As filed with the Securities and Exchange Commission on September 26, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE
SECURITIES EXCHANGE ACT OF 1934,
for the fiscal year ended June 30, 2001

Commission File Number: 0-28798

Harmony Gold Mining Company Limited
(Exact name of registrant as specified in its charter)

Republic of South Africa
(Jurisdiction of incorporation or organization)

PO Box 2
Randfontein, 1760
South Africa
(Address of principal executive offices)

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

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

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

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

Warrants, each to purchase one ordinary share
(Title of Class)

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

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

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

144,553,291 ordinary shares, with nominal value of Rand 50 cents per share
10,958,904 redeemable convertible preference shares, with nominal value of Rand 0.50 each
9,027,500 warrants, each to purchase one ordinary share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days:

Yes X No __

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

Item 17__ Item 18 X

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Defined terms

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

In this annual report, references to “R,” “Rand,” “¢” and “cents” are to the South African Rand, the lawful currency of South Africa, “A$” refers to Australian dollars, “C$” refers to Canadian dollars and references to “$” and “U.S. dollars” are to United States dollars.

This annual report contains information concerning the gold reserves of Harmony. While this annual report has been prepared in accordance with the definitions contained in Securities and Exchange Commission Guide 7, it is based on assumptions which may prove to be incorrect. See “Item 3. Key Information—Risk Factors—Harmony’s gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates.”

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

Forward-looking statements

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

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this annual report, are necessarily estimates reflecting the best judgment of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this annual report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

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

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

Presentation of financial information

Harmony is a South African company and the majority of its operations are located there. Accordingly, its books of account are maintained in South African Rand and its annual and interim financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, as prescribed by law, and are based on International Accounting Standards. Harmony also prepares annual financial statements in accordance with generally accepted accounting principles in the United States which are translated into U.S. dollars. The financial information included in this annual report has been prepared in accordance with U.S. GAAP and is presented in U.S. dollars. Unless otherwise stated, balance sheet item amounts are translated from Rand to U.S. dollars at the exchange rate prevailing on June 30, 2001 except for specific items included within shareholders' equity that are converted at the exchange rate prevailing on the date the transaction was entered into, and income statement item amounts are translated from Rand to U.S. dollars at the average exchange rate for the fiscal year.

For the convenience of the reader, certain information in this annual report presented in Rand has been translated into U.S. dollars. Unless otherwise stated, the conversion rate for these translations is Rand 8.78 per $1.00, which was the noon buying rate on September 21, 2001. By including convenience currency translations in this Annual Report, we are not representing that the Rand or Australian dollar amounts actually represent the amounts shown in

U.S. or Australian dollar amounts, as the case may be, or that these amounts could be converted at the rates indicated into U.S. or Australian dollars, as the case may be.

PART I

Item 1. ***Identity of Directors, Senior Management and Advisers***

Not applicable.

Item 2. ***Offer Statistics and Expected Timetable***

Not applicable.

Item 3. ***Key Information***

SELECTED FINANCIAL DATA

The selected consolidated financial data below should be read in conjunction with, and are qualified in their entirety by reference to, our Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report.

Selected Historical Consolidated Financial Data

The following selected historical financial data has been extracted from the more detailed information and financial statements, including Harmony's audited consolidated financial statements for each of the years in the three years ended June 30, 2001 and at June 30, 2000 and 2001 and the related notes, which appear elsewhere in this Annual Report. The historical consolidated financial data at June 30, 1997, 1998 and 1999, and for each of the years in the two years ended June 30, 1997 and 1998, has been extracted from Harmony's audited consolidated financial statements not included in this Annual Report.

The financial information included in this Annual Report has been prepared in accordance with U.S. GAAP.

	Fiscal year ended June 30,				
	2001[1]	2000[2]	1999[3]	1998	1997
	(in $ thousands, except per share amounts)				
Income statement data					
Revenues	607,220	490,651	381,412	249,536	267,627
Operating income					
Equity losses	-	(1,401)	-	-	-
Income/(loss) before taxes and minority interests	29,804	73,489	30,199	(7,149)	(31,199)
Minority interests	(349)	(2,910)	-	-	-
Income/(loss) before cumulative effect of change in accounting principle	14,830	57,030	27,908	(7,004)	(27,496)
Cumulative effect of change in accounting principle, net of tax [4]	(5,822)	-	-	-	-
Income/(loss) after cumulative effect of change in accounting principle	9,008	57,030	27,908	(7,004)	(27,496)
Basic earnings/(loss) per share ($) before cumulative effect of change in accounting principle [5]	0.15	0.68	0.42	(0.14)	(0.71)
Basic earnings/(loss) per share ($) after cumulative effect of change in accounting principle [6]	0.09	0.68	0.42	(0.14)	(0.71)
Diluted earnings per share before cumulative effect of change in accounting principle[7]	0.14	0.67	0.41	-	-
Diluted earnings per share after cumulative effect of change in accounting principle[7]	0.09	0.67	0.41	-	-
Weighted average number of shares used in the computation of basic earnings per share	102,156,205	83,593,424	66,843,932	49,043,746	39,013,744
Weighted average number of shares used in the computation of diluted earnings per share	105,504,328	85,590,876	68,070,172	-	-
Cash dividends per share ($)	0.16	0.19	0.18	-	-
Other financial data					
Cash cost per ounce of gold ($/oz)	234	245	239	305	341

1 The financial results of the Elandsrand and Deelkraal mines, or Elandskraal, and New Hampton Goldfields Limited of Australia, or New Hampton, have been consolidated from April 1, 2001.

2 Randfontein's financial results have been equity accounted from January 14, 2000 to February 29, 2000 and consolidated thereafter to June 30, 2000. The financial results of Kalahari Goldridge Mining Company Limited, or Kalgold, have been consolidated from October 1, 1999.

3 The financial results of Evander have been consolidated from July 1, 1998.

4 Harmony adopted SFAS 133 "Accounting for Derivative Instruments and Hedging Activities," or FAS 133, on July 1, 2000. As Harmony's derivative instruments held on that date did not meet the FAS 133 criteria for hedge accounting, these derivatives were fair valued and recorded on the balance sheet of that date, resulting in a cumulative effect of change in accounting principle adjustment of approximately $5.8 million.

5 Calculated by dividing the income/(loss) before cumulative effect of change in accounting principle by the weighted average number of shares used in the computation of basic earnings per share.

6 Calculated by dividing the income /(loss) after cumulative effect of change in accounting principle by the weighted average number of basic shares used in the computation of basic earnings per share.

7 Presented where there is a dilutive effect when including potential ordinary shares in the calculations in 5 and 6 above.

	At June 30,				
	2001[1]	2000[2]	1999[3]	1998	1997
	(in $ thousands, except per share amounts)				
Balance sheet data					
Cash and cash equivalents	144,096	77,942	45,318	8,518	4,333
Short term investments	-	-	10,744	15,618	27,729
Other current assets	136,794	59,582	32,071	21,252	37,048
Property, plant and equipment – net[4]	680,724	564,696	347,036	251,461	305,772
Restricted cash	-	7,310	-	-	-
Other long-term assets	68,211	62,658	9,244	4,995	19,930
Total assets	1,029,825	772,188	444,413	301,844	394,812
Current liabilities	152,886	150,148	70,583	43,055	59,443
Provision for environmental rehabilitation	53,136	52,525	33,811	21,779	29,364
Deferred income and mining taxes	47,050	48,686	28,442	22,445	30,068
Provision for post-retirement benefits	1,002	3,709	5,793	3,756	7,702
Deferred financial liability	49,374	40,174	-	-	-
Long-term loans	151,466	46,635	14,024	8,546	-
Preference shares	681	-	-	-	-
Minority interest	331	-	-	-	-
Shareholders' equity	573,899	430,311	291,760	202,263	268,235
Total liabilities and shareholders' equity	1,029,825	772,188	444,413	301,844	394,812

1 Includes the financial position of Elandskraal and New Hampton acquired during the year.
2 Includes the financial position of Randfontein and Kalgold acquired during the year.
3 Includes the financial position of Evander acquired during the year.
4 Includes mineral subscription and participation rights relating to Harmony's exploration activities and slimes dams and bond issue costs, which are included in other assets in note 14 to the "Harmony Gold Mining Company Limited Notes to the Consolidated Financial Statements."

Unaudited Pro Forma Condensed Statement of Operations

On January 31, 2001, Harmony entered into an agreement with AngloGold to purchase certain assets and liabilities of the Elandskraal mines in the North West and Gauteng provinces of South Africa for approximately Rand 1 billion ($130.9 million at an exchange rate of Rand 7.64 per $1.00) in cash. Harmony and AngloGold jointly managed the Elandskraal mines between February 1, 2001 and April 9, 2001 and Harmony completed the purchase on April 9, 2001. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources— Overview" and "Item 4. Information on the Company—Business—Harmony's Mining Operations—Elandskraal Operations."

On March 22, 2001, Harmony entered into a syndicated loan facility of approximately $260 million, $30.4 million of which was to be used to fund Harmony's working capital needs and $229.6 million of which was to be used for the purpose of funding the acquisitions of Elandskraal and New Hampton, repaying all of Harmony's existing non-South African debt and the ABSA term loan facility and for working capital. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources— Credit Facilities."

The following unaudited pro forma condensed statement of operations of Harmony has been prepared to illustrate the estimated effect of the acquisition of Elandskraal as if the acquisition had taken place on July 1, 2000, and have been derived by the application of pro forma adjustments to the historical consolidated financial information of Harmony and the historical financial information of Elandskraal, both of which have been prepared in accordance with U.S. GAAP. The pro forma adjustments are described in the accompanying notes to the unaudited pro forma condensed statement of operations. The historical consolidated financial statements of Harmony for the three fiscal years ended June 30, 1999, 2000 and 2001 are included elsewhere herein.

The unaudited pro forma condensed statement of operations excludes the effects of the following transactions:

- the issuance of 10,958,904 ordinary shares and 10,958,904 redeemable convertible preference shares with a par value of Rand 50 cents per share, or the preference shares, to the Industrial Development Corporation of South Africa, or the IDC, on June 18, 2001;
- the purchase of New Hampton with effect from April 1, 2001;
- the issuance of the senior unsecured fixed rate bonds of Rand 1,200 million ($150 million at an exchange rate of Rand 8.04 per $1.00); and
- the global offering of 27,082,500 ordinary shares and ADSs and 9,027,500 warrants completed on June 29, 2001.

The unaudited pro forma condensed statement of operations should not be considered indicative of actual results that would have been achieved had the acquisitions been consummated on the date or for the period indicated and does not purport to indicate the results of operations as of any future date or any future period. The unaudited pro forma condensed statement of operations should be read in conjunction with the historical consolidated financial statements of Harmony and the related notes thereto included elsewhere herein.

Pro Forma Condensed Statement of Operations (Unaudited)

	For the fiscal year ended June 30, 2001			
	Harmony for the fiscal year ended June 30, 2001	**Elandskraal for the nine months ended March 31, 2001**	**Adjustments**	**Pro forma**
Dollars in thousands, except per share data				
Revenues				
Product sales	590,634	92,493	-	683,129
Interest and dividends	5,890	-	-	5,890
Other income	10,696	-	-	10,696
	607,220	92,493	-	699,715
Costs and Expenses				
Production costs	502,210	87,863	-	590,055
Depreciation and amortization	31,417	13,950	(1,580)	43,787
Employment termination costs	4,729	300	-	5,029
Corporate expenditure, exploration expenditure and marketing and new business expenditure	11,092	500	-	11,592
Impairment of assets	28,266	-	-	28,266
Gain on financial instruments	(7,640)	-	-	(7,640)
Interest expense	15,007	-	12,545	27,552
Other income	(7,665)	-	-	(7,665)
	577,416	102,895	10,965	690,976
Income/(loss) before tax	29,804	(10,100)	(10,965)	8,739
Income and mining tax (expense)/benefit	(14,625)		4,642	(9,983)
Net income before minority interests	15,179	(10,100)	(6,323)	(1,244)
Minority interests	(349)	-	-	(349)
Net income-before cumulative effect of change in accounting principle	14,830	(10,100)	(6,323)	(1,593)
Basic earnings/(loss) per share (cents)		-	-	(1.6)
Weighted average number of shares used in the computation		-	-	102,156,205

See notes to the unaudited pro forma condensed statement of operations.

Notes to Unaudited Pro Forma Condensed Statement of Operations

Adjustments

For the fiscal year ended June 30, 2001

The adjustments column on the unaudited pro forma condensed statement of operations relates to the following, which have been assumed to have occurred on July 1, 2000:

(a) The adjustment of the depreciation and amortization expense of Elandskraal to reflect the deficit of $31.6 million arising on acquisition allocated to mining assets.

(b) Net additional interest expense adjustment of $12.5 million to reflect the syndicated loan facility drawdown of $229.6 million used to fund the $130.9 million purchases of Elandskraal and New Hampton and to retire the short-term portion ($52.1 million) and long-term portion ($46.6 million) of the ABSA, Robert Fleming (now JP Morgan) and NM Rothschilds & Sons loans, all described in this annual report.

(c) Reflects the tax effects of the above adjustments.

EXCHANGE RATES

The conversion rate for the translations in the financial statements is Rand 8.04 per $1.00 for balance sheet items, except for specific items included with shareholders' equity that are converted at the exchange rate prevailing on the date the transaction was entered into, and Rand 7.61 per $1.00 for statement of operations. As of September 21, 2001, the noon buying rate per $1.00 was Rand 8.78.

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

Fiscal year ended June 30,	Average[1]	Period End
1997	4.54	4.54
1998	4.96	5.92
1999	6.04	6.04
2000	6.35	6.79
2001	7.61	8.04

Month of	High	Low
March 2001	8.07	7.65
April 2001	8.19	7.95
May 2001	7.86	7.90
June 2001	8.14	7.96
July 2001	8.23	7.99
August 2001	8.45	8.21
September 2001 (through September 21, 2001)	8.80	8.41

[1] The average of the noon buying rates on the last day of each full month during the relevant period.

CAPITALIZATION AND INDEBTEDNESS

Not applicable.

REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

RISK FACTORS

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

The profitability of Harmony's operations, and the cash flows generated by those operations, are affected by changes in the market price for gold which in the past has fluctuated widely.

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 jewelry;
- international or regional political and economic trends;
- the strength of the U.S. dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;
- actual or expected purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
- forward sales by gold producers; and
- the production and cost levels for gold in major gold-producing nations, such as South Africa.

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

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

	Price per Ounce		
Year	**High**	**Low** ($)	**Average**
1991	403	344	362
1992	360	330	344
1993	406	326	360
1994	396	370	384
1995	396	372	384
1996	415	367	388
1997	367	283	331
1998	313	273	294
1999	326	253	279
2000	313	264	282
2001 (through September 17, 2001)	298	254	268

Source: Bloomberg

On June 29, 2001, the afternoon fixing price of gold on the London Bullion Market was $269.50 per ounce. On September 17, 2001, the afternoon fixing price of gold on the London Bullion Market was $285.75 per ounce.

While the aggregate effect of these factors is impossible for Harmony to predict, if gold prices should fall below Harmony's cost of production and remain at such levels for any sustained period, Harmony may experience losses and may be forced to curtail or suspend some or all of its operations. In addition, Harmony would also have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate reserves. Harmony's average cash cost of production per ounce of gold sold was approximately $234 in fiscal 2001, $245 in fiscal 2000 and $239 in fiscal 1999.

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

Over the past several years, one of the most important factors influencing the gold price has been actual or expected sales of gold reserves by central banks. Since 1997, a number of central banks, including the central banks of Australia, Switzerland and the United Kingdom, have announced plans to sell significant gold reserves, and, more recently, the International Monetary Fund has discussed selling significant gold reserves to fund international debt relief. The gold price has declined following each such announcement and sale, culminating in a drop in the gold price to its lowest level in at least twenty years in July 1999, after the Bank of England completed the first part of its announced sale of more than half of its gold reserves. In September 1999, the central banks of fifteen European countries agreed to limit sales of gold reserves for the next five years to sales announced at that time and to limit gold lending and derivative operations for five years. The announcement of this agreement led to an immediate increase in the price of gold, although the gold price has since then been subject to downward pressure around the time of the periodic auctions held by the Bank of England. The agreement by the central banks is voluntary and there are a number of central banks with significant gold reserves that are not subject to the agreement. Any future sales or publicly announced proposed sales by central banks of their gold reserves are likely to result in a decrease in the price of gold.

Because Harmony does not use commodity or derivative instruments to protect against low gold prices with respect to most of its production, Harmony is exposed to the impact of any significant drop in the gold price.

Unlike many other gold producers, as a general rule Harmony sells its gold production at market prices. Recently, there have been two instances in which Harmony has made use of gold price hedges: Harmony's forward sale of a portion of the production at Bissett at a set gold price and, in February 2001, put options relating to 1 million ounces of Harmony's production. Both of these hedges were effected by Harmony in order to secure loan facilities. In addition, a significant proportion of the production at Randfontein and a substantial proportion of the production at New Hampton, each of which was already hedged when acquired by Harmony, remain hedged. 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. See "Item 11. Quantitative and Qualitative Disclosure about Market Risk." In general, hedging in this manner reduces the risk of exposure to volatility in the gold price. Such hedging also enables a gold producer to fix a future price for hedged gold that generally is higher than the then current spot price. Because Harmony's hedging does not generally establish a future price for hedged gold, Harmony can realize the positive impact of any increase in the gold price. However, this also means that Harmony is not fully protected against decreases in the gold price and if the gold price decreases significantly Harmony runs the risk of reduced revenues in respect of gold production that is not hedged.

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

The ore reserve estimates contained in this annual report are estimates of the mill delivered quantity and grade of gold in Harmony's deposits and stockpiles. They represent the amount of gold that Harmony believes can be mined, processed and sold at prices sufficient to recover Harmony's estimated future total costs of production, remaining investment and anticipated additional capital expenditures. Harmony's ore reserves are estimated based upon many factors, including:

- the results of exploratory drilling and an ongoing sampling of the orebodies;
- past experience with mining properties; and
- the experience of the person making the reserve estimates.

In addition, the ore reserve estimates contained in this annual report are calculated based on estimates of future production costs, future gold prices and, because Harmony's gold sales are primarily in U.S. dollars and Harmony incurs most of its production costs in Rand, the exchange rate between the Rand and the U.S. dollar. As a result, the reserve estimates contained in this annual report should not be interpreted as assurances of the economic life of Harmony's gold deposits or the profitability of its future operations.

Since ore reserves are only estimations which Harmony makes based on the above factors, in the future Harmony may need to revise its estimates. In particular, if Harmony's production costs increase or if gold prices decrease, a portion of Harmony's ore reserves may become uneconomical to recover. This will force Harmony to lower its estimated reserves.

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

In order to increase Harmony's gold production and to acquire additional reserves so that Harmony can maintain and grow its gold production beyond the life of its current ore reserves, Harmony is exploring opportunities to expand by acquiring selected gold producers and mining operations. However, Harmony cannot guarantee that:

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

As at June 30, 2001, Harmony's mining operations reported total proven and probable reserves of approximately 32.53 million ounces, which includes Elandskraal and New Hampton. If Harmony is unable to acquire additional gold producers or generate additional proven and probable reserves at its existing operations or through Harmony's exploration activities, Harmony cannot be certain that it will be able to expand or replace its current production with new reserves in an amount sufficient to sustain the life of its mining operations beyond the current life of its reserves.

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

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

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

Any difficulties or time delays in achieving successful integration of new acquisitions could have a material adverse effect on Harmony's business, operating results, financial condition and stock 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 production costs from environmental and industrial accidents and pollution.

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

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

Hazards associated with open-pit mining include:

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

Hazards associated with waste rock dump mining include:

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

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

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

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

Because Harmony's production costs are in Rand, while gold is generally sold in U.S. dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the Rand.

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

The Rand has experienced significant depreciation against the U.S. dollar since 1997. The Rand has continued to weaken in 2001. However, there can be no assurance that the depreciation of the Rand will continue. If this depreciation trend reverses, it may have a material adverse impact on Harmony's operating results.

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

Harmony is incorporated and owns significant operations in South Africa. As a result, there are important political and economic risks relating to South Africa which could affect an investment in Harmony.

South Africa has been transformed into a democracy since 1994, with a successful second round of democratic elections held during 1999. While Harmony believes that the South African government is stable, government policies aimed at redressing the disadvantages suffered by the majority of citizens under previous governments may impact on Harmony's operations and profits.

In addition to political issues, South Africa faces many challenges in overcoming substantial differences in levels of economic development among its people. While South Africa features highly developed, sophisticated "first world" business sectors and infrastructure at the core of its economy, large parts of the population do not have access to adequate education, health care, housing and other services, including water and electricity. Furthermore, in recent years, South Africa has experienced high levels of crime and unemployment. These problems have impeded fixed inward investment into South Africa and prompted emigration of skilled workers.

Recently, the South African economy has been growing at a relatively slow rate, inflation and unemployment have been high by comparison with developed countries, and foreign reserves have been relatively low. The South African economy remained weak in 1998 with minimal growth in all sectors. GDP growth in 1998 was 0.6%, improving to 1.2% for 1999 and to 3.1% for 2000. The depreciation of the Rand in 1997 and 1998 resulted in an increase in the South African bank prime lending rate, which peaked at approximately 25.5% during 1998, although rates have since decreased and in the calendar quarter ended June 30, 2001 the rate was 13.75%.

Although the South African government has indicated on numerous occasions that it is committed to creating a stable free market democracy, including the phasing out of exchange controls, it is difficult to predict the future political, social and economic direction of South Africa or how the government will try to address South Africa's problems. It is also difficult to predict the effect on Harmony's business of these problems or of the government's efforts to solve them.

Further, there has been regional political and economic instability in the countries surrounding South Africa. As discussed above, any resulting political or economic instability in South Africa could have a negative impact on Harmony's ability to manage and operate its South African mines.

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

In the late 1980s and early 1990s, inflation in South Africa reached record highs. This increase in inflation resulted in considerable year over year increases in operational costs. In recent years, however, the inflation rate has decreased to single-digit figures.

While Harmony's operations have not in recent years been materially affected by inflation, a period of significant inflation in South Africa, without a concurrent devaluation of the Rand or an increase in the price of gold, could have a material adverse effect on Harmony's profits and financial condition.

Harmony's financial flexibility could be materially constrained by South African currency restrictions.

South Africa's exchange control regulations provide for restrictions on exporting capital from South Africa, the Republic of Namibia, and the Kingdoms of Lesotho and Swaziland, known collectively as the Common Monetary Area. Transactions between South African residents (including corporations) and non-residents of the Common Monetary Area are subject to these exchange control regulations which are enforced by the South African Reserve Bank, or the SARB. As a result, Harmony's ability to raise and deploy capital outside the Common Monetary Area is restricted. In particular, Harmony:

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

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

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

Due to the number of its employees that belong to unions, Harmony is at risk of having its production stopped for indefinite periods due to strikes and other labor disputes. Significant labor disruptions may have a material adverse effect on Harmony’s operations and financial condition. Harmony is not able to predict whether it will experience significant labor disputes in the future.

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

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

The incidence of AIDS in South Africa, which is forecast to increase over the next decade, poses risks to Harmony in terms of potentially reduced productivity and increased medical and other costs. The exact extent of infection in Harmony’s workforce is not known at present, but the prevalence of AIDS could be or become significant. Significant increases in the incidence of AIDS infection and AIDS-related diseases among Harmony’s workforce in the future could adversely impact its operations and financial condition. Harmony is actively pursuing AIDS awareness campaigns with its workforce.

Harmony’s operations are subject to extensive government regulations.

The Mine Health and Safety Act.

In January 1997, the South African government introduced The Mine Health and Safety Act. This act is intended to encourage greater interaction between government regulators, labor representatives and mining companies with regard to health and safety matters. The act leaves room for self-regulation but also provides for strict control by the government. As part of Harmony’s compliance with this act, Harmony has made progress in establishing risk management and medical surveillance systems. These systems have resulted in improvements in the safety performance of Harmony’s workers. Harmony has also established the health and safety committees required by the act and has arranged for the elections of workplace representatives. To date, the cost of complying with these regulations has not been material. There can be no assurance, however, that any additional expenditure required for compliance with this act will not be material.

Mineral rights ownership.

Currently Harmony owns the majority of its mineral rights and actively carries out mining and exploration activities in all of its material mineral rights areas. On December 18, 2000, the Department of Minerals and Energy published the Mineral Development Draft Bill. The minerals and mining law dispensation proposed in the draft bill is based on the principle that mineral resources are part of South Africa’s national patrimony and that the state is the custodian of the nation’s mineral resources. It is from such principles that the state will derive its entitlements to control, administer and manage access to South Africa’s mineral resources, grant prospecting rights and mining rights and issue retention permits. Therefore, on commencement of the new legislation, prospecting rights, mining rights, retention permits and permission to remove minerals will only be granted by the state.

There are various transition periods to allow holders of existing rights to change over to the new dispensation and Harmony is working within the framework of these transition periods.

Initially, any comments with regard to the draft bill were to have been submitted by March 31, 2001. The Department of Minerals and Energy commenced discussions in April 2001 with certain stakeholders who had submitted comments on the draft bill. The discussions are continuing.

The Chamber of Mines of South Africa, or the Chamber, on behalf of its members (including Harmony) submitted a memorandum during the comment period. This memorandum addressed concerns relating to particular aspects of the draft bill that could adversely impact Harmony's activities, including the concern that the ministerial discretion that would be granted by the draft bill undermines the bill's object of security of tenure. The Department of Minerals and Energy and the Chamber have agreed in principle that the powers of the minister under the draft bill will not be unfettered and will be open to challenges in court, and that a set of objective criteria will be introduced by which the minister's actions in exercising powers could be monitored and measured. It is anticipated that the draft bill will be amended to take into account some of the concerns articulated in this memorandum and to take into account the agreement reached with the Department of Minerals and Energy. It is not known, however, what, if any, further amendments will be made to the draft bill. Harmony is therefore unable to predict the impact that any amendments to the draft bill may have with regard to its mining and exploration activities and no assurance can be given as to whether or when the draft bill will be passed.

In Australia, current legislation provides for native title approval to be obtained in certain circumstances before mining operations can commence. New Hampton has approved mining leases for all of its current ore sources and most of its reserves. The conversion of certain current exploration licenses would require native title approval in accordance with the legislation, prior to commencement of mining. There can be no assurance that any approval will be received by Harmony.

Harmony is subject to extensive environmental regulations.

As a gold mining company, Harmony is subject to extensive environmental regulation. Harmony has experienced and expects to continue to experience increased costs of production arising from compliance with South African environmental laws and regulations. The Minerals Act, the regulations promulgated under the Minerals Act, certain other environmental legislation and the administrative policies of the South African government all regulate the impact of Harmony's prospecting and mining operations on the environment. Pursuant to these regulations, upon the suspension, cancellation, termination or lapsing of a prospecting permit or mining authorization in South Africa, Harmony will remain liable for compliance with the provisions of the Minerals Act, including any rehabilitation obligations. This liability will continue until such time as the South African Department of Minerals and Energy certifies that Harmony has complied with the provisions of the Minerals Act.

Currently, Harmony provides for environmental liabilities by contributing to environmental trust funds. While Harmony believes that its current provision for compliance with South African environmental laws and regulations is reasonable, any future changes and development in environmental regulation may adversely affect its operations. 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, which could have a material adverse effect on Harmony's results and financial condition.

The South African government is currently reviewing requirements imposed upon mining companies to ensure environmental restitution. For example, with the introduction of an environmental rights clause in South Africa's constitution, a number of environmental legislative reform processes have been initiated. Legislation passed as a result of these initiatives has tended to be materially more onerous than laws previously applied in South Africa. Examples of such legislation include the National Water Act 36 of 1998 and the National Environmental Management Act 107 of 1998, both of which include stringent "polluter-pays" provisions. The adoption of these or additional or more comprehensive and stringent requirements, in particular with regard to the management of hazardous wastes, the pollution of ground and ground water systems and the duty to rehabilitate closed mines may result in additional costs and liabilities to Harmony.

New Hampton operates under Mining Lease tenement conditions set by the Department of Minerals and Energy, the Mining Act (1978), the Department of Environmental Protection operating licenses, and water abstraction licenses issued by the Water and Rivers commission for each of its sites. New Hampton must also comply with numerous environmental acts and bills. As a result, New Hampton's operations may experience increased costs of production arising from compliance with Australian environmental laws and regulations.

Harmony's subscription agreements with the IDC and Simane Investments (Proprietary) Limited, or Simane, have resulted in the IDC and Simane acquiring a significant number of Harmony's shares and related influence.

On April 3, 2001, Harmony entered into an agreement with Komanani, a South African empowerment group, and the IDC on behalf of Komanani, pursuant to which, subject to the fulfillment of certain specified conditions, Komanani and the IDC thereby subscribed for 222,222 Harmony ordinary shares and 10,736,682 Harmony ordinary shares, respectively, and Harmony undertook to issue those shares. Under the agreement, subject to the fulfillment of certain specified conditions, the IDC also thereby subscribed for 10,958,904 redeemable convertible preference shares, and Harmony undertook to issue those shares. The IDC subscriptions were completed on June 20, 2001. The Komanani subscription, as well as the agreement as it related to Komanani, was cancelled on August 17, 2001. On September 7, 2001, Harmony entered into an agreement with Simane, a South African empowerment group, pursuant to which Simane thereby subscribed for 222,300 Harmony ordinary shares, on substantially the same terms as the Komanani subscription. The Simane subscription was completed on September 25, 2001. The IDC and Simane currently control, in the aggregate, approximately 8% of Harmony's voting share capital. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders." South African companies commonly have a shareholder who owns a position in their stock of more than 20%. As significant shareholders of Harmony, the IDC and Simane have voting rights that could significantly influence the outcome of matters requiring shareholder approval, including the election of Harmony's directors and the approval of significant corporate transactions, including business combinations.

The sale of a significant position in a company's shares may affect the market price of its shares. As a consequence, Harmony's agreements with Simane and the IDC provide that, except as provided in the agreements, Simane and the IDC will not have the right to dispose of or transfer any of the ordinary shares acquired under the agreements for a period of 18 months from the effective date of the agreements, provide that the IDC will not have the right to dispose of or transfer any of the preference shares subscribed for under its agreement, and provide that neither the IDC nor Simane will enter into any arrangement or transaction that may have the same or similar effect. After conversion of the preference shares into ordinary shares, however, the ordinary shares will be freely transferable by the IDC in accordance with its agreement.

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

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

Prior to June 2001, there was no trading market for Harmony's warrants and there can be no assurance that an active trading market will develop or be sustained in the future.

Prior to the global offering, in June 2001, of Harmony's ordinary shares and warrants, there was no trading market for the warrants. The warrants are currently listed on the JSE and The Nasdaq Stock Market, but the liquidity of the market, if any, achieved through these listings may be limited.

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

It is the current policy of Harmony's Board of Directors, or the Board, to declare and pay cash dividends if profits and funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available and Harmony's capital expenditures and other cash requirements existing at the time. Under South African law, dividends may only be paid out of the profits of Harmony. No assurance can be given that cash dividends will be paid in the future.

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

Dividends or distributions with respect to Harmony's ordinary shares have historically been paid in Rand. The U.S. dollar equivalent of any dividends or distributions with respect to Harmony's ordinary shares will be adversely affected by potential future reductions in the value of the Rand against the U.S. dollar.

Because Harmony has a significant number of outstanding options and warrants, its ordinary shares are subject to dilution.

As of September 25, 2001, Harmony had an aggregate of 250,000,000 ordinary shares authorized to be issued and at that date an aggregate of 144,953,291 ordinary shares were issued and outstanding. In addition to outstanding warrants to purchase a total of 9,027,500 ordinary shares at an exercise price of Rand 43.00 per share or the U.S. dollar equivalent, subject to adjustment as described in this annual report, on or before June 29, 2003, Harmony also has a securities option plan authorizing the granting of options in an amount of up to an aggregate of 10% of the number of ordinary shares outstanding as of the date of the grant, of which Harmony had issued and outstanding at September 25, 2001 options to purchase a total of 3,751,800 ordinary shares at exercise prices of between Rand 11.70 and Rand 35.40. As a result, shareholders' equity interests in Harmony are subject to dilution to the extent of future exercises of these options and warrants.

A holder's ability to exercise Harmony's warrants would be impaired if Harmony is unable to maintain a current registration statement or prospectus or if applicable state securities laws restrict the holder's ability to exercise warrants.

Any exercise of Harmony's warrants must be made pursuant to an effective registration statement and prospectus that must cover the ordinary shares and ADSs issuable upon exercise and that must, at the time of exercise, be current regarding material developments with respect to Harmony and its operations. Harmony will endeavor to maintain an effective and current registration statement and prospectus throughout the exercise period for the warrants. If, however, Harmony is not able to maintain a current registration statement or prospectus, the warrants will not be exercisable unless and until the registration statement and prospectus are made current. Moreover, holders of the warrants may not be able to transfer or exercise their warrants if they or their intended transferees reside in a state whose securities laws do not permit such transactions.

The desirability of exercising Harmony's warrants will depend upon the market price for Harmony's ordinary shares.

To exercise their warrants, holders will be charged Rand 43.00 per ordinary share or, except as described in this annual report, the U.S. dollar equivalent determined as described in this annual report, subject to adjustment from time to time. Consequently, exercise of the warrants is attractive only if and when the market price of Harmony's ordinary shares is greater than this exercise price. Therefore, a holding in the warrants is subject to the risks generally applicable to a holding in the ordinary shares.

Item 4. ***Information on the Company***

BUSINESS

Introduction

Harmony and its subsidiaries are involved in underground and surface gold mining and related activities, including exploration, processing, smelting and refining. Harmony is the third largest gold producer in South Africa and one of the largest gold producers in the world. Based on the figures reported by Harmony's mining operations as at June 30, 2001, Harmony has proven and probable reserves of approximately 32.53 million ounces, which includes Elandskraal and New Hampton. In the fiscal year ended June 30, 2001, Harmony processed approximately 18.821 million tons of ore and sold 2,140,043 ounces of gold, which includes three months of sales from production at Elandskraal and New Hampton, reflecting the period for which these mines were operated for the account of Harmony.

The gold market is relatively deep and liquid with the price of gold generally quoted in U.S. dollars. The demand for gold is primarily for fabrication purposes and bullion investment. The purchase and sale of gold takes place around the globe in all sizes and forms.

Harmony's principal mining operations, including the Elandskraal operations, are located in South Africa. In addition, as described below Harmony has completed the purchase of a minority interest in an Australian gold mining operation, New Hampton, and a successful offer for the remaining shares of New Hampton. Harmony also has a gold mining operation in Canada, production at which has been suspended due to current market conditions, and has a minority equity interest in Goldfields (Australia). Harmony conducts its mining operations through various subsidiaries. As of June 30, 2001, Harmony's significant subsidiaries were Randfontein Estates Limited and Evander Gold Mines Limited, each of which is a wholly-owned direct subsidiary incorporated in South Africa.

Harmony and its subsidiaries have eleven operating shafts in the Free State province of South Africa, six operating shafts at Evander in the Mpumalanga province of South Africa, four operating shafts and an opencast operation at Randfontein in the Gauteng province of South Africa, an opencast mine in the North West province of South Africa, seven operating shafts (three of which are sub-vertical shafts) at Elandskraal in the North West and Gauteng provinces of South Africa, two surface operations and an underground mine at New Hampton in Australia, and an underground mine in the Manitoba province of Canada. Gold sales from the Elandskraal mines and the New Hampton mines in fiscal 2001 were 463,129 ounces and 241,973 ounces, respectively. Three months of these sales, or 122,880 ounces from Elandskraal and 55,653 ounces from New Hampton, were included in Harmony's gold sales for fiscal 2001. On a pro forma basis, the combined gold sales of Harmony, the Elandskraal mines and the New Hampton mines would have been 2,666,612 ounces for fiscal 2001.

Ore from the shafts and surface material are treated at twelve metallurgical plants (three in the Free State, two at Elandskraal, two at Evander, two at Randfontein, one in the North West province and two at New Hampton). Harmony received regulatory approval in 1997 to market its own gold, a function that was previously the sole preserve of the SARB. A refinery was commissioned by Harmony during fiscal 1997 in the Free State province.

History

Harmony Gold Mining Company Limited was incorporated and registered as a public company in South Africa on August 25, 1950. Harmony's principal executive offices are located at the corner of Ward Avenue and Main Reef Road, Randfontein 1760, South Africa and the telephone number at this location is 011-27-11-412-1450. Harmony operates under a variety of statutes and regulations. To learn more about these statutes and regulations, see "Item 4. Information on the Company—Regulation" and "Item 10. Additional Information—Memorandum and Articles of Association."

Commercial gold mining in South Africa evolved with the establishment of various mining houses at the beginning of the 1900s by individuals who bought and consolidated blocks of claims until sufficient reserves could be accumulated to sustain underground mining. The mines were then incorporated, but it was not the practice of the founding mining house to retain a majority shareholding. Instead, the mining house would enter into a management agreement with the mine pursuant to which the mining house would carry out certain managerial, administrative and technical functions pursuant to long-term contracts. Fees were generally charged based on revenues, working costs or capital expenditures, or a combination of all three, without regard to the cost or the level of services provided.

Harmony was operated as a mining operation in this manner and the mining house Randgold Exploration Company Limited retained the management agreement. In late 1994, Randgold cancelled the management agreement and entered into a service agreement with Harmony to supply executive and administrative services at market rates. In 1997, Harmony and Randgold terminated their service agreement and Harmony began operating as a completely independent gold mining company.

Harmony's operations have grown significantly since 1995. Since 1995, Harmony has expanded from a lease-bound mining operation into an independent, world-class gold producer. Harmony has increased its gold sales from 650,312 ounces of gold in fiscal 1995 to 2,140,043 ounces of gold in fiscal 2001, which includes three months of sales from production at Elandskraal and New Hampton, reflecting the period for which these mines were operated for the account of Harmony. In fiscal 2001, approximately 95.3% of Harmony's gold sales took place in South Africa, with 2.6% taking place in Australia and the remaining 2.1% taking place in Canada. In fiscal 2001, approximately 97.6% of Harmony's gold came from its underground mines and 2.4% came from its surface mines. For more detailed geographical information about Harmony's activities, please see "Geographical and Segment Information" in note 27 to the "Harmony Gold Mining Company Limited Notes to the Consolidated Financial Statements."

Harmony acquired additional mineral rights in the provinces of Free State, Gauteng and North West in South Africa when it acquired Lydenburg Exploration Limited, or Lydex, in 1997.

In 1998, Harmony acquired its first production facility outside South Africa by purchasing the mining assets in the Bissett area of Manitoba in Canada from the liquidators of the Rea Gold Corporation. Harmony has completed the capital expenditure and development programs required to establish a production unit capable of producing over 65,000 ounces per year on this property.

On January 11, 2000, Harmony announced its offer to purchase all of the outstanding ordinary share capital of Randfontein at a purchase price of either 31 Harmony shares for every 100 Randfontein shares or Rand 11.00 per Randfontein share, or a combination of shares and cash. Also at this time, Harmony offered to purchase all of the outstanding warrants of Randfontein at a purchase price of either 7 Harmony ordinary shares for every 100 Randfontein warrants held or Rand 2.48 per warrant, or a combination of cash and ordinary shares. Harmony increased the offer price on January 14, 2000 to either 34 Harmony shares for every 100 Randfontein shares or Rand 12.25 per Randfontein share, or a combination of shares and cash. In addition, Harmony increased the offer price for all the outstanding warrants of Randfontein to a purchase price of either 8 Harmony ordinary shares for every 100 Randfontein warrants held or Rand 2.76 per warrant, or a combination of cash and ordinary shares. Harmony obtained management control of Randfontein in January 2000 and by June 30, 2000 had acquired 100% of Randfontein's outstanding ordinary share capital and 96.5% of the warrants to purchase ordinary shares of Randfontein. Randfontein sold 723,421 ounces of gold in the fiscal year ended June 30, 2001, which were included in Harmony's gold sales for fiscal 2001. See "Item 4. Information on the Company—Business—Description of Property—Reserves."

In February 2000, Harmony made its first investment in the Australian gold mining industry by acquiring a stake in Goldfields (Australia), an independent gold production and exploration company. This stake in Goldfields (Australia) is currently approximately 22.96%. Goldfields (Australia), through its interests in operations in the Kalgoorlie region of Australia, Tasmania and Papua New Guinea, has attributable annual gold production of over 600,000 ounces per year.

On December 19, 2000, Harmony announced that it had agreed to purchase 19.99% of New Hampton ordinary shares from Normandy Mining, subject to certain conditions. Harmony also made an offer for all of the outstanding ordinary shares of New Hampton at a purchase price of A$0.275 per share. The total cash bid valued New Hampton at approximately A$56.3 million (R228.2 million at an exchange rate of R4.05 per A$1.00, or $28.3 million). On March 22, 2001, Harmony announced that Normandy Mining had accepted Harmony's offer for Normandy Mining's remaining 13.2% shareholding in New Hampton, and that the New Hampton board of directors recommended that New Hampton shareholders accept Harmony's offer and indicated their intention to accept Harmony's offer for their individual holdings. The offer closed on July 12, 2001, at which time Harmony had acquired 96.2% of New Hampton's shares and over 95% of New Hampton options. Harmony is currently proceeding with a compulsory acquisition of the remaining shares and options under the rules of the Australian Stock Exchange. See "Item 4. Information on the Company—Business—Harmony's Mining Operations—New Hampton."

On January 31, 2001, Harmony entered into an agreement with AngloGold to purchase the assets and liabilities of the Elandskraal mines from AngloGold for approximately Rand 1 billion. On March 22, 2001, Harmony entered into a syndicated loan facility of approximately $260 million to, among other things, fulfill its obligations to AngloGold. See "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources—Credit Facilities." As a condition to the loan facility, in February 2001 Harmony protected some of its production from downward movements in the gold price by entering into put options relating to the delivery of 1 million ounces of Harmony's 2001 and 2002 production. The put options covered 83,333 ounces per month for 12 months, commencing on March 29, 2001, at a price of Rand 64,000 per kilogram (Rand 1,990 per ounce). Harmony paid Rand 29 million to secure these put options. These purchased put options permitted Harmony to take advantage of increased gold spot prices by allowing the put options to expire without exercise, and merely provided Harmony with downside protection. Harmony closed out these put options during July 2001 and received Rand 3 million ($0.3 million). Harmony and AngloGold jointly managed the Elandskraal mines between February 1, 2001 and April 9, 2001 and Harmony completed the purchase on April 9, 2001, Harmony and Randfontein agreed to indemnify AngloGold against any loss AngloGold may suffer or incur as a consequence of Harmony's management during the interim period.

Strategy

Harmony is an independent growth oriented company in the gold production business and is distinguished by the focused operational and management philosophies which it employs throughout the organization. Harmony's growth strategy is focused on building a leading international gold mining company through acquisitions, organic growth and focused exploration. Harmony is currently expanding in South Africa and Australia, building on Harmony's position as a leading cost-effective South African gold company in order to enhance Harmony's position as one of the world's premier international gold producers.

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

Since undergoing a change in management in 1995, Harmony has employed a successful strategy of growth through a series of acquisitions and through the evolution and implementation of a simple set of management systems and philosophies, which Harmony refers to as the "Harmony Way," and which it believes are unique in the South African gold mining industry. A significant component of the success of Harmony's strategy to date has been its ability to acquire underperforming mining assets, mainly in South Africa, and in a relatively short time frame to transform these mines into cost-effective production units. The initial phase of Harmony's strategy between fiscal 1995 and fiscal 2001 has resulted in the growth of Harmony's annual gold sales from approximately 650,000 ounces to over 2.1 million ounces. With the acquisition of the Elandskraal and New Hampton operations, Harmony has increased its annualized sales to approximately 2.5 million ounces and has expanded its proven and probable ore reserve base to approximately 32.53 million ounces of gold as of June 30, 2001. From June 30, 1995 to June 30, 2001, Harmony has reduced weighted average cash operating costs from approximately $341 per ounce to approximately $234 per ounce.

Although Harmony's primary focus is on pursuing growth through the acquisition of producing mines, Harmony has also addressed growth through the recent expansion of its exploration activities. Harmony currently maintains a range of focused exploration programs mainly concentrating on areas not too distant from its operating mines. Harmony has also embarked on several focused gold exploration initiatives in prospective regions where it does not yet produce gold.

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

The major components of Harmony's strategy include:

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

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

- **Empowered management** teams**.** At each mining site Harmony has established small, multi-disciplinary, focused management teams responsible for planning and implementing the mining operations at the site. Each of these teams is accountable for the results at its particular site and reports directly to the Harmony Board.
- **Active strategic management by Harmony's Board.** Annual operational goals and targets, including cost, volume and grade targets are established in consultation with Harmony's Board for each mining site. Each management team develops an operational plan to implement the goals and targets for its mine site. The board reviews and measures the results at each mining site on a regular basis throughout the year.
- **Increased productivity.** Gold mining in South Africa is very labor intensive with labor accounting for approximately 50% of Harmony's costs. To control these costs, Harmony structures its operations to achieve maximum productivity with the goal of having 60% of Harmony's workforce directly engaged in stoping, or underground excavation, and development rock breaking activities. In addition, Harmony has implemented productivity-based bonuses designed to maximize productivity.
- **A no-frills, low cost ethic.** Harmony has an obsession about lowering its cost base and to this end Harmony extensively benchmarks its costing parameters both internally between operations within Harmony and externally against other gold producers.
- **Systems.** Harmony has implemented sophisticated cost accounting systems and strict ore accounting and ore reserve management systems to measure and track costs and ore reserve depletion accurately, so as to enable it to be proactive in its decision making.

Harmony has successfully implemented the “Harmony Way” at its original mining operations and at each mining property Harmony has acquired since 1995, and is currently implementing the “Harmony Way” at Randfontein, Elandskraal and New Hampton. In each case, Harmony has been able to reduce costs significantly while increasing production and extending mine life.

Growth through acquisitions in South Africa and internationally.

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

- to make acquisitions rather than entering into greenfield developments;
- to acquire mature assets with turnaround potential;
- to acquire assets that fit Harmony’s management model; and
- to acquire assets that enhance Harmony’s overall resource base.

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

Outside of South Africa, Harmony intends to leverage the broad gold mining experience it has gained through acquisitions and existing operations. Through Harmony’s existing operations, Harmony has gained extensive underground mining experience. Harmony has also gained extensive experience in surface mining through its acquisition of Kalgold and the surface mining operations of Randfontein, and in mechanized mining of greenstone orebodies through Harmony’s acquisition of Bissett. These types of mining are more typical outside of South Africa. Harmony believes that these skills should position it to be able to pursue a broad range of acquisition opportunities and that the reduction of the gold price in the past few years has created additional offshore acquisition opportunities. Harmony continues to explore new business opportunities both inside and outside of South Africa, particularly in Australia. Harmony may in the future pursue suitable potential acquisitions internationally.

Expanding Harmony’s exploration activities to increase its reserve base.

Traditionally, like most other major South African gold producers, Harmony has not focused much of its efforts on greenfield exploration. With the acquisition of Kalgold, Harmony acquired potentially valuable exploration rights and an active exploration capability. Harmony intends to continue to support and expand these activities as another important avenue for increasing the size of its reserve base.

Hedge Policy

Unlike many other gold producers, 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. As a result of this policy, Harmony Board approval is required when hedging arrangements are to be entered into to secure loan facilities. Any change to this policy requires ratification by the Harmony Board. Currently, Harmony's hedge book is managed by the treasury department of a major South African bank. Hedge activity is monitored weekly and all hedge transactions must be approved by the Harmony Chief Financial Officer after consultation with the Harmony Board.

Recently there have been two instances in which Harmony has made use of gold price hedges: Harmony's forward sale of a portion of the production at Bissett at a set gold price and, more recently, put options relating to 1 million ounces of Harmony's production. Both of these hedges were done in order to secure loan facilities. In addition, a significant proportion of the production at Randfontein and a substantial proportion of the production at New Hampton, each of which was already hedged when acquired by Harmony, remain hedged. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Harmony's Hedge Policy."

Harmony does not trade in derivatives for its own account. In line with Harmony's strategy of being unhedged, Harmony has closed out a number of the Randfontein and New Hampton hedging arrangements. The Randfontein hedge book was restructured in calendar 2000 and the total number of ounces committed under hedging contracts over a five year period currently has been reduced to 500,000 ounces, with an average strike price of $296. In addition, by September 2001, Harmony had reduced New Hampton's hedge book inherited at acquisition by over 400,000 ounces to approximately 570,000 ounces, with an average strike price of A$515 ($258 at an exchange rate of A$2.00 per $1.00). Harmony, will continue to monitor the remaining hedge positions to assess whether it becomes economical to close them out.

Description of Mining Business

Exploration

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

Mining

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

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

In Harmony's open-pit mines access to the orebody is provided by overburden stripping, which removes the covering layers of topsoil or rock, through a combination of drilling, blasting, loading and hauling, as required.

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

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

Processing

Harmony currently has twelve metallurgical plants which treat ore to extract the gold. The Elandskraal acquisition and the New Hampton acquisition each resulted in the addition of two metallurgical plants, which are included in this figure. The principal gold extraction processes used by Harmony are carbon in leach, or CIL, and carbon in pulp, or CIP, although Harmony also has an old filter plant processing low grade waste rock. Harmony has discontinued its heap leach operation.

The gold plant circuit consists of the following:

- **Comminution.** Comminution is the process of breaking up the ore to expose and liberate the gold and make it available for treatment. Conventionally, this process occurs in multi-stage crushing and milling circuits, which include the use of jaw and gyratory crushers and rod and tube and ball mills. Harmony's more modern milling circuits include semi or fully autogenous milling where the ore itself is used as the grinding medium. Typically, ore must be ground to a minimum size before proceeding to the next stage of treatment.
- **Treatment.** In most of Harmony's metallurgical plants, gold is extracted into a leach solution from the host ore by leaching in agitation tanks. Gold is then extracted onto activated carbon from the solution using the CIL or CIP process. In addition, Harmony has two metallurgical plants which use the zinc precipitation filter process to recover gold in solution. Harmony also had one heap leach operation, which was closed in the quarter ended September 30, 2000. In the heap leach process, ore is stacked on impervious leach pads and a leaching solution is sprayed on the pile which separates the gold from the host ore. Gold is then extracted from the leach solution using the carbon in solution process, which is similar to the CIL process.

Gold in solution from the filter plants is recovered using zinc precipitation. Recovery of the gold from the loaded carbon takes place by elution and electro-winning. As a final on-mine recovery step, gold recovered from the carbon or from the precipitators using the above process is smelted to produce rough gold bars. These bars are then transported to the refinery which is responsible for refining the bars to good delivery status.

Harmony operates the only independent refinery in South Africa. For the fiscal year ended June 30, 2001, approximately 45% of Harmony's South African gold production was refined at Harmony's refinery and the remainder was refined at the Rand Refinery, which is owned by a consortium of the major gold producers in South Africa, including Harmony. Harmony produces its own branded products at its refinery including various sizes of gold bars. This has allowed Harmony to sell to markets such as India, the Middle East and East Asia. Harmony has expanded refining capacity from 40 tons per year in fiscal 2000 to 100 tons per year at the end of fiscal 2001.

Services

Mining activities require extensive services, located both on the surface and underground. These services include mining-related services such as mining engineering (optimizing mining layouts and safe mining practices), planning (developing short-term and long-term mining plans), ore reserve management (to achieve optimal orebody extraction), ventilation (sustaining operable mining conditions underground), provision of supplies and materials, and other logistical support. In addition, engineering services are required to ensure equipment operates effectively. Unlike many other South African gold producers, Harmony generally provides only those services directly related to mining. In some cases, other services are provided by outside contractors. Harmony provides medical services to employees at its Free State, Evander and Randfontein hospitals.

Harmony's Management Structure

As part of the "Harmony Way," Harmony structures its mining operations in a way that it considers to be unique in the South African gold mining industry. Harmony's operational structure is based on small empowered management teams at each production site which may include one or more underground mine shafts or opencast sites. These management teams are fully responsible for planning and executing the mining at the production site and report directly to the Harmony Board. Each management team consists of an ore reserve manager, a mining manager, a financial manager, an engineering manager and a human relations manager. Each member of the management team has an individual area of responsibility: the mining manager is responsible for rock breaking and safety; the ore reserve manager is responsible for geology and ore reserves; the financial manager is responsible for financial management; the engineering manager is responsible for maintaining equipment; and the human resource manager is responsible for manpower issues. One of the managers is appointed as the team captain. Financial incentives are provided for the production team at each site based on the production and efficiency at the site.

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

Exploration

Harmony conducts exploration activities by itself or with joint venture partners. Harmony's prospecting interests in South Africa measure approximately 383,000 hectares. In addition to ongoing mine site exploration, Harmony has a program of investment in regional exploration. Harmony has spent approximately Rand 42 million over the last three fiscal years on exploration, mainly within the Kraaipan greenstone belt (particularly on the Kalgold mining lease and surrounding areas) and in Peru. The exploration strategy on these greenstone belts uses geological, geophysical and geochemical techniques to identify broad systems of anomalous gold and associated rock alteration within which gold deposits typically occur as clusters or mining camps. Harmony spent approximately Rand 26.7 million, excluding contributions from joint venture partners, on exploration in fiscal 2001, Rand 10.5 million of which was spent on projects in Peru. Harmony has an exploration budget of Rand 24 million ($2.7 million) for fiscal 2002, Rand 16 million of which is budgeted for projects in South Africa and Rand 8 million of which is budgeted for projects in Peru.

Harmony's exploration activities over the last three years have focused on prospective greenstone-type ore belts in the search for deposits that may be exploited by open pit and shallow underground, low cost operations. Current fieldwork programs primarily involve exploration targets in South Africa and Peru. Harmony has compiled a comprehensive database on gold exploration and evaluation opportunities in other parts of the world.

New Hampton's Big Bell operations also have 6,200 hectares available to explore and 7,120 hectares under application. New Hampton's exploration strategy is to explore on greenstone belts using aeromagnetics, ground magnetics, geochemical, regolith and geotechnical techniques to identify broad systems of anomalous gold and associated rock alteration within which gold mineralization typically occur. New Hampton's Jubilee operations currently hold in excess of 2,000 square kilometers of title in the Eastern Goldfields area of Western Australia. The package comprises a combination of freehold title and mineral leases forming an east-west belt extending from Lake Roe to Coolgardie, south of Kalgoorlie. The tenements span a number of highly prospective geological domains including the Kalgoorlie-Kambalda Belt and the Boulder-Lefroy structure, the Zuleika Shear, the Coolgardie Belt and the Yilgangi-Roe structures. These areas continue to produce major gold discoveries through persistence and improved geological understanding. A comprehensive structural-geological and regolith-geochemical review was recently completed for the Southeast Goldfields area. This review outlined priority targets within the Coolgardie Belt, along the Zuleika Shear, and on the Yilgangi Structure of Location 32, along strike from the Carousue Dam gold deposits. These targets are expected to continue to be the focus of regional exploration over the 2002 fiscal year.

Harmony's exploration projects are wholly owned, apart from the exploration program in the Murchison greenstone belt in the Northern Province, which is being conducted in a joint venture with Metorex Limited, and a joint venture for exploration in Peru. The Murchison joint venture is divided into the claims area surrounding the Metorex gold/antimony operations and the regional project areas on prospective parts of the Murchison greenstone belt outside the claims area. Harmony manages these exploration programs and has the right to earn 50% equity in the claims area and 80% equity in the regional area by funding Rand 5 million ($0.6 million) of exploration and evaluation expenditures by the end of calendar year 2003. As of June 30, 2001, Harmony had funded Rand

1.4 million of this project. Harmony's exploration in Peru is focused on large systems of gold mineralization which have the potential for high tonnage low cost production.

During the course of gold prospecting in the Kraaipan greenstone belt, Harmony has discovered promising deposits of open pittable platinum and palladium mineralization and is currently conducting a detailed evaluation of the economic potential of this project. The mineralization occurs in six separate bodies with strike lengths ranging between 500 meters and 1,000 meters and additional discoveries are likely. Exploration activities to date have revealed mineralized widths that range from 25 meters to 45 meters with average grades of platinum plus palladium running at between 0.8 and 2.8 g/t. Higher grade zones ranging in widths from 4 meters to 14 meters and with grades of up to 5.3 g/t occur within some of these mineralized intersections. Drilling to date has been limited to widely spaced boreholes to depths of approximately 80 meters and deeper and infill drilling is required to determine the depth and strike extent of the reef zones. Harmony believes that there is potential for depths of below 150 meters. As of August 2001, boreholes included 455 rotary airblast boreholes, 284 reverse circulation percussion boreholes and 15 diamond core boreholes. Preliminary indications are that the platinum and palladium metals are generally relatively fine and sulfide poor, which would depress recoveries by conventional flotation. Several targets for discoveries have been identified from geochemical anomalies. Harmony is currently conducting pre-feasibility test work involving drilling to confirm the geometry of priority reef zones and to obtain representative samples for further metallurgical test work. Harmony is considering various options regarding the platinum and palladium deposits. Harmony has appointed J.P. Morgan plc as an advisor to assist in identifying a strategic partner to take this project forward. Numerous parties had expressed an interest as of August 2001 in the project.

Capital Expenditures

Capital expenditures, including the non-cash portion, incurred for fiscal 2001 totaled \$52.5 million, compared with \$30 million in fiscal 2000 and \$51.9 million in fiscal 1999. The focus of Harmony's capital expenditures in recent years has been underground development and plant improvement and upgrade, and management currently expects this focus to continue in fiscal 2002. The increase in capital expenditures in fiscal 2001 compared with fiscal 2000 was largely due to the inclusion of Randfontein for a full fiscal year and the inclusion of Elandskraal and New Hampton with effect from April 1, 2001. The decrease in capital expenditures in fiscal 2000 compared with fiscal 1999 was largely due to the purchase in fiscal 1999 of Masimong shafts, amounting to \$22.2 million. Harmony has budgeted approximately \$41.3 million for capital expenditures in fiscal 2002. Details regarding the capital expenditures for each mine are found in the individual mine sections under "Item 4. Information on the Company—Description of Property" below. Harmony currently expects that its planned capital expenditures will be financed from internal resources and existing borrowings.

Description of Property

Introduction

Harmony's operational mining areas comprise the Free State operations of 58,249 acres, the Evander area of 97,926 acres, the Randfontein area of 41,026 acres, the Kalgold area of 5,259 acres, the Bissett area of 1,083 acres and the Elandskraal area of 22,864 acres. In addition, New Hampton conducts mining operations at various locations over its exploration area, which totals 19,769 acres. Harmony furthermore owns, controls or shares in mineral rights that have not been brought to production.

In line with the rest of the South African mining industry, Harmony has been rationalizing its mineral rights holdings in recent years. Accordingly, over the past three years, Harmony disposed of its shares and its participation rights in areas in South Africa in which it has not actively pursued mining. Harmony may continue to investigate further disposals.

Geology

The major portion of Harmony's gold production is derived from mines located in the Witwatersrand Basin in South Africa. In contrast to the greenstone hosted gold deposits at Kalgold and Bissett, the Witwatersrand gold deposits are a unique gold bearing succession of sedimentary rocks that show great continuity through the Witwatersrand area. As a consequence, resource estimates can often be made with a higher degree of confidence, even when the exploration data is limited.

The Witwatersrand Basin is an elongate structure that extends approximately 300 km in a northeast-southwest direction and approximately 100 km in a northwest-southeast direction. It is an Archean sedimentary basin containing a 6 km deep stratigraphic sequence consisting mainly of quartzites and shales with minor intermittent volcanic units.

Conglomerate layers occur in distinctive depositional cycles or packages within the upper, arenaceous portion of the sequence, known as the Central Rand Group. The conglomerate packages are thicker and tend to display greater basin edge proximality in terms of sedimentary characteristics from the base of the Central Rand Group to the top. The thickest units are multiple stacks of lenticular conglomerate layers, separated by erosional surfaces. It is within these predominately conglomeratic units that the gold-bearing alluvial placer deposits, termed reefs, are located.

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

Within the various goldfields of the Witwatersrand Basin there are major and minor fault systems, and some of the normal faults have displaced basin-dipping placers upwards in a progressive step-like manner, enabling mining to take place at accessible depths. Folding is most prominent along the previously active tectonic margins of the basin, and syndepositional interference warping appears to have played a role in some placer formation and gold accumulation.

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

Reserves

Harmony applies an ore reserve management system which emphasizes effective geological control of the orebody. In addition, ongoing management of the ore reserves is decentralized to each production site where management applies site-specific technical and working cost parameters to determine the optimal cut-off grade. This cut-off grade is defined as the grade at which the total profits from mining the orebody, under a specific set of mining parameters, is maximized and, therefore, optimizes exploitation of the orebody. The use of a cut-off grade attempts to account for all the ore tons that make a marginal contribution to the profitability of the mine.

Historically, South African gold mining companies have not been required to follow any particular standard for reporting ore reserves. Consequently, Harmony inherited a number of different standards for reporting ore reserves as it acquired mining operations.

In March 2000, the JSE announced that all gold mining companies listed on the JSE must report ore reserves on the basis of the South African Mineral Resource Committee code of practice, or SAMREC. In accordance with this ruling, Harmony has recalculated its ore reserves. As at June 30, 2001 all of Harmony's ore reserves are reported on the basis of SAMREC. All of the ore reserve information included herein is reported on the basis of SAMREC. Only the reserves which qualify as proven and probable reserves for purposes of the SEC's industry guide number 7 at each of Harmony's mining operations are presented herein. See "Glossary of Mining Terms."

As at June 30, 2001, Harmony had aggregate proven and probable reserves of approximately 32.53 million ounces as set forth in the following table:

Ore reserve statement as at June 30, 2001

Operations	**Proven Reserves**			**Probable Reserves**			**Total Reserves**			**Gold sales in the fiscal year ended June 30, 2001**
	Tons (million)	Grade (oz/ton)	Gold oz[1] (million)	Tons (million)	Grade (oz/ton)	Gold oz[1] (million)	Tons (million)	Grade (oz/ton)	Gold oz[1] (million)	(oz)
Underground										
Elandskraal	20.74	0.230	4.77	28.32	0.190	5.39	49.05	0.207	10.16	118,893[2]
Free State[3]	32.59	0.141	4.58	16.25	0.137	2.22	48.83	0.139	6.80	686,222
Evander	12.86	0.195	2.51	35.67	0.170	6.05	48.54	0.176	8.56	458,212
Randfontein	22.72	0.162	3.68	11.11	0.179	1.99	33.83	0.168	5.67	640,440
Total Underground	88.91	0.175	15.54	91.35	0.171	15.65	180.25	0.173	31.19	1,903,767
Surface (Open Pit)										
Kalgold	6.24	0.057	0.36	1.71	0.051	0.09	7.95	0.056	0.44	49,351
Randfontein	0.51	0.044	0.02	0.80	0.053	0.04	1.31	0.050	0.06	82,981
Total Surface	6.75	0.148	0.38	2.51	0.052	0.13	9.26	0.054	0.50	132,242
New Hampton (Underground and Surface)	11.48	0.048	0.55	3.30	0.084	0.28	14.77	0.056	0.83	55,653[2]
TOTAL	107.13	0.154	16.47	97.16	0.165	16.06	204.29	0.159	32.53	2,091,662[4]

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

2 Includes gold sales for three months from April 1, 2001.

3 Harmony's Free State operations include the Harmony, Unisel, Merriespruit, Virginia, Brand and Masimong shafts.

4 Excludes sales at Bissett in fiscal 2001.

The numbers shown in the table above are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tons and head grades. Metallurgical recovery factors have not been applied to the reserve figures stated above. The approximate metallurgical recovery factors for the table above are as follows: (a) Elandskraal 97%; (b) Free State 95%; (c) Evander 96%; (d) Randfontein 96%; (e) Kalgold CIL 89%; and (f) New Hampton 90%. A gold price of Rand 67,500 per kilogram was applied in calculating the ore reserve figures. The gold price on September 17, 2001 was approximately Rand 79,185 per kilogram. Harmony's standard for sampling with respect to both proven and probable reserve calculations for underground mining operations at Free State, Evander, Randfontein, Elandskraal and New Hampton is applied on a 6 meter by 6 meter grid. Average sample spacing on development ends is at 2 meter intervals in development areas. Randfontein and Kalgold surface operations are sampled on diamond drill and reverse circulation drill spacing of no more than 25 meters on average. New Hampton surface operations are sampled on diamond drill and reverse circulation drill spacing of no more than 20 meters on average. In estimating the ore reserves of the Elandskraal and New Hampton mines, Harmony re-estimated the reserve statements as originally generated by AngloGold and New Hampton as part of its post-acquisition optimization process and its normal operating practice. This process led to certain changes to the ore reserve statements of the Elandskraal and New Hampton mines, which Harmony's management does not regard as material and which have been reflected in the table above.

In calculating proven and probable reserves, Harmony applies a cut-off grade. The cut-off grade is determined for each shaft using Harmony's optimizer computer program, which takes account of a number of factors, including grade distribution of the orebody, an assumed gold price, planned production rates, planned working costs and mine recovery factors. Harmony's optimizer computer program determines the total profits that can be made from mining blocks of various grades. The point of maximum total profit is used to determine the cut-off grade. Mining the blocks at and above the cut-off grade will be profitable if the assumptions underlying the cut-off grade hold true. Blocks below the cut-off grade are not included in Harmony's reserve estimates. Harmony generally aims to mine above the cut-off grade. This can be contrasted with the so-called "pay limit" approach for determining reserve estimates, which identifies the grade at which revenues and costs are equal and then determines the portion below this break-even grade that can be mined together with portions above the break-even grade to remain profitable. Harmony believes the cut-off grade methodology defines more precisely which blocks should be mined for profitable operations.

Harmony's Mining Operations

Harmony currently conducts underground mining operations at five principal mining sites: the Free State, Evander, Randfontein, Elandskraal and New Hampton and conducts surface mining operations at Randfontein Kalgold, Elandskraal and New Hampton.

Overall Operations

Underground Operations

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

	Fiscal year ended June 30,		
	2001[1]	**2000**[2]	**1999**
Production			
Tons ('000)	15,748	10,324	8,289
Recovered grade (ounces/ton)	0.133	0.148	0.154
Gold sold (ounces)	2,007,679	1,530,180	1,274,774
Results of operations ($)			
Revenues ('000)	554,285	444,418	369,507
Cash cost ('000)	470,108	377,047	306,029
Cash profit ('000)	84,177	67,371	63,478
Cash costs			
Per ounce of gold ($)	234	246	240

1 Includes gold sales from both underground and waste rock dump mining at Elandskraal and gold sales from both underground and open pit mining at New Hampton, each for three months from April 1, 2001.

2 Includes Randfontein's gold sales for four months from March 1, 2000.

Tons milled increased to 15,748 in fiscal 2001 compared with 10,324 in fiscal 2000 due primarily to the inclusion of Randfontein for a full fiscal year and Elandskraal and New Hampton for three months. Recovered grade decreased 10.1% in fiscal 2001 compared with fiscal 2000 due primarily to the lower grades achieved in the Free State. Tons milled increased to 10,324 in fiscal 2000 compared with 8,289 in fiscal 1999 due primarily to the acquisition of Randfontein. The overall decrease in the recovered grade from fiscal 1999 to fiscal 2000 was due primarily to the lower recovered grades at Evander.

Surface Operations

Currently, Harmony's principal surface mining operations are at Randfontein, which was acquired in fiscal 2000, at an opencast mine at Kalgold, which it acquired with effect from October 1, 1999, and at Elandskraal and New Hampton, each of which it acquired with effect from April 1, 2001. Prior to the purchases of Randfontein and Kalgold, Harmony's surface mining operations consisted primarily of clean-up projects where gold was recovered from areas previously involved in processing, such as metallurgical plants, as well as the re-processing of tailings dams.

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

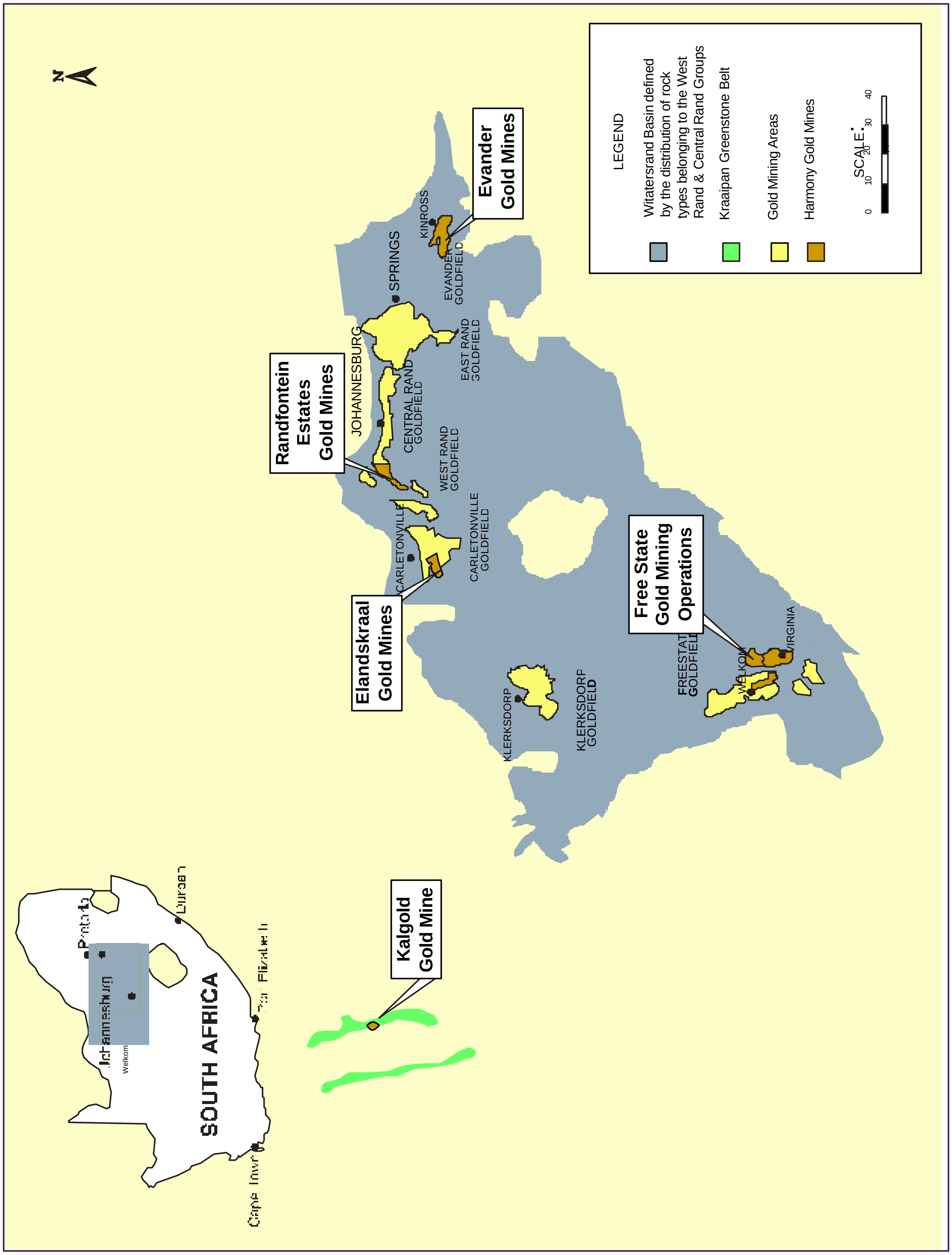
	Fiscal year ended June 30,		
	2001[1]	**2000**[2]	**1999**
Production			
Tons ('000)	3,590	2,773	303
Recovered grade (ounces/ton)	0.037	0.035	0.037
Gold sold (ounces)	132,364	95,745	11,156
Results of operations ($)			
Revenues ('000)	36,349	27,700	3,200
Cash cost ('000)	32,102	22,100	1,800
Cash profit ('000)	4,247	5,600	1,400
Cash costs			
Per ounce of gold ($)	243	231	161

1 Does not include sales from surface operations at New Hampton.
2 Includes Randfontein's gold sales for four months from March 1, 2000 and Kalgold's gold sales for nine months from October 1, 1999.

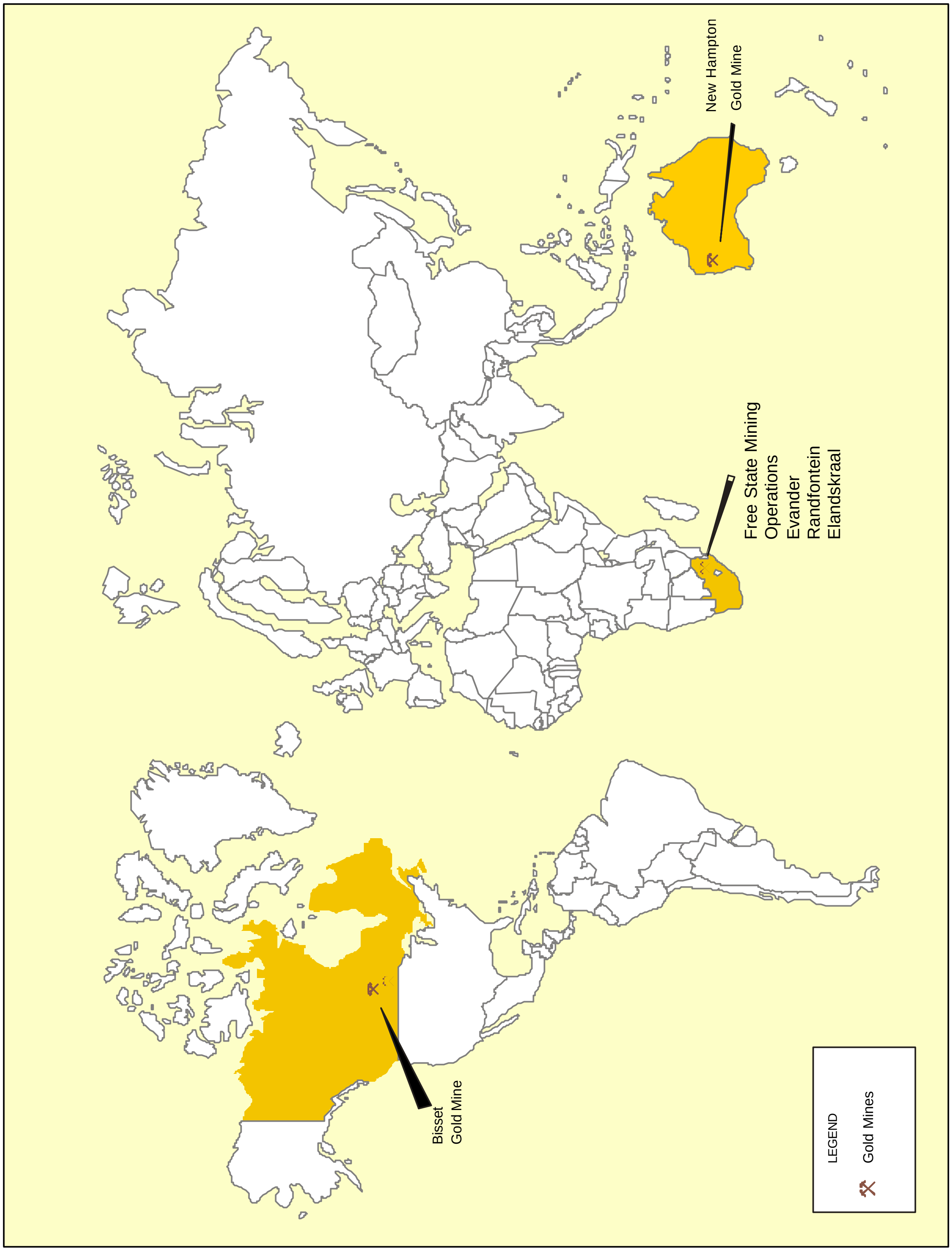
The amount of gold produced from surface operations increased in the fiscal year ended June 30, 2001 due primarily to the inclusion of Randfontein's results for a full fiscal year. During the fiscal year ended June 30, 2000, Harmony produced additional ounces of surface gold as a result of the acquisition of Kalgold and Randfontein.

The following pages contain maps of Harmony's South African, Canadian and Australian operations.

THE LOCATION OF HARMONY'S SOUTH AFRICAN MINES



THE WORLDWIDE LOCATION OF HARMONY'S MINES



Elandskraal Operations

Introduction. On January 31, 2001, Harmony entered into an agreement to purchase the assets and liabilities of the Elandskraal mines in the North West and Gauteng provinces of South Africa for approximately Rand 1 billion. Harmony and AngloGold jointly managed the Elandskraal mines between February 1, 2001 and April 9, 2001 and Harmony completed the purchase on April 9, 2001. In the fiscal year ended June 30, 2001, gold sales at Elandskraal totaled 463,129 ounces. Harmony’s gold sales of 2,140,043 ounces for the fiscal year ended June 30, 2001 included three months of sales at Elandskraal, or 122,880 ounces. The operating results of the Elandskraal mines for the months of February and March, which amounted to a loss of $1.4 million, have been treated as preacquisition costs. Thereafter, the operating results of these mines have been consolidated with Harmony’s operating results. The assets and liabilities of the Elandskraal mines include the mineral rights and mining title (excluding a portion of the Carbon Leader Reef horizon, which AngloGold will continue to mine), mining equipment, metallurgical facilities, underground and surface infrastructure necessary for the continuation of mining, ore treatment and gold extraction at Elandskraal as a going concern, and contributions to a rehabilitation trust fund equivalent to the current rehabilitation liability of this operation. The addition of Elandskraal to Harmony’s operations increased Harmony’s reserves by approximately 9.9 million ounces.

On April 24, 2001, Harmony entered into an agreement with Randfontein Estates Limited and Open Solutions, pursuant to which the parties agreed to associate together in a joint venture related to the business of the Elandskraal mines, or the Elandskraal Venture. Open Solutions, an empowerment group, undertook to purchase a 10% participation interest in the Elandskraal Venture for cash consideration equal to 10% of the historical acquisition costs (including all transaction costs but excluding loan financing costs) of the Elandskraal mines, in an amount estimated to be approximately Rand 100 million. Randfontein has retained the remaining 90% participation interest in the Elandskraal Venture, continues to own and operate the Elandskraal mines, and has the sole discretion to manage the Elandskraal Venture (but must consult with Open Solutions prior to effecting a sale or disposal of the material portion of the assets of the Elandskraal mines). Under the agreement, Randfontein also undertook to loan the purchase price to Open Solutions at an interest rate equal to the prime rate less 1%, which will be repaid by Open Solutions from the benefits accruing to Open Solutions attributable to its 10% participation interest. As security for the repayment of this loan, Open Solutions ceded and assigned to Randfontein all its right, title and interest in and to its participation interest (other than the right to appoint the representatives described below) until the loan is repaid in full.

Under the agreement, Open Solutions will be entitled, among other things, to appoint two representatives to attend management meetings and other strategic discussions related to the Elandskraal Venture, and who will have specified powers and duties (but not voting rights) equivalent to non-executive directors. Randfontein agreed to accept liability, as to third parties, for all obligations and liabilities of the Elandskraal Venture and Open Solutions agreed to indemnify Randfontein in respect of a pro rata portion of these obligations and liabilities. Open Solutions may not dispose of its participation interest without the prior written consent of Randfontein, or encumber its participation interest other than as provided in the agreement. Pursuant to the agreement, Open Solutions is granted the right, at any time prior to the repayment in full of Randfontein’s loan, to require Randfontein to acquire Open Solution’s participation interest at a price equal to the then-outstanding loan balance.

History. Gold mining began at Elandskraal in 1978 following approval of the project in 1974 by Elandsrand Gold Mining Company for the Elandsrand operations and by Gold Fields of South

Africa Ltd. for the Deelkraal operations. Two surface shafts and two adjoining sub-vertical shafts were sunk at Elandsrand and Deelkraal. The sub-vertical shafts at Elandsrand were completed in 1984, which accessed a deeper reef in the lease area. The sub shaft deepening project, or SSDP, the deepening of the sub-vertical shafts to approximately 3,400 meters below surface, is an on-going project to access and exploit a portion of the mine. Sinking of a third surface shaft commenced at Deelkraal in 1988. However, this shaft was not completed and is now flooded. In 1997, Gold Fields of South Africa Ltd. sold Deelkraal to Elandsrand, which later was incorporated into AngloGold.

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

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

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

Mining Operations. The Elandskraal operations are engaged in both underground and waste rock dump mining. The Elandskraal operations are subject to all of the underground and waste dump mining risks detailed in the Risk Factors section. Due to the operating depths of the Elandskraal operations, seismicity and pressure related problems are a risk. However, active and continuous management and control seek to mitigate this risk. The primary challenges facing the Elandskraal operations are the lowering of working costs, increasing mining flexibility, controlling capital expenditure and the timely completion of the SSDP. Following the acquisition, Harmony completed a restructuring of the Elandskraal operations, which resulted in the retrenchment of approximately 1,450 employees. During the six months ended June 30, 2001, the safety record at the Elandskraal mines in terms of lost time frequency rate and fatality frequency rate was less favorable than the South African industry average. Safety standards for other Harmony operations will be applied at Elandskraal and will receive constant and high-level attention and where problems are identified steps will be taken to address the situation.

Detailed below are the operating and production results from underground operations at Elandskraal for the six months ended June 30, 2001 and the calendar years ended December 31, 2000, 1999 and 1998.

	Six months ended June 30,	Year ended December 31,		
	2001	**2000**	**1999**	**1998**
Production				
Tons ('000)	1,289	2,487	3,109	3,406
Recovered grade (ounces/ton)	0.157	0.212	0.202	0.206
Gold sold (ounces)	202,999	528,083	628,281	702,131
Results of operations ($)				
Cash cost ('000)	46,530	150,900	167,500	197,097
Cash profit ('000)	12,184	2,300	31,400	58,952
Cash costs				
Per ounce of gold ($)	229	286	267	281

Following the acquisition, Harmony has begun to implement the "Harmony Way" at Elandskraal in an effort to cut costs and increase productivity.

Elandskraal operates four surface shafts and three sub-vertical shafts. Set out below are the rock hoisting capacities of Elandskraal's production shafts.

Shaft	Hoisting capacity (tons/month)
Elandsrand No. 2 shaft and sub-vertical shaft	331,000
Deelkraal No. 1 shaft and sub-vertical shaft	187,000

In the quarter ended June 30, 2001, the hoisting capacity at the Deelkraal No. 1 sub-vertical shaft was limited to approximately 50% of designed rating because of the corrosive effects of mine water on the shaft steelwork. Harmony has begun remedial action designed to prevent further deterioration and to repair the infrastructure to maintain current production, which is currently approximately 60-70% complete.

On a simplistic basis (and assuming that no additional reserves are identified), at the production level achieved in the six months ended June 30, 2001, the June 30, 2001 reported proven and probable ore reserves of 49.05 million tons will be sufficient for the Elandskraal operations to maintain production until approximately calendar year 2020. However, because the Elandskraal operations consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others. In addition, any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See "Item 3. Key Information—Risk Factors—Harmony's gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates."

Plants. Commissioned in 1978, the Elandsrand Plant, or No. 2 Plant, has milling in closed circuit with primary and secondary hydrocyclones, secondary ball milling in closed circuit with hydrocyclones, thickening and cyanide leaching in a CIP pump cell carousel circuit. The CIP was commissioned after an upgrade of the facility in 1999. Loaded carbon is currently transported by road to AngloGold's No. 1 plant at Western Deep Levels for elution, electro-winning and smelting to produce doré. Residues from the CIP are pumped either to a backfill plant or directly to the tailings facility. The primary feed is from Elandsrand, comprising underground sources.

Commissioned in 1978, the Deelkraal plant, or No. 4 Plant, has milling in closed circuit with primary and secondary hydrocyclones, thickening, cyanide leaching, filtration, zinc precipitation and smelting to produce doré. Residues from the re-pulped filtercake are pumped either directly to a backfill preparation plant or directly to the tailings facilities. The primary feed is from Deelkraal, comprising both underground and waste rock dump sources. Harmony expects to make capital improvements to allow for elution, electro-winning and smelting to be completed at Randfontein for the Elandskraal operations in the future.

The following table sets forth processing capacity and average tons milled during the six months ended June 30, 2001 for each of the plants:

Plant	Processing Capacity	Average milled for six months ended June 30, 2001
	(tons/month)	(tons/month)
No. 2 Plant	220,000	171,000
No. 4 Plant	138,000	99,757

In both the calendar year ended December 31, 2000 and the six months ended June 30, 2001, the No. 2 Plant recovered approximately 97% of the gold contained in the ore delivered for processing and the No. 4 Plant recovered approximately 94% of the gold contained in the ore delivered for processing.

Capital Expenditure. Harmony's capital expenditures at the Elandskraal operations since April 1, 2001 were approximately Rand 62 million, principally for the SSDP. In addition, Harmony currently estimates that from January 1, 2001 to completion, the cost of the SSDP will be approximately Rand 530 million. Harmony has budgeted approximately Rand 156.7 million ($17.9 million) for capital expenditures at Elandskraal in fiscal 2002, principally for the SSDP.

Randfontein Operations

Introduction. The Randfontein gold mine is located in the Gauteng Province of South Africa, approximately thirty kilometers west of Johannesburg. The Randfontein mine currently operates under a mining authorization with a total area of 17,753 hectares. The Randfontein mine has both underground and surface mining operations, and has two metallurgical plants. Underground mining is conducted at Randfontein at depths ranging from 500 meters to 2,500 meters. In the fiscal year ended June 30, 2001, Harmony's Randfontein operations accounted for 33.8% of Harmony's total gold sales.

History. Gold mining began at the Randfontein mine in 1889. Since the commencement of mining operations to June 30, 2001, Randfontein has sold approximately 53.3 million ounces of gold at an average recovered grade of 0.15 ounces per ton. Harmony obtained management control of Randfontein in January 2000 and by June 30, 2000 had acquired 100% of

Randfontein's outstanding ordinary share capital and 96.5% of the warrants to purchase ordinary shares of Randfontein. See "Item 4. Information on the Company—Business—History."

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

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

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

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

Mining Operations. The Randfontein mine is engaged in both underground and surface mining. The Randfontein operations are subject to all of the underground and open pit mining risks detailed in the Risk Factors section. Due to the shallow to moderate depths of the operations, seismicity and pressure related problems are infrequent. There is a risk of subterranean water and/or gas intersections in some areas of the mine. However, this risk is mitigated by active and continuous management and monitoring, which includes the drilling of boreholes in advance of faces. Where water and/or gas is indicated in the drilling, appropriate preventative action is taken. The primary challenge facing the Randfontein operations is the lowering of working costs, and some progress in addressing this challenge has been made since Harmony's acquisition of management control of Randfontein in January 2000. In particular, in early 2000 the shaft 4 section of the Randfontein operations was operating at a loss, raising the risk of closure at that location. Although losses at this location were reduced during 2000, Harmony believed that losses were still at unacceptable levels in the quarter ended March 31, 2001 and closed the shaft (other than pumping installations) in June 2001. The closure resulted in the retrenchment of approximately 1,500 employees (not including contractors), with the rest of the employees transferred to other shafts (including Doornkop), displacing contractors. Following the closure, third party firms began mining this shaft for Harmony on a royalty basis. The safety record at the Randfontein operations during the period from June 2000 to June 2001 in terms of lost time frequency rate and fatality frequency rate compares favorably with the South African industry average. Nevertheless, safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation.

Underground operations. Detailed below are the operating and production results from underground operations at Randfontein for the past three fiscal years:

	Fiscal year ended June 30,		
	2001	**2000**	**1999**
Production			
Tons ('000)	4,397	4,675	4,267
Recovered grade (ounces/ton)	0.15	0.16	0.16
Gold sold (ounces)	640,408	754,853	667,771
Results of operations ($)			
Cash cost ('000)	139,781	190,110	185,697
Cash profit ('000)	31,822	29,154	19,077
Cash costs			
Per ounce of gold ($)	218	252	278

The underground operations at Randfontein are comprised of the underground sections of the Cooke shafts No. 1, 2, and 3, shaft 4 and the Doornkop shaft.

Set out below are the hoisting capacities of Randfontein's producing shafts:

Shaft	**Hoisting Capacity (tons/month)**
Cooke 1	176,400
Cooke 2	187,400
Cooke 3	264,600
Shaft 4[1]	148,800
Doornkop	49,600

1 Closed by Harmony in the quarter ended June 30, 2001. Third-party firms began mining this shaft on a royalty basis in July 2001.

On a simplistic basis (and assuming that no additional reserves are identified), at the production level achieved in the fiscal year ended June 30, 2001, reported proven and probable underground ore reserves of 33.83 million tons will be sufficient for the Randfontein underground operations to maintain production until approximately fiscal 2009. However, because the Randfontein operations consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others. In addition, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See "Item 3. Key Information—Risk Factors—Harmony's gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates."

Surface operations. Surface operations at Randfontein exploit the surface open-pit operations of Lindum mine and numerous secondary surface sources, including low grade rock dumps and tailings dams (slimes and sand). Detailed below are the operating and production results from surface operations for the past three fiscal years:

	Fiscal year ended June 30,		
	2001	**2000**	**1999**
Production			
Tons (‘000)	2,533	3,496	6,275
Recovered grade (ounces/ton)	0.03	0.03	0.03
Gold sold (ounces)	83,013	109,485	165,255
Results of operations ($)			
Cash cost (‘000)	19,203	29,347	33,673
Cash profit/(loss) (‘000)	3,557	2,606	10,328
Cash costs			
Per ounce of gold ($)	231	267	204

In the fiscal year ended June 30, 2001, cash operating costs decreased to $231 per ounce from $267 in fiscal 2000, primarily as a result of the implementation of the “Harmony Way.” The increase in cash operating costs to $267 per ounce for fiscal 2000 from $204 per ounce in fiscal 1999 was due primarily to the lower production achieved given a high fixed cost base.

On a simplistic basis (and assuming that no additional reserves are identified), at the production level achieved in the fiscal year ended June 30, 2001, the June 30, 2001 reported proven and probable open pit ore reserves of 1.31 million tons will be sufficient for the Randfontein open pit operations to maintain production on a limited basis until approximately the end of fiscal 2002. Harmony expects profit levels from surface operations at Randfontein to decrease as the surface reserves are depleted. Future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See “Item 3. Key Information—Risk Factors—Harmony’s gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates.”

Plants. The processing facilities at the Randfontein mine presently comprise two operating plants serviced by a surface rail network. These include the Cooke metallurgical plant and the Doornkop metallurgical plant. Due to a reduction in surface tonnage during the quarters ended December 31, 2000 and March 31, 2001, Harmony closed the Lindum metallurgical plant in the quarter ended December 31, 2000. In addition, as a result of the closure of the No. 4 shaft, Harmony closed the No. 4 metallurgical plant in the quarter ended June 30, 2001.

The Cooke metallurgical plant, commissioned in 1977, is a hybrid CIP/CIL plant. The Doornkop metallurgical plant, commissioned in 1985, is a conventional CIP plant. The No. 4 metallurgical plant, commissioned in 1965, was a process route which included carbon extraction based on a CIP process route. The Lindum metallurgical plant, commissioned in 1992, was a small conventional CIP operation.

The following table sets forth processing capacity and average tons milled during the fiscal year ended June 30, 2001 for each of the plants:

Plant	**Processing Capacity**	**Average milled for the fiscal year ended June 30, 2001**
	(tons/month)	**(tons/month)**
Cooke	330,690	248,000
Doornkop	242,500	208,250
No. 4[1]	143,300	62,793
Lindum[2]	49,600	39,800

1 Closed in quarter ended June 30, 2001.
2 Closed in quarter ended December 31, 2000.

In the fiscal year ended June 30, 2001, the plants at the Randfontein operations recovered approximately 91.1% of the gold contained in the ore delivered for processing.

Capital Expenditure. Harmony spent Rand 52.5 million on capital expenditures at its Randfontein operations in the fiscal year ended June 30, 2001. Of this amount, approximately Rand 25.7 million was spent on underground development, Rand 18.9 million was spent on computer installations and Rand 7.9 million was spent on other capital items. Capital expenditure at Randfontein operations in fiscal 2002 is expected to be Rand 30.2 million ($3.4 million), primarily for a new slimes dam, underground development and upgrading of plants. In addition, Harmony is currently considering whether to make the capital expenditures required to complete the development of additional mining at Doornkop. At the time of Harmony's acquisition of Randfontein, Randfontein had estimated that an additional Rand 400 million of capital expenditures would be needed to complete this project. Harmony expects to finalize its evaluation of the capital expenditure requirements by the end of fiscal 2002, at which time a decision will be made whether to pursue further development.

Free State Operations

Introduction. Harmony's gold mining operations in the Free State are comprised of the original Harmony mines, the Unisel mine, Saaiplaas mine shafts 2 and 3, Saaiplaas mine shafts 4 and 5 (Masimong), Brand mine shafts 2, 3 and 5 and Vermeulenskraal North. Mining is conducted at Harmony's Free State operations at depths ranging from 500 meters to 2,500 meters. In the fiscal year ended June 30, 2001, Harmony's Free State operations accounted for 32.1% of Harmony's total production.

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

Geology. Harmony's Free State operations are located in the Free State goldfield on the southwestern edge of the Witwatersrand Basin.

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

Mining Operations. Harmony conducts underground mining at its mining operations in the Free State. The Free State operations are subject to all of the risks detailed in the Risk Factors section. Due to the shallow to moderate depths of the operations, seismicity and pressure related problems are relatively infrequent with the exception of the Brand shafts where such problems receive constant attention. There is a risk of subterranean water and/or gas intersections in some areas of the mine. However, this risk is mitigated by active and continuous management and monitoring, which includes the drilling of boreholes in advance of faces. Where water and/or gas is indicated in the drilling, appropriate preventative action is taken. The principal challenges at the Free State operations of achieving optimal volumes and grades of ore production are addressed by stringent ore reserve management. Due to possible operational inflexibility of some of the older shafts, it is becoming increasingly difficult to achieve the originally expected grades and tonnages. Harmony is taking steps designed to improve grade in the fiscal year ending June 30, 2002, including closing the low grade Harmony 3 shaft, increasing pillar mining at various shafts (Harmony 2, 4 and Brand 3) and equipping the Masimong 5 shaft to hoist and mine higher tonnage at higher grade. In connection with the development of the hoisting operations at Masimong 5 shaft, Harmony downscaled the Masimong 4 shaft to a service and small mining shaft in the quarter ended June 30, 2001. The safety record at the Free State operations during the period from June 2000 to June 2001 rate in terms of lost time frequency rate and fatality frequency rate compares favorably with the South African industry average. Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation.

Detailed below are the operating and production results from underground and surface mining operations in the Free State for the past three fiscal years:

	Fiscal year ended June 30,		
	2001	**2000**	**1999**
Production			
Tons ('000)	5,831	6,268	5,862
Recovered grade (ounces/ton)	0.118	0.137	0.138
Gold sold (ounces)	686,223	856,816	809,835
Results of operations ($)			
Cash cost ('000)	181,239	213,793	200,347
Cash profit ('000)	6,862	29,755	32,607
Cash costs			
Per ounce of gold ($)	264	250	247

Harmony currently has eleven operating production sites at its Free State operations and one service shaft. The total shaft hoisting capacity is detailed below:

Shaft	Hoisting Capacity (tons/month)
Harmony shaft 2	227,000
Harmony shaft 3	90,000
Harmony shaft 4	146,000
Merriespruit shaft 1	129,000
Merriespruit shaft 3	197,000
Virginia shaft 2	103,000
Unisel	137,000
Saaiplaas 3[1]	176,000
Brand shaft 2	120,000
Brand shaft 3	120,000
Brand shaft 5	151,000
Masimong shaft 5	149,000

1 Currently operating only as a service shaft.

On a simplistic basis (and assuming that no additional reserves are identified), at the production level achieved in the fiscal year ended June 30, 2001, the June 30, 2001 reported proven and probable ore reserves of 48.83 million tons will be sufficient for the Free State operations to maintain production until approximately fiscal 2009. However, because Harmony's Free State operations consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others and it is currently envisaged that a decrease of production in certain sections will commence in the near term. In addition, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See "Item 3. Key Information—Risk Factors—Harmony's gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates."

Plants. Harmony has three metallurgical plants at its mining operations in the Free State, namely the Central, Virginia and the Saaiplaas plants. The Central and Virginia plants employ CIP/CIL hybrid technology. The Saaiplaas plant uses the zinc precipitation filter process.

The following table sets forth processing capacity and average tons milled during the fiscal year ended June 30, 2001 for each of the plants:

Plant	Processing Capacity (tons/month)	Average milled for the fiscal year ended June 30, 2001 (tons/month)
Central	204,000	185,000
Virginia	204,000	173,000
Saaiplaas	176,000	143,000

In the fiscal year ended June 30, 2001, Harmony's plants at its Free State operations recovered approximately 94.4% of the gold contained in the ore delivered for processing. Harmony's refinery is also located at its Free State operations.

Capital Expenditure. Harmony spent Rand 120.3 million on capital expenditures at its Free State operations in the fiscal year ended June 30, 2001. Of this amount, Rand 88 million was spent on underground development to access new reserves and Rand 32.3 million was spent on plant and equipment. A substantial portion of these expenditures were used to equip the Masimong 5 shaft and develop new mine areas. Currently, the desired production levels at Masimong 5 have been achieved and capital expenditures are expected to be reduced. Harmony plans to spend approximately Rand 46.9 million ($5.3 million) on capital expenditures in fiscal 2002, principally on underground development.

Evander Operations

Introduction. Harmony's Evander operations are located in the province of Mpumalanga in South Africa and are comprised of an amalgamation of the former Kinross, Bracken, Leslie and Winkelhaak mines and 26,952 hectares of mineral rights adjacent to these mines. Mining at Harmony's Evander operations is conducted at depths ranging from 300 meters to 2,100 meters. In the fiscal year ended June 30, 2001, Harmony's Evander operations accounted for 21.4% of Harmony's total gold sales.

History. Gold mining in the Evander Basin began in 1955. Eventually, four mining operations were established at Evander. In 1996, as a result of depletion of ore reserves, all four mining areas were merged to form Evander. In August 1998, Harmony acquired Evander as a wholly-owned subsidiary. Since then, Evander has been going through a transition phase during which Harmony has been implementing the "Harmony Way" management process.

Geology. The area covered by Evander's mining authorization and mineral rights is situated within the Evander basin, a geologically discrete easterly extension of the main Witwatersrand Basin.

Only one economic placer unit, the Kimberley Reef, is mined at Evander. In addition to the faulting of the reef horizon, there are numerous dykes and sills that complicate the mining layouts, the most significant of which is an extensively developed dolerite footwall sill that occasionally intersects the Kimberley Reef, causing displacements within it.

Mining Operations. Mining operations at Evander are primarily underground. The Evander operations are subject to all of the underground mining risks detailed in the Risk Factors section. Due to the shallow to moderate depths of the Evander operations, seismicity and pressure related problems are relatively infrequent. There is a risk of subterranean water and/or gas intersections in some areas of the mine. However, this risk is mitigated by active and continuous management and monitoring, which includes the drilling of boreholes in advance of faces. Where water and/or gas is indicated in the drilling, appropriate preventative action is taken. Evander was affected by two underground fires and the flooding of parts of the mine during the fiscal year ended June 30, 2000, both of which had a negative impact on production. Harmony believes that the damage from these incidents should not reduce production materially in the long run. Such incidents are generally infrequent and there were no such incidents in fiscal 2001. The safety record at the Evander operations in terms of lost time frequency rate and fatality frequency rate during the period from June 2000 to June 2001 compares favorably with the South African industry average. Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation. Underground falls of ground remain the biggest cause of fatal injuries at Evander. Roofbolting has been implemented at Evander to address this risk, notwithstanding the initial negative impact on productivity and cost.

Detailed below are the operating and production results for the past three fiscal years:

	Fiscal year ended June 30, 2001	2000	1999
Production			
Tons (‘000)	2,738	2,651	2,324
Recovered grade (ounces/ton)	0.167	0.148	0.182
Gold sold (ounces)	458,212	393,235	422,920
Results of operations ($)			
Cash cost (‘000)	91,053	93,840	92,510
Cash profit (‘000)	34,089	20,349	30,146
Cash costs			
Per ounce of gold ($)	199	239	219

Since it acquired Evander, Harmony has been implementing the “Harmony Way” to cut costs and increase productivity. Harmony has decreased the number of employees at Evander and has reorganized Evander’s operations by introducing its production site management concept, its ore reserve management system and by selling off non-core assets. These changes have resulted in a decrease in Evander’s cash operating costs from $370 per ounce in the fiscal year prior to Harmony’s purchase to $199 in fiscal 2001. The decrease in cash operating costs to $199 per ounce in fiscal 2001 from $239 per ounce in fiscal 2000 was primarily due to the higher recovered grade. The increase in cash operating costs to $239 per ounce in fiscal 2000 from $219 per ounce in fiscal 1999 was primarily due to the lower recovered grade.

Harmony operates six shafts at its Evander operations. The total shaft hoisting capacities are detailed below:

Shaft	Hoisting capacity (tons/month)
Evander No. 2 shaft	68,800
Evander No. 3 shaft	19,800
Evander No. 5 shaft	93,700
Evander No. 7 shaft	105,800
Evander No. 8 shaft	146,600
Evander No. 9 shaft	82,700

On a simplistic basis (and assuming that no additional reserves are identified), at the production level achieved in the fiscal year ended June 30, 2001, the June 30, 2001 reported proven and probable ore reserves of 48.54 million tons will be sufficient for the Evander operations to maintain production until approximately fiscal 2018. However, because Harmony’s Evander operations consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others. In particular, Harmony expects to close shaft 9 after the extraction of the shaft pillar, which commenced during the quarter ended June 30, 2001, and it is currently envisaged that production at Shafts 2, 5 and 7 will end between 2009 and 2010. Although production increases are planned at other production shafts and total production is expected to increase slightly in the foreseeable future, some uncertainty about longer-term production exists because infrastructure for the subsequent years has not been planned to the same degree of detail as in the years 2001 through 2010. In addition, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See “Item 3. Key Information—Risk Factors—Harmony’s gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates."

Plants. There are currently two operating metallurgical plants at Evander. The bulk of the mine's ore production is treated at the Kinross plant which is a CIP/CIL hybrid plant. The Winkelhaak plant has recently been restarted for milling only following a refurbishing. The plant mills all of the ore from shafts 2 and 5, and pumps the slurry to the Kinross plant for further processing. The Leslie plant was an old zinc precipitation and filter plant that used to treat low-grade material from dumps and underground. The Leslie plant was closed during the quarter ended June 30, 2001 following the depletion of the surface reserves.

The following table sets forth processing capacity and average tons milled during the fiscal year ended June 30, 2001 for each of the plants:

Plant	**Processing Capacity**	**Average milled for the fiscal year ended June 30, 2001**
	(tons/month)	**(tons/month)**
Kinross	198,000	181,500
Leslie[1]	55,000	52,300
Winkelhaak	72,000	39,750

[1] Closed in quarter ended June 30, 2001.

In the fiscal year ended June 30, 2001, Harmony's plants at its Evander operations recovered approximately 96.6% of the gold contained in the ore delivered for processing.

Capital Expenditure. Harmony spent Rand 68.6 million on capital expenditures at its Evander operations in the fiscal year ended June 30, 2001. This amount was spent primarily on underground development to access new ore reserves. Harmony has currently budgeted capital expenditures of approximately Rand 84.1 million ($9.6 million) for fiscal 2002 mostly for underground development at the Nos. 5, 7 and 8 shafts.

Kalgold Operations

Introduction. Harmony conducts a surface mining operation at the Kalgold gold mine near Mafikeng in the North West Province of South Africa. Through Kalgold, Harmony also controls extensive mineral rights on the Kraaipan Greenstone Belt in the North West Province of South Africa. Harmony purchased Kalgold on July 1, 1999. The Kalgold operations accounted for 2.3% of Harmony's total gold sales in the fiscal year ended June 30, 2001.

History. Harmony acquired Kalgold on July 1, 1999 and fully incorporated Kalgold into its operations in October 1999. Prior to Harmony's acquisition, the Kalgold mine had operated for more than three years. Open pit mining operations at Kalgold began in April 1996 with the first gold poured in July 1996.

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

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

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

Mining Operations. Kalgold's mining operations are conducted by mining contractors, who are responsible for provision of the equipment and personnel needed for production of the ore under guidance of Harmony's management. Harmony has 229 employees at Kalgold, while the contractors employ 227 people.

The Kalgold operation is subject to all of the open pit mining risks detailed in the Risk Factors section. Small subterranean water intersections in the pit are common and are actively managed and appropriate action is taken when necessary. The mining challenges at the Kalgold operations of achieving optimal volumes and grades of ore production are addressed by stringent ore reserve management. While there is no reliable industry benchmark for safety at South African surface mining operations, the Kalgold operations had a lost time injury frequency rate of 7.07 per million hours worked and recorded no fatal accidents during the period from June 2000 to June 2001. Safety at the operations receives constant and high-level attention and where problems are identified steps are taken to address the situation.

Detailed below are the operating and production results from Kalgold's open pit operations for the past three fiscal years:

	Fiscal year ended June 30,		
	2001	**2000**	**1999**
Production			
Tons ('000)	1,057	1,676	1,613
Recovered grade (ounces/ton)	0.047	0.041	0.051
Gold sold (ounces)	49,351	68,738	82,366
Results of operations ($)			
Cash cost ('000)	12,834	17,896	17,326
Cash profit ('000)	673	1,446	6,109
Cash costs			
Per ounce of gold ($)	260	260	210

Cash operating costs remained constant at $260 per ounce in fiscal 2001, despite the absence in fiscal 2001 of the abnormally high rainfall that increased costs in fiscal 2000. The maintenance of this constant cost level was primarily attributable to the lower throughput rates that were realized in connection with restructuring. The increase in cash operating costs to $260 per ounce in fiscal 2000 from $210 per ounce in fiscal 1999 was primarily due to the poor performance of the operation during the period from January through March 2000 when activities were interrupted by severe and unusual rainfall in the region.

On a simplistic basis (and assuming that no additional reserves are identified), at the production level achieved in the fiscal year ended June 30, 2001, the June 30, 2001 reported proven and probable ore reserves of 7.95 million tons will be sufficient for the Kalgold operations to maintain production until approximately fiscal 2008. However, any future changes to the assumptions upon which the reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See "Item 3. Key Information—Risk Factors—Harmony's gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates."

Plants. During the fiscal year ended June 30, 2001, Kalgold had a CIL plant and a heap leach operation, although Harmony discontinued Kalgold's heap leach operation in the quarter ended September 30, 2000. In the fiscal year ended June 30, 2001, Kalgold processed 88,000 tons of ore per month. In the fiscal year ended June 30, 2001, Kalgold milled 1.06 million tons of ore at an average recovered grade of 0.047 ounces per ton.

Ore is trucked from the pit and stockpiled according to grade categories. Higher grade ore is processed in the CIL plant. Lower grade ore is dumped on heap leach pads. Subsequent to the recent commissioning of the pre-primary crusher, the ore now undergoes a five phase crushing process.

The following table sets forth processing capacity and average tons milled during the fiscal year ended June 30, 2001 for each of the plants:

Plant	Processing Capacity	Average milled for the fiscal year ended June 30, 2001
	(tons/month)	(tons/month)
CIL	99,200	83,000
Heap Leach[1]	66,100	21,000

[1] Discontinued in quarter ended September 30, 2000.

In the fiscal year ended June 30, 2001, Harmony's plants at its Kalgold operations recovered approximately 47.3% at the heap leach plant and 86.4% at the CIL plant of the gold contained in the ore delivered for processing.

Capital Expenditure. Harmony spent Rand 32.1 million on capital expenditures at its Kalgold operations in the fiscal year ended June 30, 2001. The majority of this amount was spent on development, including expenditure on a river diversion as well as additional pit expenditure. Harmony has not budgeted for any significant capital expenditures at Kalgold in fiscal 2002.

Bissett Operations

Introduction. Harmony's Bissett operations, production at which has been suspended due to current market conditions, are located near Bissett in the province of Manitoba, Canada. Mining at Harmony's Bissett operations is conducted at depths ranging from 1,200 meters to 1,500 meters. Full production of 1,000 tons of mill throughput per day was achieved by June 2000 prior to the placing of Bissett's operations on the care and maintenance program discussed in "—Mining Operations" below. In the fiscal year ended June 30, 2001, Harmony's Bissett operation accounted for 2.1% of Harmony's total gold sales.

History. Harmony purchased the Bissett Gold Mine out of liquidation in June 1998. The first mining at Bissett occurred in 1932. Though the mine has not been in continuous operation since that time, in total it has sold in excess of 1.3 million ounces of gold. In 1995, the previous owners of the mine undertook to recommence mining at Bissett and completed a pre-production underground exploration, development and construction program that culminated in a feasibility study. Operations were due to recommence at a targeted 1,000 mill tons per day throughput in 1997, when the owners went into liquidation after expenditure of C$85 million.

Geology. The orebodies at Bissett Gold Mine, located within the Red Lake Archaen greenstone belt, comprise two major sets of shear-related quartz veins occurring within a steeply-dipping, intrusive host. One set of veins consists of stockwork breccias and the other narrower, fault-controlled veins cross-cutting the stockworks. Gold mineralization occurs in both sets of veins but is enriched at the intersection of the two vein types.

Mining Operations. Harmony has conducted underground mining at Bissett. Mining at Bissett has been more mechanized than mining at Harmony's South African underground mines. Long hole and shrinkage mining techniques have been used to extract the near vertical orebodies. The Bissett operation is subject to all of the underground mining risks detailed in the Risk Factors section. Due to the moderate depths of the operation, pressure related problems have been infrequent but actively managed. In August, 2001, Harmony placed Bissett on a care and maintenance program, which involved suspending production but maintaining some staff to keep the facilities in working order, so that production can be restarted without significant capital outlays. Harmony will revisit this decision should the gold price recover to levels above $300 per ounce. The safety record at the Bissett operations during the period from June 2000 to June 2001 in terms of accidents per hours worked compares favorably with the Canadian industry average. In the quarter ended June 30, 2001, mine safety received intense attention, which resulted in reduced accidents during this period.

Detailed below are the operating and production results from underground operations for fiscal 2001 and the period from October 1, 1999 to June 30, 2000, which was Bissett's first recent period of commercial production:

	Fiscal year ended June 30, 2001	Nine months ended June 30, 2001
Production		
Tons ('000)	293	189
Recovered grade (ounces/ton)	0.151	0.14
Gold sold (ounces)	44,303	26,943
Results of operations ($)		
Cash cost ('000)	14,636	9,589
Cash (loss) ('000)	(391)	(1,351)
Cash costs		
Per ounce of gold ($)	330	356

Plant. The mineralogy of the orebodies is simple and gold is easily extractable using conventional gravity concentration, CIL and electro-winning processing techniques.

The following table sets forth processing capacity and average tons milled during the fiscal year ended June 30, 2001 for the Bissett plant:

Plant	Processing Capacity	Average milled for the fiscal year ended June 30, 2001
	(tons/month)	(tons/month)
Bissett	33,000	24,400

In the fiscal year ended June 30, 2001, Harmony's plant at its Bissett operations recovered approximately 91% of the gold contained in the ore delivered for processing.

Capital Expenditure. Harmony spent Rand 49.2 million on capital expenditures at its Bissett operations in the fiscal year ended June 30, 2001, principally on underground development. In light of its decision to place Bissett on a care and maintenance program, Harmony has not budgeted for any significant capital expenditures at Bissett in fiscal 2002.

New Hampton Operations

Introduction. On December 19, 2000, Harmony announced that it had agreed to purchase 19.99% of New Hampton ordinary shares from Normandy Mining, subject to certain conditions. Harmony has also made an offer for all of the outstanding ordinary shares of New Hampton at a purchase price of A$0.275 per share. Harmony received SARB and Australian Foreign Investment Review Board approval for the transaction in January 2001. The total cash bid valued New Hampton at approximately A$56.3 million (R228.2 million at an exchange rate of R4.05 per A$1.00, or $28.3 million). On March 22, 2001, Harmony announced that Normandy Mining had accepted Harmony's offer for Normandy Mining's remaining 13.2% shareholding in New Hampton, and that the New Hampton board of directors recommended that New Hampton shareholders accept Harmony's offer and indicated their intention to accept Harmony's offer for their individual holdings. This offer closed on July 12, 2001, at which time Harmony had acquired 96.2% of New Hampton's shares and 95% of New Hampton's warrants. Harmony is currently proceeding with a compulsory acquisition of the remaining shares and warrants. Harmony views its acquisition of New Hampton as an opportunity to commence gold mining operations in Australia, particularly in the highly prospective and strategic Kargoorlie region.

New Hampton is Australia's ninth largest gold producer and has a total area of 8,200 hectares (19,769 acres). New Hampton's operations include the Big Bell and Jubilee mines in Western Australia, two processing plants and exploration rights centered on Big Bell in the Murchison region and on Jubilee, in the Eastern Goldfields area near Kalgoorlie. Underground mining is conducted at New Hampton's Big Bell operations at depths of approximately 600 meters. In the fiscal year ended June 30, 2001, gold sales at New Hampton totaled 241,973 ounces. Harmony's gold sales of 2,140,043 ounces for the fiscal year ended June 30, 2001 included three months, or 55,653 ounces, of sales at New Hampton.

In line with Harmony's strategy to mine profitable reserves only, Harmony anticipates that New Hampton's production will be cut back to approximately 220,000 ounces of production per year. Harmony intends to revisit this level of production after Harmony determines the sustainability of the operations at Big Bell.

History. Gold mining in the Big Bell area commenced in 1937 and continued until 1955. The mine was reopened in early 1989 and was acquired by Normandy Mining Limited, or Normandy, in 1991. New Hampton acquired the mine from Normandy in 1999. Harmony acquired control of New Hampton with effect from April 1, 2001. Since the commencement of operations in the 1930's to June 30, 2001, total gold production from the Big Bell area exceeds 1.5 million ounces.

Gold mining in the Jubilee area commenced in 1987. Since the commencement of operations total gold production from the Jubilee area exceeds 1.1 million ounces.

Geology. The Big Bell operations comprise a mature underground mine and open pit mining operations at nearby Cuddingwarra Project Area. The Big Bell lode is a steeply Southeast dipping 50 to 70 sheet with a strike length of 1,000 meters. The distinctive gold-bearing horizon is 5 meters to 25 meters thick and is intersected by resource drilling down to 1,400 meters below surface. Cuddingwarra deposits, approximately 17 kilometers from Big Bell, occur in a sequence of porphyry-intruded metamorphosed mafic and ultamafic rocks of the Meekatharra-Widgee greenstone belt.

The Jubilee operations were originally comprised of a large open pit at Jubilee, but in recent years have drawn on a number of smaller open pits in the Kalgoorlie region. Ore bodies at Jubilee are located in a number of highly prospective geological domains including the Kalgoorlie-Kambalda belt and the Boulder-Lefroy Structure, the Zuleika Shear, the Coolgardie Belt and Yilgarge-Roe Structures.

Mining Operations. Both underground and open pit mining are carried out at New Hampton. Accordingly, the New Hampton operations are subject to all of the underground and open pit mining risks detailed in the Risk Factors section.

The Big Bell operations comprise both an underground and several open pit operations. Underground access is by way of a decline and a longhole sub level cave mining method is employed. Ore extraction is by diesel powered mining equipment up the decline and delivery to the crusher pad. The mine is affected by seismic events and good geotechnical management is important to maintain productivity. The open pit mining operations at Cuddingwarra utilize large earthmoving equipment, under contractual arrangements for the extraction of ore.

The Jubilee operations are comprised of a large open pit at Jubilee and a number of smaller open pits in the Kalgoorlie region. The Jubilee operations are contract mining operations where contractors utilize large earthmoving equipment to extract ore.

The primary challenge facing the New Hampton operations is finding replacement ore reserves through an aggressive exploration program to convert current resources. The safety record at the Jubilee operations during the period from June 2000 to June 2001 in terms of lost time frequency rate and fatality frequency rate was consistent with the Australian industry average, while the safety record at the Big Bell operations compared unfavorably with the Australian industry average during that period. Safety standards for other Harmony operations will be applied at New Hampton and will receive constant and high-level attention and where problems are identified steps will be taken to address the situation.

Detailed below are the operating and production results from operations at New Hampton for the fiscal years ended June 30, 2001, 2000 and 1999:

	Year ended June 30,		
	2001	**2000**	**1999**
Production			
Tons (‘000)	4,077	2,842	1,404
Recovered grade (ounces/ton)	0.059	0.065	0.089
Gold sold (ounces)	241,973	185,548	125,185
Results of operations ($)			
Cash cost (‘000)	59,642	50,655	21,657
Cash profit (‘000)	13,169	13,688	14,698
Cash costs			
Per ounce of gold ($)	247	273	173

Following the acquisition, Harmony has begun to implement the "Harmony Way" at New Hampton in an effort to cut costs and increase productivity. Detailed mine development plans have been put in place, utilizing Harmony strategies and philosophies.

On a simplistic basis (and assuming no additional reserves are identified) at the production level achieved by New Hampton in the fiscal year ended June 30, 2001, the June 30, 2001 reported proven and probable ore reserves of 13.393 million tons will be sufficient for the New Hampton operations to maintain production until approximately June 30, 2005. However, because the New Hampton operations consist of several different mining sections that are at various stages of maturity, it is expected that some sections will decrease production earlier than others. In addition, any future changes to the assumptions upon which the ore reserves are based, as well as any unforeseen events affecting production levels, could have a material effect on the expected period of future operations. See "Item 3. Key Information—Risk Factors—Harmony's gold reserve figures are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, future production costs and the price of gold, and may yield less gold under actual production conditions than Harmony currently estimates."

Plants. There are currently two operating metallurgical plants at New Hampton. Ore from the Big Bell underground and open pit operations is processed through a CIL treatment plant located 28 kilometers from Cue in the Murchison District of Western Australia. Ore extracted from Big Bell's underground mine is transported by diesel powered mining equipment up the decline and delivered to the crusher pad. Ore from the open pits is delivered to the crusher pads by road trains. The plant has undergone significant capital refurbishments during fiscal year 2001 to ensure that planned throughput is achieved.

The Jubilee CIL treatment plant, which is located 35 kilometers from Kalgoorlie in the Eastern Goldfields district of Western Australia, has been well maintained and is capable of achieving the planned production from the mining operations. Ore is hauled from the Jubilee open pits to the treatment plant by conventional road trains.

The following table sets forth processing capacity and average tons milled during fiscal 2001 for each of the plants:

Plant	Processing Capacity	Average milled for the fiscal year ended June 30, 2001
	(tons/month)	(tons/month)
Big Bell	275,000	230,000
Jubilee	119,000	109,000

In fiscal 2001, the New Hampton Big Bell and Jubilee operations recovered approximately 90% and 91%, respectively, of the gold contained in the ore delivered for processing.

Capital Expenditure. Harmony spent Rand 17.8 million on capital expenditures at New Hampton since April 1, 2001, primarily on underground development and plant and equipment. Harmony has budgeted approximately Rand 14.3 million ($1.6 million) for capital expenditures at New Hampton in fiscal 2002, principally for underground development.

Goldfields (Australia)

On February 4, 2000, Harmony purchased 32,770,992 shares of Goldfields (Australia), which, as of August 31, 2000, represented approximately 17.3% of Goldfields (Australia). On October 5, 2000, Harmony concluded the purchase from Hanson plc of 10.58 million Goldfields (Australia) shares at a price of A$1.425 per share for a total consideration of $8.8 million, financed through the issue of 2.2 million Harmony ordinary shares at Rand 37.45 per share. This transaction resulted in Harmony's interest in Goldfields (Australia) increasing to approximately 22.96%. In September 2001, Goldfields announced that it plans to merge with Delta Gold Ltd., or Delta, and that Delta shareholders would received 187 Goldfields shares for every 200 Delta shares held as part of the merger. In light of this announcement, Harmony is currently reviewing its investment in Goldfields (Australia).

Goldfields (Australia) is one of the largest gold producers in Australia. Goldfields (Australia) owns a 25% interest in the Porgera mine in Papua New Guinea, operates and owns a 90% revenue share of the Henty mine in Tasmania, and owns an 87.7% interest, and is in the process of acquiring the remaining 12.3% interest, in the Paddington mine and the Kundana mine, both of which are in Western Australia. In the fiscal year ended June 30, 2001, Goldfields (Australia)'s attributable production from its holdings was 614,769 ounces at an average cash cost of A$295 per ounce.

REGULATION

Mineral Rights

South African law provides for the separate ownership of surface and mineral rights. It is therefore possible for one person to own the surface of a property, another to own rights to precious metals and yet another to own rights to base minerals. Harmony controls mineral rights by way of ownership, mining rights and mining authorizations.

Currently, approximately two-thirds of South Africa's mineral rights are in private hands. The South African government is investigating the structure of mineral ownership in the country, with the view of making access to minerals easier for small and emerging mining companies.

After the election of a democratic government in South Africa in 1994, the issue of mineral rights was reviewed. A group consisting of the Chamber of Mines of South Africa, various individual companies, organized labor and the Government of South Africa produced a draft discussion document on mineral rights in October 1996. After further debate and amendments, the discussion document was adopted as a Green Paper on a mining and minerals policy for South Africa. The Green Paper, which was published in February 1998, proposed legislation which would require that privately owned mineral rights be reallocated to the Government of South Africa, while leaving unaddressed the issue of compensation for existing mineral rights. A Green Paper is a ministerial document used in the conduct of public debates on a subject and for soliciting public comment. Following such debate, a White Paper is drafted reflecting the debates and discussions on the Green Paper. The final White Paper on mineral rights was published on October 29, 1998 and confirmed the proposals of the Green Paper. The Mineral Development Draft Bill was published by the Department of Minerals and Energy on December 18, 2000.

The objectives of the draft bill are:

- to control and manage access to the nation's mineral resources in order to (i) facilitate the entry of prospective investors in the industry; and (ii) give effect to Sections 9(2) and 25(8) of the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) which deal with the equality of rights and freedoms and the expropriation of property;
- to give effect to the principle of state custodianship of the nation's mineral resources;
- to promote economic growth and development of the nation's mineral resources;
- to promote employment and advance the social and economic welfare of all South Africans;
- to expand opportunities for historically disadvantaged persons to enter the mining and minerals industry or benefit from the exploitation of the nation's mineral resources;
- to provide for security of tenure in respect of prospecting and mining operations;
- to ensure that the nation's mineral resources are developed in an orderly and sustainable manner within a framework of national environmental policy, norms and standards to the benefit of all South Africans;
- to ensure the holders of mining rights contribute towards the socio-economic development of the areas in which they are operating;
- to give effect to the universally accepted right of the state to exercise full permanent sovereignty over all mineral resources; and
- to change the common law to the extent that it applies to mineral rights and ownership of minerals.

Initially, any comments with regard to the draft bill were to have been submitted by March 31, 2001. In response to the public invitation for comments on the draft bill, the Chamber, on behalf of its members (including Harmony), delivered a written memorandum to the Director-General: Minerals and Energy. This memorandum addressed significant concerns relating to particular aspects of the draft bill, including the concern that the ministerial discretion provided in the draft bill would undermine the bill's object of security of tenure. The Department of Minerals and Energy commenced discussions in April 2001 with the Chamber and other stakeholders who had submitted comments on the draft bill. These discussions are continuing. The Department of Minerals and Energy and the Chamber have agreed in principle that the powers of the minister under the draft bill will not be unfettered and will be open to challenges in court, and that a set of objective criteria will be introduced by which the minister's actions in exercising powers could be monitored and measured. It is anticipated that the draft bill will be amended to take into account some of the concerns articulated in the Chamber's memorandum and to take into account the agreement reached with the Department of Minerals and Energy.

Currently, Harmony actively carries out mining and exploration activities in all of its material mineral rights areas. Because it is not known what, if any, further amendments will be made to the draft bill, Harmony is unable to predict the impact that any amendments to the draft bill may have with regard to its mining and exploration activities and no assurance can be given as to whether or when the draft bill will be passed.

In Australia, current legislation provides for native title approval to be obtained in certain circumstances before mining operations can commence. New Hampton has approved mining leases for all of its current ore sources and most of its reserves. The conversion of certain current exploration licenses will require native title approval in accordance with the legislation, prior to commencement of mining.

Health and Safety Regulations

For many years, the safety of people working in South African mines and quarries was controlled by the Mines and Works Act of 1956 and subsequently the Minerals Act of 1991. Several incidents in mines in recent years indicated that this legislation needed to be updated and revised. The findings of the Leon Commission of Inquiry into Health and Safety in the Mining Industry in April 1994 led to the drafting of new legislation which resulted in the Mine Health and Safety Act No. 29 of 1996, or the Mine Health and Safety Act. The Mine Health and Safety Act was the result of intensive discussions and consultations between government, employers and employee representatives over an extended period of time, and came into force on January 15, 1997. The objectives of the Mine Health and Safety Act are:

- to protect the health and safety of persons at mines;
- to require employers and employees to identify hazards and eliminate, control and minimize the risks relating to health and safety at mines;
- to give effect to the public international law obligations of South Africa that concern health and safety at mines;
- to provide for employee participation in matters of health and safety through health and safety representatives and the health and safety committees at mines;
- to provide for effective monitoring of health and safety conditions at mines;
- to provide for enforcement of health and safety measures at mines;
- to provide for investigations and inquiries to improve health and safety at mines; and
- to promote
  - a culture of health and safety in the mining industry;
  - training in health and safety in the mining industry; and
  - co-operation and consultation on health and safety between the State, employers, employees and their representatives.

The Mine Health and Safety Act prescribes general and specific duties for employers and others, determines penalties and a system of administrative fines, and provides for employee participation by requiring the appointment of health and safety representatives, and through the establishment of health and safety committees. It also entrenches the right of employees to refuse dangerous work. Finally, it describes the powers and functions of a mine health and safety inspectorate and the process of enforcement.

It is anticipated that mining companies will incur additional expenditures in order to comply with the legislation's requirements. Management anticipates that such additional expenditures will not have a material adverse effect upon Harmony's results of operations or financial condition, although there can be no assurance of this.

Environmental Matters

Pursuant to South African law, mine properties must be rehabilitated upon closure. Mining companies are required by law to submit Environmental Management Program Reports, or EMPRs, to the Department of Minerals and Energy. EMPRs identify the rehabilitation issues for a mine and must also be approved by other South African government departments including, but not restricted to, the Department of Water Affairs and Forestry.

EMPRs have been prepared and submitted for all of Harmony's South African operations, including the Elandskraal operations. With the exception of those of the Free State operations and Kalgold, these EMPRs have been approved. The Free State operations' EMPRs and the Kalgold EMPR are in the process of being approved by the authorities. Harmony does not anticipate any difficulties in obtaining approval for any of these EMPRs. All of the mining operations, other than the Free State operations, have permanent mining authorizations. The Free State mining authorizations are renewed on a six-month basis pending approval of their EMPRs. The process of preparing and submitting EMPRs has improved the mutual co-operation and information sharing between Harmony and the relevant government departments. Harmony has met and intends to continue to meet on a regular basis with the relevant government departments to continue the EMPR process and to ensure the environmental impact of Harmony's mining operations are managed in accordance with applicable regulatory requirements and industry standards.

Bissett, which does not own mineral rights, operates pursuant to a mining lease and an environmental license. While the license has no term, it may be revoked, temporarily or permanently, should Harmony Canada fail to comply with the terms of the license, which include maintaining the facility. The lease has a term of 21 years, commencing April 1, 1992.

New Hampton operates under Mining Lease tenement conditions set by the Department of Minerals and Energy, the Mining Act (1978), the Department of Environmental Protection operating licenses, and water abstraction licenses issued by the Water and Rivers commission for each of its sites. New Hampton must also comply with numerous environmental acts and bills.

In Western Australia under the Mining Act (1978), all tenements are covered by environmental performance bonds that cannot be relinquished or completed without the approval of the Australian Department of Mineral Resources. These are re-assessed on an annual basis following the issuing of an annual environmental report and generally are audited by the regional inspector. As areas are successfully rehabilitated and approval is obtained, the bond requirement is reduced, and as greater areas are disturbed the bond requirement increases. Any new aspects of the operation are also assessed and the bond is established prior to approval and subsequent commencement of operations.

Audits are generally conducted on a bi-annual basis by the Australian Department of Environmental Protection to determine compliance with the relevant operating license(s). There are no outstanding major non-compliance issues against New Hampton's license.

Each of Harmony's mines has a person dedicated to environmental matters who, in addition to organizing the implementation of the environmental management programs, monitors the impact of the mine on the environment and responds to impacts that require specific attention outside of the normal program of environmental activities.

The primary environmental focus at most of Harmony's operations is water management and the administration of areas outside the operating plants and shafts. The major objective is to ensure that water is of a quality fit for use by downstream users.

Based on current environmental and regulatory requirements, Harmony accrues estimated environmental rehabilitation costs over the operating life of a mine. It also makes annual contributions to environmental trust funds created in accordance with South African statutory requirements, to provide for the estimated cost of pollution control and rehabilitation during and at the end of the life of a mine. Estimates of the ultimate rehabilitation liability are subject to change as a result of future changes in regulations or cost estimates.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, Harmony has estimated that the total cost for Harmony in current monetary terms to rehabilitate its mine properties, including Elandskraal and New Hampton, will be approximately Rand 655 million ($74.6 million). There can be no assurance, however, that this estimate reflects or approximates actual costs to be incurred.

Harmony intends to fund its ultimate rehabilitation costs from the money invested in the environmental trust funds, as well as the proceeds from the sale of assets and gold from plant cleanup at the time of mine closure. The requirements imposed upon mining companies to ensure environmental restitution, however, are currently under review and it is possible that this will result in additional costs and liabilities 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.

Item 5. *Operating and Financial Review and Prospects*

The following discussion should be read in conjunction with the Consolidated Financial Statements and other financial data, including the notes thereto, found elsewhere in this Annual Report.

OVERVIEW

Harmony is a gold mining company engaged in underground and surface gold mining and related activities, including exploration, extraction, processing, smelting and refining. Harmony is the third largest gold producer in South Africa and one of the largest gold producers in the world.

Harmony's operations have grown significantly since 1995, largely through acquisitions. Since 1995, Harmony has expanded from a lease-bound mining operation into an independent world-class gold producer. Harmony's gold sales have increased from 650,312 ounces of gold in fiscal 1995 to 2,140,043 ounces of gold in fiscal 2001, which includes three months of sales from production at Elandskraal and New Hampton.

On December 19, 2000, Harmony announced that it had agreed to purchase 19.99% of New Hampton ordinary shares from Normandy Mining, subject to certain conditions. Harmony has also made an offer for all of the outstanding ordinary shares of New Hampton at a purchase price of A$0.275 per share. The total cash bid valued New Hampton at approximately A$56.3 million (R228.2 million at an exchange rate of R4.05 per A$1.00, or $28.3 million). On March 22, 2001, Harmony announced that Normandy Mining had accepted Harmony's offer for Normandy Mining's remaining 13.2% shareholding in New Hampton, and that the New Hampton board of directors recommended that New Hampton shareholders accept Harmony's offer and indicated their intention to accept Harmony's offer for their individual holdings. This offer closed on July 12, 2001, at which time Harmony had acquired 96.2% of New Hampton's shares and 95% of New Hampton's warrants. Harmony is currently is currently proceeding with a compulsory acquisition of the remaining shares and warrants. See "Item 4. Information on the Company—Business—Harmony's Mining Operations—New Hampton." On January 31, 2001, Harmony entered into an agreement to purchase the assets and liabilities of the Elandskraal mines from AngloGold for approximately Rand 1 billion. Harmony and AngloGold jointly managed the Elandskraal mines between February 1, 2001 and April 9, 2001 and Harmony completed the purchase on April 9, 2001. The operating results of the Elandskraal mines for the months of February and March, which amounted to a loss of $1.4 million, have been treated as pre-acquisition costs. Gold sales from the Elandskraal and New Hampton mines in the year ended June 30, 2001 were 463,129 ounces and 241,973 ounces, respectively. Three months of these sales, or 122,880 ounces from Elandskraal and 55,653 ounces from New Hampton, were included in Harmony's gold sales for fiscal 2001. On a pro forma basis, the combined gold sales of Harmony and the Elandskraal and New Hampton mines would have been 2,666,612 ounces for the year ended June 30, 2001.

Harmony's strategy for growth has generally been to acquire existing underperforming mines and turn them into profitable business units by introducing low-cost mining methods. See "Item 4. Information on the Company—Business—Strategy." Harmony targets producing mines which offer turnaround opportunities, with the aim of improving the overall quality and volume of their production profiles. Harmony intends to continue expanding through acquisitions both in South Africa and internationally. See "Item 4. Information on the Company—Business—Strategy."

Because Harmony has acquired a large number of significant gold mining operations since 1996, its financial results for each of the years since 1996 may not be directly comparable.

Revenues

Substantially all of Harmony's revenues are derived from the sale of gold. As a result, Harmony's operating results are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which Harmony does not have control. See "Item 3. Key Information—Risk Factors—The profitability of Harmony's operations, and the cash flows generated by those operations, are affected by changes in the market price for gold which in the past has fluctuated widely."

As a general rule, Harmony sells the gold it produces at market prices to obtain the maximum benefit from prevailing gold prices and does not enter into hedging arrangements such as forward sales or derivatives which establish a price in advance for the sale of its future gold production. As required by financing agreements which Harmony entered into in connection with the financing of the acquisition of the Bissett mine in Canada, Harmony hedged a certain amount of Bissett's production. These hedges were closed out or had expired by May 31, 2001. In February 2001, as required by the commitment for financing of the syndicated loan facility that Harmony entered into in connection with the acquisitions of New Hampton and the Elandskraal mines, Harmony protected some of its production from downward movements in the gold price by entering into put options relating to the delivery of 1 million ounces of Harmony's 2001 and 2002 production. The put options covered 83,333 ounces per month for 12 months, commencing on March 29, 2001, at a price of Rand 64,000 per kilogram (Rand 1,990 per ounce). Harmony paid Rand 29 million to secure these put options. Harmony closed out these put options during July 2001 and received Rand 3 million ($0.3 million). See "Item 11. Quantitative and Qualitative Disclosures About Market Risk." In addition, prior to its acquisition by Harmony, Randfontein had hedged a significant amount of its production. A substantial proportion of New Hampton's production is also hedged. See "Item 4. Information on the Company—Business—Harmony's Mining Operations—New Hampton." In line with Harmony's strategy of being unhedged, Harmony has closed out a number of the Randfontein and New Hampton hedging arrangements. The Randfontein hedge book was restructured in fiscal 2001 and the total number of ounces committed under hedging contracts over a five year period has been reduced to 500,000 ounces, with an average strike price of $296. In addition, by September 2001, Harmony had reduced New Hampton's hedge book inherited at acquisition by over 400,000 ounces to approximately 570,000 ounces, with an average strike price of A$515 ($258 at an exchange rate of A$2.00 per $1.00). Harmony will continue to monitor the remaining hedge positions to assess whether it becomes economical to close them out. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk." There was no cost to Harmony involved in closing out Randfontein and New Hampton hedge positions in fiscal 2001. In fiscal 2000, the cost of closing out Randfontein hedge positions was approximately $10 million.

Significant changes in the price of gold over a sustained period of time may lead Harmony to increase or decrease its production in the near-term.

Harmony's realized gold price

The gold price in U.S. dollars received by Harmony has declined since the fiscal year ended June 30, 1999. The following table sets out the average, the high and the low London Bullion Market price of gold and Harmony's average U.S. dollar sales price during the past three fiscal years:

	Fiscal year ended June 30,		
	2001	**2000**	**1999**
		($/oz)	
Average	266	280	286
High	291	319	301
Low	256	269	258
Harmony's average sales price[1]	276	290	290

[1] Harmony's average sales price differs from the average gold price due to the timing of its sales of gold within each year.

Costs

Harmony's cash costs and expenses typically make up over 90% of its total costs. The remainder of Harmony's total costs consists primarily of exploration costs, selling, administrative and general charges and depreciation and amortization. Harmony's cash costs consist primarily of production costs. Production costs are incurred on labor, stores and utilities. Labor costs are the largest component and typically comprise approximately 50% of Harmony's production costs. Harmony has reduced its overall cash costs from approximately $333 per ounce in fiscal 1997 to $234 per ounce in fiscal 2001.

While recognizing the importance of reducing cash costs, Harmony's chief focus is on reducing total costs, including overhead costs. Harmony aims to reduce total unit costs per ounce produced by maintaining its low total cost structure at its existing operations and implementing this low-cost structure at the new mining operations it acquires. Harmony has been able to reduce total costs by implementing a management structure and philosophy that is focused on reducing management and administrative costs, implementing an ore reserve management system that allows for greater grade control and acquiring higher grade reserves. See "Item 4. Information on the Company—Business—Strategy." Harmony has reduced its costs by flattening the management structure at its operating units by removing excess layers of management. Harmony's ore reserve management system relies on a detailed geological understanding of the orebody backed up by closely-spaced sampling and an emphasis on grade control. The acquisition of higher grade reserves and the effect of the implementation of the ore reserve management system have increased Harmony's underground recovery grade from 0.111 ounces per ton in fiscal 1997 to 0.142 ounces per ton in fiscal 2001.

Exchange Rates

Currently, the majority of Harmony's earnings are generated in South Africa and, as a result, most of its costs are incurred in Rand. Since gold is generally sold in U.S. dollars, weakness in the Rand generally results in improved Rand earnings for Harmony. The exchange rates obtained when converting U.S. dollars to Rand are set by foreign exchange markets, over which Harmony has no control. The average gold price received by Harmony during fiscal 2001 decreased to $276 per ounce from $290 per ounce during fiscal 2000.

Inflation

Harmony's operations have not been materially impacted by inflation in recent years. However, it is possible that a period of significant inflation in South Africa could adversely affect Harmony's results and financial condition. Because Harmony's costs are primarily in Rand and Harmony sells its gold in U.S. dollars, movements in the Rand/U.S. dollar exchange rate may influence the impact of inflation on Harmony's profits. To the extent the Rand devalues against the U.S. dollar, it may offset the impact of inflation.

South African Economic and Political Environment

Harmony is a South African company and substantially all of its operations are in South Africa. As a result, Harmony is subject to various economic, fiscal, monetary and political policies and factors that affect South African companies generally. See "Item 3. Key Information—Risk Factors—Political or economic instability in South Africa or regionally may have an adverse effect on Harmony's operations and profits."

South African companies are subject to significant exchange control limitations. While exchange controls have been relaxed in recent years, South African companies remain subject to significant restrictions on their ability to deploy capital outside of the Southern African Common Monetary Area. As a result, Harmony has financed its offshore acquisitions with offshore long-term debt. See "Item 10. Additional Information—Exchange Controls."

RESULTS OF OPERATIONS

Years ended June 30, 2001 and 2000

Revenues

From fiscal 2000 to fiscal 2001, revenue increased $116.5 million, or 23.7%, from $490.7 million to $607.2 million. The increase in Harmony's revenue was attributable to the inclusion of Elandskraal and New Hampton in the results for three months in fiscal 2001 and the inclusion of Kalgold and Randfontein for a full year in fiscal 2001. Harmony's gold sales increased 514,118 ounces, or 31.6%, from 1,625,925 ounces in fiscal 2000 to 2,140,043 ounces in fiscal 2001. Harmony's average sales price of gold per ounce was $276 in fiscal 2001, as compared with $290 in fiscal 2000, which was due primarily to the declining market price for gold.

Interest and dividend income decreased by 41.1% from $10 million in fiscal 2000 to $5.9 million in fiscal 2001. The decrease was due to the one-time dividend received from its interest in Western Areas Limited of $5.4 million in fiscal 2000.

Other income increased by $2.2 million from $8.5 million in fiscal 2000 to $10.7 million in fiscal 2001. The increase is primarily due to an increase in profit from the sale of houses in Evander.

Costs

The following table sets out Harmony's total ounces sold and weighted average cash costs per ounce for fiscal 2000 and fiscal 2001:

	Year ended June 30, 2001[1]		Year ended June 30, 2000[2]		% (decrease) increase in cash costs
	(oz)	($/oz)	(oz)	($/oz)	
Elandskraal	122,880	209	-	-	-
Randfontein	723,421	220	300,448	229	(0.4%)
Free State	686,223	264	856,816	250	5.6%
Evander	458,212	199	393,235	239	(16.7%)
Bissett	44,303	330	26,943	356	(7.3%)
Kalgold	49,351	260	48,483	270	(3.7%)
New Hampton	55,653	319	-	-	-
Total	2,140,043		1,625,925		
Weighted average		234		245	(4.5%)

1 Includes three months of production at Elandskraal and New Hampton.
2 Includes nine months of production at Kalgold and Bissett and four months of production at Randfontein.

Cash costs include, among other things, ongoing development costs, which are incurred to access ore to produce current mined reserves and are expensed as incurred. Cash costs do not include capital development costs, which are incurred to allow access to the orebody for future mining operations and are capitalized and amortized when the relevant reserves are mined.

Harmony's weighted average cash costs decreased by $11 per ounce from $245 in fiscal 2001 to $234 per ounce in fiscal 2000. Cash costs per ounce vary with the number of tons and grade of ore processed. A significant improvement in Evander's weighted average cash costs together with the benefit of the depreciation of the Rand against the U.S. dollar was offset by an increase in weighted average cash costs at the Free State operations.

The improved weighted average cash costs at Evander were consistent with the plan to increase tons mined without sacrificing grade. The higher weighted average cash costs at the Free State operations were due to a decrease in the grades achieved, described below.

The Free State operation's grades decreased in the year ended June 30, 2001 compared to the year ended June 30, 2000 due to the depletion of Basal Reef (Harmony 2 shaft pillar and Virginia 1 shaft pillar), under performance in some areas (Brand 3 and 5 shafts and Merriespruit 3 shaft) and higher development tonnage at certain shafts (Unisel and Masimong 4 and 5). For a discussion of the steps Harmony is taking to improve grade in fiscal 2000 see "Business—Harmony's Mining Operations—Free State Operations—Mining Operations."

Depreciation and amortization

Depreciation and amortization charges increased $9.6 million, or 44%, from $21.8 million in fiscal 2000 to $31.4 million in fiscal 2001. The increase in depreciation and amortization charges in fiscal 2001 was due primarily to the inclusion of Randfontein for a full year and the inclusion of Elandskraal and New Hampton in the results for fiscal 2001

Employment termination costs

Employment termination costs increased $4.5 million from $0.2 million in fiscal 2000 to $4.7 million in fiscal 2001. This increase in fiscal 2001 was due primarily to the closure of certain Randfontein shafts and the resulting termination of certain production employees.

Reversal of provision for rehabilitation costs

Prior provisions for rehabilitation costs were reversed $6.8 million in fiscal 2001 primarily due to a revision of the estimates associated with the rehabilitation of Harmony's mines.

Corporate expenditure, exploration expenditure and marketing and new business expenditure

These expenditures increased $4.8 million, or 76.2%, from $6.3 million in fiscal 2000 to $11.1 million in fiscal 2001. This increase was due primarily to increased exploration expenditure following Harmony's acquisition of the management of Kalgold and costs related to investigating and pursuing new business opportunities in fiscal 2001.

Gain on financial instruments

The gain on financial instruments in fiscal 2001 was $7.6 million, as compared with a gain of $8.6 million in fiscal 2000. The gain in fiscal 2001 related primarily to the change in the mark-to-market of derivative instruments held by Randfontein and New Hampton. The gain in fiscal 2000 was due primarily to the change in mark-to-market of derivative instruments held by Randfontein.

Loss/(profit) on sale of other assets and listed investments

Harmony had a loss of $1.4 million on the sale of other assets and listed investments in fiscal 2001, as compared with a profit of $2.5 million on the sale of other assets and listed investments in fiscal 2000. The loss in fiscal 2001 related primarily to the sale of the Western Areas Limited shares held by Harmony at June 30, 2000. The profit in fiscal 2000 related primarily to the sale of certain mineral rights.

Impairment of assets

In fiscal 2001, Harmony decided to place the Bissett mine on a care and maintenance program due to the mining operations being uneconomic at current gold prices, and to close certain Randfontein, Evander and Free State shafts. The write-down in fiscal 2001 of $28.6 million primarily reflected the excess of the book value of Bissett's long-term and other assets over the estimated salvage value of these assets of $19.6 million and the impairment of the carrying value of certain Free State and Randfontein shafts of $5.6 million. No write-off of impaired assets occurred during fiscal 2000.

Interest paid

Harmony paid $15 million in interest for fiscal 2001, as compared with $3.2 million for fiscal 2000. This increase was due primarily to interest paid on the $59 million ABSA term loan facility and the $20 million JP Morgan loan, both of which were entered into in fiscal 2000, and the temporary syndicated loan facility entered into in fiscal 2001 and the senior unsecured bonds issued in fiscal 2001.

Equity loss

Harmony recorded an equity loss of $1.4 million in fiscal 2000. No equity loss was recorded in fiscal 2001. The equity loss in fiscal 2000 reflected Harmony's share of Randfontein's net loss in the period from January 14, 2000 to February 29, 2000. Randfontein incurred a net loss in this period primarily due to employment termination costs as a result of the retrenchment of management of Randfontein following Harmony's acquisition of management control of Randfontein and losses incurred at Randfontein Cooke 4 shaft.

Reversal of provision for former employees post-retirement benefits

Harmony provides for amounts due under its former employees post-retirement benefit plans for medical aid. In fiscal 2000, Harmony released $3.9 million from the provision as a result of an updated actuarial evaluation. In fiscal 2001, Harmony reversed a $2.2 million provision after reaching an agreement with certain retirees under which these retirees were transferred to the Minemed medical scheme and no subsidies would be payable by Harmony on behalf of these retirees.

Income and mining tax expense

Harmony pays taxes on mining income and non-mining income. The amount of Harmony's mining income tax is calculated on the basis of a formula which takes into account Harmony's total revenue and profits from, and capital expenditures for, mining operations. Five percent of total mining revenue is exempt from taxation. The amount of revenue subject to taxation is calculated by subtracting capital expenditures from operating profit. The amount by which the adjusted profit figure exceeds 5% of revenue constitutes taxable mining income. Harmony and its subsidiaries each make their own calculation of taxable income. The tax rate applicable to the mining and non-mining income of a gold mining company depends on whether the company has elected to be exempt from the Secondary Tax on Companies, or STC. The STC is a tax on dividends declared and, at present, the STC tax rate is equal to 12.5%. In 1993, all existing gold mining companies had the option to elect to be exempt from STC. If the election was made, a higher tax rate would apply for both mining and non-mining income. In 2000 and 1999, the tax rates for taxable mining and non-mining income for companies that elected the STC exemption were 46% and 38%, respectively, compared to 37% and 30%, respectively, if the STC exemption election was not made. In 1993, Harmony elected to pay the STC tax. All of Harmony's subsidiaries, however, elected the STC exemption. To the extent Harmony receives dividends, such received dividends are offset against the amount of dividends paid for purposes of calculating the amount subject to the 12.5% STC tax.

The table below indicates the effective tax rate, which represents the current tax rate due pursuant to the statutory formula and the amount of deferred tax, for fiscal 2001 and fiscal 2000:

	Fiscal year ended June 30,	
Income and mining tax	**2001**	**2000**
Effective tax rate expense	49.1%	18.4%

The effective tax rate for fiscal 2001 was higher than the estimated statutory tax rate of 20.5% for Harmony and its subsidiaries as a whole due to valuation allowances being raised against tax losses in Bissett and New Hampton. The effective tax rate for fiscal 2000 differs from the estimated statutory tax rate for Harmony and its subsidiaries as a whole of 20.5% primarily due to non-taxable dividend income and the lower actual formula rate on mining income.

Minority interests

Minority interests were $0.3 million in fiscal 2001, as compared with $2.9 million in fiscal 2000. The minority interests in fiscal 2001 reflected the 10% minority interest in Elandskraal disposed of with effect from April 21, 2001. The minority interests in fiscal 2000 reflected the Randfontein minority shareholders' share of Randfontein's net loss in the period from March 1, 2000 to June 30, 2000.

Income before cumulative effect of change in accounting principle

As a result of the factors discussed above, net income before cumulative effect of change in accounting principle was $14.8 million in fiscal 2001, as compared with net income before cumulative effect of change in accounting principle of $57 million in fiscal 2000.

Cumulative effect of change in accounting principle for derivatives and hedging activities (FAS 133), net of tax

Statement of Financial Accounting Standard 133, Accounting for Derivative Instruments and Hedging Activities, has been issued and was adopted by Harmony with effect from July 1, 2000. This standard establishes accounting and reporting standards for derivative instruments and for hedging activities.

Previously gains and losses on derivative instruments, which effectively established minimum prices for designated future production, were recognized in revenue when the planned production was delivered. Derivatives that were not designated to future production were accounted for on a mark-to-market basis and the associated gains or losses were recognized in the results.

With the adoption of FAS 133, none of Harmony's derivatives at that date qualified for hedge accounting as they did not meet the new hedging requirements of FAS 133 and were thus marked to market, resulting in a cumulative effect of change in accounting principles write-off of $5.8 million, net of tax. The cumulative effect adjustment was required to record on the balance sheet the fair value of derivative instruments that previously qualified for off-balance sheet hedge accounting.

Years ended June 30, 2000 and 1999

Revenues

From fiscal 1999 to fiscal 2000, revenue increased $109.3 million, or 28.7%, from $381.4 million to $490.7 million. The increase in Harmony's revenue was attributable to increased production primarily due to the acquisition of Randfontein. Harmony's gold sales increased 339,994 ounces or 26.4% from 1,285,931 ounces in fiscal 1999 to 1,625,925 ounces in 2000. Harmony's average sales price of gold per ounce was $290 in both fiscal 2000 and fiscal 1999.

Interest and dividends increased by 25% from $8.0 million in fiscal 1999 to $10 million in fiscal 2000. The increase was due to a dividend of $5.4 million from the shares held in Western Areas Limited, acquired as part of the net assets of Randfontein, offset by a decrease in the amount of interest received due to average lower cash deposit balances during the year.

Other income increased by $7.8 million to $8.5 million in fiscal 2000 from $0.7 million in fiscal 1999. The increase is primarily due to the sale of land and housing facilities at Evander and Randfontein, which resulted in the realization of a profit of $6.2 million.

Costs

The following table sets out Harmony's total ounces sold and weighted average cash costs per ounce for fiscal 2000 and fiscal 1999:

	Year ended June 30, 2000[1]		Year ended June 30, 1999		% increase in cash costs
	(oz)	($/oz)	(oz)	($/oz)	
Randfontein	300,448	229	-	-	
Free State	856,816	250	809,835	247	1.2%
Evander	393,235	239	422,920	219	9.1%
East Rand	-	-	53,176	282	-
Bissett	26,943	356	-	-	-
Kalgold	48,483	270	-	-	
Total	1,625,925		1,285,931		
Weighted Average		245		239	2.5%

[1] Includes nine months of production at Kalgold and Bissett and four months of production at Randfontein.

From fiscal 1999 to fiscal 2000, Harmony's weighted average cash costs per ounce increased $6 per ounce, or 2.5%, from $239 per ounce to $245 per ounce. Cash costs per ounce vary with the number of tons and grade of ore processed. The increase primarily resulted from a $20 per ounce increase at Evander because grades achieved were lower than the prior year and the inclusion of cash costs per ounce from the Bissett and Kalgold operations, which were higher than Harmony's costs at other operations in the prior year.

Depreciation and amortization

Depreciation and amortization charges increased $5.2 million, or 31.3%, from $16.6 million in fiscal 1999 to $21.8 million in fiscal 2000. The increase in depreciation and amortization charges in fiscal 2000 was due to the acquisition of Randfontein and Kalgold during fiscal 2000.

Employment termination costs

Employment termination costs decreased $5.2 million or 96.3% from $5.4 million in the fiscal year ended June 30, 1999. Employment termination costs during fiscal 1999 were mainly due to the restructuring of the Evander operations following Harmony's acquisition of Evander, which resulted in the voluntary retrenchment of approximately 1,700 employees and the retrenchment of approximately 1,000 employees in connection with the sale of the Grootvlei mine. Employment termination costs during fiscal 2000 related to the retrenchment of non-production employees at Evander.

Exploration costs

Exploration costs were $2.5 million in the fiscal year ended June 30, 2000 as compared with $0.03 million in the fiscal year ended June 30, 1999. The increased costs in fiscal 2000 consisted primarily of off-lease exploration costs incurred mainly due to the acquisition of Kalgold and its related exploration activities.

Gain on financial instruments

The gain on financial instruments in fiscal 2000 of $8.6 million relates primarily to the change in the mark to market of the speculative financial instruments held by Randfontein from March 1, 2000 to June 30, 2000, offset by the cost of closing out certain of the speculative financial instruments during that period.

Profit/(loss) on sale of other assets and listed investments

Harmony had a profit of $2.5 million on the sale of other assets and listed investments in fiscal 2000 as compared with a profit of $2.7 million on the sale of other assets and listed investments in fiscal 1999. The profit in fiscal 1999 related to Harmony's disposal of its shareholding in Gold Fields Limited, a South African mining company, which it acquired in exchange for certain mineral rights in the Free State. This profit was partially offset by a loss of $0.6 million in connection with the disposal of certain listed investments acquired in connection with the disposal of the Grootvlei mine. The profit in fiscal 2000 related primarily to the sale of certain mineral rights.

Impairment of assets

No write-off of impaired assets occurred during fiscal 2000. During fiscal 1999, Harmony wrote off $18.5 million of impaired assets, as a result of the significant decline in the price of gold. Harmony determined that, as a result of the sustained low gold price, certain mining assets at its operations in the Free State had carrying values that exceeded the estimated future undiscounted cash flows that would accrue to Harmony through the utilization of these mining assets. The difference between the carrying values of these mining assets and the net present value of estimated future cash flows was written off.

Interest paid

Harmony paid $3.2 million in interest for the fiscal year ended June 30, 2000, compared to $2.3 million for the fiscal year ended June 30, 1999. The increase in fiscal 2000 was due primarily to an increase in long-term loans.

Equity loss

The equity loss of $1.4 million in fiscal 2000 reflects Harmony's share of Randfontein's net loss in the period from January 14, 2000 to February 29, 2000.

Provision for former employees post-retirement benefits

Harmony provides for amounts due under its former employees post-retirement benefit plans for medical aid. In fiscal 2000, Harmony released $3.9 million from the provision as a result of an updated actuarial evaluation.

Income and mining tax expense

The table below indicates the effective tax rate for fiscal 2000 and fiscal 1999, including normal and deferred tax:

	Fiscal year ended June 30,	
Income and mining tax	**2000**	**1999**
Effective tax rate expense	18.4%	7.6%

In 2000 and 1999, the tax rates for taxable mining and non-mining income for companies that elected the STC exemption were 46% and 38%, respectively, compared to 37% and 30%, respectively, if the STC exemption election was not made. In 1993, Harmony elected to pay the STC tax. All of Harmony's subsidiaries, however, elected the STC exemption. To the extent Harmony receives dividends, such received dividends are offset against the amount of dividends paid for purposes of calculating the amount subject to the 12.5% STC tax.

The effective tax rate for fiscal 2000 differs from the estimated statutory tax rate for Harmony and its subsidiaries as a whole of 20.5% primarily due to non-taxable dividend income and the lower actual formula rate on mining income. The effective tax rate for fiscal 1999 differs from the estimated statutory tax rate for Harmony and its subsidiaries as a whole of 20.5% primarily due to the release from deferred tax associated with the decrease in statutory tax rates in South Africa in fiscal 1999.

Minority interests

The minority interests of $2.9 million in fiscal 2000 reflect the Randfontein minority shareholders' share of Randfontein's net loss in the period from March 1, 2000 to June 30, 2000.

Net income

As a result of the factors discussed above, Harmony's net income was $57 million in fiscal 2000 as compared with net income of $27.9 million in fiscal 1999.

LIQUIDITY AND CAPITAL RESOURCES

Funding and treasury policies are managed centrally by Harmony. There are no legal or economic restrictions on the ability of Harmony's subsidiaries to transfer funds to Harmony.

Cash Resources

Operations

Net cash provided by operations was $49 million in fiscal 2001, as compared with $38.5 million in fiscal 2000. This increase was due primarily to increased gold sales as a result of the inclusion of Randfontein for a full year as well as Elandskraal and New Hampton since April 1, 2001.

Net cash provided by operations was $38.5 million in fiscal 2000, as compared with $63.1 million in fiscal 1999. Although in both fiscal 2000 and fiscal 1999 increased gold sales resulted in increased cash being generated by operations, net cash provided by operations in fiscal 2000 decreased by $24.6 million from net cash provided by operations in fiscal 1999. This decrease was principally due to the repayment of $8.9 million of loans relating to the purchase of shafts and other mining assets, the payment of the first installment of $1.4 million on the NM Rothschild & Sons Limited revolving credit facility and an increase in accounts receivable of $7.1 million.

Investing

Net cash utilized in investing activities was $189.3 million in fiscal 2001, as compared with $51.3 million in fiscal 2000. This increase was due primarily to the cash paid for Elandskraal of $130.9 million and for New Hampton of $28.5 million, and an increase in capital expenditures of $29.2 million due to the inclusion of Randfontein for a full year and Elandskraal and New Hampton since April 1, 2001.

Net cash utilized in investing activities was $51.3 million in fiscal 2000, as compared with $22.7 million in fiscal 1999. This increase was due primarily to the acquisition of the Randfontein mine for net cash paid of $43.3 million which compared to net cash of $13.3 million paid for the Evander mine and Masimong shafts in fiscal 1999. Property, plant and equipment additions of $23.4 million in fiscal 2000 consisted primarily of underground development costs at Harmony and Evander.

Financing

Net cash generated by financing activities was $225 million in fiscal 2001, as compared with $55.7 million in fiscal 2000, due primarily to the ordinary share issuances of $179 million (mainly the June 2001 global offering and the shares issued to the IDC), as well as the net of the $148 million raised through the corporate bond issuance and the settlement of $98.6 million of the loans outstanding in the prior year.

Net cash generated by financing activities was $55.7 million in fiscal 2000, as compared with net cash utilized in financing activities of $3.5 million in fiscal 1999. This was due primarily to the loan of $59 million raised to finance the acquisition of Randfontein and the issue of ordinary shares in connection with the exercise of employee share options of $6 million. Harmony also paid dividends of $11.9 million in fiscal 2000.

Credit Facilities

On June 10, 1998, Harmony Canada entered into a C$7.5 million loan agreement with NM Rothschild & Sons Limited in connection with the acquisition of Bissett. The loan bore interest at LIBOR plus 1.75% and was renegotiated during fiscal 2000 to be repayable in three equal annual installments commencing in June 2002. Harmony guaranteed the loan and pledged its shares in Harmony Canada Inc., or Harmony Canada, as security for the guarantee. In connection with the loan agreement, Harmony issued 36,000 warrants, each to purchase one ordinary share at an exercise price of Rand 60 per share on or before July 31, 2001, to NM Rothschild & Sons Limited. In March 1999, Harmony obtained supplemental financing from NM Rothschild & Sons Limited of an additional C$5.0 million on the same terms and with the same repayment schedule as the initial amount. This facility was repaid in full in April 2001 following the closing of the syndicated loan facility described below.

On June 10, 1998, Harmony Canada obtained a revolving credit facility from NM Rothschild & Sons Limited of C$11.0 million. The loan bore interest at LIBOR plus 2.5% repayable in quarterly payments based on the amount outstanding and Harmony Canada's surplus cash resources with the full amount repayable on or before June 2002. Harmony Canada pledged fixed and moveable assets as well as rights to mining production as security and collateral for the loan. This facility was repaid in full in April 2001 following the closing of the syndicated loan facility.

In order to provide for the operating capital requirements of Bissett, Harmony arranged a $6.8 million loan facility from ABSA Bank Limited, or ABSA, to Bissett in July 1999. As Harmony Canada drew down under this loan, Harmony was required to post an amount in Rand equal to the drawn down amount plus 30% as collateral. The loan, which was repayable on July 31, 2001, bore interest at LIBOR plus 1.75%. This facility was repaid in full in April 2001 following the closing of the syndicated loan facility.

In February 2000, Harmony entered into a Rand 450 million term loan facility with ABSA for the purpose of financing the acquisition of the shares of Randfontein and repaying a Rand 150 million bridge loan provided by ABSA in connection with the acquisition. Harmony was able to draw down this facility until April 30, 2000. Harmony drew down approximately Rand 400 million under this facility. The facility became repayable quarterly beginning on April 30, 2000 and would have matured on April 30, 2002. The interest rate of the facility was the three month bank bill rate quoted by the South Africa Futures Exchange plus 1.25% on amounts drawn down of less than Rand 250 million and 1.5% on amounts drawn down in excess of Rand 250 million. This facility was repaid in full in April 2001 following the closing of the syndicated loan facility.

On March 1, 2000, Harmony Gold (Australia) Pty Limited entered into a $20 million loan facility with Robert Fleming, now JPMorgan, in connection with the acquisition of Harmony's initial interest in Goldfields (Australia), which represented approximately 17.3% as of August 31, 2000. The loan bore interest at LIBOR plus 2.5%, and the original terms of the loan required repayment by December 31, 2000. During December 2000 and March 2001, Harmony and JPMorgan agreed to extend the maturity date to March 31, 2001 and April 5, 2001, respectively. The amount was repaid in full in April 2001 following the closing of the syndicated loan facility.

On March 2, 2001, Harmony entered into a term loan facility of $9 million, of which $3.5 million has been drawn down, with BAE Systems plc for the purpose of financing the design, development and construction of a facility for the manufacture and sale of value added gold products at the Free State operations. The loan is secured by this facility and is repayable in full on April 30, 2004. The loan bears interest at LIBOR plus 2% which is accrued daily from the drawdown date and is repayable on a quarterly basis.

On March 22, 2001, Harmony and Harmony Australia entered into a syndicated loan facility of approximately $260 million with Citibank, N.A., J.P. Morgan plc and ANZ Investment Bank, a division of Australia and New Zealand Banking Group Limited, as dollar joint lead arrangers, ABSA and BoE Bank Limited, as Rand joint lead arrangers, Chase Manhattan International Limited, as facilities agent, and ABSA, as local facilities agent, for the purpose of partially funding the acquisitions of Elandskraal and New Hampton, repaying all of Harmony's existing non-South African debt and the ABSA term loan facility and providing working capital. This syndicated loan facility consisted of three specific facilities of an aggregate of Rand 1,160 million and $115 million. As of May 31, 2001, Harmony had drawn down approximately Rand 1,160 million and $113.4 million of these facilities. Up to $100 million of the syndicated loan facility was required to be repaid following the completion of any primary or secondary offering of Harmony's share capital, in the event of specified disposals of assets and in the event of the acquisition of control of Harmony by any third party or parties acting in concert (unless the lenders had given their prior written consent to the change of control). Following the completion of the corporate bond issuance and the June 2001 global offering and the subscriptions by the IDC described in this annual report, Harmony repaid this syndicated loan facility in full.

On June 14, 2001, Harmony issued senior unsecured fixed rate bonds in an aggregate principal amount of Rand 1,200 million ($149.3 million at an exchange rate of R8.04 per $1.00), with semi-annual interest payable at a rate of 13% per annum. These bonds are repayable on June 14, 2006, subject to early redemption at Harmony's option. The bonds have been listed on the Bond Exchange of South Africa. Harmony used the proceeds from the sale of the bonds to retire a portion of the syndicated loan facility. So long as the bonds are outstanding, Harmony may not permit encumbrances on its present or future assets or revenues to secure indebtedness for borrowed money, without securing the outstanding bonds equally and ratably with such indebtedness, except for certain specified permitted encumbrances.

On June 29, 2001, Harmony completed a global offering of 27,082,500 ordinary shares and ADSs and 9,027,500 warrants to purchase 9,027,500 ordinary shares, in each case in the United States and elsewhere. The ordinary shares were offered at a price of $5.32 or R43.00 per ordinary share, or $5.32 per ADS. Investors received one warrant for every three ordinary shares (or ADSs) they purchased. The net proceeds of the offering to Harmony were approximately $132.6 million, after deducting underwriting discounts, commissions and offering expenses. Harmony used a portion of these net proceeds to retire a portion of the syndicated loan facility, and intends to use the remainder to finance future acquisitions, make capital expenditures and fund working capital.

Trend Information

Information on recent trends in our operations is discussed in "Item 4. Information on the Company—Business Overview—Strategy" and "—Results of Operations" above.

Working Capital

The Harmony Board believes that Harmony's working capital resources, by way of cash generated from operations and existing cash on hand, are sufficient to meet Harmony's present working capital needs. Harmony expects that its current business requirements and currently planned capital expenditures will be financed from internal resources and existing borrowings. For more information on Harmony's planned capital expenditures, please see "Item 4. Information on the Company—Business—Capital Expenditures" and "—Business—Harmony's Mining Operations." Harmony may, in the future, explore debt and/or equity financing in connection with its acquisition strategy. See "Item 3. Key Information—Risk Factors—Harmony's strategy depends on its ability to make acquisitions."

RECENT DEVELOPMENTS

On September 7, 2001, Harmony entered into an agreement with Simane and the IDC, pursuant to which, subject to the fulfillment of certain specified conditions, Simane thereby subscribed for 222,300 Harmony ordinary shares on substantially the same terms as the cancelled Komanani subscription described in this annual report. The Simane subscription was completed on September 25, 2001. For more information on these subscriptions, see "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders."

On September 25, 2001, Harmony announced that it had reached an agreement in principle with Bendigo Mining NL, or Bendigo, pursuant which Harmony would invest A$50 million (R215 million at an exchange rate of R4.30 per A$1, or $24.5 million) to subscribe for 294 million shares of Bendigo. This would result in Harmony owning 31.1% of Bendigo. In addition, Harmony would simultaneously be granted options to acquire 360 million shares of Bendigo at any time before December 31, 2003, at a price of A$0.30 per share, for an aggregate consideration of A$108 million (R464 million at an exchange rate of R4.30 per A$1, or $52.8 million). On exercise of these options, Harmony would own approximately 50.1% of the diluted capital of Bendigo. Bendigo is a single project Australian gold company which controls one of Australia's potentially largest gold mines in the New Bendigo Gold Project. Bendigo controls all of the mining and exploration rights beneath and in the vicinity of the city of Bendigo in Victoria. Harmony's cash investment would be utilized to continue a project to develop a high grade, mechanized underground mine, with a life of 25 years, beneath the old workings. The transaction is subject to approval by the relevant regulatory authorities in Australia and South Africa and the shareholders of Bendigo.

Item 6. ***Directors, Senior Management and Employees***

DIRECTORS AND SENIOR MANAGEMENT

The members of the Board, their principal past affiliations, information on their business experiences and principal outside activities and selected other information are set forth below:

Executive Directors

Zacharias Bernardus Swanepoel (40), BSc (Mining Engineering), B Com(Hons), Chief Executive Officer and a Director. Mr. Swanepoel has been a Director of Harmony and its Chief Executive Officer since February 1995. His current term will expire at Harmony's next annual general shareholders' meeting, currently scheduled for November 2001, at which time he will be eligible for reelection. Mr. Swanepoel has 20 years' experience in the mining industry. Prior to joining Harmony he was General Manager of the Beatrix Mine within the Gengold Group.

Frank Abbott (46), BCom, CA(SA), MBL, Chief Financial Officer and a Director. Mr. Abbott has been a Director of Harmony since 1994 and Chief Financial Officer since October 1997. Mr. Abbott has 22 years' experience in financial management. Prior to joining Harmony he was Financial Director of Randgold & Exploration Company from 1994 to 1997.

Ferdinand Dippenaar (40), BCom, BProc, MBA, Marketing Director. Mr. Dippenaar has been a Director of Harmony since June 1997. Mr. Dippenaar has 16 years' commercial and financial experience. He was Managing Director of The Grootvlei Proprietary Mines Limited and East Rand Proprietary Mines Limited from 1996 to 1997. Prior to 1996, Mr. Dippenaar served as Project Leader for the East Rand companies of Randgold Exploration Company in 1995 and Financial Manager of Beatrix Gold Mines Limited in 1994.

Thaddeus Steven Anthony Grobicki (52), BSc (Hons) (Geology) MSc (Minerals Exploration), Executive Officer for Australian operations and a Director. Mr. Grobicki has been a Director of Harmony since October 1999. His current term will expire at Harmony's next annual general shareholders' meeting, currently scheduled for November 2001, at which time he will be eligible for reelection. Mr. Grobicki has 25 years' experience in the mining industry. He was a Chief Executive Officer of West Rand Consolidated Mines Limited and Kalgold until July 1999.

Non-Executive Directors

Adam Richard Fleming (53), Non-executive Chairman of the Board. Mr. Fleming has been a Director and the Chairman of Harmony since October 14, 1999. Mr. Fleming was the non-executive chairman of West Rand Consolidated Mines Limited and of Kalgold before the acquisition of these companies by Harmony.

Michael Frank Pleming (63), Pr Eng, FIMM, Non-executive Director. Mr. Pleming has been a Director of Harmony since September 1998. His current term will expire at Harmony's next annual general shareholders' meeting, currently scheduled for November 2001, at which time he will be eligible for reelection. Mr. Pleming has 30 years mining and 14 years' mining investment experience.

Lord Renwick of Clifton (63), KCMG, Non-executive Director. Lord Renwick has been a Director of Harmony since October 1999. Lord Renwick was in the diplomatic service, *inter alia* as British ambassador to Pretoria and Washington, until his retirement in 1997. He is currently a director of the following public companies: British Airways Plc., Compagnie Financière Richemont AG, BHP Billiton, Fluor Corporation, South African Breweries plc, Fleming Family and Partners and Fluor Limited.

Gordon Sandile Sibiya (55), Pr Eng, BSc, BSc (Hons)(Elec. Eng), MSc (Elec. Eng), PhD (Nuclear Eng), Non-executive Director. Dr. Sibiya has been a Director of Harmony since July 2000. Dr. Sibiya is a director of several companies, including Afrox, Honeywell and Babcock Africa. Some of his accomplishments include leading the drafting of South Africa's first White Paper on Energy Policy, as well as the Nuclear Safety and Gas Regulatory Bills, which have become legislation. Dr. Sibiya is also the chairman of the Science and Engineering Academy of South Africa, and has a firm of electrical consulting engineers.

Aidan Miller Edwards (64), RFEng, BSc (Eng) Met, DIC, PhD, Non-executive Director. Dr. Edwards has been a Director of Harmony since July 2000 and will assist with Harmony's product research and development initiatives. Dr. Edwards has been appointed to the Royal Academy of Engineering in the United Kingdom, and was recently the president of Mintek, the world-renowned minerals research and development institute. In the academic field, Dr. Edwards is engaged in consultation with five tertiary educational institutions. In addition, he has successfully promoted the MAP-educational program, which contributes to training in disadvantaged communities.

Secretary

Frederick William Baker (37), BCom(Law), BProc, Corporate Secretary. Mr. Baker has been the Secretary of Harmony since 1997. He has 17 years' legal and administrative experience.

Senior Management

The members of Harmony's senior management, their principal past affiliations, information on their business experiences and principal outside activities and selected other information are set forth below:

Neville Vaughan Armstrong (47), BSc (Hons), PhD. Dr. Armstrong has served on the executive committee, responsible for Harmony's exploration activities, since October 1999. Dr. Armstrong has more than 20 years' experience of all facets of minerals exploration, evaluation and development of minerals projects. He was a director of West Rand Consolidated Mines Limited and Kalgold prior to joining Harmony.

Robert Alex Llewellyn Atkinson (48), NHD (Metalliferous Mining). Mr. Atkinson has 30 years' experience in the mining industry. He joined Harmony as production manager in 1986. Mr. Atkinson is responsible for mining operations on the executive committee.

Graham Paul Briggs (48), BSc (Hons) (Geology). Mr. Briggs has 29 years' experience in the mining industry. He joined Harmony in 1995 as manager of new business. Mr. Briggs is responsible for ore reserve management and the Free State operations on the executive committee.

Neal John Froneman (42), PrEng, BSc (Mech Eng), Bcompt. Mr. Froneman joined Harmony in 1996 from Beatrix Mines, where he was technical manager. He has extensive mining-related project management experience and is responsible for the integration of the Elandskraal operations into Harmony.

Philip Kotze (41), GDE, NHD (Metalliferous Mining). Mr. Kotze joined Harmony in 1999 from Kalgold, where he was the operations director. He has 19 years' experience of metalliferous mining and is responsible for mining operations.

Peter McKenna (50), BSc (Hons), FGSSA. Mr. McKenna joined Harmony in 1999 from West Rand Consolidated Mines Limited, where he was the new business director. He has more than 25 years' experience in mineral exploration and project development. Mr. McKenna is responsible for Harmony's international new business activities.

Petrus Cornelius Pienaar (37), BCom, BCompt (Hons), CA (SA). Mr. Pienaar joined Harmony in 1997 following the acquisition of Grootvlei, where he was the financial director. Mr. Pienaar has 13 years' experience in the financial and mining industries and is responsible for Harmony's South African new business activities.

Frank Robert Sullivan (45), MCom, BPL (Hons). Mr. Sullivan has 21 years' experience in human resources management in the gold mining industry. He joined Harmony in 1996 as human resources manager and is responsible for human resources development.

Matheus Johannes Swanepoel (41), BCompt (Hons), CA(SA). Mr. Swanepoel joined Harmony in 1995 as financial manager from Beatrix Mines. Mr. Swanepoel has 20 years' financial services experience, mostly in the mining industry. He was appointed to the executive committee in November 2000 and is responsible for the Harmony's management accounting and services functions.

Abraham Joseph van Vuuren (41) BCom, MDP, DPLR. Mr. van Vuuren joined Harmony in 1997 from Grootvlei, where he was human resources manager. He was appointed to the executive committee in November 2000 and is responsible for industrial relations. He has 20 years' experience in the mining industry.

BOARD PRACTICES

The Articles of Association of Harmony provide that the Board must consist of no less than four and no more than twenty directors at any time. The Board currently consists of nine directors.

The Articles of Association of Harmony provide that the longest serving one-third of directors retire from office at each annual general meeting of Harmony. Retiring directors normally make themselves available for re-election and are re-elected at the annual general meeting on which they retire. Members of senior management of Harmony who are also directors retire as directors in terms of the Articles of Association, but their service as officers is regulated by standard industry employment agreements.

According to the Articles of Association, the Board meets not less than quarterly.

Details of directors' service contracts are described in "Item 6. Directors, Senior Management and Employees—Compensation of Directors and Senior Management."

In order to ensure good corporate governance, the Board has formed an Executive Committee, an Audit Committee, a Remuneration Committee and an Executive Health and Safety Committee. The Audit and Remuneration Committees are comprised of a majority of non-executive directors.

Harmony's Executive Committee comprises the executive directors and selected senior officers of Harmony, each with his own area of responsibility. The Executive Committee meets on a weekly basis to discuss and make decisions on the day-to-day operations of Harmony. The composition of the Executive Committee (with areas of responsibility indicated) is as follows:

Z. B. Swanepoel	Chairman
F. Abbott	Finance
N. V. Armstrong	Exploration
R. A. L. Atkinson	Mining operations
G. P. Briggs	Free State operations
F. Dippenaar	Investor relations
N. J. Froneman	Elandskraal operations
T. S. A. Grobicki	Australian operations
P. Kotze	Mining operations
P. McKenna	New business-international
M. J. Swanepoel	Financial services
P. C. Pienaar	Corporate development-South Africa
F. R. Sullivan	Human resources-development
A. J. vanVuuren	Industrial relations

The Audit Committee monitors Harmony's control systems. The Audit Committee meets at least three times per year with Harmony's external and independent internal auditors and Harmony's executive management, to review accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained, and to review interim results, the audited preliminary announcement of the annual results and the annual financial statements prior to their approval by the Board. The committee also monitors proposed changes in accounting policy, reviews the internal audit function and discusses the accounting implications of major transactions. Membership of the Audit Committee is as follows:

A. R. Fleming (chairman)
M. F. Pleming
G. S. Sibiya

The Remuneration Committee reviews the remuneration of directors and members of senior management. The Remuneration Committee is responsible for approving Harmony's remuneration policy and the terms and conditions of employment, including salaries and bonuses, for Harmony's executive directors and officers. In addition, the Remuneration Committee determines the remuneration policy pertaining to all employees. The Remuneration Committee, consisting of three non-executive directors and one executive director, meets two to three times per year. Membership of the Remuneration Committee is as follows:

A. R. Fleming (chairman)
A. M. Edwards
M. F. Pleming
Z. B. Swanepoel

The Health, Safety and Environmental Audit Committee reviews occupational health, safety and environmental policies, practices and standards of Harmony and reports to the Board on a quarterly basis. The committee monitors health, safety and environmental performance and makes recommendations to the Board when it deems particular attention is required. Membership of the Health, Safety and Environmental Audit Committee is as follows:

M. F. Pleming (chairman)

A. R. Fleming

A. M. Edwards

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

During the fiscal year ended June 30, 2001, the aggregate compensation paid or payable to the directors and members of senior management of Harmony as a group was approximately Rand 4.80 million ($0.55 million) in base salary and Rand 0.94 million ($0.11 million) in profit sharing. Harmony paid salary in fiscal 2001 to Mr. Swanepoel, Mr. Abbott, Mr. Dippenaar and Mr. Grobicki of approximately Rand 1.1 million ($125,285), Rand 616,000 ($70,159), Rand 567,000 ($64,579) and Rand 989,000 ($112,642), respectively. The aggregate compensation paid or payable during the fiscal year ending June 30, 2001 to the non-executive directors of Harmony as a group was approximately Rand 0.50 million ($0.06 million) in directors' fees and Rand 0.60 million ($0.07 million) in expense allowance.

Directors' Terms of Employment

No Harmony director has a service contract with Harmony or any of its subsidiaries with a notice or contract period of one year or more or with provisions for pre-determining compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind. The terms of employment by Harmony of the executive directors are as follows:

(i) Z. B. Swanepoel joined Harmony as Chief Executive and a director in February 1995. His employment will continue until terminated by reaching the mandatory retirement age of 63 or on service of 30 days' notice by either himself or Harmony. Mr. Swanepoel has waived his rights to directors' fees. He participates in the Harmony share option scheme and a discretionary executive profit share scheme, the latter provided that certain profit targets, set by the Renumeration Committee, are achieved.

(ii) F. Abbott joined Harmony as Chief Financial Officer in October 1997. His employment will continue until terminated by reaching the mandatory retirement age of 63 or on service of 30 days' notice by either himself or Harmony. Mr. Abbott has waived his rights to directors' fees. He participates in the Harmony share option scheme and a discretionary executive profit share scheme, the latter provided that certain profit targets, set by the Renumeration Committee, are achieved.

(iii) F. Dippenaar joined Harmony as Marketing Director in June 1997. His employment will continue until terminated by reaching the mandatory retirement age of 63 or on service of 30 days' notice by either himself or Harmony. Mr. Dippenaar has waived his rights to directors' fees. He participates in the Harmony share option scheme and a discretionary executive profit share scheme, the latter provided that certain profit targets, set by the Renumeration Committee, are achieved.

(iv) T. S. A. Grobicki has been a non-executive director since 1994 and was appointed an executive director in October 2000. His employment will continue until terminated by reaching the mandatory retirement age of 63 or on service of 30 days' notice by either himself or Harmony. Mr. Grobicki has waived his rights to directors' fees. He participates in the Harmony share option scheme and a discretionary executive profit share scheme, the latter provided that certain profit targets, set by the Renumeration Committee, are achieved.

The executive directors also benefit from pension contributions, life insurance and medical aid, the value of which is included in the salary details listed above. The total amount currently set aside or accrued by Harmony and its subsidiaries for the payment of these pension, life insurance, medical aid and retirement benefits is approximately Rand 428,000 ($48,747). The non-executive directors are entitled to fees as agreed at Harmony's annual general meeting from time to time, reimbursement of out-of-pocket expenses incurred on Harmony's behalf and remuneration for other services, such as serving on committees. Currently, A. R. Fleming, A. M. Edwards, M. F. Fleming, Lord Renwick of Clifton KCMG and G. S. Sibiya are each entitled to Rand 25,000 per quarter.

The terms of employment of the directors are not set out in any written agreements.

Share options exercised by the executive directors during fiscal 2001 are detailed in the table below:

Name	Number of Options Exercised	Average option exercise price (Rand)
Z. B. Swanepoel	140,000	16.83
F. Abbott	110,000	21.19
F. Dippenaar	90,000	18.03
T. S. A. Grobicki	28,900	22.90

During fiscal 2001, Harmony's directors and senior management were not granted any share options. Share options outstanding at September 25, 2001 and held by directors and senior management were as follows:

Name	Options to purchase ordinary shares	Average exercise price per share (Rand)	Expiration dates
Z. B. Swanepoel	123,400	31.00	Between 9/22/09 and 1/31/10
F. Abbott	70,000	30.04	Between 9/22/09 and 1/31/10
F. Dippenaar	90,000	31.23	Between 9/22/09 and 1/31/10
T. S. A. Grobicki	158,000	27.65	Between 9/22/09 and 1/31/10
R. A. L. Atkinson	70,000	30.04	Between 9/22/09 and 1/31/10
N. V. Armstrong	138,900	28.30	Between 9/22/09 and 1/31/10
N. J. Froneman	70,000	30.04	Between 9/22/09 and 1/31/10
P. McKenna	100,000	30.39	Between 9/22/09 and 1/31/10
G. P. Briggs	66,700	30.40	Between 9/22/09 and 1/31/10
P. C. Pienaar	66,700	30.40	Between 9/22/09 and 1/31/10
P. Kotze	79,800	29.17	Between 9/22/09 and 1/31/10
F. R. Sullivan	100,000	27.99	Between 9/22/09 and 1/31/10
M. J. Swanepoel	13,400	22.90	9/22/09
A. J. van Vuuren	10,000	22.90	9/22/09
Total	1,157,000	29.38	

SHARE OWNERSHIP

The following sets forth, as of September 25, 2001, the total amount of ordinary and warrants directly or indirectly owned by the directors and senior management of Harmony. As of September 25, 2001, the directors and senior management of Harmony did not own any preference shares.

Holder	Ordinary Shares		Warrants	
	Number	Percentage (%)	Number	Percentage (%)
Directors				
A. R. Fleming	5,258,868	3.63	416,666	4.62
Z. B. Swanepoel	120,500	*	26,833	*
F. Abbott	90,100	*	-	-
F. Dippenaar	63,400	*	-	-
T. S. A. Grobicki[1]	26,700	*	26,700	*
M. F. Pleming	-	-	-	-
A. M. Edwards	-	-	-	-
Lord Renwick of Clifton	5,105	*	-	-
G. S. Sibiya	-	-	-	-
Total Directors (9 persons)	5,444,173	3.76	-	-
Senior Management				
N. V. Armstrong	32,000	*	-	-
R. A. L. Atkinson	-	-	-	-
G. P. Briggs	26,700	*	8,900	*
N. J. Froneman	-	-	-	-
P. Kotze	-	-	-	-
P. McKenna	-	-	-	-
M. J. Swaenepoel	-	-	-	-
P. C. Pienaar	-	-	-	-
F. R. Sullivan	-	-	-	-
A. J. vanVuuren	-	-	-	-
Total Senior Management (10 persons)	58,700	0.04	8,900	0.09
Total Directors and Senior Management (19 persons)	5,502,873	3.80	479,099	5.31

1 A trust of which T. S. A. Grobicki is a trustee, but not a beneficiary, sold 150,000 ordinary shares on May 16, 2001 and 10,000 ordinary shares on May 17, 2001.

* Indicates beneficial ownership of less than 1% of the relevant class of securities.

Options to purchase a total of 3,751,800 ordinary shares were outstanding on September 25, 2001. The exercise prices of the outstanding options range between Rand 11.70 and Rand 35.40 per share and they expire between January 11, 2005 and November 14, 2010. Of the outstanding options, options to purchase 1,157,000 ordinary shares at a weighted average price of Rand 29.38 were held by directors and senior management of Harmony and its subsidiary companies, as further described in “Item 6. Directors, Senior Management and Employees—Compensation of Directors and Senior management.” The non-executive directors do not hold any share options in Harmony.

EMPLOYEES

General

The South African gold mining industry is very labor-intensive. The total following table lists the number of employees at each of Harmony's mines, together with people working at Harmony's mines but employed by outside contractors, at June 30 of the past three fiscal years.

	Harmony Employees			Outside Contractors		
	At June 30,			At June 30,		
	2001	2000	1999	2001	2000	1999
Elandskraal	7,200	-	-	500	-	-
Free State	14,671	15,234	15,409	1,820	2,483	2,187
Evander	6,909	8,162	7,885	17	8	7
Randfontein	9,700	8,231	-	1,439	4,068	-
Kalgold	229	389	-	227	209	-
Bissett	208	220	-	-	-	-
New Hampton	169	14	-	270	-	-
Exploration	13	14	-	-	-	-
TOTAL	39,099	32,250	23,294	4,273	6,678	2,194

Labor Unions

Approximately 80% of Harmony's labor force in South Africa is unionized, with the major portion of the workforce being members of the National Union of Mineworkers, or the NUM. Since 1995 the South African legislature has enacted various labor laws that enhance the rights of employees. For example, these laws:

- confirm the right of employees to belong to trade unions and the right of unions to have access to the workplace;
- guarantee employees the right to strike, the right to picket and the right to participate in secondary strikes in certain prescribed circumstances;
- provide for mandatory compensation in the event of termination of employment for operational reasons;
- reduce the maximum ordinary hours of work;
- increase the rate of pay for overtime;
- require large employers, such as Harmony, to implement affirmative action policies to benefit historically disadvantaged groups and impose significant monetary penalties for non-compliance with the administrative and reporting requirements of the legislation; and
- provide for the financing of training programs by means of a levy grant system and a national skills fund.

Harmony is currently in compliance with applicable labor laws.

As a result of its highly unionized labor force and the fact that labor costs constitute approximately 50% of production costs, Harmony has attempted to balance union demands with the need to contain and reduce cash costs in order to ensure the long-term viability of its operations.

Harmony participates in industry-wide Central Chamber of Mines negotiations for Category 3 to 8 semi-skilled employees. In August 2001, a two-year wage deal was concluded with the NUM, which included a minimum wage of Rand 2,000 per month to be achieved by 2002, with an average increase of 8% for NUM members and an average increase of approximately 7% for other employees such as mid-level managers. Negotiations with other unions and associations take place on a min-by-mine basis.

Harmony experienced no significant strikes in fiscal 1999, 2000 or 2001. Harmony believes that this is the result of improved workplace relationships, effective domestic dispute settlement arrangements and the recent establishment of a statutory body, the Commission for Conciliation, Mediation and Arbitration.

Share Option Scheme

Harmony has a share option scheme for its employees under which, options to acquire a total of 4,887,700 ordinary shares were outstanding as of June 30, 2001. The maximum number of share options that may be granted is equal to 10% of the outstanding Harmony ordinary shares on the date of the grant. The exercise price of each option granted under the scheme 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 option scheme.

Each option may normally only be exercised by a participant on the following bases: (i) after 12 months have elapsed from the date on which the option was granted, in respect of not more than one third of the shares which are the subject of that option; (ii) after 24 months have elapsed from the date on which the option was granted, in respect of not more than two thirds of the shares which are the subject of that option; and (iii) after 36 months have elapsed from the date on which the option was granted, in respect of all the shares which are the subject of that option, or at such time or times over a period of more than 3 years from the date on which the option was granted as the Board may have determined and notified in writing to the participant when the option was granted to the participant. The ordinary shares in respect of which each option is exercised: (i) will be fully paid; (ii) will rank pari passu with existing issued shares; (iii) will be allotted and issued by the Board within 14 days after the exercise of the option; and (iv) will be issued to the participant to whom the option was granted as the beneficial owner thereof and a certificate will be issued therefore. The Board will procure that a listing is applied therefore on the stock exchanges on which Harmony's shares are listed and quoted. The share option scheme may be amended from time to time (whether retrospectively or otherwise) by the Board in any respect (except for certain specific clauses which may only be amended through approval in a general meeting), provided that no such amendment shall operate to alter adversely the terms and conditions of any option granted to a participant prior thereto, without the written consent of that participant and provided that the prior approval of the JSE has been obtained.

Item 7. ***Major Shareholders and Related Party Transactions***

MAJOR SHAREHOLDERS

Harmony is an independent gold producer, with no single shareholder exercising control.

As of June 30, 2001, the issued capital of Harmony consisted of 144,553,291 ordinary shares and 10,958,904 preference shares. Significant changes in the percentage ownership held by major shareholders are described below.

On April 25, 2001, Jipangu Inc., a private company incorporated in Japan, or Jipangu, subscribed for 568,774 Harmony ordinary shares at a price of the U.S. dollar equivalent of Rand 40 per share, totaling approximately $2.8 million. In May 2001, Harmony reached an understanding to enter into an agreement with Jipangu pursuant to which Harmony agreed to grant Jipangu certain rights to subscribe for Harmony shares on and subject to specified terms and conditions. Harmony agreed to use commercially reasonable endeavors to procure the issue to Jipangu of additional Harmony shares as required by Jipangu in writing, subject to a specified limit and Harmony receiving satisfactory confirmation that Jipangu had sufficient available funds for the subscription. Jipangu acknowledged that the issuance of these additional shares would have required the approval of Harmony's shareholders in a general meeting. The agreement, which was never executed, lapsed on May 31, 2001.

On June 20, 2001, the IDC completed subscriptions for 10,736,682 ordinary shares and 10,958,904 preference shares of Harmony under an agreement dated April 3, 2001, among Harmony, Komanani and the IDC pursuant to which, subject to the fulfillment of certain specified conditions, Komanani and the IDC thereby subscribed for 222,222 Harmony ordinary shares and 10,736,682 Harmony ordinary shares, respectively, and Harmony undertook to issue those shares, at a price of Rand 36.00 per share. Under the agreement, the IDC also subscribed for, and Harmony issued, 10,958,904 preference shares, at a price equal to their par value of Rand 0.50 each and with the terms described in "Item 10. Additional Information—Memorandum and Articles of Association—Preference Shares." On August 17, 2001, The Komanani subscription, together with the agreement as it related to Komanani, was cancelled. On September 7, 2001, Harmony entered into an agreement with Simane and the IDC, pursuant to which, subject to the fulfillment of certain specified conditions, Simane thereby subscribed for 222,300 Harmony ordinary shares. The terms of this agreement were substantially similar to the terms of the April 3, 2001 agreement. The Simane subscription was completed on September 25, 2001. The aggregate consideration for the ordinary shares issued to the IDC and Simane under the agreements was approximately Rand 400 million ($45.6 million). Harmony used the net proceeds from the IDC subscriptions to retire a portion of the $260 million syndicated loan facility and intends to use the net proceeds from the Simane subscription for general corporate purposes.

The agreements provide that the IDC and Simane will not, except as provided in the agreements, have the right to dispose of or transfer any of the ordinary shares they acquired under the agreement for a period of eighteen months from the effective date of the relevant agreement, provide that the IDC will not have the right to dispose of or transfer any of the preference shares acquired by it under its agreement, and provide that neither the IDC nor Simane will enter into any arrangement or transaction that may have the same or similar effect. After conversion of the preference shares into ordinary shares, however, the ordinary shares will be freely transferable by the IDC in accordance with its agreement. Under the agreements, the IDC and Simane granted Harmony the right to place any of the ordinary shares acquired by them thereunder or the converted shares, in the event Simane and/or the IDC wishes to dispose of such shares, on and subject to certain specified terms and conditions. In the event Harmony does not wish to place such shares, Simane or the IDC, as the case may be, will be entitled to dispose of such shares in accordance with its agreement. Simane undertakes under its agreement that it, and Simane's directors, shareholders and directors of its shareholders (while they remain as such and for a period of six months thereafter) under the agreement, will not directly or indirectly be associated or concerned with, interested or engaged or interest itself in any firm, business, company or other association of persons that carries on a gold mining business without the prior written consent of Harmony (such consent not to be unreasonably withheld).

On June 29, 2001, Harmony completed a global offering of 27,082,500 ordinary shares and ADSs and 9,027,500 warrants to purchase 9,027,500 ordinary shares, in each case, in the United States and elsewhere. The ordinary shares were offered at a price of \$5.32 or R43.00 per ordinary share, or \$5.32 per ADS. Investors received one warrant for every three ordinary shares (or ADSs) they purchased. The net proceeds of the offering to Harmony were approximately \$132.6 million, after deducting underwriting discounts, commissions and offering expenses. Harmony used a portion of these net proceeds to retire a portion of the syndicated loan facility and intends to use the remainder of these net proceeds for financing future acquisitions, making capital expenditures and funding working capital.

At August 31, 2001, record holders of Harmony's ordinary shares holding an aggregate of 41,500,986 ordinary shares (28.6%) and record holders of Harmony warrants holding an aggregate of 2,394,000 warrants (26.5%) were listed as having addresses in the United States. No record holders of preference shares were listed as having addresses in the United States at August 31, 2001.

To the knowledge of Harmony, (A) Harmony is not directly or indirectly owned or controlled by (i) another corporation or (ii) any foreign government and (B) there are no arrangements (including any announced or expected takeover bid), the operation of which may at a subsequent date result in a change in control of Harmony. As of September 25, 2001, there was no controlling shareholder of Harmony.

To the knowledge of Harmony, a list of the individuals and organizations holding, directly or indirectly, 5% or more of its issued share capital and warrants as of September 21, 2001 is set forth below.

Holder	**Ordinary Shares**		**Preference Shares**		**Warrants**	
	Number	**Percentage (%)**	**Number**	**Percentage (%)**	**Number**	**Percentage (%)**
The Bank of New York[1]	41,500,986	28.63	-	-	-	-
IDC	10,736,682	7.41	10,958,904	100	-	-
The Depository Trust Company[2]	-	-	-	-	2,394,000	26.5
Chase Manhattan Omnibus	7,071,211	4.88	-	-	967,583	10.72
BONY Europe Ltd[3]	-	-	-	-	890,058	9.86
Pictet Et Cie Banquiers	-	-	-	-	782,000	8.66
All directors and senior management as a group	5,502,873	3.80	-	-	479,099	5.31

1 Depositary with respect to the ADRs.
2 Nominee for warrants held on the U.S. warrant register.
3 Nominee for a portion of the warrants held on the South African warrant register.

The voting rights of Harmony's major shareholders do not differ from the voting rights of other holders of the same class of shares.

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 during period from July 1, 2000 to the date of this annual report or in any proposed transaction which has affected or will materially affect Harmony or its investment interest or subsidiaries, other than as stated below:

A. R. Fleming, T. S. A. Grobicki, P. McKenna and P. Kotze, as well as Lord Renwick of Clifton KCMG and Dr. N. V. Armstrong, all held, directly or indirectly, shares in West Rand Consolidated Mines Limited and/or Kalgold. These shares converted into Harmony's ordinary shares upon Harmony's acquisition of these companies. Lord Renwick of Clifton KCMG holds a senior investment banking position with the JPMorgan group in London and as such has an indirect interest in all transactions between Harmony and JPMorgan described in this annual report, including the global offering of Harmony ordinary shares and warrants completed in June 2001. The offering was completed pursuant to a firm commitment underwriting, in which JPMorgan acted as global coordinator.

None of the directors or members of senior management of Harmony or any associate of such director or member of senior management is currently or has been at any time during the past three fiscal years indebted to Harmony.

INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

Item 8. ***Financial Information***

CONSOLIDATED STATEMENTS

Please refer to "Item 18. Financial Statements" and pages F-1 through F-36 of this annual report.

Export Sales

In fiscal 2001, approximately 56% of Harmony's gold produced in South Africa was refined by Harmony and exported.

OTHER FINANCIAL INFORMATION

Legal Proceedings

Harmony experiences a number of claims and legal and arbitration proceedings incidental to the normal conduct of its business. Harmony's management does not believe that liabilities related to such claims and proceedings are likely to be, individually or in the aggregate, material to Harmony's consolidated financial condition.

Dividends and Dividend Policy

Harmony has paid dividends on its ordinary shares in 1999, 2000 and 2001. In each of the last three fiscal years, an interim dividend was declared by the Board in the second quarter of each fiscal year and paid during the quarter following its declaration. In each of the last three fiscal years, a final dividend was declared by the Board at the end of the fiscal year to which it relates, and paid during the quarter following its declaration. The holders of preference shares are not entitled to receive dividends out of Harmony's profits or to participate in any other distribution to the shareholders of Harmony.

The following table sets forth the interim, final and total dividends announced and paid in respect of Harmony ordinary shares for the last three fiscal years.

	Fiscal year ended June 30,					
	2001		2000		1999	
	($)	(R)	($)	(R)	($)	(R)
Interim dividend	0.07	0.50	0.08	0.50	0.08	0.50
Final dividend	0.09	0.70	0.11	0.70	0.10	0.60
Total dividend	0.16	1.20	0.19	1.20	0.18	1.10

South African law was recently relaxed to permit the distribution of a company's equity as a dividend, provided that the necessary shareholder approval is obtained and, subsequent to the distribution of the dividend, the company remains solvent and liquid. Previously under South African law, dividends could only be paid out of the profits of a company. Cash dividends paid by Harmony will not bear any interest payable by Harmony. The amount of dividends, if any, paid in the future will depend on Harmony's results of operations, financial condition, cash requirements and other factors deemed relevant by the Board.

SIGNIFICANT CHANGES

No significant change in Harmony’s financial condition has occurred since the date of the consolidated financial statements included in this annual report.

Item 9. *The Offer and Listing*

MARKETS

The principal non-United States trading market for the ordinary shares of Harmony is the JSE, on which the Harmony ordinary shares trade under the symbol "HAR." The ordinary shares of Harmony are also listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange, and are listed on the Premier Marché of Euronext Paris. Harmony's International Depositary Shares are listed on Euronext Brussels.

Harmony warrants are listed on the JSE and The Nasdaq Stock Market. Prior to the global offering described in this annual report, there was no trading market for the Harmony warrants. See "Item 3. Key Information—Risk Factors."

Since October 1996, Harmony's ADSs have traded in the United States on The Nasdaq Stock Market under the trading symbol "HGMCY." The ADRs representing the ADSs, or the ADRs, are issued by The Bank of New York, as Depositary. Each ADR represents one American Depositary Share. Each ADS represents one ordinary share.

OFFERING AND LISTING DETAILS

The high and low sales prices in Rand for Harmony's ordinary shares and warrants on the JSE for the periods indicated were as follows:

	Harmony ordinary shares (Rand per ordinary share)		Harmony warrants (Rand per warrant)	
	High	Low	High	Low
Fiscal year ended June 30, 1997	21.00	20.50	-	-
Fiscal year ended June 30, 1998	25.40	23.40	-	-
Fiscal year ended June 30, 1999	28.50	28.40	-	-
Fiscal year ended June 30, 2000				
First Quarter	40.20	21.00	-	-
Second Quarter	45.50	34.75	-	-
Third Quarter	46.10	32.50	-	-
Fourth Quarter	42.00	31.00	-	-
Full Year	46.10	21.00	-	-
Fiscal year ended June 30, 2001				
First Quarter	39.00	33.00	-	-
Second Quarter	37.00	26.00	-	-
Third Quarter	47.00	30.80	-	-
Fourth Quarter	51.00	36.15	14.75	12.00
Full Year	51.00	26.00	14.75	12.00
Month of				
March 2001	42.10	33.40	-	-
April 2001	42.00	36.15	-	-
May 2001	51.00	37.00	-	-
June 2001	48.40	40.00	14.75	12.00
July 2001	47.00	39.00	14.75	12.00
August 2001	44.00	38.50	12.50	11.80
September 2001 (through September 17, 2001)	46.40	39.20	14.00	11.00

The high and low sales prices in U.S. dollars for Harmony's ADRs and warrants as reported by The Nasdaq Stock Market for the periods indicated were as follows:

	Harmony ADRs ($ per ADR)		Harmony warrants ($ per warrant)	
	High	Low	High	Low
Fiscal year ended June 30, 1997	11.19	9.50	-	-
Fiscal year ended June 30, 1998	6.88	1.81	-	-
Fiscal year ended June 30, 1999	6.25	3.00	-	-
Fiscal year ended June 30, 2000				
First Quarter	6.56	3.69	-	-
Second Quarter	7.45	5.69	-	-
Third Quarter	7.50	5.00	-	-
Fourth Quarter	6.75	4.44	-	-
Full Year	7.50	3.69	-	-
Fiscal year ended June 30, 2001				
First Quarter	5.69	4.50	-	-
Second Quarter	5.16	3.47	-	-
Third Quarter	5.66	3.88	-	-
Fourth Quarter	6.50	4.50	1.90	1.65
Full Year	6.50	3.47	1.90	1.65
Month of				
March 2001	5.56	4.31	-	-
April 2001	5.31	4.50	-	-
May 2001	6.50	4.64	-	-
June 2001	6.04	4.90	1.90	1.65
July 2001	5.76	4.71	1.91	1.65
August 2001	5.52	4.63	1.71	1.40
September 2001 (through September 17, 2001)	5.15	4.52	1.50	1.36

THE JSE SECURITIES EXCHANGE SOUTH AFRICA

The JSE was formed in 1887. The JSE provides facilities for the buying and selling of a wide range of securities, including equity and corporate debt securities and warrants in respect of securities, as well as Krugerrands.

The JSE is a self-regulated organization operating under the ultimate supervision of the Ministry of Finance, through the Financial Services Board and its representative, the Registrar of Stock Exchanges. Following the introduction of the Stock Exchanges Control Amendment Act No. 54 of 1995, which provides the statutory framework for the deregulation of the JSE, the JSE's rules were amended with effect from November 8, 1995. These amendments removed the restrictions on corporate membership and allowed stockbrokers to form limited liability corporate entities. Members were, for the first time, also required to keep client funds in trust accounts separate from members' own funds. Further rules to complete the deregulation of the JSE, as envisaged by the Stock Exchanges Control Amendment Act No. 54 of 1995, were promulgated during 1996 to permit members of the JSE to trade either as agents or as principals in any transaction in equities and to allow members to negotiate freely the brokerage commissions payable on agency transactions in equities. With effect from June 7, 1996, screen trading commenced on the JSE.

The market capitalization of South African equity securities was approximately Rand 1.571 trillion as of June 30, 2001. The actual float available for public trading is significantly smaller than the aggregate market capitalization because of the large number of long-term holdings by listed holding companies in listed subsidiaries and associates, the existence of listed pyramid companies and cross holdings between listed companies. Liquidity on the JSE (measured by reference to the total market value of securities traded as a percentage of the total market capitalization) was 40% for the six months ended June 30, 2001. Trading is concentrated in a small, but growing number of companies. As of June 30, 2001, there were 583 listed companies on the JSE.

South Africa was included in the Morgan Stanley Capital International Emerging Markets Free Index, or MSCI Emerging Markets Free Index, and the International Finance Corporation Investable Index, or IFCI Index, in March and April, 1995, respectively. South Africa has a significant representation in these emerging market indices, with weightings of 10.7% in the MSCI Emerging Market Free Index and 11.2% in the IFCI Index as of June 30, 2001.

The three main indices charting the performance of the JSE as a whole and of composite sectors are the All Share Index, the Financial and Industrial Index and the Resources Index. As of June 30, 2001, the All Share Index accounted for approximately 94% of the market capitalization of the JSE, and the Financial and Industrial Index and the Resources Index accounted for approximately 57% and 35%, respectively, of the JSE's total market capitalization.

The JSE settles securities trades through a computerized clearing system of the clearing house which the JSE operates. All trades are downloaded from the "JET" automated trading system to the Equity Clearing House system and each week's trades are netted by brokers and settled on a daily basis from Tuesday to Friday, commencing on Tuesday of the following week.

Purchasers of securities must pay their stockbroker for the securities on offer of delivery by the broker or, if delivery is not tendered, within seven business days after the trade date, unless the purchaser has net assets in excess of Rand 10 million or settles through a bank, in which case they are only required to pay on offer of delivery by the broker. Securities are allocated to the account of the purchaser once they have been received by the broker and they have been fully paid for.

Sellers of securities must deliver their shares to their stockbroker within seven business days after the trade date and receive the proceeds of the sale on delivery but not before the Tuesday of the following settlement week.

The JSE has undertaken an initiative to dematerialize share certificates in a Central Security Depositary operated by STRATE Limited (Share Transactions Totally Electronic) and to introduce contractual, rolling settlement in order to increase the speed, certainty and efficiency of the settlement mechanism and to fall into line with international practices. Once STRATE is implemented, settlement on the JSE will be made five days after each trade (T+5). The JSE has also stated that it intends eventually to move to a system whereby the five-day settlement period is reduced further to T+3 and possibly T+1. The STRATE System commenced on a trial basis in September 1999. The ordinary shares of Harmony have been included in this testing process and, as of September 25, 2001, 82.5% of Harmony's shares had been dematerialized through this process. The ordinary shares of Harmony are, accordingly, currently traded on the JSE in two forms – in certificated form with share certificates and electronically in paperless, dematerialized form through the STRATE System. It is expected that the STRATE System will be fully implemented in early 2002.

The Harmony warrants are issued in registered, certificated form or, at the holder's option, electronically in paperless, dematerialized form through the STRATE system.

Holders of dematerialized securities may withdraw their securities from the STRATE system in exchange for registered certificates. Transfers of securities eligible for inclusion in the STRATE system must be effected through the STRATE system by a deposit or redeposit of the securities to be transferred prior to the transfer.

PLAN OF DISTRIBUTION

Not applicable.

SELLING SHAREHOLDERS

Not applicable.

DILUTION

Not applicable.

EXPENSES OF THE ISSUE

Not applicable.

Item 10. ***Additional Information***

SHARE CAPITAL

Not applicable.

MEMORANDUM AND ARTICLES OF ASSOCIATION

This section summarizes certain material provisions of Harmony's Memorandum and Articles of Association, the Companies Act and the JSE listings requirements, each as currently in effect. These descriptions do not purport to be complete and are qualified in their entirety by reference to all of the provisions of those sources. Directions on how to obtain a complete copy of Harmony's Articles of Association are provided under "—Documents on Display" below.

General

Harmony is a public company with limited liability, and is registered under the Companies Act with the Registrar of Companies, Department of Trade and Industry under Registration number 1950/038232/06. Harmony is governed by its Memorandum of Association and Articles of Association, the provisions of the Companies Act and the JSE Listings Requirements. Harmony's operations are also subject to various laws and regulations, including those described in "Item 4. Information on the Company—Regulation."

Harmony's objects are set forth in Paragraph 3 of its Memorandum of Association and include:

- to acquire by purchase, cession, grant, lease, exchange or otherwise any movable or immovable property, mines, mineral property, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, lands, farms, buildings, waterrights, concessions, grants, rights, powers, privileges, surface rights of every description, servitudes or other limited rights or interests in land and mineral contracts of every description; and any interest therein and rights over the same; and to enter into any contract, option or prospecting contract in respect thereof, and generally to enter into any arrangement that may seem conducive to Harmony's objects or any of them;

- to carry out all forms of exploration work and in particular to search for, prospect, examine, explore and obtain information in regard to mines, mineral properties, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, mining districts or locations and ground and soil supposed to contain or containing precious stones, minerals or metals of every description;

- to open, work, develop and maintain gold, silver, diamond, copper, coal, iron and other mines, mineral and other rights, properties and works, and to carry on and conduct the business of raising, crushing, washing, smelting, reducing and amalgamating ores, metals, minerals and precious stones, and to render the same merchantable and fit for use and to carry on all or any of the businesses of miners, mineralogists, metallurgists, amalgamators, geophysicists, smelters, quarry owners, quarrymen and brickmakers;

- to buy, sell, refine and deal in bullion, specie, coin and precious and base metals, and also precious stones and other products of mining; and
- to employ and pay mining experts, agents and other persons, partnerships, companies or corporations, and to organize, equip and despatch expeditions for prospecting, exploring, reporting on, surveying, working and developing lands, farms, districts, territories and properties in any part of the world, whether the same are the property of Harmony or otherwise.

Directors

Disclosure of Interests

A Harmony director may not vote in respect of any contract or arrangement in which he is interested, and may not be counted in the quorum for the purpose of any resolution regarding such a contract or arrangement. This restriction does not apply, however, to:

- any arrangement for giving the director a security or indemnity in respect of money lent, or an obligation undertaken, by such director for the benefit of Harmony;
- any arrangement by which Harmony gives any security to a third party in respect of a debt or obligation of Harmony for which the director himself has assumed responsibility, in whole or in part, whether under a guarantee or indemnity or by the deposit of a security;
- any contract by the director to subscribe for or underwrite shares or debentures of Harmony;
- any contract or arrangement with a company other than Harmony, in which the director holds or controls, directly or indirectly, no more than one percent of shares representing either (i) any class of the equity share capital of that company or (ii) the overall voting rights of that company; or
- any retirement scheme or fund which relates to both directors and to employees (or a class of employees) and does not accord to any director, as such, any privilege or advantage not generally accorded to the employees to which such scheme or fund relates.

The restrictions preventing directors from voting in respect of contracts or arrangement in which they are interested may be suspended or relaxed at any time, either generally or in respect of particular circumstances, by the holders of 75% Harmony's ordinary shares who are present and voting in a general meeting.

A director, notwithstanding his interest, may be counted in the quorum present at any meeting where: (i) he or any other director is appointed to hold any office or position of profit in Harmony; (ii) the directors resolve to exercise any of Harmony's rights to appoint, or concur in the appointment of, a director to hold any office or position of profit in any other company; or (iii) the terms of any such appointment are considered or varied. At this meeting, each director may vote on the matters listed above, but no director may vote in respect of his own appointment, or the arrangement or variation of the terms of his own appointment.

The restrictions described above do not prevent or debar any director, as a holder of any class of Harmony shares, from taking part in or voting upon any question submitted to a vote by that class at a general meeting, regardless of that director's personal interest or concern.

Compensation

The remuneration of the directors of Harmony in their capacity as directors, including fees per directors meeting, and additional compensation for the performance of other services, such as serving on committees, may be established either by a majority of the holders of Harmony's ordinary shares, present and voting in a general meeting, or by a majority of disinterested directors at a meeting of directors, provided they constitute a quorum.

Borrowing Powers

The Harmony directors may raise, borrow or secure the payment of any sums of money for Harmony's purposes as they see fit. However, without the consent of a majority of the holders of Harmony's ordinary shares present and voting in a general meeting, the aggregate principal amount outstanding in respect of monies raised, borrowed or secured by Harmony and any of its subsidiaries may not exceed the greater of (i) Rand 40 million or (ii) the aggregate amount, from time to time, of Harmony's issued and paid up capital, plus the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves, plus Harmony's share premium account and the share premium accounts of Harmony's subsidiaries.

The Companies Act provides that a company may only make a loan to its owner, director or manager with the prior consent of all the members of the company or pursuant to a special resolution relating to a specific transaction.

Rotation

At each annual general meeting of Harmony, one-third of the directors, or, if the number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation. Those directors who have been longest in office since their last election or re-election shall retire. As between directors of equal seniority, the directors to retire by rotation shall, in the absence of agreement, be selected by lot. If at the date of any annual general meeting, any director shall have held office for a period of at least three years since his last election or re-election, he shall retire at such meeting, either as one of the directors resigning pursuant to the aforementioned rotation principles, or in addition thereto. T.S.A. Grobicki, M. F. Pleming and Z. B. Swanepoel will retire by rotation at the next general meeting of shareholders. Retiring directors are eligible for re-election.

If a director is appointed to any Harmony executive office, his employment contract may provide that he shall be exempt from rotation for the lesser of (i) a period of 5 years or (ii) the period during which he continues to hold the relevant executive office. During the relevant period, the director in question shall not be taken into account in determining the retirement of directors by rotation. The number of directors who may be exempt from retirement by rotation in this manner shall not equal or exceed one-half of the total number of the directors at the time of the relevant director's appointment. Currently none of Harmony's directors are exempted from retirement under these provisions.

Qualifications

There is no age limit requirement with regard to retirement or non-retirement of directors. Directors are not required to hold any shares in Harmony to qualify them for appointment as directors.

Share Capital

The authorized share capital of Harmony consists of 250 million ordinary shares with a par value of Rand 0.50 each and 10,958,904 preference shares with a par value of Rand 0.50 each. The terms of the ordinary shares and the preference shares are described in "—Description of Ordinary Shares," and "—Description of Preference Shares," below. In addition, as of September 21, 2001, Harmony had issued and outstanding 9,027,500 warrants. Although the terms of the warrants are not set forth in Harmony's Memorandum and Articles of Association, the warrants provide rights to subscribe for interests in Harmony's share capital and are, therefore, described below under "—Description of Harmony Warrants." Each warrant, when exercised, entitles the warrantholder to purchase one of Harmony's ordinary shares at an exercise price equal to Rand 43.00 or the U.S. dollar equivalent, subject to certain adjustments described below.

Description of Ordinary Shares

This section summarizes the material provisions of Harmony's ordinary shares as set out in Harmony's Memorandum and Articles of Association, the Companies Act and the JSE listings requirements, each as currently in effect. It does not purport to be complete and is qualified in its entirety by reference to all of the provisions of those sources.

Dividends

Either the Board or a majority of the holders of Harmony ordinary shares, voting in a general meeting, may, from time to time, declare a dividend to be paid to the registered holders of ordinary shares according to their respective rights and interests in the profits, measured in proportion to the number of ordinary shares held by them. Under South African law, dividends may only be paid out of the profits of Harmony and dividends will not bear any interest payable by Harmony. Dividends may be declared either free of, or subject to, the deduction of income tax and any other tax or duty which may be chargeable. There is currently no tax payable in South Africa by the recipients of dividends who are outside South Africa.

Dividends are declared payable to holders of ordinary shares who are registered as such on a record date determined by the Board, which must be subsequent to the later of the date of the dividend declaration or the date of confirmation of the dividend. The period between the record date and the date of the closing of the transfer registers in respect of the dividend shall be not less than 14 days.

Holders of Harmony ordinary shares, voting in a general meeting, may not declare a dividend greater that the amount recommended by the directors, but may declare a smaller dividend. Dividends will be paid to the holders of Harmony ordinary shares in proportion to the number of their shares. All unclaimed dividends may be invested or otherwise utilized by the Board for the benefit of Harmony until claimed; provided that dividends unclaimed after a period of twelve years from the date of declaration may be declared forfeited by the Board. Forfeited dividends revert to Harmony.

Any dividend or other sum payable in cash to holder may be transmitted by a payment method determined by the directors, such as electronic bank transfer or ordinary post to the address of the holder recorded in the register or any other address the holder may previously have given to Harmony in writing. Harmony will not be responsible for any loss in transmission.

Any dividend may be paid and satisfied, either wholly or in part, by the distribution of specific assets, including shares and debentures of any other company, in cash, or by one or more of such methods, as the Board may determine and direct at the time of the dividend declaration.

When any holders of Harmony ordinary shares reside outside of South Africa, the Board has the power, subject to any applicable laws or regulations, to declare a dividend in a relevant currency other than the Rand and to determine the date on which and the rate of exchange at which the dividend shall be converted into the other currency.

All cash dividends paid by Harmony are expected to be in Rand. Holders of ADRs on the relevant record date will be entitled to receive any dividends payable in respect of the ordinary shares underlying the ADRs, subject to the terms of the Deposit Agreement. Cash dividends paid in Rand will be converted by the Depositary to U.S. dollars and paid by the Depositary to holders of ADRs, to the extent it can do so on a reasonable basis and can transfer the U.S. dollars to the United States, net of conversion expenses of the Depositary, and in accordance with the Deposit Agreement.

Voting Rights

Subject to any rights or restrictions attached to any class of ordinary shares, every holder of Harmony ordinary shares who is present in person at a shareholder meeting, or a person present as a representative of holders of one or more ordinary shares, shall on a show of hands have one vote, irrespective of the number of ordinary shares he holds or represents. Every holder of ordinary shares shall, on a poll, have one vote for every ordinary share held by him. A shareholder is entitled to appoint a proxy to attend and speak and vote at any meeting on his or her behalf. The proxy need not be a shareholder. On a poll, a shareholder entitled to more than one vote (or his representative, proxy or agent) need not, if he votes, use all of his votes or cast all of his votes in the same way.

Distribution of Assets on Liquidation

In the event of voluntary or compulsory liquidation, dissolution or winding up, the assets remaining after payment of all the debts and liabilities of Harmony, including the costs of liquidation, will be applied to repay the amount paid up on Harmony's issued capital to holders of Harmony preference shares and ordinary shares and, thereafter, the balance will be divided pro rata among the holders of Harmony ordinary shares, subject to any special rights or conditions attaching to any shares. Any portion of Harmony's assets may, upon such liquidation, dissolution or winding up, and with the approval of a special resolution, be paid to the ordinary shareholders by the distribution of specific assets or may be vested in trustees for the benefit of such ordinary shareholders.

Redemption/Purchase of Shares

No shares shall be issued which are redeemable by their terms or at the option of any party, other than preference shares.

The Companies Act permits companies to establish share incentive trusts and provide funds with which such trusts may purchase securities (including debt and equity securities) of the company or its holding company. These securities are to be held by or for the benefit of employees, including salaried directors. The Companies Act also permits such a trust to loan funds to company employees for the purpose of purchasing or subscribing for Harmony securities, provided that such trusts may not loan funds to directors who do not hold salaried employment or office.

The Companies Amendment Act provides that, with effect from June 1, 1999, a company may approve the acquisition of its own shares by special resolution, if authorized to do so by its articles. A company is not, however, permitted to make any form of payment to acquire any of its own shares if there are reasonable grounds for believing that the company is or, after the payment, would be unable to pay its debts or if, after the payment, the consolidated assets of the company fairly valued would be less than the consolidated liabilities of the company. The procedure for acquisition of shares by a company is regulated, in the case of listed companies, both by the Companies Amendment Act and the Listings Requirements of the JSE. The Companies Amendment Act further provides that a company may make payments to its shareholders if authorized by its articles subject to the liquidity and solvency requirements described above.

Harmony is authorized pursuant to its Articles of Association to approve the acquisition of its shares by special resolution from time to time. Harmony is also authorized pursuant to its Articles of Association to make payments in cash or in specie to any class of its shareholders.

Issue of Additional Shares and Pre-emptive Rights

The Companies Act does not provide holders of any class of Harmony’s shares with pre-emptive rights. However, the JSE requires that any new issues of equity shares by companies listed on the exchange must first be offered to existing holders of such shares, in proportion to their current holding.

The JSE will, however, allow a company to issue shares to third parties without first offering them to existing shareholders, in circumstances such as the following:

- pursuant to an employee share incentive scheme the terms of which have been approved by the holders of the relevant class of shares in a general meeting;

- for the acquisition of an asset, provided that if the issue is more than 30% of the company’s issued share capital, a simple majority of holders of ordinary shares present and voting, must vote in favor of the acquisition;

- to raise cash by way of a general issue in the discretion of the directors (but not to related parties) of up to 15% of the issued share capital in any one fiscal year at an issue price with a discount not exceeding 10% of the 30-day weighted average trading price prior to the determination date, provided that the holders of ordinary shares, present and voting at a general meeting, must approve the granting of such authority to the directors by a 75% vote; or

- to raise cash by way of a specific issue of a specified number or a maximum number of shares for cash provided that the holders of ordinary shares, other than controlling shareholders, present and voting, vote in favor of the resolution to issue the shares at a general meeting by a 75% vote. In terms of JSE listings requirements, the circular to be sent to all shareholders informing them of the general meeting must include, *inter alia*:

    i. details of the persons to whom the shares are to be issued if such persons fall into the following categories or other categories identified by the JSE: directors of the company or its subsidiaries or their associates; trustees of employee or directors' share scheme or pension funds; any person having the right to nominate directors of the company; and certain shareholders holding more than 10% of the issued share capital;

    ii. if the persons to whom the shares are to be issued are related parties, an independent expert's opinion that the issue price is fair and reasonable; and

    iii. should the maximum size of the issue equal or exceed 30% of the company's issued share capital, full listing particulars which include, *inter alia*, a reporting accountant's report and, in the case of a mining company, a competent person's report setting out technical details of the company's operations and assets.

Transfer of Shares

Owners of Harmony ordinary shares may transfer any or all of their shares in writing in any common form or in any form approved by the Harmony directors. Every instrument of transfer must be executed by the transferor or, if the directors so determine, by the transferor and the transferee. The transferor will remain the holder of the ordinary shares transferred until the name of the transferee is entered in Harmony's register of members in respect of such ordinary shares.

The Harmony Board may refuse to recognize any instrument of transfer that is not duly stamped (if required) or is not accompanied by appropriate evidence of the transferor's title. Such right of refusal will not prevent dealings occurring on an open and proper basis. Harmony retains all instruments of transfer that are registered. Any instrument of transfer that the Harmony Board refuses to register is, except in the case of fraud, returned on demand to the person depositing such instrument.

Rights of Minority Shareholders and Fiduciary Duties

Majority shareholders of South African companies have no fiduciary obligations under South African common law to minority shareholders. However, under the Companies Act, a shareholder may, under certain circumstances, seek relief from the court if he has been unfairly prejudiced by the company. The provisions in the Companies Act are designed to provide relief for oppressed shareholders without necessarily overruling the majority's decision. There may also be common law personal actions available to a shareholder of a company.

The fiduciary obligations of directors may differ from those in the U.S. and certain other countries. In South Africa, the common law imposes on directors a duty to act with care, skill and diligence and fiduciary duties, which include the duty to conduct the company's affairs honestly and in the best interests of the company.

Description of Preference Shares

This section summarizes the material provisions of Harmony's preference shares as set out in Harmony's Memorandum and Articles of Association, the Companies Act and the JSE listings requirements, each as currently in effect. It does not purport to be complete and is qualified in its entirety by reference to all of the provisions of those sources.

Dividends

The holders of preference shares are not entitled to receive dividends out of Harmony's profits or to participate in any other distribution to the holders of Harmony ordinary shares.

Voting Rights

The holders of preference shares are not entitled to vote at any shareholder meeting, unless the preference share redemption price is in arrears and unpaid for five business days from the due date or a resolution of shareholders is proposed that directly affects the rights attached to the preference shares or the interests of the holders of preference shares.

Whenever a preference shareholder is entitled to vote, the preference shareholder is entitled to that proportion of the total votes in Harmony which the aggregate amount of the par value of the preference shares held by the holder bears to the aggregate par value of the entire issued share capital of Harmony.

Participation/Distribution of Assets on Liquidation

The preference shares rank prior to Harmony's ordinary shares and any other class of Harmony's shares with regard to the return of capital, but are not otherwise entitled to any participation in the profits and losses of Harmony or, on a winding-up, to any participation in any of the surplus assets of Harmony. On a winding-up of Harmony, the preference shares are entitled to the payment of an amount equal to the redemption price (equal to par value), which payment ranks prior to any payment on any other class of Harmony shares. The preference shares do not confer the rights to participate in the distribution of any surplus assets of Harmony.

Redemption

A holder of preference shares has the right, upon 24 hours' prior written notice to Harmony (excluding hours during non-business days), to convert all or any portion of the preference shares held by it into ordinary shares on a one for one basis, subject to the payment to Harmony of an amount equal to Rand 41.50 per preference share being converted. Upon the expiry of a five-year period following their date of issue, Harmony will redeem all outstanding (unconverted) preference shares at the redemption price.

Transfer of Shares

The preference shares are non-transferable.

Description of Harmony Warrants

The following is a summary of the material terms of the warrants and the warrant agency agreement entered into by Harmony and The Bank of New York, as U.S. warrant agent. This summary is subject to and qualified in its entirety by reference to the terms of the warrants and the warrant agency agreement, which have been filed as exhibits to this annual report.

General

Each warrant, when exercised, entitles the warrantholder to purchase one of Harmony's ordinary shares at an exercise price of Rand 43.00 per ordinary share or the U.S. dollar equivalent determined as described herein, in each case subject to certain adjustments as described herein. Warrantholders may elect to receive delivery of ordinary shares in the form of ADSs. The exercise price may be paid in Rand or in U.S. dollars, with the U.S. dollar exercise price determined in the manner described below. Holders exercising their warrants through The Bank of New York, as U.S. warrant agent, must pay the U.S. dollar exercise price and warrantholders electing to receive delivery of ADSs must exercise their warrants through the U.S. warrant agent. The exercise price and the number of ordinary shares issuable upon exercise of a warrant are both subject to adjustment from time to time as described below.

The warrants may be exercised on any business day on or before June 29, 2003, or the expiration date, subject to certain exceptions described below. A business day is any day, excluding Saturday and Sunday, on which banking institutions are generally open for normal banking business in Johannesburg and New York. Any warrant not exercised before 5:00 p.m. (Johannesburg time) on the expiration date will become void, and all rights of the warrantholders under the warrants and the warrant agency agreement will cease.

The warrants were issued in registered, certificated form or, at the warrantholder's option, electronically in paperless, dematerialized form through the STRATE system. See "Item 9. The Offer and Listing—Markets—The JSE Securities Exchange South Africa." Harmony is entitled to issue one certificate in respect of any number of warrants held by the same warrantholder. Harmony is entitled to treat the registered holder of any warrant on the warrant register as the owner in fact of such warrant for all purposes and is not bound to recognize any other claim to or interest in such warrant on the part of any other person or entity. A register for all warrants is maintained by Harmony's transfer secretary in South Africa. A sub-register for the warrants is maintained by the U.S. warrant agent.

During the period in which the warrants may be exercised, no portion of the ordinary share capital of Harmony will be repaid or redeemed while any of the warrants are unexercised.

Exercise of the Warrants

In order to exercise all or any of its warrants, a warrantholder is required to deliver to the U.S. warrant agent or Harmony's transfer secretaries in South Africa, as applicable, an executed exercise and surrender form, a warrant certificate and payment of the exercise price. The exercise and surrender form can be obtained from the U.S. warrant agent or the transfer secretaries upon request.

Warrantholders electing to receive ADSs upon exercise of the warrants may send the documents referred to above only to the U.S. warrant agent. If a holder elects to exercise through the U.S. warrant agent, the exercise price, any fees, except issuance fees, of the Depositary and taxes, if any, must be paid in U.S. dollars. If a holder is paying in Rand, the documents referred to above, together with the exercise price, must be sent to Harmony's transfer secretaries in South Africa. With respect to any exercise, warrantholders will need to indicate in the exercise and surrender form, among other things, the amount of warrants being exercised and whether it wants to receive ordinary shares or ADSs.

Payment of the exercise price may be made in the form of a check or bank draft payable to Harmony (or, in the case of payments made through the U.S. warrant agent, to The Bank of New York for the account of Harmony) or by wire transfer of immediately available funds to an account of Harmony's that will be specified in the exercise and surrender form. Warrantholders electing to pay in U.S. dollars must forward the documents referred to above, with the exception of the exercise price, to the U.S. warrant agent or the transfer secretaries, in accordance with the above procedures. If the holder elects to receive ADSs, these documents must be forwarded to the U.S. warrant agent. Upon receipt of such documents, the U.S. warrant agent or transfer secretaries will calculate the exercise price for the warrants being exercised based on the applicable U.S. dollar/Rand exchange rate, using the noon buying rate for Rand in effect on the business day preceding the date on which such documents were posted or otherwise sent (evidence of which may be provided by a post mark or other reasonable means). The U.S. warrant agent or the transfer secretaries will inform the warrantholder by telephone, facsimile or other reasonably prompt means of the amount payable in U.S. dollars, which the warrantholder will be required to send by check or bank draft payable to Harmony or by wire transfer of immediately available funds to an account of Harmony's that will be specified in the exercise and surrender form. Any determinations by the U.S. warrant agent or the transfer secretaries of U.S. dollar amounts owed by warrantholders will be binding, conclusive and final. The U.S. warrant agent or the transfer secretaries have the right to treat a purported exercise of warrants in U.S. dollars as void in the event of unreasonable delay in payments by a warrantholder regardless of the reason for the delay and, in such circumstances, warrantholders may be subject to a penalty or fee before their warrant certificates and exercise and surrender forms are returned. Warrantholders electing to pay in U.S. dollars must allow adequate time for determination of the amount payable in U.S. dollars and payment of that amount prior to the expiration date in order to validly exercise warrants.

Once the exercise and surrender form, warrant certificate and payment have been received by the U.S. warrant agent or transfer secretaries pursuant to the terms of the exercise and surrender form, the warrants will be deemed to be irrevocably exercised, unless the directors of Harmony determine otherwise in the circumstances set forth below under "—Closed Periods" and "—Blackout Periods," and the warrants will be cancelled. If a warrantholder produces evidence and signs a form satisfactory to Harmony, that a warrant certificate has been lost or destroyed, Harmony may dispense with the requirement to surrender the certificates upon exercise. If a certificate has been defaced, lost or destroyed, it may be replaced on such terms, if any, as Harmony's directors deem appropriate, including terms regarding any evidence and indemnities required to be delivered by the warrantholder.

Closed Periods

A warrant may not be exercised:

- after 5:00 p.m. (Johannesburg time) on the expiration date; and
- at any time between the date on which Harmony declares a dividend on its ordinary shares and the date on which Harmony's shareholders must be registered to receive that dividend.

Blackout Periods

Although Harmony is responsible for ensuring that the registration statement and the prospectus relating to the ordinary shares to be delivered on exercise of the warrants is kept current regarding any material developments with respect to Harmony and its operations, it is possible that the registration statement or prospectus may not be current during certain periods when a development has arisen but is not immediately reflected in the registration statement and prospectus. During these periods, the U.S. warrant agent or transfer secretaries, acting on behalf of Harmony, will refuse to permit a warrantholder to exercise its warrants to the extent the warrantholder has not certified in the exercise and surrender form that it is outside the United States. Harmony will agree to notify the U.S. warrant agent of any closed or blacked-out periods promptly after such period has been determined.

Issuance of Harmony Ordinary Shares and ADSs

No later than 14 days after the valid exercise of a warrant, Harmony will allot the ordinary share in respect of the exercised warrant to the exercising warrantholder or, if the warrantholder has elected to receive ADSs, to the U.S. warrant agent, for deposit with The Bank of New York, in its capacity as Depositary for the ADSs. If the exercising warrantholder has elected to receive an ordinary share, but has not elected to have that ordinary share delivered through STRATE, Harmony will issue a share certificate in respect of the ordinary share no later than 21 days after the date the warrant is exercised. Harmony will apply to each stock exchange on which its ordinary shares are listed for the admission to listing of the ordinary shares issued pursuant to the exercise of the warrant, as soon as practicable after issue of the ordinary shares. With respect to ADSs, the U.S. warrant agent will deliver, as promptly as practicable, ADSs to the warrantholder following the Depositary's receipt of ordinary shares from Harmony and the U.S. warrant agent's receipt of such ADSs from the Depositary, and Harmony will cause the ADSs to be listed on The Nasdaq Stock Market. If not all of the warrants held under the warrantholder's warrant certificate are exercised, Harmony will issue, along with the ordinary shares, free of charge, a new warrant certificate in the name of the warrantholder for the balance of the unexercised warrants.

Warrantholders are responsible for ensuring that any exercise of warrants is made in compliance with applicable securities and other laws in their jurisdiction, including, in the case of warrantholders in the United States, applicable securities laws of any State of the United States.

Not less than six weeks nor more than two months before the expiration date, Harmony will send written notice to each warrantholder, reminding them that their warrants expire on the expiration date.

Transfers of the Warrants

Any warrant may be transferred to another party. Warrantholders transferring through the South African transfer secretaries may be required to give written notice signed by the transferring warrantholder and the warrant certificate to the South African transfer secretaries. A warrant certificate must accompany the written notice of these transfers unless such notice has been certified under Section 136 of the South African Companies Act, 1973 or the directors of Harmony consent to the transfers without certificate upon good cause being shown. Harmony may decline to recognize the written notice of transfer of the warrant if the stamp duty has not been paid, the warrant certificate, if necessary, is not included, or if the evidence produced is insufficient to show the right of the transferor to make the transfer. To the extent that any warrants clear and settle through the facilities of the Depository Trust Company, these transfer procedures, and other procedures, may be adjusted as appropriate and in accordance with customary practice.

If a warrant is transferred, the new warrantholder will be entitled to a certificate for the warrant as promptly as practicable following registration of the transfer. A service charge may be assessed for registration of transfer or exchange upon surrender of any warrant at the office of the U.S. warrant agent or the transfer secretaries, including exchanges of warrants between the U.S. register and the South African register. Stamp duty or other governmental charges may be payable upon transfer. Harmony may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of warrants.

Warrantholders are responsible for ensuring that any transfer of warrants is made in compliance with applicable securities and other laws in their jurisdiction, including, in the case of warrantholders in the United States, applicable securities laws of any State of the United States.

Rights as Warrantholders

Holders of unexercised warrants are not entitled, as such, to any rights of a shareholder, including the right to receive dividends or other distributions, vote on matters submitted to Harmony's shareholders, receive notice of any meeting of the shareholders, consent to any action of the shareholders or receive notice of any other shareholder proceedings.

Harmony is obligated to send to each warrantholder a copy of its annual financial statements and each circular, notice or other document which is sent to its shareholders.

Adjustments

Harmony will notify warrantholders and the warrant agent if it proposes to:

- give its shareholders a right to subscribe for new ordinary shares or other new securities by way of a rights issue, rights offer or otherwise; or

- allot any ordinary shares which are credited as fully paid by way of capitalization of profits or reserves, but not paid up out of distributable reserves, and issued in lieu of a cash dividend, to shareholders.

If such a proposal is made, warrantholders may exercise their warrants in order to participate. With respect to warrants that are not exercised, Harmony's directors may use their discretion to adjust the number of ordinary shares for which the warrantholder may exercise and/or the exercise price of those warrants accordingly. Harmony will notify the holders of unexercised warrants and the U.S. warrant agent within 28 days after the record date of any such proposed action, as described above, of any adjustments made to the terms of the warrants, including the amount of ordinary shares to be subscribed on any subsequent exercise of a warrant and the exercise price. Harmony will send out new warrant certificates reflecting any such adjustment.

Upon any consolidation or subdivision of Harmony's ordinary shares, the number of ordinary shares to be purchased under the warrants will be reduced or increased in proportion and/or the exercise price will be adjusted accordingly. The auditors of Harmony at the time of the consolidation or subdivision will certify the correctness of the adjustments, and notices of the adjustments and new warrant certificates will be sent to warrantholders and the warrant agent within 28 days of such certification.

Neither Harmony nor The Bank of New York is required to deliver fractional ordinary shares, ADSs or warrants as a result of any adjustments described in this section.

Changes in Control and Winding Up

In the event of a change of control of Harmony, in circumstances where the Securities Regulation Panel of South Africa does not require the acquiror to make a comparable offer to warrantholders to acquire their warrants, Harmony will use reasonable efforts to procure that the acquiror nevertheless makes a comparable offer (which may involve a condition that a warrantholder who accepts the offer remains liable to pay the exercise price) to the warrantholders.

If an order is made by a court or an effective resolution is passed for the winding up of Harmony (except for the purpose of a reconstruction, amalgamation or on terms which have been consented to or sanctioned by warrantholders), Harmony will give notice of such winding up to all warrantholders. Warrantholders will then have the right, within a reasonable period set by the liquidator, to elect for the purpose of such winding up to remain warrantholders or to exercise their warrants at the warrant exercise price with effect from the date of commencement of the winding-up. Warrantholders who so exercise their warrants will be entitled to be paid out of the assets of Harmony available for distribution on the same terms as other the ordinary shareholders of Harmony.

Amendments

The terms and conditions of the warrants may not be cancelled, amended or supplemented and Harmony will not modify the rights attaching to its existing ordinary shares or issue shares or warrants for shares or other securities which are convertible into shares if those shares or warrants for shares or other securities carry more favorable voting, dividend or capital rights than the rights carried by Harmony's then existing issued ordinary shares except with either:

- the consent in writing of the registered warrantholders entitled to subscribe for at least three-fourths in nominal amount of the ordinary shares attributable to the then unexercised and outstanding warrants; or
- the prior approval of a resolution passed at a separate meeting of the holders of the warrants,

except that the directors of Harmony may make modifications to the terms and conditions of the warrants which are of a formal, minor or technical nature, or made to correct a manifest error.

Harmony will give notice to each warrantholder of any changes, supplements or amendments made to the terms and conditions of the warrants pursuant to the two procedures described in the paragraph above, but not any which are of a formal, minor or technical nature, or made to correct a manifest error.

Reservation of Ordinary Shares

At all times while a warrant is unexercised, Harmony will have in reserve sufficient unissued ordinary shares under the control of its directors for allotment and issue to the holders of unexercised warrants.

Governing Law

The warrants are governed by the laws of South Africa. The warrant agency agreement is governed by the laws of the State of New York.

Variation of Rights

Harmony may vary the rights attached to any issued or not yet issued shares by special resolution. However, if at any time the issued share capital is divided into different classes of shares, the rights attached to any class may not be varied except with the consent in writing of the holders of at least 75% of the issued shares of that class or through a resolution passed at a separate general meeting of the holders of the shares of that class. The quorum for such a meeting shall be the lesser of (i) 3 shareholders or (ii) 75% of the shareholders of that class, present in person or by their representatives, agents or proxies, provided that such shareholders must control or hold at least one half of the issued shares of that class. A share shall be a share of a different class from another share if the two shares do not rank *pari passu* in every respect.

Changes in Capital or Objects and Powers of Harmony

The provisions of Harmony’s Memorandum and Articles of Association pertaining to changes in Harmony’s share capital and powers are substantially equivalent to the provisions of the Companies Act. Harmony may by special resolution:

- increase its authorized or paid-up share capital;
- consolidate and divide all or any part of its shares into shares of a larger amount;
- increase the number of its no par value shares without an increase of its stated capital;
- sub-divide all or any part of its shares having a par value;
- convert all of its ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value and vice versa;

- convert its stated capital constituted by ordinary or preference shares of no par value into share capital consisting of shares having a par value;
- vary the rights attached to any shares whether issued or not yet issued;
- convert any of its issued or unissued shares into shares of another class;
- convert any of its paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination;
- convert any of its issued shares into preference shares which can be redeemed;
- cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorized share capital by the amount of the shares so cancelled; or
- reduce the authorized share capital.

Harmony may by ordinary resolution:

- reduce its issued share capital;
- reduce its stated capital; or
- reduce its capital redemption reserve fund and share premium account.

Meetings of Shareholders

The Harmony directors may at any time convene general meetings of Harmony's shareholders. The directors shall convene a general meeting upon request of shareholders in accordance with the provisions of the Companies Act. No more than fifteen months may elapse between the date of one annual general meeting and the next, and the annual general meeting shall be held within six months after the expiration of each financial year of Harmony.

Harmony is required to provide its members with written notice of meetings, which shall specify the place, the day and time of the meeting. In every notice calling a meeting of Harmony or of any class of members of Harmony, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote in lieu of such person and that a proxy need not also be a member. Notice of a general meeting shall be given to the JSE and to the following persons and no other person shall be entitled to receive notice of general meetings:

- To every member of Harmony except any member who has not supplied to Harmony a registered address for the giving of notices;
- To every person entitled to a share in consequence of the death or insolvency of a member;
- To the directors and auditor for the time being of Harmony; and
- By advertisement to the holders of share warrants to bearer.

Annual general meetings and meetings calling for the passage of a special resolution require twenty-one days' notice in writing. Any other general meeting requires no less than fourteen days' notice in writing. A meeting called upon shorter notice shall be deemed to have been duly called if a majority in number of the members having a right to attend and vote at the meeting agree to such a shortened notice period, and if such members hold no less than 95% of the total voting rights of all members.

Harmony business may be transacted at a general meeting only when a quorum of members is present. Three members present personally or by representative and entitled to vote are a quorum.

The annual general meeting deals with and disposes of all matters prescribed by the Harmony Articles of Association and by the Companies Act, including:

- the consideration of the annual financial statements and report of the auditors;
- the election of directors;
- the appointment of auditors; and
- any business arising from the annual financial statements considered at the meeting.

The holder of a general or special power of attorney given by a member, whether the holder is a member or not, shall be entitled to attend meetings of Harmony or of any class of members of Harmony and to vote at such meetings if so authorised by the power of attorney. Any member may appoint a proxy, who need not be a member, to attend, speak and, subject to the provisions of the Companies Act, to vote in his place on a show of hands and on a poll at any general meeting or at any meeting of any class of members. The instrument appointing a proxy to vote at a meeting of Harmony and the power of attorney or other authority shall be deposited at the transfer office of Harmony not later than 48 hours (excluding Saturdays, Sundays and Public Holidays) before the meeting at which the person empowered proposes to vote. No instrument appointing a proxy shall be valid after the end of a period of 6 months commencing on the date on which it is signed unless otherwise expressly stated in the proxy.

Title to Shares

The registered holder or holders of any shares shall, during his or their respective lifetimes and while not subject to any legal incapacity, be the only person or persons recognized by Harmony as having any right to, or in respect of, such shares and, in particular, Harmony shall not be bound to recognize:

- That the registered holder or holders hold such shares upon trust for, or as the nominee of, any other person; or
- That any person, other than the registered holder or holders, holds any contingent, future or partial interest in such shares or any interest in any fractional part of any of such shares.

Where any share is registered in the names of two or more persons they shall be deemed to be joint holders. Accordingly where any member dies, the survivor or survivors, where the deceased was a joint holder, and the executor of the deceased, where the deceased was the sole holder, shall be the only persons recognized by Harmony was having any right to the interest of the deceased in any shares of Harmony.

Harmony may enter in the register as member, *nomine officii*, of Harmony, the name of any person who submits proof of his appointment as the executor, administrator, trustee, curator or guardian in respect of the estate of a deceased member of Harmony or of a member whose estate has been sequestrated or of a member who is otherwise under disability or as liquidator of any body corporate in the course of being wound up which is a member of Harmony, and any person whose name has been so entered in the register shall be deemed to be a member of Harmony.

Non-South African Shareholders

There are no limitations imposed by South African law or by the Articles of Association of Harmony on the rights of non-South African shareholders to hold or vote Harmony's ordinary shares or securities convertible into ordinary shares.

Disclosure of Interest in Shares

Until recently, there was generally no requirement in South Africa for persons or a group of persons acting in concert to disclose a beneficial ownership interest in shares. Pursuant to the Companies Amendment Act Number 37 of 1999, where securities of an issuer are registered in the name of a person and that person is not the holder of the beneficial interest in all of the securities so held, it is obliged, at the end of every three-month period after June 30, 1999 (i.e., commencing on September 30, 1999), to disclose to the issuer the identity of each person on whose behalf the registered holder holds securities and the number and class of securities issued by that issuer held on behalf of each such person. Moreover, an issuer of securities may, by notice in writing, require a person who is a registered shareholder, or whom the issuer knows or has reasonable cause to believe to have a beneficial interest in, a security issued by the issuer, to confirm or deny whether or not such person holds that beneficial interest and, if the security is held for another person, to disclose to the issuer the identity of the person on whose behalf a security is held. The addressee of the notice may also be required to give particulars of the extent of the beneficial interest held during the three years preceding the date of the notice. All issuers of securities are obliged to establish and maintain a register of the disclosures described above and to publish in their annual financial statements a list of the persons who hold beneficial interests equal to or in excess of 5% of the total number of securities of that class issued by the issuer together with the extent of those beneficial interests.

Changes in Control

There are various procedures under the Companies Act whereby mergers and takeovers can be effected. These procedures are not exclusive and there are a variety of techniques that can be used to acquire control. All of these procedures are, however, subject to control by the Securities Regulation Panel and the requirements embodied in the Securities Regulation Code on Take-overs and Mergers shall be adhered to. The JSE Listing Requirements also contain certain requirements with regard to the process involved in a merger or takeover. While the requirements of the Securities Regulation Panel and the JSE Listings Requirements might have the general effect of delaying, deferring or preventing a change in control of a company, Harmony's Memorandum and Articles of Association do not impose additional restrictions on mergers or takeovers.

Register of Members

Harmony keeps a register of shareholders at Harmony's office and at the office of Harmony's transfer secretaries in South Africa, and Harmony's transfer secretaries in the United Kingdom keep a branch shareholders' register at their offices.

The register of members includes:

- the names and address of the members;
- the shares held by each member, distinguishing each share by its denoting number, if any, by its class or kind, and by the amount paid or deemed to be paid thereon;
- the date on which the name of any person was entered in the register as a member; and
- the date on which any person ceased to be a member.

Annual Report and Accounts

The Board is required to keep such accounting records and books of account as are prescribed by the Companies Act.

The directors will cause to be prepared annual financial statements and an annual report as required by the Companies Act and the JSE rules. Harmony will deliver a copy of the annual report and annual financial statements to every member not less than twenty-one days prior to the date of each annual general meeting.

MATERIAL CONTRACTS

Harmony enters into material contracts in connection with its business, as described in "Item 4. Information on the Company—Business" and in connection with financing arrangements, as described in "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources." In addition, in fiscal 2001, Harmony entered into contracts with respect to its shareholdings, as described in "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders."

EXCHANGE CONTROLS

Introduction

The following is a general outline of South African exchange controls. Investors should consult a professional adviser as to the exchange control implications of their particular investments.

The Republic of South Africa's exchange control regulations provide for restrictions on exporting capital from a Common Monetary Area consisting of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland. Transactions between South African residents (including corporations) and between residents and non-residents of the Common Monetary Area are subject to these exchange control regulations which are enforced by the SARB.

Although the exchange rate of the Rand is primarily market-determined, its value at any moment cannot be considered a true reflection of the underlying value of the Rand while exchange controls exist. The South African Government has stated repeatedly that it is committed to phasing out controls in a prudent manner. In line with this commitment, the Financial Rand (part of the dual currency scheme which then existed) was abolished in 1995, and there has subsequently been a practice of leniency in applying certain capital ratios.

In view of the many inherent disadvantages of exchange controls, such as the distortion of the price mechanism, the problems encountered in the application of monetary policy, the detrimental effects on inward foreign investment and the large administrative costs, the South African Finance Minister has indicated that all remaining exchange controls are likely to be dismantled as soon as circumstances are favorable. Exchange controls were partially relaxed in 1996 and further relaxations occurred in 1997, 1998 and 1999 and were announced in the budget speech of the South African Finance Minister on February 24, 2000. The gradual approach to the abolition of exchange controls adopted by the South African Government is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time. The stated objective of the authorities is to reach a point where there is equality of treatment between residents and non-residents in relation to inflows and outflows of capital. Unlimited outward transfers of capital are not permitted at this stage, but the emphasis of regulation is expected to be increasingly on the positive aspects of prudential financial supervision.

The comments below relate to exchange controls in force at June 30, 2001. These controls are subject to change at any time without notice. It is not possible to predict whether existing exchange controls will be abolished, continued or modified by the South African Government in the future.

Government Regulatory Considerations

Generally, the making of loans to Harmony or its subsidiaries, the ability of Harmony and its subsidiaries to borrow from non-South African sources and the repatriation of dividends, interest and royalties by Harmony will be regulated by the Exchange Control Department of the SARB. Harmony is also required to seek approval from the SARB to use funds held in South Africa to make investments outside of South Africa.

A foreign investor may invest freely in shares in a South African company, whether listed on the JSE or not. The foreign investor may also sell his or her share investment in a South African company and transfer the proceeds out of South Africa without restriction. However, when the company is not listed on the JSE, the SARB must be satisfied that the sale price of any shares reflects fair market value.

If a foreign investor wishes to lend capital to a South African company, the prior approval of the SARB must be sought mainly in respect of the interest rate and terms of repayment applicable to such loan.

Where 75% or more of a South African company's capital, voting power, power of control or earnings is directly or indirectly controlled by non-residents, such a company is designated an "affected person" by the SARB, and certain restrictions are placed on its ability to obtain local financial assistance. Harmony is not, and has never been, designated an "affected person" by the SARB.

Sale of Shares

Under present South African exchange control regulations, the ordinary shares, warrants and ADSs of Harmony are freely transferable outside the Common Monetary Area between non-residents of the Common Monetary Area. In addition, the proceeds from the sale of ordinary shares and warrants on the JSE on behalf of those holders of ordinary shares and warrants who are not residents of the Common Monetary Area are freely remittable to those holders. Share certificates and warrant certificates held by non-residents will be endorsed with the words "non-resident."

Dividends

Although payments to non-South African residents are subject to SARB approval, in practice, dividends are freely transferable out of South Africa from both trading and non-trading profits earned in South Africa through a major bank as agent for the SARB. "Affected persons" must apply for SARB approval for the remittance of dividends offshore if such companies have made use of local borrowing facilities.

As a general matter, an "affected person" that has accumulated historical losses may not declare dividends out of current profits unless and until that person's local borrowings do not exceed the local borrowings limit.

Interest

Interest on foreign loans is freely remittable abroad, provided the loans receive prior SARB approval.

Voting Rights

There are no limitations on the right of non-resident or foreign owners to hold or vote Harmony's ordinary shares imposed by South African law or by Harmony's charter.

CERTAIN SOUTH AFRICAN TAX CONSIDERATION

The discussion in this section is based on current law. Changes in the law may alter the tax treatment of Harmony's ordinary shares, warrants or ADSs, as applicable, possibly on a retroactive basis. The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of Harmony's ordinary shares, warrants or ADSs and does not cover tax consequences that depend upon your particular tax circumstances. In particular, the following summary addresses tax consequences for holders of ordinary shares, warrants or ADSs who are not residents of and who do not carry on business, in South Africa, and who hold ordinary shares, warrants or ADSs as capital assets (that is, for investment purposes). Harmony recommends that you consult your own tax advisor about the consequences of holding Harmony's ordinary shares, warrants or ADSs, as applicable, in your particular situation.

The following discussion represents the views of Cliffe Dekker Fuller Moore Inc., South African counsel to Harmony.

Dividends

With effect from October 1, 1995, South Africa repealed all legislation imposing any withholding tax on dividends. Consequently, Harmony will not be obliged to withhold any form of non-resident shareholders' tax on dividends paid to non-residents of South Africa.

Capital Gains Tax

While South African tax law does not presently impose any form of capital gains tax, a capital gains tax will be introduced with effect from October 1, 2001. At present, profits derived from the sale of shares in, or warrants of, a South African company will generally only be subject to tax in South Africa if the seller carries on business in South Africa as a share dealer, and the profits are realized in the ordinary course of that business. Profits derived from the sale of South African shares held as investments, or by sellers who have no business presence in South Africa, are therefore not generally subject to South African tax under current law. The Treaty only permits the imposition of an income or withholding tax on gains of a United States resident seller from the sale of shares where such shares form part of the business property of a permanent establishment which the seller has in South Africa or pertain to a fixed base available to the seller in South Africa for the purpose of performing independent personal services.

With effect from October 1, 2001, a capital gains tax will be imposed on capital gains realized or shares sold in a South African company. However, only those sellers of shares or warrants who are residents of, or have a permanent business establishment in, South Africa will be liable for the tax.

Stamp Duty on the Shares and Warrants

South African stamp duty is payable by the company upon the issue of shares at the rate of 0.25% of the higher of the consideration or the market value of the issue price. Such stamp duty will be paid by Harmony. While no stamp duty is payable upon the issue of warrants, stamp duty will be payable by Harmony upon the issue of shares pursuant to the exercise of warrants.

On a subsequent registration of transfer of shares or transfer of warrants, South African stamp duty is generally payable for off-market transactions (i.e., other than through a stockbroker) and a marketable securities tax, or MST, is generally payable for on-market transactions (i.e., through a stockbroker), each at 0.25% of the market value of the shares concerned or, in the case of warrants, the sale value. South African stamp duty and MST is payable regardless of whether the transfer is executed within or outside South Africa. In respect of transactions involving dematerialized shares or warrants, uncertified securities tax will be payable at the same rates.

There are certain exceptions to the payment of stamp duty where, for example, the instrument of transfer is executed outside South Africa and registration of transfer is effected in any branch register kept by the relevant company, subject to certain provisions set forth in the South African Stamp Duties Act of 1968. Transfers of ADSs between non-residents of South Africa will not attract South African stamp duty; however, if securities are withdrawn from the deposit facility or the relevant Deposit Agreement is terminated, stamp duty will be payable on the subsequent transfer of the shares. An acquisition of shares from the Depositary in exchange for ADSs representing the relevant underlying securities will also render an investor liable to South African stamp duty at the same rate as stamp duty on a subsequent transfer of shares, upon the registration of the investor as the holder of shares on the company's register.

Capitalization Shares

Capitalization shares distributed at the option of holders of shares in lieu of cash dividends do not incur secondary market tax, or STC, and it has become common practice for listed South African companies to offer capitalization shares in lieu of cash dividends. No South African tax (including withholding tax) is payable in respect of the receipt of these shares by the recipients thereof.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Except as described below under the heading "Non-U.S. Holders," the following summary describes the material U.S. federal income tax consequences for a U.S. holder of owning the ordinary shares and owning and exercising warrants. For purposes of this summary, references to the ordinary shares include the ADSs, unless the context otherwise requires. You will be a U.S. holder if you are an individual who is a citizen or resident of the United States, a U.S. domestic corporation, or any other person that is subject to U.S. federal income tax on a net income basis in respect of an investment in the ordinary shares and the warrants. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the ordinary shares and warrants. In particular, this summary deals only with U.S. holders that will hold the ordinary shares and warrants as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, thrift, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark-to-market treatment, person that will hold the ordinary shares or warrants as a hedge against currency risk or as a position in a "straddle" or conversion transaction, tax-exempt organization, or person whose "functional currency" is not the U.S. dollar.

This summary is based on laws, regulations, rulings, and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary.

You should consult your own tax advisors about the tax consequences of holding the ordinary shares and warrants, or of exercising the warrants, including the relevance to your particular situation of the considerations discussed below, as well as the relevance to your particular situation of state, local, or other tax laws.

If you are not a U.S. holder, or a non-U.S. holder, the discussion below under "—Non-U.S. Holders" will apply to you.

ADSs

In general, if you hold ADSs, you will be treated as the holder of the ordinary shares represented by those ADSs for U.S. federal income tax purposes.

Taxation of Dividends

The gross amount of cash dividends that you receive in respect of the ordinary shares generally will be subject to U.S. federal income taxation as foreign source dividend income.

Dividends paid in South African Rand will be includible in your gross income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day you receive (or the Depositary receives, in the case of the ADSs) the dividend. You generally should not be required to recognize any foreign currency gain or loss to the extent such dividends paid in South African Rand are converted into U.S. dollars immediately upon receipt by the applicable party.

Exercise of Warrants

In general, you will not recognize any gain or loss when you exercise your warrants. The tax basis of the ordinary shares you receive when you exercise your warrants will be equal to your tax basis, as adjusted, in the warrants so exercised, plus the exercise price. Your holding period for the ordinary shares received upon exercise of your warrants will not include the period during which you held the warrants.

The exercise price of the warrants is subject to adjustment under certain circumstances. For U.S. federal income tax purposes, adjustments that have the effect of increasing the proportionate interest of a U.S. holder of the warrants in Harmony's assets or earnings can give rise to deemed dividend income to such holder. In some circumstances (e.g., a distribution of our stock or rights to acquire our stock to holders of ordinary shares), a failure to adjust the exercise price can also give rise to deemed dividend income to a U.S. holder of ordinary shares.

Capital Gains

If you sell your ordinary shares or warrants, you will recognize capital gain or loss in an amount equal to the difference between the amount you realize on the sale and your adjusted tax basis in the ordinary shares or warrants. You will recognize a capital loss if you fail to exercise a warrant prior to its expiration date. Such gain or loss generally will be long-term capital gain or loss if you held the ordinary shares or warrants for more than one year. Long-term capital gain recognized by an individual U.S. holder is generally subject to a maximum tax rate of 20%. Your ability to offset capital losses against income is subject to limitations.

For purposes of determining your tax basis in your ordinary shares and warrants, you will be required to allocate your purchase price among your ordinary shares and warrants according to their respective fair market values at the time of purchase.

Deposits and withdrawals of ordinary shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

To the extent that you incur South African stamp duty, MST or uncertified securities tax in connection with a transfer or withdrawal of ordinary shares or warrants as described under "—Certain South African Tax Considerations—Stamp Duty on the Shares and Warrants" above, such stamp duty, MST or uncertified securities tax will not be a creditable tax for U.S. foreign tax credit purposes.

Non-U.S. Holders

If you are a non-U.S. holder of the ordinary shares, you generally will not be subject to U.S. federal income or withholding tax on dividends received on such ordinary shares, unless such income is effectively connected with your conduct of a trade or business in the United States. If you are a non-U.S. holder of the ordinary shares or warrants, you will also generally not be subject to U.S. federal income or withholding tax in respect of gain realized on the sale of such ordinary shares or warrants, unless (i) such gain is effectively connected with your conduct of a trade or business in the United States or (ii) in the case of gain realized by an individual non-U.S. holder, you are present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

U.S. Information Reporting and Backup Withholding Rules

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. Holders that are not U.S. persons generally are not subject to information reporting or backup withholding. However, such a holder may be required to provide a certification of its non-U.S. status in connection with payments received within the United States or through a U.S.-related financial intermediary.

DIVIDENDS AND PAYING AGENTS

Not applicable.

STATEMENTS BY EXPERTS

Not applicable.

DOCUMENTS ON DISPLAY

Harmony's Memorandum and Articles of Association may be examined at its principal place of business at the corner of Ward Avenue and Main Reef Road, Randfontein, 1760 South Africa. Harmony also files annual and special reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any reports or other information on file at the SEC's public reference room at the following location:

Public Reference Room
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC filings are also available to the public from commercial document retrieval services. Harmony does not file electronically with the SEC, and the documents it files are not available on the website maintained by the SEC.

SUBSIDIARY INFORMATION

Not applicable.

Item 11. *Quantitative and Qualitative Disclosures About Market Risk*

General

Harmony is exposed to market risks, including foreign currency, commodity price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Harmony may enter into derivative financial instruments to manage the exposures. Harmony has policies in areas such as counterparty exposure and hedging practices which have been approved by Harmony's senior management. Harmony does not hold or issue derivative financial instruments for trading or speculative purposes.

Foreign Currency Sensitivity

In the ordinary course of business, Harmony enters into transactions denominated in foreign currencies (primarily U.S. dollars). In addition, Harmony has investments and liabilities in U.S., Canadian and Australian dollars. As a result, Harmony is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Harmony does not generally hedge its exposure to foreign currency exchange rates.

At June 30, 2001, Harmony's liability subject to risk of foreign currency exchange rate fluctuations amounted to $3.5 million. This exposure amount primarily reflected U.S. dollar denominated debt from BAE Systems plc. The aggregate hypothetical loss in earnings on an annual basis that would result from a hypothetical appreciation of 10% in the U.S. dollar against the Rand would be approximately $0.1 million, which is derived by applying an average 8% annual interest rate to the liability subject to risk.

Commodity Price Sensitivity

General

The market price of gold has a significant effect on the results of operations of Harmony, the ability of Harmony to pay dividends and undertake capital expenditures, and the market prices of Harmony's ordinary shares and warrants.

Gold prices have historically fluctuated widely and are affected by numerous industry factors over which Harmony does not have any control. See "Item 3. Key Information—Risk Factors—The profitability of Harmony's operations, and the cash flows generated by those operations, are affected by changes in the market price for gold which in the past has fluctuated widely." The aggregate effect of these factors, all of which are beyond the control of Harmony, is impossible for Harmony to predict.

Harmony's Hedge Policy

Unlike many other gold producers, 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. For more detailed information on Harmony's hedge policy, see "Item 4. Information on the Company—Business—Hedge Policy."

Recently, there have been two instances in which Harmony has made use of gold price hedges: Harmony's forward sale of a portion of the production at Bissett at a set gold price and, in February 2001, put options relating to 1 million ounces of Harmony's production in connection with the syndicated loan facility. Both of these hedges were entered into in order to secure loan facilities. In addition, a significant proportion of the production at Randfontein and a substantial proportion of the production at New Hampton, each which already was hedged when acquired by Harmony, remain hedged.

Sensitivity Analysis

A sensitivity analysis of the mark-to-market valuations of Harmony's hedges as of June 30, 2001 is set forth below.

				Spot gold price at June 30, 2001			
Sensitivity to $ gold spot price	$30	$20	$10	$270.6	($10)	($20)	($30)
Mark-to-market ($ millions) ...	(76.0)	(67.4)	(59.1)	(50.5)	(41.8)	(32.4)	(22.8)
				Weighted average interest rate at June 30, 2000			
Sensitivity to U.S. dollar , Australian dollar and South African rand interest rates	1.5%	1.0%	0.5%	$ = 4.9% A$ = 5.8% SAR = 10.5%	(0.5%)	(1.0%)	(1.5%)
Mark-to-market ($ millions) ...	(57.6)	(55.2)	(52.8)	(50.5)	(48.0)	(45.7)	(43.3)
				$: R exchange rate at June 30, 2001			
Sensitivity to $:R and $:A$ exchange rates	R1.5 A$0.12	R1.0 A$0.08	R0.5 A$0.04	$1.00 = R8.04 $1.00 = A$1.96	(R0.5) (A$0.04)	(R1.0) (A$0.08)	(R1.5) (A$0.12)
Mark-to-market ($ millions) ...	(26.4)	(34.5)	(42.5)	(50.5)	(57.7)	(62.2)	(63.7)

A sensitivity analysis of the mark-to-market valuations of Harmony's hedges as of July 31, 2001 is set forth below.

				Spot gold price at July 31, 2001			
Sensitivity to $ gold spot price	$30	$20	$10	$265.3	($10)	($20)	($30)
Mark-to-Market ($ millions).........	(60.6)	(55.0)	(49.8)	(45.0)	(40.6)	(38.4)	(33.5)
				Weighted average interest rate at July 31, 2001			
Sensitivity to U.S. dollar, Australian dollar and South African Rand interest rates	1.5%	1.0%	0.5%	$ = 4.7% A$ = 5.8% SAR = 10.1%	(0.5%)	(1.0%)	(1.5%)
Mark-to-market ($ millions)	(49.9)	(48.3)	(46.7)	(45.0)	(43.4)	(41.8)	(40.3)
				$:R exchange rate at July 31, 2001			
Sensitivity to $:R and $:A$ exchange rates	R1.5 A$0.12	R1.0 A$0.08	R0.5 A$0.04	$1.00= R8.24 $1.00=A$1.96	(R0.5) (A$0.04)	(R1.0) (A$0.08)	(R1.5) (A$0.12)
Mark-to-market ($ millions)	(31.0)	(34.6)	(39.6)	45.0	(50.9)	(57.5)	(59.7)

Commodity Contracts

Harmony's commodity contracts by type of contract as of June 30, 2001 are set forth below.

	Financial years over which instruments expire						Mark to market
	2002	**2003**	**2004**	**2005**	**2006**	**Total**	**$'000**
(a) Randfontein							
Forward sales							
Ounces	-	-	12,500	37,500	-	50,000	(644)
$/ounce	-	-	284	284	-	284	
Puts purchased							
Ounces	750,000	-	-	-	-	750,000	644
R/ounce	1,990	-	-	-	-	1 990	
Forward purchases							
Ounces	(350,000)	-	-	-	-	(350,000)	(13,481)
$/ounce	309	-	-	-	-	309	
Calls sold							
Ounces	-	27,006	163,526	200,079	59,714	450,325	(11,618)
$/ounce	-	279	296	299	300	297	
Total	400,000	27,006	176,026	237,579	59,714	900,325	(25,099)
(b) New Hampton							
Forward sales							
Ounces	177,304	206,000	9,000	-	-	392,304	(7,739)
A$/ounce	498	514	539	-	-	507	
Puts purchased							
Ounces	-	25,500	227,500	220,000	90,000	563,000	4,752
A$/ounce	-	523	500	498	500	500	
Calls sold							
Ounces	245,000	97,206	175,500	-	-	517,706	(12,989)
A$/ounce	500	523	526	-	-	513	
Calls purchased							
Ounces	(100,000)	-	-	-	-	(100,000)	2,038
A$/ounce	500	-	-	-	-	499	
Total	322,304	328,706	412,000	220,000	90,000	1,373,010	(13,938)
Grand total	722,304	355,712	588,026	457,579	149,714	2,273,335	(39,037)

Commodity Hedging Experience

During the fiscal year ended June 30, 1999, Harmony did not enter into any significant hedging transactions. During the fiscal year ended June 30, 2000, Harmony recorded a gain on financial instruments of $8.6 million. This gain related primarily to the change in the mark-to-market of the speculative financial instruments held by Randfontein from March 1, 2000 to June 30, 2000, offset by the cost of closing out certain of the speculative financial instruments during that period.

During fiscal 2001 Harmony acquired New Hampton, which had a hedge book of approximately 1.5 million ounces. In February 2001, as a condition of the commitment for financing of the syndicated loan facility that Harmony entered into with the acquisitions of the New Hampton and Elandskraal mines, Harmony protected some of its production from downward movements in the gold price by entering into put options relating to the delivery of 1 million ounces of Harmony's 2001 and 2002 production. The put options covered 83.333 ounces per month for 12 months, commencing on March 29, 2001, at a price of Rand 64,000 per kilogram (Rand 1,990 per ounce). Harmony paid Rand 29 million to secure these put options. These put options permitted Harmony to take advantage of increased gold spot prices by allowing the put options to expire without exercise, and merely provided Harmony with downside protection. Harmony closed out these put options during July 2001 and received Rand 3 million ($0.3 million). The gain on financial instruments of $7.6 million in fiscal 2001 related primarily to the change in mark-to-market of derivative financial instruments held by Randfontein between July 1, 2000 and June 30, 2001 and New Hampton between April 1, 2001 and June 30, 2001.

None of Harmony's production was hedged in fiscal 1999. The percentage of Harmony's total production that was hedged in fiscal 2000 was 1.8%, and the average price for production sold under the relevant hedging contracts was $317 per ounce of gold. The percentage of Harmony's total production that was hedged in fiscal 2001 was 1.9%, and the average price for production sold under the relevant hedging contracts was $317 per ounce of gold. Harmony has used seven different counterparties for its current hedge book. These counterparties consist of local and international banks, none of whom have previously failed to perform as required under Harmony's hedging arrangements. These counterparties collectively hold hedges against approximately 9% of Harmony's production, individually and aggregated, over the five years for which Harmony's hedging exists. None of the counterparties are affiliates or related parties of Harmony.

During the fiscal year ended June 30, 2001, Harmony sold 2,140,043 ounces of gold at an average price of $276 per ounce. At a gold price of $250 per ounce, product sales would have amounted to approximately $535 million for the fiscal year ended June 30, 2001, a reduction of approximately $55 million in product sales.

The gold spot price on September 17, 2001 was $285.72 per ounce and during fiscal 2001 the spot gold price generally traded in a price range of $260 to $270 per ounce.

With respect to the remaining forward sales contracts as at June 30, 2001, as long as the spot gold price is below a price range of $254 to $284 per ounce during the period that Harmony is required to deliver the quantities specified in the forward sales contracts, Harmony will benefit from the increased revenue received for the quantities sold under the forward sales contract. Should the spot gold price increase above this price range, Harmony would not benefit from the higher spot gold price with respect to the quantities under the forward sales contract.

With respect to the remaining puts purchased as at June 30, 2001, these options require the third party to accept Harmony's delivery of the amounts of gold specified annually should Harmony exercise its option. This will only occur should the option price exceed the spot price range of $248 to $262 per ounce, and, as such, Harmony has capped the lowest price that could be achieved on the relevant ounces.

With respect to the remaining call options sold as at June 30, 2001, these options require Harmony to deliver the amounts of gold specified annually should the third party exercise its option. This will only occur should the spot gold price exceed the option price range of $250 to $300 per ounce, and, as such, Harmony would not benefit from a spot gold price in excess of this option exercise price range for these quantities.

Interest rate sensitivity

Harmony generally does not undertake any specific actions to cover its exposure to interest rate risk. However, Harmony through its acquisition of Randfontein and New Hampton, holds certain gold lease rate swaps and during June 2001 entered into an interest rate swap on a portion of its senior unsecured fixed rate bonds. Harmony held the following derivatives at June 30, 2001.

	Financial years in which instruments expire						Fair value at June 30, 2001
	2002	**2003**	**2004**	**2005**	**2006**	**Total**	**$'000**
Gold lease rates (receive interest indicated and pay floating)							
(a) Randfontein							
Ounces..........................	-	-	-	300,000	-	300,000	(1,209)
Lease rate receivable	-	-	-	1.5%	-	1.5%	
(b) New Hampton							
Ounces..........................	-	-	318,000	-	581,000	899,000	(7,554)
Lease rate receivable	0%	0.0%	1.4%	0.0%	0.7%	1.0%	
Total	-	-	318,000	300,000	581,000	1,199,000	(8,763)
Interest rate swap on senior unsecured bond (pay variable rate and receive fixed rate)							
Rand amount ('000)	80,000	80,000	80,000	80,000	80,000	400,000	1,035
Fixed rate..........................	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	
Variable rate......................	Based on Zar/Jibar/ Safex plus 1.8% spread						
Rand amount ('000)	40,000	40,000	40,000	40,000	40,000	200,000	138
Fixed rate..........................	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	
Variable rate......................	Based on Zar/Jibar/ Safex plus 2.2% spread						
Total	120,000	120,000	120,000	120,000	120,000	600,000	1,173
Grand total...........................							(7,590)

At June 30, 2001, Harmony's assets and liabilities included certain short term variable rate instruments. The fair value of these instruments would not change significantly as a result of changes in interest rates due to their short term nature and variable interest rate features.

At June 30, 2001, the fair value of Harmony's U.S. dollar-denominated long-term liabilities, including the short-term portion of such liabilities, was estimated at $3.5 million. Long-term loans approximate fair value as they are subject to market bond floating rates. This analysis represents the hypothetical loss in earnings for debt instruments which are sensitive to changes in interest rates and were held by Harmony as at June 30, 2001. The aggregate hypothetical loss in earnings on an annual basis from a hypothetical increase of 10% of LIBOR is estimated to be $0.1 million. Because Harmony's net earnings exposure with respect to debt instruments was tied to the LIBOR rate, this hypothetical loss was modeled by calculating the 10% adverse change in the LIBOR rate, multiplied by the fair value of the respective debt instruments.

Item 12. ***Description of Securities Other than Equity Securities***

Not applicable.

GLOSSARY OF MINING TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the general reader in understanding certain terms as used in this annual report.

Alluvial: the product of sedimentary processes in rivers, resulting in the deposition of alluvium (soil deposited by a river).

Arenaceous: said of a sediment or sedimentary rock consisting wholly or in part of sand-sized fragments or having a sandy texture or the texture of such a sediment or rock.

Arsenopyrite: a mineral compound of iron, arsenic and sulfur.

Auriferous: a substance that contains gold.

Call option: a contract which permits the owner to purchase an asset at a specified price on or before a specified date.

Call sale: a right, but not an obligation, of a party, sold to such party at a specified cost, to buy a specific quantity of a commodity at a specified future date for a fixed price.

Carbon In Leach (CIL): a process similar to CIP (described below) except that the ore slurries are not leached with cyanide prior to carbon loading. Instead, the leaching and carbon loading occur simultaneously.

Carbon In Pulp (CIP): a common process used to extract gold from cyanide leach slurries. The process consists of carbon granules suspended in the slurry and flowing counter-current to the process slurry in multiple-staged agitated tanks. The process slurry, which has been leached with cyanide prior to the CIP process, contains solubilized gold. The solubilized gold is absorbed onto the carbon granules which are subsequently separated from the slurry by screening. The gold is then recovered from the carbon by electrowinning onto steel wool cathodes or by a similar process.

Cash cost: a measure of the average cost of producing an ounce of gold, calculated by dividing the total cash working costs in a period by the total gold production over the same period. Working costs represent total operating costs less certain administrative expenses, royalties and depreciation. In determining the cash cost of different elements of the operations, production overheads are allocated pro rata.

Channel width: the total thickness of the entire reef unit to be mined, including internal waste, but excluding external waste.

Conglomerate: a course-grained clastic sedimentary rock, composed of rounded to subangular fragments larger than 2mm in diameter (granules, pebbles, cobbles, boulders) set in a fine-grained matrix of sand or silt, and commonly cemented by calcium carbonate, iron oxide, silica or hardened clay.

Contained ounces: gold ounces from which neither extraction, dilution nor processing recovery losses have been deducted.

Crosscut: a mine working which is driven horizontally and at right angles to an adit, drift or level.

Cut and fill: a method of underground mining in which a stope is excavated and refilled with material (waste or tailings).

Cut-off grade: the grade at which the total profit from mining the orebodies, under a specified set of mining parameters, is maximized.

Cyanide leaching: the extraction of a precious metal from an ore by its dissolution in a cyanide solution.

Depletion: the decrease in quantity of ore in a deposit or property resulting from extraction or production.

Development: activities (including shaft sinking and on-reef and off-reef tunneling) required to prepare for mining activities and maintain a planned production level and those costs to enable the conversion of mineralized material to reserves.

Doré: unrefined alloy consisting of 60% to 90% gold with lesser quantities of silver and base metals which will be further refined to almost pure gold by a smelter or refinery.

Electro-winning: the process of removing gold from solution by the action of electric currents.

Elution: removal of the gold from the activated carbon before the zinc precipitation stage.

Exploration: activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.

Fabricated gold: gold on which work has been performed to turn it into a product, such as jewelry, which differs from a pure investment product, such as a gold bullion bar.

Faulting: the process of fracturing that produces a displacement of rock.

Fluvial: produced by the action of a stream or river.

Footwall: the underlying side of a fault, orebody or stope.

Forward contract: an agreement for the sale and purchase of an asset at a specified future date at a fixed price.

Forward currency sale contract: an agreement for the sale of a specific quantity of one currency for another currency at a specified future date at a fixed exchange rate.

Forward purchase: an agreement for the purchase of a commodity at a specified future date at a fixed price.

Forward sale: the sale of a commodity for delivery at a specified future date and price.

Free milling: term applied to the process of recovering gold after grinding (milling) its host mineral to a predetermined particle size.

Gold reserves: the gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tons and head grade).

Gold lease rate swap: an agreement to pay a floating lease rate in exchange for the fixed lease rate inherent in establishing the fixed price in one or more forward gold sales.

Grade: the quantity of metal per unit mass of ore expressed as a percentage or, for gold, as ounces of gold per ton of ore.

Greenfield: a potential mining site of unknown quality.

Greenstone: a field term applied to any compact dark-green altered or metamorphosed basic igneous rock that owes its color to the presence of chlorite, actinolite or epidote.

Grinding: reducing mineralized rock to the consistency of fine sand by crushing and abrading in a rotating steel grinding mill.

Hanging wall: the overlying side of a fault, orebody or stope.

Head grade: the grade of the ore as delivered to the metallurgical plant.

Heap leaching: a low-cost technique for extracting metals from ore by percolating leaching solutions through heaps of ore placed on impervious pads. Generally used on low-grade ores.

In situ: in place, i.e. within unbroken rock or still in the ground.

Leaching: dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration on to the activated carbon.

Level: the workings or tunnels of an underground mine which are on the same horizontal plane.

Lenticular: resembling in shape the cross section of a lens.

Littoral: of or pertaining to a shore.

Mark-to-market: the current fair value of a derivative based on current market prices or to calculate the current fair value of a derivative based on current market prices, as the case may be.

Measures: conversion factors from metric units to U.S. units are provided below.

Metric unit		U.S. equivalent
1 tonne	= 1 t	= 1.10231 short tons
1 gram	= 1g	= 0.03215 ounces
1 gram per tonne	= 1 g/t	= 0.02917 ounces per short ton
1 kilogram per tonne	= 1 kg/t	= 29.16642 ounces per short ton
1 kilometer	= 1 km	= 0.621371 miles
1 meter	= 1 m	= 3.28084 feet
1 centimeter	= 1 cm	= 0.3937 inches
1 millimeter	= 1 mm	= 0.03937 inches

Metallurgical plant: a processing plant used to treat ore and extract the contained gold.

Metallurgy: in the context of this document, the science of extracting metals from ores and preparing them for sale.

Mill delivered tons: a quantity, expressed in tons, of ore delivered to the metallurgical plant.

Milling/mill: the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

Mineable: that portion of a mineralized deposit for which extraction is technically and economically feasible.

Mineralization: the presence of a target mineral in a mass of host rock.

Mineralized material: a mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. Such a deposit does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

Morphology: the form or shape of a crystal or mineral aggregate.

Open pit/Open cut: mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

Ore: a mixture of mineralized material from which at least one of the contained minerals can be mined and processed at an economic profit.

Ore grade: the average amount of gold contained in a ton of gold bearing ore expressed in ounces per ton.

Ore reserves: that part of mineralized material which at the time of the reserve determination could be economically and legally extracted or produced. Ore reserves are reported as general indicators of the life of mineralized materials. Changes in reserves generally reflect:

- development of additional reserves;
- depletion of existing reserves through production;
- actual mining experience; and
- price forecasts.

Grades of ore actually processed may be different from stated reserve grades because of geologic variation in different areas mined, mining dilution, losses in processing and other factors. Recovery rates vary with the metallurgical characteristics and grade of ore processed.

Neither reserves nor projections of future operations should be interpreted as assurances of the economic life of mineralized material nor of the profitability of future operations.

Orebody: a well defined mass of mineralized material of sufficient mineral content to make extraction economically viable.

Ounce: one Troy ounce, which equals 31.1035 grams.

Overburden: the soil and rock that must be removed in order to expose an ore deposit.

Palaeotopography: the topography implied at some time in the past.

Pay limit: the breakeven grade at which the orebody can be mined without profit or loss, calculated using the forecast gold price, working costs and recovery factors.

Placer: a sedimentary deposit containing economic quantities of valuable minerals mainly formed in alluvial environments.

Precipitate: the solid product of chemical reaction by fluids such as the zinc precipitation referred to below.

Probable reserves: reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Prospect: an area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.

Prospecting license: an area for which permission to explore has been granted.

Proven reserves: reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

Put option: a contract which enables the owner to sell an asset at a specified price on or before a specified date.

Put purchase: a right, but not an obligation, of a party, purchased at a specified cost, to sell a specific quantity of a commodity at a specified future date at a fixed price.

Pyrite: a brassy-colored mineral of iron sulfide (compound of iron and sulfur).

Quartz: a mineral compound of silicon and oxygen.

Recovery grade: the actual grade of ore realized after the mining and treatment process.

Reef: a gold-bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold.

Refining: the final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.

Rehabilitation: the process of restoring mined land to a condition approximating its original state.

Sampling: taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

Semi-Autogenous-Grinding (SAG) mill: a piece of machinery used to crush and grind ore which uses a mixture of steel balls and the ore itself to achieve communition. The mill is shaped like a cylinder causing the grinding media and the ore itself to impact upon the ore.

Shaft: a shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

Slimes: the finer fraction of tailings discharged from a processing plant after the valuable minerals have been recovered.

Slurry: a fluid comprising fine solids suspended in a solution (generally water containing additives).

Smelting: thermal processing whereby molten metal is liberated from beneficiated ore or concentrate with impurities separating as lighter slag.

Spot price: the current price of a metal for immediate delivery.

Stockpile: a store of unprocessed ore.

Stockwork: mineralized material consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.

Stope: the underground excavation within the orebody where the main gold production takes place.

Stripping: the process of removing overburden to expose ore.

Sulfide: a mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite, FeS_2 (iron sulfide). Also a zone in which sulfide minerals occur.

Syncline: a basin-shaped fold.

Tailings: finely ground rock from which valuable minerals have been extracted by milling.

Tailing dam/slimes dam: dams or dumps created from tailings or slimes.

Ton: one ton is equal to 2,000 pounds (also known as a "short" ton).

Tonnage: quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.

Tonne: one tonne is equal to 1,000 kilograms (also known as a "metric" ton).

Trenching: making elongated open-air excavations for the purposes of mapping and sampling.

Trend: the arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.

Unconformity: the structural relationship between two groups of rock that are not in normal succession.

Vertical projection: a vertical plane parallel with the strike or orebodies onto which geological features and mine workings are projected.

Waste: ore rock mined with an insufficient gold content to justify processing.

Waste rock: the non-mineralized rock and/or rock that cannot be mined economically that is hoisted to the surface for disposal on the surface normally close to the shaft on an allocated dump.

Yield: the actual grade of ore realized after the mining and treatment process.

Zinc precipitation: a chemical reaction using zinc dust that converts gold solution to a solid form for smelting into unrefined gold bars.

PART II

Item 13. ***Defaults, Dividend Arrearages and Delinquencies***

Not applicable.

Item 14. ***Material Modifications to the Rights of Securityholders and Use of Proceeds***

MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITYHOLDERS

The authorized capital of Harmony was increased from Rand 37.5 million divided into 75 million ordinary shares of Rand 0.50 each to Rand 60 million divided into 120 million ordinary shares of Rand 0.50 each in fiscal 1998 and, after the close of fiscal 1999, to Rand 90 million divided into 180 million ordinary shares of Rand 0.50 each. At a general meeting held on March 23, 2001, Harmony's shareholders approved a resolution authorizing the Harmony Board to allot and issue all or any of Harmony's authorized but unissued ordinary shares for cash to such persons and on such terms as the Harmony Board may, without restriction, from time to time, deem fit as and when suitable opportunities arise, but subject to the requirements of the JSE. Harmony's shareholders approved a similar resolution at a general meeting held on June 8, 2001.

At a general meeting held on May 18, 2001, Harmony's shareholders approved resolutions (i) increasing Harmony's authorized share capital to a total of Rand 95,479,452 million divided into 180 million ordinary shares of Rand 0.50 each and 10,958,904 redeemable convertible preference shares of Rand 0.50 each, or the preference shares, (ii) amending the Articles of Association to set out the conditions applicable to these preference shares and (iii) authorizing the Harmony Board to allot and issue 222,222 ordinary shares to Komanani at Rand 36.00 per share, 10,736,682 ordinary shares to the IDC at Rand 36.00 per share and 10,958,904 preference shares to the IDC at their par value of Rand 0.50 per share, in accordance with the requirements of the JSE. The terms of the preference shares are described in "Item 10. Additional Information—Memorandum and Articles of Association—Preference Shares."

At a general meeting held on June 8, 2001, Harmony's shareholders approved resolutions (i) increasing Harmony's authorized share capital to a total of Rand 130,479,452 divided into 250 million ordinary shares of Rand 0.50 each and 10,958,904 redeemable convertible preference shares of Rand 0.50 each and (ii) authorizing the Harmony Board to allot and issue for cash a maximum of 30 million ordinary shares and 10 million warrants to subscribe for 10 million additional Harmony shares, in accordance with the requirements of the JSE. The terms of the warrants are described in "Item 10. Additional Information—Memorandum and Articles of Association—Description of Harmony Warrants."

USE OF PROCEEDS

Not applicable.

Item 15. ***[Reserved]***

Item 16. ***[Reserved]***

PART III

Item 17. *Financial Statements*

Harmony's financial statements have been prepared in accordance with Item 18 hereof.

Item 18. *Financial Statements*

Index to Financial Statements and Schedules

Page

Harmony Gold Mining Company Limited

Item 19. ***Exhibits***

Index to Exhibits

1.1 Memorandum of Association of Harmony, as amended (incorporated by reference to Harmony's Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).

1.2 Articles of Association of Harmony, as amended (incorporated by reference to Harmony's Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).

2.1 Memorandum of Association of Harmony, as amended (see Exhibit 1.1)

2.2 Articles of Association of Harmony, as amended (see Exhibit 1.2).

2.3 Deposit Agreement among Harmony, The Bank of New York, as Depositary, and owners and holders of American Depositary Receipts, dated as of August 12, 1996, as amended and restated as of October 2, 1996, as further amended and restated as of September 15, 1998 (incorporated by reference to Post-Effective Amendment No. 1 to Harmony's Registration Statement (file no. 333-5410) on Form F-6 filed on August 12, 1996).

2.4 Form of ADR (included in Exhibit 2.3).

2.5 Forms of warrant.

2.6 Warrant Agency Agreement between Harmony and The Bank of New York, as Warrant Agent, dated as of June 29, 2001.

2.7 Excerpts of relevant provisions of the South African Companies Act (incorporated by reference to Harmony's Registration Statement (file no. 0-28798) on Form 20-F filed on September 20, 1996).

2.8 Excerpts of relevant provisions of the JSE Securities Exchange South Africa listing requirements (incorporated by reference to Harmony's Registration Statement (file no. 0-28798) on Form 20-F filed on September 20, 1996).

2.9 AB Facilities Agreement, C Facilities Agreement and Common Terms Agreement relating to AB Facilities and C Facility, each among Harmony, Chase Manhattan International Limited, ABSA Bank Limited, J.P. Morgan plc, Citibank, N.A., ANZ Investment Bank and BoE Bank Limited, dated March 22, 2001 (incorporated by reference to Harmony's Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).

2.10 Form of Harmony's senior unsecured 13% bonds due June 14, 2006.

4.1 Harmony Share Option Scheme (incorporated by reference to Harmony's Registration Statement (file no. 0-28798) on Form 20-F filed on September 20, 1996).

4.2 Circular dated April 25, 1997 relating to amendments to the Harmony Share Option Scheme (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 1997 filed on December 30, 1997).

4.3 Agreement between Harmony, Western Areas Limited, Consolidated African Mines Limited, JCI Gold Limited and Roger Brett Kebble, dated January 14, 2000 (incorporated by reference to Harmony's Annual Report on Form 20-F/A for the fiscal year ended June 30, 2000 filed on June 21, 2001).

4.4 Agreement between Harmony and Castillo Investments (Proprietary) Limited, dated January 14, 2000 (incorporated by reference to Harmony's Annual Report on Form 20-F/A for the fiscal year ended June 30, 2000 filed on June 21, 2001).

4.5 Agreement between Harmony and Durban Roodepoort Deep, Limited, dated January 14, 2000 (incorporated by reference to Harmony's Annual Report on Form 20-F/A for the fiscal year ended June 30, 2000 filed on June 21, 2000).

4.6 Agreement between Harmony and Durban Roodepoort Deep, Limited, dated January 14, 2000 (incorporated by reference to Harmony's Annual Report on Form 20-F/A for the fiscal year ended June 30, 2000 filed on June 21, 2001).

4.7 Agreement between Harmony and Randgold & Exploration Company Limited, dated January 14, 2000 (incorporated by reference to Harmony's Annual Report on Form 20-F/A for the fiscal year ended June 30, 2000 filed on June 21, 2001).

4.8 Agreement between Harmony and Randgold & Exploration Company Limited, dated January 14, 2000 (incorporated by reference to Harmony's Annual Report on Form 20-F/A for the fiscal year ended June 30, 2000 filed on June 21, 2001).

4.9 Agreement between Harmony, Randfontein Estates Limited and AngloGold Limited dated January 31, 2001 (incorporated by reference to Harmony's Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).

4.10 AB Facilities Agreement, C Facilities Agreement and Common Terms Agreement relating to AB Facilities and C Facility, each among Harmony, Chase Manhattan International Limited, ABSA Bank Limited, J.P. Morgan plc, Citibank, N.A., ANZ Investment Bank and BoE Bank Limited, dated March 22, 2001 (see Exhibit 2.9).

4.11 Agreement between Harmony and Komanani Mining (Proprietary) Limited and Industrial Development Corporation of South Africa, Limited dated April 3, 2001 (incorporated by reference to Harmony's Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).

4.12 Agreement between Harmony, Randfontein and Open Solutions (Proprietary) Limited dated April 24, 2001 (incorporated by reference to Harmony's Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).

4.13 Form of Harmony's senior unsecured 13% bonds due June 14, 2006 (see Exhibit 2.10).

4.14 Agreement between Harmony and Simane Investments (Proprietary) Limited and Industrial Development Corporation of South Africa, Limited dated September 7, 2001.

8.1 Significant subsidiaries of Harmony Gold Mining Company Limited.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, Harmony hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

HARMONY GOLD MINING COMPANY LIMITED

By:	________________________ F. Abbott Financial Director	By:	________________________ F.W. Baker Company Secretary

Date: