

**“TO BE THE  
WORLD’S LARGEST,  
BEST, GROWTH-  
ORIENTATED,  
LOW-GRADE  
GOLD PRODUCER”**



A photograph of two men wearing hard hats. The man on the left is wearing a white hard hat and a blue shirt, looking upwards and to the right while holding a mobile phone to his ear. The man on the right is wearing a yellow hard hat and a blue shirt, looking towards the camera with a serious expression. The background is a blurred outdoor setting with warm lighting.

## PROFILE

Durban Roodepoort Deep, Limited is a substantial independent growth-orientated South African-based gold mining company established in 1895. The market capitalisation of the Company as at 30 June 2000 was approximately R847 million (1999: R641 million).

Gold is the Company's main product and its principal activities are deep-level gold mining and surface retreatment.

At the year-end, the Company's business had a resource base of 1.3 billion tonnes containing 91 million ounces of gold and reserves of 210 million tonnes containing 15.9 million ounces of proved and probable gold.

Underground reserves comprise 12.6 million ounces of gold.

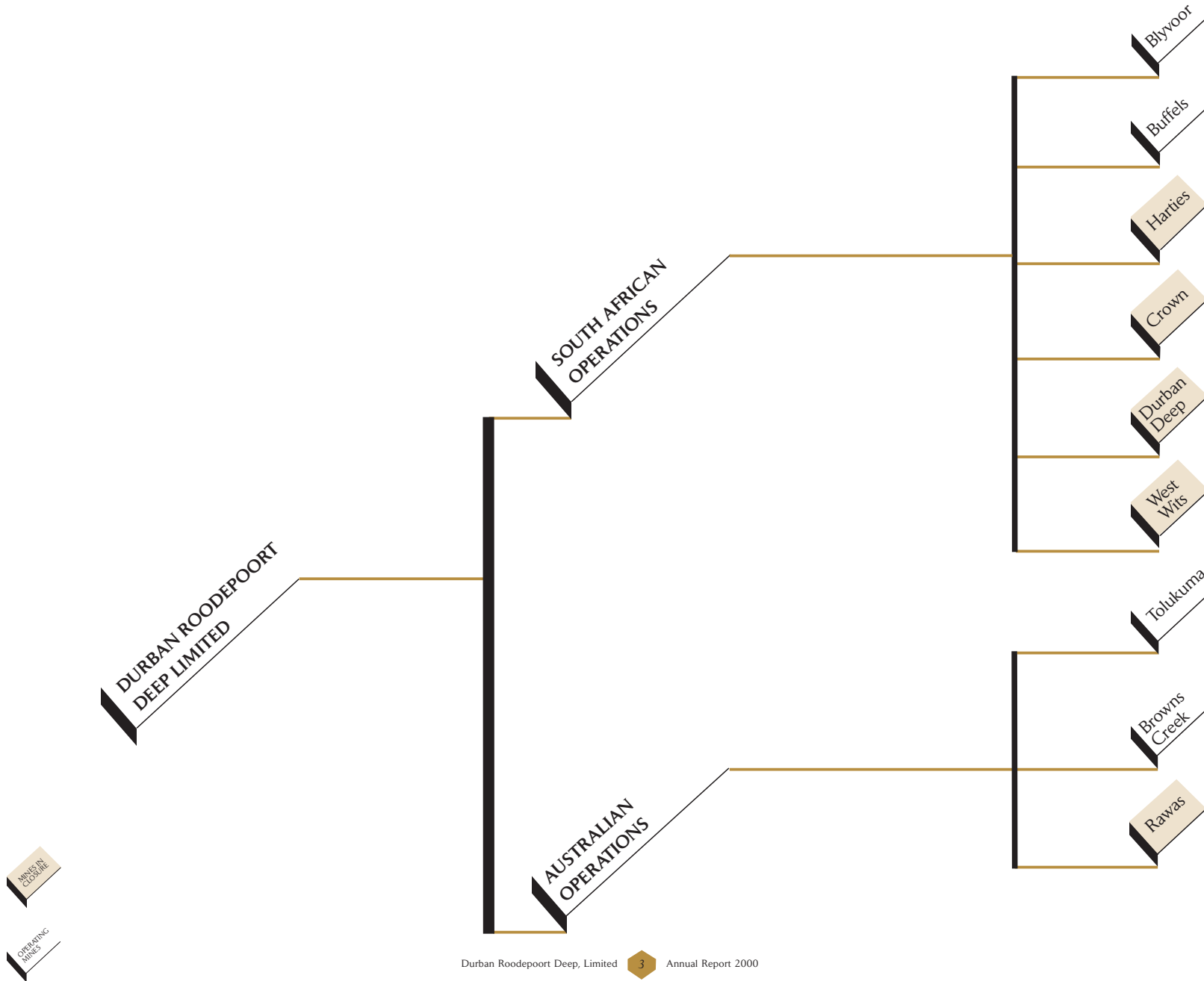
The current operations have been amalgamated and acquired since 1997, building the Company from under 100 000 ounces per annum in 1997 to its current production of 1.1 million ounces making it the 13th largest gold producer in the world. The Company now has a strong operational base in South Africa and a foothold in the Australasian region.

DRD's shares are listed on the Johannesburg Stock Exchange, the London Stock Exchange, the Brussels Stock Exchange, the Paris Bourse, Nasdaq in the USA and with effect from March 1999, on the Australian Stock Exchange. DRD shares are also traded on the Berlin OTC market and the Regulated Unofficial Market of the Frankfurt Stock Exchange.

“Focus on what has lasting value”

# GROUP STRUCTURE

DURBAN ROODEPOORT DEEP, LIMITED



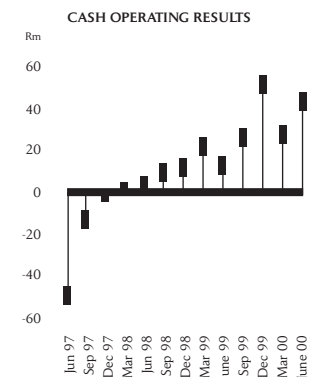
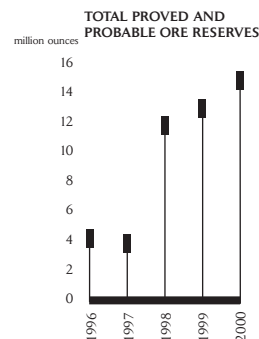


# HIGHLIGHTS

**OUR STRATEGY RESTS ON FOUR SIMPLE CONCEPTS:**

**CASH GENERATION, GROWTH FOR THE FUTURE, CONTROLS TO REDUCE RISK AND DELIVERY OF RESULTS**

	2000	1999	% Change
Gold production (kg)	35 291	19 683	79
Proved and probable ore reserves (million ounces)	15.9	13.7	16
Turnover (R million)	2 044	1 071	91
Operating (loss)/profit from gold (R000)	(32 588)	23 234	(240)
Loss after tax (R000)	(871 941)	(45 998)	(1 796)
Loss per share (cents)	(837)	(79)	(959)
Total assets (R million)	1 420	1 072	32
Net asset value per share (cents)	365	1 137	(68)
Market price per share (cents)	700	1 040	(33)
Ordinary shares in issue 30 June	120 990 746	61 661 112	96
Market capitalisation (R million)	847	641	32





## CHAIRMAN'S STATEMENT

**I am pleased to say that the Company has survived turbulent times and has established its position in its four key assets. This was no mean feat for a marginal gold producer and all credit must go to the management team for this achievement.**

Under the weight of Central Bank gold sales, it is perhaps not surprising that the price of gold has failed to perform over the past twelve months. In fact, the destabilising effect of Central Bank announcements, which caused the sudden spike in the price in September 1999, caused as much damage to investor confidence as it did to those producers who had unbalanced hedge positions and were called for cash margin.

However, the quality and sustainability of our assets has now been proven. The holing of an access from Blyvoor into the neighbouring Doornfontein mine permits access to a more efficient infrastructure which will see costs decline to below the \$220/oz mark and mine life extend to over 10 years.

**“As our focus intensifies  
so does our success”**

# CHAIRMAN'S STATEMENT

The acquisition of Harties was a major coup and the synergies that can be exploited with our neighbouring Buffels property, will continue to improve our bottom line position as well as provide access to a significant surface resource.

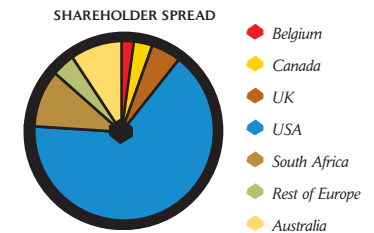
The development of Crown is based on technology and the successful implementation of pre-concentration techniques has allowed it to treat even more marginal dump material. Having established a leading edge position, Crown is well placed to reclaim and redevelop even more of the old mine dumps south of Johannesburg. It has, however, consumed substantial capital in doing so.

We also closed the acquisition of Dome in Australia, which, following the unfortunate flooding and abandonment of the Browns Creek mine in December 1999, at last provides the Company with some critical mass in this region. Dome's high-grade Tolukuma mine will produce some 80 000 ounces of gold annually and there is excellent exploration potential to extend the life of mine.

With the four business areas now established, the Company has been re-positioning itself accordingly. The closure of Durban Deep and West Wits sections removes a loss-maker and we have been able to reduce our hedging exposure significantly over the last six months. In addition, the Company has considerable marginal gold resources (91 million ounces) which may be brought to account at higher gold prices.

However, I also have to report on less favourable events.

The Company's joint venture with Randfontein Estates Limited, which had such a promising start and offered significant benefits to the Company, was severed once Harmony completed its successful bid for Randfontein. Unwinding this situation cost the Company dearly. Even though the Company was not a party to the Western Areas scheme of arrangement, which included Randfontein, it did unfortunately become embroiled in a share acquisition programme initiated to defend its interests in the joint venture. In the process, the Company became inadvertently involved in an unauthorised funding scheme. With the success of the



Harmony Offer, the Company held an internal enquiry into these events, the results of which were announced in the Press on 8 February 2000.

At the Board's behest, the Company's auditors, Deloitte & Touche were employed to conduct a review of Corporate Governance. We are now in the process of implementing the recommendations which arose from this work.

The Board has also been seeking to reduce the risks in the Company in other ways. As a marginal producer, the Company had no choice but to enter into hedging programmes last year, either to protect acquisitions such as Harties, or at the behest of lending banks. I am pleased to say that, as most of these positions are no longer required, we have halved our committed ounces over the first six months of this calendar year. Looking forward, the Company will now only have a selective hedging policy, seeking only to protect marginal ounces and capital programmes. This will leave more upside in place for the shareholders.



It has been the Company's intention for some time to split the roles of executive chairman and chief executive. Mike Prinsloo remains chief executive officer, I was appointed as non-executive chairman on 3 May this year, while Roger Kebble stood down to the position of non-executive director. In Roger's case this also lessened the conflict of interest he has with his position as executive chairman of Randgold & Exploration Company Limited and other directorships. With no single shareholder owning more than 10% of the Company's shares, it is true to say that it is now a completely independent company.

Our cash-operating profit for the year was R112.1 million. This at a gross margin of 5.5% was below our minimum target of 10%. After spending over R133 million on capital expenditure and service financing costs, the year as a whole was cash negative.

The cash shortfall was partly addressed by share issues. As a result of the issue of new shares for cash and

## CHAIRMAN'S STATEMENT

financing the acquisitions in Australia, our number of shares in issue increased from 61 million to 120 million. I have to say that this had a dilutive effect on shareholder value and we are taking steps to ensure tighter control over share issues in the future.

Mainly as a result of the gold price, we have had to discontinue operations with resultant write-down in carrying values of these assets. These exceptional non-cash items took R590 million off our reported profit and, when added to other non-cash items such as depreciation, resulted in a loss of R872 million for the year.

Full provision has been made for the Hargraves' Browns Creek mine following its flooding and for the Rawas investment where political risk and low gold price have caused us to review our original decision.

Such a performance is unacceptable whatever the state of the gold market and I can assure you that management is working tirelessly to produce the turnaround in performance which we know our assets are capable of.

Despite the negative impact on book value of the above, we are still increasing gold reserves in the ground (15.9 million ounces) and showing a gearing ratio of 33%, which is not out of line with the industry average.

Looking to the future, the Company's immediate imperative is in generating cash. The main capital expenditure programmes are almost behind us now and we know that our four key operations can deliver significant cash flows at even lower gold prices than today's level. It is now incumbent on Mike Prinsloo and his technical team to deliver cash and profits. I am confident that they can demonstrate this and, either by dividends or share buybacks, we will ensure that this is translated into shareholder value.

The gold mining industry and the industry in South Africa in particular, is going through dramatic change at the moment. The trends of consolidation, globalisation and risk management are impacting on us as much as any Internet or dot.com business. This represents a huge opportunity to acquire assets at favourable prices and the management team is making every effort to take advantage of this environment. The need to sustain critical mass and demonstrate value will be utmost in our minds in the coming year.

The Company will position itself as a pure gold stock where the demonstrated strengths of its management team can be brought to bear. We are confident of a gold resurgence and will ensure that our extensive resource base is available for investors to gain exposure to the move when it comes.

# CHAIRMAN'S STATEMENT

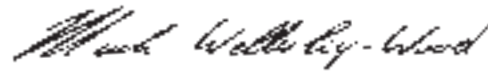
It has been an extremely difficult year for shareholders, management and staff alike. I believe the Company has come through this experience strengthened and in a better position to grow from now.

Finally, I would like to add my support to all those who have acknowledged the tireless contribution made by Roger Kebble to the inception and formation of the Company. He is a relentless mining enthusiast whose grasp of problems, wit and intelligence, are the stuff of legends. History will recognise his transformation of a 60 000 ounce per year, almost bankrupt, high-cost gold producer into a new mining house, as a visionary move. I am pleased that the Board will continue to have access to his experience.

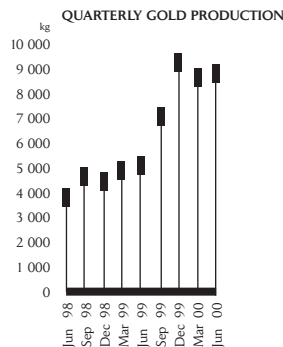
On 31 July 2000, Charles Mostert resigned as chief financial officer and Ian Murray was appointed to replace him. Ian had previously been alternate director and Manager: Corporate Finance and has understudied Charles for the past three years. Also Richard (Dick) Plaistowe took over responsibility for our Australian operations. Dick was born in Australia and brings considerable technical experience to bear on improving our asset base there.

Following the poor financial performance in Australia and lack of return for its investment there the Board has established a special committee to examine the recoverability of losses incurred.

We have some great assets, people and opportunities. I look forward to working with them in the coming year and intend to see that the Company's shareholders receive concomitant rewards for having invested in them.



Mark Wellesley-Wood  
CHAIRMAN  
4 October 2000



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