



Duke's Healthcare Group Limited

# **DRD**

**dynamic, driven and independent**

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2002

[www.drd.com.hk](http://www.drd.com.hk)

# Durban Roodepoort Deep, Limited (DRD) IS A DYNAMIC, DRIVEN AND INDEPENDENT

PRIMARILY SOUTH AFRICAN-BASED GOLD MINING COMPANY, ESTABLISHED IN 1895.

THE MARKET CAPITALISATION OF THIS GROWTH-ORIENTATED COMPANY AS AT 30 JUNE 2002 WAS APPROXIMATELY R7.6 BILLION (US\$753 MILLION).



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

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*A copy of the Company's Business Report is  
available from the registered office of the Company*

## FINANCIAL HIGHLIGHTS

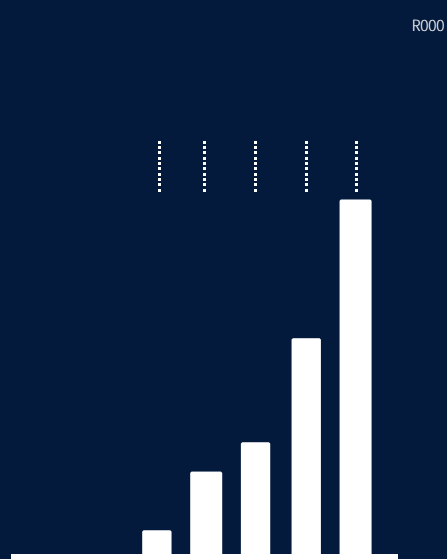
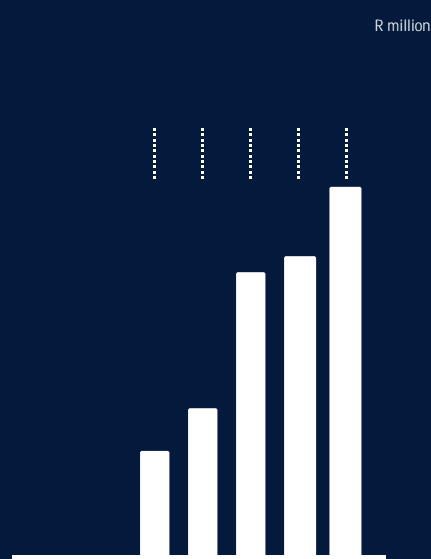
|   | 2002        | 2001        | % change |
|---|-------------|-------------|----------|
| <b>Gold</b>   |             |             |          |
| Production (thousand ounces)                          | 1 027       | 1 064       | (3.5)    |
| Average spot price (US\$ per ounce)                   | 296         | 274         | 8.0      |
| Average price received (US\$ per ounce)               | 253         | 264         | (4.2)    |
| Average cash cost (US\$ per ounce)                    | 212         | 232         | (8.6)    |
| Turnover (R million)                                  | 2 639       | 2 142       | 23.2     |
| Operating profit from gold (R000)                     | 289 24 1    | 116 692     | 147.9    |
| Loss after tax (R000)                                 | (5 10 534)  | (236 911)   | (115.5)  |
| Loss per share (cents)                                | (316)       | (175)       | (80.0)   |
| Total assets (R million)                              | 1 615       | 1 404       | 15.0     |
| Proved and probable mineral reserves (million ounces) | 16.3        | 14.4        | 13.2     |
| Net asset value per share (cents)                     | 247         | 284         | (13.0)   |
| Market price per share (cents)                        | 4 299       | 925         | 364.8    |
| Market price per share (US\$)                         | 4.25        | 1.15        | 269.6    |
| Ordinary shares in issue 30 June                      | 177 173 485 | 154 529 578 | 14.65    |
| Market capitalisation (R billion)                     | 7.6         | 1.4         | 442.9    |
| Market capitalisation (US\$ million)                  | 753         | 177         | 325.4    |



Cash operating profit FOR THE  
YEAR improved BY R164 million  
DUE TO TIGHT COST CONTROLS

Turnover per annum

Cash operating profit from gold





## To my fellow shareholders, gold investment of choice.

LAST YEAR WE SET OURSELVES THE TARGET OF BECOMING THE gold investment of choice. DUE TO THE ACTIONS THAT YOUR BOARD EMBARKED UPON, TOGETHER WITH THE IMPROVEMENT IN THE GOLD PRICE, DRD'S SHARE PRICE ROSE BY 365% OVER THE YEAR. THIS WAS ONE OF THE LARGEST INCREASES IN THE SECTOR AND REPRESENTED AN OUT PERFORMANCE OF THE JSE GOLD INDEX OF 94%. IN MAY, THE SHARES WERE INCLUDED IN THE ALL SHARE INDEX IN SOUTH AFRICA AND AT THE YEAR-END THE BUSINESS WAS VALUED AT R7.6 BILLION.

Attracted by this performance we welcomed many new shareholders during the year and our liquidity also rose dramatically. Some 30 000 US investors now hold some 75% of our shares and over 85% of the turnover in our shares is conducted on NASDAQ. During the year, 606 million shares were traded on all our exchanges representing 3.4 times our issued capital.

The most important change to the business was the elimination of our revenue hedge book. We bought back, or delivered in to positions, totaling approximately 920 000 ounces during the year at a cost of just under R1.0 billion. In April, we issued 10 million shares at R41.21 to North American institutions, the proceeds of which went into the buyback programme.

These hedge positions had meant that we had been selling gold at a discount averaging around \$50/oz and this was seriously impeding our ability to grow and restraining the upside to shareholders from a rising gold price. I am pleased to report that we are receiving the full market price for our gold sales in the coming year. The only remaining price protection we have is

with our electricity supplier, Eskom on a "gold for Gigawatts" swap.

Our operating profit from gold mining increased from R117 million to R289 million, however, this translated into a larger bottom line loss due to the realised losses on the hedge book close out. Our average cash cost of production for the year was \$212 on our production of just over 1.0 million ounces.

Now that we are unhedged, we can look forward to a healthy profit margin and participate fully in any future rise in the gold price.

We engaged the new South Africa with an innovative Black Empowerment transaction with Khumo Bathong and welcomed Dr Paseka Ncholo to our Board. Khumo Bathong acquired 4.8 million shares in DRD and a 60% share in Crown Gold Recoveries, our slimes dump retreatment business on 1 July 2002, just after the closing of our financial year-end. The transactions were based on fair value and raised R173.5 million for DRD. The Industrial Development Corporation of South Africa provided financing for Khumo Bathong.

We also took positive steps to start growing our asset base and making our production profile more sustainable. We accelerated our exploration programmes at Tolukuma and at our Harties lease area. We recommissioned 6# at Harties and, through a new decline (cost R23 million) accessed additional reserves. Meanwhile, our Blyvoor Expansion Programme continues to go from strength to strength. Access has been re-established to the Main Reef in the former Doornfontein mine area and we have commenced mining there. We invested capital of R83 million during the year on these projects and plan to increase our capital programmes to R156 million this year. All these investments are intended to open up old areas for mining and increase our ore reserves.

As at 30 June, our ore reserves (adjusted for the sale of 60% of Crown Gold Recoveries (Pty) Ltd on 1 July 2002) had increased by 13% to 16.3 million ounces. The increase being due to a lowering of pay limits and the re-opening programmes we have been implementing.

"POSITIVE TRENDS WILL enable US IN THE NEAR  
FUTURE TO REWARD BOTH shareholders  
WITH A dividend AND employees  
WITH BETTER remuneration"

The result of these changes to our mine lives has been dramatic, and in line with our strategy of extending asset lives from old mines. These have been as follows: for Blyvoor, from 14 to 26 years; for Buffelsfontein, from 4 to 8 years, and for Harties, from 4 to 10 years. All these mines now have cost of production below \$230/oz and we see great potential for converting more resources into reserves and lowering costs even further.

This has also been good news for our employees as our total workforce increased by 2 000 to 21 000. We have also been able to catch up with industry pay scales and comply with the newly increased minimum wage. Sadly, it had been the case that, as a marginal gold producer, DRD had in the past largely ignored the training and development of its people. We have now put in place a new Human Resources Department and have improved our training and skills development programmes.

We have introduced a new Health and Safety Policy and this, together with the implementation of an independent NOSA audit, confirms our commitment to ensuring that our workers are not exposed to unacceptable risks at the workplace.

There was also a wholesale repositioning of the Board during the year. Only three Directors, including Ian Murray and myself on the Executive side, remain from the beginning of the year, as we have brought in new independent non-executives. All links to JCI and CAM have been severed. During the year we welcomed four new independent non-executives to the Board: MP Ncholo, Rob Hume, David Baker and

Geoffrey Campbell. This brings the total of non-executives to a majority of five with three executive directors, being, myself, Ian Murray, the CFO and Frik Coetzee as COO. Frik Coetzee replaced Frans Weideman as COO in January and Frans retired from the Board in February. Frans's wise counsel and huge experience will be sorely missed.

Our investigations into irregular transactions, which were identified as not being to the benefit of DRD shareholders, have been completed and litigation against the relevant parties have commenced. Both the High Court in South Africa and shareholders have ratified the invalid issue of shares for Rawas. Your Board will endeavour to recover whatever value it can for shareholders on a cost effective basis.

South Africa will soon have a new Minerals Bill. The impact of this legislation on your company is expected to be minimal and, in as far as certain aspects are considered, will be advantageous. As a smaller operator, DRD, could benefit from the "use or lose it" rules as this frees up rights in which we could have an interest. The Government has assured companies and investors that the Empowerment aspects of the legislation, which still have to be worked out, will be implemented on a market related basis. Shareholders should also note that our company has already made significant steps to comply with Black Economic Empowerment policy with its relationship with Khumo Bathong and Dr Paseka Ncholo.

It has been a difficult year for me personally, as I was at one time banned from South Africa due to alleged Work Permit irregularities. I am pleased to say that the authorities rectified these speedily,

although the circumstances surrounding this affair are still the subject of an internal enquiry.

Roger Kebble retired this year. He has had a long and somewhat controversial relationship conflict, between his "passion" for DRD, which he always saw as his "baby" and his other commercial interests. Well, the baby has grown up now and can stand on its own two feet, but we must thank Roger for playing the role of midwife.

Looking forward, we foresee both opportunities and challenges. We are going to be focusing on extracting more gold from our resource base. As we substitute more underground feed in to our mills, we can see a rising gold profile. Our mine lives are being extended as we continue to invest and, while our cash flow looks healthy, we will still remain vigilant on costs. These positive trends will enable us to, in the near future, reward both shareholders with a dividend and employees with better incentives and conditions.

Above all we have, I believe developed an excellent management team. DRD runs tough mines – many of which the other mining groups had "given up" on. This requires tough dedicated people. I am confident that our team can go on to achieve even greater things in the future.

In my opinion DRD is now poised to grow from a stable platform.



MARK WELLESLEY-WOOD

12 September 2002

## CORPORATE GOVERNANCE

DRD believes that corporate governance is about how we exercise best business practice throughout our organisation. It is the means by which we enhance our organisational performance and deliver value to shareholders and stakeholders alike. The systems that we have put in place serve to enhance transparency and accountability by providing checks and balances throughout our organisational structure.

We are committed to high standards of corporate governance throughout the Group and we support the principles as laid down in the King Report II, namely fairness, accountability, responsibility and transparency.

### BOARD OF DIRECTORS

The board of directors comprises three executive, five non-executive directors and one alternate director, whose details are set out on the inside back cover of this report.

The board recognises its responsibility to retain full and effective control over the Company. The board meets regularly on a quarterly basis with additional meetings being arranged when necessary to establish, review and implement strategy and also to review operational and financial performance.

The board further authorises acquisitions, disposals, major capital expenditure, stakeholder communication and other material matters reserved for its consideration in terms of its Terms of Reference. The board approves the annual budgets for the various operational units.

The roles of chairman and chief executive officer currently vest in the same person but a reputable recruitment agency has been requested to assist in the appointment of a suitably qualified and experienced non-executive chairman who will be appointed in the forthcoming year.

The board reviews practices for the monitoring of executive management and ensuring that decisions on material matters are in the hands of the board. The board approves all terms of references for the various sub-committees of the board, including special committees tasked to deal with specific issues.

All directors are subject to retirement by rotation and re-election by shareholders in accordance with the Company's Articles of Association. In addition, all directors are subject to re-election by shareholders at the first annual general meeting following their appointment. The board as a whole approves the appointment of new directors.

The current board of directors is categorised as follows:

Executive directors, being individuals involved in the day-to-day management of the Company:

Mark Wellesley-Wood (Chairman)  
Frik Coetzee (Chief Operations Officer)  
Ian Murray (Chief Financial Officer)

Independent non-executive directors, being individuals not involved in the day-to-day management of the Company and who are not full-time salaried employees:

David Baker  
Geoff Campbell  
Nick Goodwin  
Rob Hume  
Paseka Ncholo  
Charles Valkin

The board has met on ten separate occasions during the financial year. The board schedules to meet at least four times per annum.

|                         | 2001    |         |          |        |         |         |
|-------------------------|---------|---------|----------|--------|---------|---------|
|                         | 17 July | 17 Aug* | 18 Sept* | 10 Oct | 10 Oct* | 13 Dec* |
| Executive directors     |         |         |          |        |         |         |
| MM Wellesley-Wood       |         |         |          |        |         |         |
| F Weideman              |         |         |          |        |         |         |
| VO Hoops                |         |         |          |        |         |         |
| IL Murray               |         |         |          |        |         |         |
| Non-executive directors |         |         |          |        |         |         |
| RAR Kebble              |         |         |          |        |         |         |
| G Fischer               |         |         |          |        |         |         |
| N Goodwin               |         |         |          |        |         |         |
| F Lips                  |         | –       | –        | –      | –       |         |
| LG Njenje               |         |         |          |        |         | –       |
| RP Hume                 |         |         |          |        |         |         |

|                         | 2002   |          |           |          |
|-------------------------|--------|----------|-----------|----------|
|                         | 22 Jan | 5 March* | 20 March* | 23 April |
| Executive directors     |        |          |           |          |
| MM Wellesley-Wood       |        |          | ☛         |          |
| FH Coetzee              |        |          | ☛         |          |
| IL Murray               |        |          |           | –        |
| F Weideman              |        |          |           |          |
| Non-executive directors |        |          |           |          |
| DC Baker                |        |          | ☛         | ☛        |
| G Fischer               |        |          |           | –        |
| N Goodwin               |        |          |           |          |
| RP Hume                 |        |          | ☛         |          |
| RAR Kebble              |        |          |           |          |
| LG Njenje               |        |          |           |          |
| GC Campbell             |        |          |           |          |
| MPNcholo                |        |          |           |          |

\* Special board meetings

☛ By telephone

#### COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company secretary is appointed in terms of Section 268 of the Companies Amendment Act 1999 (No 37 of 1999). All directors have access to the advice and services of the Company secretary, who reports to the chairman of the board. The secretary is responsible to the board for ensuring compliance with procedures and regulations of a statutory nature. Directors are

entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense, should they believe that course of action would be in the best interests of the Company.

#### STAKEHOLDER COMMUNICATION

The board strives to present a balanced and understandable assessment of the Company's position, addressing material matters of significant interest and concern to stakeholders.

International media, analyst and investor briefings are held when the Company's results are announced at quarterly intervals. The Company has a website containing up-to-date information and a monthly newsletter, distributed to a database of interested stakeholders, is published.

Shareholders and members of investment communities around the world may direct their comments and questions on issues concerning the Company to the company secretary, whose contact details appear on the inside back cover.

#### ETHICS

Every employee, from the category of shift boss and higher, has signed an undertaking to act according to the highest possible ethical standards. Employees undertook not to accept any gifts, hospitality or other favours, regardless of value, which might or could be perceived to influence their judgement in relation to business transactions, such as the placing of orders and contracts. The Company deals strongly with individuals or entities not demonstrating the same level of commitment to the Company's integrity.

The Company has implemented an authorities framework for all operations, eliminating all informal decision making processes which created opportunities for misunderstanding and previously exposed



## CORPORATE GOVERNANCE

the Company to risks. The authorities framework is an integral element of corporate governance and is intended to facilitate effective decision making by ensuring that responsibility is clearly indicated, that the appropriate persons have proper authority and by ensuring consistency of approach.

### RESTRICTIONS ON SHARE DEALINGS

The Company operates a "closed period" prior to the publication of its quarterly results during which period directors and officers of the Company may not deal in the shares of the Company. Where appropriate, this "closed period" is also extended to include other "sensitive" periods.

Directors are required to disclose their and their concert parties' dealings in the Company's shares to the company secretary, in line with regulatory and governance requirements.

### EXECUTIVE COMMITTEE

The executive committee reviews current operations in detail, develops strategy and policy proposals for consideration by the board and implements its directives.

The executive committee comprises: MM Wellesley-Wood (Chairman), B Beer, FH Coetzee, J Engels, IL Murray, DSD van den Bergh and MA Eloff (Secretary).

The executive committee meets regularly on a weekly basis and where members are not able to attend a meeting personally, telephonic facilities are made available to include them in relevant proceedings and permit participation in decisions and conclusions reached.

### REMUNERATION COMMITTEE

The remuneration committee approves all remuneration policies of the Company as well as the terms of employment of

executive directors and officers. Items considered by the committee include salaries, performance-based incentives and other benefits. The committee further considers and approves the eligibility and performance measures of the Employee Share Option Scheme applicable to directors and senior management. The committee meets when required.

The remuneration committee comprises: N Goodwin (Chairman); GC Campbell.

### AUDIT COMMITTEE

To assist the board in discharging its responsibilities to maintain financial controls, the audit committee meets quarterly with the external audit partner, the Company's independent internal audit practitioner and the chief financial officer to review the audit plans of the internal and external auditors, to ascertain the extent to which the scope of the audit can be relied upon to detect weaknesses in internal controls and to review the annual financial statements prior to approval by the board. A dedicated risk manager has been appointed to address enterprise risk and he assists the audit committee in reviewing hedging, health and safety, environmental and insurance matters.

The Company's independent internal auditor and the external audit partner have unrestricted access to the chairman of the audit committee. All important findings arising from audit procedures are brought to the attention of the committee, and, if necessary, to the board.

The audit committee comprises: RP Hume (Chairman); N Goodwin.

### INTERNAL AUDIT FUNCTION

The internal audit function is contracted out and is designed to respond to management's requirements, while

maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its service. The internal audit practitioner reports at every quarterly audit meeting.

### ANNUAL FINANCIAL STATEMENTS

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and to prepare annual financial statements which fairly represent the state of affairs of the Company at the end of the financial year, and the results of operations and cash flows for the year, in conformity with South African Statements of Generally Accepted Accounting Practice.

As part of its listing on the NASDAQ SmallCap Market, the Company prepares a set of financial statements in accordance with US Generally Accepted Accounting Principles which is incorporated in the comprehensive annual report, Form 20-F, for filing with the United States Securities and Exchange Commission.

This report will be available from the Bank of New York to holders of the Company's securities listed in the form of American Depositary Shares on the NASDAQ SmallCap Market.

### WORKER PARTICIPATION

The Company employs a variety of participating structures on issues that affect employees directly and materially and that are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflicts. These structures embrace goals relating to productivity, career security and identification with the Company. An affirmative action programme forms part of the Company's training and business plan.

## STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS AT 30 JUNE 2002

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Durban Roodepoort Deep, Limited and its subsidiaries. The financial statements, presented on pages 10 to 45, have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and include amounts based on judgements and estimates made by management. The directors also prepared the other information in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements.

The directors have no reason to believe that the Company or the Group will not be going concerns in the foreseeable future based on forecasts and available cash resources and ore reserves.

The financial statements have been audited by the independent auditors, Deloitte & Touche, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The audit report from Deloitte & Touche is presented below.

The financial statements were approved by the Board of Directors on 12 September 2002 and are signed on its behalf by:



RP HUME

Chairman: Audit committee



IL MURRAY

Chief financial officer

## REPORT OF THE INDEPENDENT AUDITORS

To the members of Durban Roodepoort Deep, Limited

We have audited the annual financial statements and Group annual financial statements of Durban Roodepoort Deep, Limited set out on pages 10 to 45 for the year ended 30 June 2002. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### AUDIT OPINION

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2002 and the results of their operations and cash

flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

DELOITTE & TOUCHE

Chartered Accountants (SA)

Registered Accountants and Auditors

Johannesburg

12 September 2002

## DIRECTORS' REPORT

| NATURE OF BUSINESS   |                             | Year ended<br>30 June<br>200 2 | Year ended<br>30 June<br>2001 | %<br>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)         |
|  | 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   | TOTAL GROUP                 |                                |                               |             |
| Financial figures presented in the Directors' Report are stated in South African Rand and shown to the nearest thousand Rand.  | 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                      |                                |                               |             |
|  | 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)         |
|  | 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)         |
|  | 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<br>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<br>share capital<br>and % held |      | Shares at<br>cost less<br>provisions<br>R000 | Effective<br>date of<br>acqui-<br>sition | Indebtedness<br>net of<br>provisions<br>R000 |
|---|--|------|--|--|--|
| <b>SOUTH AFRICA</b>   |  |      |  |  |  |
| 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)<br>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)                                     |
| <b>AUSTRALASIA/INTERNATIONAL</b>                            |  |      |  |  |  |
| 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.

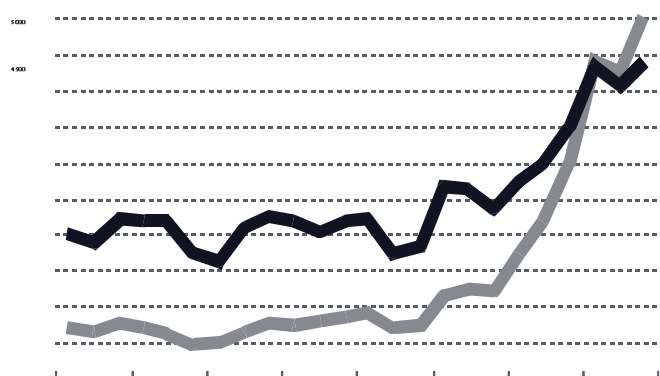
In addition the participants in the DRD Share Option Scheme are fully taxed at their maximum marginal tax rate.

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<br>fees<br>R000 | Salary<br>R000 | Bonuses and<br>performance<br>related<br>payments<br>R000 | Pension/<br>Provident<br>scheme<br>contributions<br>R000 | Restraint<br>of trade<br>amortisation<br>R000 | Total<br>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 | MP Ncholo | G Fisher | G Njenje | SENIOR<br>MANAGE-<br>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         |          |                    |
|--------------------------------|----------------------|------------------|--------------------|----------------------|----------|--------------------|
|                                | Beneficial<br>Direct | Indirect         | Non-<br>beneficial | Beneficial<br>Direct | Indirect | Non-<br>beneficial |
| <b>Executive directors</b>     |                      |                  |                    |                      |          |                    |
| MM Wellesley-Wood              | 105 000              | –                | –                  | 5 000                | –        | –                  |
| IL Murray                      | 306 308              | –                | –                  | –                    | –        | –                  |
| FH Coetzee                     | 297 789              | –                | –                  | –                    | –        | –                  |
| F Weideman                     | –                    | –                | –                  | –                    | –        | –                  |
| VO Hoops                       | –                    | –                | –                  | –                    | –        | –                  |
|                                | 709 097              | –                | –                  | 5 000                | –        | –                  |
| <b>Non-executive directors</b> |                      |                  |                    |                      |          |                    |
| 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              | –        | –                  |
| <b>Alternates</b>              |                      |                  |                    |                      |          |                    |
| CL Valkin                      | –                    | –                | –                  | –                    | –        | –                  |
| <b>Total</b>                   | <b>769 666</b>       | <b>1 450 000</b> | <b>–</b>           | <b>185 000</b>       | <b>–</b> | <b>–</b>           |

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   | NOTES | GROUP        |              | COMPANY      |              |
|---|-------|--------------|--------------|--------------|--------------|
|   |       | 2002<br>R000 | 2001<br>R000 | 2002<br>R000 | 2001<br>R000 |
| Revenue   | 2     | 2 638 994    | 2 141 749    | 42           | 1 395        |
| Cost of sales   |       | (2 349 753)  | (2 025 057)  | (9 038)      | (18 742)     |
| Cash costs  |       | (2 213 703)  | (1 880 416)  | (8 290)      | (10 294)     |
| Depreciation  |       | (124 011)    | (110 627)    | (301)        | (158)        |
| Retrenchment costs  |       | (3 943)      | (22 470)     | (810)        | (6 534)      |
| Movement in provision for environmental rehabilitation                        | 13    | (5 161)      | (11 433)     | 363          | (1 756)      |
| Movement in gold in process   |       | (2 935)      | (111)        | –            | –            |
| Operating profit/(loss) from gold   |       | 289 241      | 116 692      | (8 996)      | (17 347)     |
| Hedge restructuring costs   |       | (836 996)    | (204 576)    | –            | –            |
| Exceptional items   | 3     | (50 943)     | 34 175       | (229 125)    | (31 293)     |
| Administration and general costs  |       | (124 986)    | (235 234)    | (54 836)     | (44 990)     |
| Loss from operations  | 3     | (723 684)    | (288 943)    | (292 957)    | (93 630)     |
| Investment income   | 5     | 55 664       | 37 105       | 63 188       | 23 814       |
| Interest paid   |       | (24 209)     | (42 414)     | (10 522)     | (21 135)     |
| Loss before taxation  |       | (692 229)    | (294 252)    | (240 291)    | (90 951)     |
| Taxation benefit  | 6     | 181 695      | 57 341       | –            | –            |
| Loss after taxation   |       | (510 534)    | (236 911)    | (240 291)    | (90 951)     |
| Minority interest   |       | –            | 1 962        | –            | –            |
| Loss attributable to ordinary shareholders                                    |       | (510 534)    | (234 949)    | (240 291)    | (90 951)     |
| Basic loss per ordinary share (cents)   | 7     | (316)        | (175)        | (149)        | (68)         |
| Headline loss per ordinary share (cents)                                      | 7     | (306)        | (201)        | (18)         | (45)         |
| Diluted basic loss per share (cents)  | 7     | (305)        | (150)        | (144)        | (58)         |
| Diluted headline loss per share (cents)                                       | 7     | (296)        | (173)        | (17)         | (39)         |
| Adjusted earnings/(loss) per share before hedge restructuring (cents)         | 7     | 56           | (95)         | (18)         | (45)         |
| Diluted adjusted earnings/(loss) per share before hedge restructuring (cents) | 7     | 54           | (81)         | (17)         | (39)         |

# BALANCE SHEETS AT 30 JUNE 2002

|  |       | GROUP        |              | COMPANY      |              |
|--|-------|--------------|--------------|--------------|--------------|
|  | NOTES | 2002<br>R000 | 2001<br>R000 | 2002<br>R000 | 2001<br>R000 |
| ASSETS                                     |       |              |              |              |              |
| NON-CURRENT ASSETS                         |       |              |              |              |              |
| Mining assets                              | 8     | 771 885      | 842 865      | 64 076       | 105 747      |
| Non-current investments and other assets   | 9     | 144 318      | 131 575      | 151 370      | 127 955      |
| Investments in subsidiaries                | 10    | –            | –            | 1 285 924    | 1 058 667    |
| Deferred mining and income taxes           | 14    | 238 258      | 15 871       | –            | –            |
|  |       | 1 154 461    | 990 311      | 1 501 370    | 1 292 369    |
| CURRENT ASSETS                             |       |              |              |              |              |
| Inventories                                | 11    | 86 661       | 75 683       | –            | 220          |
| Accounts receivable                        |       | 126 644      | 124 954      | 13 950       | 28 653       |
| Investments in listed companies            | 9     | –            | 99 706       | –            | 99 305       |
| Cash and cash equivalents                  |       | 247 332      | 113 814      | 36 656       | 21 174       |
|  |       | 460 637      | 414 157      | 50 606       | 149 352      |
| TOTAL ASSETS                               |       | 1 615 098    | 1 404 468    | 1 551 976    | 1 441 721    |
| EQUITY AND LIABILITIES                     |       |              |              |              |              |
| CAPITAL AND RESERVES                       |       |              |              |              |              |
| Shareholders' equity                       | 12    | 438 022      | 439 361      | 1 229 067    | 946 480      |
|  |       | 438 022      | 439 361      | 1 229 067    | 946 480      |
| NON-CURRENT LIABILITIES                    |       |              |              |              |              |
| Provision for environmental rehabilitation | 13    | 193 376      | 186 544      | 28 397       | 28 760       |
| Deferred mining and income taxes           | 14    | 69 964       | 30 529       | –            | –            |
| Long-term liabilities                      | 15    | 263 071      | 58 476       | –            | –            |
|  |       | 526 411      | 275 549      | 28 397       | 28 760       |
| CURRENT LIABILITIES                        |       |              |              |              |              |
| Accounts payable and accrued liabilities   |       | 390 954      | 351 797      | 63 449       | 46 772       |
| Short-term liabilities                     | 16    | 165 561      | 178 355      | –            | 150 570      |
| Provisions                                 | 17    | 84 632       | 156 958      | 5 979        | 3 594        |
| Amounts owing to subsidiaries              | 10    | –            | –            | 219 631      | 265 336      |
| Taxation                                   |       | 4 002        | 2 086        | –            | –            |
| Bank overdraft                             |       | 5 516        | 362          | 5 453        | 209          |
|  |       | 650 665      | 689 558      | 294 512      | 466 481      |
| Total equity and liabilities               |       | 1 615 098    | 1 404 468    | 1 551 976    | 1 441 721    |

STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 30 JUNE 2002

| GROUP                                 | Number of<br>ordinary<br>shares | Number of<br>cumulative<br>preference<br>shares | Cumulative<br>preference<br>share<br>capital<br>R000 | Stated<br>capital<br>R000 | Non-dis-<br>tributable<br>reserves<br>R000 | Accumulated<br>loss<br>R000 | Total<br>R000  |
|---------------------------------------|---------------------------------|---|--|---------------------------|--|-----------------------------|----------------|
| <b>Balance at 30 June 2000</b>        | <b>120 990 746</b>              | <b>5 000 000</b>                                | <b>1 404 440</b>                                     | <b>500</b>                | <b>114 639</b>                             | <b>(1 054 981)</b>          | <b>464 598</b> |
| Issue shares for cash                 | 19 320 000                      |   | 114 988  |                           |  |                             | 114 988        |
| Issues for cash – i Prop loan         | 8 000 000                       |   | 45 177   |                           |  |                             | 45 177         |
| Acquisition of Dome Resources NL      | 125 082                         |   | 1 232  |                           |  |                             | 1 232          |
| Staff options issued                  | 5 743 750                       |   | 35 755   |                           |  |                             | 35 755         |
| Issue of shares for services rendered | 350 000                         |   | 2 450  |                           |  |                             | 2 450          |
| Share issue expenses                  |                                 |   | (8 892)  |                           |  |                             | (8 892)        |
| Foreign exchange gains on translation |                                 |   |  |                           | 19 002                                     |                             | 19 002         |
| Loss for the year                     |                                 |   |  |                           |  | (234 949)                   | (234 949)      |
| <b>Balance at 30 June 2001</b>        | <b>154 529 578</b>              | <b>5 000 000</b>                                | <b>1 595 150</b>                                     | <b>500</b>                | <b>133 641</b>                             | <b>(1 289 930)</b>          | <b>439 361</b> |
| Issued shares for cash                | 12 000 000                      |   | 445 558  |                           |  |                             | 445 558        |
| Staff options issued                  | 10 643 907                      |   | 82 205   |                           |  |                             | 82 205         |
| Rawas share ratification              |                                 |   |  |                           | (122 574)                                  | 122 574                     | –              |
| Share issue expenses                  |                                 |   | (25 193)   |                           |  |                             | (25 193)       |
| Foreign exchange gains on translation |                                 |   |  |                           | 6 625                                      |                             | 6 625          |
| Loss for the year                     |                                 |   |  |                           |  | (510 534)                   | (510 534)      |
| <b>Balance at 30 June 2002</b>        | <b>177 173 485</b>              | <b>5 000 000</b>                                | <b>2 097 720</b>                                     | <b>500</b>                | <b>17 692</b>                              | <b>(1 677 890)</b>          | <b>438 022</b> |

STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 30 JUNE 2002

| COMPANY  | Number of<br>ordinary<br>shares | Number of<br>cumulative<br>preference<br>shares | Cumulative<br>preference<br>share<br>capital<br>R000 | Stated<br>capital<br>R000 | Non-dis-<br>tributable<br>reserves<br>R000 | Accumulated<br>loss<br>R000 | Total<br>R000    |
|--|---------------------------------|---|--|---------------------------|--|-----------------------------|------------------|
| <b>Balance at 30 June 2000</b>                             | <b>120 990 746</b>              | <b>5 000 000</b>                                | <b>1 404 440</b>                                     | <b>500</b>                | <b>131 469</b>                             | <b>(706 465)</b>            | <b>829 944</b>   |
| Issue shares for cash                                      | 19 320 000                      |   | 114 988  |                           |  |                             | 114 988          |
| Issues for cash – iProp loan                               | 8 000 000                       |   | 45 177   |                           |  |                             | 45 177           |
| Acquisition of Dome Resources NL                           | 125 082                         |   | 1 232  |                           |  |                             | 1 232            |
| Staff options issued                                       | 5 743 750                       |   | 35 755   |                           |  |                             | 35 755           |
| Issue of shares for services rendered                      | 350 000                         |   | 2 450  |                           |  |                             | 2 450            |
| Share issue expenses                                       |                                 |   | (8 892)  |                           |  |                             | (8 892)          |
| Revaluation of forward purchase of<br>shares in subsidiary |                                 |   |  |                           | 16 777                                     |                             | 16 777           |
| Loss for the year  |                                 |   |  |                           |  | (90 951)                    | (90 951)         |
| <b>Balance at 30 June 2001</b>                             | <b>154 529 578</b>              | <b>5 000 000</b>                                | <b>1 595 150</b>                                     | <b>500</b>                | <b>148 246</b>                             | <b>(797 416)</b>            | <b>946 480</b>   |
| Issued shares for cash                                     | 12 000 000                      |   | 445 558  |                           |  |                             | 445 558          |
| Staff options issued                                       | 10 643 907                      |   | 82 205   |                           |  |                             | 82 205           |
| Rawas share ratification                                   |                                 |   |  |                           | (122 574)                                  | 122 574                     | –                |
| Share issue expenses                                       |                                 |   | (25 193)   |                           |  |                             | (25 193)         |
| Revaluation of forward purchase<br>of shares in subsidiary |                                 |   |  |                           | 20 308                                     |                             | 20 308           |
| Loss for the year  |                                 |   |  |                           |  | (240 291)                   | (240 291)        |
| <b>Balance at 30 June 2002</b>                             | <b>177 173 485</b>              | <b>5 000 000</b>                                | <b>2 097 720</b>                                     | <b>500</b>                | <b>45 980</b>                              | <b>(915 133)</b>            | <b>1 229 067</b> |

# CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

| NOTES  | GROUP        |              | COMPANY      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2002<br>R000 | 2001<br>R000 | 2002<br>R000 | 2001<br>R000 |
| CASH FLOWS FROM OPERATING ACTIVITIES                   |              |              |              |              |
| Cash receipts from sales of precious metals            | 2 638 994    | 2 141 749    | 42           | 1 395        |
| Cash paid to suppliers and employees                   | (3 257 757)  | (2 194 785)  | (23 084)     | (15 040)     |
| Cash (applied to) operations                           | A (618 763)  | (53 036)     | (23 042)     | (13 645)     |
| Investment Income                                      | 28 280       | 29 133       | 15 223       | 8 129        |
| Interest paid  | (24 209)     | (42 414)     | (10 522)     | (1 209)      |
| Taxation refunded                                      | 1 553        | 942          | –            | –            |
| Net cash (outflow) from operating activities           | (613 139)    | (65 375)     | (18 341)     | (6 725)      |
| CASH FLOWS FROM INVESTING ACTIVITIES                   |              |              |              |              |
| Net proceeds/(purchase) on sale of investments         | 112 368      | (7 473)      | 111 920      | 1 907        |
| Expenditure on assets                                  | (83 109)     | (48 067)     | (299)        | (93)         |
| Proceeds on disposal of mining assets                  | 16 873       | 44 740       | 11 933       | 1 874        |
| Increase in amounts owing to/from subsidiaries         | –            | –            | (447 975)    | (138 343)    |
| Increase in investment in subsidiaries                 | C –          | (2 583)      | –            | (40 300)     |
| Repayment of restraint of trade                        | 1 000        | –            | 1 000        | –            |
| Net cash inflow/(outflow) from investing activities    | 47 132       | (13 383)     | (323 421)    | (174 955)    |
| CASH FLOWS FROM FINANCING ACTIVITIES                   |              |              |              |              |
| Proceeds from the issue of shares                      | 527 763      | 195 920      | 527 763      | 195 920      |
| Increase in/(repayment of) loans                       | 191 801      | (82 942)     | (150 570)    | 10 786       |
| Share issue expenses                                   | (25 193)     | (8 892)      | (25 193)     | (8 892)      |
| Net cash inflow from financing activities              | 694 371      | 104 086      | 352 000      | 197 814      |
| NET INCREASE IN CASH AND CASH EQUIVALENTS              | 128 364      | 25 328       | 10 238       | 16 134       |
| Cash and cash equivalents at the beginning of the year | 113 452      | 88 124       | 20 965       | 4 831        |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR           | B 241 816    | 113 452      | 31 203       | 20 965       |



NOTES TO THE CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

| NOTES  | GROUP        |              | COMPANY      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2002<br>R000 | 2001<br>R000 | 2002<br>R000 | 2001<br>R000 |
| A RECONCILIATION OF LOSS BEFORE TAXATION<br>TO CASH (APPLIED TO) OPERATIONS  |              |              |              |              |
| Loss before taxation   | (692 229)    | (294 252)    | (240 291)    | (90 951)     |
| <i>Adjusted for</i>  |              |              |              |              |
| Movement in provision for environmental rehabilitation   | 5 161        | 4 879        | (363)        | 1 709        |
| Movement in gold in process  | 2 935        | 111          | –            | –            |
| Depreciation   | 124 011      | 110 627      | 301          | 158          |
| Assets impaired and diminution in investments  | 33 096       | (34 175)     | 229 407      | 31 293       |
| Amortisation of restraint of trade payment   | 1 263        | 1 741        | 1 263        | 1 741        |
| Profit on sale of mining assets  | (3 360)      | (430)        | (3 360)      | –            |
| Expenses paid through issue of shares  | –            | 2 450        | –            | 2 450        |
| (Surplus) on sale of listed investments  | (17 448)     | (1 764)      | (17 160)     | (1 468)      |
| Interest paid  | 24 209       | 42 414       | 10 522       | 21 135       |
| Investment income  | (38 216)     | (35 341)     | (46 028)     | (22 300)     |
| Unrealised hedging losses  | –            | 81 022       | –            | –            |
| Unrealised foreign exchange gain/(loss) on translation   | (9 130)      | 19 021       | –            | –            |
| Provision for bad debt   | 32 790       | –            | 32 790       | –            |
| Profit on settlement of restraint of trade   | (282)        | –            | (282)        | –            |
| Operating loss before working capital changes  | (537 200)    | (103 697)    | (33 201)     | (56 233)     |
| Working capital changes  | (81 563)     | 50 661       | 10 159       | 42 588       |
| Accounts receivable  | (34 481)     | 12 182       | (9 123)      | 985          |
| Inventories  | (13 913)     | 6 874        | 220          | 1 717        |
| Accounts payable and accrued liabilities   | (33 169)     | 31 605       | 19 062       | 39 886       |
| Cash (applied to) operations   | (618 763)    | (53 036)     | (23 042)     | (13 645)     |
| B CASH AND CASH EQUIVALENTS  |              |              |              |              |
| Cash and cash equivalents consist of cash on hand and balances with banks, and metals on consignment. Cash equivalents included in the cash flow statement comprise the following balance sheet amounts: |              |              |              |              |
| Cash and cash equivalents  | 247 332      | 113 814      | 36 656       | 21 174       |
| Bank overdrafts  | (5 516)      | (362)        | (5 453)      | (209)        |
|  | 241 816      | 113 452      | 31 203       | 20 965       |

|  | NOTES | GROUP                      |              | COMPANY                    |              |
|--|-------|----------------------------|--------------|----------------------------|--------------|
|  |       | <b>2002</b><br><b>R000</b> | 2001<br>R000 | <b>2002</b><br><b>R000</b> | 2001<br>R000 |
| C SUBSIDIARIES ACQUIRED  |       |                            |              |                            |              |
| During 2001 the Group acquired all the remaining shares in Dome Resources NL which it did not own. |       |                            |              |                            |              |
| Acquisition of subsidiaries  |       |                            |              |                            |              |
| Mining assets – fair value adjustments   |       | –                          | 3 147        |                            |              |
| Minority shareholders' interest  |       | –                          | 668          |                            |              |
| Total purchase consideration   |       | –                          | 3 815        | –                          | 41 532       |
| Acquired through issue of ordinary shares  |       | –                          | (1 232)      | –                          | (1 232)      |
| Net cash flow  |       | –                          | 2 583        | –                          | 40 300       |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 1 PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in Rands ('000) and cover the year ended 30 June 2002.

### ACCOUNTING POLICIES

These financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies, which have been consistently applied and comply with South African Statements of Generally Accepted Accounting Practice.

### CONSOLIDATION

The Group annual financial statements incorporate the annual financial statements of the Company, its wholly owned subsidiaries and their associated environmental rehabilitation trust funds. The results of the subsidiaries are included from the date on which effective control was acquired. All significant inter-company transactions and balances have been eliminated. The difference between the purchase price and the net asset value arising on the acquisition of a subsidiary is attributed to mining assets and is amortised in accordance with the Company's accounting policies.

Foreign entities' assets and liabilities are translated using the closing rates and income statement transactions are translated at the average exchange rates applicable. Shareholders' equity is translated at historic rates. The differences arising from the translation are taken directly to the shareholders' equity.

### MINING ASSETS

Mining assets, which comprise mining properties, surface and mineral rights, development costs and mine plant facilities, are recorded at cost of acquisition less sales, recoupments and amounts written off. Development costs consist primarily of expenditure to expand the capacity of the mines. Ordinary mine development costs to maintain production and exploration costs are expensed as incurred.

Depreciation of mining properties, development costs and mine plant facilities is computed primarily by the units-of-production method based on estimated proved and probable ore reserves. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. Other fixed assets are depreciated using the straight-line method, principally over estimated useful lives of two to five years.

Recoverability of the long-term assets of the Group's operating mines, which include development costs, is reviewed periodically. Estimated future net cash flows for each mine are calculated using estimates of proved and probable ore reserves, estimated future sales prices (considering historical and current prices, price trends and related factors) and working capital and rehabilitation costs. Reductions in the carrying value of the long-term assets of the Group's mines are recorded to the extent that the remaining investment exceeds the estimate of future discounted net cash flows.

Management's estimates of future cash flows are subject to risks and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Group's mining assets.

### INVESTMENTS

Investments are carried at cost less amounts written off and provisions for diminution in value, and comprise, inter alia, equity investments in both listed and various unlisted, mining-related companies. Realised gains and losses are included in the income statement. Unrealised losses are recorded as an expense where a significant decline in the value of the investment has occurred.

Investments in subsidiary companies are recorded at cost. Provision is made when there has been a permanent impairment in the carrying value of an interest in a subsidiary.

In the case of restraint of trade payments, the amount paid is amortised over four years.

### INVENTORIES

Inventories include gold-in-process and consumable stores, and are stated at the lower of cost or net realisable value after appropriate provisions for redundant and slow-moving items. The cost of gold produced is determined principally by the weighted average cost method using related annual production costs.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### DEFERRED MINING AND INCOME TAXATION

Deferred taxation is provided for by using the balance sheet liability method and represents the potential future liability for taxation at current statutory tax rates on the temporary differences between the financial statement amounts and the tax bases of certain assets and liabilities. Account is taken of potential deferred tax assets only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Changes in deferred tax assets and liabilities include the impact of any tax rate changes enacted during the year.

The charge for taxation is based on the results for the year as adjusted for items which are exempt or disallowed.

### ENVIRONMENTAL REHABILITATION

Long-term environmental obligations comprising decommissioning and restoration are based on the Group's environmental management plans, in compliance with the current environmental and regulatory requirements.

#### Decommissioning costs

Provision is made for the net present value of the estimated future decommissioning costs at the end of operating life of a mine. When this provision gives access to future economic benefits, an asset is recognised and included in mining assets. The unwinding of the decommissioning obligation is included in the income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for

new circumstances or changes in law or technology. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

#### Restoration costs

Estimated restoration costs are accrued and expensed over the operating life of each mine using the units-of-production method based on the estimated proved and probable ore reserves. Expenditure on ongoing rehabilitation costs is brought to account when incurred.

#### Environmental rehabilitation trust

Periodic contributions are made to the Rehabilitation Trust Fund for each mine, created in accordance with the South African statutory requirements, to fund the estimated cost of rehabilitation during and at the end of the life of each mine.

Environmental liabilities other than rehabilitation costs which relate to liabilities arising from specific events, are expensed when they are known, probable and reasonably estimable.

### REVENUE

Revenue is recognised at the date gold bullion and by-products are delivered. Gains and losses on contracts, which are designated as hedges, are recognised in revenue when transactions are closed out.

### RETIREMENT AND OTHER EMPLOYEE BENEFITS

Retirement plans, which are defined contribution plans, are funded through annual contributions. Liabilities to a multi-employer plan for medical benefits for

certain retired employees are determined on an annual basis and expensed when incurred.

### EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated based on the profit/(loss) for the year after taxation and the weighted average number of shares in issue during the year, while headline earnings/(loss) per share is calculated based on the profit/(loss) after taxation but before certain exceptional items. The resulting numbers are stated to the nearest cent.

### SEGMENT REPORTING

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment, and consist principally of mining assets, property, plant and equipment, as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade creditors. These assets and liabilities are all directly attributable to the segments. Segment revenue, expenses and results include transfers between the geographical segments. These transfers are eliminated on consolidation.

### FOREIGN CURRENCIES

Transactions in currencies other than Rands are recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date. Profits and losses arising are dealt with in the income statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   |   | GROUP        |              | COMPANY      |              |
|---|---|--------------|--------------|--------------|--------------|
|   |   | 2002<br>R000 | 2001<br>R000 | 2002<br>R000 | 2001<br>R000 |
| 2 | REVENUE   |              |              |              |              |
|   | Gross revenue   | 3 084 766    | 2 215 499    | 42           | 1 395        |
|   | Less: Hedging loss  | (445 772)    | (73 750)     | –            | –            |
|   | Net revenue   | 2 638 994    | 2 141 749    | 42           | 1 395        |
| 3 | LOSS FROM OPERATIONS  |              |              |              |              |
|   | Loss from operations is arrived at after taking the following items into account: |              |              |              |              |
|   | Auditors' remuneration  | 4 446        | 4 622        | 3 024        | 2 953        |
|   | – audit fees – current year   | 1 990        | 1 762        | 780          | 510          |
|   | – underprovision – prior year   | 293          | 612          | 227          | 555          |
|   | – fees for other services   | 2 127        | 2 183        | 2 017        | 1 888        |
|   | – expenses  | 36           | 65           | –            | –            |
|   | Management, technical, administrative and secretarial service fees                | 19 162       | 14 438       | 14 379       | 5 893        |
|   | Staff costs   |              |              |              |              |
|   | Included in staff costs are:  |              |              |              |              |
|   | – Salaries and wages  | 755 398      | 611 755      | 10 430       | 26 584       |
|   | – Retrenchment and restructuring cost   | 3 944        | 22 470       | 810          | 6 534        |
|   | – Pension fund contributions  | 49 863       | 43 804       | –            | –            |
|   | Profit on sale of mining assets   | (3 360)      | (430)        | (3 360)      | –            |
|   | Income from subsidiaries  |              |              |              |              |
|   | – administration and management fees  | –            | –            | (57 610)     | (27 790)     |
|   | EXCEPTIONAL ITEMS   |              |              |              |              |
|   | Asset impairment and diminution in investments                                    |              |              |              |              |
|   | – mining assets   | 33 096       | 20 946       | 33 096       | 20 896       |
|   | – reversal of Hargraves Resources NL provisions                                   | –            | (65 518)     | –            | –            |
|   | – investments in subsidiaries   | –            | –            | 196 311      | –            |
|   | – investment in joint ventures  | –            | 10 397       | –            | 10 397       |
|   | Post retirement medical benefits  | 18 129       | –            | –            | –            |
|   | Profit on settlement of restraint of trade  | (282)        | –            | (282)        | –            |
|   |   | 50 943       | (34 175)     | 229 125      | 31 293       |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   |  | GROUP  |        | COMPANY |        |
|---|--|--------|--------|---------|--------|
|   |  | 2002   | 2001   | 2002    | 2001   |
|   |  | R000   | R000   | R000    | R000   |
| 4 | DIRECTORS' EMOLUMENTS  |        |        |         |        |
|   | <b>Executive directors</b>   |        |        |         |        |
|   | <i>Services rendered as directors of the Company</i>               |        |        |         |        |
|   | Salaries to directors  |        |        | 11 398  | 13 092 |
|   | Retrenchment payments  |        |        | –       | 5 300  |
|   | Restraint of trade payment amount amortised                        |        |        | 1 263   | 1 741  |
|   | Expenses   |        |        | –       | 1 711  |
|   | <i>Services rendered by directors as directors of subsidiaries</i> |        |        |         |        |
|   | Salaries   |        |        | –       | 319    |
|   | <b>Non-executive directors</b>                                     |        |        |         |        |
|   | Directors' fees  |        |        | 403     | 295    |
|   | Included in administration and general costs                       |        |        | 13 064  | 22 458 |
|   | Executive directors  |        |        |         |        |
|   | Share options – gains and bonuses for services rendered            |        |        | 49 867  | 13 127 |
|   | Non-executive directors  |        |        |         |        |
|   | Share options – gains and bonuses for services rendered            |        |        | 9 594   | 494    |
|   | Total emoluments   |        |        | 72 525  | 36 079 |
| 5 | INVESTMENT INCOME  |        |        |         |        |
|   | Dividends from listed companies                                    | 2      | 217    | –       | 208    |
|   | Dividends from equity investments                                  | 1 652  | 1 537  | 193     | –      |
|   | Royalties received   | –      | 3 857  | –       | 3 857  |
|   | Sundry income  | 96     | 1 080  | –       | –      |
|   | Interest received  | 11 809 | 8 272  | 14 784  | 4 064  |
|   | Surplus on realisation of listed and equity investments            | 17 448 | 1 764  | 17 160  | 1 468  |
|   | Growth in Environmental Rehabilitation Trust Funds                 | 10 809 | 6 630  | 541     | 47     |
|   | Option fee receivable  | 8 963  | 14 170 | 8 963   | 14 170 |
|   | Unrealised foreign exchange gain                                   | 5 758  | –      | 21 547  | –      |
|   | Writedown of investments   | (873)  | (422)  | –       | –      |
|   |  | 55 664 | 37 105 | 63 188  | 23 814 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   | GROUP            |                  | COMPANY        |                 |
|---|------------------|------------------|----------------|-----------------|
|   | 2002<br>R000     | 2001<br>R000     | 2002<br>R000   | 2001<br>R000    |
| <b>6 TAXATION BENEFIT/(CHARGE)</b>  |                  |                  |                |                 |
| Mining tax  | 182 058          | 49 214           | –              | –               |
| Non-mining tax  | (363)            | (796)            | –              | –               |
| Foreign taxes   | –                | 8 923            | –              | –               |
|   | <b>181 695</b>   | <b>57 341</b>    | <b>–</b>       | <b>–</b>        |
| <i>Comprising</i>   |                  |                  |                |                 |
| <b>South African</b>  |                  |                  |                |                 |
| Current tax – current year  | (342)            | (810)            | –              | –               |
| – prior year  | (21)             | 14               | –              | –               |
| Deferred tax – current year   | 181 597          | 49 000           | –              | –               |
| – prior year  | –                | 214              | –              | –               |
| <b>Foreign</b>  |                  |                  |                |                 |
| Current tax – current year  | –                | 4 072            | –              | –               |
| Deferred tax – current year   | 461              | 4 851            | –              | –               |
|   | <b>181 695</b>   | <b>57 341</b>    | <b>–</b>       | <b>–</b>        |
| Mining tax on mining income is determined on a formula which takes into account the profit and revenues from mining operations during the year. The statutory tax rate determined by the formula varies from mine to mine. It is therefore not possible to prepare a tax rate reconciliation.       |                  |                  |                |                 |
| Non-mining income, which consists primarily of net interest, is taxed at the standard rate. South African deferred tax is provided at the estimated effective mining tax rate of 30% (2001: 30%) while the Australian deferred tax is provided at the Australian statutory rate of 30% (2001: 34%). |                  |                  |                |                 |
| Each company is taxed as a separate entity and no tax set-off is allowed between the companies.   |                  |                  |                |                 |
| No provision has been made for mining income taxation in the Company as it did not earn any taxable income in the current year.   |                  |                  |                |                 |
| Unredeemed Capex at the year-end, available for deduction against future mining income, amounts to:   |                  |                  |                |                 |
|   | <b>532 197</b>   | <b>673 986</b>   | <b>143 072</b> | <b>153 449</b>  |
| Estimated tax losses at the year-end, which are available to reduce the future taxable income amount to:  |                  |                  |                |                 |
| Applied to reduce deferred tax  | <b>763 118</b>   | <b>347 174</b>   | <b>206 960</b> | <b>216 773</b>  |
|   | <b>(526 177)</b> | <b>(173 720)</b> | <b>–</b>       | <b>(78 045)</b> |
| Tax losses carried forward  | <b>236 941</b>   | <b>173 454</b>   | <b>206 960</b> | <b>138 728</b>  |
| Estimated future tax relief at 30%  | <b>71 082</b>    | <b>52 036</b>    | <b>62 088</b>  | <b>41 618</b>   |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   |   | GROUP         |             | COMPANY       |             |
|---|---|---------------|-------------|---------------|-------------|
|   |   | 2002          | 2001        | 2002          | 2001        |
| 7 | LOSS PER SHARE  |               |             |               |             |
|   | <i>Basic</i>  |               |             |               |             |
|   | The calculation of loss per ordinary share is based on loss after tax of (R'000)                      | (510 534)     | (234 949)   | (240 291)     | (90 951)    |
|   | and weighted average number of ordinary shares in issue:  | 161 664 648   | 134 630 999 | 161 664 648   | 134 630 999 |
|   | <i>Headline</i>   |               |             |               |             |
|   | The basic loss has been adjusted by the following to arrive at a headline loss:                       |               |             |               |             |
|   |   | <b>R000</b>   | R000        | <b>R000</b>   | R000        |
|   | Basic loss  | (510 534)     | (234 949)   | (240 291)     | (90 951)    |
|   | Impairment of assets and investments  | 33 096        | 31 343      | 229 125       | 31 293      |
|   | Reversal of Hargraves provisions  | –             | (65 518)    | –             | –           |
|   | (Surplus)/loss on sale of investments   | (17 448)      | (1 764)     | (17 160)      | (1 468)     |
|   | Headline loss   | (494 886)     | (270 888)   | (28 326)      | (61 126)    |
|   | Hedge restructuring   | 836 996       | 204 576     | –             | –           |
|   | Deferred tax effect   | (251 099)     | (61 373)    | –             | –           |
|   | Adjusted earnings before hedge restructuring  | 91 011        | (127 685)   | (28 326)      | (61 126)    |
|   | <i>Reconciliation of weighted average ordinary shares to diluted weighted average ordinary shares</i> |               |             |               |             |
|   |   | <b>Number</b> | Number      | <b>Number</b> | Number      |
|   | Weighted number of average issued ordinary shares   | 161 664 648   | 134 630 999 | 161 664 648   | 134 630 999 |
|   | Number of share options in issue  | –             | 8 937 607   | –             | 8 937 607   |
|   | Number of staff share options allocated   | 5 642 788     | 13 250 730  | 5 642 788     | 13 250 730  |
|   | Diluted weighted average number of ordinary shares  | 167 307 436   | 156 819 336 | 167 307 436   | 156 819 336 |



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|  | GROUP            |              | COMPANY        |              |
|--|------------------|--------------|----------------|--------------|
|  | 2002<br>R000     | 2001<br>R000 | 2002<br>R000   | 2001<br>R000 |
| <b>8 MINING ASSETS</b>   |                  |              |                |              |
| <i>Cost</i>  | <b>1 907 371</b> | 1 808 792    | <b>426 781</b> | 435 055      |
| Opening balance of mining properties, mineral rights, mine development and mine plant facilities | <b>1 808 792</b> | 1 802 126    | <b>435 055</b> | 436 836      |
| Acquired through purchase of subsidiaries  | –                | 3 147        | –              | –            |
| Additions  | <b>83 109</b>    | 48 067       | <b>299</b>     | 93           |
| Disposals  | <b>(13 513)</b>  | (44 310)     | <b>(8 573)</b> | (1 874)      |
| Foreign exchange movement in opening balance   | <b>28 983</b>    | (238)        | –              | –            |
| <i>Accumulated depreciation</i>  | <b>1 141 844</b> | 973 484      | <b>362 705</b> | 329 308      |
| Opening balance  | <b>973 484</b>   | 842 599      | <b>329 308</b> | 308 254      |
| Impairment of assets   | <b>33 096</b>    | 20 946       | <b>33 096</b>  | 20 896       |
| Current depreciation   | <b>122 438</b>   | 109 939      | <b>301</b>     | 158          |
| Foreign exchange movement in opening balance   | <b>12 826</b>    | –            | –              | –            |
| Net book value   | <b>765 527</b>   | 835 308      | <b>64 076</b>  | 105 747      |
| Decommissioning cost asset   | <b>99 218</b>    | 98 784       | <b>7 951</b>   | 7 951        |
| Opening balance  | <b>98 784</b>    | 98 784       | <b>7 951</b>   | 7 951        |
| Foreign exchange movement in opening balance   | <b>434</b>       | –            | –              | –            |
| Decommissioning cost amortisation  | <b>92 860</b>    | 91 227       | <b>7 951</b>   | 7 951        |
| Opening balance  | <b>91 227</b>    | 90 539       | <b>7 951</b>   | 7 951        |
| Foreign exchange movement in opening balance   | <b>60</b>        | –            | –              | –            |
| Depreciation   | <b>1 573</b>     | 688          | –              | –            |
| Net decommissioning asset value  | <b>6 358</b>     | 7 557        | –              | –            |
| Total assets net book value  | <b>771 885</b>   | 842 865      | <b>64 076</b>  | 105 747      |

Included in net book value is an amount of R44 million (2001: R55 million) in respect of mineral rights acquired from Randgold & Exploration Company Limited. The value of the mineral rights will be written down over the next four years.

Certain assets have been encumbered as security for specified liabilities (refer note 15).

In assessing the recoverability of the above assets, the estimated cash flows have been calculated using the following estimates:

- recoverable proved and probable reserves of 16.3 million ounces at 30 June 2002;
- sales price estimates are based on a sales price estimate of R102 560 per kg (US\$308 per ounce) and a base exchange rate of South African rand 10.37 to US dollar as at 30 June 2002, weakening in the future based on the differential between the local South African interest rate over the United States interest rate at an average difference of 11% per annum;
- working cost estimates are based on current working costs per kilogram at 30 June 2002, escalated for expected South African inflationary increases of approximately 9.8% per annum;
- capital cost estimates are based on current estimates of future development costs to mine the current proven and probable reserves, escalated for expected South African inflationary increases of approximately 9.8% per annum; and
- mineral rights acquired from Randgold & Exploration Company Limited are not anticipated to produce any cash flow in the near future.

Decommissioning asset:

The damage that occurs on the establishment of the mine creates an obligation to restore the environment to its original condition.

An asset, to be amortised over the life of the mine, has been created. As the date of decommissioning draws closer, the value of the asset decreases.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   | GROUP          |                | COMPANY        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2002<br>R000   | 2001<br>R000   | 2002<br>R000   | 2001<br>R000   |
| <b>9 NON-CURRENT INVESTMENTS AND OTHER ASSETS</b>   |                |                |                |                |
| Investments in listed companies   | 1 063          | 100 719        | –              | 99 305         |
| – at cost   | 2 022          | 100 846        | –              | 99 305         |
| – provision for diminution  | (959)          | (127)          | –              | –              |
| Equity investments  | 16 695         | 17 000         | 1 264          | 1 824          |
| Prepaid investment in subsidiary  | –              | –              | 140 856        | 120 547        |
| Intangible asset  | 631            | 2 612          | 631            | 2 612          |
|   | <b>18 389</b>  | <b>120 331</b> | <b>142 751</b> | <b>224 288</b> |
| Environmental Rehabilitation Trust Funds  |                |                |                |                |
| Balance at beginning of the year  | 110 950        | 100 654        | 2 972          | 2 925          |
| Contributions   | 8 444          | 3 666          | 5 106          | –              |
| Growth in Environmental Rehabilitation Trust Funds  | 10 809         | 6 630          | 541            | 47             |
| Rehabilitation payments from fund   | (4 274)        | –              | –              | –              |
| Balance at end of the year  | <b>125 929</b> | <b>110 950</b> | <b>8 619</b>   | <b>2 972</b>   |
|   | <b>144 318</b> | <b>231 281</b> | <b>151 370</b> | <b>227 260</b> |
| Less: Investment in listed companies shown under current assets   | –              | 99 706         | –              | 99 305         |
|   | <b>144 318</b> | <b>131 575</b> | <b>151 370</b> | <b>127 955</b> |
| <p>A schedule of listed investments is available for inspection at the registered office of the Company upon request.</p> <p>The monies in the Trust Funds are invested primarily in interest-bearing debt securities and may be used only for environmental rehabilitation purposes.</p> <p>Equity investments comprise investments in various unlisted companies in South Africa for which a fair value is not readily determinable.</p> <p>The directors of the Company perform independent valuations of these investments on an annual basis to ensure that no significant decline, other than a temporary nature, in value of the investments has occurred.</p> |                |                |                |                |
| The market values of listed investments are   | 1 532          | 121 175        | –              | 119 761        |
| The directors' valuation of the equity investments (including pre-paid investment in subsidiary) is   | 21 751         | 17 000         | 142 228        | 122 371        |
| Intangible assets comprise restraint of trade payments to directors as follows:   |                |                |                |                |
| Opening balance   | 2 612          | 4 353          | 2 612          | 4 353          |
| Less: amortisation  | (1 263)        | (1 741)        | (1 263)        | (1 741)        |
| Buy-out   | (718)          | –              | (718)          | –              |
|   | <b>631</b>     | <b>2 612</b>   | <b>631</b>     | <b>2 612</b>   |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|    |  | GROUP  |        | COMPANY   |           |
|----|--|--------|--------|-----------|-----------|
|    |  | 2002   | 2001   | 2002      | 2001      |
|    |  | R000   | R000   | R000      | R000      |
| 10 | INVESTMENTS IN SUBSIDIARIES  |        |        |           |           |
|    | Shares at cost, less provision   |        |        | 788 893   | 698 444   |
|    | Amounts owing by subsidiaries, less provisions   |        |        | 497 031   | 360 223   |
|    |  |        |        | 1 285 924 | 1 058 667 |
|    | Amounts owing to subsidiaries  |        |        | 219 631   | 265 336   |
|    | Net investment in subsidiaries   |        |        | 1 066 293 | 793 331   |
|    | The interest of the Company in the (loss)/profit after taxation of its subsidiaries is:  |        |        |           |           |
|    | Aggregate losses   |        |        | (589 199) | (175 134) |
|    | Aggregate profits  |        |        | 101 354   | 23 418    |
|    | A schedule showing the Company's financial interest in each subsidiary is given in the Directors' Report on page 13.                                       |        |        |           |           |
|    | Shares in Buffelsfontein Gold Mines Ltd and Blyvooruitzicht Gold Mining Company Ltd have been ceded and pledged as security for a loan (refer note 15(b)). |        |        |           |           |
| 11 | INVENTORIES  |        |        |           |           |
|    | Gold in process  | 25 908 | 22 973 | –         | –         |
|    | Consumable stores  | 60 753 | 52 710 | –         | 220       |
|    |  | 86 661 | 75 683 | –         | 220       |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   | GROUP            |                  | COMPANY          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2002<br>R000     | 2001<br>R000     | 2002<br>R000     | 2001<br>R000     |
| <b>12 SHAREHOLDERS' EQUITY</b>  |                  |                  |                  |                  |
| Details of the make-up of shareholders' equity are provided in the Statements of Shareholders' Equity on pages 21 and 22. |                  |                  |                  |                  |
| <b>Stated and share capital</b>   |                  |                  |                  |                  |
| <i>Authorised</i>   |                  |                  |                  |                  |
| 300 000 000 (2001: 200 000 000) ordinary shares of no par value   |                  |                  |                  |                  |
| 5 000 000 (2001: 5 000 000) cumulative preference shares of 10 cents each   | 500              | 500              | 500              | 500              |
| <i>Issued</i>   |                  |                  |                  |                  |
| 177 173 485 (2001: 154 529 578) ordinary shares of no par value   | 2 097 720        | 1 717 724        | 2 097 720        | 1 717 724        |
| Consideration for Rawas (see below)   | –                | (122 574)        | –                | (122 574)        |
| 5 000 000 (2001: 5 000 000) cumulative preference shares of 10 cents each   | 500              | 500              | 500              | 500              |
|   | <b>2 098 220</b> | <b>1 595 650</b> | <b>2 098 220</b> | <b>1 595 650</b> |

*Unissued shares*

For the purpose of the Durban Roodepoort Deep (1996) Share Option Scheme, 15% of the issued ordinary shares have been reserved for participants.

In terms of an ordinary resolution passed at the previous Annual General Meeting, the remaining unissued ordinary shares in the Company are under the control of the directors until the next general meeting.

*Cumulative preference shares*

The terms of issue of the cumulative preference shares are that they carry the right, in priority to the Company's ordinary shares, to receive a dividend equal to 3% of the gross future revenue generated by the exploitation or the disposal of the mineral rights acquired from Randgold & Exploration Company Limited in September 1997.

*Consideration for Rawas*

In July 1999 the Company allotted and issued 8 282 056 ordinary shares in respect of the "Rawas" transaction. The transaction was not completed as a result of certain legal requirements not being fulfilled. The transaction, being the issue of these shares at R nil per share, has since been ratified by both shareholders and the High Court of South Africa.

*Option instruments*

The Company currently has one class of options authorised but not issued, namely Durban Deep "C" options. There are 10 000 000 authorised option instruments at the year-end which entitle the holder to subscribe for one ordinary share per option instrument at a subscription price of R15 per ordinary share, which are exercisable at any time during the period from the date on which the option is issued by the Company to a date not later than five years from the date of issue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|    |  | GROUP   |         | COMPANY |        |
|----|--|---------|---------|---------|--------|
|    |  | 2002    | 2001    | 2002    | 2001   |
|    |  | R000    | R000    | R000    | R000   |
| 13 | PROVISION FOR ENVIRONMENTAL REHABILITATION   |         |         |         |        |
|    | Environmental rehabilitation obligations   |         |         |         |        |
|    | Provision for decommissioning  |         |         |         |        |
|    | Balance at beginning of year   | 122 203 | 121 251 | 9 868   | 9 265  |
|    | Foreign exchange movement in opening balance   | 1 671   | –       | –       | –      |
|    | Reversal of Hargraves Resources NL   | –       | (6 554) | –       | –      |
|    | Charge to the income statement   | 4 486   | 7 506   | –       | 603    |
|    | Balance at end of year   | 128 360 | 122 203 | 9 868   | 9 868  |
|    | Provision for restoration  |         |         |         |        |
|    | Balance at beginning of year   | 64 341  | 60 414  | 18 892  | 17 739 |
|    | Charge to the income statement   | 675     | 3 927   | (363)   | 1 153  |
|    | Balance at end of the year   | 65 016  | 64 341  | 18 529  | 18 892 |
|    | Provision for environmental rehabilitation   | 193 376 | 186 544 | 28 397  | 28 760 |
|    | Future value of environmental rehabilitation obligations is estimated at:  |         |         |         |        |
|    | South African operations   | 189 552 | 188 400 | 28 397  | 28 760 |
|    | Australian operations  | 9 298   | 9 197   | –       | –      |
|    | Amounts have been contributed to irrevocable trusts (refer note 9).  |         |         |         |        |
|    | The Company intends to fund the ultimate rehabilitation costs from the money invested with the trust funds as well as, at the time of mine closure, the proceeds on sale of remaining assets and gold from plant clean-up. |         |         |         |        |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|  | GROUP        |              | COMPANY      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2002<br>R000 | 2001<br>R000 | 2002<br>R000 | 2001<br>R000 |
| <b>14 DEFERRED MINING AND INCOME TAXES</b>   |              |              |              |              |
| The following is an analysis of the major categories of temporary difference included in the deferred tax balance: |              |              |              |              |
| Mining assets  | (116 888)    | (8 920)      | –            | –            |
| Inventories  | (2 731)      | (3 416)      | –            | –            |
| Provisions, including rehabilitation provision   | 29 203       | 32 314       | –            | –            |
| Set off of estimated assessed loss   | 150 663      | (69 013)     | –            | –            |
| Other  | 108 047      | 34 377       | –            | –            |
| Net deferred mining and income tax asset (liability)   | 168 294      | (14 658)     | –            | –            |
| Disclosed under non-current assets   | 238 258      | 15 871       | –            | –            |
| Disclosed under non-current liabilities  | (69 964)     | (30 529)     | –            | –            |
|  | 168 294      | (14 658)     | –            | –            |
| <i>Reconciliation between deferred taxation opening and closing balances</i>                                       |              |              |              |              |
| Balance at beginning of year   | (14 658)     | (70 984)     | –            | –            |
| Foreign exchange movement in opening balance   | 894          | –            | –            | –            |
| Movement in current year   | 182 058      | 54 065       | –            | –            |
| Reclassifications  | –            | 2 261        | –            | –            |
| Balance at end of year   | 168 294      | (14 658)     | –            | –            |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|   | GROUP            |                 | COMPANY      |              |
|---|------------------|-----------------|--------------|--------------|
|   | 2002<br>R000     | 2001<br>R000    | 2002<br>R000 | 2001<br>R000 |
| <b>15 LONG-TERM LIABILITIES</b>   |                  |                 |              |              |
| These comprise loans from:  |                  |                 |              |              |
| <i>Secured</i>  |                  |                 |              |              |
| (a) First National Bank Limited   | 1 197            | 1 839           | —            | —            |
| (b) FBCF Equipment Finance Limited  | 9 145            | 31 795          | —            | —            |
| (c) Mineral Resources Development Company (Proprietary) Limited                         | 14 725           | 11 205          | —            | —            |
| (d) Newmont (Proprietary) Limited   | —                | 22 349          | —            | —            |
| (e) Financial Leases  | 1 441            | 1 839           | —            | —            |
| (f) Bank of South Pacific Limited   | 16 286           | —               | —            | —            |
| (g) JPMorgan Chase Bank   | 68 705           | —               | —            | —            |
| (h) Industrial Development Corporation  | 10 937           | 17 187          | —            | —            |
| <i>Unsecured</i>  |                  |                 |              |              |
| (i) CAWMS Post Retirement Medical Liability   | 14 743           | —               | —            | —            |
| (j) J Aron and Company  | 184 833          | —               | —            | —            |
| (k) UBS AG  | 106 620          | —               | —            | —            |
|   | <b>428 632</b>   | <b>86 214</b>   | <b>—</b>     | <b>—</b>     |
| Less: payable within one year shown under current liabilities                           | <b>(165 561)</b> | <b>(27 738)</b> | <b>—</b>     | <b>—</b>     |
|   | <b>263 071</b>   | <b>58 476</b>   | <b>—</b>     | <b>—</b>     |
| Long-term liability repayment schedule for capital amounts payable in the 12 months to: |                  |                 |              |              |
| 30 June 2002  | —                | 27 738          | —            | —            |
| 30 June 2003  | 165 561          | 35 452          | —            | —            |
| 30 June 2004  | 247 794          | 23 024          | —            | —            |
| 30 June 2005  | 9 534            | —               | —            | —            |
| 30 June 2006  | 3 000            | —               | —            | —            |
| 30 June 2007  | 2 743            | —               | —            | —            |
|   | <b>428 632</b>   | <b>86 214</b>   | <b>—</b>     | <b>—</b>     |

- (a) The mortgage loan bears interest at 0.75% below prime lending rate (at 30 June 2002 the prime lending rate in South Africa was 16% per annum) offered by First National Bank on overdraft.  
The loan is repayable over 60 months which commenced on 1 July 1999 and is secured by first covering mortgage bond over Stand 752 Parktown Extension 1 and a deed of suretyship signed by the Company.
- (b) The loan facility, with a subsidiary, is subject to the following terms and conditions:  
FBCF Equipment Finance (Pty) Ltd provided a loan to Buffelsfontein Gold Mine Limited on 17 November 1999.  
The capital amount is repayable in half-yearly instalments of R13 million which commenced on 17 November 1999 and terminates on 17 November 2002. The Company ceded and pledged all its shares in Buffelsfontein Gold Mines Ltd and Blyvooruitzicht Gold Mining Company Ltd to BOE Merchant Bank. Joint and several guarantees have been given, by all South African-based companies within the Group, for the performance in full on the due date. Buffelsfontein Gold Mines Limited has provided R60 million of the gold lock-up contained in the Hartebeestfontein gold plant as security for the loan.  
A general notarial bond over all movable assets of Buffelsfontein Gold Mines Ltd to the value of R60 million was registered in favour of BOE Merchant Bank.
- (c) On 20 November 1997 Dome Resources NL entered into a loan agreement with Mineral Resources Company (Proprietary) Limited ("MRDC") by which MRDC provided a loan to Tolukuma Gold Mine ("TGM") denominated in Australian dollars. The loan is to be repayable in 4 equal half-yearly instalments, as per an amended agreement, with the first instalment payable on 30 June 2002 and the last payable on 31 December 2003. Interest is payable at 9% per annum. The loan is secured by a fixed and floating charge over the assets of the Tolukuma Gold Mine.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

15 LONG-TERM LIABILITIES (continued)

- (d) The Newmont (Proprietary)Limited loan has been repaid during the year.
- (e) Dome NL entered into a finance lease agreement with Volvo Truck Finance Australia (Pty)Ltd for a 36-month period. At the termination of the agreement the assets will be returned to the lessor. Interest is payable at 12% per annum.
- (f) On 22 August 2001 the Company entered into an agreement with Bank of South Pacific Limited by which Bank of South Pacific Limited provided a loan to Tolukuma Gold Mines, denominated in Australian dollars. The loan is repayable in equal monthly payments of principal and interest over a period of three years, starting in July 2002 and ending in June 2005. Interest is payable at the Indicator Lending Rate in Papua New Guinea (16.25% at year-end) +4% per annum. The loan is secured by a fixed and floating charge over the assets of Tolukuma Gold Mines Ltd, Dome Resources (PNG)Ltd and Dome Resources NL, including uncalled and unpaid capital. Durban Roodepoort Deep, Limited has provided guarantee for this facility.
- (g) During the fourth quarter of 2002 the Company closed out its hedge position with JPMorgan Chase Bank. This amount is payable over the next 24 months and secured against the gold lock up value in the plants at West Witwatersrand Gold Mines Ltd, Blyvooruitzicht Gold Mining Company Ltd and Buffelsfontein Gold Mines Ltd. The loan bears no interest.
- (h) The capital amount of R25 million is repayable in 47 equal monthly instalments which commenced on 1 May 2000. Interest on the loan is 2.5% below the prime overdraft rate per annum (prime interest rate was 16% at year-end) and is payable monthly in arrears commencing the last day of the month during which the first drawdown is made. A commitment fee of 1% on the loan amount plus 0.5% pa on the amount of each drawing is payable to IDC. The Company has guaranteed the loan. The loan is secured via a notarial bond over moveable assets.
- (i) In September 2001 a subsidiary voluntarily accepted liability for certain post-retirement medical benefits of employees who were members of various medical schemes arranged by the Company. The liability is payable over the next five years, bears no interest and is unsecured.
- (j) During the fourth quarter of 2002 the Company closed out its hedge position with J Aron & Company. This amount is payable over the next 24 months and is unsecured. The loan bears no interest.
- (k) During the fourth quarter of 2002 the Company closed out its hedge position with UBS AG. This amount is payable over the next 24 months and is unsecured. The loan bears no interest.

16 SHORT-TERM LIABILITIES

Short-term portion of long-term liabilities

*Secured*

(a) Western Areas Limited

(b) Hire purchase agreements

(c) RAR Kebble

*Unsecured*

(d) Loan from directors

|   | GROUP   |         | COMPANY |         |
|---|---------|---------|---------|---------|
|   | 2002    | 2001    | 2002    | 2001    |
|   | R000    | R000    | R000    | R000    |
| Short-term portion of long-term liabilities | 165 561 | 27 738  | –       | –       |
| <i>Secured</i>                              |         |         |         |         |
| (a) Western Areas Limited                   | –       | 139 784 | –       | 139 784 |
| (b) Hire purchase agreements                | –       | 47      | –       | –       |
| (c) RAR Kebble                              | –       | 5 318   | –       | 5 318   |
| <i>Unsecured</i>                            |         |         |         |         |
| (d) Loan from directors                     | –       | 5 468   | –       | 5 468   |
|   | 165 561 | 178 355 | –       | 150 570 |



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

17 PROVISIONS

| Group (R000)           | Opening<br>balance | Additional<br>provision<br>made | Amounts used<br>(incurred and<br>charged to<br>provision) | Amounts<br>unused<br>reversed | Closing<br>balance |
|------------------------|--------------------|---------------------------------|---|-------------------------------|--------------------|
| Health care provision  | (5 577)            | –                               | 52  | –                             | (5 525)            |
| Leave pay provision    | (50 050)           | (61 533)                        | 41 660  | –                             | (69 923)           |
| Open hedge positions   | (81 022)           | (17 841)                        | 98 011  | 852                           | –                  |
| Retrenchment provision | (4 277)            | (3 133)                         | 7 410   | –                             | –                  |
| Other                  | (16 032)           | (14 815)                        | 13 364  | 8 299                         | (9 184)            |
|                        | (156 958)          | (97 322)                        | 160 497   | 9 151                         | (84 632)           |
| Company (R000)         |                    |                                 |   |                               |                    |
| Leave pay provision    | (3 594)            | (2 385)                         | –   | –                             | (5 979)            |

|  | GROUP        |              | COMPANY      |              |
|--|--------------|--------------|--------------|--------------|
|  | 2002<br>R000 | 2001<br>R000 | 2002<br>R000 | 2001<br>R000 |
| 18 ENVIRONMENTAL CONTINGENCIES OTHER THAN<br>MINE REHABILITATION COSTS   |              |              |              |              |
| <i>Far West Rand Dolomitic Water Association</i>   |              |              |              |              |
| A subsidiary's share of the total estimated expenditure to be incurred by the Association on compensation and purchase of properties as a result of the dewatering of the Oberholtzer dolomitic water compartment has been expensed by the Group by depositing funds with the Association which at the year-end amounted to: | 940          | 796          | –            | –            |
| 19 COMMITMENTS   |              |              |              |              |
| Capital expenditure commitments:   |              |              |              |              |
| (i) Contracted but not provided for in the annual financial statements   | 5 703        | 603          | –            | –            |
| (ii) Authorised by the directors but not contracted for  | 22 087       | 27 936       | –            | –            |
|  | 27 790       | 28 539       | –            | –            |
| (iii) In the 2000 financial year DRD entered into a "gold for electricity" contract with Eskom, South Africa's electricity supplier. In terms of this unmargined contract the Company pays Eskom 15 000 ounces of gold per month and receives 75 Gwh of electricity in return. The contract ceases in September 2005.        |              |              |              |              |

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 20 CONTINGENT LIABILITIES

The Company has:

- guaranteed the liabilities of certain subsidiaries as disclosed in note 15.
- bound itself as surety and co-principal debtor for an amount limited to the maximum of R4 million plus further interest and costs for the present and future indebtedness of Crown Consolidated Gold Recoveries Limited to the Standard Bank of South Africa Limited.
- guaranteed expenditure in the amount of R660 000 in respect of the Amanzi Water Project.

### 21 EMPLOYEE BENEFIT PLANS

#### *Retirement funds*

The Group participates in a number of industry-based retirement plans. All plans are governed by the Pension Funds Act, 1956. All the pension funds are actuarially valued at intervals of not more than three years using the projected benefit valuation basis. All pension funds have been valued during the last three years and were certified to be in a sound financial position. The provident funds are funded on the "money accumulative basis" with the members' and Company's contributions having been fixed in the constitutions of the funds. The majority of the Group's employees are covered by the above-mentioned retirement benefit plans.

#### *Post retirement benefits other than pensions*

Skilled workers participate in multi-employer plans, which pay certain medical costs. Employer contributions are determined on an annual basis by the funds. Qualifying dependants receive the same benefits as active employees other than discussed below. The Group has no legal obligations to retirees and their qualifying dependants for any contributions towards these medical funds.

No post-retirement benefits are available to other workers.

A subsidiary of the Company has an obligation to fund a portion of the medical aid contributions of its employees after they have retired. Included in provisions is an amount of R5.5 million. This obligation was valued at 1 January 2000 by an independent actuary. Included in long-term liabilities is an additional amount of R14.7 million (refer to note 15(i)).

#### *Long service awards*

The Group companies participate in the Chamber of Mines of South Africa Long Service Award Scheme. In terms of the Scheme, bonus payments are made to certain employees upon attaining a certain qualifying age and level of service.

No provision has been made for this obligation as the amount of the liability cannot be determined with any accuracy. Long service awards are expensed as incurred.

#### *Share option plan*

The Company has an Employee Share Option Scheme in terms of which the aggregate number of unissued shares that may be reserved shall not exceed 15% of the issued ordinary share capital. Refer page 18 for a summary of the share option scheme movements in the current year.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 22 RELATED PARTY DISCLOSURE

- 22.1 An amount owed to Western Areas Ltd of R149.4 million in respect of loan advances from that company during the period December 1999 and January 2000 and interest thereon was repaid during the year. The proceeds of these loans were originally used to acquire listed shares. JCI Gold Limited and Consolidated African Mines Limited failed to exercise their option to purchase these shares (refer to 2 below) and consequently the shares were sold to Western Areas Ltd during the year, realising a profit of R17.1 million for the Company.
- 22.2 The Company had entered into an agreement with JCI Gold Limited and Consolidated African Mines Limited ("CAM") (now renamed JCI) whereby those companies had the option to purchase the listed shares mentioned in 1. The option fee received during the financial year in terms of this agreement amounted to R8.9 million, which is included in the CAM balance of R31.5 million included in accounts receivable. The Company has instituted legal proceedings against JCI Gold Ltd and CAM for the recovery of these amounts. The Company has provided in full for the balance outstanding by CAM against the potential bad debt.
- 22.3 A loan received from RAR Kebble, amounting to R5.3 million was repaid during the year. Interest on this amount during the year amounted to R0.4 million.
- 22.4 The Company made use of FW Services CC and Neil Pretorius, related parties to Mr F Weideman, a previous executive director of the Company who resigned as a director of the Company on 1 March 2002. The services provided by these parties are on an arm's length basis.
- 22.5 The Company makes use of Libra Accounting CC, a related party to Mr WBeer, the Chief Administrative Officer of the Company. The services provided by this party are on an arm's length basis.
- 22.6 In the 2000 financial year, the Group allotted and issued 8 282 056 ordinary shares in respect of the "Rawas" transaction, but as the transaction had not been completed at that time, the Board undertook to review its position with respect to this transaction. To the Company's knowledge 3 212 561 of these shares were received by companies in the CAM group and other CAM related companies. The invalid issue of this issue has now been ratified by the High Court of South Africa. Costs relating to the validation of the shares and other related corporate governance issues amounted to R8.7 million. The board has decided to issue claims against the parties responsible for these and other related losses.

### 23 FINANCIAL RISK MANAGEMENT

#### Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these deposits. In addition, the Group minimises its credit risk by placing cash and cash equivalents with major banks and financial institutions located in South Africa, after evaluating the credit ratings of the respective financial institutions. The Group believes that no concentration of credit risk exists in respect of cash and cash equivalents.

#### *Concentration of credit risk*

The Group's financial instruments do not represent a concentration of credit risk, because the Group deals with a variety of major banks and financial institutions, located in South Africa and Australia, after evaluating the credit ratings of the representative financial institutions. Furthermore, its debtors and loans are regularly monitored and assessed. An adequate level of provision is maintained.

#### *Foreign currency risk*

In the normal course of business, the Group enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$") and Australian Dollars ("A\$")). In addition, the Group has investments and liabilities in a number of different currencies (primarily US\$ and A\$).

As a result, the Group is subject to transaction exposure from fluctuations in foreign currency exchange rates.

The Group has not hedged its exposure to Rand based foreign currency rate fluctuations and the risk to the Group is reviewed on a regular basis.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 23 FINANCIAL RISK MANAGEMENT (continued)

#### *Interest rates and liquidity risk*

Fluctuation in interest rates impacts on the value of short-term cash investments and financing activities, giving rise to interest rate risks. In the ordinary course of business, the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Funding deficits for the Group's mining operations have been financed through the issue of additional shares and external borrowings.

#### *Fair value of financial instruments*

The following table represents the carrying amounts and fair values of the Group's financial instruments outstanding at 30 June 2002. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

|  | <b>30 June 2002</b>    | <b>30 June 2002</b> | 30 June 2001    | 30 June 2001 |
|--|------------------------|---------------------|-----------------|--------------|
|  | <b>R000</b>            | <b>R000</b>         | R000            | R000         |
|  | <b>Carrying amount</b> | <b>Fair value</b>   | Carrying amount | Fair value   |
| <i>Financial assets</i>                |                        |                     |                 |              |
| Cash and cash equivalents              | 247 332                | 247 332             | 113 814         | 113 814      |
| Accounts receivable                    | 126 644                | 126 644             | 124 954         | 124 954      |
| Listed investments                     | 18 389                 | 23 282              | 100 719         | 121 175      |
| Investment in environmental trusts     | 125 929                | 125 929             | 110 950         | 110 950      |
| <i>Financial liabilities</i>           |                        |                     |                 |              |
| Accounts payable and other liabilities | 479 588                | 479 588             | 510 215         | 510 215      |
| Bank overdrafts                        | 5 516                  | 5 516               | 362             | 362          |
| Long-term debt                         |                        |                     |                 |              |
| – long-term portion                    | 263 071                | 263 071             | 58 476          | 59 478       |
| – short-term portion                   | 165 561                | 165 561             | 178 355         | 178 355      |

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and short-term borrowings approximates their fair values due to the short-term maturities of these assets and liabilities.

The fair value of listed investments has been determined by reference to the market value of the underlying investments. The investment in the environmental trusts is invested primarily in interest-bearing securities, which approximate their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

24 SEGMENT INFORMATION

The Group operates in one industry segment, being the extraction and production of gold and related by-products.

|  | <b>2002<br/>R000<br/>South African<br/>operations</b> | <b>2002<br/>R000<br/>Australasian<br/>operations</b> | <b>2002<br/>R000<br/>Total</b> |
|--|---|--|--------------------------------|
| Revenue  | 2 415 059   | 223 935  | 2 638 994                      |
| Result   |   |  |                                |
| Loss from operations                                     | (675 137)   | (48 547)   | (723 684)                      |
| Other operating income                                   | 50 566  | 5 098  | 55 664                         |
| Interest paid  | (21 007)  | (3 202)  | (24 209)                       |
| Taxation   | 181 234   | 461  | 181 695                        |
| Loss after tax   | (464 344)   | (46 190)   | (510 534)                      |
| Balance sheet  |   |  |                                |
| Mining assets  | 627 675   | 144 210  | 771 885                        |
| Net current liabilities                                  | (251 872)   | 61 844   | (190 028)                      |
| Other information  |   |  |                                |
| Capital expenditure                                      | 64 640  | 18 469   | 83 109                         |
| Change in asset impairment and diminution in investments | (50 942)  | –  | (50 942)                       |
| Total number of employees including contractors          | 20 405  | 529  | 20 934                         |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

|  | <b>2001<br/>R000<br/>South African<br/>operations</b> | <b>2001<br/>R000<br/>Australasian<br/>operations</b> | <b>2001<br/>R000<br/>Total</b> |
|--|---|--|--------------------------------|
| <b>24 SEGMENT INFORMATION (continued)</b>  |   |  |                                |
| The Group operates in one industry segment, being the extraction and production of gold and related by-products. |   |  |                                |
| Revenue  | 2 010 132   | 131 617  | 2 141 749                      |
| Result   |   |  |                                |
| Loss from operations   | (252 373)   | (36 570)   | (288 943)                      |
| Other operating income   | 35 042  | 2 063  | 37 105                         |
| Interest paid  | (38 716)  | (3 698)  | (42 414)                       |
| Taxation   | 48 419  | 8 922  | 57 341                         |
| Loss after tax   | (207 628)   | (29 283)   | (236 911)                      |
| Balance sheet  |   |  |                                |
| Mining assets  | 661 826   | 181 039  | 842 865                        |
| Net current liabilities  | (205 566)   | (69 835)   | (275 401)                      |
| Other information  |   |  |                                |
| Capital expenditure  | 42 536  | 5 531  | 48 067                         |
| Change in asset impairment and diminution in investments   | (31 343)  | 65 518   | 34 175                         |
| Total number of employees  | 18 653  | 463  | 19 116                         |

**25 POST BALANCE SHEET EVENTS**

On 1 July 2002 Crown Consolidated Gold Recoveries Ltd sold 60% of its holding in Crown Gold Recoveries (Pty)Ltd in a black empowerment deal to Khumo Bathong Holdings (Pty)Limited for R105.5 million, realising a profit of R82.5 million for the group.

## DIRECTORATE

**Mark Michael Wellesley-Wood (50)**  
Chairman and Chief Executive Officer  
BSc (Mining Engineering), MBA, C.Eng  
Appointed May 2000

Mr Wellesley-Wood is a qualified mining engineer and has twenty-three years' experience in corporate finance, specialising in raising finance for mining companies and as a stock broker.

**David Christopher Baker (43)**  
Non-executive Director  
BSc (Mineral Engineering), MSc (Mineral Production Management)  
Appointed January 2002

Mr Baker is a qualified metallurgist and has fifteen years' experience as mining analyst and portfolio manager.

**Geoffrey Charles Campbell (41)**  
Non-executive Director  
BSc Hons (Geology with Geophysics)  
Appointed March 2002

Mr Campbell is a qualified geologist and has fifteen years' experience as a mining analyst and senior fund manager.

**Frederik Hendrik Coetzee (56)**  
Chief Operations Officer  
BSc (Mining Engineering)  
Mine Managers' Certificate of Competency  
Appointed January 2002

Mr Coetzee is a qualified mining engineer and has thirty-nine years' experience in the mining industry.

**Nicholas Goodwin (55)**  
Non-executive Director  
BSc (Civil Engineering), Pr Eng  
Appointed October 1997

Mr Goodwin is a professional civil engineer and has twenty-three years' experience as a gold mining analyst

**Robert Peter Hume (62)**  
Non-executive Director  
CA (SA)  
Appointed October 2001

Mr Hume is a chartered accountant and has forty years' experience as an auditor.

**Ian Louis Murray (36)**  
Chief Financial Officer  
CA (SA), Advanced Tax Certificate  
Appointed July 2000

Mr Murray is a chartered accountant and has ten years' experience specialising in the fields of corporate finance and gold hedging and trading.

**Moltin Paseka Ncholo (39)**  
Non-executive Director  
BA Law, LLM, PhD (Law)  
Appointed March 2002

Dr Ncholo is an advocate of the High Court of South Africa and also the chairman of Khumo Bathong Holdings (Pty) Limited and ERPM Gold Mine (Pty) Limited.

**Charles Leonard Valkin (68)**  
Alternate Director to MM Wellesley-Wood  
BCom, LLB, HDip (Tax)  
Appointed March 2002

Mr Valkin is a senior partner in the law firm Bowman Gilfillan Inc and specialises in acquisitions and mergers, corporate and finance law.

## SHAREHOLDER ANALYSIS AS AT 30 JUNE 2002

### ANALYSIS OF ORDINARY SHAREHOLDERS/BENEFICIAL HOLDERS

| Holders                           | Members      | Number of shares held | Percentage of issued shares |
|-----------------------------------|--------------|-----------------------|-----------------------------|
| Individuals                       | 5 447        | 3 100 980             | 1.75                        |
| Institutions and Bodies Corporate | 524          | 174 072 505           | 98.25                       |
| <b>Total</b>                      | <b>5 971</b> | <b>177 173 485</b>    | <b>100.00</b>               |

### ANALYSIS OF SHAREHOLDINGS

| Range               | Members      | Number of members as a percentage | Number of shares held | Percentage of issued shares held |
|---------------------|--------------|-----------------------------------|-----------------------|----------------------------------|
| 1 – 5 000           | 5 587        | 93.57                             | 1 100 659             | 0.62                             |
| 5 001 – 100 000     | 327          | 5.48                              | 2 801 088             | 1.58                             |
| 100 001 – 1 000 000 | 42           | 0.70                              | 14 422 416            | 8.14                             |
| 1 000 001 and more  | 15           | 0.25                              | 158 849 322           | 89.66                            |
| <b>TOTAL</b>        | <b>5 971</b> | <b>100.00</b>                     | <b>177 173 485</b>    | <b>100.00</b>                    |

### SHAREHOLDING OVER 1%

| Beneficial holder  | Number of shares held | Percentage of shares held |
|--|-----------------------|---------------------------|
| Bank of New York (on behalf of ADR holders)<br>Recorded on Australian Branch Register<br>ANZNominees Limited | 137 762 271           | 77.76                     |
| Soges-Dewaay SA (Brussels)   | 2 705 438             | 1.53                      |
| Pictet Et Cie Banquiers (Switzerland)  | 2 474 344             | 1.40                      |
| Royal Trust Corporation (London)   | 2 395 567             | 1.35                      |
| CIBC World Market Inc (USA)  | 2 188 133             | 1.24                      |
|  | 2 085 533             | 1.18                      |

### SHARE PERFORMANCE

|   | JSE          | NASDAQ      | ASX        | FRANKFURT | TOTAL |
|---|--------------|-------------|------------|-----------|-------|
| Number of shares traded (million)           | 68           | 515         | 3          | 20        | 606   |
| % of total issued shares                    | 38           | 291         | 2          | 11        | 342   |
|   | <i>Rands</i> | <i>US\$</i> | <i>A\$</i> | <i>€</i>  |       |
| Value of shares traded (million)            | 1 906        | 1 578       | 22         | 71        |       |
| Price quoted                                |              |             |            |           |       |
| Highest                                     | 56.50        | 5.88        | 7.85       | 6.10      |       |
| Lowest                                      | 6.50         | 0.75        | 4.52       | 0.85      |       |
| Closing                                     | 42.99        | 4.25        | 7.70       | 4.10      |       |
| Market capitalisation at year-end (million) | 7 617        | 753         | 1 364      | 726       |       |

### SUMMARY OF SHAREHOLDER SPREAD as at 30 June 2002

| Shareholder type                                      |       | SA registered holders |           |      | Foreign registered holders |       |             |       | Totals  |       |             |       |
|---|-------|-----------------------|-----------|------|----------------------------|-------|-------------|-------|---------|-------|-------------|-------|
| Members   |       | %                     | Shares    | %    | Members                    | %     | Shares      | %     | Members | %     | Shares      | %     |
| Public  |       |                       |           |      |                            |       |             |       |         |       |             |       |
| Registered  | 2 516 | 42.14                 | 1 091 569 | 0.61 | 1 241                      | 20.79 | 10 965 016  | 6.19  | 3 757   | 62.92 | 12 056 585  | 6.80  |
| Beneficial  | 2 176 | 36.44                 | 8 126 718 | 4.59 | 33                         | 0.55  | 154 770 516 | 87.35 | 2 209   | 37.00 | 162 897 234 | 91.95 |
| Subtotal  | 4 692 | 78.58                 | 9 218 287 | 5.20 | 1 274                      | 21.34 | 165 735 532 | 93.54 | 5 966   | 99.92 | 174 953 819 | 98.75 |
| Directors<br>(Direct, indirect and<br>non-beneficial) | 4     | 0.07                  | 709 666   | 0.40 | 1                          | 0.01  | 1 510 000   | 0.86  | 5       | 0.08  | 2 219 666   | 1.25  |
| Non-public  |       |                       |           |      |                            |       |             |       |         |       |             |       |
| Registered  | –     | –                     | –         | –    | –                          | –     | –           | –     | –       | –     | –           | –     |
| Beneficial  | –     | –                     | –         | –    | –                          | –     | –           | –     | –       | –     | –           | –     |
| Grand totals  | 4 696 | 78.65                 | 9 927 953 | 5.60 | 1 275                      | 21.35 | 167 245 532 | 94.40 | 5 971   | 100   | 177 173 485 | 100   |



## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of Durban Roodepoort Deep, Limited will be held at 45 Empire Road, Parktown on Friday 22 November 2002 at 09:00 for the following business:

### ORDINARY BUSINESS

- 1** To receive and consider the audited annual financial statements for the twelve months ended 30 June 2002
- 2** To re-appoint the auditors in accordance with the articles of association
- 3** To elect directors in place of Messrs MM Wellesley-Wood, IL Murray and N Goodwin who retire in accordance with the articles of association, but, being eligible, offer themselves for re-election. Biographies of the directors standing for re-election are provided on page 46 of the annual report for 2002.

### SPECIAL BUSINESS

#### Ordinary Resolution No 1

RESOLVED: THAT all the unissued shares in the capital of the Company be and hereby placed under the control of the directors as a general authority in terms of section 211(2) of the Companies Act 1973 (Act 61 of 1973), as amended, ("the Act"), who are hereby authorised to allot and issue shares in the capital of the Company to those persons and upon such terms and conditions as the directors in their sole discretion deem fit, subject to the provisions of the Act and the requirements of the JSE Securities Exchange.

#### Ordinary Resolution No 2

RESOLVED: THAT the directors be and are hereby authorised to allot and issue all or some of the authorised but unissued ordinary no par value shares in the capital

of the Company for cash to such person or persons (defined as "public" by the JSE Securities Exchange South Africa) and on such terms and conditions as the directors may, without restriction, from time to time, deem fit as and when suitable opportunities arise therefor, but subject to the requirements from time to time of the Articles of Association of the Company, the Companies Act, 1973, (Act 61 of 1973), as amended ("the Act") and any stock exchange upon which the shares of the Company may be quoted or listed and to the following requirements of the JSE Securities Exchange South Africa:

- 1** this authority shall be valid until the next annual general meeting of the Company or 15 months from the date on which this resolution is passed, whichever is the earlier date;
- 2** a paid press announcement giving full details, including the impact on net asset value and earnings per share of the Company, shall be published at the time of any issue representing, on a cumulative basis within one year, 5 percent or more of the number of shares in issue prior to the issue in question;
- 3** issues in the aggregate in terms of this authority will not exceed 15 per cent of the number of shares in the Company's issued share capital in any particular financial year. The number of shares which will be issued shall be based on the number of shares in issue at the date of application for the listing of the shares to be issued under this general authority less any shares issued during the current financial year, provided that any shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition

(concluded up to the date of application) will constitute part of the securities in issue at the date of application for the listing of the shares to be issued under this general authority;

- 4** in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount at which the shares will be issued will not exceed 10 per cent of the weighted average trading price of the shares in question over the 30 business days prior to the date that the price is determined or agreed by the directors of the Company; and
- 5** The approval of a 75% majority of the votes cast by shareholders present in person or by proxy represented at the general meeting is required for this resolution to be effective.

#### Ordinary Resolution No 3

RESOLVED: THAT the directors referred to in Special Resolution No 1 below, having been granted options during the year in terms of the Durban Roodepoort Deep (1996) Share Option Scheme, the Company hereby approves, in terms of Section 222(1)(a) of the Companies Act 1973 (Act 61 of 1973), as amended, the allotment and issue to any director referred to below of any of the number of shares against his name in as far as he exercises his options in respect of those shares.

#### Ordinary Resolution No 4

RESOLVED: THAT, for the purposes of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited, approval is given to the issue of up to 500 000 options to subscribe for fully paid ordinary no par value shares in the capital of the Company to non-executive directors under the

Durban Roodepoort Deep (1996) Share Option Scheme ("the Scheme").

#### **Explanatory memorandum**

The Company is seeking approval for the issue of options to subscribe for fully paid ordinary no par value shares in the capital of the Company under the Scheme in the current financial year ending 30 June 2003.

Rule 10.14 of the Australian Stock Exchange Listing Rules ("ASX LR") requires shareholder approval to be obtained for the issue of equity securities to a director or an associate of a director under the Scheme.

The maximum number of options the Company will issue to non-executive directors on or before 30 June 2003 under the Scheme is 500 000. Under the terms of the Scheme, the allocation of options to directors is determined by the Board from time to time. Options approved under this resolution will be issued no later than 30 June 2003.

The exercise price of the options will be determined at the time of issue of the options and will be, in respect of each share which is the subject of the option, the average of the closing market prices of a share on the JSE Securities Exchange South Africa ("the JSE") for any continuous period of 7 (seven) days on which the JSE is open for trading, during the 3 (three) months preceding the day on which the director is granted the option.

All directors are entitled to participate in the Scheme. The current directors are listed on page 46.

The Company obtained full listing on the Australian Stock Exchange on 1 July 2002 and has made no issues of options under the Scheme since that date. Details of options issued under the Scheme for the 2001/2002 financial year are set out in Special Resolution No 1 below.

#### **Voting exclusion statement for Ordinary Resolution No 4**

The Company will disregard any votes cast by or on behalf of a director of the Company or his or her associates. However, the Company need not disregard a vote in relation to this resolution if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Ordinary Resolution No 5**

RESOLVED: THAT the Durban Roodepoort Deep (1996) Share Option Scheme be and it is hereby amended (by the addition of the words underlined and the deletion of the words struck out) as follows:

"1.4 employee: any employee (including any director) of the Company or any of its associated companies and any person who is employed by a company or close corporation with whom the Company has entered into an agreement in terms of which the services of such person are provided exclusively to the Company or any of its subsidiaries for the time being;

1.7 participant: any employee, retired or retrenched employee

4.7 Notwithstanding anything contained in the Option Scheme, unless the directors otherwise agree in writing, a participant:

4.7.1 shall not be entitled to dispose of any shares acquired by him pursuant to his exercise of an option for so long as he is an employee and for a period of 12 months from the date on which he ceases to be an employee;

4.7.2 shall lodge any share certificate(s) issued to him in terms of 3.11.4 with the secretary of the company until the expiry of the period referred to in 4.7.1.

4.9.2 subject to 4.13, one year after the retirement of a participant or, in the case of options which the directors permit to be exercised by the participant as referred to in (b) of 4.6.4, such shorter period as the directors may have determined, when giving such permission; or

4.14 Notwithstanding anything contained in the Option Scheme, in consideration for the cancellation of the rights of employees of Buffelsfontein Gold Mines Limited (Registration number 1995/010072/06) ("Buffels") arising from the bonus issue made by Buffels in February 1997 to acquire certain ordinary shares in Buffels ("the Buffels shares") in terms of the Buffelsfontein Gold Mines (1996) Share Option Scheme, the directors may, on the day after the operative date ("the operative date") of the scheme of arrangement proposed by the Company between Buffels and its shareholders (other than the company) ("the Buffels Scheme"), grant options to such employees in the ratio of

## NOTICE TO SHAREHOLDERS

options for 110 shares in exchange for every 100 Buffels shares which such employees were entitled to acquire, on the basis that:

4.14.1 no consideration will be payable by such employees for the shares in the company when they exercise their options;

4.14.2 the options granted to any such employee may only be exercised by the employee as to not more than one-half of the options after three months have elapsed from the operative date and as to all of the options after six months have elapsed from the operative date; and

4.14.3 options will lapse if they have not been exercised within one year of the operative date of the Buffels Scheme.

4.15 Notwithstanding anything contained in the Option Scheme and subject to the implementation of the scheme of arrangement proposed by the company between Buffelsfontein Gold Mines Limited (Registration number 1995/010072/06) ("Buffels") and its shareholders (other than the company) options granted by the directors in terms of the Option Scheme to employees of Buffels in consideration for cancellation of any options held by them in terms of the Buffelsfontein Gold Mines (1996) Share Option Scheme shall be granted on the basis that:

14.5.1 the options granted to any such employee may only be exercised by the employee as to not more than one-half of the options after three months have elapsed from the date of the granting of the options as to all of the options after six months have elapsed from the date of the granting of the options; and

14.5.2 the options will lapse if they have not been exercised within one year of the date of the granting of the options.

14.16 Notwithstanding anything contained in the Option Scheme, in consideration for the cancellation of options granted by the company to its employees in terms of the Option Scheme, the directors may, prior to 31 December 1997, grant to employees options which they may exercise at a price, in respect of each share which is the subject of the option, equal to the closing market price of a share on the JSE, as certified by the secretary of the company, on the operative date of the scheme of arrangement proposed by the company between Buffelsfontein Gold Mines Limited (Registration number 1995/010072/06) and its shareholders.

(Copies of the current rules pertaining to the Durban Roodepoort Deep (1996) Share Option Scheme are available on application from the Secretary.)

### **Special Resolution No 1**

RESOLVED: THAT the allotment and issue to the non-executive directors referred to below of the number of shares set out against their names insofar as they have exercised their options in respect of those shares, in terms of the Durban Roodepoort Deep (1996) Share Option Scheme and Section 223(b) of the Companies Act 1973 (Act 61 of 1973) as amended, be approved and ratified:

| Name of director | Number of options | Strike price |
|------------------|-------------------|--------------|
| DC Baker         | 40 000            | R15.81       |
|                  | 20 000            | R10.54       |
| DCCampbell       | 20 000            | R18.61       |
| G Fischer        | 10 000            | R8.37        |
| N Goodwin        | 10 000            | R8.37        |
|                  | 40 000            | R15.81       |
| RP Hume          | 18 750            | R7.26        |
|                  | 30 000            | R15.81       |
| MPNcholo         | 20 000            | R18.61       |

#### REASON FOR AND EFFECTS OF THE SPECIAL RESOLUTION

The reason for Special Resolution No 1 is to allow share options in the Company's employee share option scheme to be allotted and issued to non-executive directors.

The effect of the resolution is to regulate the allotment and issue of share options to non-executive directors.

BY ORDER OF THE BOARD

MA ELOFF

Secretary

12 September 2002

## SHAREHOLDERS' DIARY

| Annual general meeting |                            | Quarterly reports | Publication date |
|------------------------|----------------------------|-------------------|------------------|
| Date                   | 22 November 2002           | 1st Quarter       | October 2002     |
| Time                   | 09:00                      | 2nd Quarter       | January 2003     |
| Place                  | DRD Building, 45 Empire    | 3rd Quarter       | April 2003       |
|                        | Road, Parktown             | 4th Quarter       | July 2003        |
|                        | Johannesburg, South Africa |                   |                  |

Copies of the Company's quarterly reports may be obtained by making application to the company secretary, the share transfer secretaries in South Africa, Australia or the United Kingdom.

Members are requested to notify any change of address to the share transfer secretaries in South Africa, Australia or the United Kingdom.

## FORM OF PROXY

DURBAN ROODEPOORT DEEP, LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 1895/000926/06)  
NASDAQ trading symbol: DROOY  
ARBN number: 086 277 616  
Share code: DUR  
ISIN: ZAE 0000015079  
("DRD" or "the Company")

For use only by DRD shareholders holding share certificates and Central Securities Depository Participants' ("CSDPs") nominee companies and brokers' and other nominee companies on the sub-register of DRD and shareholders who have dematerialised their share certificates and who have elected own-name registration through a CSDP or broker at the annual general meeting of shareholders of DRD to be held in the boardroom, 45 Empire Road, Parktown, Johannesburg on Friday 22 November 2002 at 09:00 (South African time) ("the annual general meeting of shareholders").

DRD shareholders who have already dematerialised their share certificates through a CSDP or broker and who have not elected own-name registration in the sub-register maintained by a CSDP and DRD shareholders who hold certificated ordinary shares through a nominee must not complete this form of proxy but must instruct their CSDP, broker or nominee to issue them with the necessary authority to attend the annual general meeting of shareholders or, if they do not wish to attend the annual general meeting of shareholders, they may provide their CSDP, broker or nominee with their voting instructions in terms of the custody agreement entered into between them and their CSDP, broker or nominee.

I/We \_\_\_\_\_  
(BLOCK LETTERS PLEASE)

of \_\_\_\_\_

Telephone work ( ) \_\_\_\_\_

Telephone home ( ) \_\_\_\_\_

being the holder(s) or custodians of   
shares, hereby appoint (see note 1 overleaf):

1 \_\_\_\_\_ or failing him/her

2 \_\_\_\_\_ or failing him/her

3 the chairman of the annual general meeting of shareholders, as my/our proxy to attend and speak and vote on a show of hands or on a poll for me/us and on my/our behalf at the annual general meeting of shareholders to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the

resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the DRD shares registered in my/our name as follows (see note 2 overleaf):

| ORDINARY BUSINESS  | For | Against | Abstain |
|--|-----|---------|---------|
| 1 To adopt the audited annual financial statements for the twelve months ended 30 June 2002  |     |         |         |
| 2 To re-appoint the auditors in accordance with the Company's Articles of Association  |     |         |         |
| 3 A To re-elect Mr MM Wellesley-Wood as a director of the Company<br>B To re-elect Mr IL Murray as a director of the Company<br>C To re-elect Mr N Goodwin as a director of the Company                          |     |         |         |
| <b>SPECIAL BUSINESS</b>  |     |         |         |
| 4 Ordinary Resolution No 1<br>To place all unissued shares in the capital of the Company under the control of the directors as a general authority   |     |         |         |
| 5 Ordinary Resolution No 2<br>To authorise the placement of all or some ordinary shares under the control of the directors, to allot and issue such ordinary shares for cash                                     |     |         |         |
| 6 Ordinary Resolution No 3<br>To approve the allotment and issue to any director shares in terms of the Durban Roodepoort Deep (1996) Share Option Scheme and Section 222(1)(a) of the Companies Act 1973        |     |         |         |
| 7 Ordinary Resolution No 4<br>To approve the issue of shares to non-executive directors in terms of the Durban Roodepoort Deep (1996) Share Option Scheme and the Listing Rules of the Australian Stock Exchange |     |         |         |
| 8 Ordinary Resolution No 5<br>To amend the Durban Roodepoort Deep (1996) Share Option Scheme   |     |         |         |
| 9 Special Resolution No 1<br>To approve and ratify the allotment and issue of employee share options to non-executive directors in terms of Section 223(b) of the Companies Act 1973                             |     |         |         |

And generally to act as my/our proxy at the said annual general meeting of shareholders. (Tick whichever is applicable. If no directions are given, the proxy holder will be entitled to vote or to abstain from voting, as that proxy holder deems fit – see note 2 overleaf.)

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2002

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of DRD) to attend, speak and vote in place of that shareholder at the annual general meeting of shareholders. Unless otherwise instructed, my proxy may vote as he/she thinks fit. Please read the notes on the reverse side hereof.

## NOTES TO FORM OF PROXY

1 A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting of shareholders", but any such deletion must be initialed by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.

2 A DRD shareholder's instruction to the proxy must be indicated in the appropriate box by inserting the number of shares in respect of which the shareholder wishes his/her proxy to cast his/her votes.

3 Should there be no indication in the appropriate box as to how the shareholder wishes his/her votes to be cast by the proxy then the proxy will be deemed to have been authorised to vote or abstain from voting at the annual general meeting as the proxy deems fit.

4 A shareholder may instruct the proxy to vote in respect of less than the total number of shares held by inserting the number of shares in the appropriate box provided. A shareholder who gives no indication as to the number of shares in respect of which the proxy is entitled to vote will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the shareholder's votes exercisable at the annual general meeting.

5 A complete form of proxy, to be effective, must reach the transfer secretaries in South Africa, the United Kingdom or Australia at least 48 hours before the time appointed for the holding of the annual general meeting (which period excludes Saturdays, Sundays and public holidays).

6 The completion and lodging of this form of proxy by shareholders holding share certificates, CSDPs nominee companies and brokers' and other nominee companies on the sub-register of DRD and shareholders who have dematerialised their share certificates and who have elected own-name registration through a CSDP or broker, will not preclude the relevant shareholder from attending the annual general meeting of shareholders and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof. Shareholders who have dematerialised their share certificates and who have not elected own-name registration through a CSDP or broker and shareholders who hold certificated ordinary shares through a nominee, who wish to attend the annual general meeting of shareholders, must instruct their CSDP or broker to issue them with the necessary authority to attend.

7 Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as power of attorney or other written authority) must be attached to this form of proxy unless previously recorded by DRD.

8 Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.

9 When there are joint holders of shares any one of such persons may alone sign this form of proxy in respect of such shares as if such person was the sole holder, but if more than one of such joint holders submits a form of proxy, the form of proxy, if accepted by the chairman of the annual general meeting, submitted by the holder whose name appears first in the register of the Company will be accepted to the exclusion of any other form of proxy submitted by any other joint holder(s).

## CONVERSION TABLE

### CONVERSION FACTORS

The following conversion factors have been used in this document.

#### CURRENCY

AVERAGE EXCHANGE RATE DURING YEAR US\$1 = R10.15

CLOSING EXCHANGE RATE AT 30 JUNE 2002 US\$1 = R10.37

#### UNITS OF MEASUREMENT

| Metric         | Imperial             | Imperial      | Metric               |
|----------------|----------------------|---------------|----------------------|
| 1 metric tonne | 1.10229 short tonnes | 1 short tonne | 0.9072 metric tonnes |
| 1 kilogram     | 2.20458 pounds       | 1 pound       | 0.4536 kilograms     |
| 1 gram         | 0.03215 troy ounces  | 1 troy ounce  | 31.10353 grams       |
| 1 kilometre    | 0.62150 miles        | 1 mile        | 1.609 kilometres     |
| 1 metre        | 3.28084 feet         | 1 foot        | 0.3048 metres        |
| 1 litre        | 0.26420 gallons      | 1 gallon      | 3.785 litres         |
| 1 hectare      | 2.47097 acres        | 1 acre        | 0.4047 hectares      |
| 1 centimetre   | 0.39370 inches       | 1 inch        | 2.54 centimetres     |
| 1 gram/tonne   | 0.0292 ounces/tonne  | 1 ounce/tonne | 34.28 grams/tonne    |



## CONTACT DETAILS

DURBAN ROODEPOORT DEEP, LIMITED  
(Registration number 1895/000926/06)  
(Share code DUR)  
(ISIN ZAE 000015079)  
(ARBN 086 277 616)  
(NASDAQ Trading symbol DROOY)

### DIRECTORS

Mark Wellesley-Wood (Chairman &  
Chief Executive Officer) (British)  
Frik Coetzee (Chief Operations Officer)  
Ian Murray (Chief Financial Officer)  
David Baker (Non-executive)  
Geoff Campbell (Non-executive)  
Nick Goodwin (Non-executive)  
Rob Hume (Non-executive)  
Paseka Ncholo (Non-executive)  
Charles Valkin (Alternate to  
Mark Wellesley-Wood)

### AUDIT COMMITTEE

Rob Hume (Chairman)  
Nick Goodwin

### REMUNERATION COMMITTEE

Nick Goodwin (Chairman)  
Geoff Campbell

### SECRETARY

Maryna Eloff, ACIBM

### LONDON COMMITTEE

P Dexter  
AF Smith

### AUDITORS

Deloitte & Touche

### ATTORNEYS

Bowman Gilfillan Hayman Godfrey Inc

### BANKERS

Standard Bank of South Africa Limited

### REGISTERED OFFICE AND SECRETARY'S BUSINESS ADDRESS

45 Empire Road Parktown  
Johannesburg 2193  
PO Box 390 Maraisburg 1700  
Republic of South Africa  
Tel (+27 11) 381 7800  
Fax (+27 11) 482 4641

### LISTING INFORMATION

DRD ordinary shares are currently listed on  
the JSE Securities Exchange, the London  
Stock Exchange, Brussels Stock Exchange,  
Paris Bourse, Australian Stock Exchange,  
NASDAQ in the form of ADR's, on the OTC  
market on the Berlin and Stuttgart Stock  
Exchanges and the Regulated Unofficial  
Market on the Frankfurt Stock Exchange.

### INVESTOR RELATIONS

Maryna Eloff  
E-mail eloffm@drd.co.za

### WEBSITE

www.durbans.com

### SHARE TRANSFER SECRETARIES

Ultra Registrars (Pty) Limited  
11 Diagonal Street Johannesburg 2001  
PO Box 4844 Johannesburg 2001  
Republic of South Africa  
Tel (+27 11) 832-2652  
Fax (+27 11) 834-4398

### UNITED KINGDOM REGISTRARS AND BEARER OFFICE

CAPITA IRG Plc  
Balfour House 390/398 High Road  
Ilford Essex IG1 1NQ United Kingdom  
Tel (+44 20) 8639 2001  
Fax (+44 20) 8478 2876

### UNITED KINGDOM SECRETARIES

St James's Corporate Services Limited  
6 St James's Place London SW 1A 1NP  
United Kingdom  
Tel (+44 20) 7499 3916  
Fax (+44 20) 7491 1989

### FRENCH AGENTS

Euro Emetteurs Finance  
48 Boulevard des Batignolles  
75850 Paris Cedex 17 France  
Tel (+331) 5530 5900  
Fax (+331) 5530 5910

### AUSTRALIAN CORPORATE REGISTRY

Computershare Registry Services  
(Pty) Limited  
Level 2 45 St George's Terrace  
Perth Western Australia  
GPO Box D182 Perth  
Western Australia 6840  
Tel (+61 8) 9323 2000  
Fax (+61 8) 9323 2033

### AUSTRALIAN AGENT

Sygnum Financial Services  
62 Colin Street West Perth  
Western Australia 6005  
Tel (+61 8) 9323 2000  
Fax (+61 8) 9323 2033

### DEPOSITARY BANK

American Depositary Receipts  
The Bank of New York  
101 Barclay Street New York NY 10286  
Tel (212) 815 3326  
Fax (212) 815 3050

### OPERATIONS

Blyvooruitzicht Gold Mining  
Company Limited  
PO Box 7001 Blyvooruitsig 2504  
Tel (+27 18) 789 9030  
Fax (+27 18) 789 9166

Crown Consolidated Gold Recoveries Limited  
Private Bag X9 Crown Mines 2025  
Tel (+27 11) 835 2157  
Fax (+27 11) 835 2922

North West Operations  
(Including Buffelsfontein Gold Mines  
Limited and Hartebeestfontein Gold Mining  
Company Limited)  
Private Bag X800 Stilfontein 2550  
Tel (+27 18) 487 3690  
Fax (+27 18) 487 8132

Tolukuma Gold Mines Limited  
PO Box 5043 Baroko  
Papua New Guinea  
Tel (+675) 329 9277  
Fax (+675) 329 9262