## 1 PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in Rands ('000) and cover the year ended 30 June 2000. The presentation of the financial statements for the current and prior year has been modified in order to conform with accounting standard AC101 (revised) *Presentation of Financial Statements.* In addition, the presentation of segment information has been provided in order to comply with the requirements of AC115 *Segment Reporting.*

### ACCOUNTING POLICIES

These financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies, which have been consistently applied and comply with South African Statements of Generally Accepted Accounting Practice.

### CONSOLIDATION

The Group annual financial statements incorporate the annual financial statements of the Company and its subsidiaries. The results of the subsidiaries are included from the date effective control was acquired. All significant inter-company transactions and balances have been eliminated. The difference between the purchase price and the net asset value arising on the acquisition of a subsidiary is attributed to mining assets and is amortised in accordance with the Company's accounting policies.

Foreign entities' assets and liabilities are translated using the exchange rates ruling on 30 June and income statement transactions are translated at the average exchange rates applicable. Shareholders' equity is translated at historic rates. The differences arising from the translation are taken directly to shareholders' equity.

### MINING ASSETS

Mining assets, which comprise mining properties, surface and mineral rights, development costs and mine plant facilities, are recorded at cost of acquisition less sales, recoupments and amounts written off. Development costs consist primarily of expenditure to expand the capacity of the mines. Ordinary mine development costs to maintain production and exploration costs are expensed as incurred.

Depreciation of mining properties, development costs and mine plant facilities is computed primarily by the units-of-production method based on estimated proved and probable ore reserves. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. Other fixed assets are depreciated using the straight-line method, principally over estimated useful lives of two to five years.

Recoverability of the long-term assets of the Group's operating mines, which include development costs, is reviewed periodically. Estimated future net cash flows for each mine are calculated using estimates of proved and probable ore reserves, estimated future sales prices (considering historical and current prices, price trends and related factors) and working capital and rehabilitation costs. Reductions in the carrying value of the long-term assets of the Group's mines are recorded to the extent the remaining investment exceeds the estimate of future discounted net cash flows.

Management's estimates of future cash flows are subject to risks and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Group's mining assets.

### RETIREMENT AND OTHER EMPLOYEE BENEFITS

Retirement plans, which are defined contribution plans, are funded through annual contributions. Liabilities to a multi-employer plan for medical benefits for certain retired employees are determined on an annual basis and expensed when incurred.

### EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated based on the profit/(loss) for the year after taxation and the weighted average number of shares in issue during the year, while headline earnings/(loss) per share is calculated based on the profit/(loss) after taxation but before exceptional items. The resulting numbers are stated to the nearest cent.

### HEDGING TRANSACTIONS

The Company may enter into financial transactions to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the planned gold production of its gold mines.

Generally, commodity forward sale and purchase contracts, purchases put options, call options sold and purchased, as well as forward currency contracts are accounted for as hedging transactions.

### JOINT VENTURE RECOGNITION

The Group's interest in jointly controlled entities is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses and cash flows with similar items in the consolidated financial statements on a line-by-line basis.

### SEGMENT REPORTING

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment, and consist principally of mining assets, property, plant and equipment, as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade creditors. These assets and liabilities are all directly attributable to the segments. Segment revenue, expenses and results include transfers between the geographical segments. These transfers are eliminated on consolidation.

### FOREIGN CURRENCIES

Transactions in currencies other than Rands are recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date. Profits and losses arising are dealt with in the income statement.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |
| **2 REVENUE** | | | | |
| Gross revenue | **2 137 106** | 1 065 329 | **66 375** | 114 647 |
| *Less:* Hedging (loss)/profit | **(93 472)** | 5 729 | **648** | 1 344 |
| Net revenue | **2 043 634** | 1 071 058 | **67 023** | 115 991 |
| **3 LOSS FROM OPERATIONS** | | | | |
| Loss from operations is arrived at after taking the following items into account: | | | | |
| Auditors' remuneration | **3 546** | 1 691 | **2 440** | 1 335 |
| – audit fees – current year | **1 685** | 730 | **831** | 403 |
| – underprovision – prior year | **550** | – | **343** | – |
| – fees for other services | **1 266** | 925 | **1 266** | 920 |
| – expenses | **45** | 36 | **–** | 12 |
| Management, technical, administrative and secretarial service fees | **40 457** | 9 165 | **8 351** | 9 165 |
| Income from subsidiaries | | | | |
| – administration and management fees | | | **35 126** | 5 495 |
| Staff costs | | | | |
| Included in staff costs are: | | | | |
| – Salaries and wages | **454 701** | 327 574 | **41 294** | 49 246 |
| – Retrenchment and restructuring cost | **15 750** | 5 289 | **6 110** | 2 682 |
| – Pension fund contributions | **53 263** | 23 600 | **6 945** | – |

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2000** | 1999 | **2000** | 1999 |
| | | **R000** | R000 | **R000** | R000 |
| **3** | **LOSS FROM OPERATIONS** *(continued)* | | | | |
| | EXCEPTIONAL ITEMS | | | | |
| | Asset impairment and diminution in investments | | | | |
| | – mining assets | **425 799** | – | **108 492** | – |
| | – investments in non-South African subsidiaries | **–** | – | **386 000** | – |
| | – accounts receivable – Rawas | **122 574** | – | **30 508** | – |
| | – other | **41 316** | – | **–** | – |
| | | **589 689** | – | **525 000** | – |
| **4** | **DIRECTORS' EMOLUMENTS** | | | | |
| | **Executive directors** | | | | |
| | *Services rendered as directors of the Company* | | | | |
| | Salaries to directors | | | **9 621** | 5 173 |
| | Restraint of trade payment amount amortised | | | **2 997** | 965 |
| | *Services rendered by directors as directors of subsidiaries* | | | | |
| | Salaries | | | **1 194** | – |
| | Directors' fees | | | **–** | 280 |
| | **Non-executive directors** | | | | |
| | Directors' fees | | | **920** | 75 |
| | Included in administration and general costs | | | **14 732** | 6 493 |
| | **Executive directors** | | | | |
| | Share options – gains and bonuses for services rendered | | | **166** | 6 399 |

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2000** | 1999 | **2000** | 1999 |
| | | **R000** | R000 | **R000** | R000 |
| **5** | **INVESTMENT INCOME** | | | | |
| | Dividends from listed companies | **406** | 225 | **406** | 225 |
| | Dividends from subsidiary | **–** | – | **45 000** | – |
| | Royalties received | **8 728** | – | **–** | – |
| | Sundry income | **1 843** | – | **1 893** | – |
| | Interest received | **11 735** | 16 507 | **3 989** | 10 542 |
| | (Loss)/surplus on realisation of listed and equity investments | **(18 933)** | 12 631 | **10 827** | 11 286 |
| | | **3 779** | 29 363 | **62 115** | 22 053 |
| **6** | **INTEREST PAID** | | | | |
| | Loans and other | **(28 560)** | (14 278) | **(11 556)** | (7 334) |
| **7** | **TAXATION BENEFIT/(CHARGE)** | | | | |
| | Mining tax | **(12 348)** | (992) | **–** | 3 814 |
| | Non-mining tax | **(372)** | (711) | **–** | – |
| | Foreign taxes | **17 592** | – | **–** | – |
| | Secondary tax on companies | **–** | (385) | **–** | (385) |
| | | **4 872** | (2 088) | **–** | 3 429 |
| | *Comprising* | | | | |
| | **South African** | | | | |
| | Current tax – current year | **(372)** | (711) | **–** | – |
| | Deferred tax – current year | **(12 348)** | (14 863) | **–** | – |
| | – prior year | **–** | 7 425 | **–** | 3 814 |
| | – rate change | **–** | 6 446 | **–** | – |
| | Secondary tax on companies – prior year | **–** | (385) | **–** | (385) |
| | **Foreign** | | | | |
| | Current tax – current year | **6 036** | – | **–** | – |
| | Deferred tax – current year | **11 556** | – | **–** | – |
| | | **4 872** | (2 088) | **–** | 3 429 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |

**7 TAXATION BENEFIT/(CHARGE)**
*(continued)*

Mining tax on mining income is determined on a formula which takes into account the profit and revenues from mining operations during the year. The statutory tax rate determined by the formula varies from mine to mine. It is therefore not possible to prepare a tax rate reconciliation.

Non-mining income, which consists primarily of net interest, is taxed at the standard rate. South African deferred tax is provided at the estimated effective mining tax rate of 30% (1999: 30%) while the Australian deferred tax is provided at the Australian statutory rate of 36%.

Each company is taxed as a separate entity and no tax set-off is allowed between the companies.

No provision has been made for mining income taxation in the Company as it did not earn any taxable income in the current year.

| | GROUP 2000 R000 | GROUP 1999 R000 | COMPANY 2000 R000 | COMPANY 1999 R000 |
|---|---|---|---|---|
| Unredeemed Capex at the year-end, available for deduction against future mining income, amounts to: | **680 400** | 529 300 | **155 223** | 152 090 |
| Estimated tax losses at the year-end, which are available to reduce the future taxable income amount to: | **217 952** | 106 004 | **191 453** | 101 059 |
| Applied to reduce deferred tax | **(6 173)** | (37 041) | **–** | (32 093) |
| Tax losses carried forward | **211 779** | 68 963 | **191 453** | 68 966 |
| Estimated future tax relief at 30% | **63 534** | 20 689 | **57 436** | 20 690 |

| | GROUP 2000 | GROUP 1999 | COMPANY 2000 | COMPANY 1999 |
|---|---|---|---|---|
| **8 LOSS PER SHARE** | | | | |
| *Basic* | | | | |
| The calculation of loss per ordinary share is based on loss after tax of (R000) | **(872 424)** | (45 998) | **(583 283)** | (53 389) |
| and weighted average number of ordinary shares in issue: | **104 175 539** | 58 440 032 | **104 175 539** | 58 440 032 |
| *Headline* | | | | |
| The basic loss have been adjusted by the following to arrive at a headline loss: | **R000** | R000 | **R000** | R000 |
| Basic loss | **(872 424)** | (45 998) | **(583 283)** | (53 389) |
| Impairment of assets | **589 689** | – | **525 000** | – |
| Loss on sale of investments | **17 382** | – | **–** | – |
| Other | **–** | (6 000) | **–** | (7 262) |
| Headline loss | **(265 353)** | (51 998) | **(58 283)** | (60 651) |
| *Diluted* | | | | |
| The calculation of diluted loss per ordinary share is based on loss after tax of: | **(872 424)** | (45 998) | **(583 283)** | (53 389) |
| *Reconciliation* of weighted average ordinary shares to diluted weighted average ordinary shares | **Number** | Number | **Number** | Number |
| Weighted number of average issued ordinary shares | **104 175 539** | 58 440 032 | **104 175 539** | 58 440 032 |
| Number of share options in issue | **8 937 607** | 14 120 380 | **8 937 607** | 14 120 380 |
| Number of staff share options allocated | **8 215 227** | 4 126 696 | **8 215 227** | 4 126 696 |
| Diluted weighted average number of ordinary shares | **121 328 373** | 76 687 108 | **121 328 373** | 76 687 108 |

| | GROUP 2000 R000 | GROUP 1999 R000 | COMPANY 2000 R000 | COMPANY 1999 R000 |
|---|---|---|---|---|
| **9 MINING ASSETS** | | | | |
| *Cost* | | | | |
| Opening balance of mining properties, mineral rights, mine development and mine plant facilities | **1 108 733** | 912 786 | **427 925** | 423 756 |
| Acquired through purchase of subsidiaries | **581 320** | 102 598 | **–** | – |
| Additions | **133 453** | 113 348 | **9 234** | 10 719 |
| Disposals | **(13 801)** | (19 999) | **(323)** | (6 550) |
| Foreign exchange movement in opening balance | **1 843** | – | **–** | – |
| Closing balance | **1 811 548** | 1 108 733 | **436 836** | 427 925 |
| *Accumulated depreciation* | | | | |
| Opening balance | **293 048** | 206 233 | **172 785** | 142 255 |
| Impairment of assets | **425 799** | **–** | **108 492** | – |
| Current depreciation | **123 752** | 86 815 | **26 977** | 30 530 |
| Closing balance | **842 599** | 293 048 | **308 254** | 172 785 |
| Net book value | **968 949** | 815 685 | **128 582** | 255 140 |

Included in net book value is an amount of R55 million (1999: R55 million) in respect of mineral rights acquired from Randgold & Exploration Company Limited which is not being depreciated.

A notarial bond for R60 million has been provided over the assets of a subsidiary (refer note 16(e)).

In assessing the recoverability of the above assets, the estimated cash flows have been calculated using the following estimates:

- recoverable proved and probable reserves of 15.9 million ounces at 30 June 2000;
- sales price estimates are based on a sales price estimate of R57 908 per kg (US$ 264 per ounce) and a base exchange rate of South African rand 6,82 to US dollar as at 30 June 2000, weakening in the future based on the differential between the local South African interest rate over the United States interest rate at an average difference of 4% per annum;

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |

## 9 MINING ASSETS

*(continued)*

- working cost estimates are based on current working costs per kilogram at 30 June 2000, escalated for expected South African inflationary increases of approximately 8% per annum;
- capital cost estimates are based on current estimates of future development costs to mine the current proven and probable reserves, escalated for expected South African inflationary increases of approximately 8% per annum; and
- mineral rights acquired from Randgold & Exploration Company Limited are not anticipated to produce any cash flow in the near future.

## 10 NON-CURRENT INVESTMENTS AND OTHER ASSETS

| | Group 2000 R000 | Group 1999 R000 | Company 2000 R000 | Company 1999 R000 |
|---|---|---|---|---|
| Investments in related, listed companies | **105 913** | 51 558 | **100 647** | 5 904 |
| – at cost | **114 734** | 60 379 | **109 468** | 14 725 |
| – *less*: provision for diminution | **8 821** | 8 821 | **8 821** | 8 821 |
| Equity investments | **17 055** | 3 396 | **922** | 880 |
| Prepaid royalty | **–** | 5 500 | **–** | 5 500 |
| Prepaid investment in subsidiary | **–** | – | **103 770** | – |
| Intangible asset | **4 353** | 7 350 | **4 353** | 7 350 |
| | **127 321** | 67 804 | **209 692** | 19 634 |
| *Less:* Investment in related listed companies shown under current assets | **99 305** | – | **99 305** | – |
| | **28 016** | 67 804 | **110 387** | 19 634 |

Certain listed investments have been pledged as security for the Western Areas Limited loan of R111 million (refer to note 16).

Equity investments comprise investments in various unlisted companies in South Africa for which a fair value is not readily determinable.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |
| **10 NON-CURRENT INVESTMENTS AND OTHER ASSETS** *(continued)* | | | | |
| The directors of the Company perform independent valuations of these investments on an annual basis to ensure that no significant decline, other than a temporary nature, in value of the investments has occurred. | | | | |
| The market values of listed investments are | **101 101** | 42 735 | **97 195** | 3 941 |
| The directors' valuation of the equity investments (including pre-paid investment in subsidiary) is | **23 311** | 7 895 | **110 948** | 816 |
| Intangible assets comprise restraints of trade payments to directors as follows: | | | | |
| Opening balance | **7 350** | – | **7 350** | – |
| Payments during the year | **–** | 8 399 | **–** | 8 399 |
| *Less*: amortisation | **(2 997)** | (1 049) | **2 997** | (1 049) |
| | **4 353** | 7 350 | **4 353** | 7 350 |
| **11 INVESTMENTS IN SUBSIDIARIES** | | | | |
| Shares at cost, less provision | | | **699 507** | 459 022 |
| Amounts owing by subsidiaries, less provisions | | | **886 660** | 465 213 |
| | | | **1 586 167** | 924 235 |
| Amounts owing to subsidiaries | | | **(947 203)** | (471 661) |
| Net investment in subsidiaries | | | **638 964** | 452 574 |
| The interest of the Company in the (loss)/profit after taxation of its subsidiaries is: | | | | |
| Aggregate losses | | | **(320 349)** | (29 288) |
| Aggregate profits | | | **31 208** | 36 688 |

A schedule showing the Company's financial interest in each subsidiary is given in the Directors' Report on page 43.
Shares in Buffelsfontein Gold Mines Limited and Blyvooruitzicht Gold Mining Company Limited have been ceded and pledged as security for a loan (refer note 16(e)).

| | GROUP 2000 R000 | GROUP 1999 R000 | COMPANY 2000 R000 | COMPANY 1999 R000 |
|---|---|---|---|---|
| **12 INVENTORIES** | | | | |
| Gold in process | **26 282** | 21 780 | **–** | – |
| Consumable stores | **56 386** | 21 946 | **1 936** | 2 559 |
| | **82 668** | 43 726 | **1 936** | 2 559 |
| **13 SHAREHOLDERS' EQUITY** | | | | |
| Details of the make-up of shareholders' equity are provided in the Statements of Shareholders' Equity on pages 49 and 50 | | | | |
| **Stated and share capital** | | | | |
| *Authorised* | | | | |
| 200 000 000 (1999: 100 000 000) ordinary shares of no par value | | | | |
| 5 000 000 (1999: 5 000 000) cumulative preference shares of 10 cents each | **500** | 500 | **500** | 500 |
| *Issued* | | | | |
| 120 990 746 (1999: 61 661 112) ordinary shares of no par value | **1 527 014** | 905 738 | **1 527 014** | 905 738 |
| Consideration for Rawas (see below) | **(122 574)** | – | **(122 574)** | – |
| 5 000 000 (1999: 5 000 000) cumulative preference shares of 10 cents each | **500** | 500 | **500** | 500 |
| | **1 404 940** | 906 238 | **1 404 940** | 906 238 |

*Unissued shares*

For the purpose of the Durban Roodepoort Deep (1996) Share Option Scheme, 15% of the issued ordinary shares have been reserved for participants and a further 4 088 531 unissued ordinary shares have been reserved for issue to the option investment holders when they exercise their option instruments. In terms of an ordinary resolution passed at the previous Annual General Meeting, the remaining unissued ordinary shares in the Company are under the control of the directors until the next general meeting.

*Cumulative preference shares*

The terms of issue of the cumulative preference shares are that they carry the right, in priority to the Company's ordinary shares, to receive a dividend equal to 3% of the gross future revenue generated by the exploitation or the disposal of the mineral rights acquired from Randgold & Exploration Company Limited in September 1997.

## 13 SHAREHOLDERS' EQUITY

*(continued)*

*Option instruments*

The Company currently has one class of options in issue, namely Durban Deep "B" options. The salient terms of these option instruments and numbers in issue at the year-end are as follows:

| | Number in issue | Option exercise price per Durban Deep ordinary share | Final exercise date |
|---|---|---|---|
| Durban Deep "B" options | 8 937 607 | R60.00 | 30 June 2002 |

Each option entitles the holder thereof to subscribe, at any time prior to the final exercise date, for one ordinary share of no par value in the share capital of the Company at the relevant price shown.

*Consideration for Rawas*

The Company allotted and issued 8 282 056 ordinary DRD shares in respect of the "Rawas" transaction. As at the end of September 2000 the transaction was not yet completed as a result of certain legal requirements not being fulfilled. The Board has made a decision to review its position with respect to this transaction.

The shares issued have been included in the annual financial statements and the allotment consideration in respect of the shares issued (R122.6 million), has been credited to a non-distributable reserve as the issue of shares may have to be validated by the Court. A provision equal to the outstanding consideration of R122.6 million has been raised through the income statement as the recovery of this amount may be uncertain.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |
| **14 PROVISION FOR ENVIRONMENTAL REHABILITATION** | | | | |
| While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the Company has estimated that the total cost for the mines, in current monetary terms, will be: | | | | |
| Group – R226.4 million (1999: R144.5 million)<br>Company – R36.9 million (1999: R34.3 million) | | | | |
| Total calculated liability | **206 616** | 110 657 | **36 912** | 15 065 |
| *Less* amounts contributed to environmental trust funds and interest accrued thereon | **(100 654)** | (37 016) | **(2 925)** | (3 208) |
| Rehabilitation costs provided | **105 962** | 73 641 | **33 987** | 11 857 |

The amounts have been contributed to irrevocable trusts. The monies in the trusts are invested primarily in interest-bearing debt securities. The Company intends to fund the ultimate rehabilitation costs from the money invested with the trust funds as well as, at the time of mine closure, the proceeds on the sale of remaining assets and gold from plant clean-up.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |
| **15 DEFERRED TAXATION** | | | | |
| The following is an analysis of the major categories of temporary differences included in the deferred tax balance: | | | | |
| Mining assets | **(96 213)** | (90 621) | **–** | (14 265) |
| Inventories | **(3 303)** | (1 088) | **–** | – |
| Provisions, including rehabilitation provision | **27 498** | 27 173 | **–** | 4 665 |
| Set-off of estimated assessed losses | **1 852** | 11 113 | **–** | 9 629 |
| Other | **(818)** | (115) | **–** | (29) |
| Net deferred mining and income tax liability | **(70 984)** | (53 538) | **–** | – |
| *Reconciliation between deferred taxation opening and closing balances* | | | | |
| Deferred tax liability at the beginning of the year | **(53 538)** | (52 546) | **–** | 27 186 |
| Net temporary difference on Mining assets | **(5 592)** | (5 938) | **14 265** | (4 922) |
| Net temporary differences on Inventories | **(2 215)** | 6 083 | **–** | – |
| Net temporary differences on Provisions, including rehabilitation provision | **325** | (10 016) | **(4 665)** | 2 100 |
| Net temporary differences on assessed losses | **(9 261)** | 8 068 | **(9 629)** | (24 416) |
| Net temporary differences on other | **(703)** | 811 | **29** | 52 |
| Deferred tax liability at the end of the year | **(70 984)** | (53 538) | **–** | – |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |
| **16 LONG-TERM LIABILITIES** | | | | |
| These comprise loans from: | | | | |
| (a) RMP Properties SA Limited | **36 273** | 32 466 | **–** | – |
| (b) First National Bank Limited | **2 525** | 2 951 | **–** | – |
| (c) NM Rothschild & Sons (Australia) Limited | **41 288** | – | **–** | – |
| (d) Industrial Development Corporation | **23 437** | – | **–** | – |
| (e) FBCF Equipment Finance Limited | **48 136** | – | **–** | – |
| (f) Consolidated African Mines Limited | **15 113** | – | **15 113** | – |
| (g) Western Areas Limited | **119 858** | – | **119 858** | – |
| (h) Hire purchase creditors | **583** | 5 089 | **–** | – |
| (i) NM Rothschild & Sons (Australia) Limited | **8 210** | – | **–** | – |
| (j) Mineral Resources Development Company (Proprietary) Limited | **10 748** | – | **–** | – |
| (k) Newmont (Proprietary) Limited | **13 602** | – | **–** | – |
| | **319 773** | 40 506 | **134 971** | – |
| *Less:* Payable within one year shown under current liabilities | **(213 926)** | (4 821) | **(134 971)** | – |
| **Total long-term liabilities** | **105 847** | 35 685 | **–** | – |

## 16 LONG-TERM LIABILITIES

*(continued)*

The terms and conditions attaching to the above loans are:

(a) The loan in favour of RMP Properties SA Limited bears interest at 72% of the overdraft interest rate quoted by the Standard Bank of South Africa Limited compounded monthly. The loan is redeemable, with interest, on 30 September 2000.

Certain mining and current assets are encumbered to the extent of R25 million as continuing security for the loan.

(b) The mortgage loan bears interest at 0.75% below prime lending rate offered by First National Bank Limited on overdraft.

The loan is repayable over 60 months which commenced on 1 July 1999 and is secured by a first covering mortgage bond over Stand 752, Parktown Extension 1 and a deed of suretyship signed by the Company.

(c) The debt represents the balance drawn down on a A$10 million amortising loan facility provided to DRD Australasia APS, by NM Rothschilds and Sons (Australia) Limited, with the Company as guarantor.

The amount is to be repaid in equal instalments which commenced on 30 June 2000. The interest rate is 1.5% per annum above NM Rothschild's base lending rate payable quarterly in arrears.

(d) The capital amount of R25 million is repayable in 47 equal monthly instalments which commenced on 01 May 2000. Interest on the loan is 2.5% below the prime overdraft rate per annum. A commitment fee of 1% on the loan amount plus 0.5% per annum on the amount of each drawing is payable to IDC. The Company has guaranteed the loan.

(e) The loan facility is subject to the following terms and conditions:

The capital amount of R55.1 million is repayable in half-yearly installments of R12.98 million which commenced on 17 November 1999 and terminates on 17 November 2002. The Company ceded and pledged all its shares in Buffelsfontein and Blyvooruitzicht Gold Mines Limited to BOE Merchant Bank. Joint and several guarantees have been given, by the South African based companies within the Group, for the performance in full on the due date. Buffelsfontein Gold Mines Limited has provided R60 million of the gold lock-up in the Hartebeestfontein gold plant, as security for the loan. A general notarial bond over all moveable assets of Buffelsfontein Gold Mines Limited to the value of R60 million was registered in favour of BOE Merchant Bank.

The Company entered into an interest swap and a put and call agreement in respect of this loan. Refer to note 22.

(f) Consolidated African Mines Limited

The loan bears interest at a rate of 14,5% and is repayable on 30 June 2000. Subsequent to 30 June 2000 this loan has been offset against amounts owed to the Company.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |

**16 LONG-TERM LIABILITIES**
*(continued)*

(g) The repayment agreement for an amount of R111 million was entered into on 21 February 2000 with Western Areas Limited. The repayment date is 1 July 2000. Repayment can be made by means of either cash or ordinary shares in the Company. Interest is payable at the overdraft rate. The Company has pledged certain of its listed investments as security for the repayment of the loan.

Subsequent to 30 June 2000 an extension for the repayment of the loan has been agreed.

(h) The Group entered into hire purchase agreements with financial institutions for the acquisition of various assets. The final repayment will be made during the following financial year. The interest rates are as per the various agreements.

(i) The Group entered into a convertible note agreement, which falls due on 30 June 2002. Interest is payable at a fixed monthly rate of 8.85% per annum.

(j) On 20 November 1997 Dome Resources NL entered into a loan agreement with the Mineral Resources Development Company (Proprietary) Limited ("MRDC") by which MRDC provided a loan to Tolukuma Gold Mine ("TGM"). The loan is to be repaid on 19 November 2000 and interest is payable at 9% per annum.

(k) Dome Resources NL exercised its option to purchase tenements on 26 November 1993 from Newmont (Proprietary) Limited. In the event of TGM achieving production of 300 000 ounces of gold an amount of US$3 million will become payable in three annual installments. This target has been reached during this financial year.

**17 ENVIRONMENTAL CONTINGENCIES OTHER THAN MINE REHABILITATION COSTS**

*Far West Rand Dolomitic Water Association*

| | GROUP 2000 R000 | GROUP 1999 R000 | COMPANY 2000 R000 | COMPANY 1999 R000 |
|---|---|---|---|---|
| A subsidiary's share of the total estimated expenditure to be incurred by the Association on compensation and purchase of properties as a result of the dewatering of the Oberholzer dolomitic water compartment has been expensed by the Group by depositing funds with the Association which at the year-end amounted to | **1 658** | 1 477 | **–** | – |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2000** | 1999 | **2000** | 1999 |
| | **R000** | R000 | **R000** | R000 |
| **18 COMMITMENTS** | | | | |
| Capital expenditure commitments: | | | | |
| (i) Contracted but not provided for in the annual financial statements | **26 500** | 29 115 | | – |
| (ii) Authorised by the directors but not contracted for | **24 300** | – | **–** | – |
| | **50 800** | 29 115 | **–** | – |

## 19 CONTINGENT LIABILITIES

The Company has guaranteed the liabilities of certain subsidiaries as disclosed in note 16.

## 20 EMPLOYEE BENEFIT PLANS

*Retirement funds*

The Group participates in a number of industry-based retirement plans. All plans are defined contribution plans and are governed by the Pension Funds Act, 1956. All the funds are actuarially valued at intervals of not more than three years using the projected benefit valuation basis. All pension funds have been valued during the last three years and were certified to be in a sound financial position. The provident funds are funded on the "money accumulative basis" with the members' and Company's contributions having been fixed in the constitutions of the funds.

The majority of the Group's employees are covered by the abovementioned retirement benefit plans.

*Post retirement benefits other than pensions*

Skilled workers participate in multi-employer plans, which pay certain medical costs. Employer contributions are determined on an annual basis by the funds. Qualifying dependants receive the same benefits as active employees. Other than discussed below, the Group has no legal obligations to retirees and their qualifying dependants for any contributions towards these medical funds.

## 20 EMPLOYEE BENEFIT PLANS

*(continued)*

A subsidiary of the Company has an obligation to fund a portion of the medical aid contributions of its employees after they have retired. This obligation was valued at 1 January 2000 by an independent actuary.

Included in accounts payable and accrued liabilities is an amount of R2.8 million in respect of this obligation. The full actuarial liability is R5.4 million. The shortfall in the provision will be paid over to the Group when the RMP loan (see note 16(a)) is repaid.

No other post-retirement benefits are available to other workers.

*Long service awards*

The Group companies participate in the Chamber of Mines of South Africa Long Service Award Scheme. In terms of the Scheme, bonus payments are made to certain employees upon attaining qualifying age and level of service.

Included in accounts payable and accrued liabilities, as at 30 June 2000, is an amount of R7.4 million (1999: R2.5 million), relating to payments the Group expects to make.

*Share option plan*

The Company has an Employee Share Option Scheme in terms of which the aggregate number of unissued shares that may be reserved shall not exceed 15% of the issued ordinary share capital. Refer page 45 for a summary of the share option scheme movements in the current year.

## 21 RELATED PARTY TRANSACTIONS

21.1 *Consolidated African Mines (CAM) and subsidiaries*

The Group acquired a total of 13 075 251 shares in Emperor from CAM (Jersey) and the consideration of R42.4 million was paid by issuing 3 020 077 shares.

1 000 000 shares with a value of R12.6 million were issued to CAM for its and JCI Gold Limited's assistance in acquiring the Hartebeestfontein Gold Mine.

An amount of R21 million was advanced to CAM (Jersey) and a loan of R15 million received from CAM (Jersey) on market related terms.

An amount of R4 million was paid to CAM (Jersey) for corporate services rendered.

## 21 RELATED PARTY TRANSACTIONS

*(continued)*

21.2 *Sale of shares held in Emperor*

The Emperor shares acquired from Randgold in 1999 and CAM (Jersey) together with 2 100 000 shares already held by the Company were sold as a package.

This transaction resulted in a loss to the Group of R14.9 million. (This amount has been included in the income statement under "Loss on sale of investments.")

21.3 *Randgold and Exploration Company Limited ("Randgold")*

During the year the Company advanced a loan of R8 million to Randgold. This loan has been repaid.

## 22 FINANCIAL RISK MANAGEMENT

**Cash and cash equivalents**

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these deposits. In addition, the Group minimises its credit risk by placing cash and cash equivalents with major banks and financial institutions located in South Africa, after evaluating the credit ratings of the respective financial institutions. The Group believes that no concentration of credit risk exists in respect of cash and cash equivalents.

**Derivative financial instruments**

In the normal course of its operations, the Group is exposed to commodity price, currency, interest, liquidity and credit risks.

In order to manage these risks, the Group may enter into transactions which make use of off-balance sheet financial instruments. These include gold forward sale, gold forward purchase and gold option contracts. These instruments are accounted for as hedges and, accordingly, gains and losses are recognised as a component of revenue.

*Concentration of credit risk*

The Group's financial instruments do not represent a concentration of credit risk, because the Group deals with a variety of major banks and financial institutions located in South Africa and Australia, after evaluating the credit ratings of the representative financial institutions. Furthermore, its debtors and loans are regularly monitored and assessed. An adequate level of provision is maintained.

**22 FINANCIAL RISK MANAGEMENT**
*(continued)*

*Foreign currency risk*
In the normal course of business, the Group enters into transactions denominated in foreign currencies (primarily United States Dollars ("US$") and Australian Dollars ("A$"). In addition, the Group has investments and liabilities in a number of different currencies (primarily US$ and A$).

As a result, the Group is subject to transaction exposure from fluctuations in foreign currency exchange rates.

The Group has not hedged its exposure to Rand based foreign currency rate fluctuations and the risk to the Group is reviewed on a regular basis.

*Interest rates and liquidity risk*
Fluctuation in interest rates impacts on the value of short-term cash investments and financing activities, giving rise to interest rate risks.

In the ordinary course of business, the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Funding deficits for the Group's mining operations have been financed through the issue of additional shares and external borrowings.

The Company has entered into an interest rate swap agreement converting the FBCF loan (see note 16 (e)) fixed rate to a variable market rate. The agreement was entered into on 17 November 1999 and expires on 17 November 2002. The variable interest for the period 17 May 2000 to 17 November 2000 is calculated on a notional amount of R51.8 million. The variable rate is based on the mid-market rate for deposits in South Africa plus 3%.

The fair value of the interest rate swap agreement at 30 June 2000 is a benefit of R1.2 million.

The Company entered into an agreement with BOE Merchant Bank on 17 November 1999 to provide either party with the opportunity to terminate the loan agreement on a date earlier than 17 November 2002. If the option in respect of the agreement was exercised on 30 June 2000, this would have resulted in a maximum cost to the Company of R55 million.

## 22 FINANCIAL RISK MANAGEMENT
*(continued)*

| The Company has entered into the following hedging transactions which mature in the years ended 30 June | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|
| **South African operations** | | | | |
| *Forward sale contracts* | | | | |
| Ounces | 563 750 | 430 000 | 170 000 | 150 000 |
| Average price (R/ounce) | 1 752.50 | 1 752.08 | 2 153.90 | 2 200.25 |
| Ounces | 77 000 | 14 000 | | 1 500 |
| Average price (US$/ounce) | 279.73 | 280.00 | | 320.10 |
| *Forward purchases* | | | | |
| Ounces | 189 469 | 138 942 | 57 185 | |
| Average price (US$/ounce) | 333.72 | 337.45 | 338.35 | |
| *Call options sold* | | | | |
| Ounces | | 170 000 | 204 000 | 34 000 |
| (R/ounce) | | 2 042.66 | 2 077.00 | 2 084.00 |
| Ounces | 106 100 | | | |
| (US$/ounce) | 319.50 | | | |
| *Call options bought* | | | | |
| Ounces | 131 250 | 131 250 | 150 000 | 150 000 |
| (R/ounce) | 2 300.00 | 2 300.00 | 2 999.93 | 2 999.93 |
| *Call options bought* | | | | |
| Ounces | 500 000 | | | |
| (US$/ounce) | 320.00 | | | |
| *Puts bought* | | | | |
| Ounces | | 70 000 | 84 000 | 14 000 |
| (R/ounce) | | 1 900.00 | 1 967.50 | 1 990.00 |

## 22 FINANCIAL RISK MANAGEMENT

*(continued)*

| | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|
| *Gold lease rate swaps* | | | | |
| Volume | | | 322 000 | 393 750 |
| Rate | | | 1.5% | 2.00% |
| **Australian operations** | | | | |
| *Forward sale contracts* | | | | |
| Ounces | 40 000 | | | |
| Average price (US$/ounce) | 322.19 | | | |
| *Calls sold* | | | | |
| Ounces | 65 000 | | | |
| Average price (US$/ounce) | 295.38 | | | |
| *Spot deferred* | | | | |
| Ounces | 79 000 | | | |
| Average price (US$/ounce) | 270.54 | | | |
| *Spot deferred bought* | | | | |
| Ounces | 65 000 | | | |
| Average price (US$/ounce) | 303.44 | | | |
| *Foreign exchange contracts* | | | | |
| US$/A$ | 5 716 633 | | | |
| Exchange rate | 0.6144 | | | |

Included in cash and cash equivalents is an amount of A$1 554 708 (R6.4 million) that has been given as security to NM Rothschild & Sons (Australia) Limited for a portion of the open foreign exchange position at year-end.

The Directors consider the fair value of the hedge book to be a loss of R250 million.

The fair value is quantified (at the latest practicable date – 4 October 2000) using a gold price of $271, an exchange rate of R7.23 to the US dollar and a real discount rate of 8% per annum. The fair value represents the present value of future cash flows discounted over the life of mine.

## 22 FINANCIAL RISK MANAGEMENT

*(continued)*

*Fair value of financing instruments*

The following table represents the carrying amounts and fair values of the Group's financial instruments outstanding at 30 June 2000.

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

| | **30 June 2000 R000 Carrying amount** | **30 June 2000 R000 Fair value** | 30 June 1999 R000 Carrying amount | 30 June 1999 R000 Fair value |
|---|---|---|---|---|
| *Financial assets* | | | | |
| Cash and cash equivalents | **102 107** | **102 107** | 82 633 | 82 633 |
| Accounts receivable | **139 397** | **139 397** | 61 766 | 61 766 |
| Listed investments | **105 913** | **101 101** | 51 558 | 42 735 |
| Investment in environmental trusts | **100 654** | **100 654** | 37 016 | 37 016 |
| *Financial liabilities* | | | | |
| Accounts payable and account liabilities | **460 649** | **460 649** | 178 188 | 178 188 |
| Bank overdrafts | **13 983** | **13 983** | 10 749 | 10 749 |
| Long-term debt | | | | |
| – long-term portion | **105 847** | **105 953** | 35 685 | 48 200 |
| – short-term portion | **213 926** | **228 065** | 14 471 | 14 582 |

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and short-term borrowings approximates their fair values due to the short-term maturities of these assets and liabilities.

The fair value of listed investments has been determined by reference to the market value of the underlying investments. The investment in the environmental trusts is invested primarily in interest-bearing securities, which approximate their fair value.

| | GROUP 2000 R000 | GROUP 1999 R000 |
|---|---|---|
| **23 JOINT VENTURE** | | |
| The financial statements of a joint venture, which represents a 50% interest in Witwatersrand Refinery (Pty) Limited, were incorporated with the consolidated financial statements. | | |
| The consolidated results include the following amounts relating to the Group's interest in the joint venture: | | |
| Revenue | **(324)** | – |
| Expenses | **570** | – |
| Loss before taxation | **246** | – |
| Taxation | **–** | – |
| Net loss after taxation | **246** | – |
| Mining assets | **1 283** | – |
| Net current liabilities | **(1 529)** | – |
| Interest in equity | **(246)** | – |
| *Comprising:* | | |
| Share capital | **–** | – |
| Share of accumulated losses | **(246)** | – |
| | **(246)** | – |

| | 2000 R000 South African operations | 2000 R000 Australasian operations | 2000 R000 Total |
|---|---|---|---|
| **24 SEGMENT INFORMATION** | | | |
| The Group operates in one industry segment, being the extraction and production of gold and related by-products. | | | |
| **Revenue** | 1 950 140 | 93 494 | **2 043 634** |
| **Result** | | | |
| Loss from operations | (392 372) | (459 660) | **(852 032)** |
| Other operating income | 21 245 | (17 466) | **3 779** |
| Interest paid | (28 560) | – | **(28 560)** |
| Taxation | (12 720) | 17 592 | **4 872** |
| Loss after tax | (412 407) | (459 534) | **(871 941)** |
| **Balance sheet** | | | |
| Mining assets | 724 563 | 244 386 | **968 949** |
| Net current assets/(liabilities) | (282 862) | 13 361 | **(269 501)** |
| **Other information** | | | |
| Capital expenditure | 119 331 | 14 122 | **133 453** |
| Asset impairment and diminution in investments | (228 035) | (361 654) | **(589 689)** |
| Total number of employees | 19 826 | 354 | **20 180** |

No comparative information is presented as the Group and Company operated only in South Africa during 1999.