



Durban Roodepoort Deep, Limited



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Zurich in the Spring

Zurich in the spring is truly beautiful: the snow capped Alps, the deep blue of the lakes and the crisp fresh air. I always regard Zurich as the end of our product chain as all those gold bars are unloaded off the SAA flight, only to be locked inside a gloomy vault for the remainder of their existence.

I can only hope that, before I am committed to my eternal vault, I am fortunate enough to be afforded a similarly uplifting final view.

I was in Zurich to meet some of our shareholders and for a Gold Conference. There I listened to Dr Martin Murenbeeld speak. Now, Martin is a respected gold forecaster and, incidentally, his forecast for the year was \$429/oz, but that was not what was so memorable about his talk.

Martin's analysis derives from a multi faceted approach. An interesting dimension in this, which sparked my interest, was the growing fiscal deficits Governments are now facing due to a rising dependency ratio.

The fact is we are all getting older. More importantly in the developed world, and they are the important ones because they've got all the money, we are "greying" at a phenomenal rate due to changing demographics. The rate of population growth is expected to shrink for the balance of the 21st century. Retirees will be growing as a percentage of the population in the United States from 2011 when the oldest baby boomers turn 65. This is already demonstrating itself in under-funded pensions, inter-generational mortgages and the collapse of guaranteed insurance schemes.

However, where it is really going to hurt is in Government spending which is about to rocket out of control. The US Budget Office predicts that the deficit will double to a staggering \$7 trillion by then – or double the already record level of 2004.

Ever since Governments became the underwriters for the welfare system, they have been promising more than they can afford to deliver. While they may be able to get to grips with inflation, in a world of excess capacity, they can't get the spending "genie" back into the bottle. Very soon over half the population will be over 50 and therefore a potential burden on the state; and our children.

This is creating an economic time bomb as such ever increasing levels of debt are passed on to the next generation in an economy which is trending downwards. This also creates a new cause of concern for the holders of fiat money where further "promises to pay" will, in all likelihood, be reneged on by the use of the printing press.

So, if you are one of those lucky ones that has some assets left over before you go to your vault, you had better ensure its an asset that will last. Like gold!

Regards,
Mark Wellesley-Wood
Executive Chairman

Beating the gold price at Blyvoor

"Beat the Rand/kilogram gold price before it beats us". This was the simple brief of the multi-disciplinary task team appointed in March at Blyvooruitzicht. The team, comprising representatives from management and organised labour, was charged with looking into the negative effect of the strong Rand on Blyvoor's costs and revenues, and with proposing strategies to counter these.

"Blyvoor should produce about 675 kilograms per month – in the first quarter we only topped 600 once," comments HR Manager Colin Goodwin. "Coming off a good quarter in December, this helped focus our minds on the problem".

The team's brief was to take an in-depth look at the business plans of all Blyvoor's underground business units, identify gaps and come up with detailed strategies for closing these. Colin stresses it was a full time job. "A number of team members commented that these exercises are often a smoke-screen for retrenchments. This was the first time senior management had been part of the process full-time, and it made everyone realise we were serious."

As the team met and identified key issues, all employees were kept in the picture with a series of detailed plans, or Flash reports. These set out quite clearly what was to be done, how and by when. "By the end of May, we plan to have evaluated each Mine Overseer section against progress made," says Colin.

One ground breaking outcome has been the conclusion of a rock drill operator agreement, to address the issue of improved face advance. In terms of this agreement, significant bonuses can be achieved if targets are met.

As part of the agreement, the post of rock drill operator's assistant has been re-introduced.

Colin explains: "We plan to appoint some 160 rock drill assistants, of whom about 30 are in place so far. The intention is to achieve this through redeploying existing labour.

Ben Nyirenda, who recently joined Blyvoor as Production Manager from De Beers, will be focusing on the implementation of this aspect.

A number of other initiatives are in the pipeline, largely driven by the Blyvoor Forum. "These include investigating winter rates for electricity. The task team identified a number of possible strategies here, and we are anticipating being able to save as much as R800,000 per month through implementing these," adds Colin.

We had to beat the R/kg gold price before it beat us ... Colin Goodwin, HR Manager, explains the task-team's strategies



EMPEROR UPDATE

DRD has extended the closing date for its offer to acquire all outstanding shares in Emperor Mines to 11 June 2004. The offer was first announced on 8 March.

Emperor Mines owns Emperor Gold Mine at Vatukoula, on the South Pacific island of Fiji. Established in 1935, the mine produces some 130,000 ounces of gold annually, and has produced nearly 7 million ounces over its life. The largest private employer on the island, Emperor Gold Mine employs more than 2,000 people.

Emperor's directors, citing a report commissioned from an independent expert, have suggested that DRD should increase the terms of its original offer.

"We remain committed to our initial offer," commented Chief Executive Officer Ian Murray, "and do not agree with the independent expert's valuation of Emperor shares at A\$1.00 to A\$1.32 per share". DRD's initial bid valued the shares at between A\$0.80 and A\$0.88 per share.

Looking after DRD's legal affairs

Meet Niël Pretorius and team



Niël Pretorius and Themba Gwebu (pictured above) form part of the legal team responsible for DRD's legal compliance

It's a long way from farming sheep in the Karoo to DRD's corporate offices in Parktown, but this is the path followed by Niël Pretorius, DRD's recently appointed Legal Counsel. Niël and his small team – Themba Gwebu, Hannes Botes and Lynne Nadauld – are responsible for DRD's legal compliance in the broadest sense and with all risk management issues. In his words, the team "deal with matters internally as far as in-house experience and resources take us" and "get the best advice at the best price" if outside expertise is required.

Niël comments: "DRD offers a dynamic environment because it's relatively small and you are not hampered by bureaucracy. You are expected to take decisions and live by them".

Niël grew up in Philippolis. After completing a B Proc at Rand Afrikaans University (RAU) he completed his articles with Elmar & Co before joining a firm of attorneys specialising in criminal law. A move into his own firm, with a focus on mining and labour law, led to his doing some work for DRD operations, and eventually to joining the company earlier this year.

Themba Gwebu was a magistrate before joining DRD on 1 April. His array of qualifications includes a B Luris from the University of the North West, an LLB and LLM from the University of South Africa (UNISA) and a Diploma in Corporate Law from RAU. A quest for new challenges brought him to DRD, where his specific focus within the team is the legal component of the conversion of mining rights.

"Working at DRD offers an opportunity to contribute to sustainable development in a broad sense, by extending the life of local operations and consequently of the communities within which we operate" says Themba. "There is also, of course, the opportunity to add value internationally, where DRD's skills have helped optimise resources off-shore".

And relaxation? There is not too much of that in this dynamic environment, but Niël still has his sheep farm in Philippolis, and manages the occasional game of golf as well as spending quality time with wife Marianne and their two boys aged six and four. Themba, a keen soccer spectator, is married to Phindi and the couple have two little girls of six and one.

RAWAS EXCEPTION DISMISSED

On 19 May 2004, Durban Roodepoort Deep succeeded in the High Court of South Africa in having an exception relating to the Rawas Transaction dismissed.

Judge Marais ruled against an exception taken by the defendants, namely, Roger Kebble, John Stratton, Hendrik Buitendag and JCI Limited.

The judge ruled that the summons issued by DRD was not defective as claimed by the defendants.

Judge Marais ruled that the exceptions by the defendants be dismissed with costs including the costs of two counsel.

The matter will now proceed to trial.

PLEASE NOTE

DRD's email addresses have changed. In future, please contact the relevant person as follows: firstname.lastname@za.drdgold.com, as per the example of ilja.graulich@za.drdgold.com



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Some of the information in this voluntary release may contain projections or other forward looking statements regarding future events or other future financial performance. We wish to caution you that these forward-looking statements are not guarantees or predictions of future performance, and involve known or unknown risks, uncertainties and other factors, many of which are beyond our control and which may cause actual events or results to differ materially from those expressed in the statements contained in this release. Factors that could cause or contribute to such differences are discussed in the sections entitled "Risk Factors" included in our annual report on Form 20-F for the fiscal year ended 30 June 2003, which we filed with the United States Securities and Exchange Commission on 30 December 2003 and is available on the SEC's website at www.sec.gov. We undertake no obligation to publicly update or release results of any of these projections or forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected results.

The gold mines of the future

On 30 April, a group of Grade 9 learners from Moletsane Secondary School in Soweto visited Blyvooruitzicht Gold Mine. The visit was sponsored by Brait SA, the Johannesburg-based international finance group, who have adopted the school as part of their social responsibility programme.

The visit, hosted by HR Manager Colin Goodwin, proved a great success. The group showed a keen interest in the range of careers available in the gold mining industry, and more than one indicated they might return.

The group of learners watched wide-eyed as gold was poured in the plant, although fortunately none were able to lift the 37-kilogram bar with one hand!

The group also toured surface operations and the mine villages, before returning to the training centre for a well-earned lunch. As their souvenir T-shirts said, they were now truly "gold bugs ... and proud of it".

On the safety front

Congratulations Blyvoor!

LADUMA, or "hit the target" is the safety motto of Blyvooruitzicht Gold Mine, and the team certainly scored a bulls-eye in their safety efforts recently, achieving the distinction of winning the West Rand Mine Managers' Association safety competition for the sixth year in a row.

Chief Safety Officer Willie Nelson comments: "We have achieved a 60% improvement in our Lost Time Injury Frequency Rate (LTIFR) over this period, from 17.84 in 1999 to 7.19 now." The competition is applicable to the mines' underground operations only, and, for the total mine including surface, the LTIFR for 2003 was 6.02 – better than the Ontario benchmark of 6.5, notes Willie proudly.

As Willie says, although winning the trophy again is a great achievement "safety is not about winning competitions – it's about total commitment from everyone on this mine".

Laduma! Willie Nelson, Blyvoor's Chief Safety Officer, proudly displays the West Rand Mine Managers' Association safety trophy

