

DIRECTORS' REPORT

NATURE OF BUSINESS		Year ended 30 June 2002	Year ended 30 June 2001	% change
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.	IMPERIAL			
	SOUTH AFRICA			
	UNDERGROUND			
	Ore milled – t'000	3 347	3 314	1
	Gold produced – troy ounces	637 035	655 235	(3)
	Yield – ounces/ton	0.190	0.198	(4)
The Company is listed on the JSE Securities Exchange South Africa 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 Stuttgart and the Regulated Unofficial Market on the Frankfurt Stock Exchange.	SURFACE TREATMENT			
	SOUTH AFRICA			
	Ore milled – t'000	23 809	24 007	(1)
	Gold produced – troy ounces	318 450	345 263	(8)
	Yield – ounces/ton	0.013	0.014	(7)
	PAPUA NEW GUINEA			
	Ore milled – t'000	184	134	40
	Gold produced – troy ounces	71 955	63 593	13
	Yield – ounces/ton	0.391	0.475	(19)
FINANCIAL STATEMENTS AND RESULTS Financial figures presented in the Directors' Report are stated in South African Rand and shown to the nearest thousand Rand.	TOTAL GROUP			
	Ore milled – t'000	27 340	27 455	0
	Gold produced – troy ounces	1 027 440	1 064 091	(3)
	Yield – ounces/ton	0.036	0.039	(3)
		METRIC		
The consolidated financial statements include the results and financial position of the Company and its subsidiaries since the effective dates of acquisition.	SOUTH AFRICA			
	UNDERGROUND			
	Ore milled – t'000	3 039	3 007	1
	Gold produced – kg	19 814	20 380	(3)
	Yield – g/tonne	6.52	6.78	(4)
MINING RIGHTS AND PROPERTY A schedule detailing the Company's mining rights and property is available from the Company's registered address.	SURFACE TREATMENT			
	SOUTH AFRICA			
	Ore milled – t'000	21 601	21 783	(1)
	Gold produced – kg	9 905	10 739	(8)
	Yield – g/tonne	0.46	0.49	(7)
OPERATIONS The results of operations for the year are summarised as follows:	PAPUA NEW GUINEA			
	Ore milled – t'000	165	118	40
	Gold produced – kg	2 238	1 978	13
	Yield – g/tonne	13.56	16.76	(19)
		TOTAL GROUP		
	Ore milled – t'000	24 805	24 908	0
	Gold produced – kg	31 957	33 097	(3)
	Yield – g/tonne	1.29	1.33	(3)

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 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 recorded an operating profit from gold of R289.2 million for the financial year. Total gold production was down 3% to 31 957 kilograms (1 027 440 ounces). The dollar gold price during the twelve months ended June 2002 traded between US\$265 to US\$326 per ounce. This together with the depreciation of the rand against the dollar in the second half of the financial year, significantly increased the price of gold in rand terms. Unit cost of sales in dollar terms decreased by 10% from US\$250 per ounce to US\$226 per ounce.

During May and June of the financial year the Company closed out the remaining hedgebook incurring a loss of R837 million. The only gold linked structure that remains is a gold linked electricity contract with Eskom (more details on page 40).

The directors continually re-appraise the carrying value of the Group's assets and make the appropriate impairment adjustments as required. In the current year, the remaining value of the Durban Deep section mining assets (R21 million) and 20% (R11 million) of the mineral rights in Argonaut were written down.

We are confident that the legal process regarding the CAM/JCI/JCI Gold Debt will rule in our favour but, to be conservative we have provided in full against the potential bad debt of R31.5 million (more details on page 42).

Better controls on administration and general costs have resulted in a significant decrease and are now at acceptable levels at US\$12 per ounce.

FINANCIAL PERFORMANCE

Capital expenditure for the financial year amounted to R83 million compared to R48 million the previous year. In addition, assets which do not conform to the Company's core business were disposed of and cash of R14 million (2001: R44 million) was generated through this.

A lot of effort during the year was put in to clean the Group's balance sheet. The Group disposed of the associated listed share parcel realising a profit of R17.1 million and repaid the Western Areas advance. Repayment of borrowings amount to R225 million. During June 2002 with the close-out of the hedgebook, an amount of R360.2 million was raised as borrowings of which R139.6 million has subsequently been repaid after the year-end.

The unacceptable current asset: current liability ratio of 71% is mainly the result of the hedgebook close-out and associated borrowing. Once the remainder of the hedgebook debt has been repaid the ratio will be far in excess of 100%.

SHARE CAPITAL

Full details of the authorised, issued and unissued share capital of the Company as at 30 June 2002 are set out in the notes to the financial statements on page 35 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.

DIRECTORS' REPORT

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 22 November 2002. 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 10 643 907 new ordinary no par value shares were issued as a result of employees exercising their options under the Durban Roodepoort Deep (1996) Share Option Scheme.

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
8 February 2002	2 000 000	17.50	CIBC World Markets
24 May 2002	10 000 000	41.21	CIBC World Markets
TOTAL	12 000 000		

At a general meeting of shareholders held on 7 June 2002, the allotment and issue by the Company on 9 July 1999 of 7 644 994 ordinary no par value shares and on 8 October 1999 of 677 062 ordinary no par value shares, all at an issue price of R nil per share, were ratified in order to comply with the requirements of section 82(1) of the Companies Act 1973, as amended. The shares were issued during 1999 pursuant to the Rawas transaction.

HEDGING

The Company is a non-hedger. Where appropriate, for example for capital projects or to secure debt repayment, the Company will "insure" the revenue stream through the purchase of put options while retaining the full upside participation for shareholders. We believe that equity investors in gold shares want exposure to the gold price and not protection from it.

At the start of the financial year the Company had a delta exposure of 1.6 million ounces. This has been completely eliminated during the year at a cost of R837 million. In addition the Company has paid off the remaining forward purchases at a cost of R446 million.

The only gold exposure the Company has, besides the ore reserves and resources, is the gold for electricity contract with Eskom, South Africa's electricity supplier. In terms of this unmarginated contract the Company pays Eskom 15 000 ounces of gold per month and receives 75 Gwh in return. This contract ceases in September 2005.

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 R000	Effective date of acqui- sition	Indebtedness net of provisions R000	
SOUTH AFRICA					
Argonaut Financial Services (Pty) Ltd	100	100%	–	1 Oct 1997	1 542
Blyvooruitzicht Gold Mining Company Ltd	50 772 971	100%	120 587	15 Sept 1997	(81 661)
Buffelsfontein Gold Mines Ltd	13 000 360	100%	135 854	15 Sept 1997	442 165
Crown Consolidated Gold Recoveries Ltd	51 300 000	100%	94 650	14 Sept 1998	(72 883)
East Champ d'Or Gold Mine Ltd	7	100%	–	1 April 1996	–
Rand Leases (Vogelstruisfontein) Gold Mining Company Ltd	2 963 000	100%	42 113	1 Jan 1995	(42 092)
Roodepoort Gold Mine (Pty) Ltd	1	100%	–	1 Jan 1996	–
Stand 752 Parktown Extension (Pty) Ltd	10	100%	1 150	1 Nov 1998	2 285
West Witwatersrand Gold Holdings Ltd	99 900 000	100%	40 414	1 April 1996	(22 996)
AUSTRALASIA/INTERNATIONAL					
Dome Resources NL	A\$37 909 125	100%	210 813	1 April 2000	83 368
DRD Australasia (Pty) Ltd	A\$100	100%	–	15 Nov 1999	(34 070)
DRD International ApS	DK125 000	100%	117	28 April 1999	–
DRD Australasia ApS	DK130 001	100%	105 478	26 Jan 1999	–
DRD (Isle of Man) Ltd	£1	100%	–	5 March 1999	90

DIRECTORS' REPORT

DIRECTORATE

The following were the changes to the Board of Directors since 1 July 2001:

<i>Resignations</i>	<i>Date</i>
F Lips	23 November 2001
VO Hoops	23 November 2001
F Weideman	28 February 2002
G Fischer	12 April 2002
LG Njenje	30 April 2002
RAR Kebble	30 June 2002

<i>Appointments</i>	<i>Date</i>
RP Hume	10 October 2001
DC Baker	22 January 2002
FH Coetzee	22 January 2002
CL Valkin	5 March 2002
GC Campbell	20 March 2002
MP Ncholo	20 March 2002

The directors of the Company, together with a curriculum vitae of each director as at 30 June 2002, are listed on page 46.

Directors' emoluments are listed on page 16.

In accordance with the provisions of the Company's articles of Association, Messrs N Goodwin, IL Murray and MM Wellesley-Wood 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 56.

DIVIDENDS

No dividend has been declared for the year under review (2001: R nil).

SHARE OPTION SCHEME

DRD's Share Option Scheme is used as an incentive tool for approximately 110 executives and senior managers whose skills and experience are recognised as being essential to the Company's performance. Over the past financial years the DRD share price has risen from a low of R4.40 (at 27 November 2000) to close this financial year at R42.99, up 877%. Over the same period the JSE All Gold Index has risen from 769 to 2,904, a gain of 278%. The DRD share price performance has out performed the Gold Index by 216%.

The total number of issued and exercisable share options allotted to the 110 employees is just under 3.7% of the issued capital. This is well below the South African norm, and well within the internationally accepted guideline on 3 – 5% for such schemes.

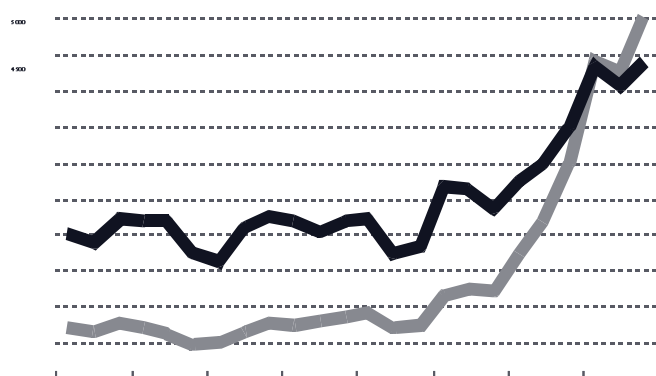
In addition the participants in the DRD Share Option Scheme are fully taxed at their maximum marginal tax rate.

DRD share option holders were unable to exercise options historically as the share price trended downwards to a low of R4.40, reflecting the company's poor performance. In the 2000 financial year DRD directors only exercised 20 000 share options, while in the 2001 financial year this increased, as the share price improved to R10.70, to 3 991 417 share options. This financial year, as the share price has risen to a high of R55.00, the directors have exercised 3 923 050 share options. Details of share options held by directors are listed on page 17.

Over this same period the DRD directors have reduced their fixed remuneration, and taken on more "at risk" remuneration. Total directors' emoluments (excluding share option gains) in 2000 were R14.7 million. In 2001 this increased to R22.5 million, including retrenchment payments of R5.3 million. In this financial year directors' remuneration (excluding share option gains) has reduced to R13.1 million.

The overall objective of the Share Option Scheme was to align the objectives, actions and interests of key employees to that of the shareholders. With the Company's performance and the share price performance having both improved considerably, we are confident that the DRD Share Option Scheme was successful in this regard. With effect from March 2002 the scheme allocation process was changed to regular bi-annual awards based on performance with a view to attracting and retaining quality senior staff.

Share price performance



■ Share price cents

■ DRD relative to JSE Gold Index

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

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

12 September 2002

DIRECTORS' REPORT

DIRECTORS' EMOLUMENTS

Executive directors	Board fees R000	Salary R000	Bonuses and performance related payments R000	Pension/ Provident scheme contributions R000	Restraint of trade amortisation R000	Total R000
MM Wellesley-Wood		3 675				3 675
RAR Kebble (resigned 30 June 2002)		3 107			802	3 909
ILMurray		1 742		430	169	2 341
F Weideman (resigned 28 February 2002)		1 124				1 124
FH Coetzee (appointed 22 January 2002)		663				663
VO Hoops (resigned 23 November 2001)		494	79	84	292	949
	–	10 805	79	514	1 263	12 661
Non-executive directors						
G Fischer (resigned 12 April 2002)	25					25
N Goodwin	130					130
F Lips (resigned 23 November 2001)	5					5
L Njenje (resigned 30 April 2002)	10					10
RP Hume (appointed 10 October 2001)	147					147
DC Baker (appointed 22 January 2002)	86					86
GC Campbell (appointed 20 March 2002)	–					–
MP Ncholo (appointed 20 March 2002)	–					–
	403	–	–	–	–	403
Alternates						
C Valkin (appointed 03 March 2002)						–
	–	–	–	–	–	–
Aggregate emoluments of directors who served during year						
	403	10 805	79	514	1 263	13 064

SHARE OPTION GAINS

EXECUTIVE DIRECT ORS

	MM Wellesley-Wood	IL Murray	FH Coetzee	VO Hoops	RAR K ebble	F Weideman
Balance brought forward						
Number	733 396	712 568		405 000	1 472 068	615 818
Ave strike price (R per share)	6.03	6.65		7.35	7.19	6.62
Granted during year						
Number	646 017	443 421	447 789	25 000	50 000	100 000
Ave strike price (R per share)	15.29	14.94	10.74	8.37	8.37	8.37
Exercised during year						
Number	474 104	478 318	150 000	255 000	1 147 077	715 818
Ave strike price (R per share)	6.24	6.64	7.09	7.92	7.47	6.86
Pre-tax gain at date of exercise						
– R000 value	11 098	9 486	2 663	2 292	12 990	11 338
– Average exercise (R per share)	29.64	26.47	24.84	16.91	18.79	22.70
Lapsed during year						
Number						
Ave strike price (R per share)						
Held as at 30 June 2002						
Number	905 309	677 671	297 789	175 000	374 991	
Ave strike price (R per share)	12.53	12.08	12.57	6.66	6.48	

NON-EXECUTIVE DIRECT ORS

	DC Baker	GC Campbell	F Lips	N Goodwin	RP Hume	MPNcholo	G Fisher	G Njenje	SENIOR MANAGE- MENT*
Balance brought forward									
Number			274 414	274 414			274 414	73 241	909 955
Ave strike price (R per share)			6.31	6.31			6.31	4.52	7.19
Granted during year									
Number	60 000	20 000		50 000	75 000	20 000	10 000	10 000	667 009
Ave strike price (R per share)	14.05	18.61		14.32	11.97	18.61	8.37	8.37	11.83
Exercised during year									
Number			274 414	169 414	26 250		159 414	73 241	815 205
Ave strike price (R per share)			6.31	6.87	10.94		6.31	4.52	7.34
Pre-tax gain at date of exercise									
– R000 value			3 857	2 252	787		1 746	952	15 252
– Average exercise (R per share)			20.37	20.16	40.92		17.26	17.52	26.05
Lapsed during year									
Number								10 000	
Ave strike price (R per share)								8.37	
Held as at 30 June 2002									
Number	60 000	20 000		155 000	48 750	20 000	125 000		761 759
Ave strike price (R per share)	14.05	18.61		8.29	12.52	18.61	6.49		11.09

* Senior management comprises the five most highly remunerated senior employees.

DIRECTORS' REPORT

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:

	2002	2001
Balance of options available for allocation as at the beginning of the financial year	10 678 707	10 683 385
Number of options granted during the current financial year	(4 678 370)	(11 789 000)
Number of options lapsed during the current financial year	710 266	1 009 750
Additional options available as a result of an increase in issued share capital during the current financial year	2 648 236	5 030 825
Number of options exercised and available for re-allotment	10 667 032	5 743 747
Balance and options available for allocation as at the end of the financial year	20 025 871	10 678 707

DIRECTOR'S INTEREST IN SHARES

The interest of the directors in the ordinary share capital of the company at 30 June 2002 were as follows:

	30 June 2002			30 June 2001		
	Direct	Beneficial Indirect	Non- beneficial	Direct	Beneficial Indirect	Non- beneficial
Executive directors						
MM Wellesley-Wood	105 000	-	-	5 000	-	-
IL Murray	306 308	-	-	-	-	-
FH Coetzee	297 789	-	-	-	-	-
F Weideman	-	-	-	-	-	-
VO Hoops	-	-	-	-	-	-
	709 097	-	-	5 000	-	-
Non-executive directors						
MP Ncholo	-	-	-	-	-	-
RP Hume	-	-	-	-	-	-
N Goodwin	569	-	-	-	-	-
DC Baker	60 000	1 450 000	-	-	-	-
GC Campbell	-	-	-	-	-	-
G Fischer	-	-	-	-	-	-
LG Njenje	-	-	-	-	-	-
RAR Kebble	-	-	-	60 000	-	-
F Lips	-	-	-	120 000	-	-
	60 569	1 450 000	-	180 000	-	-
Alternates						
CL Valkin	-	-	-	-	-	-
Total	769 666	1 450 000	-	185 000	-	-