

# Directors' report

## NATURE OF BUSINESS

The Company was incorporated on 16 February 1895 and operates gold mines in South Africa and Papua New Guinea. The Company does not have a major or controlling shareholder and is managed by its directors on behalf of its shareholders.

The Company is listed on the JSE Securities Exchange as well as on NASDAQ, the London Stock Exchange, the Paris Bourse, the Brussels Stock Exchange, the Australian Stock Exchange, the OTC market in Berlin and the Regulated Unofficial Market on the Frankfurt Stock Exchange.

## FINANCIAL STATEMENTS AND RESULTS

Financial figures presented in the Directors' Report are stated in South African Rand and shown to the nearest thousand Rand.

The consolidated financial statements include the results and financial position of the Company and its subsidiaries since the effective dates of acquisition.

## MINING RIGHTS AND PROPERTY

A schedule detailing the Company's mining rights and property is available from the Company's registered address.

## OPERATIONS

The results of operations for the year are summarised as follows:

	<b>Year ended 30 June 2001</b>	Year ended 30 June 2000	%
			change
<b>SOUTH AFRICA</b>			
<b>UNDERGROUND</b>			
Ore milled – t'000	<b>3 007</b>	3 275	(8)
Gold produced – kg	<b>20 380</b>	22 083	(8)
Yield – grams per tonne	<b>6.78</b>	6.74	1
<b>SURFACE TREATMENT</b>			
Tonnage treated – t'000	<b>21 783</b>	19 020	15
Gold produced – kg	<b>10 739</b>	10 289	4
Yield – grams per tonne	<b>0.49</b>	0.54	(9)
<b>OPENCAST</b>			
Tonnage treated – t'000	–	1 666	–
Gold produced – kg	–	1 921	–
Yield – grams per tonne	–	1.15	–
<b>TOTAL</b>			
Tonnage treated – t'000	<b>24 790</b>	23 961	3
Gold produced – kg	<b>31 119</b>	34 293	(9)
Yield – grams per tonne	<b>1.26</b>	1.43	(12)
<b>PAPUA NEW GUINEA</b>			
<b>UNDERGROUND</b>			
Tonnage treated – t'000	<b>72</b>	128	(44)
Gold produced – kg	<b>1 334</b>	998	33
Yield – grams per tonne	<b>18.53</b>	7.8	137
<b>SURFACE TREATMENT</b>			
Tonnage treated – t'000	<b>46</b>	–	–
Gold produced – kg	<b>644</b>	–	–
Yield – grams per tonne	<b>14.00</b>	–	–

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	<b>Year ended 30 June 2001</b>	Year ended 30 June 2000	%
			change
OPENCAST			
Tonnage treated – t'000	–	–	–
Gold produced – kg	–	–	–
Yield – grams per tonne	–	–	–
TOTAL			
Tonnage treated – t'000	<b>118</b>	128	(8)
Gold produced – kg	<b>1 978</b>	998	98
Yield – grams per tonne	<b>16.76</b>	7.8	115

## FINANCIAL RESULTS

The financial position, results of operations and cash flow information of the Company are presented in the attached financial statements.

The annual financial statements have been prepared by management in accordance with South African Generally Accepted Accounting Practice. They are based on appropriate accounting policies which have been consistently applied (except for the treatment of environmental rehabilitation – refer note 2) and which are supported by reasonable and prudent judgements and estimates. The annual financial statements have been prepared on a going concern basis and the directors are of the opinion that the Company's assets will realise at least the values at which they are stated in the balance sheet.

## OVERALL PERFORMANCE

The Group's performance has shown a pleasing turn-around from the previous year, by recording an operating profit of R116.7 million against a loss of R26.5 million in 2000. Although total gold production was down 6% to 33 097 kilograms (1 064 091 ounces), this was offset by a 12% improvement in the average gold price for the year. In addition, cost increases were held in check, particularly in the second half of the year, which resulted in only a 5% increase in the unit cash cost for the year. Cost of sales increased by 4%, from R58 660 to R61 186 per kilogram.

The directors continually re-appraise the carrying value of the Group's assets and make appropriate impairment adjustments as required. In the current year, the value of the Durban Deep section mining assets were written down from R42 million to R21 million and the joint venture investment in Witwatersrand Refinery (Pty) Ltd was abandoned at a cost of R10 million. However, on the liquidation of the Company's Hargraves Resources venture in Australia,

provisions no longer required were released, which resulted in a reversal of R65 million. The net credit result of R34 million has been shown in the income statement.

Despite continuing expenditure on investigations, legal and allied costs, control over administration and general costs was maintained and these rose by only 2%.

## FINANCIAL PERFORMANCE

In comparison to the previous year, capital expenditure was curtailed, with expenditure totalling R48 million against R133 million in 2000. In addition, several assets which were surplus to the Company's requirements as a result of the scaling down of operations at the Durban Deep and West Wits sections, were disposed of and cash of R44 million (2000: R14 million) was received.

With the repayment of several of the Group's borrowings, the interest-bearing debt: equity ratio has improved from the previous year's 69% to 54%. However, the current asset: current liability ratio has reduced marginally to 60% from 61%, well below management's objective of at least 100%. Once the "forward purchases" have been eliminated, this target should again be reached.

## RAWAS GOLD MINE – INDONESIA

The attention of members is drawn to note 14 to the financial statements and the Chairman's statement with respect to the transaction involving the Rawas mine. Investigations have continued throughout the year in order

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to unravel the complexities of the transaction. No finality has yet been reached, but certain recovery procedures have been put in motion. The 8 282 056 shares issued in terms of this transaction still need to be validated and an application to Court in this respect will be brought.

## SHARE CAPITAL

Full details of the authorised, issued and unissued share capital of the Company as at 30 June 2001 is set out in the notes to the annual financial statements on page 37 of this report.

The control over the unissued shares of the Company is vested in the directors, in specific terms as regards allotments in terms of the Durban Roodepoort Deep (1996) Share Option Scheme, as amended, and the allotment for shares for cash and in general terms as regards all other allotments.

The authorities granted to directors, in respect of control over the unissued shares, expire on the date of the annual general meeting of members to be held on 23 November 2001. Members, therefore, will be requested to consider resolutions at the forthcoming annual general meeting, placing under the control of the directors the then remaining unissued ordinary shares not required for purposes of the share option scheme.

During the year, a total of 125 082 new ordinary shares were issued at a cash price of R9.85 per share in terms of the offer by the Company for the shares in Dome Resources NL in terms of the special resolution passed on 18 February 2000. The Company is currently finalising the compulsory acquisition, bringing its shareholding to 100% of all shares of Dome Resources NL. On 9 February 2001 a special resolution was passed in terms of Section 81(1) of the Companies Act 61 of 1973, as amended, to

ratify the allotment and issue of 8 000 000 ordinary no par value shares at an issue price of R6.63 per share.

At the Annual General Meeting scheduled to take place on 23 November 2001, members will be requested to approve the creation of 100 000 000 "A" preference shares and the conversion of the 100 000 000 "A" preference shares so created into 100 000 000 ordinary shares of no par value, thereby increasing the authorised share capital of the Company to 300 000 000 ordinary shares. Members will also be requested to approve the creation of 10 000 000 "C" options which will entitle the holder thereof to subscribe for one ordinary share of no par value in the share capital of the Company at a subscription price of R15.00 per ordinary share and authorise the directors to allot and issue those "C" options as consideration of acquisitions by the Company from time to time.

## SHARES ISSUED FOR CASH

The following ordinary no par value shares were issued for cash under the general authority granted to directors:

Date of issue	Number of shares	Issue price R	Public shareholder issued to
2.10.2000	800 000	7.80	Consolidated African Mines Limited (Related party)
2.1.2001	400 000	4.60	Standard Bank Nominees (Tvl) (Pty) Ltd
29.1.2001	13 020 000	5.50	Mercantile Custodial Nominees (Pty) Ltd
1.3.2001	600 000	6.30	Rinric Nominees (Pty) Ltd
15.3.2001	350 000	7.00	The Corner House (Pty) Ltd
15.3.2001	1 720 000	6.75	Rinric Nominees (Pty) Ltd
	280 000	6.75	Shaparon Nominees (Pty) Ltd
17.5.2001	1 500 000	7.00	Rinric Nominees (Pty) Ltd
19.6.2001	1 000 000	8.59	Rinric Nominees (Pty) Ltd
TOTAL	19 670 000		

## HEDGING

The cost of the Company's present hedge book, the structure of which was imposed on the Company in previous years, is totally unacceptable. A decision was taken earlier in the year to amortise the forward purchases on a monthly basis, with the objective of completely eliminating these positions by December 2001. The cost incurred in the current year in this respect amounted to R205 million.

Now that the gold price shows increasing signs of having turned the corner and the Company's cost position has improved, it is less appropriate to hedge our forward gold production. The Board has received independent external advice on the existing hedge book and will implement these recommendations.

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## SUBSIDIARIES

The following information relates to the Company's financial interest in its subsidiaries:

	Issued ordinary share capital and % held		Shares at cost less provisions R'000	Effective date of acquisition	Indebtedness net of provisions R'000
<b>SOUTH AFRICA</b>					
Argonaut Financial Services (Pty) Ltd	100	100%	-	1.10.1997	821
Blyvooruitzicht Gold Mining Company Ltd	50 772 971	100%	120 587	15.9.1997	39 335
Buffelsfontein Gold Mines Ltd	13 000 460	100%	135 854	15.9.1997	(60 492)
Crown Consolidated Gold Recoveries Ltd	51 300 000	100%	94 650	14.9.1998	(4 564)
Duff Scott Hospital (Pty) Ltd	5	100%	-	16.8.1999	257
East Champ d'Or Gold Mine Ltd	7	100%	-	1.4.1996	-
Rand Leases (Vogelstruisfontein)					
Gold Mining Company Ltd	2 963 000	100%	42 113	1.1.1995	(42 113)
Roodepoort Gold Mine (Pty) Ltd	1	100%	-	1.1.1996	-
Stand 752 Parktown Extension (Pty) Ltd	10	100%	1 150	1.11.1998	1 514
West Witwatersrand Gold Holdings Ltd	99 900 000	100%	93 147	1.4.1996	109 484
<b>AUSTRALASIA / INTERNATIONAL</b>					
Dome Resources NL	A\$37 909 125	100%	210 813	1.4.2000	148
DRD Australasia (Pty) Ltd	A\$100	100%	-	15.11.1999	53 307
DRD International ApS	DK125 000	100%	117	28.4.1999	-
DRD Australasia ApS	-	100%	-	26.1.1999	(2 900)
DRD (Isle of Man) Ltd	£1	100%	13	5.3.1999	90

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## DIRECTORATE

The following were the changes to the Board of Directors since 1 July 2000:

<i>Resignations</i>	<i>Date</i>
CP Mostert	31.7.2000
MJ Prinsloo	2.11.2000
RHA Plaistowe	17.4.2001

### *Appointments*

IL Murray	31.7.2000
F Weideman	1.11.2000
LG Njenje	16.1.2001

The directors of the Company at 30 June 2001 are listed on page 49.

In accordance with the provisions of the Company's Articles of Association, Messrs LG Njenje, N Goodwin, F Lips and VO Hoops, retire at the forthcoming Annual General Meeting. They are eligible and have offered themselves for re-election.

The Company is not aware of the family interests, if any, of the directors.

Details pertaining to the secretary are listed on page 50.

## DIVIDENDS

No dividend has been declared for the year under review (2000: R nil).

## INTERESTS OF DIRECTORS IN THE COMPANY'S SHARE CAPITAL

At 30 June 2001, the beneficial and non-beneficial interests of the directors of the Company did not, in aggregate, in respect of either share capital or voting control, exceed five per cent of the issued capital of the Company.

The direct and indirect interests of the directors in the share capital of the Company were as follows:

	<b>Direct</b>	<b>Indirect</b>	<b>Direct</b>	<b>Indirect</b>
	<b>30.6.2001</b>	<b>30.6.2001</b>	<b>15.8.2001</b>	<b>15.8.2001</b>
G Fischer	-	-	-	-
N Goodwin	-	-	-	-
VO Hoops	-	-	-	-
RAR Kebble	60 000	-	62 000	1 080 000
F Lips	120 000	-	130 000	-
IL Murray	-	-	3 000	-
LG Njenje	-	-	-	-
F Weideman	-	-	-	-
MM Wellesley-Wood	5 000	-	5 000	-

## SHARE OPTION SCHEME

The directors have issued options in terms of the Durban Roodepoort Deep (1996) Share Option Scheme. The following summary is included in this report as required in terms of the rules of the Scheme:

	<b>2001</b>	<b>2000</b>
Balance of options available for allocation as at the beginning of the financial year	<b>10 683 385</b>	5 872 471
Number of options granted during the current financial year	<b>(11 789 000)</b>	(4 464 500)
Number of options lapsed during the current financial year	<b>1 009 750</b>	294 219
Additional options available as a result of an increase in issued share capital during the current financial year	<b>5 030 825</b>	8 899 445
Number of options exercised and available for re-allotment	<b>5 743 747</b>	81 750
Balance and options available for allocation as at the end of the financial year	<b>10 678 707</b>	10 683 385

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## OPTIONS HELD BY THE DIRECTORS

	Number at 30.6.2000	Granted during the year	Allocation price (Rands)	Exercised during the year	Number at 30.6.2001
VO Hoops	230 000	300 000 140 000	6.49 6.18	265 000	405 000
RAR Kebble	600 000	500 000 250 000 250 000 650 000	6.49 6.47 4.52 6.18	777 932	1 472 068
IL Murray	150 500	400 000 100 000 250 000 650 000	6.49 6.47 4.52 6.18	837 932	712 568
F Weideman	156 250	250 000 500 000 650 000	4.52 6.47 6.18	940 432	615 818
MM Wellesley-Wood	0	500 000 650 000 250 000 350 000	6.49 6.18 6.47 4.52	1 016 604	733 396
G Fischer	0	250 000 50 000	6.49 4.52	25 586	274 414
N Goodwin	0	250 000 50 000	6.49 4.52	25 586	274 414
F Lips	0	250 000 50 000	6.49 4.52	25 586	274 414
LG Njenje	0	150 000	4.52	76 759	73 241

Members will be requested to approve the allotment and issue of shares in terms of the rules of the scheme to directors.

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## **EMPLOYMENT EQUITY REPORT**

The Company is committed to the transformation of South Africa into a society where all people have an equal opportunity in employment and progression, irrespective of their race, gender, creed, sexual preference or disability.

Each operation has adopted a defined employment equity plan, after consultation with organised labour, to achieve targeted levels of designated groups within the various levels of employees and management. These reports were submitted to the Department of Labour in accordance with the requirements of the Employment Equity Act. Barriers to the achievement of these objectives including any discriminatory issues have been identified and are being addressed. One of the major problems faced by the Company is the retention of competent, skilled employees from designated groups who become highly marketable. Notwithstanding this, the Company remains committed to skills development training.

Each operation has communicated its employment equity policy to all employees. Progress in terms of the achievement of the goals as set out in the employment equity plans is monitored on a regular basis by the appropriate representative forums at each operation.

## **COMPANY SECRETARY'S REPORT**

I certify, in accordance with section 268G of the Companies Act, that the Company has lodged with the Registrar of Companies, all such returns as are required by a Public Company in terms of the Act and that all such returns are true, correct and up to date.



MA ELOFF

10 September 2001