	5 559	59.8	8.73	522.5	16 798
Phakisa	0.1	11.44	1.0	31	24.1	11.63	280.7	9 023	30.3	7.46	226.1	7 269	54.5	9.31	507.7	16 323
St Helena 8 Shaft	4.5	5.60	24.9	801	1.5	4.47	6.6	212	3.6	4.34	15.8	507	9.6	4.94	47.3	1 520
Joel	5.1	5.35	27.2	874	4.6	6.02	27.5	885	13.4	6.44	86.3	2 774	23.1	6.12	141.0	4 533
Total	**32.3**	**9.17**	**296.3**	**9 527**	**59.9**	**10.51**	**629.2**	**20 230**	**91.9**	**6.29**	**577.8**	**18 579**	**184.0**	**8.17**	**1 503.4**	**48 336**
Surface stockpile	**192.4**	**0.28**	**54.7**	**1 757**	**11.4**	**0.59**	**6.7**	**215**	**444.0**	**0.27**	**120.5**	**3 875**	**647.8**	**0.28**	**181.9**	**5 847**
Grand total	**224.7**		**351.0**	**11 284**	**71.3**		**635.9**	**20 445**	**535.9**		**698.3**	**22 454**	**831.9**		**1 685.2**	**54 183**

Modifying factors

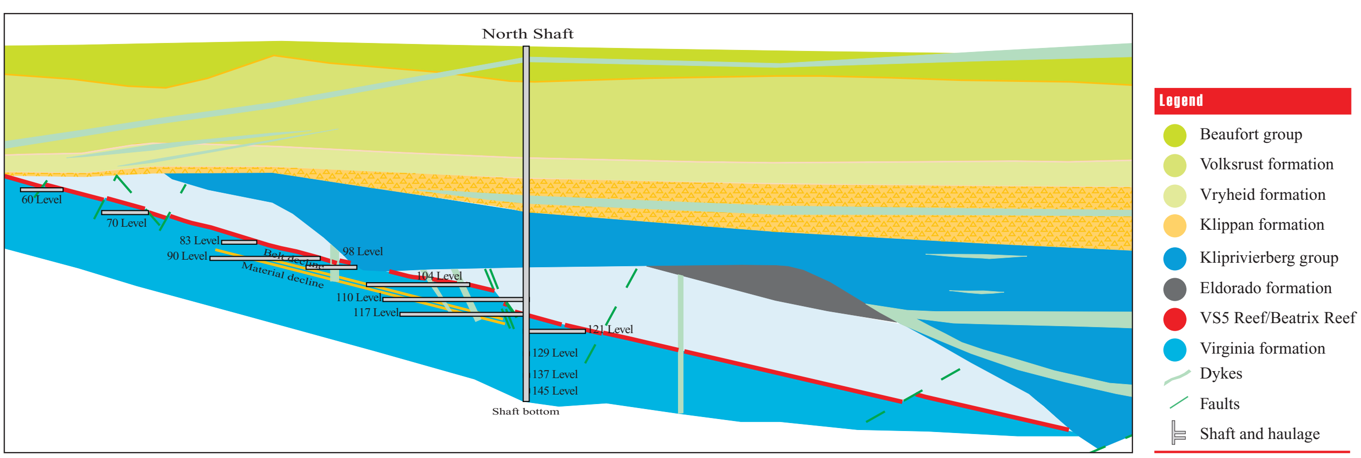
Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)	EP (%)
Bambanani	115 000	78	202	239	95.2	76.5
Phakisa	115 000	85	100	129	97.2	79.8
Tshepong	115 000	73	103	139	97.2	78.7
St Helena 8	115 000	68	191	235	95.1	66.9
Joel	115 000	85	142	182	96.3	83.1
Surface stockpile	115 000	100				

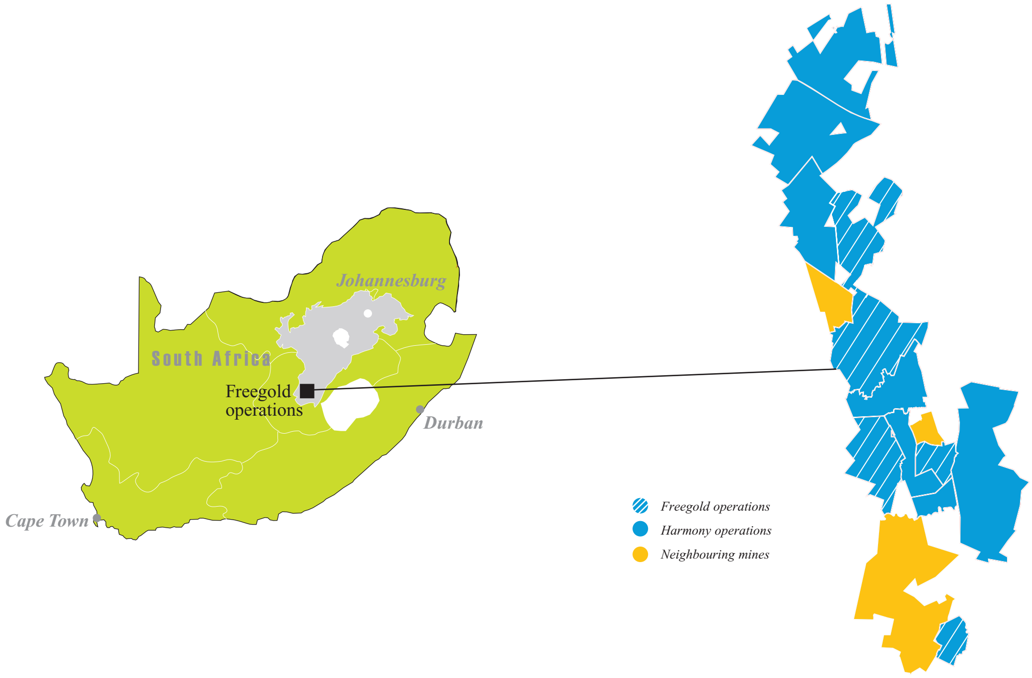
MCF = Mine call factor *MW = Milling width* *SW = Stoping width*
EP = Extraction percentage *PRF = Plant recovery factor*

Ore reserves

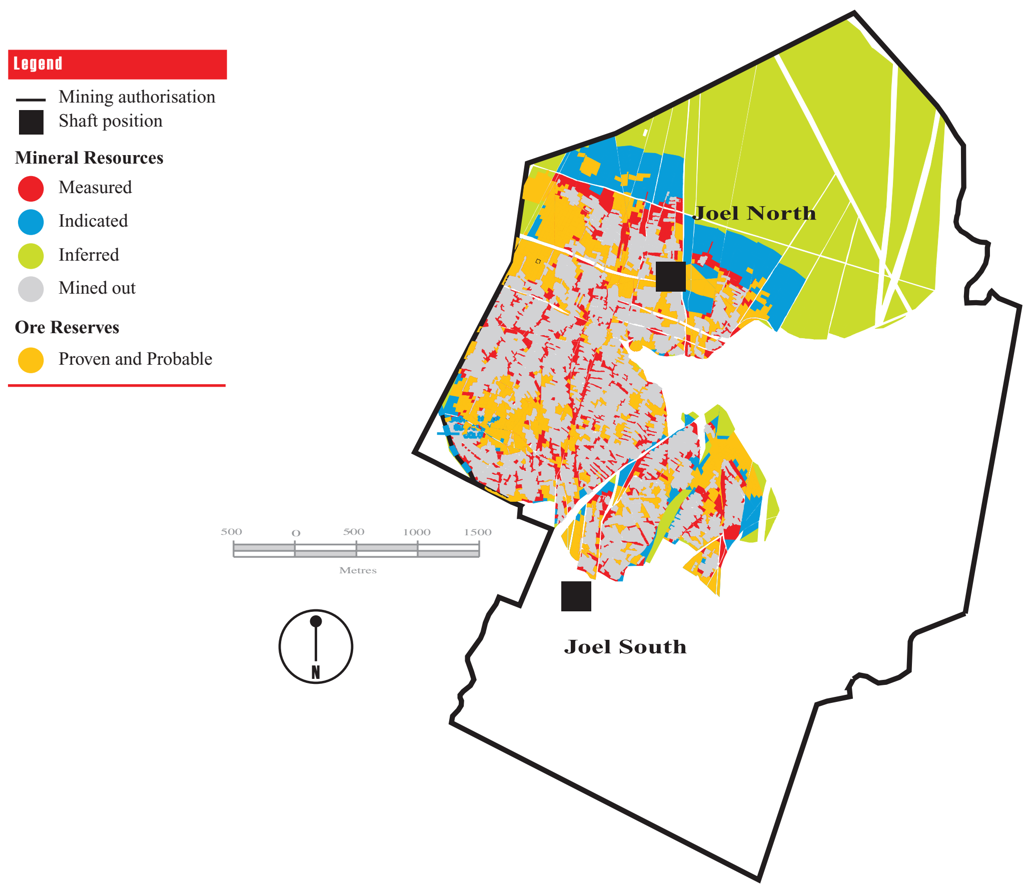
Shaft	PROVEN Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	PROBABLE Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	TOTAL Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Bambanani	6.1	7.01	42.7	1 373	2.3	8.39	19.7	632	8.4	7.39	62.4	2 005
Phakisa	0.1	7.75	0.7	21	19.9	8.42	167.3	5 380	20.0	8.41	168.0	5 401
Tshepong	6.3	7.07	44.4	1 427	16.1	7.17	115.7	3 720	22.4	7.14	160.1	5 147
St Helena 8	0.6	4.31	2.5	81	0.4	4.09	1.5	47	0.9	4.23	4.0	128
Joel	0.8	4.80	3.6	116	3.0	5.23	15.5	498	3.7	5.14	19.1	614
Total	**13.8**	**6.80**	**93.9**	**3 018**	**41.7**	**7.67**	**319.7**	**10 277**	**55.5**	**7.45**	**413.5**	**13 295**
Surface stockpile	**192.4**	**0.28**	**54.7**	**1 757**	**11.4**	**0.59**	**6.7**	**215**	**203.8**	**0.30**	**61.4**	**1 972**
Grand total	**206.2**		**148.5**	**4 775**	**53.1**		**326.3**	**10 492**	**259.3**		**474.9**	**15 267**

Joel Mine geological section looking west





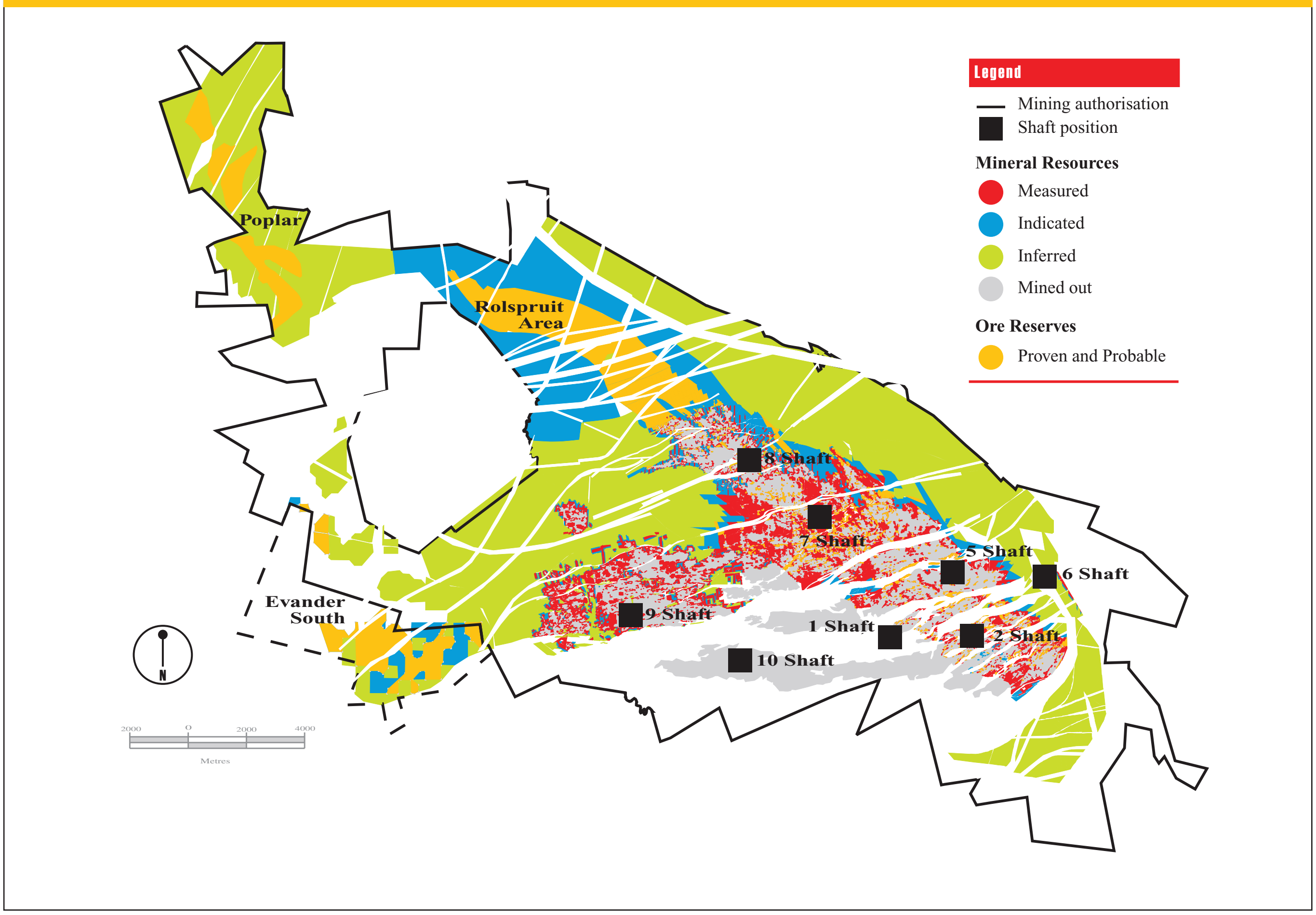
FREEGOLD
Joel North and South Shafts
Beatrix/VS5 Reef



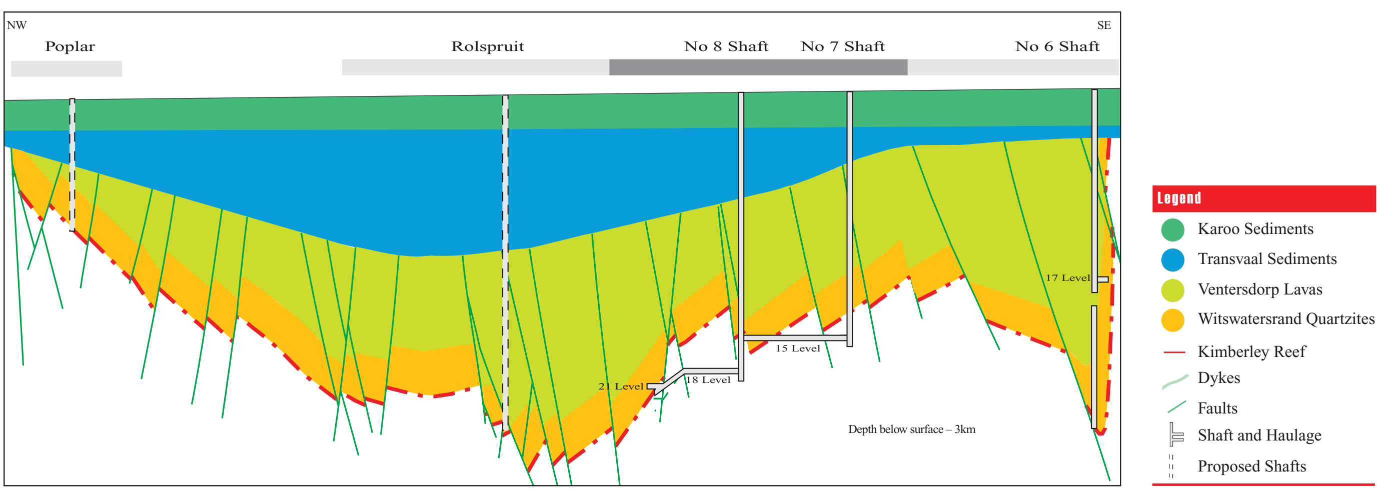
Evander operations

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.

EVANDER OPERATIONS
Evander 2,5,6,7,8 and 9 Shafts
Poplar and Rolspruit areas
Kimberley Reef



Section across the Evander Basin



Mineral resources

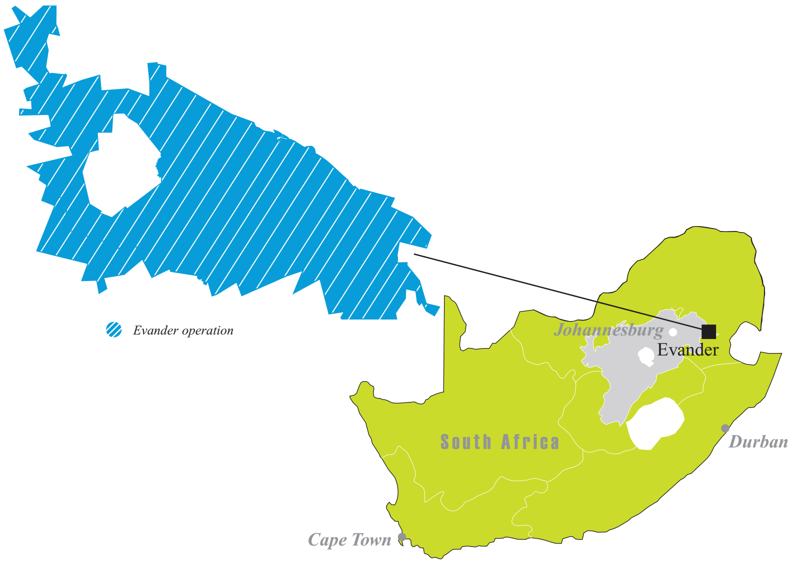
Shaft	Measured Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Indicated Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Inferred Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Total Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Evander 2, 3 and 5	8.6	8.20	70.8	2 278	3.8	6.79	26.1	839	31.0	8.21	254.8	8 191	43.5	8.08	351.7	11 308
Evander 7	17.6	5.07	89.5	2 877	5.5	5.61	30.8	989	20.3	8.15	165.6	5 325	43.5	6.58	285.9	9 191
Evander 8	4.6	7.49	34.8	1 119	21.2	8.39	177.7	5 714	37.6	5.76	216.5	6 962	63.4	6.77	429.1	13 795
Total	**30.9**	**6.31**	**195.1**	**6 274**	**30.5**	**7.69**	**234.6**	**7 542**	**88.9**	**7.16**	**636.9**	**20 478**	**150.4**	**7.09**	**1 066.7**	**34 294**
Projects (below infrastructure)																
Evander South	0.0	0.00	0.0	0	17.7	6.11	108.3	3 481	20.6	5.24	107.6	3 460	38.3	5.64	215.9	6 941
Rolspruit	0.0	0.00	0.0	0	29.1	11.59	337.3	10 846	52.8	2.71	142.9	4 596	81.9	5.87	480.3	15 442
Poplar	0.0	0.00	0.0	0	25.6	7.58	194.0	6 237	0.0	0.00	0.0	–	25.6	7.58	194.0	6 237
Total	**0.0**	**0.00**	**0.0**	**0**	**72.4**	**8.83**	**639.6**	**20 564**	**73.3**	**3.42**	**250.6**	**8 056**	**145.7**	**6.11**	**890.2**	**28 620**
Grand total	**30.9**		**195.1**	**6 274**	**102.9**		**874.2**	**28 106**	**162.2**		**887.5**	**28 534**	**296.1**		**1 956.8**	**62 914**

Modifying factors

Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)	EP (%)
Evander 2, 3 and 5	115 000	73	157	191	96.8	84.3
Evander 7	115 000	83	136	155	97.0	81.6
Evander 8	115 000	75	121	152	96.9	82.0
Evander South	115 000	80	125	131	96.5	
Rolspruit	115 000	80	110	129	97.1	80.8
Poplar	115 000	80	100	116	97.1	85.1

MCF = Mine call factor *MW = Milling width* *SW = Stoping width*

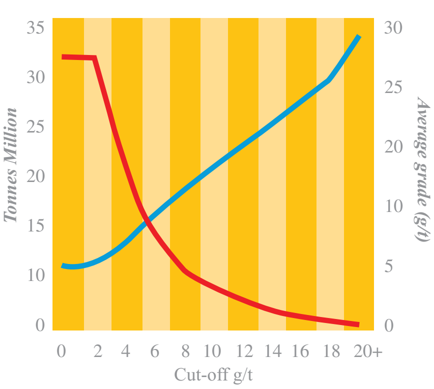
EP = Extraction percentage *PRF = Plant recovery factor*



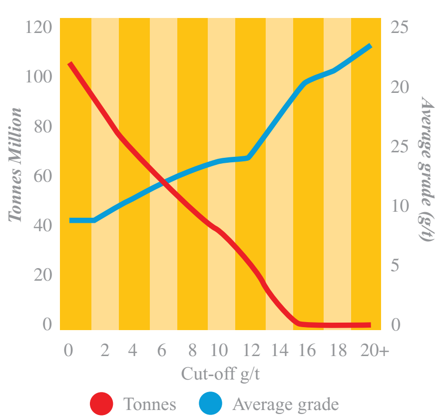
Ore reserves

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												
Evander 2,3 and 5	1.4	6.70	9.6	308	0.8	5.42	4.2	135	2.2	6.25	13.8	443
Evander 7	3.0	6.46	19.5	629	1.4	5.86	8.2	263	4.4	6.27	27.7	892
Evander 8	0.4	8.12	3.3	107	11.8	6.41	75.9	2 441	12.3	6.47	79.2	2 548
Total underground	**4.9**	**6.67**	**32.5**	**1 044**	**14.0**	**6.30**	**88.3**	**2 839**	**18.9**	**6.39**	**120.8**	**3 883**
Projects (below infrastructure)												
Evander South	0.0	0.0	0.0	0	14.0	4.75	66.4	2 136	14.0	4.75	66.4	2 136
Rolspruit	0.0	0.0	0.0	0	24.4	8.71	212.8	6 842	24.4	8.71	212.8	6 842
Poplar	0.0	0.0	0.0	0	13.5	7.45	100.6	3 234	13.5	7.45	100.6	3 234
Total projects	**0.0**	**0.0**	**0.0**	**0**	**51.9**	**7.31**	**379.9**	**12 212**	**51.9**	**7.31**	**379.9**	**12 212**
Grand total	**4.9**	**6.67**	**32.5**	**1 044**	**65.9**	**7.10**	**468.2**	**15 051**	**70.8**	**7.07**	**500.6**	**16 095**

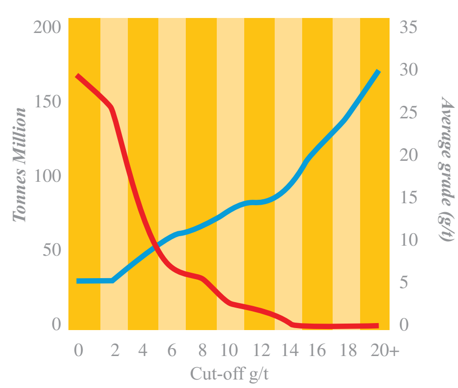
Evander grade tonnage curve – Measured



Evander grade tonnage curve – Indicated

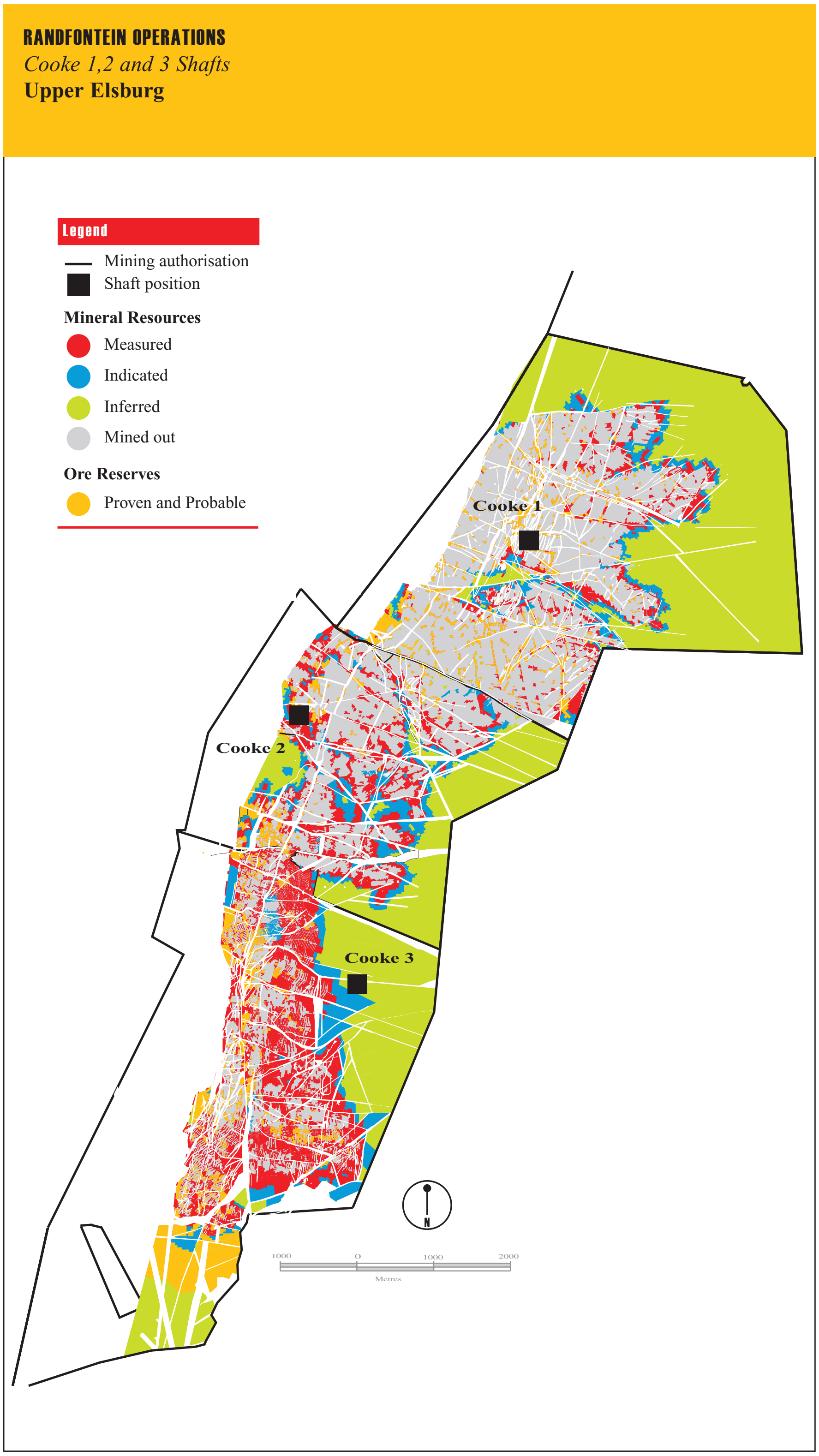


Evander grade tonnage curve – Inferred

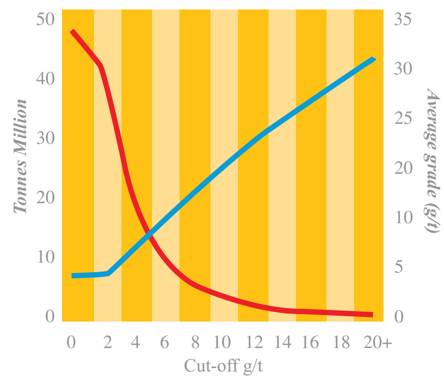


Randfontein operations

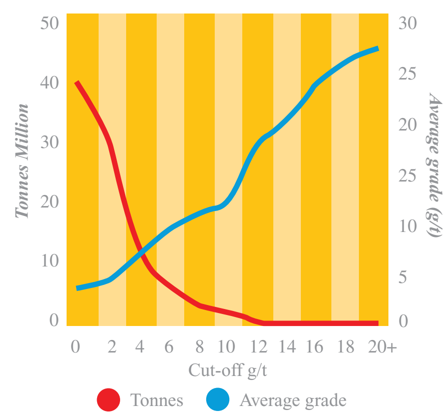
Geology: The structure of the West Rand Goldfield is dominated by the Witpoortjie and Panvlakte Horst blocks, which are superimposed over broad folding associated with the south-east plunging West Rand syncline. At Cooke mines, two major fault trends are present. The first is parallel to the Panvlakte 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 Upper Elsberg Reef with secondary reefs being the E8 Reef and the Ventersdorp Contact Reef. At Doornkop Mine, the Kimberley Reefs and the South Reef are being exploited.



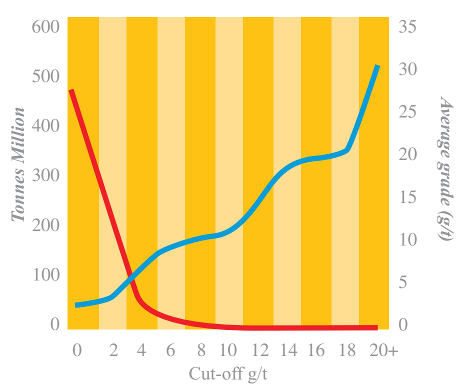
Randfontein grade tonnage curve – Measured



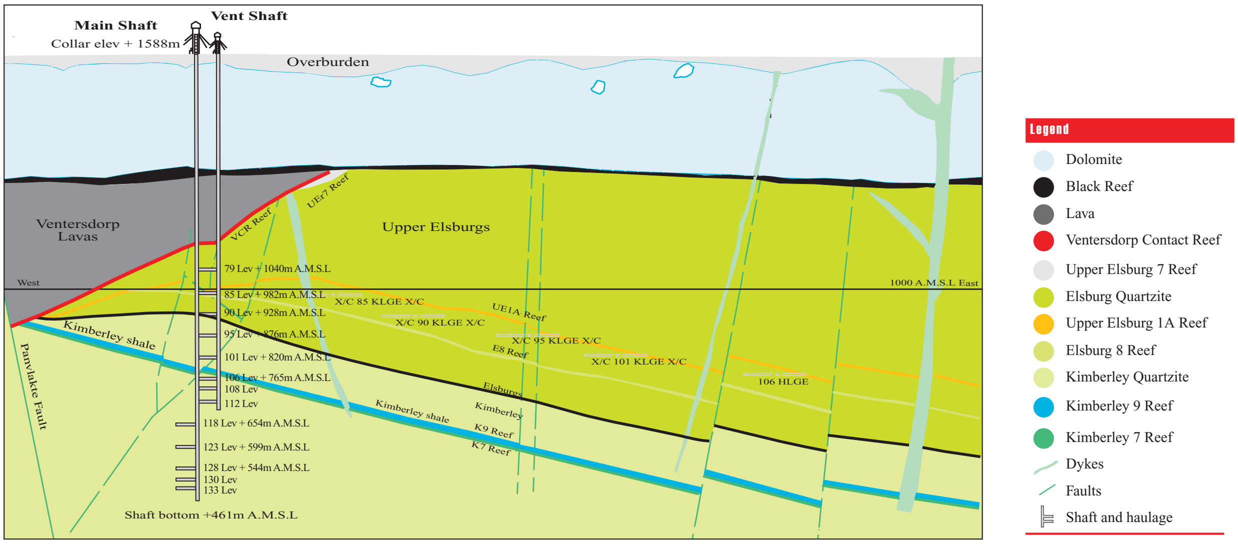
Randfontein grade tonnage curve – Indicated



Randfontein grade tonnage curve – Inferred



Cooke 2 Shaft – geological section looking north



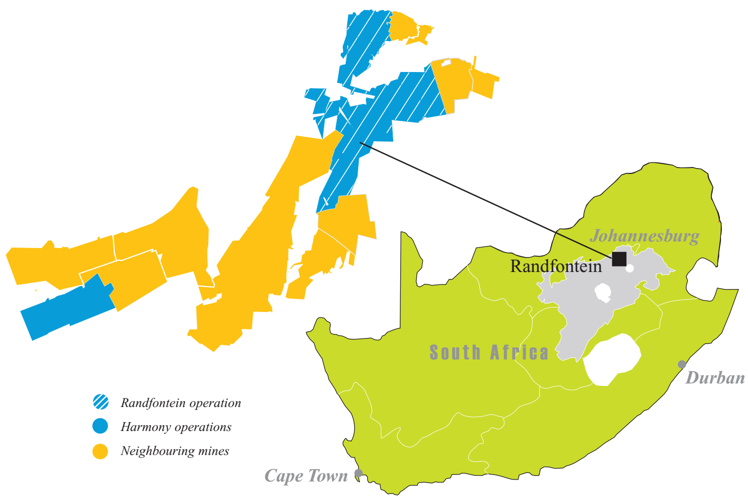
Mineral resources

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																
Cooke 1	10.8	5.32	57.6	1 852	6.2	3.10	19.2	618	63.2	2.46	155.3	4 992	80.2	2.89	232.1	7 462
Cooke 2	8.6	4.42	38.1	1 225	7.3	3.15	23.1	741	80.0	1.54	123.1	3 957	96.0	1.92	184.2	5 923
Cooke 3	17.0	5.91	100.6	3 233	18.7	4.07	76.2	2 451	81.6	3.17	258.6	8 315	117.3	3.71	435.4	13 999
Doornkop Kimberley Reef	9.6	2.94	28.2	908	6.9	2.66	18.5	593	192.9	1.89	364.6	11 723	209.4	1.96	411.3	13 224
Doornkop South Reef	0.3	7.38	2.0	63	1.7	9.81	16.9	545	63.9	5.22	333.8	10 731	65.9	5.35	352.7	11 339
Total	**46.3**	**4.89**	**226.5**	**7 281**	**40.9**	**3.76**	**153.9**	**4 948**	**481.7**	**2.56**	**1 235.4**	**39 718**	**568.9**	**2.84**	**1 615.7**	**51 947**
Surface stockpile	**384.3**	**0.27**	**103.2**	**3 319**	**0.9**	**0.54**	**0.5**	**16**	**0.0**	**0.00**	**0.0**	**–**	**385.2**	**0.27**	**103.7**	**3 335**
Grand total	**430.6**		**329.7**	**10 600**	**41.8**		**154.4**	**4 964**	**481.7**		**1 235.4**	**39 718**	**954.1**		**1 719.4**	**55 282**

Modifying factors

Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)	EP (%)
Cooke 1	115 000	77	169	193	96.5	71.3
Cooke 2	115 000	88	158	170	96.5	59.3
Cooke 3	115 000	70	206	207	96.3	65.1
Doornkop Kimberley Reef	115 000	83	355	361	95.0	59.6
Doornkop South Reef	115 000	75	119	136	95.0	88.2
Surface stockpile	115 000	100				

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

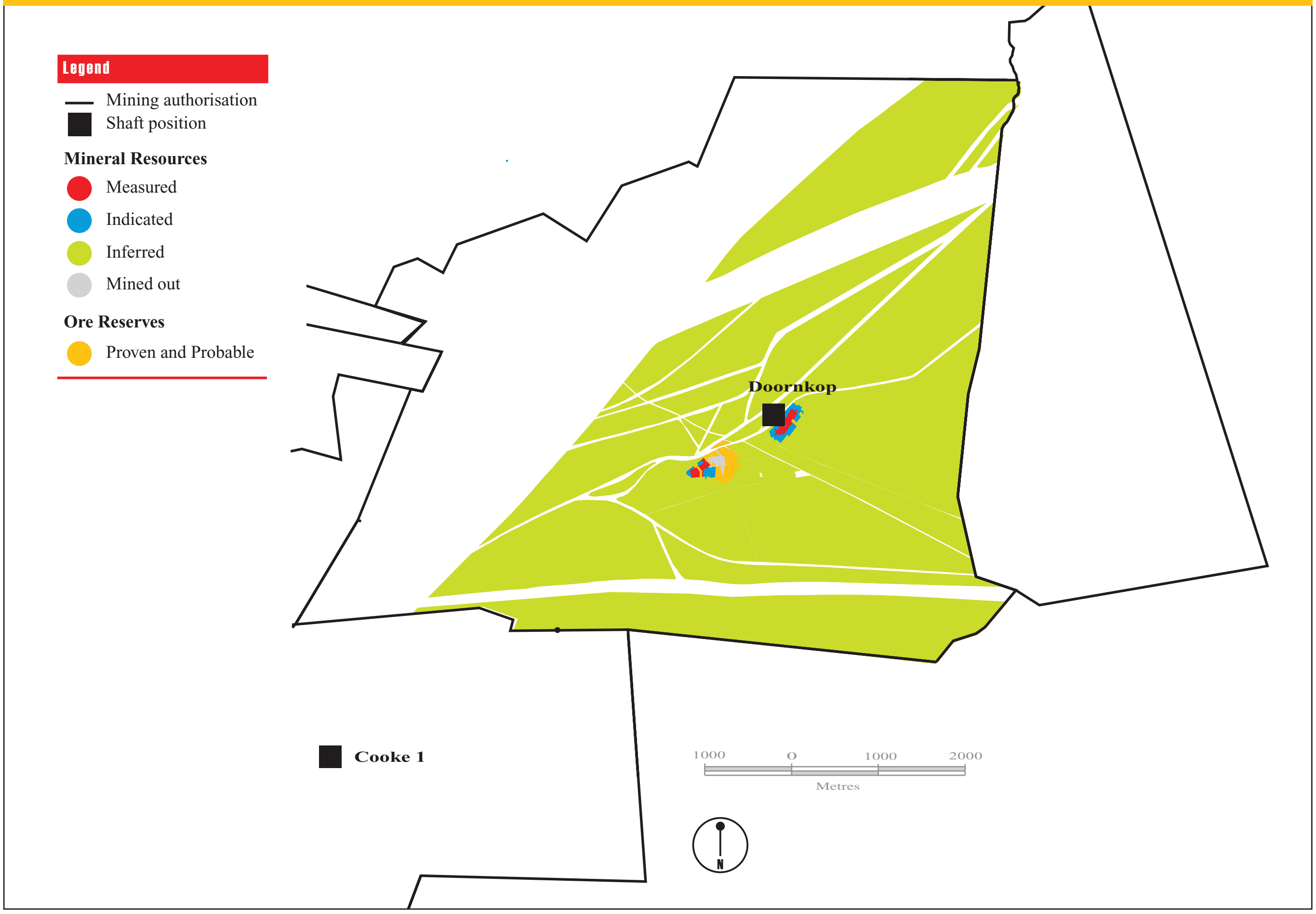


Ore reserves

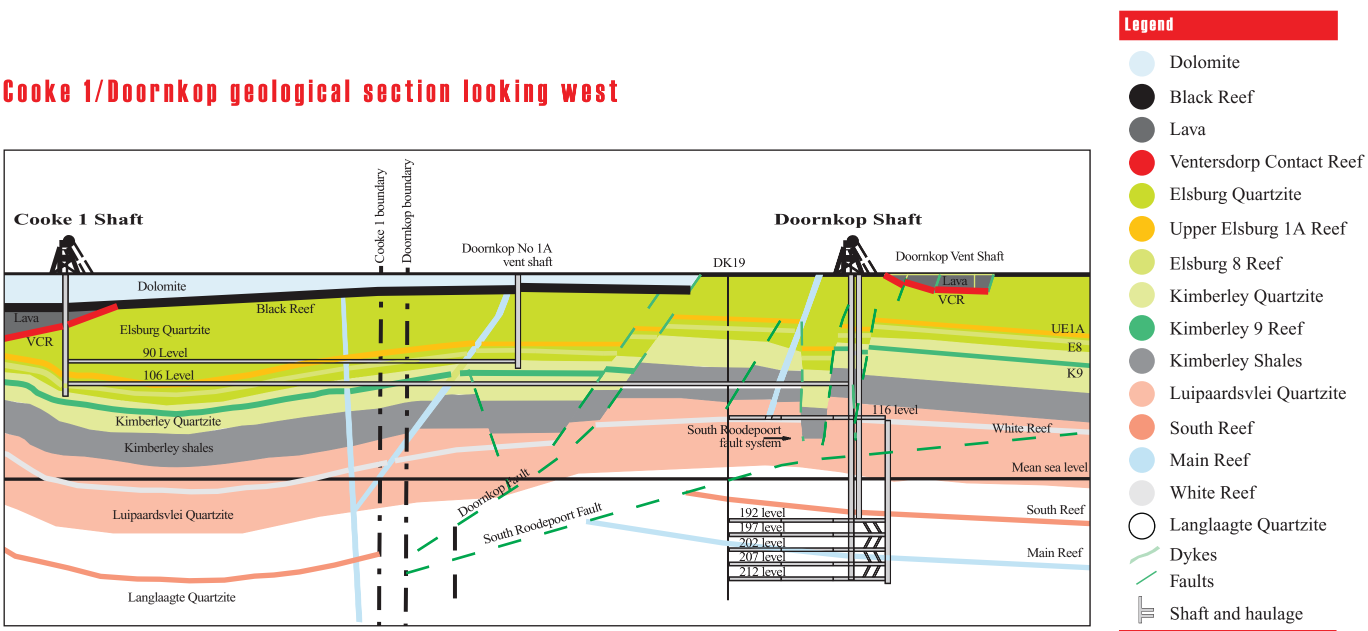
Shaft	Proven Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Probable Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Total Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Cooke 1	0.3	9.29	2.6	82	0.0	4.24	0.1	4	0.3	8.85	2.7	86
Cooke 2	0.5	7.14	3.3	108	0.2	9.87	2.2	71	0.7	8.02	5.5	179
Cooke 3	2.3	8.00	18.5	594	2.4	5.06	12.1	390	4.7	6.50	30.6	984
Doornkop Kimberley Reef	0.03	2.99	0.1	2	0.2	3.12	0.6	18	0.2	3.11	0.6	20
Doornkop South Reef	0.1	6.89	0.5	17	1.5	7.13	10.4	333	1.5	7.11	10.9	350
Total	**3.1**	**7.93**	**25.0**	**803**	**4.3**	**5.93**	**25.4**	**816**	**7.4**	**6.78**	**50.3**	**1 619**
Surface stockpile	**3.7**	**0.69**	**2.6**	**83**	**0.1**	**1.60**	**0.1**	**3**	**3.8**	**0.70**	**2.7**	**86**
Grand total	**6.9**		**27.5**	**886**	**4.3**		**25.5**	**819**	**11.2**		**53.0**	**1 705**

DOORNKOP SHAFT

South Reef



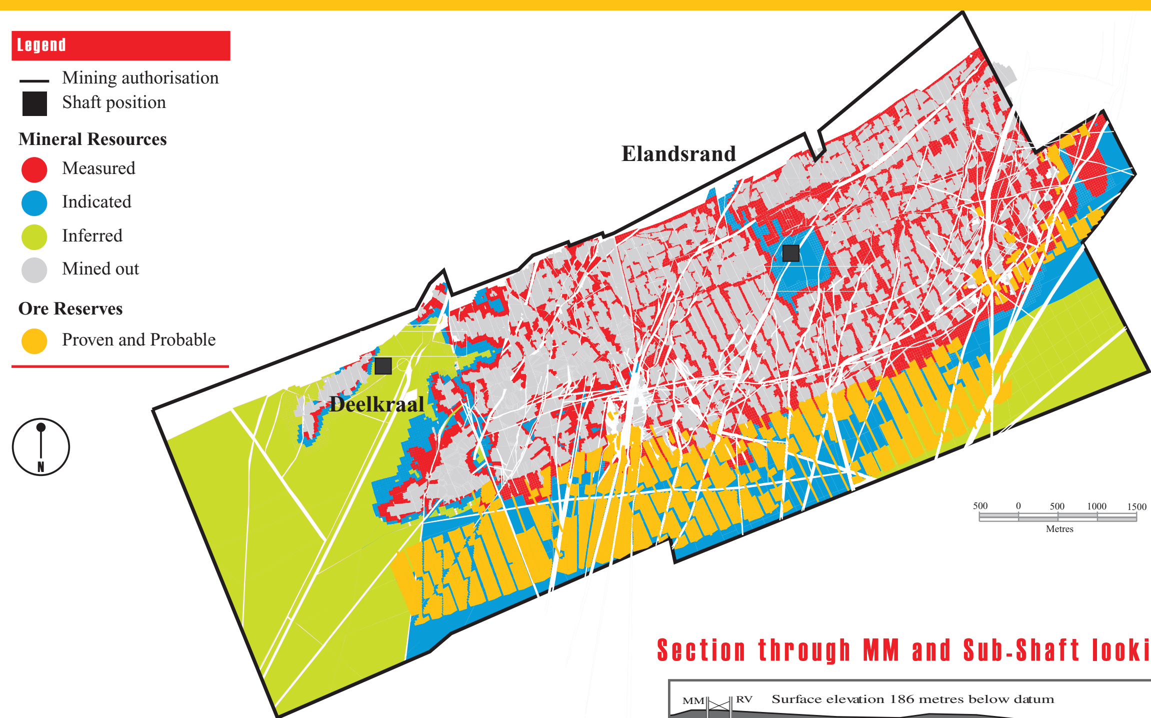
Cooke 1/Doornkop geological section looking west



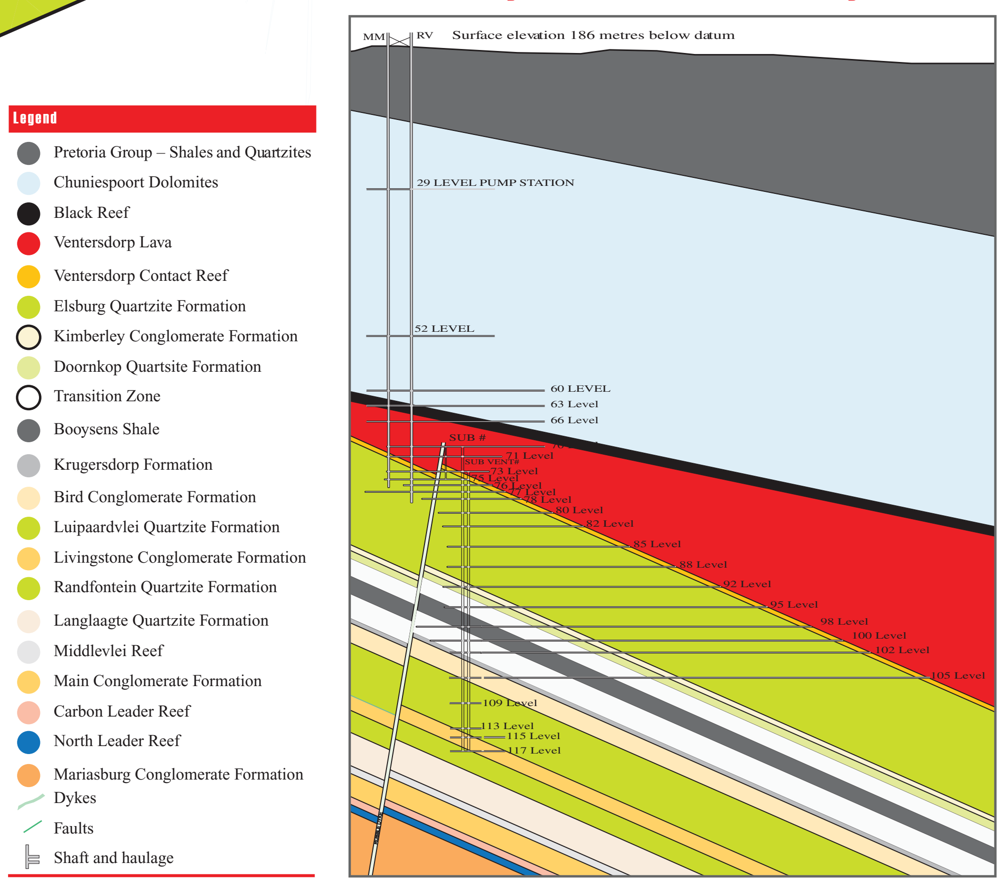
Elandsrand

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 and the Carbon Leader, separated by 900 to 1 300m, increasing from east to west. Secondary targets are the Middelvlei 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.

ELANDSRAND
Elandsrand Shaft, Deelkraal Shaft
Ventersdorp Contact Reef



Section through MM and Sub-Shaft looking east



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																
Elandsrand	17.4	9.24	161.0	5 176	31.8	9.54	302.9	9 738	1.3	10.44	13.7	439	50.5	9.46	477.5	15 353
Grand total	**17.4**		**161.0**	**5 176**	**31.8**		**302.9**	**9 738**	**1.3**		**13.7**	**439**	**50.5**		**477.5**	**15 353**

Modifying factors

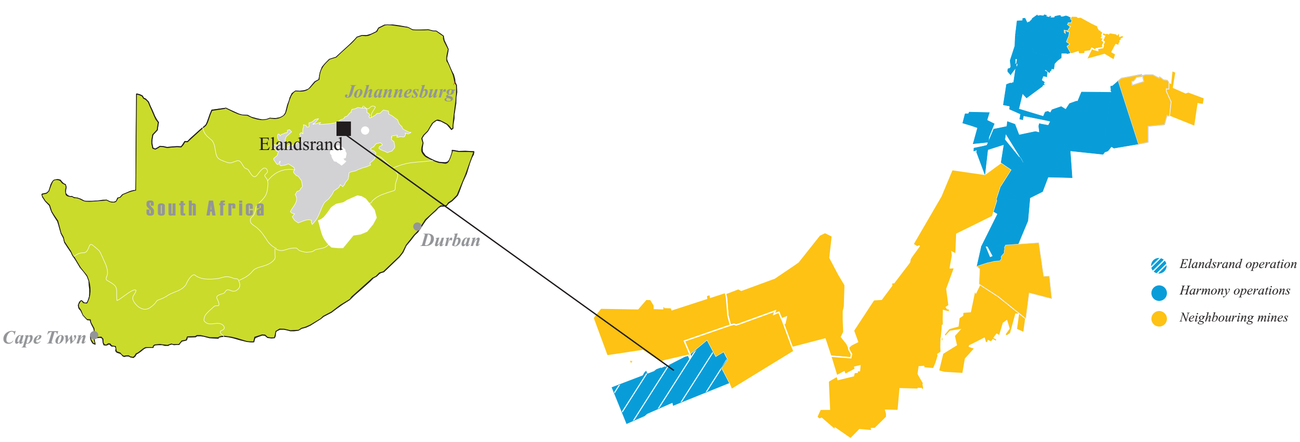
Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)	EP (%)
Elandsrand	115 000	90	122	143	97.0	63.9

MCF = Mine call factor *MW = Milling width* *SW = Stoping width*

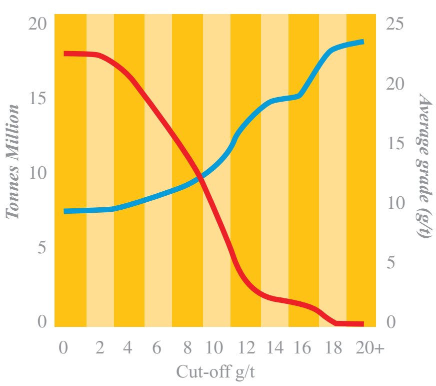
EP = Extraction percentage *PRF = Plant recovery factor*

Ore reserves

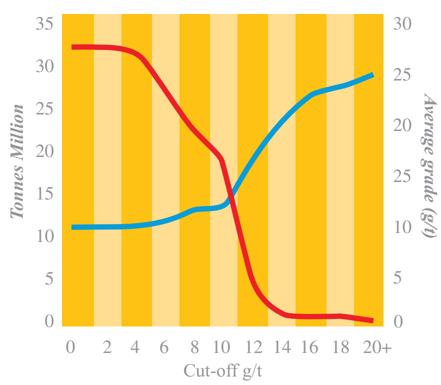
Shaft	Proven Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Probable Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Total Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Elandsrand	6.4	7.62	48.8	1 570	25.3	8.25	208.6	6 707	31.7	8.12	257.5	8 277
Grand total	**6.4**	**7.62**	**48.8**	**1 570**	**25.3**	**8.25**	**208.6**	**6 707**	**31.7**	**8.12**	**257.5**	**8 277**



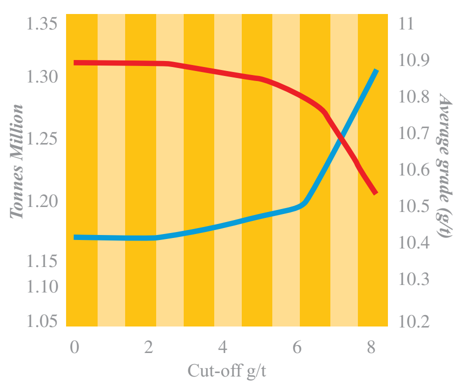
Elandsrand grade tonnage curve – Measured



Elandsrand grade tonnage curve – Indicated



Elandsrand grade tonnage curve – Inferred

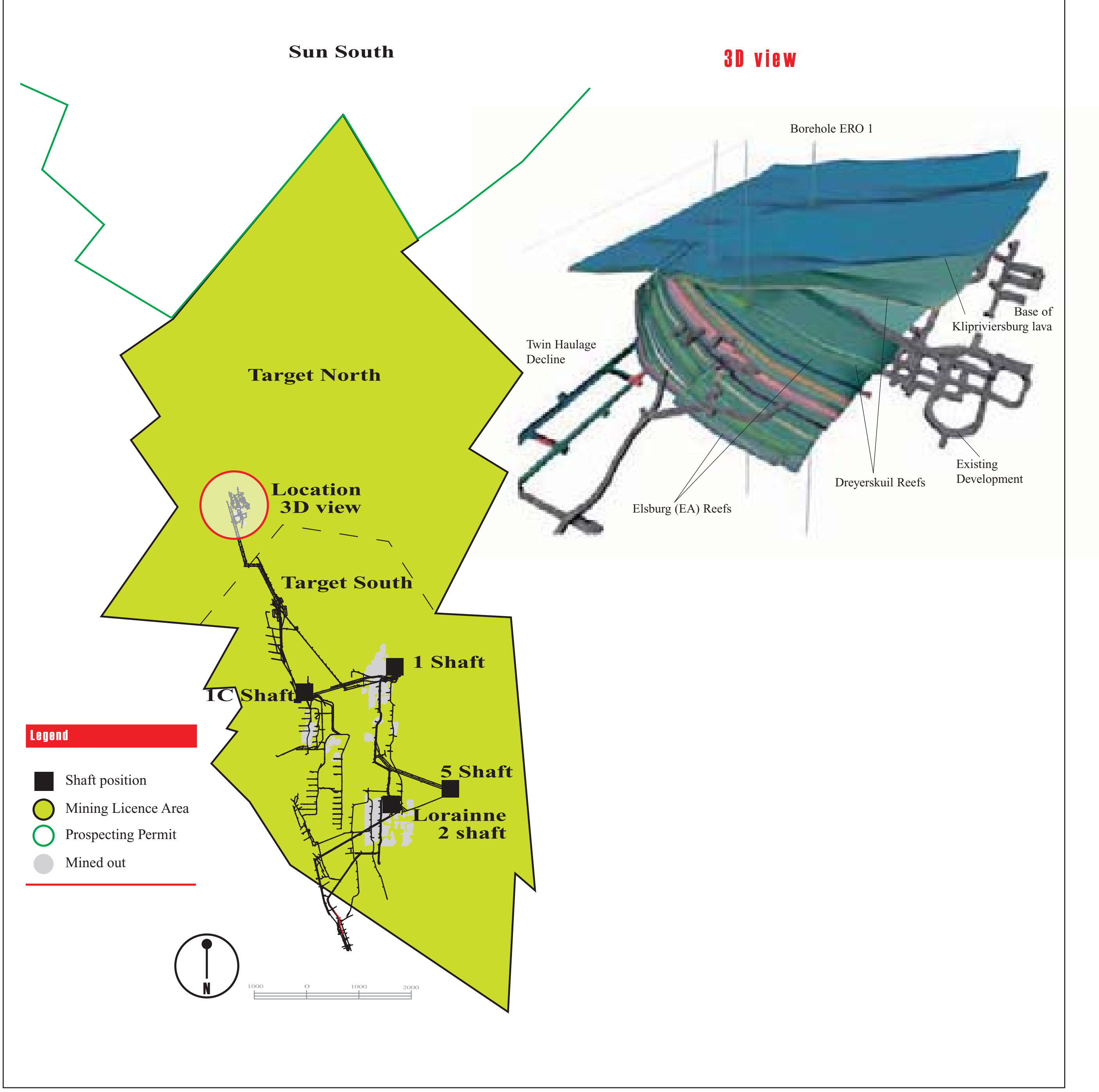


Tonnes Average grade

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 sub-outcrop, 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, A Reef, 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.

TARGET
Elsburg and Dreyerskuil Reefs



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																
Target	14.6	7.75	113.1	3 638	15.4	6.95	107.0	3 440	6.4	6.32	40.7	1 308	36.4	7.16	260.8	8 386
Grand total	**14.6**	**7.75**	**113.1**	**3 638**	**15.4**	**6.95**	**107.0**	**3 440**	**6.4**	**6.32**	**40.7**	**1 308**	**36.4**	**7.16**	**260.8**	**8 386**

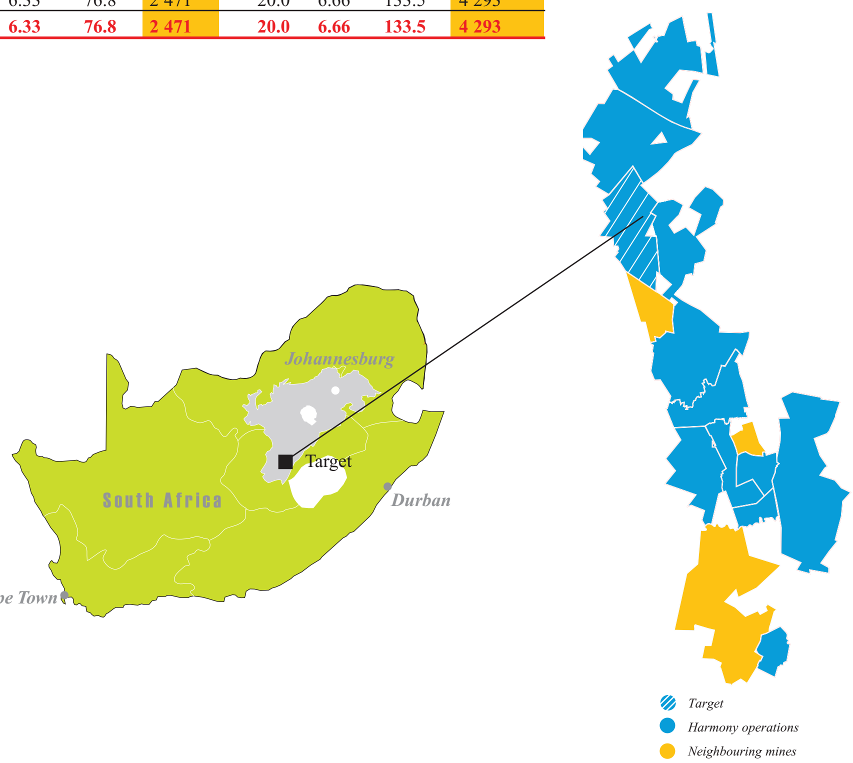
Modifying factors

Shaft	(R/kg)	MCF (%)	Dilution (cm)	PRF (%)
Target	115 000	97	6	97

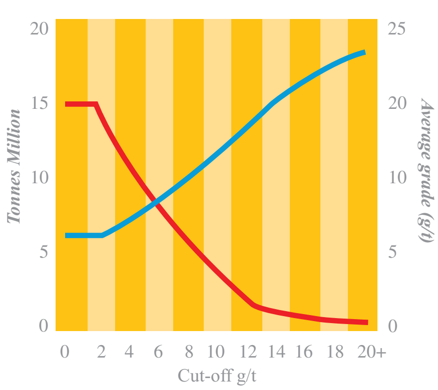
MCF = Mine call factor *PRF = Plant recovery factor*

Ore reserves

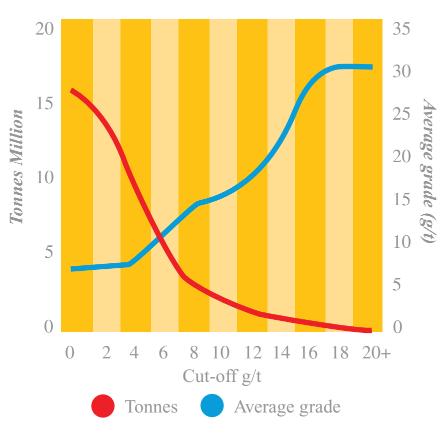
Shaft	Proven Tonnes (Mt)	Proven g/t	Proven Gold (000kg)	Proven Gold (000oz)	Probable Tonnes (Mt)	Probable g/t	Probable Gold (000kg)	Probable Gold (000oz)	Total Tonnes (Mt)	Total g/t	Total Gold (000kg)	Total Gold (000oz)
Underground												
Target	7.9	7.17	56.7	1 822	12.1	6.33	76.8	2 471	20.0	6.66	133.5	4 293
Grand total	**7.9**	**7.17**	**56.7**	**1 822**	**12.1**	**6.33**	**76.8**	**2 471**	**20.0**	**6.66**	**133.5**	**4 293**



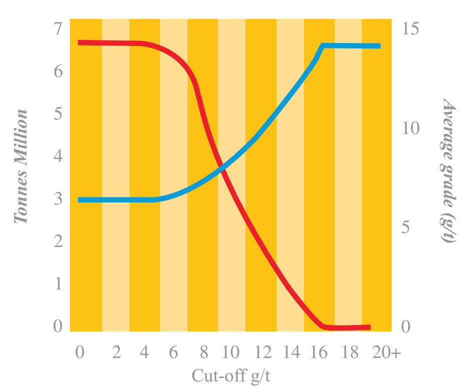
Target grade tonnage curve – Measured



Target grade tonnage curve – Indicated



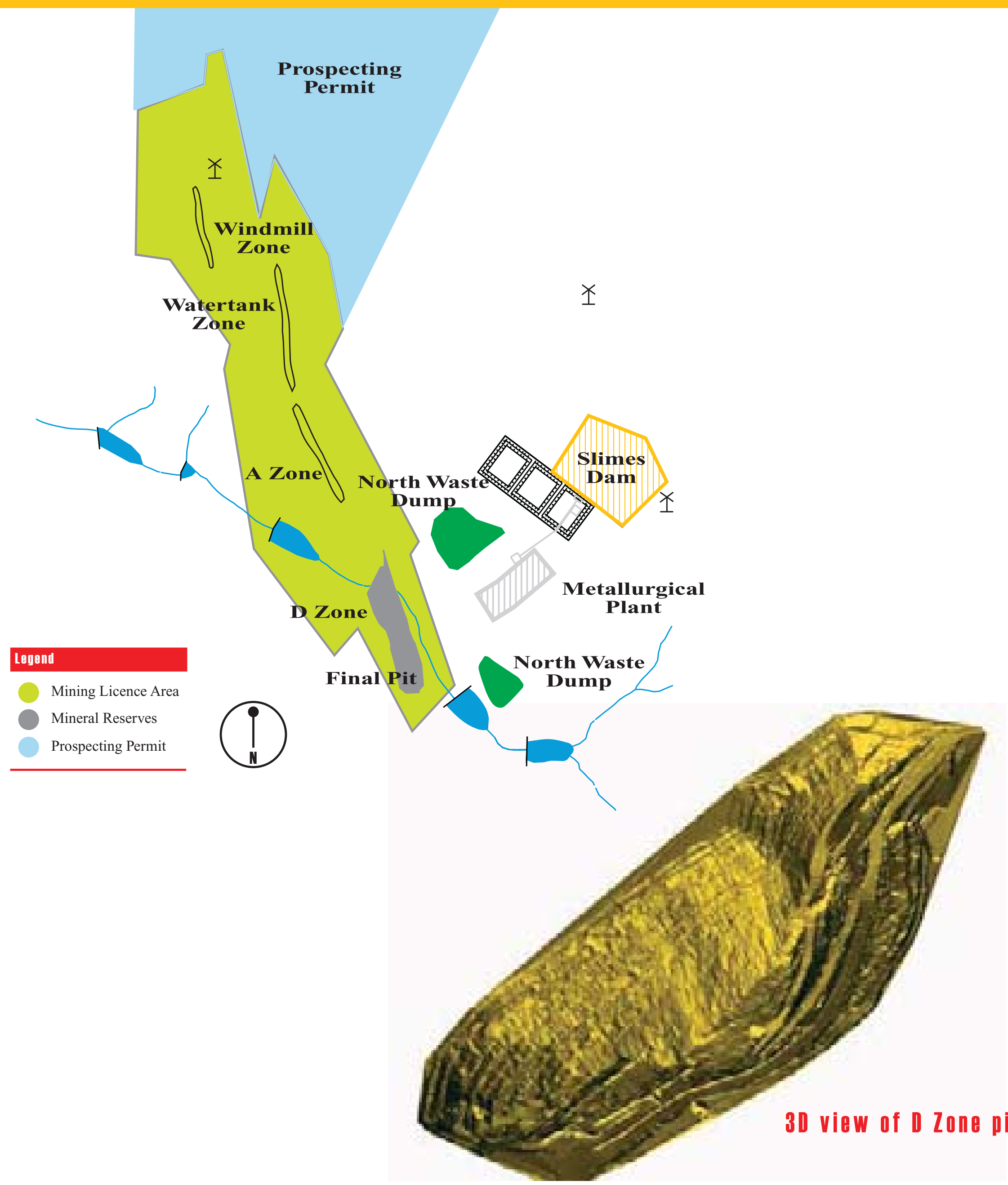
Target grade tonnage curve – Inferred



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 Mielie 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.

KALGOLD
Kraaipan, Greenstone Belt



3D view of D Zone pit

Mineral resources

Mine	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)
Kalgold	7.1	1.53	10.8	347	27.5	1.73	47.5	1 527	0.1	1.52	0.1	4	34.6	1.69	58.4	1 878
Grand total	**7.1**	**1.53**	**10.8**	**347**	**27.5**	**1.73**	**47.5**	**1 527**	**0.1**	**1.52**	**0.1**	**4**	**34.6**	**1.69**	**58.4**	**1 878**

Modifying factors

Mine	(R/kg)	MCF (%)	Dilution (cm)	PRF (%)
Underground	115 000	100	2	85

MCF = Mine call factor PRF = Plant recovery factor

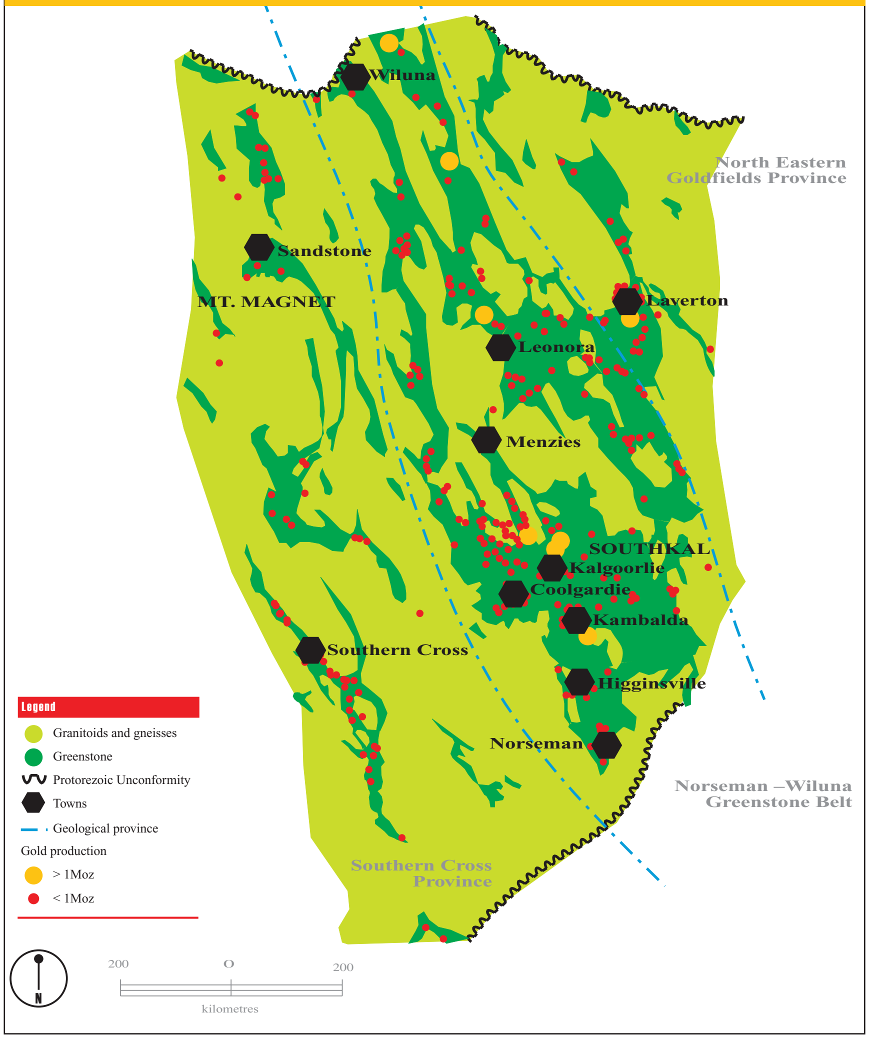
Ore reserves

Mine	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)
Kalgold	3.7	1.00	3.7	118	3.9	1.81	7.1	229	7.6	1.42	10.8	347
Grand total	**3.7**	**1.00**	**3.7**	**118**	**3.9**	**1.81**	**7.1**	**229**	**7.6**	**1.42**	**10.8**	**347**

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.

AUSTRALIAN OPERATIONS
Geological plan of Yilgarn Craton



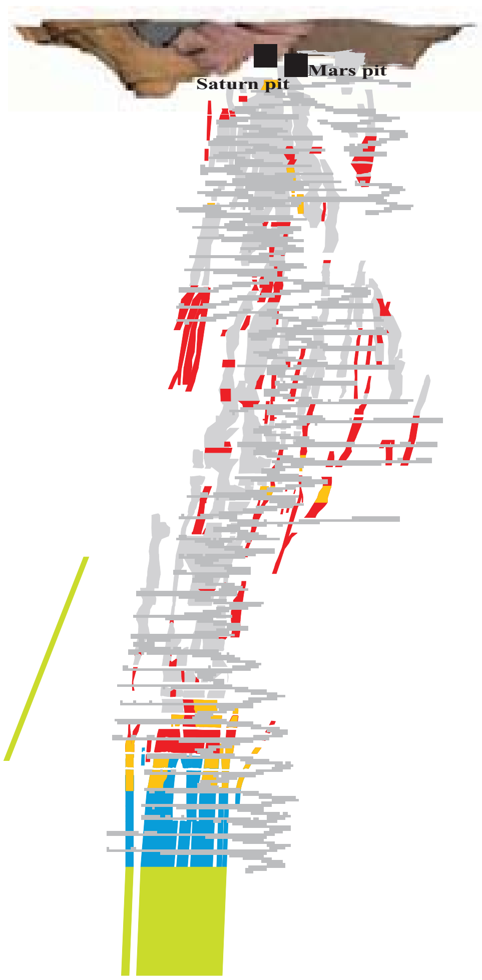
Mineral resources

Mine	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)
South Kal Mines	2.3	1.97	4.6	148	24.9	1.75	43.5	1 398	5.9	1.76	10.3	332	33.1	1.77	58.4	1 878
Mt Magnet	2.8	2.54	7.2	232	16.5	3.46	56.9	1 830	8.8	3.05	26.9	865	28.1	3.24	91.0	2 927
Grand total	**5.2**	**2.28**	**11.8**	**380**	**41.3**	**2.43**	**100.4**	**3 228**	**14.7**	**2.54**	**37.2**	**1 197**	**61.2**	**2.44**	**149.4**	**4 805**

Ore reserves

Mine	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)
South Kal Mines	0.5	0.93	0.4	14	3.9	1.89	7.4	237	4.4	1.79	7.8	251
Mt Magnet	1.8	2.19	3.9	124	0.5	5.03	2.6	85	2.3	2.84	6.5	209
Grand total	**2.2**	**1.93**	**4.3**	**138**	**4.4**	**2.26**	**10.0**	**322**	**6.6**	**2.15**	**14.3**	**460**

AUSTRALIAN OPERATIONS
Hill 50
Mt Magnet
Longitudinal projection looking south-west



Legend
- Mining authorisation
- Shaft position

Mineral Resources
- Measured
- Indicated
- Inferred
- Mined out

Ore Reserves
- Proven and Probable

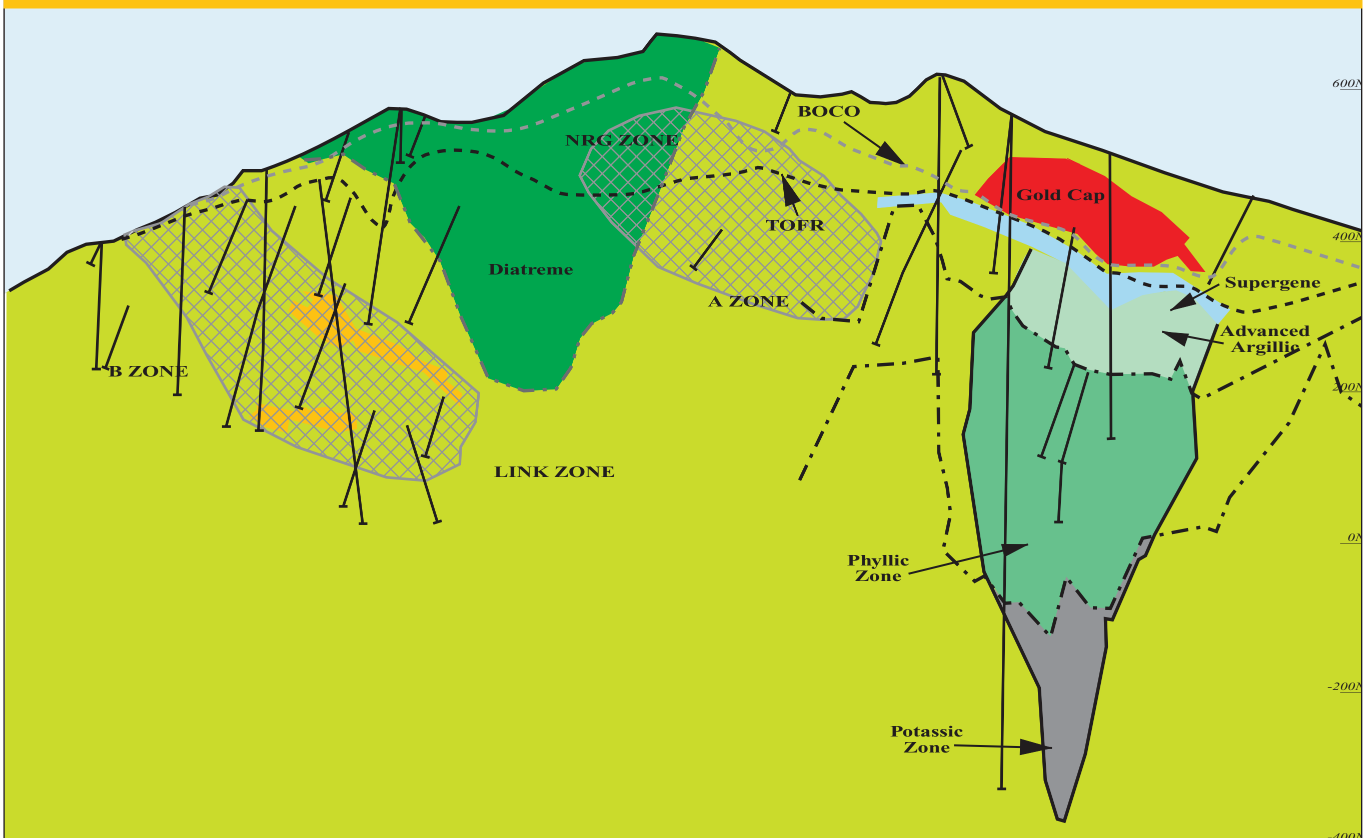
ST GEORGE, MT MAGNET
Longitudinal section looking south-west

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.

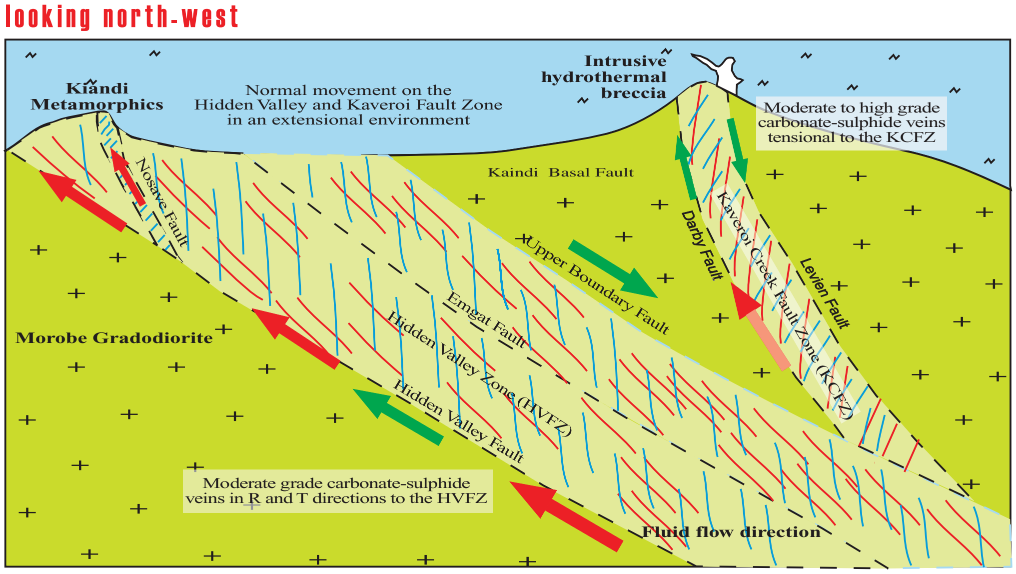
WAFI/GOLPU PROJECT

Oblique section looking north-west



Schematic section showing relationships of the Mineral Resource: Please note that the A zone and NRG zones are projected onto this section. The Zones bound the diatreme and are not hosted in it. The NRG zone fall above the Top of Fresh Rock(TOFR) in the weathered profile.

Schematic geological section through the Hidden Valley and Kaveroi orebodies, looking north-west



Gold

Gold mineral resources

Mine	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)
Hidden Valley and Kaveroi	5.4	2.19	11.7	376	37.0	1.97	73.0	2 347	42.4	1.64	69.5	2 236	84.8	1.82	154.2	4 959
Hamata	0.0	0.00	0.0	0	8.1	2.33	18.8	606	1.3	2.54	3.2	103	9.4	2.36	22.0	709
Wafi	0.0	0.00	0.0	0	67.1	1.90	127.2	4 090	42.6	1.77	75.3	2 420	109.6	1.85	202.5	6 510
Golpu	0.0	0.00	0.0	0	87.6	0.63	55.2	1 774	75.5	0.49	37.0	1 189	163.1	0.57	92.2	2 963
Grand total	**5.4**	**2.19**	**11.7**	**376**	**199.8**	**1.37**	**274.2**	**8 817**	**161.7**	**1.14**	**185.0**	**5 948**	**366.8**	**1.28**	**470.9**	**15 141**

Gold ore reserves

Mine	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)
Hidden Valley and Kaveroi	5.1	2.18	11.1	358	33.0	1.89	62.5	2 008	38.1	1.93	73.6	2 366
Hamata	0.0	0.00	0.0	0	6.6	2.38	15.7	506	6.6	2.38	15.7	506
Golpu	0.0	0.00	0.0	0	70.8	0.61	43.2	1 389	70.8	0.61	43.2	1 389
Grand total	**5.1**	**2.18**	**11.1**	**358**	**110.4**	**1.10**	**121.4**	**3 903**	**115.5**	**1.15**	**132.5**	**4 261**

Gold price used = US$520/oz

Silver

Silver mineral resources

Mine	Measured Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Indicated Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Inferred Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Total Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)
Hidden Valley and Kaveroi	5.4	39.66	212.2	6 821	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
Grand total	**5.4**	**39.66**	**212.2**	**6 821**	**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

Mine	PROVEN Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	PROBABLE Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	TOTAL 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**

Silver price used = US$8/oz

Copper

Copper mineral resources

Mine	Measured Tonnes (Mt)	%	Cu ('000 t)	Cu (M lbs)	Indicated Tonnes (Mt)	%	Cu ('000 t)	Cu (M lbs)	Inferred Tonnes (Mt)	%	Cu ('000 t))	Cu (M lbs)	Total Tonnes (Mt)	%	Cu ('000 t)	Cu (M lbs)
Golpu	0.0	0.0	0.0	0.0	87.6	1.39	1 217.9	2 684	75.5	0.72	543.5	1 198	163.1	1.08	1 761.4	3 882
Grand total	**0.0**	**0.0**	**0.0**	**0.0**	**87.6**	**1.39**	**1 217.9**	**2 684**	**75.5**	**0.72**	**543.5**	**1 198**	**163.1**	**1.08**	**1 761.4**	**3 882**

Copper ore reserves

Mine	PROVEN Tonnes (Mt)	%	Cu (000 t)	Cu (M lbs)	PROBABLE Tonnes (Mt)	%	Cu (000 t)	Cu (M lbs)	TOTAL Tonnes (Mt)	%	Cu (000 t)	Cu (M lbs)
Golpu	0.0	0.00	0.0	0.0	70.8	1.13	800.0	1 763	70.8	1.13	800.0	1 763
Grand total	**0.0**	**0.00**	**0.0**	**0.0**	**70.8**	**1.13**	**800.0**	**1 763**	**70.8**	**1.13**	**800.0**	**1 763**

Copper price used = US$2.30/lb

Molybdenum

Molybdenum mineral resources

Mine	Measured Tonnes (Mt)	ppm	Mo ('000 t)	Mo (M lbs)	Indicated Tonnes (Mt)	ppm	Mo ('000 t)	Mo (M lbs)	Inferred Tonnes (Mt)	ppm	Mo ('000 t))	Mo (M lbs)	Total Tonnes (Mt)	%	Cu ('000 t)	Cu (M lbs)
Golpu	0.0	0.0	0.0	0.0	87.6	110.00	9.6	21	75.5	157.00	11.9	26	163.1	131.75	21.5	47
Grand total	**0.0**	**0.0**	**0.0**	**0.0**	**87.6**	**110.00**	**9.6**	**21**	**75.5**	**157.00**	**11.9**	**26**	**163.1**	**131.75**	**21.5**	**47**

Molybdenum ore reserves

Mine	PROVEN Tonnes (Mt)	%	Cu (000 t)	Cu (M lbs)	PROBABLE Tonnes (Mt)	%	Cu (000 t)	Cu (M lbs)	TOTAL Tonnes (Mt)	%	Cu (000 t)	Cu (M lbs)
Golpu	0.0	0.00	0.0	0.0	70.8	121.00	8.6	19	70.8	121.00	8.6	19
Grand total	**0.0**	**0.00**	**0.0**	**0.0**	**70.8**	**121.00**	**8.6**	**19**	**70.8**	**121.00**	**8.6**	**19**

Molybdenum price used = US$20/lb

South Africa Uranium mineral resources

Mine	Measured Tonnes (Mt)	kg/t	U_3O_8 (000kg)	U_3O_8 (000lb)	Indicated Tonnes (Mt)	kg/t	U_3O_8 (000kg)	U_3O_8 (000lb)	Inferred Tonnes (Mt)	kg/t	U_3O_8 (000kg)	U_3O_8 (000lb)	Total Tonnes (Mt)	k/t	U_3O_8 (000kg)	U_3O_8 (000lb)
Randfontein	362	0.099	35 844	79 000	1	0.055	49	107					363	0.099	35 893	79 107
Free State	193	0.071	13 612	30 000	71	0.066	1 537	10 000					264	0.069	18 149	40 000
Grand total	**555**	**0.089**	**49 456**	**109 000**	**72**	**0.064**	**4 586**	**10 107**					**627**	**0.086**	**54 041**	**119 107**

** Resources quoted represent total contained (dry) dump resources.*
** No economic cut-offs have been applied.*

Breakdown of mineral resources and ore reserves 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 reference we have provided a breakdown of our mineral resources and ore reserves according to quality, leveraged and growth assets.

- 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.

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	8.6	8.20	70.8	2 278	3.8	6.79	26.1	839	31.0	8.21	254.8	8 191	43.5	8.08	351.7	11 308
Evander 7	17.6	5.07	89.5	2 877	5.5	5.61	30.8	989	20.3	8.15	165.6	5 325	43.5	6.58	285.9	9 191
Evander 8	4.6	7.49	34.8	1 119	21.2	8.39	177.7	5 714	37.6	5.76	216.5	6 962	63.4	6.77	429.1	13 795
Cooke 1	10.8	5.32	57.6	1 852	6.2	3.10	19.2	618	63.2	2.46	155.3	4 992	80.2	2.89	232.1	7 462
Cooke 2	8.6	4.42	38.1	1 225	7.3	3.15	23.1	741	80.0	1.54	123.1	3 957	96.0	1.92	184.2	5 923
Cooke 3	17.0	5.91	100.6	3 233	18.7	4.07	76.2	2 451	81.6	3.17	258.6	8 315	117.3	3.71	435.4	13 999
Target	14.6	7.75	113.1	3 638	15.4	6.95	107.0	3 440	6.4	6.32	40.7	1 308	36.4	7.16	260.8	8 386
Tshepong	8.2	11.77	96.9	3 116	22.2	11.39	252.7	8 123	29.4	5.88	172.9	5 559	59.8	8.73	522.5	16 798
Masimong5	13.0	7.00	91.2	2 933	18.9	5.41	102.3	3 289	132.5	5.27	698.2	22 447	164.5	5.42	891.7	28 669
Sub total	**103.2**	**6.71**	**692.7**	**22 271**	**119.2**	**6.84**	**815.1**	**26 204**	**482.2**	**4.33**	**2 085.7**	**67 056**	**704.6**	**5.10**	**3593.4**	**115 531**
Projects (below infrastructure)																
Evander South	0.0	0.00	0.0	0	17.7	6.11	108.3	3 481	20.6	5.24	107.6	3 460	38.3	5.64	215.9	6 941
Rolspruit	0.0	0.00	0.0	0	29.1	11.59	337.3	10 846	52.8	2.71	142.9	4 596	81.9	5.87	480.3	15 442
Poplar	0.0	0.00	0.0	0	25.6	7.6	194.0	6 237	0.0	0.00	0.0	0.00	25.6	7.58	194.0	6 237
Total	**0.0**	**0.00**	**0.0**	**0**	**72.4**	**8.83**	**639.6**	**20 564**	**73.3**	**3.42**	**250.6**	**8 056**	**145.7**	**6.11**	**890.2**	**28 620**
Grand total	**103.2**	**6.71**	**692.7**	**22 271**	**191.6**	**7.59**	**1 454.7**	**46 768**	**555.5**	**4.21**	**2 336.2**	**75 112**	**850.3**	**5.27**	**4 483.6**	**144 151**

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	1.4	6.70	9.6	308	0.8	5.42	4.2	135	2.2	6.25	13.8	443
Evander 7	3.0	6.46	19.5	629	1.4	5.86	8.2	263	4.4	6.27	27.7	892
Evander 8	0.4	8.12	3.3	107	11.8	6.41	75.9	2 441	12.3	6.47	79.2	2 548
Cooke 1	0.3	9.29	2.6	82	0.0	4.24	0.1	4	0.3	8.85	2.7	86
Cooke 2	0.5	7.14	3.3	108	0.2	9.87	2.2	71	0.7	8.02	5.5	179
Cooke 3	2.3	8.00	18.5	594	2.4	5.06	12.1	390	4.7	6.50	30.6	984
Target	7.9	7.17	56.7	1 822	12.1	6.33	76.8	2 471	20.0	6.66	133.5	4 293
Tshepong	6.3	7.07	44.4	1 427	16.1	7.17	115.7	3 720	22.4	7.14	160.1	5 147
Masimong 5	5.1	6.00	30.9	993	4.0	5.69	22.8	732	9.1	5.86	53.6	1 725
Sub total	**27.3**	**6.93**	**188.8**	**6 070**	**48.9**	**6.50**	**318.1**	**10 227**	**76.2**	**6.65**	**506.8**	**16 297**
Projects (below infrastructure)												
Evander South	0.0	0.00	0.0	0	14.0	4.75	66.4	2 136	14.0	4.75	66.4	2 136
Rolspruit	0.0	0.00	0.0	0	24.4	8.71	212.8	6 842	24.4	8.71	212.8	6 842
Poplar	0.0	0.00	0.0	0	13.5	7.45	100.6	3 234	13.5	7.45	100.6	3 234
Sub total	**0.0**	**0.00**	**0.0**	**0**	**51.9**	**7.31**	**379.9**	**12 212**	**51.9**	**7.31**	**379.9**	**12 212**
Grand total	**27.3**	**6.93**	**188.8**	**6 070**	**100.9**	**6.92**	**697.9**	**22 439**	**128.1**	**6.92**	**886.7**	**28 509**

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	6.2	3.99	24.8	796	5.5	2.70	14.8	477	100.8	3.44	347.0	11 156	112.5	3.44	386.6	12 429
Merriespruit 1	13.9	3.95	54.7	1 760	11.8	3.62	42.6	1 369	22.8	3.72	84.7	2 725	48.4	3.76	182.1	5 854
Merriespruit 3	14.5	3.61	52.4	1 683	11.8	3.68	43.4	1 396	27.2	3.77	102.5	3 294	53.5	3.71	198.2	6 373
Unisel	9.7	4.18	40.6	1 305	17.5	3.71	65.0	2 090	48.2	4.09	197.4	6 348	75.4	4.02	303.0	9 743
Brand 3	2.3	4.72	10.7	343	0.8	4.39	3.7	119	0.6	4.11	2.5	81	3.7	4.54	16.9	543
Bambanani	14.5	10.12	146.4	4 705	7.5	8.25	61.8	1 987	15.1	5.08	76.8	2 470	37.1	7.68	285.0	9 162
St Helena 8 Shaft	4.5	5.60	24.9	801	1.5	4.47	6.6	212	3.6	4.34	15.8	507	9.6	4.94	47.3	1 520
Joel	5.1	5.35	27.2	874	4.6	6.02	27.5	885	13.4	6.44	86.3	2 774	23.1	6.12	141.0	4 533
Kalgold	7.1	1.53	10.8	347	27.5	1.73	47.5	1 527	0.1	1.52	0.1	4	34.6	1.69	58.4	1 878
Total underground	**77.6**	**5.06**	**392.4**	**12 614**	**88.4**	**3.54**	**313.0**	**10 062**	**231.9**	**3.94**	**913.1**	**29 359**	**397.9**	**4.07**	**1618.5**	**52 035**

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	0.7	4.70	3.4	110	0.2	3.48	0.6	20	0.9	4.46	4.1	130
Merriespruit 1	0.8	4.66	3.8	122	0.6	4.42	2.8	91	1.5	4.55	6.6	213
Merriespruit 3	0.3	4.48	1.4	45	0.7	4.76	3.2	102	1.0	4.67	4.6	147
Unisel	1.8	5.32	9.4	303	2.1	5.22	11.2	361	3.9	5.27	20.7	664
Brand 3	0.5	4.45	2.2	70	0.1	4.29	0.4	14	0.6	4.43	2.6	84
Bambanani	6.1	7.01	42.7	1 373	2.3	8.39	19.7	632	8.4	7.39	62.4	2 005
St Helena 8	0.6	4.31	2.5	81	0.4	4.09	1.5	47	0.9	4.23	4.0	128
Joel	0.8	4.80	3.6	116	3.0	5.23	15.5	498	3.7	5.14	19.1	614
Kalgold	3.7	1.00	3.7	118	3.9	1.81	7.1	229	7.6	1.42	10.8	347
Total underground	**15.2**	**4.78**	**72.7**	**2 338**	**13.3**	**4.65**	**62.0**	**1 994**	**28.5**	**4.72**	**134.7**	**4 332**

Growth 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																
Doornkop																
South Reef	0.3	7.38	2.0	63	1.7	9.81	16.9	545	63.9	5.22	333.8	10 731	65.9	5.35	352.7	11 339
Elandsrand	17.4	9.24	161.0	5 176	31.8	9.54	302.9	9 738	1.3	10.44	13.7	439	50.5	9.46	477.5	15 353
Phakisa	0.1	11.44	1.0	31	24.1	11.63	280.7	9 023	30.3	7.46	226.1	7 269	54.5	9.31	507.7	16 323
Total underground	**17.8**	**9.22**	**163.9**	**5 270**	**57.6**	**10.42**	**600.5**	**19 306**	**95.6**	**6.00**	**573.5**	**18 439**	**171.0**	**7.83**	**1337.9**	**43 015**

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												
Doornkop												
South Reef	0.1	6.89	0.5	17	1.5	7.13	10.4	333	1.5	7.11	10.9	350
Elandsrand	6.4	7.62	48.8	1 570	25.3	8.25	208.6	6 707	31.7	8.12	257.5	8 277
Phakisa	0.1	7.75	0.7	21	19.9	8.42	167.3	5 380	20.0	8.41	168.0	5 401
Total underground	**6.6**	**7.61**	**50.0**	**1 608**	**46.6**	**8.28**	**386.3**	**12 420**	**53.2**	**8.20**	**436.3**	**14 028**

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	7.1	0.222	1.57	27.9	0.240	6.71	35.0	0.237	8.28
Free State	10.2	0.161	1.64	8.5	0.155	1.32	18.8	0.158	2.96
Randfontein	3.5	0.232	0.80	4.7	0.173	0.82	8.2	0.198	1.62
Evander	5.4	0.195	1.04	15.5	0.184	2.84	20.8	0.187	3.88
Evander (below infrastructure)				57.2	0.213	12.21	57.2	0.213	12.21
Target	8.7	0.209	1.82	13.4	0.185	2.47	22.1	0.194	4.29
Free Gold	15.2	0.198	3.02	45.9	0.224	10.28	61.1	0.217	13.30
Total S.A. Underground	**50.0**	**0.198**	**9.90**	**173.2**	**0.213**	**36.64**	**223.2**	**0.209**	**46.54**
South Africa surface									
Randfontein	4.1	0.020	0.08	0.1	0.054	0.00	4.2	0.021	0.09
Kalgold	4.0	0.029	0.12	4.3	0.053	0.23	8.4	0.041	0.35
Free Gold	212.1	0.008	1.76	12.6	0.017	0.22	224.7	0.009	1.97
Total S.A. Surface	**220.2**	**0.009**	**1.96**	**17.0**	**0.026**	**0.45**	**237.2**	**0.010**	**2.41**
Australian operations[2]									
Mt. Magnet	1.9	0.064	0.12	0.6	0.147	0.09	2.5	0.083	0.21
South Kalgoorlie	0.5	0.028	0.01	4.3	0.055	0.24	4.8	0.052	0.25
Total Australian Operations	**2.4**	**0.056**	**0.14**	**4.9**	**0.066**	**0.32**	**7.3**	**0.063**	**0.46**
Papua New Guinea[3]									
Hidden Valley	5.6	0.064	0.36	36.4	0.055	2.01	42.0	0.056	2.37
Kaveroi and Hamata				7.3	0.070	0.51	7.2	0.070	0.51
Golpu				78.1	0.018	1.39	78.5	0.018	1.39
Total Papua New Guinea	**5.6**	**0.064**	**0.36**	**121.7**	**0.032**	**3.90**	**127.3**	**0.033**	**4.26**
Grand total	**278.3**	**0.044**	**12.35**	**316.7**	**0.130**	**41.31**	**595.1**	**0.090**	**53.67**

1 Gold oz 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.

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	6.4	7.61	49	25.3	8.25	209	31.7	8.12	257
Free State	9.3	5.51	51	7.7	5.31	41	17.0	5.42	92
Randfontein	3.1	7.94	25	4.3	5.93	25	7.4	6.78	50
Evander	4.9	6.67	32	14.0	6.30	88	18.9	6.40	121
Evander (below infrastructure)				51.9	7.31	380	51.9	7.31	380
Target	7.9	7.17	57	12.1	6.33	77	20.0	6.66	134
Free Gold	13.8	6.81	94	41.7	7.67	320	55.5	7.46	414
Total S.A. Underground	**45.4**	**6.78**	**308**	**157.1**	**7.26**	**1 140**	**202.5**	**7.15**	**1 448**
South Africa surface									
Randfontein	3.7	0.69	3	0.1	1.87	0	3.8	0.71	3
Kalgold	3.7	1.00	4	3.9	1.82	7	7.6	1.42	11
Free Gold	192.4	0.28	55	11.4	0.59	7	203.8	0.30	61
Total S.A. Surface	**199.8**	**0.30**	**61**	**15.4**	**0.90**	**14**	**215.2**	**0.35**	**75**
Australian operations[2]									
Mt. Magnet	1.8	2.19	4	0.5	5.03	3	2.3	2.84	7
South Kalgoorlie	0.5	0.96	0	3.9	1.89	7	4.4	1.79	8
Total Australian Operations	**2.2**	**1.94**	**4**	**4.4**	**2.26**	**10**	**6.6**	**2.15**	**14**
Papua New Guinea[3]									
Hidden Valley	5.1	2.18	11	33.0	1.89	62	38.1	1.93	74
Kaveroi and Hamata				6.6	2.38	16	6.6	2.38	16
Golpu				70.8	0.61	43	70.8	0.61	43
Total Papua New Guinea	**5.1**	**2.18**	**11**	**110.4**	**1.10**	**121**	**115.5**	**1.15**	**133**
Grand total	**252.5**		**384**	**287.3**		**1 285**	**539.8**		**1 669**

1 Gold kilogram 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.

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.

Sub-outcrop: 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.

Signed by competent persons:

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

Greg Job, Harmony PNG and Australia
BSc, MSc (Min Econ), MAusIMM

THE BOARD

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

Non-executive chairman

Patrice Motsepe (45) *BA (Legal), LLB.* Appointed to the board in 2003. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the takeover of Anglovaal Mining (Avmin) by ARM. In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was winner of the Ernst & Young Best Entrepreneur of the Year Award. Patrice is the executive chairman of African Rainbow Minerals Limited (ARM) and also deputy chairman of Sanlam. His various business responsibilities include being President of Business Unity South Africa (BUSA), which is the voice of organised business in South Africa. He is also president of the Chambers of Commerce and Industry South Africa (CHAMSA), NAFCOC and Mamelodi Sundowns Football Club.

Executive directors

Graham Briggs (54) *BSc (Hons) (Geology), PrSciNat – Acting Chief Executive.* Graham was appointed to the board in August 2007. Graham has 30 years' experience in the mining industry. He joined Harmony as New Business Manager in 1995 and was promoted to Chief Executive of Harmony Australia and Regional Manager for Australasia from 2005 to 2007. He was appointed Acting Chief Executive in August 2007. He began his career in geology as a field assistant in 1972 and was exposed to various exploration projects. Before attending university, Graham spent most of his time on gold exploration in the Free State, South Africa. While at Gengold he spent time on various mines in South Africa including Buffelsfontein, West Rand Consolidated, Grootvlei and ending as an ore reserve manager at Beatrix. Graham is also a director of Village Main Reef Gold Mining Company (1934) Limited and various subsidiaries of Harmony.

Frank Abbott (52), *BCom, CA(SA), MBL – Interim Finance Director.* Frank was appointed an executive director in August 2007. Frank joined the Rand Mines/Barlow Rand Group in 1981, where he obtained broad financial management experience at an operational level. He was appointed financial controller to the newly formed Randgold in 1992 and was promoted to financial director of that group in October 1994. Until 1997, he was a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Proprietary Mines. Initially a non-executive director of Harmony, he was appointed as financial director of the company in 1997. Following the ARM Limited/ARMI transaction, it was agreed by the board that Frank be appointed financial director of ARM while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director.

Non-executive directors

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

Fikile De Buck (47), *BA (Economics), FCCA (UK) – Independent non-executive director.* Fikile joined the board on 1 April 2006. A certified chartered accountant, she is a fellow of the Association of Chartered Certified Accountants (FCCA) (UK) and a member of the Association of Chartered Certified Accountants (ACCA) (UK). In 1990, Fikile won the Stuart Crystal Prize, awarded to the best accounting student at the Birmingham Polytechnic in the United Kingdom. She is the chief operations officer and chief financial officer of the Council for Medical Schemes in South Africa where she has held various positions since joining in September 2000. Prior to that, she was treasurer at the Botswana Development Corporation.

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

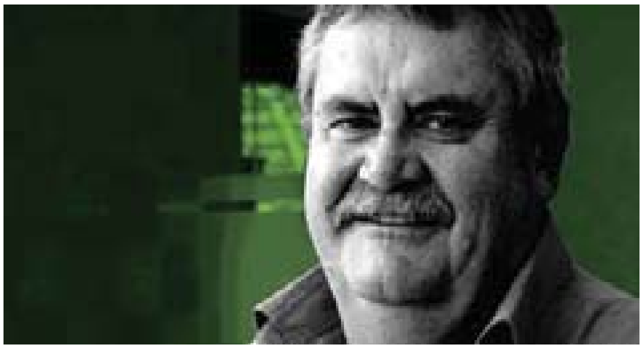
Cathie Markus (50), *BA LLB – Independent non-executive director.* Cathie joined the board with effect from 1 May 2007, bringing with her significant experience and a wealth of knowledge relating to the mining industry. After graduating from the University of the Witwatersrand, Cathie served articles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

Modise Motloba (41), *BSc, Diploma in Strategic Management – Independent non-executive director.* Modise was appointed to the board in July 2004. He started his career with Rand Merchant Bank in 1993 as a trainee in the Treasury Division, where he progressed to money markets dealer and risk manager. He then moved on to African Merchant Bank in 1998 as head of the Money Markets Division. In 2000 he was employed by African Harvest Fund Managers as the manager of the fixed interest portfolio and treasury specialist and afterwards as a specialist in structured debt and equity markets. He is a former president of the Association of Black Securities and Investment Professionals (ABSIP) where he led ABSIP and the Black Business Council in formulating the Financial Sector Charter with other industry bodies such as the Banking Council, the Life Officers' Association and the JSE Ltd. Modise is the recipient of the prestigious 2003 Black Business Quarterly Investment Specialist Award which recognises those who have made lasting contributions to the investment arena and the broader financial and economic landscape. He is a member of the South African Financial Markets Board and of the Standing Committee on the Revision of the Bank's Act 1990, under the auspices of the Ministry of Finance. He is also a council member of the 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 (68), *BSc (Eng), MBA, ISMP (Harvard) – Independent non-executive director.* Cedric joined the Board in September 2003. He started his career in the United Kingdom in 1960 as a graduate engineer with Fairey Aviation. He returned to South Africa in 1963 and worked in the oil (Mobil), textile (Felt & Textiles) and chicken (Rainbow Chickens Limited) industries. He was president of the South African Chamber of Business from 1993 to 1994. He has also served as chairman of the Board of Governors of the University of KwaZulu-Natal's Development Foundation and as a member of Council of that university. He joined the Tongaat-Hulett Group Ltd in 1977 as managing director of Tongaat Foods and progressed to executive chairman of the Building Materials Division; he became chief executive officer of the group in 1991. In May 2000, he assumed the dual roles of chief executive officer and executive chairman. He is currently non-executive chairman of the group and serves on a number of other boards including those of the Nedbank Group, Datatec Limited, Denel (Pty) Ltd and Village Main Reef Gold Mining Company (1934) Limited.

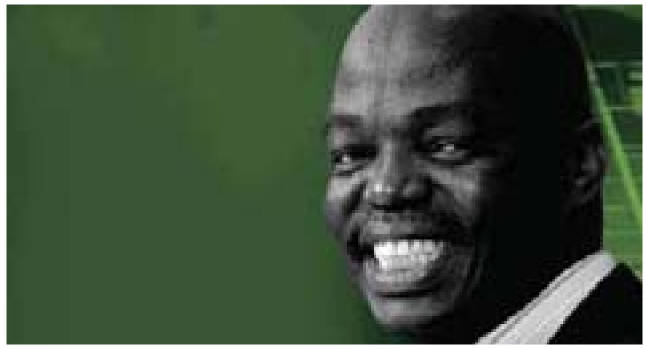
André Wilkens (58), *Mine Manager's Certificate of Competency, MDPA, RMIIA – Non-executive director.* André was appointed to the Board in August 2004. He is currently the chief executive officer of ARM having formerly been the chief executive of ARM Platinum, a division of ARM. Prior to this, he was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

MANAGEMENT



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

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



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

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

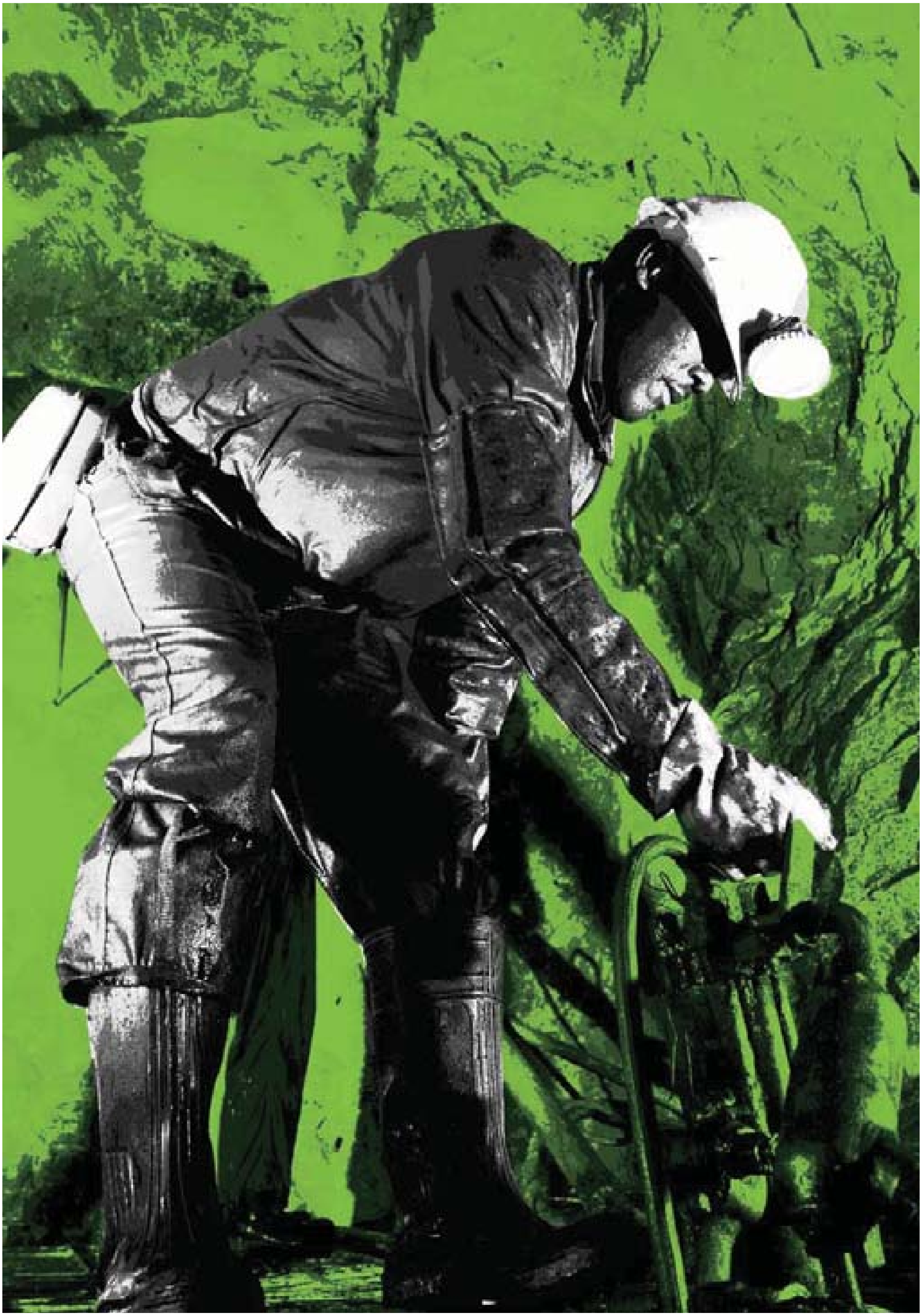
Alwyn Pretorius (35) *BSc Mining Engineering, BSc Industrial Engineering (UP).* Alwyn, a mine manager at ARMgold, joined the company when Harmony merged with ARMgold in 2003. He began his career at Vaal Reefs Gold Mine as a mining graduate in training in 1993 and was appointed shift boss in 1995, gaining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

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

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

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

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



CORPORATE GOVERNANCE

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

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

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

Board of directors

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

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

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

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

Board structure

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

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

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

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

Meetings

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

See table on page 93 for attendance at meetings.

Chairman and chief executive

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

Board charter

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

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

The board accepts responsibility for the monitoring and supervision of executive management and the induction of new or inexperienced directors. As part of the company's induction programme, a new director is briefed by the company secretary and provided with a comprehensive company information pack containing, among other documentation, committee charters, Articles of Association, corporate governance guidelines, the Toolkit for Directors (provided by internal auditors' KPMG) and a summary of the JSE Listings Requirements. Furthermore, each director has unrestricted access to the advice and services of senior management. All non-executive directors have an open invitation to visit Harmony's operations at any time and attend management meetings at their discretion.

The board has the authority to delegate matters – with the necessary written authority – to management. These matters are monitored and evaluated regularly. Board members have unrestricted access to all group information, records, documents and property. If necessary, a board member may take independent professional advice at the group's expense.

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

General functions of the board:

Corporate governance	Duties and responsibilities
■ Establish and administer the group's system of corporate governance planning ■ Adopt a written statement of its own governance principles and regularly re-evaluate these ■ Exercise leadership, enterprise, integrity and judgement based on fairness, accountability, responsibility and transparency ■ Determine the group's purpose, values and stakeholders and to develop strategies to achieve its purpose, implement its values and satisfy its shareholders ■ Evaluate the performance of the board and prospective directors through the Nomination and Remuneration committees ■ Ensure that the group complies with all the relevant laws, regulations, and codes of best business practice ■ Ensure that the group operates ethically by adopting and regularly reviewing and updating the group's Code of Ethics ■ Make a statement at the end of each financial year that it believes that the group will be a going concern in the year ahead	■ Provide direction to and equipping management to formulate a strategic process and to adopt the recommended strategic plan ■ Monitor group policies ■ Appoint the chairperson and provide guidance on the appointment of directors and other senior executives, including the chief executive officer and company secretary ■ Consider the issue of succession of directors and senior management, as referred by the Nomination Committee ■ Formulate and monitor a group-wide delegation of authority framework ■ Identify the principal risks and key performance indicators of the group's businesses and ensure the implementation and regular evaluation of systems to manage those risks through a Risk Management Committee ■ Ensure the group has adequate systems of financial and operational internal controls. The directors should also ensure that there are procedures and systems which act as checks and balances on the information reviewed by the board ■ Ensure the financial health of the company through appropriate investment and fund mobilisation policies and strategies, including those relating to procurement and capital expenditure ■ Manage conflicts of interest and independence issues ■ Monitor and supervise executive management ■ Ensure that an adequate budgeting and planning process exists and that performance is monitored against budgets and plans ■ Provide accountability i.e. reporting to shareholders and other stakeholders and ensuring regulatory compliance with all relevant regulations e.g. Occupational Health and Safety Act, Road Ordinances Act, Companies Act, Banks Act, etc. ■ Address the adequacy of employee retirement and health care benefits and funding ■ Ensure that the group has an effective affirmative action plan ■ Review, monitor and approve the strategic direction with regard to IT solutions ■ Protect assets and reputation ■ Provide orientation and ensure adequate training for directors ■ Implement meaningful communication and integrated financial and relevant other reporting to shareholders ■ Ensure on an annual basis that the corporation will continue as a going concern in the following fiscal year

Self-assessment

The board is required to conduct a self-assessment or self-evaluation annually. The chairman is required to assess the performance of individual board members and the board is required to evaluate the chairman, based on several factors, including expertise, inquiring attitude, objectivity and independence, judgement, understanding of Harmony's business, understanding and commitment to the board's duties and responsibilities, willingness to devote the time needed to prepare for and participate in committee deliberations, timely responses and attendance at meetings. A board effectiveness survey will be concluded towards the end of September 2007.

Directors' terms of employment

Executive directors

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

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

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

Non-executive directors

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

Non-executive directors receive the following fees:

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

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

Other than what has been stipulated under 'Related party transactions' in the Directors' Report on page xx, the company is not aware of any other director, or the families of any other directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with any company in the Harmony group which has affected or will materially affect Harmony or its investment interest or subsidiaries.

Rotation

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

If a director is appointed to any Harmony executive office, his or her employment contract may provide that he or she shall be exempt from rotation for the lesser of (i) a period of five years or (ii) the period during which he or she continues to hold the relevant executive office. During the relevant period, the director in question shall not be taken into account in determining the retirement of directors by rotation. The number of directors who may be exempt from retirement by rotation in this manner shall not equal or exceed one half of the total number of the directors at the time of the relevant director's appointment. Currently, none of Harmony's directors is exempted from retirement under these provisions.

Board Committees

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

The various board committees are as follows:

Audit Committee

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

The Audit Committee reports and makes recommendations to the board, but the board retains responsibility for implementing such recommendations. The Audit Committee fulfills the responsibilities as set out in the Audit Committee charter.

Harmony believes that members of the committee are knowledgeable about the affairs of the company and have a working familiarity with basic finance and accounting practices. The chief executive, the financial director, and the company secretary are invited to each meeting to answer any questions posed by the members of the committee.

Duties and responsibilities of the Audit Committee:	
General	■ Review the group's strategic plan and strategic management process. ■ Review the accounting policies adopted by the group and any proposed changes thereto. ■ Review the adequacy of insurance coverage. ■ Review the adequacy of the Disaster Recovery and Business Resumption plans. ■ Consider any other matters which may be referred to the committee by the board from time to time. ■ Periodic review and update of the charter, at least annually, or as conditions dictate.
Risk management	■ Together with the Risk Management Committee, facilitate risk assessments to determine the material risks to which the company may be exposed and to evaluate the strategy for managing those risks. ■ Use the risk management strategy to prioritise and direct the audit effort, and to determine the skills required to manage these risks. ■ Review and assess the reports issued by the Risk Management Committee. ■ Review whether the roles and responsibilities of the Risk Management Committee, as stated in the Risk Management policy, are effectively achieved.
External audit	■ Review and approve the fees and other compensation to be paid to the external auditor. On an annual basis, review and discuss with the external auditor all significant relationships the auditors have with the company to determine the auditor's independence. ■ Approve any work to be done by the external auditor in respect of the Sarbanes-Oxley Act, 2002, which does not fall within the normal scope of their audit. ■ Periodically consult with the external auditor about internal controls and the completeness and accuracy of the group's financial statements. ■ Review external audit reports to ensure that, prompt action is taken by management in respect of those reports. ■ Review any significant disagreement between management and the external auditor in connection with any external audit report. ■ Evaluate the performance of the external auditor.
Financial reporting processes	■ Evaluate the financial statements of the company for reasonableness, completeness and accuracy, prior to issue and approval by the board. ■ In consultation with the external auditors and the internal auditors, review the integrity of the company's financial reporting processes, both internal and external. ■ Consider the external auditor's opinion about the quality and appropriateness of the company's accounting policies as applied in its financial reporting. ■ Evaluate the performance of management in terms of financial reporting. ■ Consider and approve, if appropriate, major changes to the company's auditing and accounting principles and practices as suggested by the external auditor, management, or the internal Audit Department. ■ Pay particular attention to complex and/or unusual transactions. ■ Review the non-financial sections of the Annual Report before its release and consider whether the information is understandable and consistent with the members' knowledge of the company and it operations.

Duties and responsibilities of the Audit Committee: *cont.*	
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 entity as to appropriateness of such judgements. ■ Review with the external auditor, the internal Audit Department and management the extent to which changes or improvements in financial/accounting practices or the control environment, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of improvements, as decided by the committee.)
Ethical and legal compliance	■ Review compliance with all laws, regulations, ethics, policies and rules. ■ Review significant cases of employee conflicts of interest, misconduct, or fraud and the resolution of the cases. ■ Review the internal audit reports concerning any compliance reviews. ■ Review periodically the company's code of conduct and ensure that management has established a system to enforce this code. ■ Review management's monitoring of compliance with the company's Code of Conduct.
Internal control	■ Ensure that management has the proper review system in place to ensure that any activities, reports and other financial information disseminated meet legal requirements. ■ Review with the company's counsel any legal matter that could have a significant impact on the company. ■ Perform any other activities consistent with this charter, as the committee or the board deems necessary or appropriate. ■ Understand the company's key risk areas and internal control structure. The committee should monitor the control process through the results of audits executed by the internal and external audit functions. Monitoring includes internal and external audit reviews of the adequacy and effectiveness of the company's internal control structure and the quality of performance in carrying out assigned responsibilities. It also includes monitoring the extent to which resources are used in an efficient and economical manner and checking that programmes are carried out as planned. ■ Report on the effectiveness of internal control in the annual report of the company. ■ Consider how management is held to account for computer systems and contingency plans.
Responsibilities related to the internal auditing function	■ Review and approve the internal audit charter. ■ Concur with the appointment or removal of the internal audit manager, which includes any company to whom the internal audit function has been outsourced. ■ Review the activities, organisational structure and qualifications of the internal Audit Department. ■ Review internal audit plans, budgets and fees. ■ Review the results of any audit work performed. ■ Review any quality assurance reviews performed on the work of the internal Audit Department. ■ Ensure that the internal audit complies with the relevant rules and regulations. ■ Ensure that the internal Audit Department maintains its independence. ■ Review and approve the internal audit reports to management and management's response thereto. ■ Evaluate whether senior management is communicating the importance of internal control and the management of risk.
Reporting	■ Report and make recommendations to the board regarding any issues that may arise. The board retains responsibility for implementing such recommendations.

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

Harmony does not have an individual 'Audit Committee financial expert' as defined by the rules of the SEC and in terms of SOx However, Audit Committee members, through their collective experience, meet the majority of the definitions of the SEC for such an expert in both the private and public sectors. Members have served as directors and officers of numerous public companies and have over the years developed extensive experience, knowledge and understanding of Generally Accepted Accounting Principles (GAAP), and in overseeing the preparation, audit and evaluation of financial statements. Harmony believes that the combined knowledge, skills and experience of members of the Audit Committee, and their authority to engage outside experts as they deem appropriate to provide them with advice on matters related to their responsibilities, enable them, as a group, to act effectively in the fulfilment of their tasks and responsibilities.

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

Members of the Audit Committee are:

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

Nomination Committee

The primary purpose of the Nomination Committee is to ensure that the procedures for appointments to the board are formal and transparent, by making recommendations to the board on all new board appointments and reviewing succession planning for directors. The duties and responsibilities of this committee are set out in the Nomination Committee charter, with which the committee is fully compliant.

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

Duties and responsibilities of the Nomination Committee

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

Members of the Nomination Committee are:

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

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

Remuneration Committee

The Remuneration Committee meets at least quarterly. The committee comprises four non-executive directors, of which two are independent. The primary purposes of the Remuneration Committee are to ensure that the group's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance and to demonstrate to all stakeholders that the remuneration of senior executive members of Harmony is set by a committee of board members who have no personal interest in the outcome of their decisions, and who will give due regard to the interests of the shareholders and to the financial and commercial health of the company. The committee's primary objectives are to monitor and strengthen the objectivity and credibility of Harmony directors' and senior executives' remuneration system, and to make recommendations to the board on remuneration packages and policies applicable to directors.

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

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

Duties and responsibilities of the Remuneration Committee

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

Members of the Remuneration Committee are:

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

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

Sustainable Development Committee

The objective of the Sustainable Development Committee is to assist the board in ensuring that Harmony is and remains a committed socially responsible corporate citizen. The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development.

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

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

Duties and responsibilities of the Sustainable Development Committee

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

Members of the Sustainable Development Committee are:

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

Empowerment Committee

The Empowerment Committee was established by the board to ensure that the company meets not only regulations stipulated in the Employment Equity Act, the Labour Relations Act and the Mineral and Petroleum Resources Development Act's Mining Charter Scorecard, but also in fulfilment of Harmony's own empowerment imperatives. The Empowerment Committee is in full compliance with its charter.

The responsibilities of the Empowerment Committee include meeting at least once a year or more often should the need arise. Three meetings were held in the 2007 financial year, which were attended by a majority of the members (see table of attendance on page 93).

Duties and responsibilities of the Empowerment Committee

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

Members of the Empowerment Committee are:

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

** Resigned on 6 August 2007*

Investment Committee

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

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

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

Duties and responsibilities of the Investment Committee

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

During significant mergers and acquisitions the following will be considered:

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

The members of the Investment Committee are:

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

Attendance at Board meetings FY07

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

1. Appointed as a member of the Audit Committee, the Investment Committee and the Sustainable Development Committee on 3 May 2006
2. Appointed to the Board as Non-Executive Director on 1 May 2007
3. Resigned from the Board effective from 6 August 2007
4. Resigned from the Board effective from 21 August 2007
5. Appointed to the Board as Non-Executive Director on 6 August 2007
** Invitee to meeting*

Company Secretary

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

- ensuring the effective functioning of the board;
- providing guidance to the chairman, the board and the directors of Harmony's subsidiaries on their responsibilities and duties within the prevailing regulatory and statutory environment;
- providing the board with guidance as to how they can, in the best interests of Harmony, discharge these responsibilities and duties; and
- raising matters that may warrant the attention of the board.

Marian is also the executive responsible for legal matters, compliance, risk management document retention, and ensures compliance with all relevant statutory and regulatory requirements, (including SOx as from September 2007) and internal audit, having due regard for the specific business interests of Harmony.

In addition, she assists in carrying out corporate strategies by ensuring that the board's decisions and instructions are clearly communicated to the relevant people, and is available to provide a central source of guidance and advice within Harmony on matters of ethics and good governance.

Executive Management Committee

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

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

CODE OF ETHICS

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

We subscribe to the following values:
- honesty (integrity)
- resilience
- passion
- determination
- decisiveness
- inspiring
- focused
- ingenuity

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

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

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

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

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

RESTRICTIONS ON SHARE DEALINGS

Harmony employees and directors are prohibited from dealing in Harmony shares during price sensitive periods. The company secretary regularly distributes written notices, via e-mail, to advise employees and directors of restricted periods. Each employee is obliged, in terms of regulatory and governance requirements, to disclose any dealings in Harmony shares by them or their concert parties to the company secretary. There is a formal clearance procedure in place with respect to directors dealing in Harmony shares.

INTERNAL CONTROL AND AUDIT

The board is ultimately responsible for ensuring that Harmony remains a going concern and that it thrives. The board retains full and effective control over Harmony by monitoring and supervising its executive management, being involved in all material decisions affecting Harmony and ensuring that adequate systems of financial and operational internal controls are monitored.

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

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

Audits are conducted in accordance with the Code of Ethics and Standards of the Professional Practice of Internal Auditing, as laid down by the Institute of Internal Auditors, Inc. Although the role of Internal Audit is to review internal controls, systems, procedures, risks and so forth, management and, ultimately, the board retain full responsibility for ensuring that Harmony maintains an appropriate framework of controls to reduce business risks to an acceptable level. Except for the control related issues noted in the Directors' report, the board is satisfied that Harmony's internal controls are more than adequate to safeguard its assets, to prevent and detect errors and fraud, to ensure the accuracy and completeness of accounting records, and to prepare reliable financial statements.

WORKER PARTICIPATION

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

INFORMATION MANAGEMENT

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

SUSTAINABLE DEVELOPMENT REPORT

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

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

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

THE SARBANES-OXLEY ACT OF 2002 (SOx)

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

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

Section 404

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

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

The assessment process followed entails:

- Scoping to identify significant accounts and locations which have an impact on the financial statements.
- Updating of documentation and sign off by process owners.
- Testing of key controls for operating effectiveness and remediation of deficiencies identified. Deficiencies are evaluated and classified into the following categories:
  - Internal control deficiency
  - Significant deficiency
  - Material weakness. All significant deficiencies and potential material weaknesses are reported to the SOx Steering Committee and Audit Committee.
- Reporting – Harmony's chief executive and chief financial officer are required to certify that internal controls over financial reporting are effective and do not result in any material misstatement in the Annual Report for FY07.

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

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

RISK MANAGEMENT

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

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

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

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

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

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

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

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

Risks relating to our business and industry

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

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

- the demand for gold for industrial uses and for use in jewellery;
- international or regional political and economic trends;
- the strength of the US dollar and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;
- actual or expected purchases and sales of gold bullion held by central banks or other large gold bullion holders or dealers;
- forward sales by other gold producers; and
- the production and cost levels for gold in major gold-producing nations, such as South Africa, United States, Australia and China.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As a rule, we sell our gold at market prices. Currently, we generally do not enter into forward sales, derivatives or hedging arrangements to establish a price in advance for the sale of our future gold production, although we may do so in the future. As a result, we may realise the positive impact of any short-term increase in the gold price, but are not protected against decreases in the gold price and, if the gold price decreases significantly, our revenues may be materially adversely affected.

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

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

- Harmony's ability to identify appropriate acquisition candidates or negotiate acquisitions on favourable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining Harmony's financial and strategic focus while integrating the acquired business;
- problems in implementing uniform standards, controls, procedures and policies;
- increasing pressures on existing management to oversee a rapidly expanding company; and
- to the extent that Harmony acquires mining operations outside South Africa or Australia, encountering difficulties relating to operating in countries in which Harmony has not previously operated.

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

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

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

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

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

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

Hazards associated with waste rock mining include:

- accidents associated with operating a waste dump and rock transportation; and
- production disruptions caused by weather conditions.

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

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

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

Harmony's operations may be negatively affected by inflation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Laws governing mineral rights affect our business.

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

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

An interim target of 15% HDSA participation over five years has also been set and to this end, the South African mining industry has committed to securing financing to fund participation by HDSAs to the amount of R100 billion within the first five years of the Mining Charter's tenure. The Mining Charter provides for the review of the participation process after five years to determine what further steps, if any, are needed to achieve the target of 26%. In order to measure progress in meeting the requirements of the Mining Charter, companies are required to complete a 'Scorecard', in which the levels of compliance with the objectives of the Mining Charter can be ticked off after five and 10 years respectively. The Mining Charter and Scorecard require programmes for black economic empowerment and the promotion of value-added production, such as jewellery-making and other gold fabrication, in South Africa. In particular, targets are set out for broad-based black economic empowerment in the areas of human resources and skills development, employment equity, procurement and beneficiation. In addition, the Mining Charter addresses socio-economic issues, such as migrant labour, mine community and rural development, and housing and living conditions.

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

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

The MPRDA also makes reference to royalties payable to the South African state in terms of the envisaged Mining and Petroleum Royalty Act which has not yet been finalised. However, a Bill, known as the Royalty Bill, has been made available for public comment. The introduction of the Mining and Petroleum Royalty Act will have an adverse effect on profits generated by Harmony's operations in South Africa.

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

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

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

Harmony is subject to extensive environmental regulations.

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

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

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

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

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

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

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

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

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

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

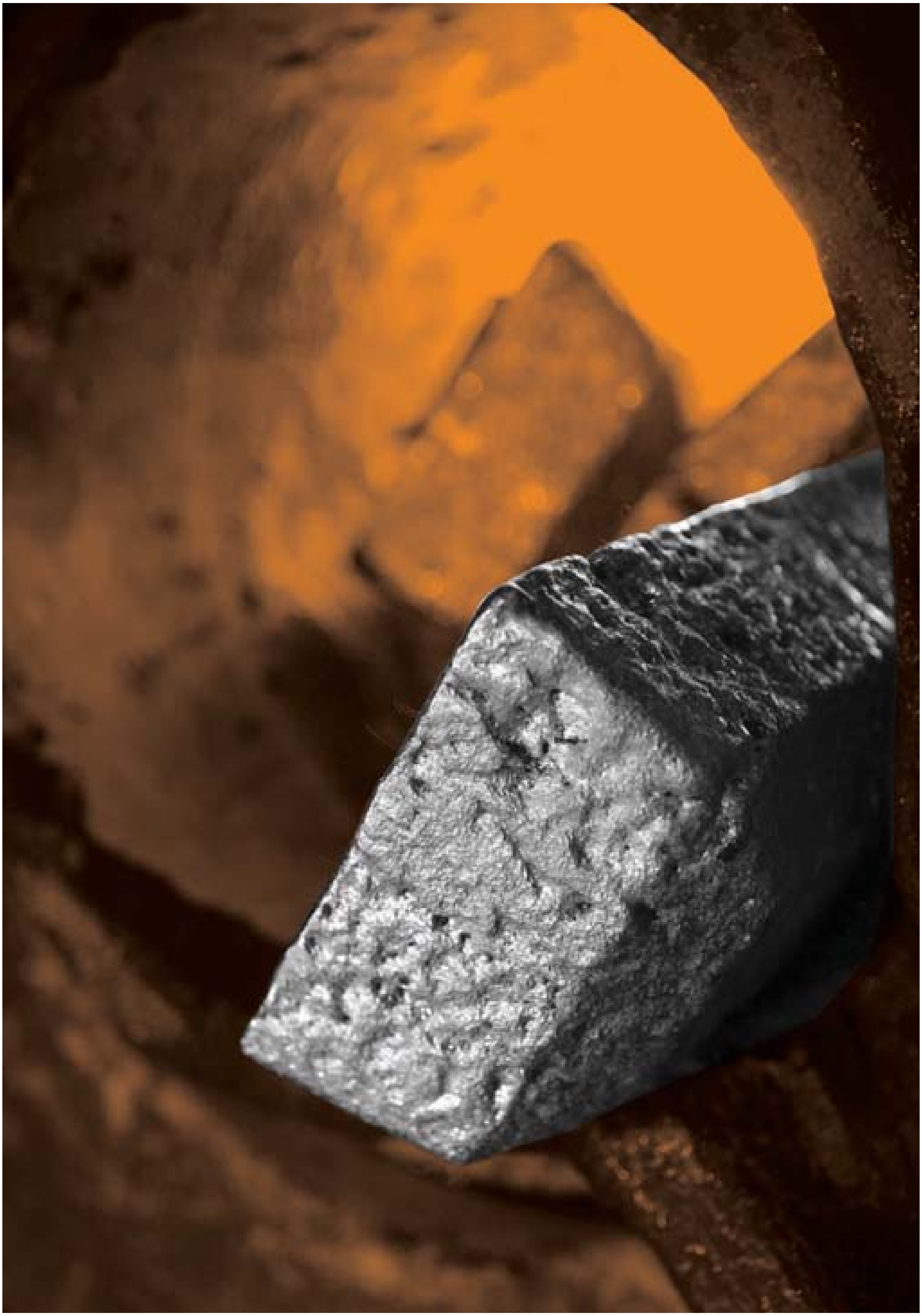
Harmony is required to have its independent auditors publicly disclose their conclusions regarding the evaluation. Harmony has established procedures in order to comply with Section 404 in the time frame permitted, however maintaining these procedures and ensuring compliance with these requirements will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

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

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

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

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



Directors' report

The directors of Harmony Gold Mining Company Limited are responsible for the preparation, integrity, and fair presentation of the financial statements of Harmony and its subsidiaries (the Group). The financial statements presented on pages 114 to 188 have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the accounts include amounts based on judgments and estimates made by management.

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

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

Harmony and its subsidiaries operate in a well-established control environment, which is well-documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the group are being controlled. The Sarbanes-Oxley compliance project assisted in identifying potential deficiencies in control.

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

The directors have no reason to believe that the group or any company within the group will not be going concerns in the foreseeable future, based on forecasts and available cash resources, barring any unforeseen event or sharp decrease in the gold price. These financial statements support the viability of the company and the group.

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

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

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

GP Briggs | F Abbott
Acting Chief Executive | Interim Financial Director

Virginia, South Africa | Virginia, South Africa

28 September 2007 | 28 September 2007

The company and its subsidiaries

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

The company does not have a major controlling shareholder and is managed by its directors for and on behalf of its stakeholders.

Financial statements and results

The directors have pleasure in submitting the financial statements of the company, together with those of the group, for the year ended 30 June 2007. These appear on pages 113 to 192 of this report. These financial statements have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards, supported by reasonable and prudent judgements and estimates where required.

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

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

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

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

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

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

Financial reporting

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

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

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

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

Going concern

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

Capital

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

The control over the unissued shares of the company is vested in the directors in specific terms as regards allotments in terms of the various Harmony share option schemes and shares for cash. The authorities granted to directors in respect of control over the unissued shares expire on the date of the annual general meeting of members to be held on 26 November 2007. Members, therefore, will be requested to consider resolutions at the forthcoming annual general meeting, placing under the control of the directors the then remaining unissued ordinary shares not required for purposes of the share option schemes.

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

Investments

A schedule of investments in subsidiaries, associates and listed and unlisted investments appears on page 186 of this report.

Contingencies

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

Silicosis

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

ArcelorMittal

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

In 2004, the Competition Commission declined to refer the matter to the Competition Tribunal for adjudication, and Harmony and DRDGold exercised their right to do this. The result was a lengthy hearing (akin to a civil trial) which took place at various times during 2006. In March 2007, the Tribunal released its precedent, setting decision which upheld the complaint, confirming that ISCOR (now called ArcelorMittal Steel SA (Mittal)) has been charging excessive prices. Mittal has notified Harmony and DRDGold that it intends to appeal the Tribunal's decision to the Competition Appeal Court. In September 2007, the Competition Tribunal released the much anticipated decision on the remedies it would impose on Mittal, following its finding that Mittal had been charging excessive prices. The Tribunal has placed behavioural remedies on Mittal designed to ensure that Mittal can no longer segment local and export flat steel markets, as it had been doing, and which it had used as a mechanism to sustain its excessive prices. In addition, the Tribunal ordered Mittal to pay an administrative penalty to the national revenue fund. Mittal was also ordered to ensure that its prices and pricing mechanisms are transparent to the public in future and to pay the legal costs incurred by Harmony and DRDGold.

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

Post closure water treatment

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

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

Movements in borrowings

See note 32 to the annual financial statements.

Borrowing powers

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

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

Acquisitions

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

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

Rio Tinto royalty rights

On 2 March 2007, Harmony signed an agreement with Rio Tinto Limited (Rio Tinto) to purchase the royalty rights from Rio Tinto for the Hidden Valley and Kerimenge deposits in Papua New Guinea. The transaction will benefit Harmony by reducing the cash costs of Hidden Valley by US$13 per ounce. The remaining condition precedent, which is to obtain approval of the relevant PNG minister on the recommendation of the Mining Advisory Council that the royalty rights may be transferred to Harmony, has not yet been satisfied. As a result the agreement has been extended to 27 November 2007.

Disposals

Nickel tenements

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

Gold Fields shares

Refer note 23 to the financial statements.

Randfontein 4 Shaft

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

Deelkraal assets

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

Hedging

During the fourth quarter of FY07, the hedge book which was initially acquired with the purchase of the West Australian assets was closed out. The remaining 230 000 ounces were closed out at an average cost of AU$809 per ounce, to give a total cost of AU$75.8 million. The whole amount was settled from available cash sources. The close out has resulted in Harmony being totally unhedged in line with stated company objectives.

Property

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

Dividends

No dividend was declared during FY07.

Long-term incentives

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

Existing share option schemes

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

Executive directors' and management share options

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

1 No options were allocated during the year

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

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

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

Harmony adopted a share purchase scheme in which 1994 and 2001 Share Option Scheme participants respectively were allowed to participate. This share purchase scheme provides for a share purchase trust controlled by Harmony. Recourse loans are provided by the trust to the employees to enable them to acquire shares or exercise their options under the 1994 and the 2001 Share Option Schemes. Since 27 March 2003, share option scheme participants were no longer allowed to place their shares in the share purchase trust. The share purchase trust is funded by a loan from Harmony, which it repays once it receives repayment of the recourse loans granted to employees. Members of the Remuneration Committee serve as trustees. The trustees are not eligible to receive loans from the trust. Participants are not allowed to use structures to lock-in profits as the options are meant to align employees with our shareholders. A share option scheme (the 2003 Scheme) was approved by shareholders on 14 November 2003. The total number of shares reserved for the 2003 Scheme was 23 234 960, which represented 9% of the issued share capital of the company as at 16 September 2003. It was the intention at the time to reserve 4% of the then issued share capital for managerial employees and 5% for broad-based participation by non-managerial employees. We have had numerous discussions with unions representing our non-managerial employees but have not reached agreement as to the issue of options to non-managerial employees under the 2003 Scheme. No options have been granted to non-managerial employees under the 2003 Scheme; 5% of the 2003 Scheme has been allocated to management.

Broad-Based Employee Share Scheme

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

The Harmony 2006 Share Plan

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

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

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

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

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

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

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

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

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

Annual incentive scheme

Harmony's Remuneration Committee ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance. In September 2006, the Remuneration Committee approved an annual incentive scheme to benefit executive directors and members of management.

Board of directors

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

* *Non-executive directors*

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

\# *Independent*

Directorate

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

Abridged CVs of all directors appear on pages 80 to 81 of this report. All directors made themselves available for election to the Board at the upcoming general meeting of members. In terms of the company's Articles of Association, Mr PT Motsepe and Mr JA Chissano qualify for retirement by rotation at the forthcoming annual general meeting. The retiring directors are eligible and have made themselves available for re-election to the Board.

Directors' interests

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

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

Directors' emoluments

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

Non-executive directors' remuneration

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

Shareholders

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

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

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

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

Non-executive directors' remuneration

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

Directors' remuneration

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

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

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

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

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

Post year-end events

Directorate

Bernard Swanepoel resigned from his position as Chief Executive of Harmony on 6 August 2007, after 12 years at Harmony. Bernard grew the company from a single mining lease to become the world's fifth largest gold producer and spearheaded the company's strong acquisition phase. Graham Briggs was appointed as Acting Chief Executive with effect from 6 August 2007.

Harmony's Financial Director, Nomfundo Qangule, resigned on 21 August 2007 and Frank Abbott was appointed to the position for an interim period of six months until a suitable appointment can be made by the Board of Directors.

Trading statement

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

Disposals

South Kal assets

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

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

Orkney assets

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

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

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

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

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

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

Nedbank loan facility

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

Related party transactions

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

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

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

Company secretary

The secretary of the company is Marian van der Walt. Her business and postal addresses appear on page 196 of this report. The secretary has, in terms of section 268G(d) of the Companies Act, 1973, certified that: "All such returns as are required of a public company in terms of the Act had been made and are true, correct and up to date".

Independent auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act of South Africa.
Their address is:
2 Eglin Road
Sunninghill 2157

Special resolutions

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

Annual financial statements

Contents:

The bottom line

For the year ended 30 June 2007

METRIC (RAND)	2007 RM	2006 RM
Underground operations		
Tonnes milled (000)	**13 690**	13 040
Gold produced (kg)	**66 863**	67 881
Yield (g/t)	**4.88**	5.20
Cash operating cost (R/t milled)	**549**	460
Surface operations		
Tonnes milled (000)	**7 022**	5 839
Gold produced (kg)	**5 739**	6 361
Yield (g/t)	**0.82**	1.09
Cash operating cost (R/t milled)	**92**	100
Total operations		
Gold produced (kg)	**72 602**	74 242
Gold price received per kilogram (R/kg)	**147 580**	108 268
Cash operating cost (R/kg)	**112 407**	88 629

IMPERIAL (US DOLLAR)	2007 $M	2006 $M
Underground operations		
Tonnes milled (000)	**15 093**	14 381
Gold produced (oz)	**2 149 686**	2 182 415
Yield (oz/t)	**0.142**	0.152
Cash operating cost ($/t milled)	**69**	66
Surface operations		
Tonnes milled (000)	**7 742**	6 439
Gold produced (oz)	**184 512**	204 510
Yield (oz/t)	**0.024**	0.032
Cash operating cost ($/t milled)	**12**	14
Total operations		
Gold produced (oz)	**2 334 198**	2 386 925
Gold price received per ounce ($/oz)	**638**	529
Cash operating cost ($/oz)	**486**	433

Average conversion rate for the 12 months under review: US$1 = R7.20 (2006: R6.36)

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

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, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 103 to 110 and pages 114 to 188.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 30 June 2007, and their financial performance and their 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.

PricewaterhouseCoopers Inc.
Director: HP Odendaal
Registered Auditor
Johannesburg

28 September 2007

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		NOTE	GROUP 2007 RM	GROUP 2006 RM
		Continuing operations			
1 448	**2 011**	**Revenue**		**9 148**	6 823
(1 352)	**(1 710)**	Production cost – exclusive of amortisation and depreciation of mining properties, mine development costs and mine plant facilities	4	**(6 866)**	(5 582)
(135)	**(188)**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	4	**(834)**	(880)
(14)	**(14)**	Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities	5	**(29)**	(59)
(20)	**(37)**	Corporate, administration and other expenditure	4	**(184)**	(120)
12	**(41)**	Reversal of provision/(provision) for rehabilitation costs	4	**16**	20
(11)	**(13)**	Marketing and new business expenditure		**(65)**	(54)
–	**–**	Exploration expenditure		**(194)**	(71)
55	**–**	Employment termination and restructuring costs	6	**–**	72
(28)	**–**	Care and maintenance cost of closed shafts		**(52)**	(118)
(48)	**(20)**	Share-based compensation		**(40)**	(95)
2	**2**	Profit on sale of property, plant and equipment	7	**182**	65
156	**(13)**	Reversal of impairment/(impairment) of assets	8	**134**	216
1	**–**	Reversal of provision/(provision) for post retirement benefits	36	**13**	(7)
–	**–**	Fair value of non-derivative financial instruments	9	**111**	87
–	**–**	Gain/(loss) on financial instruments		**41**	(516)
(12)	**(4)**	Other expenses – net	10	**(49)**	(161)
54	**(27)**	**Operating profit/(loss)**	11	**1 332**	(380)
–	**–**	Loss from associates	24	**(19)**	(105)
306	**–**	(Loss)/profit on sale of listed investments	12	**(35)**	306
–	**–**	Profit on sale of subsidiaries	13	**–**	14
–	**–**	Profit on sale of investment in associate	14	**236**	–
275	**41**	Investment income	15	**197**	201
(275)	**(265)**	Finance cost	16	**(515)**	(436)
360	**(251)**	**Profit/(loss) before tax**		**1 196**	(400)
(46)	**(24)**	Taxation	17	**(249)**	(141)
314	**(275)**	**Net profit/(loss) from continuing operations**		**947**	(541)
		Discontinued operations			
–	**–**	(Loss)/profit from discontinued operations	18	**(332)**	16
–	**–**	Loss from measurement to fair value less cost to sell	18	**(274)**	–
314	**(275)**	**Net profit/(loss)**		**341**	(525)
		Earnings/(loss) per share from continuing operations attributable to the equity holders of the Company during the year			
		– Basic earnings/(loss) per share (cents)	19	**238**	(137)
		– Fully diluted earnings/(loss) per share (cents)	19	**235**	(137)
		(Loss)/earnings per share from discontinued operations attributable to the equity holders of the Company during the year			
		– Basic (loss)/earnings per share (cents)	19	**(152)**	4
		– Fully diluted (loss)/earnings per share (cents)	19	**(150)**	4

At 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		NOTE	GROUP 2007 RM	GROUP 2006 RM
		Assets			
		Non-current assets			
1 517	**1 695**	Property, plant and equipment	20	**24 398**	23 318
–	**37**	Intangible assets	21	**2 307**	2 270
1	**–**	Restricted cash	22	**5**	255
131	**199**	Investments in financial assets	23	**1 387**	2 271
1	**1**	Investments in associates	24	**7**	1 909
27 777	**26 472**	Investments in subsidiaries	25	**–**	–
110	**158**	Deferred income tax asset	17	**2 321**	1 975
64	**57**	Trade and other receivables	28	**95**	91
29 601	**28 619**	**Total non-current assets**		**30 520**	32 089
		Current assets			
247	**305**	Inventories	27	**742**	666
–	**–**	Investments in financial assets	23	**2 484**	–
191	**209**	Trade and other receivables	28	**918**	735
30	**19**	Income and mining taxes		**16**	27
–	**–**	Restricted cash	22	**274**	–
157	**522**	Cash and cash equivalents	29	**711**	651
625	**1 055**			**5 145**	2 079
–	**–**	Non-current assets classified as held for sale	18	**1 284**	–
625	**1 055**	**Total current assets**		**6 429**	2 079
30 226	**29 674**	**Total assets**		**36 949**	34 168
		Equity			
		Share capital and reserves			
25 521	**25 663**	Share capital	30	**25 636**	25 489
372	**392**	Other reserves	31	**(349)**	(271)
615	**339**	(Accumulated loss)/retained earnings		**(1 681)**	(2 015)
26 508	**26 394**	Total equity		**23 606**	23 203
		Non-current liabilities			
1 463	**1 541**	Borrowings	32	**1 743**	2 591
180	**248**	Deferred income tax liabilities	17	**5 000**	4 275
–	**–**	Derivative financial instruments	33	**–**	631
115	**285**	Provision for environmental rehabilitation	34	**1 092**	860
16	**17**	Provision for other liabilities and charges	35	**17**	16
4	**4**	Retirement benefit obligations	36	**107**	107
1 778	**2 095**	**Total non-current liabilities**		**7 959**	8 480
		Current liabilities			
935	**460**	Trade and other payables	37	**1 755**	1 472
1 000	**500**	Borrowings	32	**2 855**	1 006
–	**220**	Bank overdraft	29	**220**	–
5	**5**	Shareholders for dividends		**7**	7
1 940	**1 185**			**4 837**	2 485
–	**–**	Liabilities directly associated with non-current assets classified as held for sale	18	**547**	–
1 940	**1 185**	**Total current liabilities**		**5 384**	2 485
3 718	**3 280**	**Total liabilities**		**13 343**	10 965
30 226	**29 674**	**Total equity and liabilities**		**36 949**	34 168

For the year ended 30 June 2007

	NUMBER OF ORDINARY SHARES ISSUED	SHARE CAPITAL RM	SHARE PREMIUM RM	(ACCUMULATED LOSS)/RETAINED EARNINGS RM	OTHER RESERVES RM	TOTAL RM
Notes		30	30		31	
Group						
Balance – 1 July 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**
Net profit	–	–	–	341	–	341
Dividends declared	–	–	–	(7)	–	(7)
Issue of shares						
– Exercise of employee share options	2 673 934	1	137	–	–	138
Treasury shares	–	–	9	–	–	9
Foreign exchange translation	–	–	–	–	205	205
Deferred share-based compensation	–	–	–	–	45	45
Mark-to-market of listed and other investments	–	–	–	–	(328)	(328)
Balance – 30 June 2007	**399 608 384**	**200**	**25 436**	**(1 681)**	**(349)**	**23 606**
Company						
Balance – 1 July 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**
Net loss	–	–	–	(275)	–	(275)
Issue of shares						
Exercise of employee share options	2 673 934	1	137	–	–	138
Sale of excess shares in share trust	–	–	4	–	–	4
Deferred share based compensation	–	–	–	–	20	20
Balance – 30 June 2007	**399 608 384**	**200**	**25 463**	**339**	**392**	**26 394**

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		NOTE	GROUP 2007 RM	GROUP 2006 RM
		Cash flows from operating activities			
159	**(250)**	Cash generated by/(utilised in) operations	41	**1 797**	690
254	**29**	Interest received	15	**183**	207
21	**12**	Dividends received	15	**21**	17
(199)	**(168)**	Interest paid	16	**(226)**	(201)
–	**6**	Income and mining taxes (paid)/refunded		**(13)**	(12)
235	**(371)**	**Net cash generated by/(utilised in) operating activities**		**1 762**	701
		Cash flows from investing activities			
(14)	**(8)**	Net increase in amounts invested in environmental trusts		**(12)**	(31)
–	**1**	Restricted cash		**(29)**	(203)
–	**–**	Cash held by subsidiaries on acquisition	42	**–**	2
–	**–**	Investment in Orpheo by Harmony acquired	42	**–**	(5)
–	**–**	Investment in MP Britz and H Taute Pharmacies acquired	42	**–**	(1)
–	**–**	Proceeds on disposals of Buffalo Creek	42	**–**	19
–	**–**	Cost on closure of hedge positions		**(576)**	(344)
2 461	**–**	Proceeds on disposal of available-for-sale financial assets		**395**	2 462
–	**–**	Acquisition of associate		**–**	(2 012)
–	**(42)**	Increase in intangible assets		**(42)**	–
(3 598)	**1 197**	(Increase)/decrease in other non-current investments		**(32)**	18
3	**2**	Proceeds on disposal of property, plant and equipment		**190**	80
(200)	**(276)**	Additions to property, plant and equipment		**(2 698)**	(1 747)
(1 348)	**874**	**Net cash (utilised in)/generated by investing activities**		**(2 804)**	(1 762)
		Cash flows from financing activities			
1 000	**500**	Long-term borrowings raised		**1 804**	1 000
(1 213)	**(1 000)**	Long-term borrowings paid		**(1 002)**	(1 393)
183	**142**	Ordinary shares issued		**138**	183
(1)	**–**	Dividends paid		**(7)**	(7)
(31)	**(358)**	**Net cash generated by/(utilised in) financing activities**		**933**	(217)
–	**–**	**Foreign currency translation adjustments**		**(48)**	151
(1 144)	**145**	**Net (decrease)/increase in cash and cash equivalents**		**(157)**	(1 127)
1 301	**157**	**Cash and equivalents – beginning of year**		**651**	1 778
157	**302**	**Cash and equivalents – end of year**		**494**	651

For the year ended 30 June 2007

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 in all 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 unless otherwise stated. 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 2007. 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 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
• IFRS 8 – Operating segments	#	Financial year commencing on or after 1 January 2009
Amendments		
• IFRS 3 – Implementation guidance	#	Financial year commencing on or after 1 January 2007
• IAS 23 (Revised) Borrowing costs (Revised March 2007)	#	Financial year commencing on or after 1 January 2009
• Revised guidance on implementing IFRS 4	*	Financial year commencing on or after 1 January 2007
New interpretations		
IFRIC 10 – Interim financial reporting and impairment	^	– Financial year commencing on or after 1 November 2006
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions	#	– Financial year commencing on or after 1 March 2007
IFRIC 12 – Service Concession Arrangements	#	– Financial year commencing on or after 1 January 2008

Not yet assessed
* Affects disclosure
^ Effect not material

(b) 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 has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which control is acquired and are no longer consolidated when control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition.

For the year ended 30 June 2007

1 Accounting policies

(b) Consolidation (continued)

(i) Subsidiaries (continued)

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

The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill (refer to 1(m)(a)).

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

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

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

(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 the associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movement 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 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.

For the year ended 30 June 2007

1 Accounting policies (continued)

(b) Consolidation (continued)

(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 venturers under a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method, the Group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

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

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

(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.

(c) 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 Company's functional and the Group's 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 to 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 expenses – net.

Changes in the fair value of monetary securities denominated in a foreign currency and 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 the 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.

(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 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.

For the year ended 30 June 2007

1 Accounting policies (continued)

(c) Foreign currency transactions (continued)

(iii) Group companies (continued)

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 from 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.

(d) 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 risk of changes in fair value and insignificant interest rate risk and original maturities of three months or less.

(e) Restricted cash

Restricted cash consists of cash held as security deposits on mining tenements, cash held to acquire shares in subsidiaries as part of the compulsory takeover of shares as well as cash held on margin call in terms of certain conditions of borrowing agreements.

(f) 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 and 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.

(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 for a financial instrument cannot 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.

For the year ended 30 June 2007

1 Accounting policies (continued)

(f) Financial assets (continued)

(ii) Available-for-sale financial assets (continued)

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 measured 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.

(g) 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. The cost of bullion and gold in process is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production.

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

Bullion on hand and gold in process at certain of the underground operations includes 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 broken ore form or production from the time of placement on heap leach pads. It is valued using the weighted average cost method. Costs included are average production costs, including amortisation and depreciation at the relevant stage of production.

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

(h) 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.

(i) 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 designated derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

For the year ended 30 June 2007

1 Accounting policies (continued)

(i) Derivative financial instruments (continued)

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 33. The full fair value of a hedging derivative 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 current assets or liabilities.

Fair value hedge: Changes in the fair value of derivatives that are designated and qualifies as fair value hedges are recognised 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 expenses – 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'.

(j) 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.

(k) 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.

(l) 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 provides 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.

For the year ended 30 June 2007

1 Accounting policies (continued)

(l) Property, plant and equipment (continued)

(i) Mining assets (continued)

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

(ii) 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.

(iii) 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.

(iv) Depreciation and amortisation of mining assets: Depreciation and amortisation of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method based on estimated proved and probable reserves. 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.

(v) Depreciation and amortisation of non-mining fixed assets: Other non-mining fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:
- Vehicles at 20% per year;
- Computer equipment at 33.3% per year;
- 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 the carrying amount. These are included in the income statement.

(m) Intangible assets

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following are the main categories of intangible assets:

i) Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortised but tested for impairment on an annual basis.
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.

ii) Intangible assets with a finite useful life

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software.
Intangible assets with a finite useful life are amortised on a straight line basis of over their estimated useful lives, which are reviewed annually, as follows:
- Computer software at 20% per year

For the year ended 30 June 2007

1 Accounting policies (continued)

(n) 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 as 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 its 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). Each operating shaft, along with allocated common assets, such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent of the cash flows of other shafts and assets belonging to the Group. Non-financial assets other than goodwill that suffered an impairment are reviewed for a possible reversal of the impairment at each reporting date.

(o) Environmental obligations

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

The net present values 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.

The discount rate used is based on a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

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 as well as changes to estimates are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the Group's accounting policy. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred.

(p) Environmental trust funds

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

(q) 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at balance sheet date. This estimate takes into account associated risks and uncertainties.

Where the effect of the time value of money is material, the amount recognised is the present value of the expenditure expected to be required to settle the obligation. Where discounting is used, the carrying amount of the provision increases in each period to reflect the passage of time. This increase is recognised as a borrowing cost.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

For the year ended 30 June 2007

1 Accounting policies (continued)

(r) Deferred taxation

The Group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method, deferred income and mining taxes are recognised for the tax consequences of temporary differences by applying expected tax rates to the differences between the tax base of all 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 not affect the accounting or 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.

(s) 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.

(iii) Equity compensation benefits: The Group operates equity-settled, share-based compensation plans, 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 binomial 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 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 accrues the cost of the leave days granted to employees during the period in which the leave days accumulate.

(t) 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.

(u) 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.

(v) Revenue recognition

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

For the year ended 30 June 2007

1 Accounting policies (continued)

(v) Revenue recognition

(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.

(w) 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.

(x) Segmental reporting

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

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS requires the Groups' 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 continually 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) Impairments of mining assets

The fair value of mining assets is generally determined using 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 an updated life of mine plans, a gold price of R115 000 per kilogram and a discount rate of 9.18% (2006: R105 000 per kilogram and an 8.38% discount rate). (refer note 8).

(b) Impairment of investment in associate

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment to the recoverable amount, which is the higher of value in use or fair value less costs to sell. In calculating this, the following are looked at: the closing share price on year end, average share price over a reasonable period thereafter as well as recent transactions. An impairment loss or the reversal of an impairment loss is only recognised when deemed of a permanent nature.

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

If the value of the financial instrument cannot 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.

For the year ended 30 June 2007

2 Critical accounting estimates and judgements (continued)

(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.

An inflation rate of 5% and the 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. The different discount rates used for the calculation are as follows: for 12 months – 13.77%; for 1 – 5 years – 10.61%; for 5 – 9 years – 9.49%, for 10 years or more – 9.25%. (2006: discount rate of 12.88% and inflation rate of 5.5%), and for the Australian operations a discount rate of 7% (2006: 7%).

(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 included, 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% (2006: discount rate of 9%, 60 years and 6.34% inflation rate).

(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 40).

(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 39 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(m)(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(j) Gold in lock-up

Gold in lock-up in certain plants are estimated based on the calculated plant call factor. Plant call factor is the efficiency measurement of the percentage of gold extracted from the ore.

(k) Assessment of contingencies

Contingencies will only realise value 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.

For the year ended 30 June 2007

3 Financial risk management

Financial risk factors

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, the use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

(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.

(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

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk 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 fixed-to-floating interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from fixed rates to floating rates. Generally, the Group raises long-term borrowings at fixed rates and swaps them into floating rates that are lower than those available if the Group borrowed at floating rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between floating contract rates and fixed-rate interest amounts calculated by reference to the agreed notional principal amounts.

For the year ended 30 June 2007

3 Financial risk management (continued)

Financial risk factors (continued)

(e) Foreign currency sensitivity

Harmony's revenues are sensitive to the ZAR/US$ exchange rate as all 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.

(f) 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.

(g) 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.

(h) Interest rate swaps

The Group had interest rate swap agreements to convert its senior unsecured fixed rate bond (HAR1) to variable rate debt. These interest rate swaps were designated as fair value hedges. The bond as well as the interest rate swaps matured in the prior year and were settled in full.

(i) 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.

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM
		4 Cash operating costs/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:		
1 004	**1 249**	Labour costs, including contractors	**5 008**	4 119
281	**365**	Stores and materials	**1 653**	1 333
141	**149**	Water and electricity	**738**	674
15	**21**	Hospital costs	**27**	82
(12)	**66**	Changes in inventory	**(58)**	(143)
(138)	**(128)**	On-going capital	**(528)**	(625)
61	**(12)**	Other	**26**	142
1 352	**1 710**	Cash operating costs	**6 866**	5 582
135	**188**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**834**	880
20	**37**	Corporate, administration and other expenditure	**184**	120
(12)	**41**	(Reversal of provision)/provision for rehabilitation costs	**(16)**	(20)
1 495	**1 976**	Cost of sales	**7 868**	6 562

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		5 Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities		
–	–	Other non-mining assets	**15**	45
–	**5**	Intangible assets	**5**	–
14	**9**	Borrowings' issue costs	**9**	14
14	**14**		**29**	59
		6 Employment termination and restructuring costs		
55	–	Free State	–	55
–	–	Randfontein and Elandskraal	–	(5)
–	–	Evander	–	(6)
–	–	Freegold	–	31
–	–	Avgold	–	(2)
–	–	Musuku	–	(1)
55	–		–	72

During the 2006 year, 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, initiated following the weakening of the gold price in rand per kilogram terms. Actual cost amounted to R140 million and was utilised against the provision recognised in FY05. The remaining balances were reversed during FY06.

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		7 Profit on sale of property, plant and equipment		
–	–	Sale of Randfontein 4 Shaft (a)	**69**	–
–	–	Sale of Deelkraal surface assets (b)	**98**	–
2	**2**	Other	**15**	65
2	**2**		**182**	65

(a) The Randfontein 4 Shaft was sold to Ezulwini Mining Company (Pty) Ltd for R60 million on 29 December 2006. The liabilities exceeded the assets with R9 million, resulting in a profit of R69 million.

(b) The Deelkraal surface assets, which had a Rnil carrying value were disposed of, for R98 million to Ogoerion Construction CC on 5 April 2007. Payments totalling R10 million have been made to date. The remaining amount will be paid in 24 monthly instalments that commenced on 1 June 2007.

For the year ended 30 June 2007

8 Reversal of impairment/ (impairment) of assets

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
156	**(13)**	Free State	**(13)**	156
–	–	Lydex	–	(114)
–	–	Evander	–	80
–	–	Kalgold	**133**	–
–	–	Freegold	**14**	94
156	**(13)**		**134**	216

During the year ended 30 June 2007, the Group recorded an impairment at the Free State operations. The Group also reversed impairments previously recorded at its Kalgold and Freegold operations, where the fair values exceeded the carrying values determined through value-in-use calculations.

During the year ended 30 June 2006; the Group reversed R330 million of the R736 million impairment recorded in FY05 at its Free State, Evander and Freegold operations. The fair values determined by a value in use calculation, 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 (Lydex) relates to an impairment loss on amounts previously capitalised as undeveloped properties for which no future financial benefits are expected by management.

9 Fair value of non-derivative financial instruments

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
–	–	Mark-to-market adjustment	**111**	87
–	–		**111**	87

The sale agreement of African Rainbow Minerals Ltd (ARM) shares gave rise to a non-derivative financial instrument that is designated 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 32).

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		10 Other expenses – net		
8	**14**	Foreign exchange profits/(losses) – net	**11**	(25)
–	**–**	Non-mining bad debts	**(10)**	(5)
(20)	**(18)**	Other expenditure – net	**(50)**	(131)
(12)	**(4)**		**(49)**	(161)
		11 Operating profit/(loss)		
		The following have been included in operating profit/(loss):		
6	**8**	**Professional fees**	**42**	35
2	**2**	**Auditors' remuneration**	**14**	13
2	**2**	Fees – current year	**11**	11
–	**–**	Fees – prior year (over)/under provision	**–**	–
–	**–**	Fees – other services	**3**	2
		12 (Loss)/profit on sale of listed investments		
307	**–**	(Loss)/profit on sale of investment in Gold Fields Limited	**(35)**	307
(1)	**–**	Loss on sale of investment in San Gold Resources Corporation	**–**	(1)
306	**–**	(Loss)/profit on sale of listed investments	**(35)**	306

In the 2006 financial year, the Company disposed of its remaining investment, purchased in November 2004, 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.

In the first half of the 2007 financial year, the Company received new Gold Field shares, in a share exchange for its Western Areas Limited shares.

The Group disposed of 1 150 000 of these Gold Fields shares for R143 million in four transactions between 26 January 2007 and 12 February 2007. The total cost of these shares was R155.3 million, resulting in a loss of R12.3 million. During May and June 2007, a further 1 500 000 shares with a cost of R202.5 million were disposed of for R179.6 million, resulting in a loss of R22.9 million.

On 29 December 2005, Harmony disposed of its investment in San Gold Resources Corporation for R19 million. The investment was carried at a total cost of R20 million, resulting in a loss of R1 million.

For the year ended 30 June 2007

13 Profit on sale of subsidiaries

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
–	–	Profit on sale of investment in Buffalo Creek Mines (Pty) Ltd	–	14

On 31 March 2006, the Company disposed of the entire share capital of Buffalo Creek Mines (Pty) Ltd (Buffalo Creek) 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 Inc. (GBS Gold), valued at A$5 million.
- A$5 million to be paid in cash in September 2006
- Shares in GBS Gold 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 was R92 million (A$21 million), resulting in a profit of R14 million (A$2.9 million) for the Group.

14 Profit on sale of investment in associate

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
–	–	Profit on sale of Western Areas Limited	**236**	–

On 8 December 2006, the Group disposed of its interest in Western Areas Limited (Western Areas) in exchange for Gold Fields ordinary shares. This was in terms of an offer by Gold Fields whereby every 100 Western Areas shares was exchanged for 35 Gold Fields shares. The Group received 15 745 079 Gold Fields shares for its 44 985 939 Western Areas shares. The net profit on the transaction was R236 million, taking into account the share of post-acquisition loss of R123 million.

15 Investment income

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
254	**29**	Interest received on held-to-maturity and other financial assets	**183**	207
11	**12**	Dividends received from available-for-sale financial assets	**21**	11
10	–	Other	**(7)**	(17)
275	**41**		**197**	201

16 Finance cost

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Interest paid		
–	**3**	Banks and short-term facilities	**3**	–
90	–	Senior unsecured fixed rate bonds	–	90
84	**83**	Convertible unsecured fixed rate bonds	**83**	82
24	**65**	Rand Merchant Bank	**94**	24
1	**17**	Other creditors	**38**	3
199	**168**	**Total interest paid**	**218**	199

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		16 Finance cost (continued)		
		Interest accrued		
63	**68**	Convertible unsecured fixed rate bonds	**68**	63
–	–	Nedbank Limited	**127**	102
–	–	Post-retirement benefits	**10**	8
13	**29**	Time value of money and inflation components of rehabilitation costs	**108**	78
–	–	Interest capitalised	**(16)**	(14)
76	**97**	**Total interest accrued**	**297**	237
275	**265**	**Total finance cost**	**515**	436

The interest accrued relates to imputed interest charges on the various liabilities in terms of the applicable accounting rules.

17 Taxation

The components of taxation in the income statement are the following:

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		South African taxation		
–	–	Non-mining tax	**(13)**	(11)
–	**(4)**	Non-mining tax – prior year	**4**	–
(26)	**(18)**	Deferred tax	**(389)**	(141)
(20)	**(2)**	Deferred tax – impairment of assets	**(6)**	(65)
		Foreign taxation		
–	–	Deferred tax	**155**	76
(46)	**(24)**	**Total taxation**	**(249)**	(141)

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% (2006: 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 % (2006: 45%) were:

For the year ended 30 June 2007

17 Taxation (continued)

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
(131)	**88**	Tax on net income at the maximum statutory mining tax rate	**(214)**	179
58	**(94)**	Non-taxable income/non-allowable deductions	**(86)**	(97)
62	**–**	Difference between estimated effective mining tax rate and maximum mining statutory rate on timing differences	**–**	38
	3	Difference between South African mining formula tax rate and maximum mining statutory rate on mining income	**56**	10
–		Difference between non-mining tax rate and mining statutory rate on non-mining income	**7**	(76)
(35)	**(14)**	Change in estimated effective mining tax rate on deferred tax	**(159)**	(194)
–	**–**	Change in statutory non-mining tax rate	**–**	–
–	**(3)**	Deferred tax effect on change in estimate of environmental rehabilitation	**143**	–
–	**(4)**	Prior year adjustment mining and non-mining tax rate	**4**	–
(46)	**(24)**	**Income and mining taxation**	**(249)**	(141)
13%	**-8%**	**Effective income and mining tax rate**	**20%**	-35%
		Deferred income and mining tax liabilities and assets on the balance sheet as of 30 June 2007 and 30 June 2006, relate to the following:		
		Deferred income and mining tax liabilities		
137	**198**	Amortisation and depreciation	**4 050**	3 587
1	**4**	Product inventory not taxed	**101**	64
27	**22**	Convertible bonds	**22**	28
–	**1**	Other	**6**	13
166	**225**		**4 179**	3 693
(96)	**(135)**		**(1 521)**	(1 393)
–	**–**	Deferred financial liability	**(25)**	(72)
(21)	**(42)**	Unredeemed capital expenditure	**(872)**	(681)
(8)	**(33)**	Provisions, including non-current provisions	**(262)**	(172)
(66)	**(60)**	Tax losses	**(362)**	(468)
–	**–**	Non-current assets reclassified as held for sale	**21**	–
70	**90**		**2 679**	2 300
		The Group's net deferred tax liability/(asset) is made up as follows:		
(110)	**(158)**	Deferred tax assets	**(2 321)**	(1 975)
180	**248**	Deferred tax liabilities	**5 000**	4 275
70	**90**		**2 679**	2 300

For the year ended 30 June 2007

17 Taxation (continued)

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		The movement in the net deferred tax liability recognised in the balance sheet is as follows:		
25	**70**	At the beginning of the year	**2 300**	2 183
–	–	Acquired through the purchase of subsidiaries and businesses and the finalisation of purchase prices of subsidiaries and businesses	–	(17)
46	**20**	Total charge per income statement	**316**	127
–	–	Foreign currency translation adjustments	**42**	6
–	–	Non-current assets reclassified as held for sale	**21**	–
70	**90**	At the end of the year	**2 679**	2 300

As at 30 June 2007, the Group has unredeemed capital expenditure of R8 696 million (2006: R7 797 million) and tax losses carried forward of R1 391 million (2006: R2 507 million) available for deduction against future mining income. These future deductions are utilisable against mining income generated only from the Group's current mining operations and do not expire unless the Group ceases to trade for a period longer than one year.

18 Non-current assets held for sale and discontinued operations

The assets and liabilities related to Mt Magnet and South Kal (operations in Australia), ARMgold Welkom and Orkney operations (operations in the Free State and North West Province), and Kudu and Sable (operations in the Free State area), have been presented as held-for-sale following the approval of the Group's management and Board of Directors on 20 April 2007.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Operating cash flows	**(370)**	(100)
		Investing cash flows	**48**	339
		Financing cash flows	–	(159)
		Foreign exchange translation adjustment	**23**	18
		Total cash flows	**(299)**	98
		(a) Non-current assets classified as held-for-sale		
		Property, plant and equipment	**876**	–
		Restricted cash	**5**	–
		Investment financial assets	**64**	–
		Deferred income tax	**120**	–
		Inventories	**121**	–
		Trade and other receivables	**84**	–
		Income and mining taxes	**11**	
		Cash and cash equivalents	**3**	–
			1 284	–

For the year ended 30 June 2007

18 Non-current assets held for sale and discontinued operations (continued)

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		(b) Liabilities directly associated with non-current assets classified as held for sale		
		Borrowings	**1**	–
		Deferred income tax	**99**	–
		Provisions for other liabilities and charges	**257**	–
		Trade and other payables	**136**	–
		Accrued liabilities	**54**	–
			547	–
		(c) Analysis of the results of discontinued operations, and the results recognised on the remeasurement of assets or disposal by the Group		
		Revenue	**1 567**	1 216
		Expenses	**(1 703)**	(1 203)
		(Loss)/profit from discontinued operations before tax	**(136)**	13
		Taxation	**(196)**	3
		(Loss)/profit from discontinued operations after tax	**(332)**	16
		Pre-tax loss recognised on the remeasurement of assets of disposal	**(391)**	–
		Taxation	**117**	–
		Loss for the year from discontinued operations	**(606)**	16

19 Earnings/(loss) per share

Basic earnings/(loss) per share

Basic earnings/(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 2007 RM	GROUP 2006 RM
Weighted average number of ordinary shares in issue ('000)	**397 911**	393 727
Net profit/(loss) from continuing operations	**947**	(541)
Basic earnings/(loss) per share from continuing operations (cents)	**238**	(137)
Net (loss)/profit from discontinued operations	**(606)**	16
Basic (loss)/earnings per share from discontinued operations	**(152)**	4
Total net profit/(loss) attributable to shareholders	**341**	(525)
Total basic earnings/(loss) per share (cents)	**86**	(133)

Fully diluted earnings/(loss) per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes and warrants in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the Company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		19 Earnings per share (continued)		
		Weighted average number of ordinary shares in issue ('000)	**397 911**	393 727
		Potential ordinary shares ('000)	**4 471**	–
		Weighted average number of ordinary shares for fully diluted earnings per share ('000)	**402 382**	393 727
		Fully diluted earnings/(loss) per share from continuing operations (cents)	**235**	(137)
		Fully diluted (loss)/earnings per share from discontinued operations (cents)	**(150)**	4
		Total fully diluted earnings/(loss) per share (cents)	**85**	(133)

The inclusion of share options issued to employees as at 30 June 2006, as potential ordinary shares, had 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 32) had an anti-dilutive effect on diluted earnings per share. Accordingly, such additional shares were not taken into account in the determination of the diluted loss per share.

Headline earnings per share

The calculation of headline earnings per share is based on the basic earnings per share calculation adjusted for the following items:

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		Continued operations		
		Net profit/(loss)	**947**	(541)
		Adjusted for:		
		Profit on sale of property, plant and equipment	**(129)**	(65)
		Loss/(profit) on sale of listed investment	**30**	(306)
		Profit on sale of investment in associate	**(220)**	–
		Profit on sale of subsidiary	**–**	(14)
		Reversal of impairment of assets	**(116)**	(151)
		Headline profit/(loss)	**512**	(1 077)
		Discontinued operations		
		Net (loss)/profit	**(606)**	16
		Adjusted for:		
		Profit on sale of listed investment	**(7)**	–
		Impairment of assets	**273**	–
		Headline (loss)/profit	**(340)**	16
		Total headline profit/(loss)	**172**	(1 061)
		Basic headline earnings/(loss) per share from continuing operations (cents)	**128**	(273)
		Fully diluted headline earnings/(loss) per share from continuing operations (cents)	**127**	(273)
		Basic headline (loss)/earnings per share from discontinued operations (cents)	**(85)**	4
		Fully diluted headline (loss)/earnings per share from discontinued operations (cents)	**(84)**	4
		Total basic headline earnings/(loss) per share (cents)	**43**	(269)
		Total fully diluted headline earnings/(loss) per share (cents)	**43**	(269)

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		20 Property, plant and equipment		
1 075	**1 258**	Mining properties, mine development costs and mine plant facilities	**10 131**	10 059
–	**–**	Mining assets under construction	**2 706**	1 488
442	**437**	Undeveloped properties	**11 416**	11 669
–	**–**	Deferred stripping	**87**	28
–	**–**	Other non-mining assets	**58**	74
1 517	**1 695**		**24 398**	23 318
		Mining properties, mine development costs and mine plant facilities		
		Cost		
2 634	**2 834**	Cost at beginning of year	**19 998**	18 322
200	**276**	Additions	**1 468**	1 323
(1)	**–**	Disposals	**(15)**	(2)
–	**–**	Foreign currency translation adjustments	**392**	410
–	**104**	Adjustment to rehabilitation asset	**380**	(55)
–	**–**	Non-current assets reclassified as held for sale	**(2 885)**	–
2 833	**3 214**		**19 338**	19 998
		Accumulated depreciation		
1 783	**1 759**	Accumulated depreciation and amortisation at beginning of year	**9 939**	8 768
(156)	**13**	Impairment of fixed assets	**390**	(330)
–	**–**	Disposals	**(3)**	(33)
–	**–**	Foreign currency translation adjustments	**58**	507
131	**184**	Amortisation and depreciation charge for the year	**1 137**	1 027
–	**–**	Non-current assets reclassified as held for sale	**(2 314)**	–
1 758	**1 956**		**9 207**	9 939
1 075	**1 258**	**Net book value**	**10 131**	10 059
		Mining assets under construction		
		Cost		
–	**–**	Cost at beginning of year	**1 489**	1 024
–	**–**	Additions	**1 192**	454
–	**–**	Foreign currency translation adjustments	**49**	10
–	**–**	Non-current assets reclassified as held for sale	**(24)**	–
–	**–**	**Book value**	**2 706**	1 488
		Undeveloped property		
		Cost		
467	**467**	Cost at beginning of year	**12 213**	12 257
–	**–**	Additions	**35**	13
–	**–**	Disposals	**(20)**	(145)
–	**–**	Foreign currency translation adjustments	**(1)**	88
–	**–**	Non-current assets reclassified as held for sale	**(748)**	–
467	**467**		**11 479**	12 213

For the year ended 30 June 2007

20 Property, plant and equipment (continued)

Company 2006 RM	Company 2007 RM		Note	Group 2007 RM	Group 2006 RM
		Undeveloped properties (continued)			
		Accumulated depreciation			
22	**25**	Accumulated depreciation and amortisation at beginning of year		**544**	523
–	**–**	Foreign currency translation adjustments		**53**	18
–	**–**	Reversal on impairment of fixed assets		**(68)**	–
3	**5**	Amortisation and depreciation change for the year		**5**	3
–	**–**	Non-current assets reclassified as held for sale		**(471)**	–
–	**5**			**63**	544
442	**437**	**Net book value**		**11 416**	11 669
		Deferred stripping			
		Cost			
–	**–**	Cost at beginning of year		**93**	75
–	**–**	(Reversal of cost deferred)/cost deferred		**(6)**	18
–	**–**			**87**	93
		Accumulated depreciation			
–	**–**	Accumulated impairment losses at beginning of year		**65**	65
–	**–**	Reversal of impairment losses		**(65)**	–
–	**–**			**–**	65
–	**–**	**Net book value**		**87**	28
		Other non-mining assets			
		Cost			
28	**28**	Cost at beginning of year		**345**	303
–	**–**	Acquired through the purchase of subsidiaries		**–**	1
–	**–**	Acquired through the purchase of businesses		**–**	5
–	**–**	Additions		**3**	39
–	**–**	Disposals		**(1)**	(2)
–	**–**	Foreign currency translation adjustments		**1**	(1)
	–	Non-current assets reclassified as held for sale		**(27)**	–
28	**28**			**321**	345
		Accumulated depreciation			
28	**28**	Accumulated depreciation and amortisation at beginning of year		**271**	112
–	**–**	Impairment of assets		**–**	114
–	**–**	Amortisation and depreciation charge for the year		**15**	45
–	**–**	Non-current assets reclassified as held for sale		**(23)**	–
28	**28**			**263**	271
–	**–**	**Net book value**		**58**	74
1 517	**1 695**	**Total net book value**		**24 398**	23 318

Other non-mining assets consist of mineral subscription and participation rights, freehold land, computer equipment and motor vehicles.

For the year ended 30 June 2007

21 Intangible assets

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		Goodwill		
		Cost		
–	–	Cost at beginning of year (a)	**2 375**	2 372
–	–	Acquired through the purchase of subsidiaries (b)	–	3
–	–		**2 375**	2 375
		Accumulated depreciation		
–	–	Accumulated depreciation and amortisation at beginning and end of year (a)	**105**	105
–	–	Net book value	**2 270**	2 270
		Computer software		
		Cost		
–	**42**	Acquired during the year (c)	**42**	–
–	**42**		**42**	–
		Accumulated depreciation		
–	**5**	Amortisation charge for the year	**5**	–
–	**5**		**5**	–
–	**37**	**Net book value**	**37**	–
–	**37**	**Total net book value**	**2 307**	2 270

(a) The opening net book value of goodwill in the 2006 financial year relates to the acquisition of ARMgold on 22 September 2003.

(b) The goodwill relates to the acquisition of MP 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).

(c) The asset relates to acquisition costs for the Oracle ERP software implemented in December 2006.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		22 Restricted cash		
–	–	Rand Merchant Bank margin call account (a)	**274**	–
–	–	Australian shareholders funds (b)	**–**	8
–	–	Security deposits (c)	**10**	246
1	–	Bissett proceeds held in trust (d)	**–**	1
–	–	Reclassified as current	**(274)**	–
–	–	Reclassified as non-current assets held for sale	**(5)**	–
1	–		**5**	255

(a) With the refinancing of the Rand Merchant Bank term loan facility, R274 million was placed in a security deposit account with Rand Merchant Bank.

(b) An amount of A$0.1 million (2006: A$1.4 million) is held to acquire the remaining shares in Australian subsidiaries, as part of the compulsory takeover of shares.

(c) An amount of A$1.6 million (2006: A$46 million) is held in respect of security deposits on mining tenements.

(d) An amount of C$0.2 million of the proceeds on sale of Bissett was held in trust with Stike and Elliot attorneys in Canada at 30 June 2006. The amount was held in trust until clearance was provided by the Canadian tax authority that all outstanding tax obligations by Harmony had been met.

Restricted cash is measured at fair value.

For the year ended 30 June 2007

23 Investments in financial assets

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		Available-for-sale financial assets		
–	–	Investment in GBS Gold International Inc (a)	–	21
–	–	Investment in Alloy Resources (b)	–	5
–	–	Investment in African Rainbow Minerals Limited (c)	**1 051**	941
–	–	Investment in Gold Fields Limited (d)	**1 433**	–
–	–	Investment in Peninsula Minerals Limited (e)	–	1
–	**50**	Investment in Clidet No 700 (Pty) Ltd	**50**	–
2	**2**	Investment in other unlisted companies (g)	**5**	16
–	–	Reclassified as current assets	**(2 484)**	–
2	**52**		**55**	984
		Held-to-maturity financial assets		
129	**147**	Environmental trust funds (h)	**1 332**	1 287
131	**199**		**1 387**	2 271

(a) 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. (GBS Gold), issued at C$1.75, as partial consideration for the sale of the Company's wholly owned subsidiary, Buffalo Creek Mines (Pty) Ltd. GBS Gold 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 31(b) for more detail).

On 28 September 2006, the Group sold 361 807 GBS Gold shares for R30 million, resulting in a profit of R1.1 million

On 9 February 2007, the Group disposed of the remaining 1 546 085 shares for R38.5 million, resulting in a profit of R7 million.

(b) 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 R4.5 million (A$0.15 per share) on 30 June 2007 (2006: R5 million (A$0.185 per share)), resulting in a decrease of R0.5 million for the year (2006: R0.4 million), which was reflected as equity reserves (refer to note 31(b) for more detail). This investment has now been included in non-current assets held for sale (refer note 18).

For the year ended 30 June 2007

COMPANY 2006 RM	2007 RM		GROUP 2007 RM	2006 RM

23 Investments in financial assets (continued)

(c) 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 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 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.

On 6 June 2006, the 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.

An indemnity from ARM 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, which further reduces Harmony's obligation. Net obligation to Harmony, after taking the aforementioned adjustments into account, will be R260 million plus accrued interest (2006: R260 million plus accrued interest).

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 9).

This investment is disclosed as a current asset as it was disposed of subsequent to year end.

(d) On 8 December 2006, the Group received 15 745 079 ordinary shares in Gold Fields, issued at R135.02 per share, in exchange for its interest in Western Areas Limited (Western Areas). This was in terms of the offer by Gold Fields to exchange every 100 Western Areas shares held for 35 Gold Fields shares. Gold Fields is a mineral resources company, primarily gold, which is listed on the JSE Limited (JSE) and has a secondary listing on the New York Stock Exchange.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

23 Investments in financial assets (continued)

The Group disposed of 1 150 000 shares for R143 million in four transactions between 26 January 2007 and 12 February 2007. The total cost of these shares was R155.3 million, resulting in a loss of R12.3 million. During May and June 2007, a further 1 500 000 shares with a cost of R202.5 million were disposed of for R179.6 million, resulting in a loss of R22.9 million. After this transaction, the Group still held 7 348 079 shares in Gold Fields, after taking into account the 5 747 000 shares sold to RMB Morgan Stanley in terms of the Equity Performance Swap. (See note 32(i) in this regard).

The investment was carried at fair value and the R335.5 million mark-to-market movement for 2007 resulted in a decrease of R335.5 million since acquisition, which was reflected as equity reserves (Refer to note 31(b)).

Dividends to the value of R13 million were received from this investment during the 2007 financial year

This investment is disclosed as a current asset as it was disposed of subsequent to year end.

(e) On 5 February 2007, the Company disposed of its shares in Peninsula Minerals Limited for A$0.4 million, resulting in a profit of R1.7 million (A$0.3 million). These shares, totalling 5 million ordinary shares, were received on 25 January 2005, issued at A$0.02 per share, as partial consideration for the sale of tenements.

(f) On 11 December 2006, Harmony subscribed to 50 000 cumulative redeemable participating preference shares in Clidet No 700 (Proprietary) Limited (Clidet 700) for R50 million. The consideration was paid on 3 January 2007. Clidet 700 used these funds to purchase 4 106 667 ordinary shares in Pamodzi Gold Limited (Pamodzi Gold), which listed on the JSE on 11 December 2006. Clidet 700 has ceded the Pamodzi Gold shares to Harmony as security for the amounts owing in terms of the redemption of the preference shares. The preference shares may be redeemed after 1 May 2009 by Clidet 700, or after three years and one day from the issue date by Harmony. Dividends are accumulated and are payable on the redemption date, if not paid before.

For the year ended 30 June 2007

23 Investments in financial assets (continued)

(g) Investments are held in various unlisted industry-related companies. These investments have been valued by the directors by performing independent valuations on an annual basis to ensure that no permanent impairment in the value in the investments has occurred. During the financial year under review, the Group did not receive any income from these investments (2006: R0).

(h) The environmental trust funds are irrevocable trusts under the Group's control. Contributions to the trusts are invested primarily in interest-bearing short-term and other investments. The costs 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 is accounted for as investment income. These investments are restricted in use and may only be used to fund the Group's approved rehabilitation costs.

24 Investments in associates

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
–	**1**	Opening carrying amount	**1 909**	–
–	**–**	Disposal of share in associate	**(1 890)**	–
–	**–**	Joint venture becoming associate	**6**	–
1	**–**	Shares acquired at cost	**–**	2 014
–	**–**	Share of loss after tax	**(18)**	(105)
1	**1**	Closing carrying amount	**7**	1 909
		The carrying amount consist of the following:		
–	**–**	Western Areas Limited (a)	**–**	1 908
1	**1**	Village Main Reef Gold Mining Company Ltd (b)	**1**	1
–	**–**	Orpheo (c)	**6**	
1	**1**		**7**	1 909

On 9 March 2006, the Group acquired a 29.2% interest in the issued share capital of Western Areas (44 985 939 shares) through its subsidiary, the ARMgold/Harmony Joint Investment Company Pty Ltd, for 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.

For the year ended 30 June 2007

COMPANY 2006 RM	2007 RM		GROUP RM	RM

24 Investments in associates (continued)

On 8 December 2006, the Group disposed of its interest in Western Areas in exchange for Gold Fields ordinary shares. This was in terms of an offer by Gold Fields whereby every 100 Western Areas was exchanged for 35 Gold Fields shares. The Group received 15 745 079 Gold Fields shares for its 44 985 939 Western Areas shares. The net profit on the transaction was R236 million, taking into account the share of post-acquisition loss of R123 million.

During the 2007 year, the Group's share of post-acquisition profit and loss was R17.9 million.

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%	29.2%
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 was as follows:

	100%	29.2%
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
	6 293	1 838

For the year ended 30 June 2007

COMPANY			GROUP	
2006	2007			
RM	RM		RM	RM

24 Investments in associates (continued)

(b) 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.

During the twelve months to June 2007, the Group's share of post-acquisition profit was R0.07 million.

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 2007.

	100%	37.8%
Non-current assets	**1**	–
Current assets	**4**	2
Total assets	**5**	2
Equity	**2**	1
Non-current liabilities	**3**	1
Total liabilities	**5**	2

(c) On 18 June 2007, the Group disposed of 17% of its share in Orpheo by Harmony (Pty) Limited (Orpheo), which had been accounted for as a joint venture. After the transaction, the Group held a 34% interest in Orpheo.

The Group originally purchased its 50% share for R5 million. The proceeds for the disposal was R1.7 million and the fair value of the portion disposed was R1.5 million, resulting in a R0.2 million profit.

The loss attributable to the Group for the period since being classified as an associate is R0.1 million. Included in the balance at year-end is the loan owing to the Group for the sale consideration.

Orpheo has a 30 June year-end and the latest available audited financials are for the year ended 30 June 2006.

At 30 June 2007, the unaudited balance sheet of Orpheo was as follows:

	100%	34.0%
Non-current assets	**2**	1
Current assets	**3**	1
Total assets	**5**	2
Equity and liabilities	**2**	1
Non-current liabilities	**1**	–
Current liabilities	**2**	1
	5	2

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

25 Investments in subsidiaries

Company 2006 RM	Company 2007 RM	
20 400	20 400	Shares at cost (refer Annexure A)
7 377	6 072	Loans to subsidiaries (refer Annexure A)
27 777	26 472	Total investments in subsidiaries

26 Investment in joint ventures

The group has a joint venture agreement with Healthshare Health Solutions (Pty) Ltd (45%)

The group's effective share of income, expenses, assets and liabilities which is included in the 2007 consolidated statements, is as follows:

	Group 2007 RM	Group 2006 RM
Income statement		
Interest received	**1**	1
Other income/expenses	**20**	19
Profit before tax	**21**	20
Taxation	**(8)**	(7)
Dividend declared	**(12)**	(10)
Net profit	**1**	3
Balance sheet		
Non-current assets		
Goodwill	**3**	3
Current assets		
Inventories	**3**	2
Trade and other receivables	**7**	3
Cash and cash equivalents	**8**	12
Total assets	**21**	20
Equity	**10**	9
Current liabilities		
Trade and other payables	**6**	7
Income tax	**5**	4
Total equity and liabilities	**21**	20

During the financial year the Group received income of R7 million (2006: R6 million) from this investment.

For the year ended 30 June 2007

27 Inventories

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
94	**28**	Gold in-process and bullion on hand	**506**	458
153	**277**	Stores and materials at weighted average cost	**236**	208
247	**305**		**742**	666
		Gold in-process at the following operations is valued at net realisable value:		
		Free State	**28**	–
		Evander	**77**	–
		Elandskraal	**–**	18
		Freegold	**87**	–
		Target	**92**	–
			284	18

28 Trade and other receivables

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Current		
84	**72**	Trade receivables (gold)	**80**	292
8	**3**	Other mining related receivables	**150**	102
(2)	**(3)**	Provision for impairment	**(24)**	(13)
90	**72**		**206**	381
–	**–**	Value added tax	**479**	122
57	**–**	Interest and other receivables	**–**	85
25	**44**	Employee receivables	**54**	40
19	**93**	Insurance claims and prepayments	**148**	60
–	**–**	Deferred consideration for sale of Buffalo Creek (a)	**32**	47
191	**209**	Total current trade and other receivables	**919**	735
		Non-current		
–	**–**	Deferred consideration for sale of Buffalo Creek (a)	**–**	29
53	**53**	Loans (b)	**95**	62
11	**4**	Loan to Harmony Share Trust (c)	**–**	–
64	**57**		**95**	91

(a) On 31 March 2006, the Group disposed of the entire share capital of Buffalo Creek for R106 million (A$24 million). According to the agreement, the last instalment will be settled in cash, payable on 30 September 2007.

(b) Loans comprise various loans, which have been valued by the directors. These loans are unsecured and interest free, with no fixed terms of repayment over the short term.

(c) A loan of R4 million (2006: R11 million) was made to the Harmony Share Trust to acquire 109 400 shares (2006: 177 200 shares) for employees participating in the Harmony Share Option Scheme. Refer to note 39 for detail on the share option scheme.

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		29 Cash and cash equivalents		
157	**522**	Cash at bank and deposits on call	**711**	651
–	**(220)**	Overdraft facilities	**(220)**	–
157	**302**		**491**	651
		All deposits are on twenty-four hour call.		
		30 Share capital		
		Share capital		
		Authorised		
		1 200 000 000 (2006: 1 200 000 000) ordinary shares of 50 cents each		
		10 958 904 (2006: 10 958 904) redeemable convertible preference shares of 50 cents each		
		Issued		
		399 608 384 (2006: 396 934 450) 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		
197	**199**	Opening balance of ordinary shares	**199**	197
2	**1**	Issued in terms of the share option scheme	**1**	2
199	**200**	Balance as at 30 June 2007	**200**	199
		Share premium		
25 141	**25 322**	Opening balance	**25 290**	25 092
181	**137**	Exercise of employee share options	**137**	181
–	**4**	Sale of excess shares in share trust	**–**	–
–	**–**	Consolidation of share trusts	**9**	17
25 322	**25 463**	Balance as at 30 June 2007	**25 436**	25 290
25 521	**25 663**	**Total share capital**	**25 636**	25 489

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Director's Report and note 39 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 10 November 2006. The general authority is subject to the Listings Requirements of the JSE and the Companies Act no 61 of 1973 of South Africa, as amended.

For the year ended 30 June 2007

31 Other reserves

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
–	–	Foreign exchange translation reserve (a)	**(111)**	(316)
–	–	Mark-to-market of listed investments (b)	**(335)**	(7)
277	**277**	Equity component of convertible bond (c)	**277**	277
–	–	Acquisition of minority interest in subsidiary (d)	**(381)**	(381)
95	**115**	Deferred share-based compensation (e)	**232**	187
–	–	Other	**(31)**	(31)
372	**392**		**(349)**	(271)
		The different categories of other reserves are made up as follows:		
		Foreign exchange translation reserve		
–	–	At the beginning of the year	**(316)**	(425)
–	–	Current year's foreign exchange movement	**205**	109
–	–	At the end of the year	**(111)**	(316)
		Mark-to-market of listed investments		
(111)	–	At the beginning of the year	**(7)**	(112)
–	–	Unrealised mark-to-market of San Gold investment	–	(6)
–	–	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)
–	–	Realised mark-to-market of GBS Gold Investment	**5**	–
–	–	Unrealised mark-to-market of Alloy Resources investment	–	(1)
376	–	Unrealised mark-to-market of Gold Fields investment	**(357)**	376
(268)	–	Realisation of mark-to-market on disposal of Gold Fields investment	**24**	(268)
–	–	At the end of the year	**(335)**	(7)
		Mark-to-market of environmental trust funds		
–	–	At the beginning of the year	–	2
–	–	Mark-to-market of available-for-sale investments	–	(2)
–	–	At the end of the year	–	–
		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		
47	**95**	At the beginning of the year	**187**	84
48	**20**	Share-based compensation expensed	**45**	103
95	**115**	At the end of the year	**232**	187
		Other reserves		
–	–	At the beginning/end of the year	**(31)**	(31)

For the year ended 30 June 2007

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM

31 Other reserves (continued)

(a) The balance of the foreign exchange translation reserve represents the cumulative translation effect of the Company's off-shore operations.

(b) On 17 March 2004, the Company received 5 000 000 ordinary shares in San Gold, valued at R10 million, as partial consideration for the sale of the Company's wholly owned subsidiary, Bissett. San Gold is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. 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 was realised in the income statement as profit on disposal of the investment.

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 ratio 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 was realised in the income statement as profit on disposal of the investment.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

31 Other reserves (continued)

(b) (continued)

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 is listed on the JSE and has a secondary listing on the New York Stock Exchange. 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.

On 31 March 2006, the Group received 1 907 892 shares in GBS Gold, issued at C$1.75, as partial consideration for the sale of the Company's wholly owned subsidiary, Buffalo Creek Mines (Pty) Ltd. GBS Gold 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 23(a) for more detail).

The market value was realised in the income statement as profit on disposal of investment during the 2007 financial year.

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 23(b) for more detail)

For the year ended 30 June 2007

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM

31 Other reserves (continued)

(c) 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 nominal value Rand 0.50 per share. The fair values of the liability component and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in fair value and other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. Refer to note 32(b) for more detail.

(d) 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.

(e) The Company issues equity-settled instruments to certain qualifying employees under Employee Share Option Schemes 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 2007, a deferred share-based compensation expense of R45 million (2006: R103 million) was charged to the income statement. (Refer to note 39 for more detail).

For the year ended 30 June 2007

32 Borrowings

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Unsecured long-term borrowings		
1 700	**1 700**	Convertible unsecured fixed rate bonds (a)	**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
127	**195**	Interest expense	**195**	127
(27)	**(17)**	Less: amortised bond issue costs	**(17)**	(27)
1 463	**1 541**		**1 541**	1 463
–	–	Africa Vanguard Resources (Proprietary) Limited (b)	**32**	32
1 000	–	Rand Merchant Bank (c)	–	1 000
(1 000)	–	Less: current portion	–	(1 000)
–	–		–	–
1 463	**1 541**	**Total unsecured long-term borrowings**	**1 573**	1 495
		Secured long-term borrowings		
–	–	Gold Fields Limited (d)	–	5
–	–	Less: current portion	–	(5)
–	–		–	–
–	–	Nedbank Limited (e)	**170**	154
–	–	Nedbank Limited (f)	**601**	540
–	–	Less: current portion	**(601)**	–
–	–		–	540
–	–	Nedbank Limited (g)	**450**	402
–	–	Less: current portion	**(450)**	–
–	–		–	402
–	–	Auriel Alloys (h)	–	1
–	–	Less: current portion	–	(1)
–	–		–	–
–	–	Rand Merchant Bank (i)	**752**	–
–	–	Less: current portion	**(752)**	–
–	–		–	–
–	–	Rand Merchant Bank (j)	**550**	–
–	–	Less: current portion	**(550)**	–
–	–		–	–
–	**500**	Rand Merchant Bank (k)	**500**	–
–	**(500)**	Less: current portion	**(500)**	–
–	–		–	–
–	–	Westpac Bank (l)	**2**	–
–	–	Less: current portion	**(2)**	–
–	–		–	–
–	–	**Total secured long-term borrowings**	**170**	1 096
1 463	**1 541**	**Total long-term borrowings**	1 743	2 591

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

32 Borrowings (continued)

(a) 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 nominal value Rand 0.50 per share. The number of ordinary shares to be issued at such a conversion shall be determined by dividing the principal amount of each bond by the conversion price in effect on the relevant conversion date. The fair values of the liability 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 offering 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 (2006: R9 million) for amortisation of the bond issue costs.

(b) 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.

For the year ended 30 June 2007

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM

32 Borrowings (continued)

(c) 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 repayable on 13 March 2007 and interest, which is compounded monthly, is repayable every quarter commencing on 13 June 2006. During April 2007, the term loan from Rand Merchant Bank was repaid. Refer note 32 (i) and (j) for details on the funds utilised.

(d) This obligation arose as a result of an agreement entered into on 1 July 2002 by Freegold with St Helena Gold Mines Limited, a fully owned subsidiary of Gold Fields Limited, to purchase its St Helena assets for R129 million. R120 million was payable on 29 October 2002, being the effective date after the fulfilment of all the conditions precedent. The balance of R9 million was 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. In October 2006, the obligation relating to the royalty on turnover for the St Helena assets ended. The outstanding balance was not payable in terms of the agreement and the balance was reversed.

(e) 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 2007 amounted to R16 million (2006: R14 million).

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

32 Borrowings (continued)

(f) On 15 April 2005, the Trust entered into a 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 23(c)). The loan bears interest, compounded monthly, at a fixed rate of 9.52%. Interest capitalised during the year ended 30 June 2007 amounted to R61 million (2006: R49 million) (refer note 16). The loan is repayable on the 5th anniversary of the advance date.

(g) On 15 April 2005, the Trust entered into a second 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 23(c)). The loan bears interest, compounded monthly, at a fixed rate of 10.02%. Interest capitalised during the year ended 30 June 2007 amounted to R48 million (2006: R38 million) (refer note 16). The loan is repayable on the fifth anniversary of the advance date.

(h) 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. During December 2006, the loan was bought out in terms of a purchase agreement with Auriel Alloys for R812 733, which was the original amount reduced by the capital portion of the instalments paid to date.

(i) During April 2007, the Group entered into an Equity Performance Swap agreement with Rand Merchant Bank Morgan Stanley (RMB). In terms of this agreement, 5 747 000 Gold Fields ordinary shares were sold to RMB at the current market price (initial price), realising a notional amount of R752 million. Of this amount, R600 million was used to repay the term loan (see note 32(c)).

A swap agreement resulted in the Group retaining the full risk of the Gold Fields shares. Interest is payable to RMB on the notional amount at a rate equal to the SAFEX overnight deposit rate plus 35 basis points. Harmony is entitled to any dividends declared.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

32 Borrowings (continued)

The Group placed a 20% deposit of the notional amount, being R274 million, with RMB in a call account that serves as guarantee for the fluctuation in the price of the Gold Fields shares. Interest is payable by RMB to the Group at the SAFEX overnight deposit rate less 15 basis points.

Daily negative mark-to-market margin adjustments, where the spot price is lower than the initial price, are made to the margin account. Positive adjustments are only made up to the initial price. Gains above this will be realised on settlement.

The Group may close out or reduce its position at any time. A profit or loss would be calculated at close out. Any profit would be payable to Harmony, while Harmony would have to pay RMB if a loss is incurred.

Subsequent to the reporting date, the position was closed out. (Refer note 45 in this regard).

(j) During April 2007, Randfontein Estates Limited (Randfontein) issued 55 000 000 cumulative, floating rate, redeemable preference shares to RMB for R550 million. R400 million of the consideration was used to repay the term loan (refer note 32(c) above). The obligation to redeem the preference shares is secured by the cession of shares in Gold Fields Limited in a ratio of 1.5:1.

The preference shares are redeemable on the date that falls three years and a day after the issue date, but may be redeemed by Randfontein at any time before this date. The amount to be redeemed is the issue price together with any accumulated dividends and dividends that have been declared but not paid.

The first dividend date is 1 March 2008. After that date, it will be the last day of August and February until the final redemption date. The dividend rate is variable and is set out as follows:

- for the period from the issue date until 31 August 2007, the variable dividend rate is equal to 35% of the prime rate;
- for the period from 1 September 2007 until 29 February 2008, the variable dividend rate is equal to 50% of the prime rate;
- for the period starting on 1 March 2008, the variable dividend rate is equal to 83% of the prime rate.

Subsequent to the reporting date, the preference shares were redeemed. See note 45 in this regard.

For the year ended 30 June 2007

32 Borrowings (continued)

(k) On 29 June 2007, RMB advanced R500 million in terms of a short-term bridging loan. The loan is repayable on 30 September 2007 along with interest, calculated at the rate equal to the SAFEX Overnight rate plus 3.6%.

(l) On 22 June 2007, the Group entered into a draw down facility agreement with Westpac Bank for the Papua New Guinea operations. The limit is K3 million and interest is payable at 9.45%. Subsequent to the balance sheet date, the facility was repaid and then cancelled.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		The exposure of the Group's borrowings to changes in interest rate and contractual repricing dates is as follows:		
–	**–**	Variable	**170**	154
1 000	**500**	Current	**2 855**	1 006
–	**1 541**	Between 1 to 2 years	**1 541**	–
1 463	**–**	Between 2 to 5 years	**–**	2 405
–	**–**	Over 5 years	**32**	32
2 463	**2 041**	Total borrowings	**4 598**	3 597
0.0%	**0.0%**	Variable	**3.7%**	4.2%
45.7%	**24.5%**	Current	**62.1%**	28.0%
0.0%	**75.5%**	Between 1 to 2 years	**33.5%**	0.0%
54.3%	**0.0%**	Between 2 to 5 years	**0.0%**	66.9%
0.0%	**0.0%**	Over 5 years	**0.7%**	0.9%
100.0%	**100.0%**	Total borrowings	**100.0%**	100.0%
		The maturity of borrowings is as follows:		
1 000	**500**	Current	**2 855**	1 006
–	**1 541**	Between 1 to 2 years	**1 711**	–
1 463	**–**	Between 2 to 5 years	**–**	2 559
–	**–**	Over 5 years	**32**	32
2 463	**2 041**	Total borrowings	**4 598**	3 597
		The effective interest rates at the balance sheet date were as follows:		
		Convertible unsecured fixed rate bonds (a)	**10.0%**	10.0%
		Africa Vanguard Resources (Proprietary) Limited (b)	**0.0%**	0.0%
		Rand Merchant Bank (c)*	**0.0%**	9.0%
		Gold Fields Limited (d)*	**0.0%**	0.0%
		Nedbank Limited (e)	**11.87%**	13.0%
		Nedbank Limited (f)	**9.5%**	9.5%
		Nedbank Limited (g)	**10.0%**	10.0%
		Auriel Alloys (h)*	**11.0%**	11.0%
		Rand Merchant Bank (i)	**9.42%**	0.0%
		Rand Merchant Bank (j)	**4.6%**	0.0%
		Rand Merchant Bank (k)	**12.7%**	0.0%
		Westpac Bank (l)	**9.45%**	0.0%

* Loan repaid in full

For the year ended 30 June 2007

32 Borrowings (continued)

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 R4 598 million (2006: R3 597 million).

33 Derivative financial instruments

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
–	–	Mark-to-market of speculative financial instruments at year end	–	631

In line with Harmony's strategy of continuously evaluating the hedge agreements as well as market conditions in order to close out these contracts at the most beneficial time, Harmony was able to close out the remainder of the Australian hedge book inherited with the acquisition of the Hill 50 Mine in Western Australia: 220 000 ounces were closed out at an average spot rate of A$808.887 per ounce, for a total cost of A$72.8 million (R418.4 million) on 17 May 2007. This close out results in Harmony being totally unhedged in line with its stated company policy to give shareholders full exposure to the gold price.

All forward-pricing commitments and forward exchange contracts are classified as speculative and mark-to-market movements are reflected in the income statement.

For the year ended 30 June 2007

34 Provision for environmental rehabilitation

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		Provision raised for future rehabilitation		
118	**115**	Opening balance	**860**	837
–	**–**	Disposal of assets	**(29)**	–
–	**104**	Change in estimate – Balance sheet	**373**	(57)
(16)	**38**	Change in estimate – Income statement	**(9)**	(19)
6	**13**	Inflation present value adjustment	**54**	44
7	**15**	Time value of money component	**65**	48
–	**–**	Foreign currency translation adjustments	**35**	7
115	**285**	Closing balance	**1 349**	860
–		Provision associated with non-current assets held for sale	**(257)**	–
115	**285**		**1 092**	860

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 941 million (2006: R1 696 million).

Included in the charge to the income statement is an amount of R65 million (2006: R48 million) relating to the time value of money.

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		Movements in investments in the Group environmental trust funds were as follows:		
107	**128**	Opening balance	**1 287**	1 171
–	**–**	Reclassified as non-current assets held for sale	**(59)**	–
7	**11**	Interest accrued	**112**	87
14	**8**	Contributions made	**12**	32
–	**–**	Mark-to-market of available-for-sale investments	**–**	(2)
–	**–**	Reimbursement of costs incurred	**(20)**	(1)
128	**147**	Closing balance	**1 332**	1 287
		Future net obligations		
291	**387**	Ultimate estimated rehabilitation cost	**1 941**	1 696
(128)	**(147)**	Amounts invested in environmental trust funds	**(1 394)**	(1 287)
163	**240**		**547**	409

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.

For the year ended 30 June 2007

35 Provision for other liabilities and charges

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Social plan		
14	**16**	Opening balance	**16**	14
2	**1**	Charge to income statement	**1**	2
16	**17**	Closing balance	**17**	16

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 instalments of R3.5 million per annum with the final instalments to be made 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 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
26	**32**	Opening balance	**32**	26
4	**4**	Contributions made	**4**	4
2	**3**	Interest accrued	**3**	2
32	**39**	Closing balance	**39**	32

36 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) fund 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 2007 year (2006: 9%).

Substantially all the Group's employees are covered by the abovementioned retirement benefit plans. Funds contributed by the Group for the 2007 financial year amounted to R338 million (2006: R301 million).

For the year ended 30 June 2007

36 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 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 R74 million in FY07 (FY06: R83 million).

With the exception of some Freegold employees included from the date of acquisition, no post-retirement benefits are available to other current workers. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.

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 2007, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2008.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
4	**4**	Present value of unfunded obligations	**107**	107
		Movement in the liability recognised in the balance sheet		
4	**4**	Opening balance as previously stated	**107**	89
(1)	**(1)**	Contributions paid	**(2)**	(2)
1	**–**	Other expenses included in staff costs/service cost	**4**	3
–	**1**	Interest cost	**10**	8
–	**–**	Net actuarial gains recognised during the year	**(12)**	9
4	**4**	Balance at the end of the year	**107**	107

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		36 Retirement benefit obligations (continued)		
		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	**60**	Normal retirement age	**60**	60

The history of the defined benefit plan is as follows:

2005 RM	2006 RM	2007 RM		2007 RM	2006 RM	2005 RM
4	4	**4**	Present value of defined benefit obligation	**107**	107	89
–	–	**–**	Fair value of plan assets	**–**	–	–
4	4	**4**	Net pension liability	**107**	107	89

The effect of a one percentage point increase (and decrease) in the assumed medical cost trend rates for 2007 is as follows:

1% Increase/ decrease 2006 RM	1% Increase/ decrease 2007 RM		1% Increase/ decrease 2007 RM	1% Increase/ decrease 2006 RM
		Effect on:		
–	**–**	Aggregate of service cost and interest cost	**3**	2
1	**1**	Defined benefit obligation	**19**	15

The Group expects to contribute approximately R2.4 million to its benefit plan in 2008.

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		37 Trade and other payables		
416	**(138)**	Trade payables	**473**	523
–	**–**	Short-term borrowings	**8**	8
274	**310**	Payroll accruals	**314**	281
61	**75**	Leave liabilities	**241**	221
53	**44**	Accruals	**397**	259
14	**118**	Value added tax	**118**	14
118	**51**	Other liabilities	**204**	166
936	**460**		**1 755**	1 472

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		37 Trade and other payables (continued)		
		Leave liability		
		Employee entitlements to annual leave are recognised on an ongoing basis. An accrual 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:		
51	**61**	At the beginning of the year	**221**	204
–	**–**	Reclassification of opening balance to non-current assets held for sale	**(17)**	–
(48)	**(55)**	Benefits paid	**(184)**	(182)
–	**–**	Foreign currency translation adjustments	**1**	1
58	**69**	Total expenses per income statement	**221**	198
61	**75**	At the end of the year	**241**	221

38 Employee benefits

	Group 2007	Group 2006
Number of permanent employees as at 30 June		
Harmony Free State	**13 138**	11 847
Evander	**5 805**	5 874
Kalgold	**184**	172
Randfontein	**5 797**	5 550
Elandsrand	**5 374**	4 264
Australian operations*	**466**	513
Freegold (100%)	**13 367**	12 736
ARMgold**	**–**	2 398
Avgold	**1 359**	442
Other	**–**	67
Total	**45 490**	43 863

	Group 2007 RM	Group 2006 RM
Aggregate earnings:		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	**3 588**	3 282
Retirement benefit costs	**338**	301
Medical aid contributions	**74**	83
	4 000	3 666

Directors' remuneration is fully disclosed in the Directors' report.

* The total number of employees at the Australian operations at 30 June 2007 was 695. Of this total, 229 employees were attributable to the non-current assets held for sale and discontinued operations.

** The number of employees attributable to the non-current assets held for sale and discontinued operations is 2 407.

For the year ended 30 June 2007

39 Share options scheme

The Company has various employee share option schemes ('Harmony Share Option Schemes') hereunder referred to as the HSOS schemes.

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 2007, a total of 13 532 997 shares were offered to participants, leaving a balance of 9 671 963.

On 10 November 2006, a maximum of 14% of the issued share capital was approved to be offered to participants under the Harmony(2006) Share Plan. On 30 June 2007 929 994 share appreciation rights and 537 066 shares were offered to participants.

In terms of the rules of the HSOS scheme, the exercise price of the options granted is equal to the 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 shares per the Harmony (2006) Share Plan are excercisable one year from the grant date and the share appreciation rights a third annually two years from the grant date. 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 2007, a deferred share-based compensation expense of R40 million (FY06: R95 million) was charged to the income statement for continuing operations.

Share option activity was as follows:

	Number of share options granted	Average exercise price per share SA Rand
Balance as at 30 June 2005	18 358 063	–
Share options forfeited	(1 449 181)	–
Share options exercised during the year	(4 201 575)	49.76
Balance as at 30 June 2006	12 707 307	–
Share options forfeited	(1 748 408)	–
Share options exercised during the year	(2 666 833)	51.65
Balance as at 30 June 2007	8 292 066	–

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 109 400 (2006: 177 200).

For the year ended 30 June 2007

39 Share options scheme (continued)

The following table summarises the status of share options outstanding at 30 June 2007:

Grant date	Number of options	Option price (Rand)
21 September 1999	5 900	22.90
13 January 2000	31 700	35.40
15 November 2000	4 000	27.20
24 April 2001	57 000	36.50
20 November 2001	401 501	49.60
23 September 2002	76 657	66.00
27 March 2003	312 200	91.60
10 August 2004	1 976 717	66.15
26 April 2005	5 426 391	39.00
	8 292 066	

The share options outstanding at 30 June 2007 comprise 2.08% of the issued share capital.

The following table summarises the number of share options not vested:

Grant date	2007	2006
27 March 2003	**105 500**	536 400
10 August 2004	**1 784 046**	3 119 639
26 April 2005	**4 433 719**	7 769 770
15 November 2006	**929 994**	–
	7 253 259	11 425 809

The fair value of the options is determined using the binomial valuation model.

The significant inputs into the model were:	
Price at date of grant (Rand per share)	
15 November 2006 option allocation	112.64
26 April 2005 option grant	39.00
10 August 2004 option grant	66.15
27 March 2003 option grant	91.60
Vesting period (years)	
15 November 2006 option allocation	3
26 April 2005 option grant	5
10 August 2004 option grant	5
27 March 2003 option grant	5
Risk free interest rate	
15 November 2006 option allocation	8.84%
26 April 2005 option grant	8.37%
10 August 2004 option grant	9.94%
27 March 2003 option grant	11.63%
Volatility*	
15 November 2006 option allocation	26%
26 April 2005 option grant	35%
10 August 2004 option grant	40%
27 March 2003 option grant	45%
Dividend yield	
15 November 2006 option allocation	0%
26 April 2005 option grant	0%
10 August 2004 option grant	0%
27 March 2003 option grant	0%

Vesting conditions

The only vesting condition for the 1994, 2001 and 2003 schemes, is that the employee should be in the employment of Harmony.

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any share appreciation rights:

- that the company's headline earnings per share have grown since the allocation date by a minimum of CPIX plus 3%;
- that the company's performance has since the allocation date been a satisfactory achievement in terms of the Company's sustainability index.

* 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.

For the year ended 30 June 2007

40 Derivative 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 the 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.

Hedge book

During May 2007, Harmony closed out the remainder of the Australian hedge book inherited with the acquisition of the Hill 50 mine in Western Australia. 220 000 ounces were closed out at an average spot rate of AUD808.887 per ounce, for a total cost of AUD72.8 million (R418.4 million).

At year-end, partial settlement was effected with available cash resources, leaving AUD14.12 million (R84.7 million) to be settled during July 2007.

The mark-to-market movement for the year was a positive R35.4 million.

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.

Forward exchange commitment

Abelle, an indirect subsidiary, entered into a contract in November 2006 for the purchase of the mining fleet to be used on the Hidden Valley project. The contract is in four different currencies and the estimated value is R241.7 million. The delivery date for the equipment has been split into two phases with the first phase received in April 2007 and the second phase being expected in November 2007.

The underlying cash flows that will be required by the contract will therefore be modified in accordance with movements in foreign exchange rates to which the contract is linked. The embedded derivative relating to the exchange rates was calculated based on the adjusted price at 30 June 2007 and Price Retail Index (PRI) movements since September 2005.

The mark-to-market movement for the embedded derivative was a positive R5.4 million.

For the year ended 30 June 2007

41 Cash generated by/(utilised in) operations

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Reconciliation of profit/(loss) before taxation to cash generated by/(utilised in) operations:		
360	(251)	Profit/(loss) before taxation	668	(387)
		Adjustments for:		
149	202	Amortisation and depreciation	1 172	1 089
(156)	13	Impairment/(reversal of impairment) of assets	268	(216)
–	–	(Gain)/loss on financial instruments	(41)	523
(2)	(2)	Profit on sale of mining assets	(183)	(65)
(1)	–	Net (decrease)/increase in provision for former employees' post retirement benefits	(13)	7
(16)	38	Net (decrease)/increase in provision for environmental rehabilitation	(9)	(19)
–	–	Loss from associates	19	105
48	20	Share-based compensation	45	103
–	–	Fair value of non-derivative financial instrument	(111)	(87)
(306)	–	Loss/(profit) on sale of listed investments	25	(306)
–	–	Profit on sale of subsidiary	–	(14)
–	–	Profit on sale of investment in associate	(236)	–
(21)	(12)	Dividends received	(21)	(17)
(254)	(29)	Interest received	(183)	(207)
199	168	Interest paid – cash	226	201
76	97	Interest paid – non cash	313	269
7	(11)	Other non cash transactions	(101)	(86)
		Effect of changes in operating working capital items:		
(11)	(31)	Receivables	(212)	(54)
9	(58)	Inventories	(198)	(82)
78	(394)	Accounts payable and accrued liabilities	369	(67)
159	(250)	Cash generated by/(utilised in) operations	1 797	690

42 Additional cash flow information

The income and mining taxes paid in the statement of cash flow represents actual cash paid.

(a) On 28 May 2007 the Group disposed of 33% of its 50% share in a joint venture with Orpheo by Harmony (Pty) Ltd to AngloGold Ashanti Limited. The aggregate fair value of the assets acquired and liabilities assumed, and subsequently disposed of, were:

	2007 RM
Inventories	1
Property, plant and equipment	6
Investment in associate	(5)
Accounts payable and accrued liabilities	(1)
Total purchase price	1
Proceeds received by way of accounts receivable	(1)
Cash and cash equivalents at disposal	–

For the year ended 30 June 2007

42 Additional cash flow information

ii) 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
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	–

(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
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 value of the assets and liabilities sold, were:

	2006 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 cash	(19)
Proceeds received by way of shares	(22)
Cash and cash equivalents at disposal	–

For the year ended 30 June 2007

43 Commitments and contingencies

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Capital expenditure commitments		
4	**2**	Contracts for capital expenditure	352	153
54	**112**	Authorised by the directors but not contracted for	1 881	2 678
58	**114**		2 233	2 831

This expenditure will be financed from existing cash resources and where appropriate borrowings.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Contingent liabilities		
–	**–**	Guarantees and suretyships	18	18
28	**28**	Environmental guarantees	129	129
28	**28**		147	147

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 present 10 test cases present a significant risk and the probabilities vastly favour a dismissal of the actions. At this stage the contingent liability cannot be reasonably quantified.

Post closure water treatment

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

The cost of mitigating the discharges expected from artificial aquifers (mined) and the remediation of near-surface aquifers has not been studied in sufficient detail to make an accurate assessment of the remediation costs.

The potential costs involved in remediating the groundwater impact cannot be quantified with any level of confidence unless a number of detailed studies are conducted for each specific situation and an agreed strategy for dealing with this issue has been adopted. This is an industry-wide issue and it is unclear who will be liable for which portion of the water treatment.

For the year ended 30 June 2007

44 Related party transactions

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

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

During the 2005 financial year Harmony entered into a number of transactions to dispose of the 19.5% investment held in ARM. Harmony dispose of the remaining portion of the investment in ARM of 16% to the ARM Empowerment 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 to the value of R367 million as at 27 May 2006, plus interest accrued at the applicable funding rate. 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.

On the 28 September 2007 the guarantee was cancelled by the Bank and Harmony has no further obligation. (Refer note 45).

In March 2006, Harmony acquired 37.37 million of the 44.99 million shares held in Western Areas Limited from Allan Gray Limited (Allan Gray). As at 30 June 2006, Allan Gray was one of Harmony's largest shareholders, holding 11% of Harmony's total shares. Allan Gray currently holds 15% of Harmony.

On 21 June 2006, Harmony acquired 37% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited (Village) from ARM.

On 14 August 2006, Harmony announced that minority shareholders holding 3,163 shares in Village had accepted its offer. Harmony now holds 2 295 663 shares representing 37% of the issued share capital of Village. Following the resignation of ARM as the Village company secretary, Harmony Gold Mining Company Limited was appointed as from 2 October 2006.

Frank Abbott was also a director of Village at the time of the purchase.

The Group has a 45% joint venture agreement with Health Share Health Solutions (Pty) Ltd.

For the year ended 30 June 2007

45 Subsequent events after balance sheet date

(a) On 24 August 2007, the Group entered into an agreement with RMB Morgan Stanley (Pty) Ltd (RMB) to sell 7 348 079 of its Gold Fields ordinary shares at R100.00 per ordinary share, resulting in a loss of R35.02 per share. The proceeds were used to settle the Randfontein redeemable preference shares issued to RMB on 5 April 2007.

(b) On 24 August 2007, the Group settled the Performance Equity Swap with RMB linked to the balance of its Gold Fields shares (5 747 000 shares) at R 100.00 per ordinary share, resulting in a loss of R35.02 per share.

(c) On 28 September 2007, Harmony announced that it had raised a debt facility of R2 billion from Nedbank in order to finance the Hidden Valley project in Papua New Guinea.

(d) In July 2007 Harmony entered into an agreement with Dioro Exploration NL (Dioro) to acquire Harmony's South Kal assets in Western Australia. The total purchase price is AU$45 million, which consists of a cash component of AU$25 million and a share component of 160 million Dioro shares and a cash component of AU$20 million.

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

(e) A smaller tenement in Location 45 and two mining tenements are also being divested to Australian Mines (an ASX-listed company). The terms of the agreement have been finalised and the document was signed in July 2007. This package has been sold for AU$3 million cash, payable over three tranches. Completion of this agreement is expected during the December 2007 quarter.

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

In terms of a contracting agreement, Pamodzi Gold has engaged Harmony to take management control of the Orkney operations by 1 October, prior to the all conditions precedent being met. Harmony has agreed in principle to this arrangement and both parties envisage signing a formal agreement by the end of September.

The initial purchase consideration to Harmony by Pamodzi Gold for the Orkney shafts is equal to R550 million, and a secondary consideration is calculated as follows:
- 3% of the net smelter revenues in respect of the first one million ounces of gold produced by Orkney after the effective date of the transaction; and
- 1.75% of the net smelter revenue in respect of all gold produced by the Orkney thereafter subject to an maximum aggregate amount of R450 million.

The initial Orkney purchase consideration will be settled by Pamodzi Gold through:
- the payment of a cash amount of R350 million; and
- issue of 9 272 903 ordinary consideration shares to Harmony.

The number of Pamodzi Gold ordinary shares to be issued to Harmony has been calculated based on the 30-day VWAP of the Pamodzi Gold ordinary share price on the JSE up to the business day immediately preceding the date upon which the detailed cautionary was announced, being 24 April 2007. The VWAP is equal to R21.57.

(g) On 28 September 2007, the ARM Empowerment Trust guarantee was cancelled by Nedbank and consequently Harmony has no further obligation to Nedbank. The ARM investment and associated Nedbank loans will therefore be derecognised from this date.

For the year ended 30 June 2007

46 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. Production 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.

(RAND/METRIC) FOR THE YEAR ENDED 30 JUNE 2007	REVENUE RM	PRODUCTION COSTS RM	CASH OPERATING PROFIT/(LOSS) RM	DEPRECIATION RM	REVERSAL OF IMPAIRMENT RM
South Africa operations					
Free State operations					
Quality ounces					
Masimong	681	596	85	49	–
Leveraged ounces					
Harmony 2	215	215	–	16	–
Merriespruit 1	234	191	43	9	19
Merriespruit 3	201	180	21	17	–
Unisel	368	252	116	43	–
Brand 3	210	200	10	19	–
Brand 5	4	11	(7)	–	–
Saaiplaas 3	–	–	–	–	–
Surface	98	47	51	35	(32)
Other	–	–	–	14	–
Total Free State	**2 011**	**1 692**	**319**	**202**	**(13)**
Evander operations					
Quality ounces					–
Evander 5	257	208	49	30	–
Evander 7	283	278	5	31	–
Evander 8	548	330	218	28	–
Evander 9	–	–	–	–	–
Surface	–	–	–	12	–
Other	–	–	–	–	–
Total Evander	**1 088**	**816**	**272**	**101**	**–**
Randfontein operations					
Quality ounces					
Cooke 1	348	236	112	40	–
Cooke 2	261	251	10	36	–
Cooke 3	417	317	100	16	–
Growth projects					–
Doornkop	263	181	82	18	–
Surface	88	42	46	9	–
Other	–	–	–	10	–
Total Randfontein	**1 377**	**1 027**	**350**	**129**	**–**
Elandsrand operations					
Growth projects					
Elandsrand	895	738	157	39	–
Surface	–	–	–	–	–
Other	–	–	–	–	–
Total Elandsrand	**895**	**738**	**157**	**39**	**–**
Freegold operations					
Quality operations					
Tshepong	1 460	807	653	163	–
Growth projects					–
Phakisa	–	–	–	–	–
Leveraged ounces					–
Bambanani	869	774	95	90	–
Joel	366	241	125	20	–
Eland	11	–	11	–	–
Kudu/Sable	4	1	3	–	–
West shaft	33	57	(24)	6	(41)
Nyala	–	–	–	–	–
St Helena	98	129	(31)	9	55
Surface	20	2	18	1	–
Other	–	–	–	–	–
Total Freegold	**2 861**	**2 011**	**850**	**289**	**14**

* 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 other entities includes a loss from associates of R19 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 ** (000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	554	–	554	Total liabilities not calculated at shaft level	109	4 602	974
			73	–	73		35	1 439	468
			101	–	101		25	1 574	432
			67	–	67		25	1 354	403
			210	–	210		39	2 488	557
			23	–	23		11	1 419	403
			–	–	–		–	29	11
			–	–	–		–	–	–
			216	–	216		34	664	2 148
			450	1 504	1 954		–	–	–
(226)	**24**	**(250)**	**1 694**	**1 504**	**3 198**	**3 281**	**278**	**13 569**	**5 396**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	260	–	260	Total liabilities not calculated at shaft level	39	1 731	342
			396	–	396		86	1 899	405
			349	–	349		79	3 692	764
			–	–	–		–	–	–
			–	–	–		5	–	–
			301	337	638		–	–	–
132	**124**	**8**	**1 306**	**337**	**1 643**	**557**	**209**	**7 322**	**1 511**
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	14	2 354	386
			87	–	87		27	1 780	349
			285	–	285		98	2 841	564
			–	–	–		–	–	–
			1 707	–	1 707		270	1 784	541
			69	–	69		52	590	811
			–	1 179	1 179		–	–	–
181	**152**	**29**	**2 212**	**1 179**	**3 391**	**2 352**	**461**	**9 349**	**2 651**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	2 065	–	2 065	Total liabilities not calculated at shaft level	238	6 056	1 013
			7	–	7		6	–	–
			–	201	201		–	–	–
151	**52**	**99**	**2 072**	**201**	**2 273**	**216**	**244**	**6 056**	**1 013**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	3 106	–	3 106	Total liabilities not calculated at shaft level	188	9 919	1 654
			2 099	–	2 099		227	–	–
			716	–	716		120	5 900	1 080
			100	–	100		28	2 486	457
			–	–	–		1	75	10
			–	–	–		–	26	14
			21	–	21		5	229	84
			–	–	–		–	–	–
			98	–	98		10	663	218
			15	–	15		7	94	272
			1 308	4 298	5 606		–	–	–
644	**34**	**610**	**7 463**	**4 298**	**11 761**	**3 327**	**586**	**19 392**	**3 789**

(RAND/METRIC) FOR THE YEAR ENDED 30 JUNE 2007	REVENUE RM	PRODUCTION COSTS RM	CASH OPERATING PROFIT/(LOSS) RM	DEPRECIATION RM	REVERSAL OF IMPAIRMENT RM
South Africa operations (continued)					
ARMgold operations					
Leveraged ounces					
Orkney 2	239	190	49	12	–
Orkney 3	–	–	–	–	–
Orkney 4	209	189	20	10	–
Orkney 6	95	86	9	2	–
Surface	1	–	1	–	–
Other	–	–	–	–	–
Total ARMgold	**544**	**465**	**79**	**24**	**–**
Avgold operations					
Quality ounces					
Target	657	380	277	91	–
Surface	6	7	(1)	–	–
Other	–	–	–	3	–
Total Avgold	**663**	**387**	**276**	**94**	**–**
Kalgold operations					
Surface	257	196	61	1	133
Other	–	–	–	–	–
Total Kalgold	**257**	**196**	**61**	**1**	**133**
Other entities ***	**–**	**–**	**–**	**4**	**–**
Total South Africa	**9 696**	**7 332**	**2 364**	**883**	**134**
Australia					
Mt Magnet	617	508	109	210	(271)
South Kal	404	321	83	74	(120)
Papua New Guinea	–	–	–	–	–
Other entities	–	–	–	4	–
Total Australia	**1 021**	**829**	**192**	**288**	**(391)**
Total Harmony	**10 717**	**8 161**	**2 556**	**1 171**	**(257)**
Included in the above are the following discontinued operations:					
South Africa					
Orkney 2	239	190	49	12	–
Orkney 3	–	–	–	–	–
Orkney 4	209	189	20	10	–
Orkney 6	95	86	9	2	–
ARM surface	1	–	1	–	–
ARM Other	–	–	–	–	–
Kudu/Sable	4	1	3	–	–
Total SA	**548**	**466**	**82**	**24**	**–**
Australia					
Mt Magnet	617	508	109	210	(271)
South Kal	404	321	83	74	(120)
Other entities	–	–	–	–	–
Total Australia	**1 021**	**829**	**192**	**284**	**(391)**
Total Harmony – discontinued operations	**1 569**	**1 295**	**274**	**308**	**(391)**
Total Harmony – continuing operations	**9 148**	**6 866**	**2 282**	**863**	**134**

* 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 other entities includes a loss from associates of R19 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 ** (000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	95	–	95	Total liabilities not calculated at shaft level	31	1 626	282
			–	–	–		–	–	–
			112	–	112		37	1 432	360
			54	–	54		42	643	217
			–	–	–		–	4	1
			(5)	209	204		–	–	–
2	**3**	**(1)**	**256**	**209**	**465**	**208**	**110**	**3 705**	**860**
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	121	4 430	820
			–	–	–		12	41	133
			5 163	160	5 323		–	–	–
163	**–**	**163**	**7 186**	**160**	**7 346**	**86**	**133**	**4 471**	**953**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	228	–	228	Total liabilities not calculated at shaft level	3	1 746	1 578
			–	112	112		–	–	–
183	**(7)**	**190**	**228**	**112**	**340**	**54**	**3**	**1 746**	**1 578**
147	**25**	**122**	**10**	**2 946**	**2 956**	**1 878**	**–**	**–**	**–**
1 377	**407**	**970**	**22 427**	**10 946**	**33 373**	**11 959**	**2 024**	**65 610**	**17 751**
(241)	(61)	180	207	114	321	466	145	4 243	1 700
2	7	(5)	117	85	202	342	48	2 749	1 261
(180)	(157)	(23)	2 213	427	2 640	2 653	526	–	–
(289)	132	(421)	305	108	413	(2 077)	–	–	–
(708)	**(79)**	**(629)**	**2 842**	**734**	**3 576**	**1 384**	**719**	**6 992**	**2 961**
669	**328**	**341**	**25 269**	**11 680**	**36 949**	**13 343**	**2 743**	**72 602**	**20 712**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	95	–	95	Total liabilities not calculated at shaft level	31	1 626	282
			–	–	–		–	–	–
			112	–	112		37	1 432	360
			54	–	54		42	643	217
			–	–	–		–	4	1
			(5)	209	204		–	–	–
			–	–	–		–	26	14
2	**3**	**(1)**	**256**	**209**	**465**	**208**	**110**	**3 731**	**874**
(241)	(61)	(180)	207	114	321	466	145	4 243	1 700
2	7	(5)	117	85	202	86	48	2 749	1 261
(290)	130	(420)	295	1	296	(213)	–	–	–
(529)	**76**	**(605)**	**619**	**200**	**819**	**339**	**193**	**6 992**	**2 961**
(527)	**79**	**(606)**	**875**	**409**	**1 284**	**547**	**303**	**10 723**	**3 835**
1 196	**249**	**947**	**24 394**	**11 271**	**35 665**	**12 796**	**2 440**	**61 879**	**16 877**

(RAND/METRIC) FOR THE 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 ounces					
Masimong (note a)	464	424	40	36	92
Leveraged ounces					
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)	–	–
Saaiplaas 3	–	–	–	–	–
Surface	54	41	13	33	–
Other	–	–	–	16	–
Total Free State	**1 448**	**1 322**	**126**	**149**	**156**
Evander operations					
Quality ounces					
Evander 5 (note b)	205	210	(5)	31	80
Evander 7	270	208	62	27	–
Evander 8	428	286	142	42	–
Evander 9	–	–	–	–	–
Surface	–	–	–	2	–
Other	–	–	–	–	–
Total Evander	**903**	**704**	**199**	**102**	**80**
Randfontein operations					
Quality ounces					
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	41	–
Other	–	–	–	–	–
Total Randfontein	**1 020**	**802**	**218**	**151**	**–**
Elandsrand operations					
Growth projects					
Elandsrand	573	569	4	72	–
Surface	–	–	–	–	–
Other	–	–	–	–	–
Total Elandsrand	**573**	**569**	**4**	**72**	**–**
Freegold operations					
Quality operations					
Tshepong	1 144	709	435	175	–
Growth projects					
Phakisa	–	–	–	–	–
Leveraged ounces					
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	**2 116**	**1 653**	**463**	**285**	**94**

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 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 ** (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	1 364		–	–	–
174	**46**	**128**	**1 517**	**908**	**2 439**	**3 644**	**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
			–	–	–		–	–	–
			–	–	–		6	–	–
			272	188	460		–	–	–
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**
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**

(RAND/METRIC) FOR THE YEAR ENDED 30 JUNE 2006	REVENUE RM	PRODUCTION COSTS RM	CASH OPERATING PROFIT/(LOSS) RM	DEPRECIATION RM	REVERSAL OF IMPAIRMENT RM
South Africa (continued)					
ARMgold operations					
Leveraged ounces					
Orkney 2	233	189	44	15	–
Orkney 4	198	186	12	8	–
Orkney 6	–	–	–	–	–
Surface	–	–	–	–	–
Other	–	–	–	1	–
Total ARMgold	**431**	**375**	**56**	**24**	**–**
Avgold operations					
Quality ounces					
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	**7 260**	**5 963**	**1 297**	**948**	**216**
Australia					
Mt Magnet	510	378	132	116	–
South Kal	269	239	30	18	–
Papua New Guinea	–	–	–	2	–
Other entities	–	–	–	5	–
Total Australia	**779**	**617**	**163**	**141**	**–**
Total Harmony	**8 039**	**6 580**	**1 459**	**1 089**	**216**
Included in the above are the following discontinued operations:					
South Africa					
Orkney 2	233	189	44	15	–
Orkney 4	198	186	12	8	–
Orkney 6	–	–	–	–	–
ARM surface	–	–	–	–	–
ARM other	–	–	–	1	–
Kudu/Sable	6	6	–	–	–
Total SA	**437**	**381**	**56**	**24**	**–**
Australia					
Mt Magnet	510	378	132	116	–
South Kal	269	239	30	18	–
Other entities	–	–	–	(8)	–
Total Australia	**779**	**617**	**162**	**126**	**–**
Total Harmony – discontinued operations	**1 216**	**998**	**218**	**150**	**–**
Total Harmony – continuing operations	**6 823**	**5 582**	**1 241**	**939**	**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 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 ** (000)
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**	**10 115**	**30 872**	**9 520**	**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	699	823	1 164	1	–	–
(613)	**(76)**	**(537)**	**2 494**	**832**	**3 296**	**1 445**	**276**	**7 199**	**3 082**
(387)	**138**	**(525)**	**23 251**	**10 947**	**34 168**	**10 965**	**1 688**	**74 242**	**18 879**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	–	–	–	Total liabilities not calculated at shaft level	15	2 173	315
			–	–	–		30	1 832	368
			–	–	–		–	–	–
			–	–	–		–	–	–
			–	–	–		–	–	–
			–	–	–		–	63	12
(31)	**(5)**	**(26)**	**–**	**–**	**–**	**–**	**45**	**4 068**	**695**
(4)	5	(9)	–	–	–	–	155	4 629	1 739
(3)	6	(9)	–	–	–	–	25	2 570	1 343
51	(9)	60	–	–	–	–	–	–	–
44	**2**	**42**	**–**	**–**	**–**	**–**	**180**	**7 199**	**3 082**
13	**(3)**	**16**	**–**	**–**	**–**	**–**	**225**	**11 267**	**3 777**
(400)	**141**	**(541)**	**23 251**	**10 947**	**34 168**	**10 965**	**1 463**	**62 975**	**15 102**

Annexure A: statement of subsidiary companies

Company and description		Issued share capital R'000	Effective group interest 2007 %	Effective group interest 2006 %	Cost of investment by holding company 2007 RM	Cost of investment by holding company 2006 RM	Loans from/(to) holding company 2007 RM	Loans from/(to) holding company 2006 RM
Direct subsidiaries								
Dormant companies:								
Harmony Gold Ltd	(f)	#	**100**	100	**–**	–	**–**	–
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	**(80)**	(92)
Exploration company:								
Harmony Gold Peru SA	(b)	2	**100**	100	**6**	6	**–**	4
Lydenburg Exploration Ltd	(a)	42 792	**100**	100	**204**	204	**(10)**	(15)
Gold mining companies:								
African Rainbow Minerals Gold Ltd	(a)	96	**100**	100	**7 081**	7 081	**(75)**	115
ArmGold/Harmony Freegold Joint Venture Company (Pty) Ltd	(a)	20	**100**	100	**17**	17	**1 960**	1 902
Avgold Ltd	(a)	6 827	**100**	100	**6 935**	6 935	**66**	265
Evander Gold Mines Ltd	(a)	39 272	**100**	100	**545**	545	**30**	8
Randfontein Estates Ltd	(a)	19 882	**100**	100	**1 311**	1 311	**1 249**	2 658
Investment holding companies:								
ARMgold/Harmony Joint Investment Company (Pty) Ltd	(a)	#	**100**	100	**1**	1	**1 714**	(263)
Harmony Gold Australia (Pty) Ltd	(c)	3 886 933	**100**	100	**3 887**	3 887	**1 019**	266
West Rand Consolidated Mines Ltd	(a)	17 967	**100**	100	**321**	321	**(26)**	(24)
Marketing companies:								
Authentic Beverage (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Harmony Gold (Marketing) (Pty) Ltd	(a)	#	**100**	100	**–**	–	**58**	63
Harmony Precious Metal Services SAS	(d)	62	**100**	100	**–**	–	**–**	68
Mining related services companies:								
Harmony Engineering (Pty) Ltd	(a)	#	**100**	100	**3**	3	**(3)**	2
Harmony HIV/Aids Company (Pty) Ltd	(a)	#	**100**	100	**–**	–	**9**	–
Musuku Benefication Systems (Pty) Ltd	(a)	#	**100**	100	**–**	–	**39**	61
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	**–**	–	**–**	–
Jeanette Gold Mines Ltd	(a)	#	**96**	96	**–**	–	**–**	–
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	**–**	–	**–**	–

Annexure A: statement of subsidiary companies

Company and description		Issued share capital R'000	Effective group interest 2007 %	Effective group interest 2006 %	Cost of investment by holding company 2007 RM	Cost of investment by holding company 2006 RM	Loans from/(to) holding company 2007 RM	Loans from/(to) holding company 2006 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	–	–	–	–
Harmony Gold Operations Ltd	(c)	405 054	**100**	100	–	–	–	–
Kalahari Goldridge Mining Company Ltd	(a)	1 275	**100**	100	–	–	**(26)**	–
Mt Magnet Gold NL	(c)	79 710	**100**	100	–	–	–	–
New Hampton Goldfields Ltd	(c)	196 248	**100**	100	–	–	–	–
South Kal Mines (Pty) Ltd	(c)	6	**100**	100	–	–	–	–
Investment holding companies:								
Aurora Gold Ltd	(c)	685 006	**100**	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 (Isle of Man) Ltd	(f)	550	**100**	100	–	–	–	–
Harmony Gold Investments (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Harmony Gold Securities (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Harmony Gold WA (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Harmony Victoria (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Potchefstroom Gold Areas Ltd	(a)	8 407	**100**	100	–	–	–	–
Vadessa (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Marketing company:								
Harmony Precision Casting (Pty) Ltd	(a)	357	**70**	70	–	–	**(1)**	–
Mineral rights 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 Goldfields 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 R'000	EFFECTIVE GROUP INTEREST 2007 %	2006 %	COST OF INVESTMENT BY HOLDING COMPANY 2007 RM	2006 RM	LOANS FROM/(TO) HOLDING COMPANY 2007 RM	2006 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								
Mining related services company:								
Healthshare Health Solutions (Pty) Ltd	(a)	#	**45**	45	**–**	–	**–**	–
Joint venture company – indirect								
Dormant company								
MP Britz Pharmacy Pty Ltd	(a)	#	**45**	45	**–**	–	**–**	–
H Taute Pharmacy Pty Ltd	(a)	#	**45**	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 R'000	EFFECTIVE GROUP INTEREST 2007 %	2006 %	COST OF INVESTMENT BY HOLDING COMPANY 2007 RM	2006 RM	LOANS FROM/(TO) HOLDING COMPANY 2007 RM	2006 RM
Associate company – indirect:								
Gold mining company:								
Western Areas Limited	(a)	154 054	**–**	29	**–**	–	**–**	–
Mining related services company:								
Orpheo by Harmony (Pty) Ltd	(a)	#	**50**	50	**–**	–	**–**	–
Village Main Reef Gold Mining Company Ltd	(a)	758	**38**	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 associate's profit or loss for the period. The Group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post acquisition earnings and other movement in the reserves.

	COST OF INVESTMENT 2007 RM	2006 RM	LOANS 2007 RM	2006 RM
Total	**20 400**	20 400	**6 072**	7 377
Total investments			**26 472**	27 777

\# 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

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 profits of its subsidiaries, joint venture companies and associates is R616 million (2006: losses of R839 million).

For the year ended 30 June 2007

Please note: This income statement has not been prepared in accordance with US-GAAP. For convenience purposes, the IFRS income statement has been converted to US dollars using the applicable rates.

	GROUP 2007 $M	GROUP 2006 $M
Continuing operations		
Revenue	**1 271**	1 073
Production cost – exclusive of amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**(954)**	(878)
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**(116)**	(139)
Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities	**(4)**	(9)
Corporate, administration and other expenditure	**(26)**	(19)
Reversal of provision for rehabilitation costs	**2**	3
Marketing and new business expenditure	**(9)**	(8)
Exploration expenditure	**(27)**	(11)
Employment termination and restructuring costs	**–**	11
Care and maintenance cost of closed shafts	**(7)**	(19)
Share-based compensation	**(6)**	(15)
Profit on sale of property, plant and equipment	**25**	10
Reversal of impairment of assets	**19**	34
Gain/(loss) on financial instruments	**6**	(81)
Profit on sale of investment in associate	**33**	–
Reversal of provision/(provision) for post retirement benefits	**2**	(1)
Other expenses – net	**(6)**	(26)
Operating profit/(loss)	**203**	(75)
Loss from associates	**(3)**	(17)
(Loss)/profit on sale of listed investments	**(5)**	48
Profit on sale of subsidiaries	**–**	2
Profit on mark-to-market of listed investment	**15**	14
Investment income	**27**	32
Finance cost	**(72)**	(69)
Profit/(loss) before tax	**165**	(65)
Taxation	**(35)**	(22)
Net profit/(loss) from continuing operations	**130**	(87)
Discontinued operations		
(Loss)/Profit from discontinued operations	**(46)**	3
Loss from measurement to fair value less cost to sell	**(38)**	–
Net profit/(loss)	**46**	(84)

This convenience translation is based on average rates of US$1 = R7.20 (2006: US$1 = R6.36).

As at 30 June 2007

Please note: This balance sheet 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 2007 $M	GROUP 2006 $M
Assets		
Non-current assets		
Property, plant and equipment	**3 466**	3 252
Intangible assets	**328**	317
Restricted cash	**1**	36
Investments in financial assets	**197**	317
Investments in associates	**1**	266
Investments in subsidiaries	**–**	–
Deferred income tax asset	**330**	275
Trade and other receivables	**10**	12
Total non-current assets	**4 333**	4 475
Current assets		
Inventories	**105**	93
Investments in financial assets	**353**	–
Trade and other receivables	**130**	102
Income and mining taxes	**2**	4
Restricted cash	**39**	–
Cash and cash equivalents	**101**	91
	730	290
Non-current assets classified as held for sale	**180**	–
Total current assets	**910**	290
Total assets	**5 243**	4 765
Equity		
Share capital and reserves		
Share capital	**3 641**	3 555
Other reserves	**(50)**	(38)
(Accumulated loss)/retained earnings	**(239)**	(281)
Total equity	**3 352**	3 236
Non-current liabilities		
Borrowings	**248**	361
Deferred income tax liabilities	**710**	596
Derivative financial instruments	–	88
Provision for environmental rehabilitation	**155**	120
Provision for other liabilities and charges	**2**	2
Retirement benefit obligations	**15**	15
Total non-current liabilities	**1 130**	1 182
Current liabilities		
Trade and other payables	**249**	205
Borrowings	**405**	141
Cash and cash equivalents	**31**	–
Shareholders for dividends	**1**	1
	686	347
Liabilities directly associated with non-current assets classified as held for sale	**75**	–
Total current liabilities	**761**	347
Total liabilities	**1 891**	1 529
Total equity and liabilities	**5 243**	4 765

This convenience translation is based on a closing rates of US$1 = R7.04 (2006: US$1 = R7.17).

For the year ended 30 June 2007

Please note: This cash flow 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 2007 $M	GROUP 2006 $M
Cash flows from operating activities		
Cash generated by/(utilised in) operations	**257**	108
Interest received	**25**	33
Dividends received	**3**	3
Interest paid	**(31)**	(32)
Income and mining taxes (paid)/refunded	**(2)**	(2)
Net cash generated by/(utilised in) operating activities	**252**	110
Cash flows from investing activities		
Net increase in amounts invested in environmental trusts	**(2)**	(5)
Restricted cash	**(4)**	(32)
Cash held by subsidiaries on acquisition	**–**	–
Cash held by subsidiaries at disposal	–	–
Investment in Orpheo by Harmony acquired	–	(1)
Investment in MP Britz and H Taute Pharmacies acquired	–	–
Proceeds on disposals of Buffalo Creek	–	3
Cost on closure of hedge positions	**(80)**	(54)
Proceeds on disposal of available-for-sale financial assets	**55**	365
Acquisition of associate	–	(321)
Increase in intangible assets	**(6)**	–
(Increase)/decrease in other non-current investments	**(5)**	3
Proceeds on disposal of mining assets	**27**	13
Additions to property, plant and equipment	**(383)**	(275)
Net cash (utilised in)/generated by investing activities	**(398)**	(304)
Cash flows from financing activities		
Long-term borrowings raised	**253**	160
Long-term borrowings paid	**(139)**	(205)
Ordinary shares issued	**19**	29
Dividends paid	**(1)**	(1)
Net cash generated by/(utilised in) financing activities	**132**	(17)
Foreign currency translation adjustments	**(7)**	35
Net (decrease)/increase in cash and cash equivalents	**(21)**	(176)
Cash and equivalents – beginning of year	**91**	267
Cash and equivalents – end of year	**70**	91

Operating activities are translated at average rates of US$1 = R7.20 (2006: US$1 = R6.36).
Closing balances are translated at closing rates of US$1 = R7.04 (2006: US$1 = R7.17).

Investor relations

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This Annual Report is available on request 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 will be available from the end of November 2007 free of charge on EDGAR at www.sec.gov or from our website: www.harmony.co.za.

Share price analysis

The Harmony share price rose overall during the course of the year, trading on the JSE from a low of R86.10 to a high of R123.00 per share during the 2007 financial year. On the NYSE, the share traded between a low of US$11.92 and a high of US$17.26 per share. At the end of the financial year, the share price on the JSE and NYSE closed at R100.27 and US$14.27 per share. As at 30 June 2007, the resulting market capitalisation was R39.9 billion and US$5.7 billion respectively.

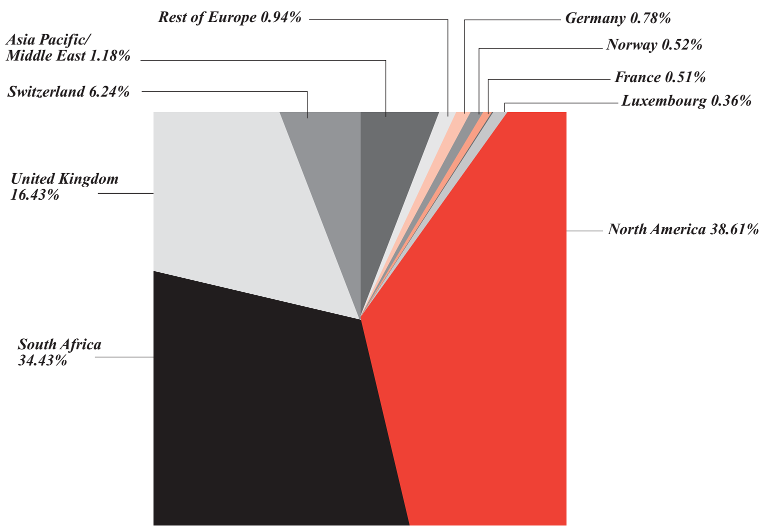
Share information

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 2007	398 113 407
Market capitalisation	
At 30 June 2007 – R100.27	39 918 831
At 30 June 2007 – US$14.27	5 681 078
Share price statistics – FY07	
12-month high	R123.00
12-month low	R86.10
12-month high	US$17.26
12-month low	US$11.92
Free float	100%
ADR ratio	1:1
Performance on JSE	
Number of shares traded (000)	323 417
Percent of total issued shares	80.9%
Value of shares traded (Rm)	33 565.26
Price quoted (cents per share)	
– Highest	R123.00
– Lowest	R86.10
– Closing	R100.27
Market capitalisation at year-end (R000)	39 918 831

Shareholder profile

As at 30 June 2007, a total of 398 113 407 shares or 100.00% of the total shares in issue were outstanding. In terms of non-institutional ownership, ARM Ltd, controls 63 632 922 shares or 15.98% of the issued share capital.

Our South African shareholder base has declined from 42.42% to 34.43%. The combined institutional and retail ownership in the United States amounts to 38.61% of Harmony's issued share capital. European ownership equates to 25.78% of the shares outstanding while UK institutions control 16.43%. Harmony also trades in Brussels, Paris and Luxembourg but these are minority listings.



Top 20 shareholders

Shareholder	Shares outstanding	% of shares outstanding
ARM Ltd	63 632 922	15.98
Allan Gray Ltd.	59 852 424	15.03
Black Rock Investment Managers Ltd. (UK)	35 908 850	9.02
Capital Research & Management Company	21 806 925	5.48
Orbis Investment Management Limited	20 555 319	5.16
Capital Guardian Trust Company	13 947 237	3.50
Sanlam Investment Management (Pty) Ltd.	13 136 072	3.30
Public Investment Commissioners	10 918 229	2.74
Arnhold and S. Bleichroeder Advisers, LLC	8 983 568	2.26
Soges Fiducem (IDRs)	8 079 580	2.03
Euroclear (French Listing)	6 663 376	1.67
Oppenheimer Funds, Inc.	6 003 930	1.51
Capital International S A	5 365 408	1.35
Metropolitan Asset Management	5 147 902	1.29
Dimensional Fund Advisors, Inc.	4 466 796	1.12
Vanguard Group Inc.	4 422 569	1.11
Old Mutual Asset Managers (Pty) Ltd.	3 937 070	0.99
Pictet & Cie.	3 867 733	0.97
Barclays Global Investors, N.A.	3 765 471	0.95
Regarding Capital Management (Pty) Ltd	3 184 207	0.80

Analysis of ordinary shares (Strate) at 30 June 2007

Shares held	Number of shareholders	% Number of holders	Number of shares held	% of issued share capital held
1 to 10 000	6 111	91.92	4 308 827	1.08
10 001 to 100 000	314	4.72	12 436 247	3.11
100 001 to 1 000 000	181	2.72	53 077 607	13.28
over 1 000 000	42	0.63	328 290 726	82.15
Totals	6 648	100.00	398 113 407	99.62

Ordinary share performance on the JSE

Market price per share (Rand)	FY07	FY06	FY05	FY04	FY03
As at 30 June	R100.27	114.10	58.25	65.25	98.50
High	123.00	117.05	93.30	122.60	181.50
Low	86.10	46.62	36.40	59.50	71.00
Number of ordinary shares issued (000)	398 113	396 934	393 232	320 742	184 854
Number of deals recorded	183 004	148 746	85 487	97 918	112 163
Volume of shares traded (000)	323 417	351 555	303 414	279 660	310 765
Volume of shares traded as % of total issued shares	80.9	88.6	77.0	87.0	168.1

Shareholders' diary

Financial year-end	30 June
Annual financial statements issued	12 October 2007
Form 20-F issued	Mid-November 2007
Annual general meeting	26 November 2007

The dates of our quarterly results announcements will be published on our website: www.harmony.co.za

Currency conversion guide	2007	2006	2005	2004
As at 30 June 2007, one South African rand was equal to:				
Australian dollar	6.0128	5.3080	5.0916	4.3029
Euro	9.5327	9.1575	8.0532	7.4944
British pound	14.119	13.2046	11.9224	11.1829
US dollar	7.0379	7.2701	6.6670	6.2275
Canadian dollar	6.6096	6.4929	5.4496	4.6211

Monthly trading volumes (000)

Share liquidity	JSE	NYSE	Paris	Brussels	LSE	Total
Month	Volume	Volume	Volume	Volume	Volume	volume
June 07	32 505	35 986	1 113	491	12 569	82 664
May 07	27 189	30 601	818	215	5 533	64 356
April 07	25 535	34 641	1 095	562	6 453	68 286
March 07	27 325	44 647	771	470	6 746	79 959
February 07	29 603	45 340	904	490	5 020	81 357
January 07	37 819	49 228	1 144	794	10 188	99 173
December 06	18 319	33 530	517	205	4 579	57 150
November 06	24 551	36 411	915	513	3 541	65 931
October 06	26 419	38 870	627	421	7 093	73 430
September 06	26 724	42 530	891	570	4 180	74 895
August 06	24 305	33 147	912	330	4 005	62 699
July 06	24 386	32 086	1 040	294	4 493	62 299

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 Receipts (ADRs).

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	14 731	99.82	334 304 170	84.04
Non-public	12	0.18	63 809 237	15.96
Holding 10%+	1	0.015	63 632 922	15.92
Share options scheme	1	0.015	176 315	0.04
Employees share trust	NA	NA	NA	NA
Directors	10	0.15	0	0.00
Totals	14 743	100.00	398 113 407	100.00

Registration No. 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE000015228

Directors

Executive
G Briggs (Acting Chief Executive)
F Abbott (Interim Financial Director)

Non-Executive
P T Motsepe (Chairman)
F Abbott
J A Chissano
F T De Buck
Dr D S Lushaba
M Motloba
C M L Savage
C Markus

Company Secretary
Ms M P van der Walt

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Shareholder Relations Department
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New York, NY 10286
United States of America
Telephone: +1 888 269 2377
Fax: +1 212 571 3050

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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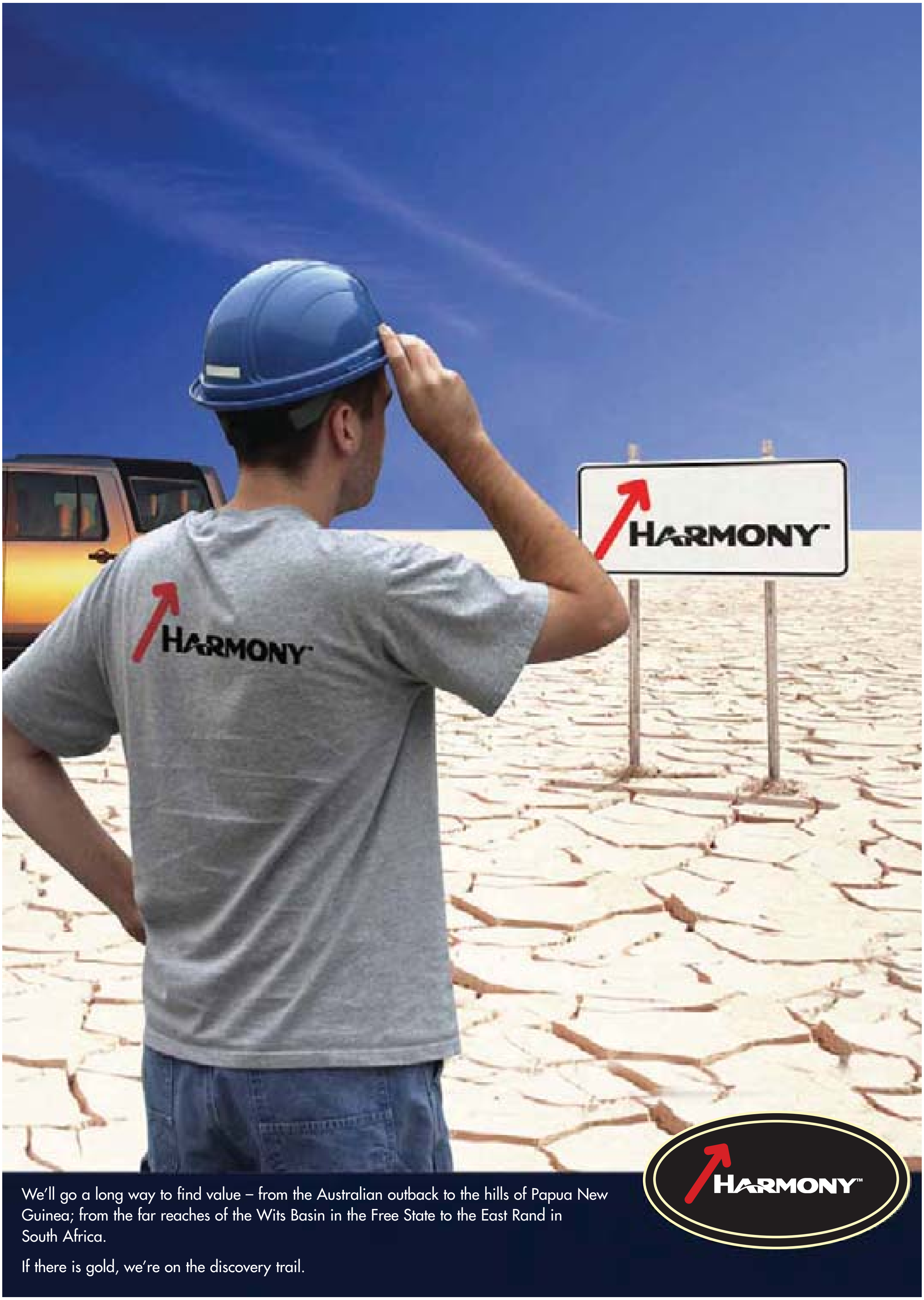
HARMONY
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HARMONY
We'll go a long way to find value – from the Australian outback to the hills of Papua New Guinea; from the far reaches of the Wits Basin in the Free State to the East Rand in South Africa.
If there is gold, we're on the discovery trail.

HARMONY™

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