



**HARMONY™**

**“RIGHTSIZING AND  
RESTRUCTURING PROGRAMME  
COMPLETED – PROFITABILITY  
RESTORED”**

**Quarter ended  
September 2004**



## Important Information

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This communication is for information purposes only. It shall not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Gold Fields or an offer to sell or exchange or the solicitation of an offer to buy or exchange any securities of Harmony, nor shall there be any sale or exchange of securities in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction. The distribution of this communication may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this communication should inform themselves of and observe these restrictions. The solicitation of offers to buy Gold Fields ordinary shares (including Gold Fields ordinary shares represented by Gold Fields ADSs) in the United States will only be made pursuant to a preliminary prospectus and related offer materials that Harmony distributes to holders of Gold Fields securities. The Harmony ordinary shares (including Harmony ordinary shares represented by Harmony ADSs) may not be sold, nor may offers to buy be accepted, in the United States prior to the time the registration statement becomes effective. No offering of securities shall be made in the United States except by means of a prospectus meeting the requirements of Section 10 of the United States Securities Act of 1933, as amended.

## Forward-looking Statements

Statements in this announcement include "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expect," "anticipates," "believes," "intends," "estimates" and similar expressions. All forward-looking statements involve a number of risks, uncertainties and other factors, and Harmony cannot give assurances that such statements will prove to be correct. Risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements include, without limitation, the satisfaction of closing conditions, the acceptance or rejection of any agreement by regulators, delays in the regulatory processes, changes in the economic or political situation in South Africa, the European Union, the US and/or any other relevant jurisdiction, changes in the gold industry within any such country or area or worldwide and the performance of (and cost savings realised by) Harmony. Although Harmony's management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Gold Fields securities are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Harmony, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public filings with the SEC made by Harmony and Gold Fields, including those listed under "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in the preliminary prospectus included in the registration statement on Form F-4 that Harmony will file with the SEC. Harmony does not undertake any obligation to update any forward-looking information or statements. You may obtain a free copy of the registration statement and preliminary and final prospectus (when available) and other public documents filed with the SEC in the manner described above.



- **cash operating profit of R132,8 million (June '04 - loss of R43,0 million)**
- **working costs of R77 880/kg (June '04 – R83 173/kg)**
- **2,5% increase in production on core operations**
- **implementation of CONOPS on track**
- **growth projects on track – Doornkop South Reef Project re-engineered**

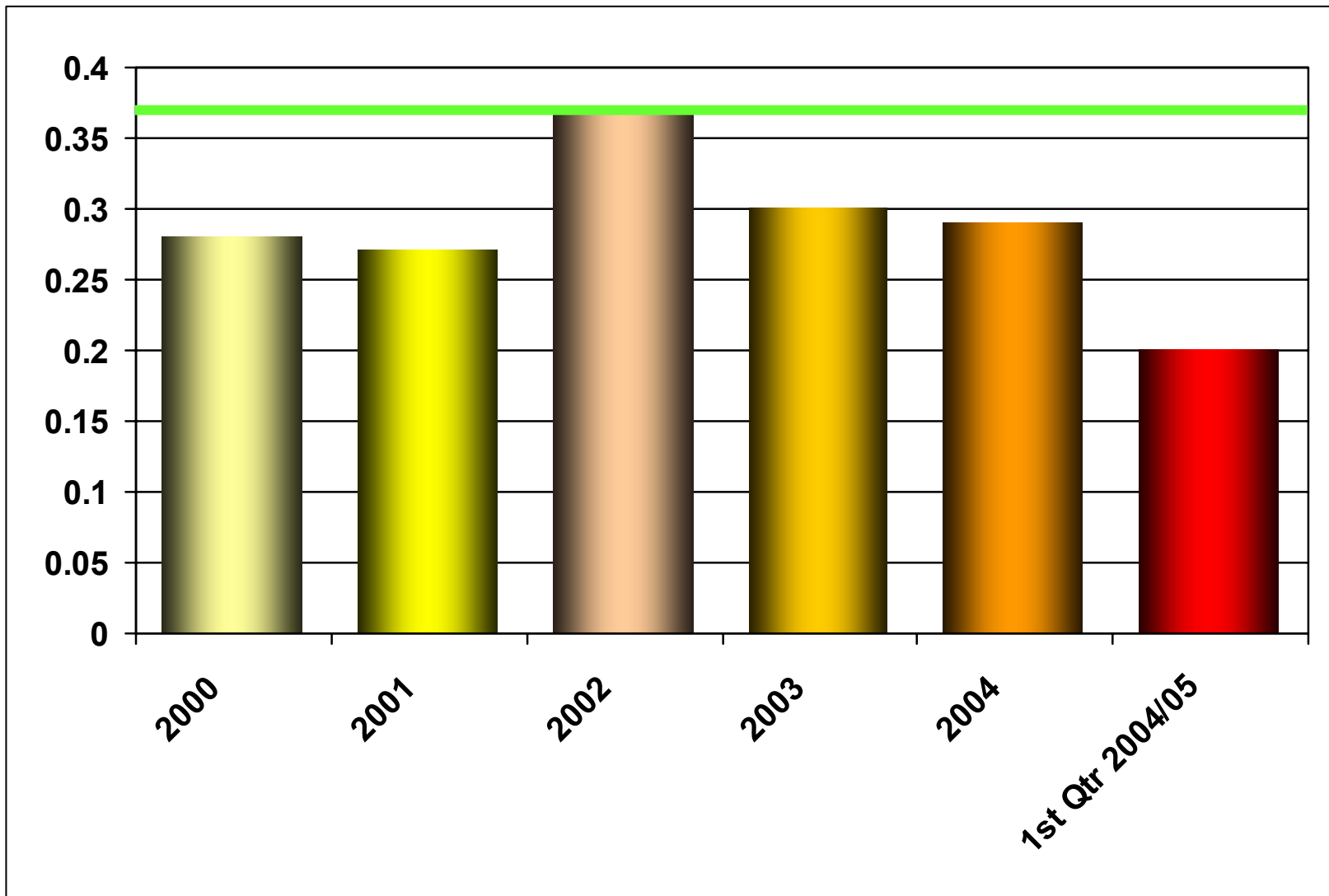


**AND we commenced an offer to Gold Field shareholders**



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# FATALITY INJURY RATE (PER MILLION HOURS WORKED)



		September 2004	June 2004	% Variance
<b>Production</b>	<b>- kg</b>	<b>25 822</b>	<b>26 373</b>	<b>(2)</b>
<b>Production</b>	<b>- oz</b>	<b>830 195</b>	<b>847 908</b>	<b>(2)</b>
<b>Revenue</b>	<b>-R/kg</b>	<b>83 024</b>	<b>81 543</b>	<b>2</b>
<b>Revenue</b>	<b>-US\$/oz</b>	<b>405</b>	<b>384</b>	<b>1</b>
<b>Cash cost</b>	<b>- R/kg</b>	<b>77 880</b>	<b>83 173</b>	<b>6</b>
<b>Cash cost</b>	<b>- US\$/oz</b>	<b>380</b>	<b>392</b>	<b>3</b>
<b>Exchange rate</b>		<b>6,38</b>	<b>6,60</b>	<b>(3)</b>

# OUR DELIVERY – ON WORKING COSTS



- **June 2004** **R83 173/kg**
- **Sept 2004** **R80 000/kg** **R77 880/kg**
- **Dec 2004** **R77 500/kg** **(on target)**
- **June 2005** **R75 000/kg** **(on target)**

	<b>Sept 2004</b>	<b>Jun 2004</b>	<b>% Variance</b>
<b>U/g working costs- R/tonne</b>	<b>433</b>	<b>433</b>	<b>-</b>
<b>Cash operating profit (R'm)</b>	<b>133</b>	<b>(43)</b>	<b>409</b>
<b>Cash operating profit margin</b>	<b>6%</b>	<b>-</b>	<b>100</b>
<b>Cash earning/(loss) per share</b>	<b>41</b>	<b>(15)</b>	<b>373</b>
<b>EPS (cents)</b>	<b>(106)</b>	<b>(191)</b>	<b>45</b>

- **wage increases offset by CONOPS benefits**

<b>Ounces</b>	<b>Working cost R/kg</b>	<b>Sept '04</b>
<b>Very profitable</b>	<b>Below R70 000/kg</b>	<b>57%</b>
<b>Profitable</b>	<b>Below R83 000/kg</b>	<b>83%</b>
<b>Loss making</b>	<b>Balance</b>	<b>17%</b>

**Overall cash operating profit margin 6,2%**



**A quarter on quarter cash operating profit variance analysis**

<b>Cash operating loss – June 2004</b>	<b>(R 43,0) million</b>
- volume decrease (tonnes)	<b>(R379,6) million</b>
- working cost decrease (%)	<b>R182,6 million</b>
- recovery grade increase (g/t)	<b>R334,6 million</b>
- Rand gold price increase (R/kg)	<b>R 38,2 million</b>
- net variance	<b>R175,8 million</b>
<b>Cash operating profit – Sept 2004</b>	<b>R132,8 million</b>

<b>Working profit</b>	<b>133</b>
<b>Overheads</b>	<b>(38)</b>
<b>Net sundry revenue</b>	<b>37</b>
<b>Interest paid</b>	<b>(100)</b>
<b>Foreign exchange loss</b>	<b>(1)</b>
<b>Financial instruments</b>	<b><u>1</u></b>
	<b><u>32</u></b>

<b>Sustainable earnings before depreciation</b>	<b>32</b>
<b>Investments</b>	<b>4</b>
<b>Depreciation</b>	<b>(239)</b>
<b>Restructuring costs</b>	<b>(154)</b>
<b>Exploration costs</b>	<b>(24)</b>
<b>Rehabilitation provision</b>	<b><u>(14)</u></b>
<b>Net loss before tax</b>	<b><u>(395)</u></b>



# RECONCILIATION OF HEADLINE EARNINGS

<b>EARNINGS PER SHARE (SA Cents)</b>	<b>QUARTER ENDED SEPT 2004</b>	<b>QUARTER ENDED JUNE 2004</b>
<b>Cash earnings/(loss)</b>	<b>41</b>	<b>(15)</b>
<b>Basic loss</b>	<b>(106)</b>	<b>(191)</b>
<b>Headline loss</b>	<b>(110)</b>	<b>(131)</b>
<b>Fully diluted loss</b>	<b>(106)</b>	<b>(191)</b>

Headline earning in cents per share

Quarter ended  
Sept 2004

<b>Basic loss</b>	<b>(106)</b>
<b>Profit on sale of mining assets</b>	<b>( 3)</b>
<b>Mark-to-market of financial instruments</b>	<b><u>(1)</u></b>
<b>Headline loss</b>	<b><u>(110)</u></b>



# QUARTER ON QUARTER OPERATIONAL PERFORMANCE

<b>OPERATIONS</b>	<b>SEPT 2004 (R'million)</b>	<b>JUN 2004 (R'million)</b>	<b>VARIANCE (R'million)</b>
<b>Free State growth</b>	<b>144</b>	<b>67</b>	<b>77</b>
<b>Free State marginal</b>	<b>(75)</b>	<b>(70)</b>	<b>(5)</b>
<b>Evander</b>	<b>62</b>	<b>1</b>	<b>61</b>
<b>Randfontein</b>	<b>4</b>	<b>4</b>	<b>-</b>
<b>Elandsrand</b>	<b>(39)</b>	<b>(25)</b>	<b>(14)</b>
<b>Orkney</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Kalgold</b>	<b>(3)</b>	<b>3</b>	<b>(6)</b>
<b>Re-structured operations</b>	<b>-</b>	<b>(58)</b>	<b>58</b>
<b>Australian operations</b>	<b>39</b>	<b>35</b>	<b>4</b>
<b>Total</b>	<b>133</b>	<b>(43)</b>	<b>176</b>



- **good progress with CONOPS**
- **digested the annual 7% wage increase**
- **Target Shaft R/tonne cost improvements**
- **further production improvements at Tshepong**
- **Bambanani's overall improvements – tonnes, grade and safety**
- **Evander's excellent recovery, but grades not sustainable**
- **Elandsrand restructuring completed and recovery underway**
- **solid contribution from Australasia**



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# CAPITAL EXPENDITURE – “INVESTING IN OUR FUTURE”

<b>OPERATIONAL CAPEX</b>	<b>ACTUAL SEPT 2004</b>	<b>FORECAST DEC 2004</b>
Free State Growth	27	17
Free State Marginal	8	4
Evander	14	8
Randfontein	7	4
Australian Operations	35	34
<b>Total Operational Capex</b>	<b>91</b>	<b>67</b>
<b>PROJECT CAPEX</b>		
Doornkop South Reef	32	40
Elandsrand New Mine	27	29
Tshepong North Decline	12	15
Phakisa Shaft	21	27
Target Shaft	13	11
PNG	42	22
<b>Total Project Capex</b>	<b>147</b>	<b>144</b>
<b>TOTAL CAPEX</b>	<b>238</b>	<b>211</b>



- **approval process is progressing towards date of end of November 2004**
- **construction date – February 2005**
- **project optimisation (pit design and infrastructure) underway**
- **definition drilling continues – conversion of inferred resources to indicated resources**



- **completed 13 136 metre RD drilling programme, 5 538 metres in July and August 2004,**

<b>Borehole</b>	<b>Drill Hole Values</b>	<b>Area</b>
• <b>WRC 014</b>	<b>25m @ 3,94 g/t from 161m</b>	<b>B-Zone</b>
• <b>WRC 017</b>	<b>30m @ 5,03 g/t from 107m</b>	<b>B-Zone</b>
• <b>WRC 028</b>	<b>33m @ 4,75 g/t from 313m</b>	<b>Link-Zone</b>
• <b>WRC 046</b>	<b>71m @ 5,13 g/t from 63m</b>	<b>A -Zone</b>

- **results indicate orebody continuity between B-Zone and Link-Zone with greatly improved definition,**
- **Wafi orebody still open at depth**

- **re-interpretation of geological model completed**
- **southern portion of orebody now contains 75% of gold above 207 Level (previously 212 Level)**
- **capital expenditure saving of R173 million**
  - **60m of shaft sinking**
  - **less development**
- **full production targets reached six months earlier**

### Capital cost update

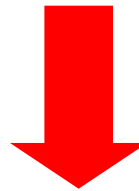
	R 'million
Final estimated cost	1 097,6
Sunk capital	142,9
Capital to be spent	954,7

### Financial evaluation

Gold price (R/kg)	R80 000
NPV @ 7,5%	R403m
IRR	58%

## Next quarter (Dec '04)

- gold price – R83 000 – R86 000/kg
- cash operating cost below - R77 000/kg
- CONOPS successfully implemented company wide
- Elandsrand, recovery in progress



**“Cash burn” – a thing of the past**



# THE PROPOSED MERGER BETWEEN HARMONY AND GOLD FIELDS

## OUR OFFER

- **share for share offer for 100% of Gold Fields**
- **1,275 Harmony share for every Gold Fields share**
- **the offer values Gold Fields at R52,9 billion (US\$ 8,1 billion)**
- **represents a 29% premium to the volume weighted average market price of Gold Fields and 30 days prior to the announcement**
- **Norilsk, Gold Fields' largest shareholder, has irrevocably committed to accept the offer in respect of its entire holding of 20%**



## EARLY SETTLEMENT

- **Up to a maximum 34,9% of Gold Fields shares can be settled firm within approximately 30 days**
  - **pro-rata for all shareholders**
  - **to comply with all regulatory requirements**
- **Allows shareholders to realise in a short time period the premium inherent in the offer**
- **To the extent that some Gold Fields shareholders do not accept early settlement, other shareholders could receive early settlement for a greater percentage of their shares, up to 100%**
- **Effective minimum settlement is 44% (Norilsk has undertaken not to accept the early offer)**
- **Closing date of 26 November 2004 with settlement by no later than 3 December 2004**
- **Subject ONLY to Harmony shareholder approval and SEC registration of the new Harmony shares**



## **SUBSEQUENT OFFER**

- **immediate follow-on offer**
- **on the same terms as the early settlement offer**
- **for the balance of the issued share capital of Gold Fields**

## **KEY CONDITIONS**

- **IAMGold transaction not proceeding**
- **Approval from the South African Competition Authorities**

- **continuation of our strategy of growth**
  - **creation of the world's largest gold producer**
  - **value proposition of combined entity makes for a compelling investment case**
- **Harmony has a track record in unlocking value of turnaround assets and this can be achieved with the Gold Fields South African assets**





# PRIVATE SECURITIES LITIGATION REFORM ACT SAFE HARBOR STATEMENT

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# Questions

**Website**

**[www.harmony.co.za](http://www.harmony.co.za)**