
LETTER TO SHAREHOLDERS

Dear shareholder

Overall performance

Continued good cost containment, together with a stronger gold price, led to a 29% rise in cash operating profit for the quarter. Significant reductions in both corporate and financing costs led to a R 35.0 million (US\$ 4.1 million) increase in profits before tax, to R 33.2 million (US\$ 3.9 million). Headline earnings per share were 15 SA cents (2 US cents) per share compared with 4 SA cents last quarter.

Unit cash operating costs were well contained to a 3.6% rise in local currency terms despite the impact of an 8% wage increase effective from 1 July 2001. In total operating cost terms, including capital expenditure, Durban Roodepoort Deep, Limited is now performing well against its peer group, recording R 62 498 per kilogram (US\$ 232 per ounce) for the quarter.

Operational performance

Blyvooruitzicht's improvement in performance, embarked upon in February 2001 with the launch of the expansion programme, continued in the quarter under review and the mine delivered an excellent 10% increase in production. Ore is now being delivered from the Main Reef, in line with the Blyvooruitzicht Expansion Programme rollout.

At the **North West Operations**, open pit mining of the Black Reef has begun and will replace lower grade surface resources. Drilling results on the Race Track outcrop have been encouraging. In the quarter under review, the North West Operations' production was affected by the earlier than planned depletion of payable ore from the No 7 rock dump. In addition, Buffelsfontein's operations were affected by the COSATU-led industrial action on 29 and 30 August 2001.

Tolukuma has returned uneventfully to target levels, following last quarter's milling constraints and disruptions caused by bad weather and political unrest. Work on the new main haulage has been completed and a new open pit at the Joe Kunda vein will start production in the coming quarter. The depth extension of these high grade outcrops will now be tested by a drilling campaign. At the new Saki prospect a further 30 trenches were excavated and the average grade of 341 assays taken was 9.1 grammes per tonne.

In accordance with its mining plan, **Crown** mined through lower grade material during the quarter, but is back on track for the December 2001 quarter.

Financial

The company's cash operating margin continued its improving trend, reaching 16% in the quarter under review. A significant reduction in overhead and financing costs of R 34.4 million (US\$ 4.4 million) further helped the bottom line. The generation of the improved cash flow has led to the interest-bearing debt : equity ratio decreasing from 54% to 50% and the current ratio improving from 78% to 95%. Cash and equivalents on hand at the end of the quarter amounted to R 134.8 million (US\$ 15.0 million).

Hedge restructuring continues with the elimination of the 'long gold' positions now likely by December 2001 - three months earlier than previously advised.

Outlook

These results provide further evidence of the company's improving ability to deliver both operationally and financially. Our recent track record and our resolve to continue the drive for high-grade, low-cost ounces of production make the outlook for the second quarter too promising. Continuing improvement in the gold price would, of course, be a very welcome bonus.

MARK WELLESLEY-WOOD

Chairman and Chief Executive Officer

18 October 2001