



November
2003

DRD concludes acquisition of 20% of Porgera JV

The company announced on 24 November 2003 that it had concluded its acquisition of an effective 20% interest in the Porgera Joint Venture in Papua New Guinea from Oil Search Limited for US\$73.30 million.

Commenting on the conclusion of the transaction, DRD Chairman and CEO Mark Wellesley-Wood said: "This is further evidence of our doing what we say; we said we would grow production from Australasia – specifically from the highly prospective Rim of Fire – and this is another step forward in fulfilling that strategy.

"The acquisition of the Porgera stake takes our total annual gold production from the Australasian region to 260 000 ounces, about 30% of our total annual global production.

"30% of production now comes from Australasia"

"Annual cash flow from the region rises to some US\$28 million, or R200 million, at the current gold price, providing diversification away from the volatility of the South African Rand."

DRD elected to increase its cash component of the purchase consideration by US\$4.55 million, thus reducing the scrip component to US\$16.08 million, to be settled through the issue of 6 643 902 new DRD ordinary shares.

Funds already raised through the issue by DRD of 27 million shares to the Investec Group in September form part of the consideration for the Porgera Joint Venture acquisition. The issue of the shares will be considered a vendor placement for purposes of the JSE Listing Requirements.

The Porgera Gold Mine is operated by Placer Dome Inc and Mineral Resources Enga Limited (MRE) through a joint venture relationship.

In terms of its acquisition agreement, DRD has offered a 5% direct interest in the Porgera Joint Venture to MRE on commercial terms, and discussions with MRE are currently in progress.

A case of "déjà vu"

My annual trip to New Orleans to meet many of our US shareholders brought everything back into focus for me. I think in fashion terms it's called a "retro", for me it was more a case of "déjà vu". To explain this I have to go back some 30 years, but it was a stark reminder of why I want to be running a gold mining company!

The reason this investment conference is held in New Orleans is in honour of Jim Blanchard who inaugurated the National Committee of Monetary Reform in 1974. This came as an extension of the campaign to legalise gold ownership in the US after, only a few years before, President Nixon had closed the gold convertibility window. The Reform Committee espoused values such as Freedom – to own gold (and for the individual), Truth – in access to information, and, Empowerment of the individual (in rolling back the role of the State.)

For a fresh college graduate, such as yours truly, these were very identifiable values and over my time in the gold market I saw these unfurl to see gold rise to over \$700/oz in 1980 and, from that same school of thought, the subsequent rise of monetarism.

But, now we seem to have come full circle. The politicians who devalued the dollar against gold have also now seriously discredited their rights to be custodians of the US currency.

In 33 years we have gone from a position where the US dollar was as good as gold to one where US debt is 300% of GNP and 75% of the world's monetary reserves are in US dollars. By virtue of embarking on an hedonism which will bankrupt the next generation, the US has lost its right to the status of sovereign currency and failed in its attempt to demonetize gold.

So it's a case of 'Goodbye dollar' and 'Welcome back gold!'

Mark Wellesley-Wood



DRD heads to New Orleans



The company participated in the New Orleans Investment Conference, held from 29 October – 2 November. A firm believer in the intrinsic value of gold, DRD held a lucky draw for those participants who attended their presentation at the conference, entitled “We do what we say”.

The prize – a Kruger Rand – was won by Chuck Colburn from Plano, Texas. Mark Wellesley-Wood, DRD Chairman and CEO, presented the valuable prize to Chuck at the company’s booth (pictured above). Congratulations, Chuck! DRD hopes you enjoy your prize and continue to believe in gold as we do...

Long service awards for loyal Blyvoor employees

On 12 November 2003, Durban Roodepoort Deep, Limited honoured 42 Blyvooruitzicht (Blyvoor) employees who have served the company loyally for 25 years at a function held at the company’s Blyvoor Mine near Carletonville in South Africa. Cumulatively, these 42 employees have contributed a total of 1050 years’ service.

As a token of DRD’s appreciation, the company allowed employees to choose a gift to the value of R 3000, be it a watch, a digital camera or a fridge, to name but a few of the items chosen.

Said Colin Goodwin, Blyvoor’s HR manager, “The company would like to extend its heartfelt thanks for the dedication these employees have shown for over a quarter of a century. We wish them everything of the best now and in the future.”

Profile Louwtjie Louwrens

Louwtjie Louwrens, General Manager at the DRD-managed East Rand Proprietary Mines Limited (ERPM) near Boksburg in South Africa, brings with him nearly a quarter century’s worth of experience in intermediate and deep-level gold mining.

With a track record of experience garnered in just about every facet of gold mining, one would look long and hard to find someone with a more suitable background to turn ERPM into a productive, profitable operation.

As General Manager, a position he has held since October 2002, Louwtjie understands the challenges one is faced with when working a mature mine such as ERPM. In the process of completing his MBA (Finance), he also possesses the business acumen necessary to successfully run a mining operation.

Says Louwtjie, “Motivation and ambition are key to being successful. The ability to constantly adapt to changing environments, be they internal or external, is also fundamental to keeping a level head when running a mature mine like ERPM.”

A keen hunter in his spare time, Louwtjie is married with two children.



Louwtjie Louwrens, ERPM’s General Manager, with the award he received in August 2003 for achieving over 300 kilograms of gold production.

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WANT A QUICK RESPONSE TO YOUR QUESTIONS ABOUT DRD? Email: graulich@drd.co.za

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