“Creating South Africa’s largest diversified empowered mineral resources company”

13 November 2003
Rick Menell – Avmin

“Unlocking value for all stakeholders”
• follows review of strategic direction and future structure of the Avmin group announced on 11 September 2003

• stated objectives:
  • establishing Avmin as a BEE company
  • build a strong financial base for Avmin
THE PROPOSED ACQUISITION PROCESS

• **STEP 1**
  Harmony acquires Avmin’s shares in Avgold in exchange for Harmony shares

• **STEP 2**
  Avmin acquires ARMI’s stake in Harmony and Modikwa in exchange for Avmin shares

• **STEP 3**
  Avmin acquires Harmony’s stake in Kalplats in exchange for Avmin shares

• **STEP 4**
  ARM acquires control over Harmony’s stake in Avmin
Step I

Sell 42.2% of Avgold to Harmony in consideration for Harmony shares @ 10.0 ratio (10.0 Avgold for 1 Harmony)

THE PROPOSED ACQUISITION PROCESS

* Prior to implementation of mandatory offer
Step 2 & 3

Avmin acquires in consideration for Avmin shares:
- ARM’s Harmony shares (13.6%) and
- ARM’s 83% interest in 50% of the Modikwa
- Harmony’s Kalplats Platinum project

THE PROPOSED ACQUISITION PROCESS

20.1% 43.1% 36.8%

* Prior to implementation of mandatory offer
Harmony merges its remaining shares in Avmin with the Avmin shares controlled by ARM.

* Prior to implementation of mandatory offer
THE STRUCTURE OF THE NEW SOUTH AFRICAN MINING CHAMPION

- **ARM**
  - **control structure**
    - **Avmin** (listed)
      - Public and Institutional shareholders
        - 36.8%
      - **Harmony Gold** (listed)
        - 53.7%
      - **Avgold**
        - 22.2%
      - **Assmang** (listed)
        - 50.3%
        - Iron ore
        - Manganese
        - Chrome
      - **Newplats Division** (unlisted)
        - 43.1% of Avmin
        - Nkomati (75%)
        - Two Rivers (55%)
        - Modikwa (41.5%)
        - Kalplats (100%)
      - **Other assets**
        - Assore (8.5%)
        - Avmin Alloys (100%)
        - other
  - **Public and Institutional shareholders**
    - 63.2%

* Prior to implementation of mandatory offer
• Patrice Motsepe to be appointed as chairman

• Rick Menell to be appointed deputy chairman of both Avmin and Harmony

• Avmin’s board to be changed to meet the new company’s objectives

• strategic management to be strengthened
• creates SA’s largest diversified, empowered mineral resources company
• shares issued at 15% premium to market price
• capital raising capability for sound investment projects
• critical mass in attractive sectors:
  • ferrous metals (iron ore and manganese)
  • PGM’s and nickel
• growth potential
  • acquisitions
  • joint ventures
pioneering new-order mining company

- JSE Securities Exchange listing
- improved balance sheet
- project building and operating skills

- 10 year Mining Charter compliance target exceeded

- more opportunities to be created
### IMPACT OF VALUATIONS

**Step 1: Harmony acquires 42.2% of Avgold**

Transaction as proposed

<table>
<thead>
<tr>
<th>Transacting prices:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmony 30 day VWAP</td>
<td>R101.07 per share</td>
</tr>
<tr>
<td>Proposed exchange ratio (per Harmony share)</td>
<td>10.00 Avgold shares</td>
</tr>
<tr>
<td>Implied Avgold price</td>
<td>R 10.11 per share</td>
</tr>
</tbody>
</table>

**Implications:**

| New Harmony shares to be issued for 42.2% of Avgold ('000) | 28 631* |
| Implied percentage held by Avmin                        | 10%* |

* Prior to implementation of mandatory offer
Step 2 & 3: Avmin acquires ARM’s 13.6% shares in Harmony and effective 41.5% of Modikwa and Kalplats

Issue price of new Avmin share: R50.00 per share

New Avmin shares to be issued for:
- Arm’s Harmony shares: 70.8m
- Arm’s Modikwa interest: 17.0m
- Harmony’s Kalplats: 2.0m

The above results in the following:

- ARM’s effective holding in Avmin: 43.1%
- Harmony’s holding in Avmin: 20.1%
- Potential holding by ARM: 63.2%
- Avmin’s holding in Harmony: 22.2% *

* Prior to implementation of mandatory offer
AVMIN’S EXPOSURE TO HARMONY

• pure unhedged gold company
• upgrading the quality of Harmony’s production base
• not a single gold project company
• proven track record in delivering shareholder value. i.e. capital growth and dividends
• delivery of Target North
• manganese / ferromanganese
  • largest (high-grade) reserves in the world
  • second largest producer in South Africa
  • top five producer worldwide
  • new manganese shaft will reduce operating costs

• iron ore
  • second largest producer in South Africa
  • building up to 6 million tons per year
  • key participant in potential consolidation

• chrome ore / ferrochrome
  • dedicated (low cost/good quality) ore supply
  • new furnace will increase output to 300ktpa
• Modikwa – new state-of-the-art operation with large in-situ total resource of 62.2 Moz

• Two Rivers – high grade, future potential

• Nkomati – SA’s only primary nickel operation with significant expansion potential (with PGMs)

• Kalplats - early stage discovery

• opportunities for
  • acquisitions
  • joint ventures

• possible future listing
- Assore – strategic investment linked to Assmang
- AvAlloy - beneficiation programme
  - strategic alliances being formed
- exploration – SA, Zambia, DRC, Namibia
Patrice Motsepe – ARMI

“Positioned to participate in the changing South African resources industry”
WHAT’S IN IT FOR ARMI?

- creation of “South African Mining Champion”
- first BEE mining house competing on an equal footing
- exposure outside gold for ARM
- unlocking value of Modikwa to allow for further growth into independent listed platinum producer
- well positioned to participate in the changing SA resource industry
• unincorporated JV between Anglo Platinum (50%) and ARM Mining Consortium (50%)

• ARM Mining Consortium comprises ARMplatinum (83%) and BEE participants, i.e. the Maandagshoek communities (17%)

• Anglo Platinum and ARM Mining Consortium jointly hold the Section 9 mining licence (2025)

• ARM Mining Consortium sells metal in concentrate to Anglo Platinum through a concentrate sales agreement
• capital expenditure to date - R2.08bn (in 2003 terms)

• the planned steady-state production (per annum)
  • 2.4 million tons of ore
  • 162 000 oz Pt
  • 146 000 oz Pd

• life of mine - 100 years (at the above production rates)

• concentrator site has been designed to cater for doubling in capacity
### Resources and reserves

<table>
<thead>
<tr>
<th></th>
<th>Tonnage</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total resource</td>
<td>362 084</td>
<td>5.34</td>
</tr>
<tr>
<td>Inferred resource</td>
<td>225 972</td>
<td>5.33</td>
</tr>
<tr>
<td>Indicated resource</td>
<td>79 071</td>
<td>5.35</td>
</tr>
<tr>
<td>Measured resource</td>
<td>57 041</td>
<td>5.40</td>
</tr>
</tbody>
</table>

**Notes:**

1. Excludes Merensky
2. Excludes Modikwa Deeps
3. No allowance for geological losses
ARMI HAS EXPOSURE TO DIVERSE ASSET BASE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>gold</strong></td>
<td>- Harmony (22.2%)</td>
</tr>
<tr>
<td></td>
<td>(through Avmin)</td>
</tr>
<tr>
<td><strong>platinum</strong></td>
<td>- Modikwa (41.5%)</td>
</tr>
<tr>
<td></td>
<td>- Nkomati (75.0%)</td>
</tr>
<tr>
<td></td>
<td>- Two Rivers (55.0%)</td>
</tr>
<tr>
<td></td>
<td>- Kalplats (100%)</td>
</tr>
<tr>
<td><strong>ferrous metals</strong></td>
<td>- Assmang (50.3%)</td>
</tr>
<tr>
<td></td>
<td>- iron ore</td>
</tr>
<tr>
<td></td>
<td>- manganese ore and alloys</td>
</tr>
<tr>
<td></td>
<td>- chrome ore and alloys</td>
</tr>
</tbody>
</table>
Bernard Swanepoel – Harmony

“Avgold to further upgrade the quality of Harmony’s production base”
RATIONALE FOR THE TRANSACTION

• Harmony has over the past three years embarked on five growth projects, significantly upgrading the quality of its production base

• Avgold, i.e. Target and Target North Project areas further enhances this strategy, delivering South Africa’s largest quality gold producer

• increases Harmony’s equity BEE participation from ±14% to ± 20%

• combined with other BEE credits – above the required 26%
AVGOLD – WHAT’S IN IT FOR HARMONY?

- access to long life gold orebodies
- improving the quality of Harmony’s regional asset base
- further consolidation of the Free State (synergies)
- increase in Harmony’s resource base by ±78 Moz
- increase in Harmony’s annual production to ± 4.3 Moz
- unredeemed capex of R3,6 billion to be utilised earlier
Target Mine
- production - 350 000 oz pa
- production costs - US$180/oz
- reserves - 3.9 Moz
- resource - 3.9 Moz
- L.O.M. - ± 18 years

Target North
- resource - 59.6 million oz (excluding Oribi)
- in process of completing feasibility study

(note: resources are calculated excluding reserves)
• “new Avmin” – a quality vehicle to participate in the changing South African resource industry

• further unlocking of value to all stakeholders of Avmin, ARMI and Harmony

• delivery of current gold and other growth projects

• recognising quality acquisition opportunities
QUESTIONS?

Websites

www.avmin.co.za
www.harmony.co.za
TRANSACTION DETAILS

• Avmin disposes of Avgold at a 10.0 share exchange ratio to Harmony
  • Implied realisation price of R10.11 per Avgold share
  • Avmin secures 9% in Harmony

• Avmin acquires an effective 41.5% in Modikwa JV for R850m settled by the issue of Avmin shares at R50 per share
  • Implied premium of 15% to 30 day VWAP

• Avmin increases holding in Harmony to 22.2% (prior to the implementation of mandatory offer) by the acquisition of ARM’s 13.6% shares in Harmony - settled by issue of new Avmin shares at R50 per share
  • Overall, ARM secures the de facto control at 43.1%
  • Including Harmony’s stake, effective holding is 63.2%