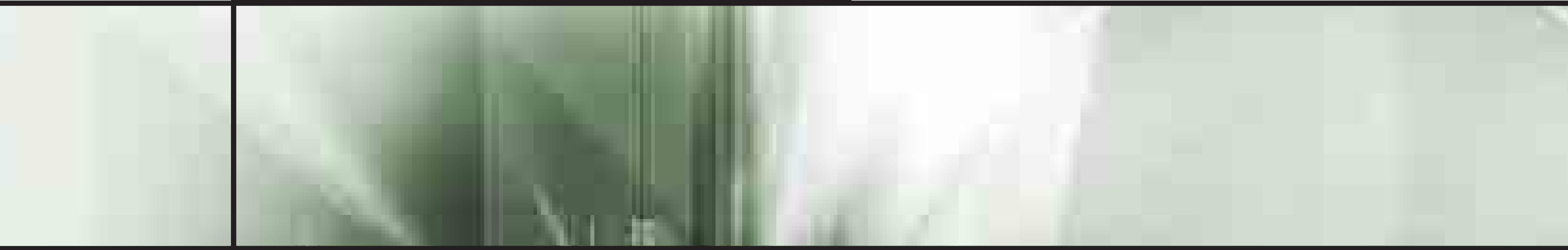
ANNUAL REPORT 2004



DURBAN ROODEPOORT DEEP, LIMITED

DRDGOLD

we do what we say

We have a marvellous product, the potential of which will come to be appreciated by a broader constituency of investors in years to come

CONTENTS

DISCLAIMER

Some of the information in this annual report may contain projections or other forward looking statements regarding future events or other future financial performance. We wish to caution you that these statements are not guarantees or predictions of future performance, and involve known or unknown risks, uncertainties and other factors, many of which are beyond our control and which may cause actual events or results to differ materially from those expressed in the statements contained in this report. In reviewing the information contained in this annual report, please refer to the documents that we file from time to time with the SEC, specifically to our annual report on Form 20-F. These documents contain and identify important factors that could cause the actual results to differ materially from those contained in our projections or forward looking statements, including such risks as difficulties in being a marginal producer of gold, changes and reliability of ore reserve estimates, gold price volatility, currency fluctuations, problems in the integration of operations or acquisitions, exploration and mining risks and a variety of risks described in our annual report on Form 20-F. We undertake no obligation to publicly update or release results of any of these forward looking statements or projections to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected results.

Cautionary note to US investors: the United States Securities and Exchange Commission permits mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use the term "resources" (which includes "measured", "indicated", and "inferred") in this South African annual report, which the SEC guidelines strictly prohibit us from including in our filing with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F, available from us at 45 Empire Road, Parktown, Johannesburg, 2193, South Africa. You can also obtain this form from the SEC website at http://www.sec.gov.

FINANCIAL HIGHLIGHTS

		2004	2003	% change
Gold				
Attributable production	(thousand ounces)	**905**	870	+4
Attributable production	(thousand kilograms)	**28**	27	+4
Average spot price	(US$ per ounce)	**389**	334	+16
Average spot price	(R per kilogram)	**86 220**	97 182	-11
Average price received	(US$ per ounce)	**393**	336	+17
Average price received	(R per kilogram)	**87 211**	97 652	-11
Average cash cost	(US$ per ounce)	**349**	303	+15
Average cash cost	(R per kilogram)	**77 384**	88 112	-12
Financial				
Revenue	(R million)	**2 192**	2 409	-9
Operating (loss)/profit from gold	(R million)	**(29)**	92	-132
(Loss)/profit before tax	(R million)	**(242)**	374	-165
(Loss)/profit after tax	(R million)	**(716)**	371	-293
Basic (loss)/profit per share	(R cents)	**(331)**	202	-264
Total assets	(R million)	**1 803**	1 817	-1
Net asset value per share	(R cents)	**244**	248	-2
Reserves				
Proven and probable ore reserves	(million ounces)	**11.7**	15.8	-26
Share statistics				
Market price per share[1]	(R cents)	**1 570**	1 930	-19
Market price per share[1]	(US$)	**2.52**	2.52	–
Ordinary shares in issue[1]		**233 307 667**	184 222 073	+27
Market capitalisation[1]	(R billion)	**3.7**	3.6	+3
Market capitalisation[1]	(US$ million)	**588**	464	+27
Exchange rates				
United States Dollar				
Average rate	(R:US$)	**6.90**	9.05	-24
Closing rate	(R:US$)	**6.28**	7.47	-16
Australian Dollar				
Average rate	(R:A$)	**4.92**	5.26	-6
Closing rate	(R:A$)	**4.33**	4.98	-13
Papua New Guinean Kina				
Average rate	(R:K)	**2.08**	2.22	-6
Closing rate	(R:K)	**1.94**	2.31	-16

[1] At 30 June

OUR VISION:	OUR CORE VALUE STATEMENT:
▸ to be the gold investment of choice	▸ to deliver extraordinary results to our shareholders; ▸ by working safely together; ▸ with passion and commitment; ▸ learning from our past while embracing the future; ▸ acting always with focus and decisiveness while being responsive and flexible in the face of change; ▸ committed to transparency and the fostering of trust; ▸ engaging with and respecting each other and people in the communities affected by our activities; and ▸ always taking pleasure and satisfaction from what we achieve.

GROUP PROFILE

CORPORATE PROFILE

Established in 1895 to exploit the world's richest known gold deposit, South Africa's Witwatersrand Basin, Durban Roodepoort Deep, Limited has withstood the test of time and numerous challenges to its survival. As a single commodity gold mining company and due to the evolving nature of the Group, the name Durban Roodepoort Deep, Limited will in future be changed to DRDGOLD Limited. In recent years particularly, DRDGOLD has come to be characterised by dynamism, drive and an independent spirit that has seen it develop from being a rescuer of struggling South African gold mining operations – a turnaround agent – to an engine for growth beyond South Africa, into the Australasian region.

In the 2004 financial year, gold production from DRDGOLD's total portfolio of underground, opencast and surface retreatment operations (including attributable portion of associate and joint venture) was 905 023 ounces, some 26%, or 233 190 ounces, of this was derived from its Australasian mining interests – the Tolukuma mine in Papua New Guinea (PNG) and the 20% interest in the Porgera Joint Venture, also in PNG.

During 2004 DRDGOLD made an offer to shareholders of Emperor Mines Limited (Emperor) of Australia to acquire the remaining 80.22% of shares in issue that the Group did not already own and at the close of the offer period on 30 July 2004 the acceptances received had increased its shareholding from 19.78% to 45.33%. DRDGOLD is committed both financially and in respect of technical expertise to Phase 2 of the development of Emperor's Vatukoula Mine in Fiji. On 14 September 2004 Emperor announced an A$20.4 million non-renounceable rights issue to fund a portion of its Phase 2 expansion project. Under the rights issue, eligible Emperor shareholders will be entitled to subscribe for four fully paid ordinary shares in Emperor for every 10 ordinary shares held in Emperor at an issue price of A$0.45 per share. DRDGOLD has agreed to apply for its entitlement under the rights issue, as well as for any shortfall to the issue (subject to certain conditions) under the shortfall facility. Emperor's rights offering is currently scheduled to close on 8 October 2004.

Following completion of the Emperor transaction subsequent to year-end, annualised production from Australasia is approximately 350 000 ounces, bringing the Group to within reach of its initial growth target of 400 000 ounces of low-cost, annual production from this region in a relatively short space of time.

Production in the 2004 financial year from DRDGOLD's South African mining interests – the Blyvooruitzicht mine, the North West Operations (comprising Buffelsfontein and Hartebeesfontein mines) and its 40% interest in the black economic empowerment entity, Crown Gold Recoveries (Crown) and ERPM – accounted for 74% of total production, compared with more than 92% in the previous year. The negative impact of the strength of the South African Rand on revenues, together with challenges arising largely from the maturity of the operations, has prompted an intensive restructuring programme of the South African mining operations.

DRDGOLD distinguishes itself by its incontrovertible confidence in the long-term strength of the gold market. It has invested heavily in buying back historical hedge positions in order to present itself to the investing community as an unhedged single commodity gold producer, thus providing full exposure to gold price movements. As a commitment to its faith in the value of gold as a form of currency, DRDGOLD acquired a strategic 50.25% interest in a subsidiary (Net-Gold Services Ltd) of the internet-based gold investment company, G.M. Network Limited (GoldMoney.com) during 2004, and continues to search for value-adding gold beneficiation opportunities.

DRDGOLD's total attributable Mineral Resource base at 30 June 2004 was 57.7 million ounces (63.9 million ounces at 30 June 2003) and its total attributable Ore Reserves were 11.7 million ounces (15.8 million ounces at 30 June 2003) including 40% of our associates Crown and ERPM, 20% of the Porgera Joint Venture and 19.78% of Emperor.

The 26% net decline year-on-year in attributable Ore Reserves is due to the shaft closures at the Buffels and ERPM sections and the decline in the Rand gold price, which was offset in part by the addition of 1.4 million ounces as a result of the acquisition of a 20% interest in the Porgera Joint Venture. Attributable Ore Reserves from Australasia now constitute 16% of the total reserve base of the Group, compared to less than 1% in the previous year, providing further indication of the success of the Group's growth strategy in the region.

In October 2003 the Group acquired all of the shares in Orogen Minerals (Porgera) Limited, or OMP, and Mineral Resources Porgera Limited, or MRP, from Oil Search Limited for a final purchase price of R542.3 million (US$77.1 million). The transaction was effected through the amalgamation of OMP and MRP, with our wholly-owned subsidiary, Dome Resources (PNG) Limited (subsequently renamed DRD (Porgera) Limited). This resulted in the Group acquiring a 20% interest in the unincorporated Porgera Joint Venture in PNG.

In an effort to reduce costs DRDGOLD established an insurance company, Fortis Limited, in May 2004. The company is based in PNG and focuses on providing worker compensation insurance to the Tolukuma mine, which resulted in a year-on-year reduction of 90% in related insurance premiums. During June 2004, the insurance strategy was further expanded with the establishment of a cell captive arrangement in White Rock Insurance Company PPC Limited, to facilitate access to reinsurance and additional insurance markets in order to further reduce the annual cost of insurance across the different regions in which we operate.

At 30 June 2004 DRDGOLD's market capitalisation was R3.7 billion (US$588 million).

DRDGOLD is a public company with its primary listings on the Johannesburg and Australian stock exchanges and secondary listings on the NASDAQ SmallCap Market and the London and Port Moresby stock exchanges. The Company's shares are also traded on the Marche Libre in Paris, the Regulated Unofficial Market of the Frankfurt Stock Exchange and the Berlin and Stuttgart OTC markets as well as Euronext Brussels in the form of International Depository Receipts.


Mark Wellesley-Wood


Ian Murray


David Baker


Geoffrey Campbell


Robert Hume

DIRECTORS

EXECUTIVE DIRECTORS

Mark Michael Wellesley-Wood[1] (53)
Executive Chairman
Member (Risk Committee)
Mr Wellesley-Wood was appointed Non-Executive Chairman in May 2000 and appointed Chairman and Chief Executive Officer in November 2000. He resigned as Chief Executive Officer and was appointed Executive Chairman on 19 December 2003. Mr Wellesley-Wood holds a degree in Mining Engineering from the Royal School of Mines, Imperial College London and an MBA from City Business School. He is a Chartered Engineer, a Member of the Institution of Mining and Metallurgy, a former Member of the Stock Exchange in London, a Fellow of the Securities Institute and a Member of the Society of Investment Professionals. He is a former member of the London Stock Exchange and has been involved in all aspects of raising finance and financial advice for mining companies since 1977. Mr Wellesley-Wood is also a Director of Oxus Gold Limited, WCS Limited and Emperor Mines Limited. He was Chairman of the Unwins Wine Group Limited from December 2001 to December 2003 and now serves on its Major Shareholder Committee.

Ian Louis Murray[2] (38)
Chief Executive Officer and Chief Financial Officer
Mr Murray was appointed Manager Corporate Finance in 1997, Alternate Director in July 1999, Chief Financial Officer in November 2000 and Deputy Chief Executive Officer in January 2003. He resigned as Chief Financial Officer in January 2003 but re-assumed that position on 30 June 2003 upon the resignation of Mr JH Dissel. On 19 December 2003 he was appointed Chief Executive Officer and Chief Financial Officer. Mr Murray obtained his B.Comm degree from the University of Cape Town, with distinction, in 1988, passed the Board Exam of the South African Institute of Chartered Accounts (SAICA), in 1989, the Chartered Institute of Management Accountants (CIMA) qualification exam in 1990 and obtained his Advanced Taxation Certificate from the University of South Africa in 1993. He is consequently a member of SAICA and CIMA. Prior to joining DRDGOLD, he was Group Financial and Administration Manager of Bioclones (Pty) Limited, a subsidiary of SA Breweries, from August 1995 to January 1997. Mr Murray is also a director of Net-Gold Services Limited and G.M. Network Limited (GoldMoney.com).

NON-EXECUTIVE DIRECTORS

David Christopher Baker[3] (45)
Independent Non-Executive Director
Member (Audit and Risk Committee)
Mr Baker was appointed as Non-Executive Director in 2002. Mr Baker is a qualified metallurgist and started his career at the CRA Broken Hill mine in Australia. During 1986 he joined Capel Court Powell in Sydney as a mining analyst and later joined James Capel in London in a similar position. In 1992, Mr Baker joined Merrill Lynch Investment Management as director Global Natural Resources where as portfolio manager he successfully managed the Mercury Gold Metal Open Fund from its launch in 1995. In 2001, Mr Baker helped establish Baker Steel Capital Manager LLP, a boutique investment house that specialises in managing clients' funds in the natural resource market. At August 2004, the company had 10 employees and over US$450 million under management, with offices in both London and Sydney. Mr Baker is also a director of Baker Steel Limited, Emperor Mines Limited, Northcliffe Holdings Pty. Ltd and Serpent Investment Pty. Ltd.

Geoffrey Charles Campbell[1] (43)
Senior Independent Non-Executive Director
Chairman (Remuneration Committee),
Member (Audit Committee)
Mr Campbell was appointed as Non-Executive Director in 2002. and as Senior Independent Non-Executive Director in December 2003. Mr Campbell is a qualified geologist and started his professional career working on gold mines in Wales and Canada. In 1986 he joined Sheppards Stockbrokers in London as a mining analyst. In 1988 he joined the Australian stockbrokers, Ord Minnett, and spent some time working for its sister company, Fleming Martin in New York as a senior research analyst. In 1995 Mr Campbell joined Merrill Lynch Investment Managers to run the Gold and General Fund, one of the largest gold mining investment funds. He was also Research Director for Merrill Lynch Investment Managers, responsible for co-ordinating the investment research across the entire group. Mr Campbell is currently the managing director of Boatlaunch Limited.


Moltin Paseka Ncholo


Douglas Blackmur


Anton Lubbe


Deon van der Mescht

NON-EXECUTIVE DIRECTORS (Continued)

Robert Peter Hume[2] (64)
Independent Non-Executive Director
Chairman (Audit Committee)
Mr Hume was appointed Non-Executive director in 2001. Mr Hume has 41 years' experience in the auditing field of which the last 18 years were as partner in the East London office of KPMG. Since retirement in 1999, he has spent five years as investment manager at Sasfin Frankel Pollak in East London. Mr Hume is also a director of King Consolidated Holdings Limited.

Moltin Paseka Ncholo[2] (41)
Non-Executive Director
Dr Ncholo was appointed Non-Executive Director in 2002. Awarded his doctorate in philosophy in 1992, Dr Ncholo was admitted as an advocate of the High Court of South Africa in 1994. Prior to becoming the Chairman of Khumo Bathong Holdings (Pty) Ltd and East Rand Proprietary Mines Ltd in 1999, he was Director-General of the Department of Public Service and Administration in the South African Government. Dr Ncholo is a Director of Crown Gold Recoveries (Pty) Ltd (CGR).

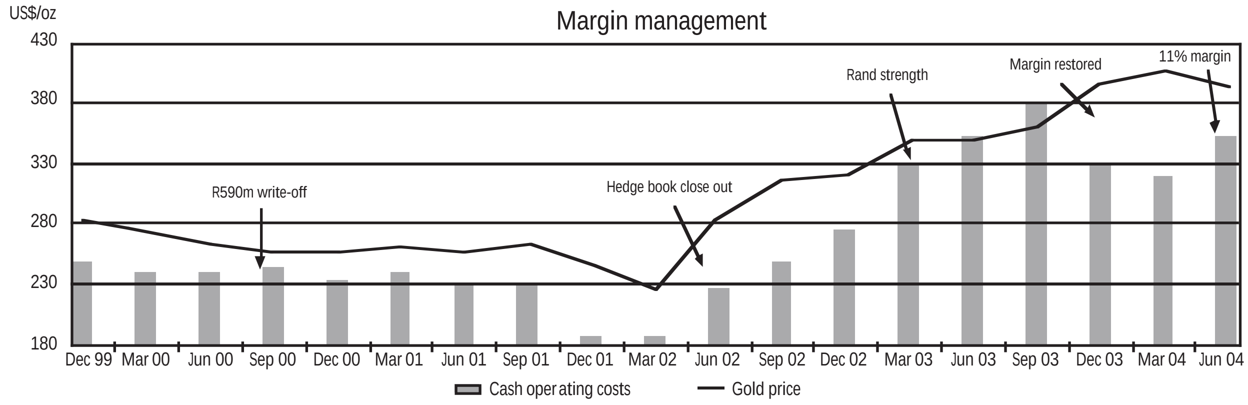
Douglas John Meldrum Blackmur[3] (60)
Independent Non-Executive Director
Chairman (Risk Committee), Member (Remuneration Committee)
Professor Blackmur was appointed as a Non-Executive Director in October 2003. He holds a doctorate in industrial relations from the University of Queensland and has a career which spans more than 35 years, primarily in the academic and human resources fields. He currently holds the position of Professor of Management at the University of the Western Cape.

ALTERNATE DIRECTORS

Anton Lubbe[2] (45)
Alternate Director
Mr Lubbe was appointed an Alternate Director to Mr Murray on 30 June 2003. He holds a BSc (Mining) degree with distinction (Wits), Graduate Diploma in Engineering (Wits) and an MBA from the University of Wales. Mr Lubbe started his career with Blyvooruitzicht Gold Mining Company Limited in 1980 and has held numerous management positions in the mining industry. In January 2003, he became General Manager of Hartebeestfontein Mine and was promoted to Divisional Director: Growth and Technical Services in March 2003.

Deon van der Mescht[2] (41)
Alternate Director
Mr van der Mescht was appointed an Alternate Director to Mr Wellesley-Wood on 30 June 2003. He started his career as a learner official at Evander Gold Mines Ltd in the early 1980s. Shortly thereafter, he obtained his National Higher Diploma in Metalliferous Mining. In 1998, he became a Production Manager at Buffelsfontein Mine and in January 2002 was appointed General Manager of Blyvooruitzicht Mine. Appointed General Manager: South African Operations in March 2003, and as Divisional Director: South African Operations in July 2003. Mr van der Mescht resigned from the Group on 5 August 2004.

(1) British
(2) South African
(3) Australian



CHAIRMAN'S STATEMENT

This has been a year of substantial transformation for Durban Roodepoort Deep, Limited (DRDGOLD). We have sought to capture some of this change through considered and economical application of a new corporate identity that will commence shortly with a slight adjustment in our name to DRDGOLD Limited. DRD has been retained as a reminder of the best from our long history and GOLD will be introduced, lest there be any doubt regarding our focus on and dedication to exploration for and mining of this extraordinary metal.

Our vision, after careful review, remains to be the gold investment of choice. Our core value statement, expressed in full on page 2 of this report, has been expanded to capture our commitment to delivering value to our shareholders, safely and with respect for other stakeholders; learning from the past and being flexible in pursuit of the future; making sure we do 'clean' business; and, in particular, taking pleasure in all that we do. Words, of course, are not wholly adequate; within the organisation and beyond we are engaged in a programme of action to ensure that they are met with deeds.

Our acquisition during July 2004 of an additional 25.55% of Emperor Mines Limited of Australia and the acquisition in October 2003 of the 20% interest in the Porgera Joint Venture in Papua New Guinea (PNG), together with a strong performance from our wholly owned Tolukuma Mine in PNG, brings the Group within reach of its target of 400 000 ounces of low-cost annual gold production from this region in a relatively short space of time.

This, together with the closure of high-cost business units in South Africa over the past few years, has substantially reduced our risk profile and significantly, most of our profits now originate from outside of South Africa. Most of our gold reserves – some 9.9 million ounces or 84.2% of total attributable reserves – are in South Africa and when the Rand weakens, as we believe inevitably it must, these reserves have the potential to add significant value to our business.

In respect of our South African operations, we continue our efforts to counter the negative impact of the local currency's strength and above-inflation increases in key consumables such as electricity, steel and water, with drives to increase efficiencies and to improve grade control. When, patently, there are no alternatives, we may well have to close down further areas of high-cost production in these mines.

While the gold price has risen when measured against a weakening Dollar, it has failed to break out against relatively strong currencies such as the Rand – against which it has fallen by 16%. Even in Dollar terms, the gold price appears undervalued when one considers that it is still at the same Dollar price as it was nearly a quarter of a century ago.
By comparison, fiat currency (that is, currency not backed by gold) has increased at an incredible rate over the same period. Our long-term confidence in the future of gold remains intact; underpinning this is the metal's intrinsic value, when all else fails, as money.

DRDGOLD's interactions with the communities in which it operates have both increased in scope and improved in substance in the year under review. At Tolukuma, we have been able to help residents of surrounding villages with crop development and marketing, in particular with the export of locally-grown coffee.
In addition, we have assisted with the provision of water pumps and health and education infrastructure. We have made good progress with our localisation programme and now more than 90% of our workers are PNG nationals. Due to our expanded presence in PNG, we felt it necessary to provide investors in that country with access to DRDGOLD shares and so we listed on the Port Moresby Stock Exchange in August 2004.

In South Africa, somewhat paradoxically, we have been brought closer to the communities in which we operate through the various consultation processes accompanying our restructuring initiatives. At the North West Operations and at ERPM, we have worked closely with all of the stakeholders to develop and implement social plans that seek to manage and thus minimise the inevitable social impacts of downsizing. The Scorecard accompanying South Africa's Broad-based Socio Economic Charter has served to provide integrity to our various developmental initiatives in respect of our employees and the broader community. Our Adult Basic Education and Training (ABET) programme continues to expand and compliments our new "Train for the Nation" initiative designed to identify, develop and retain historically

Our long-term confidence in the future of gold remains intact; underpinning this is the metal's intrinsic value, when all else fails, as money

disadvantaged South Africans. We are also making good progress with the conversion of single-sex hostel accommodation to family units and are engaged with various local authorities in discussion on the transfer of surplus mine social infrastructure, such as clinics and recreational facilities, for community use.

In the year under review, we have also been paying more attention to how we govern ourselves. Your Board has formed a Risk Committee, which not only monitors risk on a Group basis but has also taken an overseeing role for our safety, health and environmental programmes. It is a pleasure for me to welcome Professor Doug Blackmur to the DRDGOLD Board and to the chairmanship of this important new committee. I have split my previous combined role of Chairman and Chief Executive Officer, retaining the former and passing the latter to Ian Murray, who continues also as Chief Financial Officer. We have appointed Geoff Campbell as Senior Independent Non-Executive Director, and we have developed the parameters for continuous improvement through our own Board evaluation exercise.

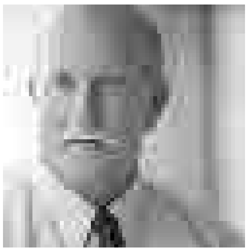
Our shareholding base has changed substantially. We now have more shareholders in Australia than in South Africa, and our institutional ownership has risen to 30% of the total. However, by far the greater segment of our ownership is with US based investors and our principal trading market is NASDAQ in the United States of America. There is also a growing and important market in Europe on the Frankfurt Stock Exchange. Share turnover continues to grow, with more than 450% of our shares changing hands this past year which made us the fifth most active stock on the NASDAQ SmallCap Market.

The combination of risk reduction, improving competitiveness and high share liquidity has defined our niche as a mid-cap, growing gold investment. While there has been considerable consolidation in the industry, I believe that DRDGOLD now represents a unique proposition capable of outperforming its larger peers.

I would like to thank our staff, suppliers and advisers, all part of the greater DRDGOLD family, for their role in the road travelled thus far. We have a marvellous product, the potential of which will come to be appreciated by a broader constituency of investors in years to come. I am looking forward to the rest of our journey and hope all of our stakeholders will travel it with us.

Mark Wellesley-Wood
Chairman

Grant Dempsey



Johann Engels

Richard Johnson

Wayne Koonin

Michael Marriott

MANAGEMENT

DIVISIONAL DIRECTORS

Grant Dempsey (43)
Divisional Director: Consulting Engineer
Appointed Divisional Director Consulting Engineer in May 2004, Mr Dempsey has 26 years' experience in the mining industry.

Johann Engels (50)
Divisional Director: Group Human Resources
Appointed Group Human Resources Manager in July 2002, Mr Engels has 27 years' experience in the mining industry. Mr Engels is an Alternate Director of Rand Mutual Assurance Ltd.

Richard Johnson[1] (53)
Divisional Director: Australasia
Appointed Divisional Director: Australasia in June 2003, Mr Johnson has 21 years' experience in the mining industry.

Wayne Gregory Koonin (34)
Divisional Director: Group Finance
Mr Koonin was appointed Divisional Director: Group Finance in October 2003. A member of the South African Institute of Chartered Accountants, he has eight years' experience as a Financial Director at board level across a number of industries, including coal mining. Mr Koonin is a Director of Rand Refinery Limited and is a member of their Audit Committee.

Michael Marriott (49)
Divisional Director: South African Operations
Mr Marriott was appointed General Manager: Special Projects in March 2004 and Divisional Director: South African Operations in August 2004. He has 31 years' experience in the gold mining industry.

SENIOR MANAGEMENT

William Thomas Beer (52)
Chief Administration Officer
Mr Beer was appointed Chief Administration Officer in January 2002 and has 22 years' management experience.

Ilja David Graulich (32)
General Manager: Investor Relations
Mr Graulich was appointed General Manager: Investor Relations in February 2003. He is a former financial journalist and has six years' experience across a number of media sectors. He was previously Mining Editor of a pre-eminent South African financial newspaper. Mr Graulich is a Director of Net-Gold Services Limited and an Alternate Director of G.M. Network Limited (GoldMoney.com) and of Rand Refinery Limited.

Daniel Johannes Pretorius (37)
Group Legal Counsel
Appointed Group Legal Counsel in February 2004, Mr Pretorius has 11 years' experience in the mining industry.

Andrea Isolde Townsend (37)
Group Company Secretary
Appointed Group Company Secretary in October 2003, Ms Townsend is a qualified attorney. She has four years' experience in legal practice and 10 years' experience in the corporate legal and company secretarial fields in the financial services industry.

[1] Zimbabwean

William Beer

Ilja Graulich

Daniel Pretorius

Andrea Townsend

This has been a year of considerable achievement in respect of safety in the Group as a whole

CEO'S REVIEW AND REVIEW OF OPERATIONS

The 2004 financial year has been a year of contrast as we expand our operations in the Australasian region through acquisition and battle the strength of the Rand as it takes its toll on the South African gold mining industry. We continue to make good progress on several fronts as we reposition the business for the future.

SAFETY AND HEALTH

While this has been a year of considerable achievement in respect of safety overall, it is with deep regret that we report the death of 11 employees in work-related incidents at our South African operations. We extend our heartfelt condolences to their families and friends. The most meaningful memorial to those of our colleagues who died is our continued commitment to further safety improvements across the Group.

Our North West Operations (NWO) in South Africa, the focus of a substantial restructuring exercise in the first quarter of the financial year, recorded one million fatality-free shifts in January, while the Blyvooruitzicht Mine (Blyvoor), received the West Rand Mines Safety Award for the sixth year in succession with its attainment of a Lost Time Injury Frequency Rate (LTIFR) of 7.19.

These achievements point to the success of various operation-specific initiatives designed to effect behavioural change amongst employees. These have been developed as a consequence of research that confirms human error as a primary cause of workplace accidents.

In Australasia, we are particularly pleased with the improvement in the safety performance recorded by our wholly owned and operated Tolukuma Mine in Papua New Guinea (PNG). Again, a focus on effecting behavioural change amongst the workforce through appropriate training and related initiatives has contributed to the mine having achieved 361 days without a lost time injury (LTI). While, regrettably, an accident towards year-end resulted in an LTI that broke the track record of success, this is the mine's best LTI achievement since production began in 1995.

The health of our employees in the workplace remains a primary focus, not least because of the largely unknown impacts, into the future, of the HIV/AIDS pandemic. In South Africa, all of our HIV/AIDS initiatives derive from and are driven through the collaborative efforts of representatives of management and organised labour, through various consultative forums.

Education programmes at our operations and in the surrounding communities, aimed at prevention of transmission of the HIV virus, as well as voluntary testing and counselling, continue. We subscribe, on behalf of our employees, to a wellness programme, marketed by another South African mining company. This programme has proved successful in slowing the advance of the disease amongst those that are HIV-positive to its full-blown status through the provision of advice on appropriate nutrition and drugs that help prevent the onset of opportunistic infections, pneumonia and tuberculosis.

We welcome the South African Government's decision to provide free anti-retroviral therapy (ART) to HIV patients that require it. Our intention is to explore with the local government authorities how the financial provision we currently make towards the provision of ART for affected employees can best augment the State's initiative.

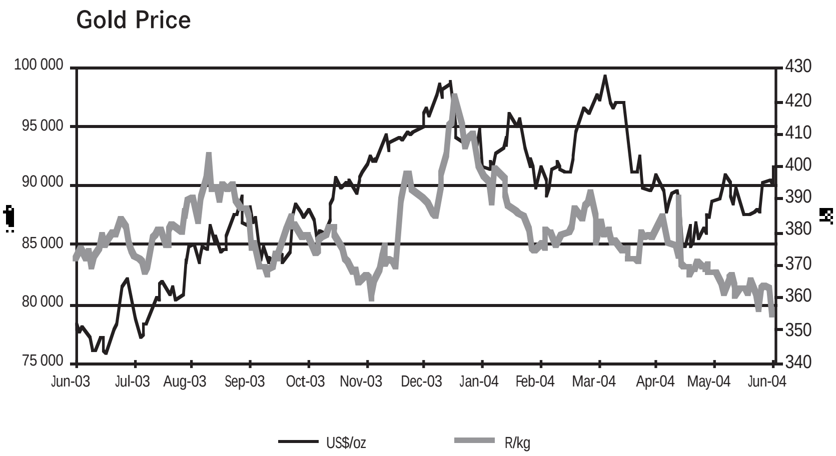
PRODUCTION

For DRDGOLD as a whole, production levels have been satisfactory. Total gold production (including attributable portion of associates and joint ventures) for the year was 905 023 ounces and we are pleased to retain our position as the world's ninth largest primary gold producer. On a demographic basis, production has shifted substantially with the escalation of our growth strategy in the Australasian region.

Through our acquisition, during the financial year, of a 20% interest in the Porgera Joint Venture in PNG, a substantial and sustained improvement in production from our wholly-owned and operated Tolukuma mine in PNG, and an increase in our interest in Emperor Mines Limited of Australia to 45.33% in July 2004, we are within reach of our initial growth target of sourcing 400 000 ounces at less than US$250 cash cost per production ounce from the Australasian region, all within a relatively short time frame.

While 74% of our production in the 2004 financial year continued to be sourced from our South African operations, 26% came from our Australasian interests (excluding Emperor), compared with 8% in the previous financial year.

Sadly, the decline of the Rand gold price and cost escalations in key consumables in the second half substantially negated reductions in the Rand cost of production achieved in the first half of the 2004 financial year



CEO'S REVIEW AND REVIEW OF OPERATIONS

South Africa, however, is likely to remain our largest source of reserves and resources for the foreseeable future, notwithstanding growth in the Australasian region and beyond. The challenges of mining our mature, deep-level South African operations in the year under review have been daunting, not least because of the impact of the stronger Rand on Dollar-denominated gold revenues and the effect on total working costs of increases in wages and many key consumables – in particular, electricity, steel and water – far in excess of the rate of inflation. We must, and will, plan on the assumption that these conditions are likely to continue into the year ahead. Our knowledge and experience of the South African mining environment stand us in good stead.

COST TRENDS

On a Group basis, average cash costs were well contained, due primarily to our acquiring and achieving lower cost ounces of production in Australasia and, to a lesser extent, effective margin management and restructuring of the South Africa operations.

Regarding the latter, while a reduction in the Rand cost of production in the first half of the year by the South African operations was commendable, sadly the aforementioned decline of the Rand gold price and cost escalations in key consumables in the second half substantially negated these positive achievements. These pressures continued beyond the year-end, making further restructuring, in order to better manage costs, unavoidable.

PROFITS AND MARGIN MANAGEMENT

Cash operating profits for the Group overall were satisfactory, however, efforts to manage margins at the operational level were unable to offset the effects of the strong Rand. The outcomes from our Australasian interests were substantially more rewarding than they were from our South African mines, due largely to the different economic environments and nature of mining operations.

In respect of our Australasian interests as a whole, a stronger average Dollar gold price received in the year under review bolstered operational efforts to increase production and better contain costs, resulting in improved margins and higher profits. The effects of similar efforts in South Africa, however, have been completely eroded by the circumstances in that country to which I have already referred.

RESERVES AND RESOURCE MANAGEMENT

The strength of the South African Rand rendered some 16% of our South African Ore Reserves unpayable in 2004 and consequently, our total attributable Ore Reserve decreased by 4.1 million ounces or 26% from 15.8 million ounces to 11.7 million ounces year-on-year.

Despite the overall decline, we enjoyed considerable success in growing our attributable Australasian Ore Reserve by 1.5 million ounces to 1.9 million ounces in the year under review, largely as a result of the acquisition of a 20% interest in the Porgera Joint Venture, which added 1.4 million ounces to the reserves.

ACQUISITIONS

Attaining annualised production of approximately 350 000 ounces from Australasia, partly through the acquisition of an additional 25.55% interest in Emperor in July 2004, brings the Group within reach of its initial growth target of 400 000 ounces of low-cost gold production from this region, which is a major achievement.

In October 2003 we acquired Oil Search Limited's 20% interest in the Placer Dome Inc. managed unincorporated Porgera Joint Venture (Porgera) in PNG for R542.3 million (US$77.1 million). Porgera's strong cash generation means that it suited – and continues to suit – our need for an 'enabler' for our growth strategy. Our stake in Porgera, together with our ownership of Tolukuma, gives us a significant presence in the PNG mining sector and, indeed, in the country's economy as a whole.

In March 2004, we announced our intention to acquire the remaining 80.22% of the ordinary shares in Emperor Mines Limited (Emperor), owner of the Vatukoula Gold Mine in Fiji, in which we had a 19.78% interest at the time. When our offer to Emperor shareholders closed on 30 July 2004 we had increased our 19.78% interest at 30 June 2004 to 45.33%. On 4 August 2004 DRDGOLD announced that Emperor's board of directors appointed Executive Chairman, Mr Wellesley-Wood as Managing Director of Emperor and Mr Johnson, Divisional Director: Australasia, as a Non-Executive Director of

Our Australasian portfolio – featuring Porgera's strong cashflow, Tolukuma's attractive exploration potential and Vatukoula's long-life – is very well balanced

Emperor, both with effect from 3 August 2004. On 9 September 2004, Emperor shareholders approved a resolution to remove two independent directors from the board of Emperor and to confirm Mr Johnson's appointment as a Non-Executive Director of Emperor. As a result, there are now three DRDGOLD representatives on the six member Emperor board. On 14 September 2004, Emperor announced an A$20.4 million non-renouncable rights issue to fund a portion of its Phase 2 expansion project. Under the rights issue, eligible Emperor shareholders will be entitled to subscribe for four fully paid ordinary shares in Emperor for every ten ordinary shares held in Emperor at an issue price of A$0.45 per share. Whilst the rights offering is not underwritten, Emperor is offering shareholders the ability to subscribe for shares in addition to their entitlement under a shortfall facility. DRDGOLD has agreed to apply for its entitlement under the rights issue, as well as any shortfall to the issue (subject to certain conditions) under the shortfall facility. Emperor's rights offering is currently scheduled to close on 8 October 2004.

While the Vatukoula Mine currently has a high-cost, low-margin profile, it is a long-life operation with attractive reserves and resources. We are confident that, by applying our knowledge and experience of mining deep-level, Witwatersrand-type reefs in South Africa to the mining of Vatukoula's similar, epithermal orebody, we can substantially improve this mine's overall performance. By identifying and exploiting synergies – in areas such as logistics and procurement, for example – between Vatukoula and our other Australasian interests, we believe additional value can be added. A primary focus of attention will be completion of Vatukoula's Phase 2 development.

Our Australasian portfolio – featuring Porgera's strong cashflow, Tolukuma's attractive exploration potential and Vatukoula's long-life – is well balanced. With this first phase of our growth strategy virtually complete, we are well positioned to pursue the second phase. This is likely to feature additional production from Australasia and possibly, from a third region that offers similar benefits – a Dollar-denominated revenue stream, 'mining-friendly' administrations and long-life ore bodies similar to those of which we have experience in exploring and exploiting.

In April 2004, the Group acquired 50.25% of the shares in a subsidiary (Net-Gold Services Limited) of the internet-based gold investment company, G.M. Network Limited (GoldMoney.com) to promote and enhance the Group's participation in marketing of gold and the various uses thereof. The entity brokers the payment of purchases made by subscribers, through settlement in gold.

BALANCE SHEET STRENGTHENING

A number of factors have contributed to a strengthening of our balance sheet in the year under review.

Through three separate transactions with the South African based Investec Group between August 2003 and June 2004, some 41.5 million new DRDGOLD ordinary shares were issued, raising a total of R775.7 million. The greater proportion of these proceeds were to fund the acquisition of a 20% interest in the Porgera Joint Venture for R542.3 million, which substantially boosted our mining assets during the year under review. A total of R164.9 million was used to close out 265 000 ounces under of the Eskom "gold for electricity" contract and the balance was used for general funding requirements.

OPERATIONAL PERFORMANCE

Although the operational performance for the Group as a whole in the year under review was good, given the strength of the Rand, on closer examination it can be described more accurately as a tale of two geographical regions.

Blyvooruitzicht Mine (Blyvoor) in South Africa, identified for some time as our engine room, was able to sustain its reputation at least for the first half of the year under review, and ranked amongst the top six performers in the country in terms of production costs per kilogram.

In the second half, and more particularly in the last quarter of the year, the combined negative effect of a number of issues – the low Rand gold price, cost increases largely beyond management control, a shift from Main Reef to Carbon Leader mining, operational difficulties, increased lock-up in the plant due to the ending of surface rock dump feed to the mill and poor initial recoveries from the Slimes Dam Project – has been enormous.

Our Tolukuma operation in Papua New Guinea has become our flagship for improvement and consistency, producing more than 7 000 ounces a month for 16 consecutive months

CEO'S REVIEW AND REVIEW OF OPERATIONS

In spite of work done by a stakeholder task team, there was no discernible improvement in either production or operating efficiencies in the second half and consequently, Blyvoor entered an independently monitored 60-day review of operations on 28 June 2004, initiating facilitated consultations with organised labour on downsizing. These culminated early in September with an agreement between management and labour organisations on the retrenchment of up to 2 000 of Blyvoor's 4 400 employees by October 2004 in order to reduce overheads immediately, return the mine to breakeven and then to, at most, an R80 000 per kilogram cost level. There will be no shaft closures, thus preserving the mine's existing infrastructure in order to have a sound platform for further remedial action over a six-month period, and for a strategy to take Blyvoor into the future.

At our **North West Operations (NWO),** a 60-day review was conducted in the first quarter of the financial year in order to address losses incurred since the December 2002 quarter, mostly due to the mining of low and medium grade areas in the No 6 shaft at Harties. This resulted in the cessation of all surface recovery operations, the closure of several business units, the retrenchment of approximately 3 000 employees and a 5% reduction in gold produced by the end of the first quarter. Working costs were reduced by 26% in the same period.

The positive turnaround trend continued through the second quarter and by the end of the third quarter the NWO had returned to profitability. In the final quarter of the year, due to the continued strength of the Rand and the low Rand gold price, and rising costs of various key consumables, it became necessary to enter a further 60-day review process in respect of two of the NWO's three marginal Buffelsfontein shafts and the North Plant.

Notwithstanding rationalisation measures at the NWO, development and the opening up of high-grade reserves has continued throughout the year. As a consequence, the average Ore Reserve grade is attractive at 7.2 grams per ton and the life of mine remains at 15 years.

The fortunes of our **Crown/ERPM** associate, in which we have a 40% interest, have been mixed in the year under review. The Crown surface retreatment operation has maintained a steady-state performance in respect of throughput, cost management and gold production. ERPM – and in particular its underground operations – was severely affected by the strong Rand. Despite ERPM recovering well from a near-devastating fire in February 2003, the mine did not escape the effects of the Rand for the next part of the year, except in the first quarter of the year under review when it reported its first cash operating profit since acquisition in October 2002.

As a result of the 11.2% deterioration in the Rand gold price received, exacerbated by increased seismicity related to underground faulting, the withdrawal of the state pumping subsidy and the aging infrastructure throughout the underground section, management announced a review of underground operations in April 2004. Following a facilitated 60-day review process and extensive consultations with organised labour in which various survival options were considered, it was decided to proceed with a 10-month phase-out of the underground operation to be completed in March 2005. It is hoped that the closure of the loss making unit, coupled with the proposed restructuring of the R140.7 million debt position, will be sufficient for ERPM to continue into the future as a surface retreatment operation, the flywheel of which, provided there is no further deterioration on the Rand gold price, should be the Cason Dump surface retreatment project. This has a six-year life and is expected to produce 0.3 million ounces of gold at an average grade of 0.41 grams per ton.

In the year under review, our **Tolukuma** operation in PNG has become our flagship for improvement and consistency, producing more than 7 000 ounces a month for 16 consecutive months and pointing to the benefits to be derived from stable, sound management. It is gratifying to report that recruitment and training initiatives have resulted in a workforce that is more than 90% Papua New Guinean.

The primary focus of attention from a production perspective has been the development of the Gulbadi vein, resumption of stoping in the Tinabar vein after an eight-month re-development phase, and the re-accessing of old workings in the Tolukuma vein which has yielded surprisingly good grades and tonnages.

We remain firm in our belief that the US Dollar gold price will keep strengthening in the medium- and long-term due to the likely continuing uncertainty surrounding the US currency itself and investor disenchantment with paper-based investments that lack gold's substance and endurance

For the first time since its acquisition in 2000 as a short-life asset, Tolukuma has been able to fulfill the exploration potential we began to recognise soon afterward. The Milaihamba project has progressed apace and with R11.4 million of capital expenditure directed towards the acquisition of new drill rigs and other mobile plant and equipment, exploration, development and the exploitation of the newly discovered Zine vein has been accelerated. We are now better positioned, also, to pursue further regional exploration of neighbouring tenements to which we have access.

Our 20% interest in the **Porgera Joint Venture (Porgera)** has proved to be a very satisfactory investment for us. Ably managed by 75% shareholder Placer Dome Inc., the mine exceeded forecast production in calendar 2003, at an average cost of $256 per ounce. By June 2004, production was some 19% above forecast and cash costs were averaging US$216 per ounce. Our consolidated share of operating profit for the nine months since acquisition in October 2004 was R207.0 million (US$30.0 million).

Open pit mining at Porgera is currently in stages four and five of a five-stage open pit mining plan. While stage four remains the principal source of ore in 2004, it will be replaced by stage five in 2005, through to completion in late 2006. Underground production is expected to continue until late 2007 and treatment of accumulated lower grade ore stockpiles to 2012. More recently with the discovery of the Eastern Zone, this will add further reserves to Porgera and extend the life of mine. This, together with continuing exploration activity, amply fulfils our vision for this investment as an engine for further growth in the Australasian region.

RISK MANAGEMENT

Our commitment to meeting the requirements of the Second Report of the King Commission on Corporate Governance 2002, or King II, and of the Sarbanes-Oxley Act 2002 in the United States, led us to create a sub-committee of the DRDGOLD Board to address risk management.

This committee, headed by Professor Doug Blackmur, an Independent Non-Executive Director, who joined the Board in October 2003, sets policy that drives the day-to-day risk management activities of our in-house legal counsel and group risk manager.

As a consequence of these initiatives, risk management within DRDGOLD is being addressed in a holistic, thorough-going manner.

BENEFICIATION

Towards fulfillment of our belief in gold's intrinsic value as currency – or, to be more to the point – as a form of currency, and in order to encourage private ownership of gold internationally, we acquired a 50.25% interest in the subsidiary (Net-Gold Services Ltd) of internet-based gold marketing company, G.M. Network Ltd (GoldMoney.com), in two separate transactions during the year for a total investment of R12.9 million (US$2 million).

From the time we acquired our initial stake in January 2004, GoldMoney.com has enjoyed record growth. Its customer base has risen by more than 44% in the first half of 2004 to 13 700 worldwide and it has increased its holding of physical gold by 215%, from 66 London Bullion Market Association (LBMA) good delivery bars to 142.

DRDGOLD shares the view of GoldMoney.com founder Mr James Turk, the well-known and internationally respected authority on gold, that his creation is the easiest and most economical way to buy and sell gold, using the internet as a trading platform further, that there is enormous potential for gold to be used more for low-cost, on-line payments worldwide.

We look forward to growing our association with GoldMoney.com, to seeing it gain more prominence as international markets seek alternatives to the US Dollar as the currency for international trade, and to announcing similar downstream activities into the future.

All of the LBMA bars added to the GoldMoney system have been sourced from South Africa's Rand Refinery, in which we are a 10.6% shareholder. Our minority stake in Rand Refinery does not preclude our vigorous participation in its activities via our representation on its Board. We are both supportive and appreciative of its continuing efforts to source feed material internationally and at marketing a range of value-added products.

Particularly pleasing, in the year under review, was Rand Refinery's securing of good delivery

CEO'S REVIEW AND REVIEW OF OPERATIONS

referee status by the LBMA – one of just five refineries worldwide to have done so. As an LBMA referee, Rand Refinery is required to assist the LBMA to ensure that all accredited refiners, as well as new applicants, are able to maintain the exacting standards set for LBMA accreditation.

In addition, to maximise insurance benefits and minimise the associated costs, we established, in June 2004, a cell captive arrangement in White Rock Insurance Company PPC Limited. Furthermore, we established an insurance company, in May 2004, Fortis Limited at a cost of R4.4 million to provide workers compensation insurance to our workers at Tolukuma in PNG, which will result in a year-on-year reduction of 90% in related insurance premiums.

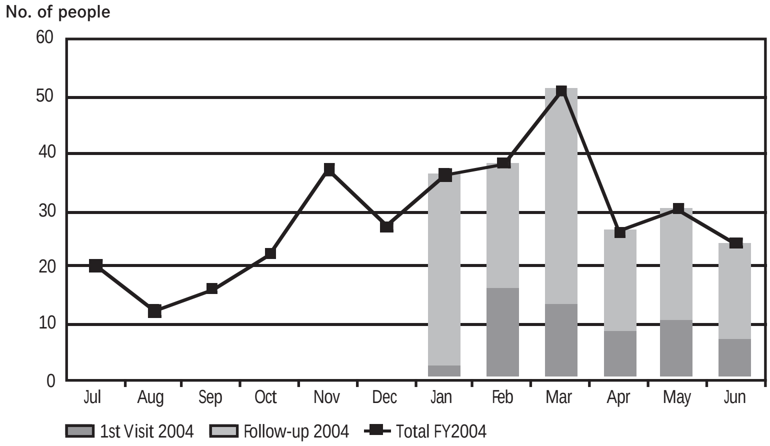
LOOKING AHEAD

We remain firm in our belief that the US Dollar gold price will keep strengthening in the medium- and long-term due to the likely continuing uncertainty surrounding the US currency itself, concerns over the US economy, political instability in the Middle East and investor disenchantment with paper-based investments that lack gold's substance and endurance.

The logic for our diversification and growth into Australasia, where our revenues are US Dollar-denominated is compelling, as is our intention to pursue the so-called "third leg" of our growth strategy, similarly in a US Dollar-denominated, environment. Such diversification into other geographical regions should not, however, be interpreted as an exit from South Africa. We remain committed to the region and our core competency of effective margin management in mining deep-level, Witwatersrand-type ore bodies. Our South African operations, we believe, are a valuable component of our asset mix and risk-spread, and will remain so.

Ian Murray
Chief Executive Officer
Chief Financial Officer

Voluntary counselling and testing attendance 2003/2004



SUSTAINABLE DEVELOPMENT

SAFETY AND HEALTH

DRDGOLD remains committed to the philosophy that, during the course of business, no activities be undertaken which may compromise the health and safety of its employees. In consolidating this philosophy across the Group, the Group's health and safety policy is core to the everyday running of our operations. As such, the policy seeks to ensure that all activities, present or future, are undertaken with foremost consideration for employees' health and safety. To achieve this, a number of key principles and objectives underpin the health and safety policy, such as compliance with all relevant legal requirements; the integration of a health and safety mindset into the Group's overall management structure; and instilling a culture where health and safety are deemed more important than "getting the ounces out of the ground". In addition, the allocation of resources – human, financial or otherwise – as well as responsibility and accountability ensure that individuals are empowered to take the lead in the management of their health and safety.

Safety

On the whole, the 2004 financial year represented a good year on the safety front for DRDGOLD. The Company has made improvements on many fronts, albeit to varying degrees, at the different operations.

Tragically, 11 people died in mine accidents at DRDGOLD's operations during the 2004 financial year. Although this is an improvement on the 20 fatalities in the previous year, any loss of life is unacceptable to the Group. The primary agencies in these deaths were falls of ground and seismicity. To this end, support standards are being constantly reviewed, and improvements made where specific ground conditions warrant additional support. Also, the Group is continually building on its seismic database in an effort to gain a better understanding of the regional seismicity challenges at the operations. A number of safety campaigns highlighting falls of ground and related topics have been embarked upon during the 2004 financial year with the purpose of bringing this issue to the fore so that it receives priority attention from all employees.

The NWO experienced a below average safety track record during the year under review, partly attributable to restructuring and downsizing of this operation during the 2004 financial year. It is the Group's view that these insecurities may have contributed to the negative safety statistics. On a more positive note, however, NWO managed to achieve one million fatality-free shifts on 23 January 2004.

Blyvoor won the West Rand Mine Managers' Association safety competition for the sixth year in succession, attesting to the admirable safety performance that the Blyvoor team has made the norm. The operation achieved a 60% improvement in its Lost Time Injury Frequency Rate (LTIFR), from 17.84 in 1999 to 7.19 currently.

Crown operations, of which DRDGOLD holds 40%, achieved 800 000 fatality-free shifts during June 2004. Notably, the last fatality at these operations was in June 2001, an achievement of which the Crown team is extremely proud.

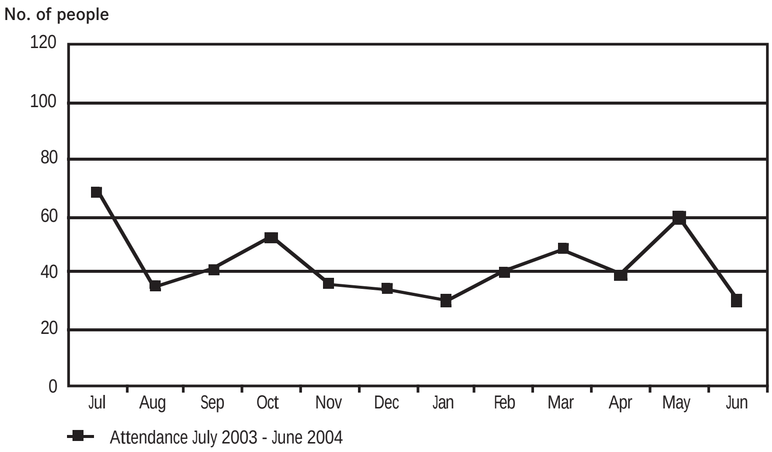
The Tolukuma Gold Mine (Tolukuma) in PNG also experienced a very satisfactory safety track record for the period under review, achieving 361 days without a lost time injury. Unfortunately, the operation experienced one lost time injury on 20 May 2004, four days short of completing a full year with no lost time injuries.

In an effort to remedy the situation, a number of initiatives have been put in place across the Group. One such campaign at the NWO is the introduction of a "Red/Yellow/Green" card system, much along the lines of those used in soccer. The rationale for the campaign is that the majority of employees understand soccer's rules, and thus will easily associate with the system.

These kinds of initiatives have been found to work effectively in conjunction with an operations-wide campaign that requires any employee, irrespective of function, when challenged at random, to account for what he or she has done about safety on that particular day.

A focus on minor injuries – so-called dressing station cases – has provided additional valuable information regarding causal factors of workplace accidents. Driven by the assumption that every dressing station case had the potential to be a fatality, each is investigated thoroughly and any lessons to be learned regarding prevention of recurrences are incorporated into workplace safety policies and practices, as well as training.

HIV wellness attendance FY2004



SUSTAINABLE DEVELOPMENT

Executive Committee reviews, at our corporate office, of every workplace accident that results in a fatality have had the beneficial effect of aligning the Group's executive with operational management in the pursuit of continued safety improvement. We encourage open and honest debate on these matters in order for all parties to understand the importance of the matter at hand and the steps required to avoid such accidents occurring in the future. A culture of blame is avoided and energies are focused where they are most needed – in identifying problems and devising and applying solutions. Mine management benefit from each other's input and experience, and lessons learnt are shared amongst colleagues.

A Group-wide risk assessment audit, which began in the 2004 financial year, is in the process of being finalised. Through this process, the Group seeks to gain an in-depth understanding of all risk factors, and to develop appropriate mitigating steps to best manage these.

Health

DRDGOLD's philosophy with regard to the provision of health care remains unchanged – the Group assists its employees with primary and, where possible, secondary health care.

At the NWO, health care is provided by our wholly-owned subsidiary, Duff Scott Hospital, located adjacent to the mining operations. Managed as a separate business unit, the hospital provides secondary health care. During the 2004 financial year, this health care service was provided at a capitation fee of R216 per employee per month, well below the current industry average of around R400 per employee per month. The hospital is staffed by three medical doctors, 87 qualified nursing staff, four ambulance drivers, and around 22 support staff. The fee covers a comprehensive medical service on a 24/7 basis and includes the R5 contribution per person per month for anti-retroviral treatment (ART). Comprising nine wards, 400 beds (120 beds are currently being utilised), three theatres, a laboratory and pharmacy, the hospital is well equipped to deal with most situations.

In an effort to assist in the fight against the HIV/AIDS pandemic, the Group has committed to paying R5 of each capitation fee into a separate account for the provision of ART which will be in addition to the South African Government's commitment to provide this medication free of charge to AIDS patients that require it.

Provision has been made for four medical centres to be located on mine premises, which will provide primary health care facilities as well as a 24-hour emergency service.

Of particular importance during the period under review is the fact that the NWO have secured contracts with the Department of Health (North West Province), which will see the department making use of 40 beds at the Duff Scott Hospital at an agreed cost. Had the hospital not secured this external revenue, the capitation fee per employee per month would be around R340 per employee per month. The Company has also come to an arrangement with the Emergency Medical Rescue Services (EMRS) whereby the EMRS may use certain hospital facilities in return for their services, when and if required by the mine.

The Company's Blyvoor operation outsources all medical and health care services to AngloGold Health Services (AHS), affording employees a wide range of services at an affordable cost to both the Group and staff. Currently, these services are provided at a capitation fee of R180 per employee per month. Services offered include primary health care and 24-hour emergency services at two medical stations; and secondary health care, including treatment of conditions such as malaria; dentistry; injury on duty; medical surveillance and a comprehensive HIV/AIDS Wellness Programme covering peer education, prevention and treatment.

ERPM, in which the Group has a 40% interest, outsources all healthcare to Afrox Health Care Services, while the Group's off-shore operation – Tolukuma – makes use of in-house health care facilities due to its remote location in PNG.

With reference to the HIV/AIDS pandemic, the Group has also embarked on a number of projects in South Africa in collaboration with other mines, local councils and local communities. These projects include voluntary anonymous testing, wellness and lifestyle programmes (focused on prevention) and peer education and counsellor training. The Group does not conduct pre-employment testing, and all

The year under review saw major strides being made with regard to environmental matters

employees who are retired on health grounds, including those with AIDS-related illnesses, can nominate a relative to take up employment with the Group, thus ensuring continuity of income for the family.

Tuberculosis, and in particular, its proven association with HIV/AIDS, while still a major concern, continues to be addressed aggressively through comprehensive screening programmes, dust suppression measures in the workplace, and directly observed treatment (DOT), to ensure compliance. Similarly, hearing loss prevention is pursued through the provision of appropriate training and equipment, as well as through screening programmes.

ENVIRONMENT

DRDGOLD, with operations in South Africa and PNG, faces the ongoing challenge of not only keeping its business profitable, but of doing so in an environmentally responsible manner. Accordingly, during the year under review, the Group revised its Environmental Policy in an effort to align it with the current legislative environment and philosophies underpinning environmental management within the mining industry as a whole.

Core to this policy is the integration of environmental management issues into the everyday business of running a mining Group. Needless to say, legal compliance and the adoption of best practice form the backbone of the policy. Creating an awareness of the collective responsibility and accountability among all role players represents another focus area of the policy; lastly, the mitigation of environmental risks and the concomitant provision required for closure of any of its operations are included in the policy statement. However, the Group is still gearing toward a progressive implementation of the policy; it is DRDGOLD's intention to honour all tenets of the policy during the next financial year.

To this end, the Group has established environmental committees at each of its operations, with responsibility to implement the policy and monitor progress against the Environmental Management Programme Progress Assessment (EMPPA). This entire process is audited bi-annually, with remedial measures being suggested and undertaken after the audit.

Owing to the diverse nature of DRDGOLD's operations, which range from deep-level underground mines to surface reclamation activities, environmental risks vary from site to site. To mitigate risks going forward, the Group has submitted Environmental Management Programmes (EMPs) for all of its operations to the necessary regulators. These EMPs are reviewed where necessary and updated. Risks are prioritised per operation and are being addressed, with active management input and support.

During the year under review, major strides were made with regard to environmental matters. Heightened levels of control, coupled with an overall commitment to the new policy and its implementation, realised improved environmental performance for DRDGOLD.

During the 2004 financial year Blyvoor, Crown and ERPM were all awarded certificates of registration by the National Nuclear Regulator (NNR); the NWO and Durban Roodepoort Deep Mine are in the process of completing a number of conversions to comply with these regulations.

SOUTH AFRICAN OPERATIONS

Blyvooruitzicht (Blyvoor)

During the year under review, Blyvoor was encouraged by the decision of the Far West Rand Dolomitic Water Association (FWRDWA) agreeing to form a sub-committee for a joint water-use licensing application. Most notably on the environmental front, Blyvoor commissioned the reprocessing of the 4 and 5 slimes dams, following approval of the Environmental Management Programme Report (EMPR) addendum for the reclamation of these dams and the extension of the number 6 return water dam. This significantly reduces one of the mine's most significant long term liabilities. The mine has also applied to the Department of Water Affairs and Forestry (DWAF) for water use licenses for the 4 and 5 slimes dams reclamation project. Currently, none of the mines in the Far West Rand Dolomitic Compartment (including Blyvoor) can be issued with new licenses, but they have been granted authorisation by DWAF to operate under current licenses until the reserve has been determined and new licenses approved.

North West Operations (NWO)

During the 2004 financial year, the Company's NWO received approval on the EMPR amendment for the modification to the South Plant at Buffelsfontein Mine.

SUSTAINABLE DEVELOPMENT

A water use license application is also currently in progress for the NWO. As part of the KOSH (Klerksdorp/ Orkney/Stilfontein /Hartebeestpoort) area, the NWO have applied for an integrated water use license. This will mean that one license for each water use referred to in Section 21 of the National Water Act will be issued for the entire area.

NWO are also in the process of rehabilitating their defunct acid, uranium and gold recovery plants in accordance with processes and practices approved by the regulators.

Crown

During the 2004 financial year, Crown achieved the NOSA four star platinum rating, indicating that its safety, health and environment system is functioning efficiently. The operation was commended by DWAF for the timeous reporting of incidents and work done to mitigate and prevent water pollution incidents. The NNR awarded Crown its certificate of registration in May 2004.

Regrettably, this operation faced prosecution by DWAF following the overflow of water from the Mooifontein return water dam, owing to capacity and pump efficiency problems experienced by the mine. New pumps to better handle the inflow of water to the dam were installed by year-end. The operation conducts continuous monitoring of its EMPR in respect of water and dust management.

In respect of concerns raised regarding airborne pollutants in the Heriotdale and Denver areas, quarterly meetings are held with the Heriotdale Business Forum and Denver Business Forum, respectively. All dust-related queries and concerns relating to airborne pollutants from CMR, Crown, City Deep or Knights are handled by an external consultant versed on the topic. At these meetings, the effectiveness of current measures are interrogated and additional mitigating measures are discussed. Periodic reclamation site visits are conducted with the Inspector of Mines and a representative from the Department of Minerals and Energy (DME). Annual tailings dam inspections are also conducted by the Inspector of Mines. Monthly meetings are held with DWAF and annual inspections are conducted in collaboration with the Gauteng Department of Agriculture, Conservation, Environmental and Land Affairs (GDACEL), a body responsible for regulating activities impacting on the environment in the province.

On cessation of mining in the Fleurhof area, in the vicinity of the Durban Roodepoort Deep Mine, the Company built a fishing pier and an island to attract birdlife.

Monitoring of EMPR compliance in respect of dust and water control and rehabilitation management is undertaken as a matter of course.

ERPM

At ERPM the emphasis has been on the adoption of sound water management practices through the compilation of a water management plan and associated water balances.

In phasing out the underground operations and as a result of the withdrawal by the government of the water pumping subsidy, ERPM has stopped actively pumping extraneous water from the underground sections and only adhoc pumping takes place on weekends.

Community participation has been undertaken, with regular meetings being held with The East Rand Mines Dust Excavation Committee (ERMDEC). Ad hoc meetings were also held with the Wildlife and Environmental Society of South Africa (WESSA) and Reiger Park Civic Association.

Durban Roodepoort Deep Mine

Mining activity at the Durban Roodepoort Deep Mine (DRD), on the West Rand, ceased in August 2000 and the mine has been decomissioned. The mine is currently implementing the closure plan, as detailed in the EMPR that was approved in April 2004. During the year under review, the focus was on the plugging and capping of shafts to enhance the safety to people and animals in the area as well as to minimise the ingress of groundwater. Work was also performed on the alleviation of dust from the mine’s 2L24 slimes dam through ridge ploughing of the surface and the establishment of wind rows on its horizontal surface. During the 2004 financial year, approximately R7 million was spent on rehabilitation.

At year-end, the Company had embarked on a process to identify – and quantify – the reach and areas of current CSR activity at its operations, both in South Africa and Australasia

AUSTRALASIAN OPERATIONS

Tolukuma – located in PNG – which comprises open pit and underground operations, as well as a metallurgical plant complex, has come under pressure from non-governmental groups during the year under review.

Most notably, Oxfam Community Aid Abroad made a number of allegations against the Company in respect of environmental management and compliance. Detail in this regard is available on the Company's website at www.drdgold.com. To a large degree, these concerns have been addressed and it is the Group's intention to maintain this position.

Tolukuma is drained by the Iwu Creek to the east and the Live Creek to the west, both of which empty into the Auga River. The Auga is a tributary of the Alabule River, which flows into the Angabanga River before draining into the ocean. Tolukuma discharges tailings into the Auga/Angabanga river system, currently an acceptable practice owing to the seismic instability of the area rendering the construction and operation of tailings facilities almost impossible. Mercury, which occurs in high levels in the ore mined at Tolukuma, poses an environmental threat to the integrity of the aquatic system. To monitor and manage this effectively, stringent controls have been put in place, including a comprehensive monitoring programme. The programme entails an intensive water monitoring programme, focusing on:

- daily monitoring of discharge levels at discharge point and downstream of the tailings discharge point (grab sampling for internal controls);
- monthly monitoring of dissolved metals at government mandated water quality inspection points; and
- biennial monitoring of stream sediments.

In addition, the programme sees the addition of raw water to the final tails hopper prior to discharge, and sampling of ore prior to run-of-mine (ROM) stockpiling. Ores with relatively high levels of mercury are stockpiled for blending into the process. Some ores high in mercury minerals are stockpiled and contained.

As a point of departure, by end-September 2003, the Department of Environment and Conservation, in association with Central Province Department of Health, released the results of its independent Health and Water Study for the Auga and Angabanga Rivers. The results attested to the fact that Tolukuma is operating within all environmental compliance requirements stipulated by the PNG Government. All riverine discharge from the mine passed the testing and monitoring criteria.

Another outcome of the study was the general lack of health care facilities within the communities surrounding the mine. To this end, Tolukuma has offered to assist the local government in determining strategies going forward to alleviate this problem.

During the 2004 financial year approval was granted by the PNG Department of Environment for amendments to the Environment Permit (Waste Discharge) for an increase in throughput and the extension of the permit for a further 50 years.

Downstream community involvement has also increased and improved during the year under review, with regular meetings and consultation driving the process forward.

CORPORATE SOCIAL RESPONSIBILITY

Although corporate social responsibility (CSR) activity has not been formalised, DRDGOLD is considering the best way to focus its CSR initiatives going forward. At year-end, the Group had embarked on a process to analyse the reach and areas of current CSR activity at its operations, both in South Africa and Australasia. Currently, CSR activity is mine-specific and predominantly ad hoc in nature and, in future, these efforts will be more co-ordinated and formal in nature. It is the Group's intention to formalise local activities both in terms of quantum and focus. In this regard, DRDGOLD is considering the application of a formula regarding quantum (based on annual profit, for example) and agreeing a theme (education, for example) regarding focus. Also, the Group is looking into the establishment of a proper corporate CSR fund, which could be managed by a board of trustees with a degree of independent representation and administered by a Section 21 Company, in an effort to streamline CSR activity across all operations. In recognition of its responsibilities, the Group is in the process of establishing a corporate social responsibility committee to be chaired by a Non-Executive Director.

Tolukuma has established an agricultural extension programme designed to stimulate activity and generate income for local inhabitants both before and after mining in the area ceases

SUSTAINABLE DEVELOPMENT

The Group is able to detail some of the ad hoc CSR activity undertaken during the year under review as follows:

Australasia

In Australasia, Tolukuma is committed to the broader social and economic development of its surrounding communities. In an effort to convert the economic benefits of mining into a sustainable future for the communities, Tolukuma aims to leave behind an improved physical, social and economic environment in which community members can prosper.

Tolukuma has established an agricultural extension programme designed to stimulate activity and generate income for local inhabitants both before and after mining in the area ceases. Another successful project is the establishment of a coffee plantation nursery; the mine flies on behalf of the community, locally produced coffee to Port Moresby for export. The mine also purchases fresh produce from local growers for consumption at the mine in an effort to stimulate and encourage local productivity in the region.

On the education front, Tolukuma has provided a school building for local children and pays for local teachers. On the civic side, the mine has made available heavy equipment for use in the building of local infrastructure like roads and has implemented a clean water programme, providing much needed potable drinking water for local and downstream communities. In terms of law and order, the mine has assisted the community by equipping and training a local security force and developing a village court.

In terms of employment equity at its Australasian operations, DRDGOLD is proud to acknowledge that Tolukuma is a leader in the employment of nationals in senior positions at the mine. Of three Papua New Guinean nationals who currently possess mine manager's certificates, Tolukuma employs two. The mine has also actively recruited nationals, with nationals currently comprising more than 90% of the total workforce. At year-end, 10 nationals held management positions at the mine.

To facilitate a healthy relationship with the local communities, Tolukuma has employed a full-time community relations officer, who in turn has established a unique decision-making body known as the Avubab Forum, Avubab meaning "owner of the spoken word". The forum is led by the highest ranking and most powerful chief from each of the three local communities. The success of the forum has surpassed the expectations of everyone involved.

From a health perspective, Tolukuma not only provides access to health care services for employees at its mine-site clinic, it staffs a community aid post and offers a helicopter medical evacuation service for more complicated medical cases. Tolukuma has also recently undertaken a number of medical surveys to gauge the health needs of local communities.

Central to the success of any corporate social investment programme is effective communication. In recognising this, Tolukuma has created what is effectively an 'open door policy' with stakeholders, including employees, surrounding communities, government and non-governmental organisations (NGOs). Stakeholders have been invited to the mine and encouraged to participate in community building and talking through of issues which are of mutual concern.

MINING CHARTER

The Broad-based Socio Economic Charter for the South African Mining Industry (the Mining Charter), developed collaboratively between the mining industry and the South African Government was ratified in October 2002, following the development of recent legislation in the form of the Mineral and Petroleum Resources Development Act (MPRD Act).

In an effort to monitor the progress mining companies are making with regard to these socio-economic elements, a Mining Scorecard has been developed by the Department of Minerals and Energy (DME). In summary, the elements contained in the scorecard include:

- Human resource development (HRD)
- Employment equity
- Migrant labour
- Mine community and rural development
- Housing and living conditions
- Procurement
- Ownership and joint ventures
- Beneficiation
- Reporting

All mining companies are required to report progress on each of these elements. Below is a summary of the Group's progress as of year-end.

Human Resource Development (HRD)

The Scorecard poses the following questions in respect of HRD:

1. Has the Company offered every employee the opportunity to be functionally literate and numerate by the year 2005?

2. Have you implemented career paths for historically disadvantaged employees?

3. Has the Company developed systems through which empowerment groups can be mentored?

On the labour front, the 2004 financial year represented a number of challenges to DRDGOLD.

Most notably, during the year under review, the Group:
- employed 16 764 people (including contractors) in South Africa and 751 people in Papua New Guinea;
- spent R18.6 million on training and development across the Group, including refresher training;
- ABET teachers are provided by the Department of Education free of charge;
- 685 of the South African workforce completed ABET levels 1 to 4; and
- further, the Group put in place a comprehensive employment equity (EE) programme, with relevant targets being set and a committee tasked with reporting to the Board on progress on a quarterly basis.

By year-end, the Group had drafted and approved a Code of Ethics, as well as a set of core values. The purpose of these two documents is to deliver the Group's overarching principles to all in the organisation, from the Chairman to the drill operator at the rockface. By working

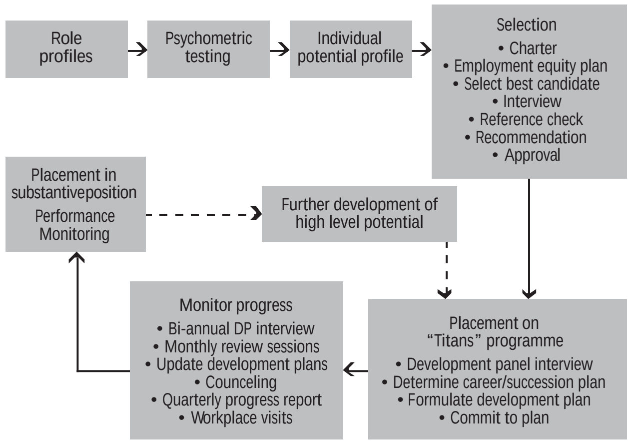
ADULT BASIC EDUCATION & TRAINING (ABET)[1]

8	Doctorates/Further Degrees				Higher Education and Training Band
7	Higher Degrees/Professional Qualifications				
6	First Degrees/Higher Diplomas				
5	Diplomas/Certificates				
4	School, College and Trade Certificates		← Grade 12 →	← Further Education and Training Certificate	
3			← Grade 11 →		Further Education and Training Band
2			← Grade 10 →		
1		ABET Level 4	← Grade 9 →	← General Education and Training Certificate	General Education and Training Band
			← Grade 8 →	Senior Phase	
		ABET Level 3	← Grade 7 →		
			← Grade 6 →	Intermediate Phase	
		ABET Level 2	← Grade 5 →		
			← Grade 4 →		
			← Grade 3 →	Foundation Phase	
		ABET Level 1	← Grade 2 →		
			← Grade 1 →		
			← Pre-school →	Optional Reception Year	

[1] ABET bands are defined by the National Qualifications Forum.

"Train for the Nation"

The schematic alongside represents the "Train for the Nation" process of selection, monitoring and further development of high potential candidates, as developed and utilised at DRDGOLD.



SUSTAINABLE DEVELOPMENT

to a common goal, the Company can aim to achieve greater success in all its activities, be they corporate or operational.

All local DRDGOLD employees have the opportunity to become functionally literate and numerate by 2005 through the ABET courses offered at its operations, except at ERPM, where a literacy audit is being conducted. During the 2004 financial year, the Group converted unoccupied residential facilities at its Blyvoor Number 3 Shaft and 5 Shaft hostels into ABET facilities at a cost of around R0.2 million. These two additional facilities provide training for 300 students. By year-end, DRDGOLD was in a position to claim refund grants from the Mine Qualifications Authority (MQA) in respect of ABET training conducted totalling R2.5 million. The Group is pleased with an arrangement entered into with the Gauteng Department of Labour which will see qualified teachers presenting the ABET courses.

Literacy improvement levels – Profile of ABET learners: 2003/2004

Skills development plans were submitted by all operations by 31 March 2004. The Group has also established a self-funded Group Skills Development Centre which is fully accredited in terms of ISO 9001/9002 as well as by the MQA, and ongoing training initiatives have been completed during the year under review. Services rendered by the training and development function include mining training (blasting certificates, initial and refresher training for all mining categories, shift boss modules, assessments and health and safety representative training); engineering training (apprentice training, lifting and moving, servicemen, winding engine driver, winch erector and multi-skill training); metallurgical training (initial, refresher and specialised training) and ABET (levels 1 to 4).

Train for the Nation

In terms of the development of career paths for historically disadvantaged employees,

TRAINING CONDUCTED JULY 2003 – JUNE 2004

TRAINING	WHITE MALE	BLACK MALE	WHITE FEMALE	BLACK FEMALE	TOTAL JUNE 2004	PROGRESSIVE TOTAL JULY 2003	PLACED
Learner miners	5	39	–	–	44	134	85
Learner onsetters	1	6	2	8	17	232	20
Winding Engine Drivers	–	1	2	–	3	12	12
Apprentices	5	8	–	–	13	13	–
Measurers	6	5	–	–	11	11	11
All mining refresher training	← COMPLETED →				3 978	34 798	
Additional training at shafts	← COMPLETED →				11 379	21 729	
Roll-up training	← COMPLETED →				–	2 946	
Assessments	← COMPLETED →				1 639	3 381	
Contractors	← COMPLETED →				245	3 586	
Wire, mesh and lace	← COMPLETED →				708	1 207	
Total	← COMPLETED →				**18 037**	**68 049**	

Progress towards target of 40% HDSAs in management

Operations	% Target	% achieved for quarter ending March 2004	% achieved for quarter ending June 2004
Crown Operations	40	29.17	30.43
Corporate	40	21.95	28.57
ERPM Operations	40	16.67	17.86
North West Operations	40	9.52	15.38
Blyvoor	40	7.32	10.34
DRDGOLD Consolidated	**40**	**15.08**	**19.79**

* HDSA = All blacks, coloureds, indians and all females category 17 plus.

LITERACY IMPROVEMENT LEVELS

Profile of ABET learners 2003/2004

Level	Year	NWO	Blyvoor	Crown	ERPM*
Level 1	2003	300 (July 03) 124 (October 03)	56	8	–
	2004	148	115	4	–
Level 2	2003	166 (July 03) 68 (October 03)	50	4	–
	2004	118	84	2	–
Level 3	2003	113 (July 03) 73 (October 03)	37	8	–
	2004	80	43	–	–
Level 4	2003	177 (July 03) 71 (October 03)	–	–	–
	2004	97	115	4	–
Grade 10	2004	23	–	–	–
Total	2003	756 (July 03) 336 (October 03)	143	20	–
	2004	466	242	7	–

* No numbers have been provided for ERPM, as a literacy audit is in the process of being conducted.

the Group is proud to report that a comprehensive programme has been launched to recruit and retain competent and talented staff. Named “Train for the Nation”, the programme seeks to identify talented individuals, place them on a relevant training programme – the Titans programme – whilst monitoring their progress and ensuring a formal continuity within the Group. This programme has another purpose – to ensure that the Group is able to meet employment equity and Mining Charter targets and requirements. The benefits of this structured approach is that it is outcomes-driven, and allows for informed succession and career planning. Of equal importance is the mentorship element of the training, such that historically disadvantaged employees are able to progress their careers under the guidance of more experienced staff members. The Group has offered the services of the Group Skills Development Centre to the MQA and the Department of Labour to extend the “Train for the Nation” concept to the surrounding community, whereby members of the community may be trained and become employable (either by DRDGOLD or any other mining company), thereby reducing unemployment in South Africa.

Employment equity

The Scorecard poses the following questions in respect of employment equity (EE):

1. Has the Company published its EE plan and reported on its annual progress in meeting that plan?

2. Has the Company established a plan to achieve a target for Historically Disadvantaged South African (HDSA) participation in management of 40% within five years and is it implementing this plan?

3. Has the Company identified a talent pool and is it fast tracking it?

Progress towards target of 10% women

Operations	% Target	% achieved for quarter March 2004	% achieved for quarter June 2004
Corporate	10	23.91	28.57
Crown Operations	10	5.05	5.20
ERPM Operations	10	2.69	2.90
North West Operations	10	1.61	1.41
Blyvoor	10	1.20	1.22
DRDGOLD Consolidated	**10**	**1.88**	**1.86**

SUSTAINABLE DEVELOPMENT

4. Has the Company established a plan to achieve the target for women participation in mining of 10% within five years and is it implementing the plan?

All operations have developed comprehensive employment equity plans, and progress in this regard is reported to the board on a quarterly basis. These plans were presented to the South African DME in October 2003.

In terms of its plan to secure 40% HDSA participation in management within five years, DRDGOLD has identified 44 relevant management level positions across the group across all disciplines (mining, metallurgy, engineering, sampling, survey and finance), and suitable HDSA candidates to fill these positions. Accordingly, these individuals are to be fast-tracked to ensure compliance.

Progress toward 40% of HDSAs in management target

The Group's "Train for the Nation" development programme described on pages 22 to 23 details one of the initiatives it has in place to identify and fast-track competent individuals into higher level positions.

With reference to women participation in mining of 10% within five years, the Group has also embarked on a range of initiatives at both a corporate and operational level to ensure this target is met. At year-end, the Group had made limited progress in achieving this target but it anticipates that through the interventions put in place during the 2004 financial year, progress in this regard will be forthcoming in the short- to medium-term.

Migrant labour (labour from neighbouring countries)

The Mining Scorecard poses the following question in respect of migrant labour:

1. Has the Company subscribed to Government and industry agreements to ensure non-discrimination against foreign migrant labour?

DRDGOLD does not discriminate against migrant labour and it adheres to the relevant inter-governmental agreements that are in place.

Mine community and rural development

The Mining Scorecard poses the following question in respect of mine community and rural development:

1. Has the Company co-operated in the formulation of Integrated Development Plans (IDPs) and is the Company co-operating with Government in the implementation of these plans for communities where mining takes place and for major labour-sending areas? Has there been an effort on the side of the Company to engage the local mine community and major labour-sending areas?

As a socially responsible employer, DRDGOLD has committed to develop a social and labour plan for each of its operations. By year-end the Group was in the process of drafting a Group-wide social plan policy, with relevant social plan agreements and social and labour plans per operation. The Group is involved with a working Group with regard to the conversion of old order to new order mining rights. Operational heads of department have been tasked with reporting on a monthly basis in respect of the Group plan to meet the Scorecard's requirements.

Housing and living conditions

The Mining Scorecard poses the following questions in respect of housing and living conditions:

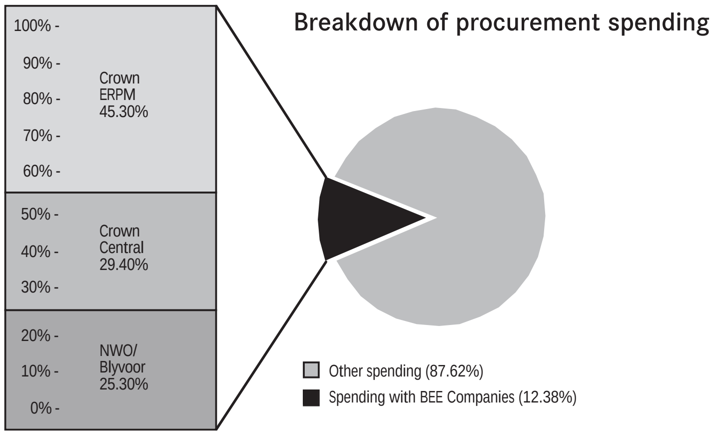
1. For Company-provided housing, has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading of hostels, conversion of hostels to family units, and promoting home ownership options for mine employees?

2. For Company-provided nutrition, has the mine established measures for improving the nutrition of mine employees?

During the 2004 financial year, NWO's Number 6 hostel was converted into family units at a cost of approximately R0.7 million, and 380 additional family units were created. The Group has also identified the Number 5 and Number 11 hostels for possible conversion into family units.

At the Blyvoor operation, the conversion of 134 units at the Number 3 hostel is being investigated, while at ERPM hostel facilities were upgraded.

Looking to the future, the Group is considering entering into discussions with local government to donate redundant hostels and married



accommodation to local or regional councils in an effort to alleviate the need for low-cost housing within and near to mining communities.

In the hostels, the quality of meals has improved. The Group has started providing 3-meal cycles in the hostels, as well as mid-shift supplements. Operations are in constant liaison with the relevant service providers in an effort to maintain a suitable standard. The provision of family units and recent increases in living out allowances that are paid to employees who choose to live outside the hostels have resulted in the numbers of employees per room in the hostels being reduced.

Procurement

The Mining Scorecard poses the following questions in respect of procurement:

1. Has the Company given HDSAs preferred supplier status?

2. Has the Company identified current levels of procurement from HDSA companies in terms of capital goods, consumables and services?

3. Has the Company indicated a commitment to a progression of procurement from HDSA companies over a 3-5 year timeframe in terms of capital goods, consumables and services, and to what extent has the commitment been implemented?

While the Group has established a procurement department, which affords all Black Economic Empowerment (BEE) companies the opportunity to tender for business, all contracts are awarded on the grounds of commercial viability. All tender documents reflect that BEE companies will receive preference. At year-end, 12% of total procurement was spent with BEE companies. The procurement department, in collaboration with both internal and external financial experts, assists vendors to achieve the Group's BEE requirements. Potential BEE vendors are also assisted so that they are able to meet tender requirements.

Ownership and joint ventures

The Scorecard poses the following question in respect of ownership and joint ventures:

1. Has the Company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% in HDSA hands within five years and 26% within 10 years?

During the 2003 financial year, DRDGOLD sold a 60% stake in its wholly-owned subsidiary, Crown Gold Recoveries (Pty) Ltd (CGR), together with a 3% stake in itself, to Khumo Bathong Holdings (Pty) Ltd (KBH). In terms of DRDGOLD's total South African production, KBH's attributable production is approximately 15% currently.

DRDGOLD is also negotiating the transfer of its 8% shareholding in The Employment Bureau of Africa (TEBA) into HDSA hands.

Beneficiation

The Mining Scorecard poses the following questions in respect of beneficiation:

1. Has the Company identified its current level of beneficiation?

2. Has the Company established its baseline level of beneficiation and indicated the extent that this will have to be grown in order to qualify for an offset?

Our acquisition of Net-Gold Services Ltd from G.M. Network Ltd (GoldMoney.com), an internet-based gold marketing company established to provide gold investors with the ability to invest directly in gold without the associated risk of physical ownership, demonstrates our belief that gold represents value as currency. It is the Group's belief that gold can – and should – be used internationally as a form of currency and as a substitute for paper based currency.

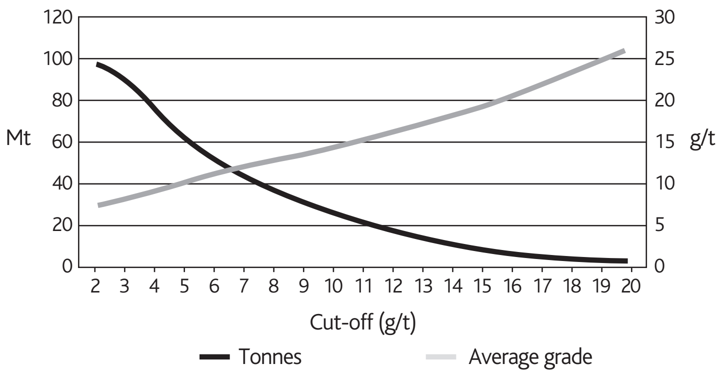
The Company also holds 10.6% of South African-based Rand Refinery Limited, one of just five refineries worldwide to have been accorded gold delivery referee status by the LBMA. DRDGOLD is represented on the Rand Refinery Board and Audit Committee and is pleased with the beneficiation and marketing work done by the refinery.

Reporting

The Mining Scorecard poses the following question in respect of reporting:

1. Has the Company reported on an annual basis its progress towards achieving its commitments in its annual report?

Mining Scorecard issues are reported on in this report.



DRDGOLD combined underground operations (excludes 19.78% Emperor and 20% Porgera Joint Venture)

Attributable Identified Mineral Resource (Measured and Indicated) as at 30 June 2004

RESERVES AND RESOURCES

In 2004, the DRDGOLD attributed Mineral Resource has decreased by 6.2 million ounces (9.7%) to 57.7 million ounces (primarily driven by a decrease in the Argonaut Project resource of 6.5 million ounces). The attributed Ore Reserve decreased by 4.1 million ounces or 26% to 11.7 million ounces. The year-on-year decline in reserves was due to changes in planning parameters, including a reduction in the Rand gold price (1.2 million ounces), cost increases (0.7 million ounces), depletion from current year production (0.8 million ounces) and other factors (2.7 million ounces). These decreases were offset by the acquisition of Porgera (1.4 million ounces).

REPORTING CODE AND DEFINITIONS

The Company reports its Mineral Resources and Ore Reserves in compliance with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC Code), together with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), and the National Instrument 43-101 Standards of Disclosure for Mineral Projects of February 2001 (the Instrument). The Codes set out the minimum standards, recommendations and guidelines for public reporting of exploration results, Mineral Resources and Ore Reserves.

The SAMREC Code is based on, and is compatible with, the JORC Code. In this context, Ore Reserve has the same meaning as Mineral Reserve. The Mineral Resources are inclusive of the Ore Reserve component.

Refer to page 33 for the independent review details and page 114 for relevant definitions of the Mineral Resource and Ore Reserve categories.

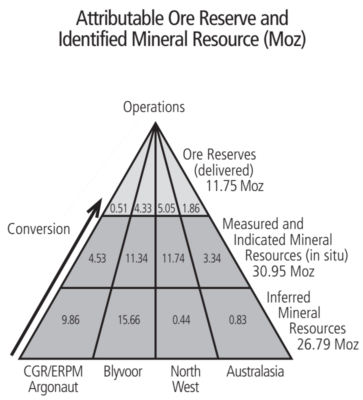
THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT

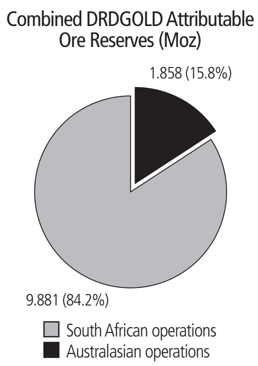
The Mineral and Petroleum Resources Development Act (MPRD Act) was enacted on 1 May 2004.

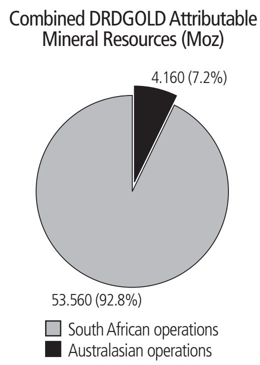
The main objective of the MPRD Act is the transformation of the resources industry and, in particular, the transfer of mineral rights ownership to HDSAs. A function of this is that the State becomes the custodian of the nation's mineral and petroleum resources, and that prospecting and mining rights will be granted preferentially to HDSAs. A mining right will be granted for a maximum of 30 years, which is renewable for a further period of 30 years.

DRDGOLD combined operations (includes 40% Crown, 19.78% Emperor and 20% Porgera)

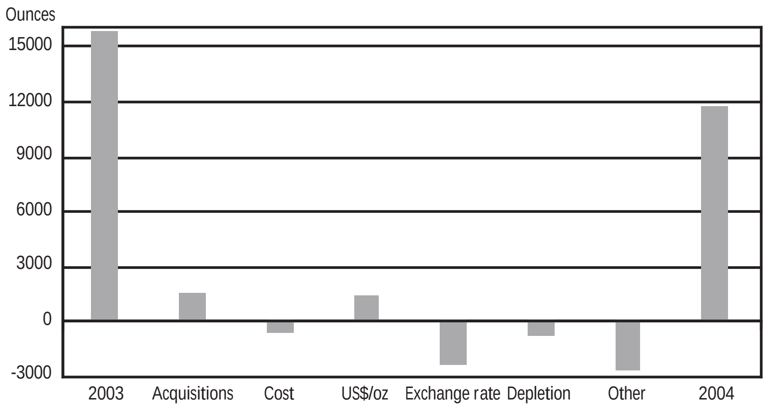
Attributable Ore Reserve and Identified Mineral Resource as at 30 June 2004 (Porgera at 31 December 2003 being their financial year-end)







Refer to page 32 for the summary Ore Reserve and Mineral Resource tabulation.



Reconciliation of year-on-year movements in Ore Reserves (in 000 ounces)

Reserves at 30 June 2004 11.7 million ounces (30 June 2003: 15.8 million ounces)

DRDGOLD will have to convert its mining rights for current mining operations within five years and its prospecting rights, for current prospecting operations, within two years.

COMPETENT PERSONS

The compilation of the Mineral Resource and Ore Reserve statements is a team effort, with overall responsibility and accountability with the appointed Mineral Resource Manager for the Mineral Resources of each operation. The appointed Mineral Resource competent persons for each operation that have overall responsibility for the information in this report are:

- Crown Surface: William John Laing (PLATO);
- ERPM: Johan Smit (PLATO);
- Blyvoor: Jan Johannes Jacobus Petrus Pretorius (PLATO);
- Buffels and Harties: Jan Johannes Jacobus Petrus Pretorius (PLATO);
- Argonaut: Mathys Hendrik Greeff Heyns (SACNASP); and
- Tolukuma: Michael John Bird (AusIMM).

The individuals who have provided input into this annual report, listed above, have extensive (more than five years') relevant experience in the mining industry and type of deposits mined. They are the designated competent persons, in terms of the SAMREC and JORC Codes, with relevant geological and survey backgrounds relative to the style of mineralisation and are registered members of recognised statutory organisations.

The competent person, designated in terms of the SAMREC Code for the Ore Reserves, and taking corporate responsibility for the compilation and reporting of the DRDGOLD Mineral Resources and Ore Reserves, is Mathys Hendrik Greeff Heyns, who is an employee of the Group. He has an M.Com. degree in Business Management, is a registered member of SACNASP and the SAIMM, and has more than 20 years' relevant experience.

OPERATIONS

During the current reporting period, the Group has:

- acquired a 20% interest in the Porgera Joint Venture, a gain of 1.437 million ounces of gold Ore Reserve.

Combined

The DRDGOLD attributable Mineral Resource (including the Argonaut Project) has decreased to 57.7 million ounces in 2004 from 63.9 million ounces in 2003 and the Ore Reserves to 11.7 million ounces in 2004 from 15.8 million ounces in 2003. The decrease of the Mineral Resource is due largely to the decrease of the Mineral Resource for Argonaut, from 15.4 million ounces of gold in 2003 to 8.9 million ounces of gold in 2004. The decrease of the Ore Reserve is largely due to the decrease of the Rand gold price used for the reserve calculations, from R96 500 per kilogram in 2003 to R90 023 per kilogram in 2004. The figures stated for Emperor and Porgera are the official, publicly disclosed Ore Reserves and Mineral Resources, specifically 30 June 2003 and 31 December 2003 respectively.

Refer to pages 32 to 39 for the Mineral Resource and Ore Reserve statement and Ore Reserve parameters used.

Blyvooruitzicht (Blyvoor)

The total Mineral Resource decreased by 1.1% (0.3 million ounces), due mainly to depletion. The total Ore Reserve decreased by 25.1% (1.5 million ounces of gold), as a result of the negative impact of high variable Carbon Leader values associated with pillar mining.

North West Operations (Buffelsfontein or Buffels)

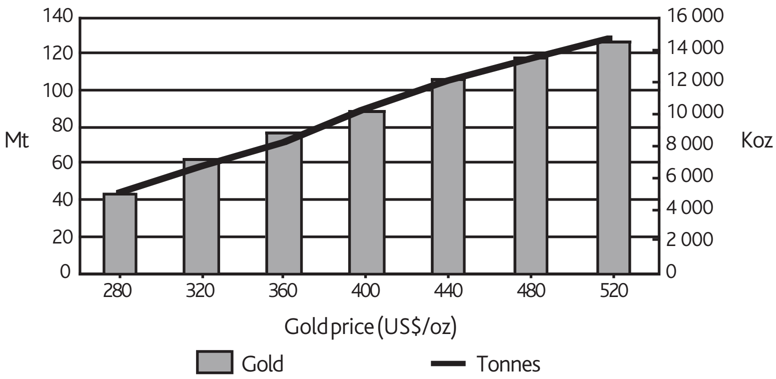
The operation's total Mineral Resource decreased by 49.7% (2.5 million ounces) due to the flooding of Strathmore Shaft, thus rendering the Mineral Resource uneconomical. The total Ore Reserve decreased 99.2% (1.4 million ounces) due to economic considerations reducing the life of mine and the subsequent planned suspension of all operations.

North West Operations (Hartebeestfontein or Harties)

The total Harties Mineral Resource reduced by 2.4% (0.2 million ounces) due to the exclusion of small uneconomical remnant pillars and depletion from current year's production. The total Ore Reserve decreased by 28.7% (2.0 million ounces) due to a higher pay limit.

Tolukuma

The Tolukuma operation's Mineral Resource has increased by 38.9% (0.1 million ounces of gold) and the Ore Reserve has increased by 41.0% (0.1 million ounces). The increase



Sensitivity of Ore Reserves at various gold prices

This graph indicates the sensitivity of the Ore Reserves to gold price at DRDGOLD's operations (excludes 19.78% Emperor and 20% Porgera):

RESERVES AND RESOURCES

in Mineral Resource is due to transfer to Ore Reserves through development and to development beyond the southern open end of the Gulbadi and Cross areas being completed. The nature of the mineralisation and problems with core recovery means that Mineral Resources and Ore Reserves can only be increased through development.

Crown surface

The Crown operation's Mineral Resources had increased by 0.01 million ounces of gold, despite the depletion from the current year's production. The Ore Reserve, however, has reduced by 0.09 million ounces.

ERPM

The operation's total Mineral Resource increased by 10.9% (0.4 million ounces) largely due to the addition of the Elsburg Dumps. The total Ore Reserve decreased by 77.8% (0.6 million ounces of gold) due to economic considerations and the subsequent downscaling and the planned suspension of all underground operations by March 2005.

Emperor

DRDGOLD's 19.78% attributable Mineral Resource and Ore Reserve base has increased by 0.05 million ounces due to the inclusion of the tailings source.

Porgera

DRDGOLD's 20% attributable Mineral Resource and Ore Reserve base has increased by 2.76 million ounces and 1.44 million ounces respectively, as a result of acquiring this interest in the 2004 financial year.

Sensitivity of Ore Reserves at various gold prices

The Ore Reserves quoted are sensitive to operating costs and gold price. The official Ore Reserves are quoted at US$400 per ounce at an exchange rate of R7.00 = $1.00 or R90 023 per kilogram. Should the gold price weaken by 30% to US$280 per ounce, then the Ore Reserves will be reduced by 51% to 4.91 million ounces. An increase in the gold price by 30% to US$520 per ounce will see the Ore Reserves increase by 43% to 14.39 million ounces.

These sensitivities are presented to give an indication of changes relative to gold price. These are not supported by life of mine plans and should therefore only be considered as indicative and comparable on a relative basis. At different gold prices, alternative mining strategies may be pursued to exploit the orebody optimally. The mining process is dynamic and will thus have a "knock-on" effect on the operating costs and cut-off grade associated with the change in scale of operations. The inclusion of large tonnages of surface material will also influence the ore reserve sensitivity.

GROWTH POTENTIAL

DRDGOLD's strategy remains that of growth and diversification through discovery and/or acquisition of new Mineral Resources and Ore Reserves. The Group has established specific objectives that will ensure sustainable, profitable growth within acceptable risk parameters. Acquisitions will be considered at any stage on the development curve, ranging from greenfields projects to mature operating mines. Of paramount importance in the growth strategy is the search for quality assets. The minimum requirements for acquisition is the enhancement of the Group's Mineral Resource and Ore Reserve base through DRDGOLD management being able to effect an improvement of the assets' performance through implementation of expansion and renewal programmes supported by capital expenditure.

A hybrid strategy towards growth will be adopted which considers corporate acquisitions, producing asset acquisitions, advanced exploration asset acquisitions, strategic exploration partnerships and in-house expansion – organic growth. This strategy towards growth is preferred as it spreads the risks involved and lowers costs.

Apart from the acquisition of the Argonaut Project, growth in South Africa is largely limited to organic growth from existing operations or acquisition of mature mines that are rationalised by other companies. The growth opportunities within South Africa have become very limited due to the completion of the restructuring process that has taken place within the South African gold mining industry. The growth potential for DRDGOLD lies largely offshore with the greatest opportunities currently presenting themselves in the Australasian region, where DRDGOLD believes its efforts should be focused.

Tolukuma Tenure Holdings

Summary of Exploration Licenses (EL's) at the Tolukuma Gold Mine In Papua New Guinea

EL number and name	No sub-blocks	Area/ EL(sq/km)
EL 683, Samanalan	30	102
EL 580, Tolukuma	68	230
EL 894, Dilava	75	254
EL 1264, Minaru	132	564
EL 1271, Waria River	564	238
EL 1284, Kone	58	196
EL 1297, Loma	75	254
EL 1327, Aikora	292	989
EL 1352, Loi River	550	550
EL 1366, Eia River	403	1 364
EL 1379, Mt Victoria	648	2 194
Totals	**2 895**	**6 935**

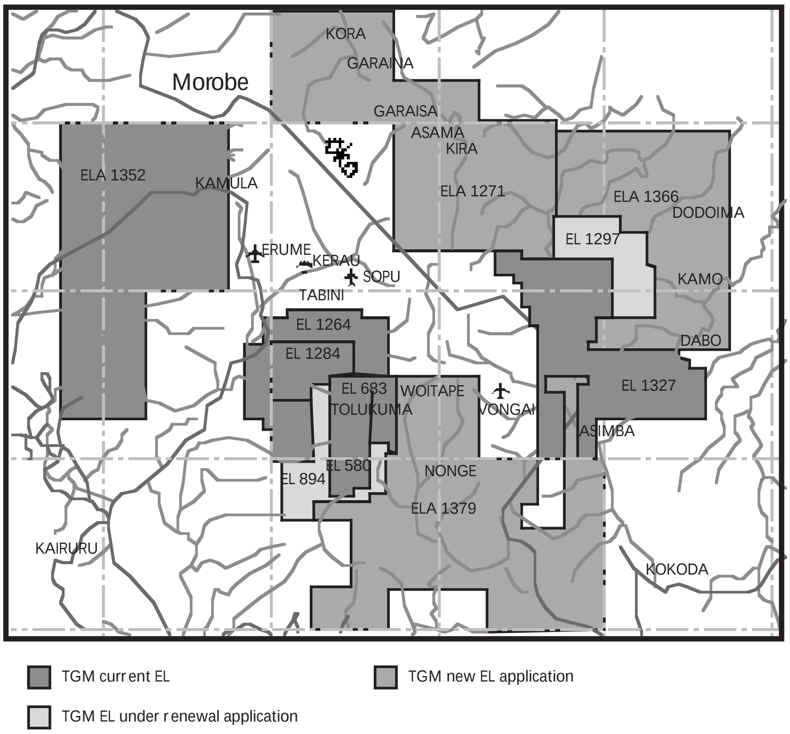
The Group has become increasingly active in pursuing appropriate projects for gold exploration and acquisitions. Several acquisition projects have been considered and pursued, but most have proved to offer limited return. DRDGOLD will continue to build on its position as a leading South African gold producer and strive to establish and entrench its position as one of the world's premier international gold mining companies.

EXPLORATION AND PROJECT DEVELOPMENT

DRDGOLD's exploration and project development activities during the year continued to enhance the Group's growth strategy. This was achieved by extending and replacing existing production ounces, in particular by growing the Tolukuma operation (through both brownfields and greenfields exploration) and through the refinement of the Argonaut geological modelling and resource estimation. Total exploration and project expenditure was R11.4 million (US$1.65 million) at Tolukuma and R1.2 million (US$0.17 million) on the Argonaut Project.

Tolukuma

Tolukuma in PNG has eight granted Exploration Licenses (ELs) and three new ELs under application. The 11 ELs cover 7 000 square kilometres and are all within 40 minutes-flying radius from the Tolukuma mine site. The Tolukuma mine is within Mining Lease 104 (ML 104), which covers an area of seven square kilometres.



During the 2004 financial year a total of 91 diamond holes, totalling 14 600 metres, were drilled in ML 104. An airborne geophysical survey was also flown over ELs 1284 and 1264 during September 2003. The total lines flown were 3 824 kilometres, covering 640 square kilometres. Preliminary interpretations identified some structural features and areas of radiometric and coincident magnetic anomalies, which can be correlated to that of the Tolukuma system. Ground proving follow-up work on these geophysical signatures is planned in the new financial year.

During the year, exploration follow-up work was done covering some near-mine (ML 104) and regional targets. Regional areas covered include the Taula North (EL 580), Belavista (EL 1284), Etasi Creek (EL 894), Samanalan (EL 683) and Gira (EL 1297). The follow-up work included creek traversing with pan con and stream sediment sampling, trench mapping and sampling, and ridge and spur soil sampling. A total of 300 metres of hand dug trenches were dug and 530 metres of soil line cut, from which a total of 860 rock chip, 13 stream sediment, 14 pan con and 41 soil samples were collected.

Taula North (EL 580): The northern extension of the Taula Vein was traced with 50-100 metre spaced trenches. The Taula Vein is a quartz/pyrite breccia of 50 cm wide that "explodes" to 2 metres in dilational zones.

RESERVES AND RESOURCES

Gold appears to be localised in the dilational zones. Trench gold results are encouraging, with the highest being 1.0 metre at 80 g/t and 1.2 metre at 1 041.2 g/t, collected along the strike of the vein. Free gold was observed. The Taula Vein appears to join up with the Kunda North Vein to the north, giving a potential 1.0 kilometre strike length. Additional trenching is planned to join the Taula and Kunda North veins, with a drill programme to follow. An estimated 60% of the topography, all the trenches, and creeks have been surveyed.

Belavista (EL 1284): Work at Belavista has resulted in tracing a 30 cm wide quartz sulphide vein to 600 metres strike length. Gold grades are erratic and sporadic, and range from below levels of detection to as high as 11 g/t.

Etasi Creek (EL 894): At the Etasi Creek area a float with an elevated gold assay value of 69 g/t was found in a different drainage from the main Etasi Creek (which is a low grade, low tonnage porphyry skarn system).

Samanalan (EL 683): An area of high sulfidation style alteration has been mapped and sampled. Assay results for the precious metals were low; however, this is expected as the alteration assemblage suggests a higher and/or more lateral level in these types of systems. Mineralisation with ore grade is possibly further down at depth.

Gira (EL 1297): Follow-up work commenced in mid-April 2004 for a duration of 5 weeks. Numerous quartz floats have been sampled in creeks with gold grades ranging from 0.06 g/t to as high as 55 g/t. Visible gold grains have been panned in most of the creeks in the area. Possibly, this gold is being shed from narrow (5-30 cm) shear hosted quartz veins and pods, or from an old reworked paleo river terrace. A few grains of platinum have also been panned from creek sediments in the lower reaches of the Gira River.

All drilling for the year concentrated within ML 104, testing the extensions of known mineralised structures such as the Zine, 120, Gulbadi, Tolukuma, and Tinabar, with the aim of delineating and defining additional resources for future mining. New structures that have also been defined for drill testing include the Lock, Tofun, and Banana vein structures. The Lock and Banana veins are located to the east of the Zine/120 pit area and south of the Gulbadi pit area, respectively.

Argonaut

The Argonaut Project represents the southern down-dip extension of the Central Rand goldfield. It relates to the possible exploitation of part of the potential resource striking five kilometres east/west from City Deep Mine to Robinson Deep Mine and extending from 3 000 metres to 4 000 metres below surface.

During the year, progress on advancing the project towards a bankable feasibility study was hampered by budgetary constraints and the new MPRD Act delaying the issuing of a Prospecting Permit by the DME. Under the MPRD Act, this prospecting permit is classified as a pending application. As a result, only the geological modelling and resource estimation took place.

Most of the main exploration target area incorporated by DRDGOLD's 41.60 square kilometres of mineral rights above the 5 000-metre depth contour of the Main Reef Leader is covered by urban residential development. The remaining undeveloped areas include environmentally sensitive and government owned land.

In utilising a comprehensive computerised database of historical underground sample and borehole core assay values of the Main Reef and Main Reef Leader, sedimentological and structural interpretations of these major gold-bearing orebodies across the former Central Rand have been undertaken by CSIR-Miningtek with the objective of defining sedimentological facies trends and delineating geozones for statistical and geostatistical estimation purposes and predictive analysis, utilised by SRK Consulting. A log-linear extrapolation technique was applied to the trend directions exhibited within the data for each geodomain, enabling the calculation of the likely distances over which the gold accumulation decreases within the respective geodomains down the palaeoslope. The end product is a grade block model for the Main Reef Leader showing the rapid downdip decrease in the gold accumulation (cmg/t) in all of the defined geodomains.

On the assumption that there are reasonable economical expectations that the Main Reef

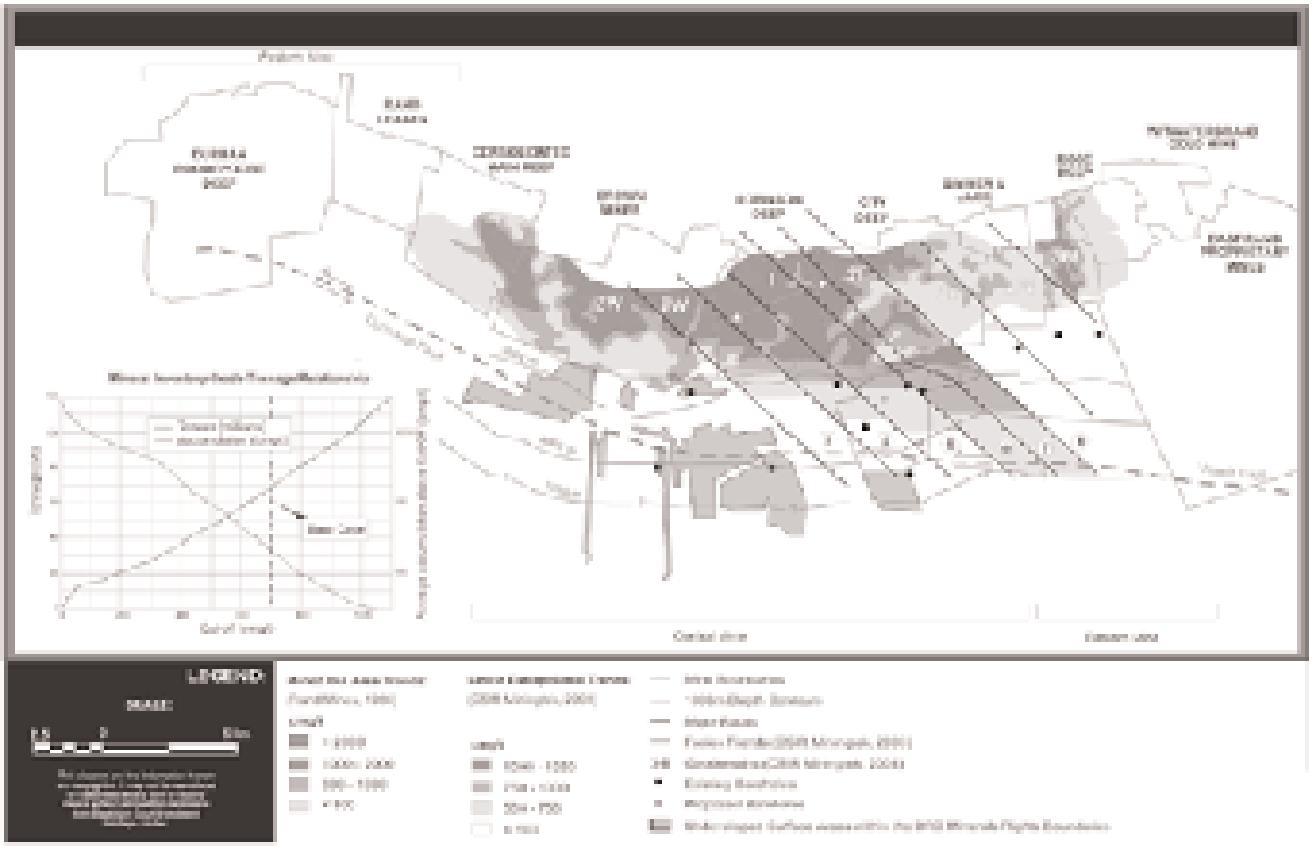
Leader could eventually be mined at 100 cm stoping width, and at a mean cut-off grade of 700 cmg/t, an inferred resource of 33 million tonnes at 8.5 g/t (845 cmg/t) or 9 million ounces has been estimated. Due to unreliable data, no resource estimate was deduced for the Main Reef.

Future work will include the drilling of three additional boreholes not only to test the CSIR-Miningtek model and SRK extrapolations and estimates, but to upgrade and increase the resource estimate within DRDGOLD's mineral rights area.

Daylesford

DRDGOLD's license in Daylesford, which is a prospecting area in Victoria, Australia, is valid until July 2005. Progress to date includes data acquisition and re-interpretation of the geological findings. Drilling done in the past by Range River Gold NL, does not appear to effectively test a structurally favourable zone below the Ajax workings, which is a mining area, since the area has not been tested by drilling beyond relatively shallow depths. Testing of drill samples indicates 85% of gold is located at a depth of less than 345 feet. The quartz reef mineralisation appears to have strike lengths of less than 492 feet with widths of approximately 3.3 to 16.4 feet and multiple reefs were exploited representing structural repetition at depth.

Geostatistically modelled Main Reef Leader grade projections



RESERVES AND RESOURCES

DRDGOLD combined operations (includes 40% Crown, 19.78% Emperor and 20% Porgera)

Attributable Ore Reserve and Identified Mineral Resource statement as at 30 June 2004 (Porgera at 31 December 2003)

Ore Reserve (delivered)					Mineral Resource (inclusive of reserve and in-situ)				
Category	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (tonnes)**	**Gold (Moz)**	**Category**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (tonnes)**	**Gold (Moz)**
Proved					**Measured**				
Underground	27.034	7.76	209.819	6.746	Underground	52.910	8.90	471.014	15.143
Open-pit	6.342	3.65	23.156	0.744	Open-pit	11.620	3.49	40.522	1.303
Surface	52.063	0.79	41.067	1.320	Surface	92.362	0.60	55.844	1.795
	85.439	3.21	274.042	8.810		156.892	3.62	567.380	18.241
Probable					**Indicated**				
Underground	12.021	6.94	83.441	2.682	Underground	45.711	6.61	302.248	9.717
Open-pit	1.568	3.16	4.958	0.159	Open-pit	5.521	3.11	17.187	0.553
Surface	4.627	0.58	2.683	0.087	Surface	232.495	0.32	75.299	2.421
	18.216	5.00	91.082	2.928		283.727	1.39	394.734	12.691
Total					**Sub total**				
Underground	39.055	7.51	293.260	9.428	Underground	98.621	7.84	773.262	24.860
Open-pit	7.910	3.55	28.114	0.903	Open-pit	17.141	3.37	57.709	1.856
Surface	56.690	0.77	43.750	1.407	Surface	324.857	0.40	131.143	4.216
	103.655	3.52	365.124	11.738		440.619	2.18	962.114	30.932
					Inferred				
					Underground	185.168	4.42	818.200	26.306
					Open-pit	1.037	3.69	3.823	0.122
					Surface	35.915	0.31	11.149	0.358
						222.120	3.75	833.172	26.786
					Total				
					Underground	283.789	5.61	1591.462	51.166
					Open-pit	18.178	3.38	61.532	1.978
					Surface	360.772	0.39	142.292	4.574
						662.739	2.71	1 795.286	57.718

Reporting code and definitions

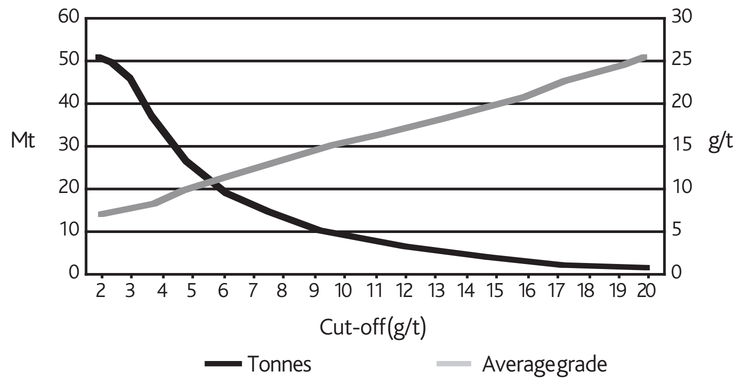
The Company's Mineral Resources and Ore Reserves, with the exception of Emperor and Porgera, were independently reviewed for SAMREC Code, JORC Code, National Instrument 43-101 and SEC Industry Guide 7 compliance by RSG GLOBAL (RSG). RSG is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions since 1987. The review report has been compiled by Mr Mike Sperinck (MAUSIMM and SACNASP) who has the appropriate relevant qualifications, experience, competence and independence to be considered independent "Competent Person" or "Qualified Person" under the definitions provided in the Codes and Instruments. He has more than 20 years' experience in the mining industry and regularly conducts due diligence studies and technical audits around the world for mining companies and financial institutions.

The process undertaken by RSG has been carried out through the review of the data, techniques, procedures and parameters used in the resource and reserve preparation during three separate site visits to the South African operations, and an extended trip to the Tolukuma operation. DRDGOLD personnel, or suitably qualified contractors, undertook the work with input and discussion from RSG. The review included sampling, assaying, resource estimation, classification, conversion to reserves through the mine planning process, costing, recovery and mining factors. In addition any new projects required feasibility level work and capital expenditure costing. The existence of Environmental Management Programmes and facilities for tailing disposal and environmental rehabilitation were also checked. All reserves that have been included in the reserve tabulation are included in the current life of mine plans.

The review was carried out through the assessment of all relevant data presented to RSG Global by the DRDGOLD competent or qualified persons after an internal review process. Certain parts were checked in detail and included confirming geological models, the input parameters in the resource estimation procedures, visual inspection of the planning to deliver an individual block to the metallurgical plant, and the recovery, and deposition of the tails. A check is also made of the financial input into the costs and revenue to affirm that they are within reasonable limits. The purpose of the review is not to sign off on the financial detail of the cash flow model, but that within the required definitions of the Codes and Instruments, the resources and therefore reserves exist.

Blyvooruitzicht Underground Operation

Measured and Indicated Resource



RESERVES AND RESOURCES

MINERAL RESOURCE AND ORE RESERVE STATEMENTS

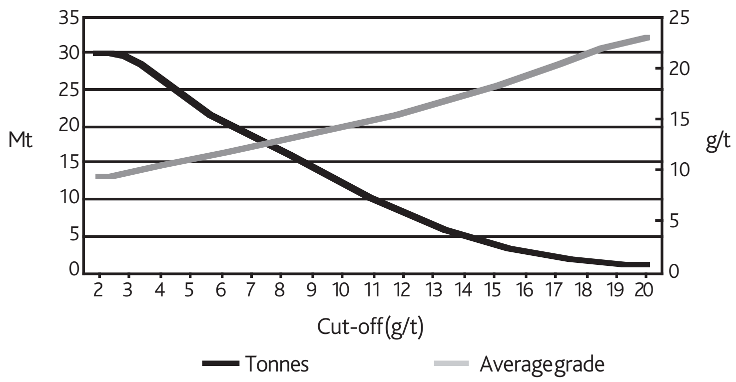
Note: rounding off of figures in this report may result in minor computational discrepancies.

The Ore Reserves quoted below refer only to fully diluted delivered tonnages and grades to the plants:

DRDGOLD combined operations

Ore Reserve statement as at 30 June 2004

	Ore Reserves (delivered)							
	Proven		Probable		Total			
Metric	**(Mt)**	**(g/t)**	**(Mt)**	**(g/t)**	**(Mt)**	**(g/t)**	**Gold (tonnes)**	**Gold (Moz)**
Combined Operations								
Blyvoor								
Underground	12.301	7.79	3.432	6.73	15.733	7.56	118.933	3.824
Open-pit	–	–	–	–	–	–	–	–
Surface	26.645	0.59	–	–	26.645	0.59	15.721	0.505
Sub total	**38.946**	**2.86**	**3.432**	**6.73**	**42.378**	**3.18**	**134.654**	**4.329**
Buffels								
Underground	0.057	6.82	–	–	0.057	6.82	0.389	0.012
Open-pit	–	–	–	–	–	–	–	–
Surface	–	–	–	–	–	–	–	–
Sub total	**0.057**	**6.82**	**–**	**–**	**0.057**	**6.82**	**0.389**	**0.012**
Harties								
Underground	13.922	7.47	7.784	6.75	21.706	7.22	156.606	5.035
Open-pit	–	–	–	–	–	–	–	–
Surface	–	–	–	–	–	–	–	–
Sub total	**13.922**	**7.47**	**7.784**	**6.75**	**21.706**	**7.22**	**156.606**	**5.035**
Tolukuma								
Underground	0.244	19.485	0.081	14.73	0.325	18.30	5.954	0.191
Open-pit	0.012	16.979	0.012	15.20	0.024	16.06	0.386	0.012
Surface	–	–	–	–	–	–	–	–
Sub total	**0.256**	**19.371**	**0.093**	**14.79**	**0.349**	**18.15**	**6.340**	**0.203**



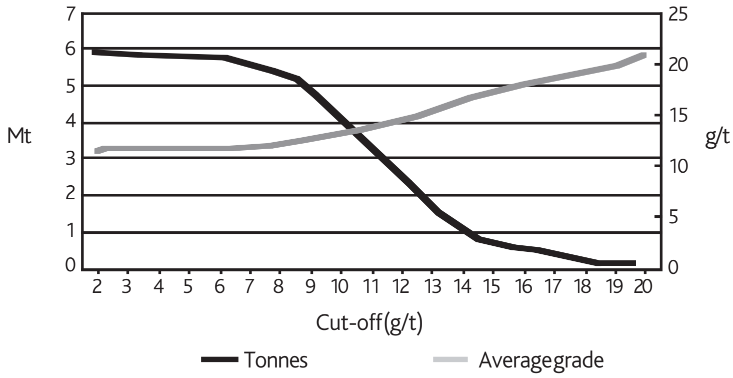
North West Underground
Operation: Hartebeestfontein
Measured and Indicated Resource

Ore Reserves (delivered)

Metric	Proven (Mt)	Proven (g/t)	Probable (Mt)	Probable (g/t)	Total (Mt)	Total (g/t)	Gold (tonnes)	Gold (Moz)
Attributable								
Crown (40%)								
Underground	–	–	–	–	–	–	–	–
Open-pit	–	–	–	–	–	–	–	–
Surface	11.957	0.65	4.490	0.56	16.447	0.62	10.227	0.329
Sub total	**11.957**	**0.65**	**4.490**	**0.56**	**16.447**	**0.62**	**10.227**	**0.329**
ERPM (40%)								
Underground	0.035	9.91	–	–	0.035	9.91	0.347	0.011
Open-pit	–	–	–	–	–	–	–	–
Surface	8.100	0.63	–	–	8.100	0.63	5.118	0.165
Sub total	**8.135**	**0.67**	**–**	**–**	**8.135**	**0.67**	**5.465**	**0.176**
Emperor (19.78%)								
Underground	0.295	9.98	0.235	9.67	0.530	9.84	5.220	0.168
Open-pit	–	–	–	–	–	–	–	–
Surface	0.889	1.50	0.137	1.30	1.026	1.47	1.512	0.049
Sub total	**1.184**	**3.61**	**0.372**	**6.60**	**1.556**	**4.33**	**6.732**	**0.217**
Porgera (20%)								
Underground	0.180	8.33	0.489	8.83	0.669	8.69	5.811	0.187
Open-pit	6.330	3.63	1.556	3.06	7.886	3.52	27.728	0.891
Surface	4.472	2.50	–	–	4.472	2.50	11.172	0.359
Sub total	**10.982**	**3.24**	**2.045**	**4.44**	**13.027**	**3.43**	**44.711**	**1.437**
Total combined								
Underground	27.034	7.76	12.021	6.94	39.055	7.51	293.260	9.428
Open-pit	6.342	3.65	1.568	3.16	7.910	3.55	28.114	0.903
Surface	52.063	0.79	4.627	0.58	56.690	0.77	43.750	1.407
Total	**85.439**	**3.21**	**18.216**	**5.00**	**103.655**	**3.52**	**365.124**	**11.738**

North West Underground Operation: Buffelsfontein

Measured and Indicated Resource



RESERVES AND RESOURCES

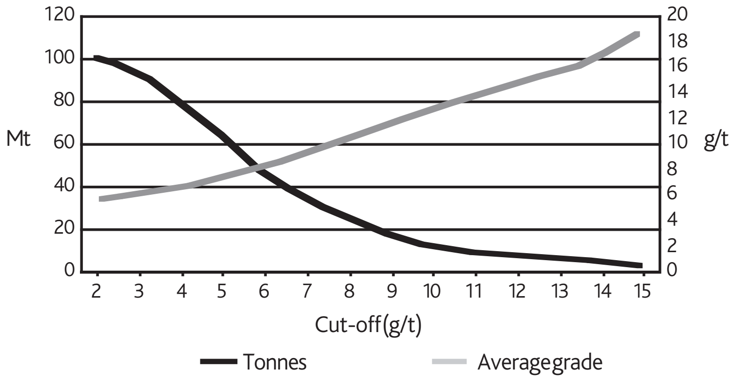
DRDGOLD combined operations

Mineral Resource statement as at 30 June 2004

Mineral Resources (inclusive of reserve and in-situ)

	Measured		Indicated		Inferred		Total			
Metric	**(Mt)**	**(g/t)**	**(Mt)**	**(g/t)**	**(Mt)**	**(g/t)**	**(Mt)**	**Gold (g/t)**	**Gold (tonnes)**	**(Moz)**
Blyvoor										
Underground	21.471	8.43	28.894	5.39	143.630	3.31	193.995	4.19	812.633	26.127
Open-pit	–	–	–	–	–	–	–	–	–	–
Surface	27.095	0.59	–	–	35.915	0.31	63.010	0.43	27.230	0.875
Sub total	**48.566**	**4.06**	**28.894**	**5.39**	**179.545**	**2.71**	**257.005**	**3.27**	**839.863**	**27.002**
Buffels										
Underground	4.656	11.80	1.175	10.78	–	–	5.831	11.60	67.631	2.174
Open-pit	–	–	–	–	–	–	–	–	–	–
Surface	–	–	17.843	0.64	–	–	17.843	0.64	11.356	0.365
Sub total	**4.656**	**11.80**	**19.018**	**1.26**	**–**	**–**	**23.674**	**3.34**	**78.987**	**2.539**
Harties										
Underground	17.602	10.06	12.346	8.42	2.467	5.50	32.415	9.09	294.518	9.469
Open-pit	–	–	0.020	2.00	–	–	0.020	2.00	0.040	0.001
Surface	3.270	0.53	8.410	0.38	–	–	11.680	0.42	4.949	0.159
Sub total	**20.872**	**8.56**	**20.776**	**5.16**	**2.467**	**5.50**	**44.115**	**6.79**	**299.507**	**9.629**
Tolukuma										
Underground	0.117	48.50	0.041	35.03	0.305	21.23	0.463	29.36	13.599	0.437
Open-pit	0.008	24.40	0.009	21.80	0.040	21.90	0.057	22.25	1.290	0.041
Surface	–	–	–	–	–	–	–	–	–	–
Sub total	**0.125**	**46.88**	**0.050**	**32.63**	**0.345**	**21.31**	**0.520**	**28.57**	**14.889**	**0.478**
Argonaut										
Underground	–	–	–	–	32.506	8.50	32.506	8.50	276.300	8.883
Open-pit	–	–	–	–	–	–	–	–	–	–
Surface	–	–	–	–	–	–	–	–	–	–
Sub total	**–**	**–**	**–**	**–**	**32.506**	**8.50**	**32.506**	**8.50**	**276.300**	**8.883**

The Mineral Resources quoted above refer only to in situ tonnages and grades



ERPM Underground Operation

Measured and Indicated Resource

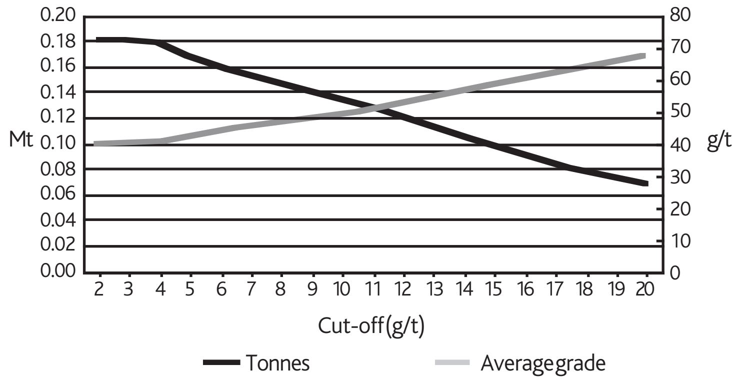
Mineral Resources (inclusive of reserve and in-situ)

	Measured		Indicated		Inferred		Total			
								Gold	Gold	
Metric	**(Mt)**	**(g/t)**	**(Mt)**	**(g/t)**	**(Mt)**	**(g/t)**	**(Mt)**	**(g/t)**	**(tonnes)**	**(Moz)**
Attributable										
Crown (40%)										
Underground	–	–	–	–	–	–	–	–	–	–
Open-pit	–	–	–	–	–	–	–	–	–	–
Surface	48.536	0.42	129.185	0.25	–	–	177.721	0.30	53.066	1.706
Sub total	**48.536**	**0.42**	**129.185**	**0.25**	**–**	**–**	**177.721**	**0.30**	**53.066**	**1.706**
ERPM (40%)										
Underground	8.144	5.07	1.701	7.85	4.566	6.69	14.411	5.91	85.164	2.738
Open-pit	–	–	–	–	–	–	–	–	–	–
Surface	8.100	0.63	76.920	0.36	–	–	85.020	0.39	33.007	1.061
Sub total	**16.244**	**2.86**	**78.621**	**0.52**	**4.566**	**6.69**	**99.431**	**1.19**	**118.171**	**3.799**
Emperor (19.78%)										
Underground	0.563	13.20	0.934	9.38	1.270	8.58	2.767	9.79	27.090	0.871
Open-pit	–	–	–	–	–	–	–	–	–	–
Surface	0.889	1.50	0.137	1.30	–	–	1.026	1.47	1.512	0.049
Sub total	**1.452**	**6.04**	**1.071**	**8.35**	**1.270**	**8.58**	**3.793**	**7.54**	**28.602**	**0.920**
Porgera (20%)										
Underground	0.357	10.45	0.620	10.10	0.424	10.69	1.401	10.37	14.527	0.467
Open-pit	11.612	3.47	5.492	3.09	0.997	2.95	18.101	3.33	60.202	1.936
Surface	4.472	2.50	–	–	–	–	4.472	2.50	11.172	0.359
Sub total	**16.441**	**3.36**	**6.112**	**3.80**	**1.421**	**5.26**	**23.974**	**3.58**	**85.901**	**2.762**
Total combined										
Underground	52.910	8.90	45.711	6.61	185.168	4.42	283.789	5.61	1591.462	51.166
Open-pit	11.620	3.49	5.521	3.11	1.037	3.69	18.178	3.38	61.532	1.978
Surface	92.362	0.60	232.495	0.32	35.915	0.31	360.772	0.39	142.292	4.574
Total	**156.892**	**3.62**	**283.727**	**1.39**	**222.120**	**3.75**	**662.739**	**2.71**	**1795.286**	**57.718**

The Mineral Resources quoted above refer only to in situ tonnages and grades

Tolukuma Underground Operation

Measured and Indicated Resource



RESERVES AND RESOURCES

Ore Reserve parameters

Ore Reserves for the South African operations are calculated using a total working cost pay-limit, the previous 3 year's mining efficiencies and the current life of mine plan. The working cost pay-limit is calculated per individual shaft or costing area using area costing figures, and then combined to formulate the total pay-limit.

The summary tables below indicate the Ore Reserve parameters utilised for the South African operations.

Underground		Blyvoor	Harties	Buffels	ERPM	Crown
Working cost	Rm	570.32	701.39	31.59	42.04	–
	R/t	590.00	473.50	554.56	483.25	–
Tonnes milled	t	966 642	1 481 287	56 966	87 000	–
Gold price	R/kg	90 000	90 000	90 000	90 000	–
Plant recovery	%	94.5	95.0	95.0	94.0	–
Mine call factor	%	83.5	81.5	81.3	85.0	–
Mining factors						
Sundries	%	10.0	8.0	10.93	9.0	–
Discrepancy	%	22.0	16.4	20.0	12.0	–
Required yield	g/t	7.2	5.26	6.16	5.37	–
Headgrade	g/t	7.62	5.54	6.49	5.58	–
Broken grade	g/t	11.57	8.13	9.97	7.47	–
Stoping width	cm	108	120	124	125	–
Surface		**Blyvoor**	**Harties**	**Buffels**	**ERPM**	**Crown**
Working cost	Rm	67.84	–	–	85.54	364.18
	R/t	19.03	–	–	29.00	31.82
Tonnes milled	t	3 565 000	–	–	2 947 000	11 445 000
Gold price	R/kg	90 000	–	–	90 000	90 000
Plant recovery	%	55	–	–	64	66.22
Mine call factor	%	100	–	–	100	100
Mining factors						
Reclamation	%	100	–	–	100	100
Required yield	g/t	0.32	–	–	0.40	0.35
Headgrade	g/t	0.58	–	–	0.63	0.53
Broken grade	g/t	0.58	–	–	0.63	0.53

Ore Reserves for the Papua New Guinea (Tolukuma) operation are calculated using a total working cost pay-limit, the previous 3 year's mining efficiencies and the current life of mine plan.

The summary table below indicate the Ore Reserve parameters utilised for the Papua New Guinea operation.

Underground		**Tolukuma**
Working cost	Km	64.82
	K/t	486.56
Tonnes milled	t	133 223
Gold price	K/oz	1 288
Plant recovery	%	91.0
Mine call factor	%	87.0
Mining factors		
Sundries and Discrepancy	%	–
Development	%	19.27
Required yield	g/t	11.75
Headgrade	g/t	12.91
Broken grade	g/t	14.84
Stoping width	cm	175

Surface/Open Pit		**Tolukuma**
Working cost	Km	2.25
	K/t	419.32
Tonnes milled	t	5 376
Gold price	K/oz	1 288
Plant recovery	%	91.0
Mine call factor	%	95.0
Mining factors		
Reclamation	%	–
Required yield	g/t	10.13
Headgrade	g/t	11.13
Broken grade	g/t	11.71

We are committed to high standards of corporate governance throughout the Group and we support the principles as set out in the King II Report

CORPORATE GOVERNANCE

INTRODUCTION

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

We are committed to high standards of corporate governance throughout the Group. We support the principles as set out in the King II Report and except where otherwise stated, DRDGOLD's practices and policies remained in compliance with these principles for the entire year under review.

The Company is registered with the Securities and Exchange Commission (SEC) in the United States of America and its ordinary shares are quoted on the NASDAQ SmallCap Market in the form of an American Depository Shares (ADS) Programme, administered by the Bank of New York. Accordingly, DRDGOLD is bound by the Sarbanes-Oxley Act of 2002 and is instituting the policies and procedures for implementing the requirements of that Act. The Company's shares are also quoted on the London Stock Exchange and as such the Company must comply with the Combined Code as provided by the Listing Rules of the United Kingdom Listing Authority. Furthermore, the Company's shares are quoted on the JSE Securities Exchange South Africa, which is its primary listing, the Port Moresby Stock Exchange and the Australian Stock Exchange and the Company must comply with the Listing Rules of these Exchanges.

Further re-inforcing its resolve to continue pursuing a policy of global best practice in business management and corporate governance, the Group achieved the following milestones during the year under review:

- The separation of the combined role of Chairman and Chief Executive Officer with the appointment of Mr Wellesley-Wood as Executive Chairman and Mr Murray as Chief Executive Officer (CEO).
- The adoption of a Vision and Core Value Statement in line with the present and longer-term direction of the Group. The full text of the statement is to be found on page 2 of this report.
- The adoption of a Code of Ethics, a brief description of which is to be found on page 47 of this report.
- The establishment of a Risk Committee, discussed in more detail on pages 45 to 46 of this report.
- The adoption of a directors' share dealing policy, which regulates the dealing in shares by Directors and Company Secretaries.
- The appointment of a Senior Independent Non-Executive Director in the person of Mr Campbell.

THE BOARD OF DIRECTORS

The Board of Directors currently comprises two Executive Directors and five Non-Executive Directors. The Chief Executive Officer has an alternate director. All the Non-Executive Directors are independent, with the exception of Dr Paseka Ncholo. The Directors are identified on page 4 of this report.

In accordance with the King II Report on corporate governance, as encompassed in the JSE Listing Rules, and in accordance with the Combined Code, the responsibilities of Chairman and Chief Executive Officer were separated on 19 December 2003. Mr Wellesley-Wood is now Executive Chairman and Mr Murray was appointed as CEO. A Senior Independent Non-Executive Director, Mr Campbell, was appointed during the year under review. In future, the evaluation of the Chairman's performance will be considered by the Non-Executive Directors led by the Senior Independent Non-Executive. An additional Non-Executive Director, Professor Blackmur, was appointed on 21 October 2003. Subsequent to year-end Mr van der Mescht, Divisional Director: South African Operations and an alternate member of the board, resigned on 5 August 2004. The Group has not yet established a nominations committee and it is current policy that details of a prospective candidate are distributed to all Directors for formal consideration at a meeting of the Board. A prospective candidate would be invited to attend a meeting and be interviewed before any decision is taken.

All of the Directors bring to the Board a wide range of expertise as well as significant financial, commercial and technical experience and, in the case of the Non-Executive Directors, independent perspectives and judgement.

The Board is responsible for setting the direction of the Group through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria and defined, written delegations to management for the detailed planning and implementation of such objectives and policies. The Board retains full and effective control over the Group, meeting on a quarterly basis with additional ad hoc meetings being arranged when necessary, to review strategy and planning and operational and financial performance. The Board further authorises acquisitions and disposals, major capital expenditure, stakeholder communication and other material matters reserved for its consideration and decision in terms of its terms of reference. The Board also approves the annual budgets for the various operational units.

The Board is responsible for monitoring the activities of executive management within the Group and ensuring that decisions on material matters are considered by the Board. The Board approves all the terms of reference for the various sub-committees of the Board, including special committees tasked to deal with specific issues.

While the Executive Directors are involved with the day-to-day management of the Group, the Non-Executive Directors are not, nor are they full-time salaried employees.

The Directors have a responsibility to become acquainted with all of their duties, as well as with the issues pertaining to the operations and business of the Group. The Board operates in a field which is technically complex and the Directors are continuously exposed to information which enables them to fulfil their duties. To assist new Directors, an induction programme has been established by the Group, which includes background materials, meetings with senior management, presentations by the Group's advisors and site visits.

The Directors are assessed annually, both individually and as a Board, as part of an evaluation process, which is driven by an independent consultant. In addition, the Remuneration Committee formally evaluates the Executive Directors and the Alternate Directors on an annual basis, based on objective criteria.

All Directors, in accordance with the Company's Articles of Association, are subject to retirement by rotation and re-election by shareholders. In addition, all Directors are subject to re-election by shareholders at the first Annual General Meeting following their appointment. The appointment of new directors is approved by the Board as a whole. The names of the Directors submitted for re-election are accompanied by sufficient biographical details in the notice of the forthcoming Annual General Meeting to enable shareholders to make an informed decision in respect of their re-election.

All Directors have access to the advice and services of the Company Secretary, who 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 Group at the Group's expense, should they believe that course of action would be in the best interests of the Group.

The independence of the Non-Executive Directors (except for Dr Paseka Ncholo) complies with the relevant definitions and requirements of the various listing authorities mentioned above. The majority of the Non-Executive Directors have options in terms of the Group's Share Option Scheme, but the Company does not believe that this interferes with their independence. Particulars regarding Directors' remuneration and Share Options, as well as their interest in the issued ordinary share capital of the Company, are set out in full on pages 52 to 54 of this report.

DRD (Isle of Man) has established a Board of Directors. This Board comprises three Non-Executive Directors, Mr Gisborne, Mr Matthews and Mr Campbell. Mr Wellesley-Wood is the Executive Chairman, with Mr Murray as his alternate. Subsequent to year-end, DRD Isle of Man has established a branch office in Singapore, to facilitate further expansion in the Asia Pacific region.

BOARD MEETINGS AND RESOLUTIONS

Board meetings are held quarterly in South Africa or internationally. The structure and timing of the Company's

CORPORATE GOVERNANCE

board meetings, which are scheduled over two or three days, allows adequate time for the Non-Executive Directors to interact without the presence of the Executive Directors.

An agenda and supporting papers are distributed to all directors prior to each board meeting. Appropriate explanations and motivations are provided for items of business requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of Directors. In terms of good governance, the Directors can conduct unrestricted inspections of all Company property, information and records.

In addition to the quarterly board meetings, there is provision in the Company's Articles of Association for decisions to be taken between meetings by way of Directors' written resolutions. These resolutions are circulated to the Directors in a round robin fashion, supported by full motivations and explanations, and the directors are afforded five days to apply their minds to the matter at hand before they approve the resolution.

BOARD COMMITTEES

The Board has established a number of standing committees to enable it to properly discharge its duties and responsibilities and to effectively fulfil its decision-making process. Each committee acts within written terms of reference which have been approved by the Board and under which specific functions of the Board are delegated. Each committee has defined purposes, membership requirements, duties and reporting procedures. Minutes of the meetings of these committees are circulated to the members of the committees and made available to the Board. Remuneration for Non-Executive Directors for their services on the committees concerned is determined by the Board. Currently in the case of each committee this comprises: Chairman US$4 000 per annum; members US$2 000 per annum. The committees are subject to regular evaluation by the Board with respect to performance and effectiveness.

Details of attendance by Directors at the five Board meetings held during the 2004 financial year are set out below:

		23 Jul 2003	21 Oct 2003	26 Jan 2004	23 Mar 2004	26 Apr 2004	27 Apr 2004
M M Wellesley-Wood	Executive Chairman	✓	✓	✓	✓	✓	✓
I L Murray	Chief Executive Officer and Chief Financial Officer	✓	✓	✓	✓	✓	✓
G C Campbell	Senior Independent Non-Executive	✓	✓	✓	✓	✓	✓
D C Baker	Independent Non-Executive	✓	✓	✓	✓	✓	✓
D J M Blackmur	Independent Non-Executive	N/A	✓	✓	✓	✓	✓
R P Hume	Independent Non-Executive	✓	✓	✓	✓	✓	✓
M P Ncholo	Non-Independent Non-Executive	✓	✓	A	✓	✓	A
A Lubbe	Alternate	✓	✓	✓	✓	✓	✓
D T van der Mescht	Alternate(1)	✓	✓	✓	✓	✓	✓

All meetings were held in Johannesburg, with the exception of the April board meeting, which was held in London.

A Absent

✓ Includes attendance through teleconference or videoconference facilities

(1) Resigned on 5 August 2004

The following information reflects the composition and activities of these committees:

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 Committee meets on a weekly basis and when members are not able to attend personally, telephonic facilities are made available to include them in relevant proceedings and to permit participation in decisions and conclusions reached.

The Committee comprises: WT Beer; G Dempsey; J Engels; M Marriott; D van der Mescht (resigned 5 August 2004); IL Murray; ID Graulich; R Johnson; WG Koonin; A Lubbe; DJ Pretorius; AI Townsend; MM Wellesley-Wood. The Committee is chaired by Mr Murray or Mr Wellesley-Wood in his absence.

Audit Committee

RP Hume (Chairman); DC Baker; GC Campbell

The Audit Committee comprises solely Non-Executive Directors, all of whom are independent. The primary responsibilities of the Audit Committee, as set out in the Audit Committee Charter, are to assist the Board in carrying out its duties relating to selection and application of accounting policies, internal financial controls, financial reporting practices, identification of exposure to significant financial risks and the preparation of accurate financial reporting and financial statements in compliance with all applicable legal requirements and accounting standards.

The Audit Committee meets quarterly with the external auditors, the Company's Internal Audit Practitioner, the Chief Financial Officer and the Divisional Director: Group Finance. The Committee reviews the audit plans of the internal auditors to ascertain the extent to which the scope of the audit can be relied upon to detect weaknesses in the internal controls and reviews the annual and interim financial statements prior to approval by the Board.

The Committee makes recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors as well as the remuneration and terms of engagement of the external auditors. The Committee pre-approves all services provided by the external auditors and has implemented a policy regarding the provision of non-audit services by external auditors, and pre-approval thereof. The Company's external audit function is currently being undertaken by KPMG Inc.

The Company's internal audit function has been outsourced to Pro Optima Audit Services (Pty) Ltd. The appointment of the internal auditors is considered by the Committee, and the final appointment is then confirmed by the Board. Internal audits are performed at all of the Group's operating units and are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal control and governance processes. Material deficiencies, instances of non-compliance, high-risk exposure and development needs are brought to the attention of operational management for resolution. All internal audit reports are then submitted to the Committee for approval. The Committee members have access to all records of the internal audit team. The internal audit function is currently undergoing an independent evaluation by an external third party company, to ensure best practice and to provide strategic input on this key function.

The Group's internal and external auditors have unrestricted access to the Chairman of the Audit Committee and, where necessary, to the Chairman of the Board and Chief Executive Officer. All important findings arising from audit procedures are brought to the attention of the Committee and, if necessary, to the Board.

The Board has obtained assurance from management and the internal auditors that there have been no significant breakdowns in the internal control systems during the year under review.

The Group's disclosure control procedures necessary to ensure compliance with the United States of America Sarbanes-Oxley Act of 2002 are being implemented. A dedicated sub-committee, which reports to the Audit Committee and then to the Board, has been established for this purpose.

In terms of the new NASDAQ Corporate Governance standards, which were approved by the SEC in November 2003, the Company must disclose in the Form 20-F whether any member of its Audit Committee is a financial

CORPORATE GOVERNANCE

expert as defined and, if not, the reasons why not. It must be noted that no member of the audit committee currently has US GAAP experience and as such the Group is not compliant with this requirement. We have retained the services of Ernst & Young to assist management on all matters relating to US GAAP for which we require additional expertise.

ANNUAL FINANCIAL STATEMENTS

The Directors are required by the South African Company's Act, 1973, to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly represent the state of affairs of the Group 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 (SA GAAP). The Directors are of the opinion that these financial statements, contained on pages 51 to 104 of this report, fairly present the consolidated financial position of the Group as at 30 June 2004, and the consolidated results of operations and the cash flow information of the Group for the year then ended.

The Directors have reviewed the Group's business plan and cash flow forecast for the year to 30 June 2005. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Directors are satisfied that the Group is a going concern and has adequate resources available to ensure its continued operational existence.

To comply with requirements for reporting by non-US companies registered with the SEC, the Group has prepared a set of financial statements (Form 20-F) in accordance with US Generally Accepted Accounting Principles (US GAAP). This report will be available from the Bank of New York on the worldwide web at www.sec.gov. to holders of the Company's securities listed in the form of American Depository Shares on the NASDAQ SmallCap Market. A condensed consolidated income statement, balance sheet, cash flow statement and brief footnotes based on US GAAP are included on pages 105 to 111 in this report. A condensed reconciliation between SA GAAP and US GAAP is supplied as supplementary information on page 110.

Remuneration committee

GC Campbell (Chairman); DJM Blackmur

The Remuneration Committee, which comprises exclusively Independent Non-Executive Directors, is primarily responsible for approving the remuneration policies of the Group and the terms and conditions of employment of Executive Directors and officers. Items considered by the Committee include salaries, performance-based incentives and the eligibility and performance measures of the Durban Roodepoort Deep (1996) Share Option Scheme applicable to Directors and senior management.

The Committee's objective is to evaluate and recommend to the Board competitive packages which will attract and retain executives of the highest calibre and encourage and reward superior performance. The Committee also aims to ensure that criteria are in place to measure individual performance. The Committee approves the performance-based bonuses of the Executive Directors based on such criteria. The Company's Divisional Director: Human Resources provides the Committee with access to comparative industry surveys, which assist in formulating remuneration policies. As and when required the Committee may also engage the services of independent consultants to evaluate and review remuneration policies and related issues. The Committee has in the past year engaged the services of such consultants to review the employment contracts of the Executive Directors.

The Committee meets quarterly, but may meet more often on an ad hoc basis if required. The Committee may from time to time call for independent consultants to brief members on pertinent issues.

During 2002 the Company engaged the services of Deloitte and Touche Human Capital to assist in the drafting of a remuneration policy. This policy is to be approved by the Board and will be available on the Company's website. The policy can be described as being based on a reward system comprising four principal elements:

1. Basic remuneration, as benchmarked against industry norms;

2. Bonuses or incentives, which are measured against agreed outcomes or KPIs, and are usually linked to the annual budget of the Group;

3. Short-term rewards, which can be described as "soft" rewards for exceptional performance (like the granting of travel vouchers); and

4. Long-term retention, which is the rationale underlying the share option scheme and share scheme for senior managers which is linked to criticality of skill and strategic value.

These four elements interact in a matrix, which aims to reward all employees for their efforts and provides a transparent framework which is reviewed and approved by the Remuneration Committee.

REMUNERATION REPORT

Executive Directors' remuneration

The remuneration of the Executive Directors comprises a basic salary, a semi-annual performance bonus, participation in the share option or share scheme and other optional benefits. The total Executive Directors' remuneration for the year-ended 30 June 2004 was R8.7 million (for the year-ended 30 June 2003 it was R16.4 million). Full details are provided in a table on page 53 of this report.

- **Basic salary:** Each Executive Director receives a basic salary as recommended by the Remuneration Committee in accordance with the remuneration policy. All salaries are reviewed annually, with the salaries of Executive Directors being benchmarked to external market surveys.
- **Semi-annual performance bonus:** Executive Directors' service contracts provide that the Executive shall be eligible for a discretionary bonus based on agreed KPIs. This bonus is approved by the Remuneration Committee.
- **Share option or share scheme:** The Company has developed a share scheme which has been approved by the Remuneration Committee and will be tabled for approval by the shareholders at the November 2004 Annual General Meeting. Awards of share options or shares to Executive Directors are recommended by the Remuneration Committee, which is guided by predetermined criteria and industry benchmarks. Such options or shares are not currently based on specific performance criteria, but recognise the critical nature and scarcity of an employee's particular skills and knowledge, as well as the strategic value of his or her position to the Company during the review period. Options awarded to an individual employee (which definition includes Executive and Non-Executive Directors and other eligible employees) are subject to a cumulative upper limit of 2% of the Company's issued share capital. Details of options held by Directors are contained in a table on page 53 of this report.
- **Other benefits:** Executive Directors as well as Non-Executive Directors have an option to become members of the Sentinel Mining Industry Pension Fund or the Old Mutual Orion Provident Fund. In addition, all Directors are members of the Group Life Scheme and Executive Directors may join Discovery Health Medical Aid Society through the Company. All Directors are reimbursed for reasonable business expenses they incur.

Non-Executive Directors' remuneration

The fees paid to Non-Executive Directors are determined by the Board as a whole and are reviewed as and when necessary. The current fees payable, effective 1 February 2004, are as follows:

- A basic fee of US$20 000 per annum;
- Subcommittee fees of US$2 000 per annum for each subcommittee of which the Non-Executive Director is a member;
- US$4 000 per annum for each subcommittee which the Non-Executive Director chairs.

Details of Non-Executive Directors' remuneration can be found on page 53. Non-Executive Directors have also been granted share options over the Group's ordinary shares, details of which are shown on page 53.

Directors' service contracts

Service contracts have been concluded with the Executive as well as the Non-Executive Directors. Details of the service contracts are set out in the table on page 52.

Risk Committee

DJM Blackmur (Chairman); DC Baker; MM Wellesley-Wood

The Risk Committee was established during January 2004 and comprises two Non-Executive Directors and one Executive Director, with a Non-Executive Chairman. Its overall objective is to assist the main Board in the discharge of its duties relating to risk management and control responsibilities, assurance issues, health, safety and environmental compliance, and the monitoring

CORPORATE GOVERNANCE

and reporting of all these matters. The quality, integrity and reliability of the Group's risk management are delegated to the Risk Committee by the Board of Directors. The Risk Committee facilitates communication between the main Board, the Audit Committee, internal auditors and other parties engaged in risk management activities.

The Risk Committee ensures that:

- an effective risk management programme is implemented and maintained;
- risk management awareness is promoted amongst all employees;
- risk programmes (financing/insurance) adequately protect the Company against catastrophic risks;
- regular risk assessments are conducted;
- the total cost of risk in the long term is reduced;
- the protection of the Group's assets is promoted throughout the group;
- the health, safety and well being of all stakeholders is improved; and
- the Company's activities are carried out in such a way so as to ensure the safety and health of employees.

The Risk Committee meets quarterly and reports back to the Board. Additional ad hoc meetings may be arranged as and when required. Certain members of executive management are invited to attend Risk Committee meetings on a regular basis, such as the Chief Executive Officer, the Divisional Director: Group Finance, the Group Risk Manager, the Group Financial Manager, the Operational Managers, the Group Legal Counsel, the manager responsible for safety, health and environment and the Chief Administration Officer.

The Company has embarked on a risk management initiative in the Group, directed by the Risk Committee through which the Board has discharged its responsibility for risk management. The initiative is co-ordinated by a dedicated Group Risk Manager. Following the release of the King II Report, containing minimum practices to be adopted, DRDGOLD has formulated a Risk Corporate Governance structure, which has been approved by the Board.

The system to manage risk involves all significant business and operational risks which could undermine the achievement of business objectives and undermine the preservation of shareholder values. The significant risks facing the Group, including those at an operational level, have been identified. Persons have been appointed to each risk and the product of their work to improve controls is reviewed by senior management through regular risk meetings. The aim of the internal control systems is for management to provide reasonable assurance that the objectives will be met.

The Group has identified certain major risk areas, which form the basis of the risk reviews. These areas are listed below:

- market risk such as gold price and exchange differences;
- operating risks such as flooding, fires, seismicity and operating cost;
- environmental risks;
- legal and regulatory risks; and
- country risk (political).

In addition to the above initiatives, the Group also employs third party consultants to benchmark DRDGOLD's operations against other mining operations throughout South Africa and more than 300 different mining companies worldwide.

An important aspect of risk management is the transfer of risk to third parties to protect the Company from any major disaster. Therefore, DRDGOLD's major assets and potential business interruption and liability claims are covered by the group insurance policy that encompass all operations on a world-wide scale.
The majority of the cover is through insurance companies operating in the London and European insurance and reinsurance market and the insurance programmes are renewed on an annual basis. The cost of insurance for the Group has been reduced by more than 30% year-on-year which is to a large extent attributable to the various risk initiatives undertaken in the Group based on the recommendations from the annual risk survey conducted on the operations.

Corporate Social Responsibility Committee

In recognition of its responsibilities towards the local communities, the Company is in the process of establishing a Corporate Social Responsibility Committee. This Committee will be chaired by a Non-Executive Director. More information on corporate social responsibility can be obtained on pages 19 to 20 of this report.

CODE OF ETHICS

The following highlights aspects of the Group's Code of Ethics, a complete copy of which will be made available on request or can be accessed on the Company's website at www.drdgold.com. Any contravention of this Code is regarded as a serious matter.

- **Compliance with Laws and Regulations**
  Directors, officers and employees must comply with all laws and regulations that are applicable to their activities on behalf of the Group.

- **The Company and its employees**
  The Group acknowledges that all employees have a right to work in a safe and healthy environment. All employees are entitled to fair employment practices and have a right to a working environment free from discrimination and harassment.

- **The Group and the community**
  The Group recognises that we all share a very real responsibility to contribute to the local communities and the Group encourages employees to participate in, amongst others, religious, charitable, educational and civic activities, provided that such participation does not make undue demands on their work time or create a conflict of interest.

- **Conflict of interest**
  The Group expects employees to perform their duties in accordance with the best interest of the Group and not to use their positions or knowledge gained through their employment with the Group for their private or personal advantage.

- **Outside employment and directorships**
  Employees may not take up outside employment or hold outside directorships without prior approval of management. Directors who hold outside directorships must disclose same at the quarterly Board meetings.

- **Relationships with clients, customers and suppliers**
  Employees should ensure that they are independent of any business organisation having a contractual relationship with the Group or providing goods or services the Group.

- **Gifts, hospitality and favours**
  An employee should neither accept nor solicit any non-minor gifts, hospitalities or other favours from suppliers of goods or services.

- **Personal investments in shares and Share Dealings**
  While Directors and employees are encouraged to invest in and own shares in the Group, such investment decisions must not contravene the conflict of interest provisions of this Code, any applicable legislation, or any policies and procedures established by the various operating areas of the Group, and must not be based on material non-public information acquired by reason of an employee's connection with the Group.

- **Confidential Information and External Communication**
  Directors and employees are expected to treat all information pertaining to the Group, which is not in the public domain, in the strictest confidence and may not divulge such information to any third party without permission, even after the termination of their services with the Group.

  The Group strives to achieve timely and effective communications with all parties with whom it conducts business, as well as governmental authorities and the public. No sensitive communication may be made to the media or investment community other than by the Group's General Manager: Investor Relations or the appointed Investor/Public Relations Consultants. All other communications to the media or investment community must be made within the ambit of the Group's announcements framework.

STAKEHOLDER COMMUNICATION

DRDGOLD gives substance to its commitment to transparency through implementation of an integrated and sustained programme of communication directed at its various stakeholders. This programme takes full cognisance of all of the obligations placed on the Group by its various listings and the regulatory environments in which it operates, and is limited only by any restrictions imposed by these.

CORPORATE GOVERNANCE

The Group's communication activities with its shareholders is premised on a clear understanding of shareholders' desire to maximise returns on their investment in the Group and that, in order to be able to do this, they and/or their investment advisors require equitable, timeous access to operating, financial and other information.

Information defined or deemed to be influential on DRDGOLD's share price is released to international markets in the first instance via the news dissemination mechanisms of the various stock exchanges on which it is listed, and as soon as possible thereafter to all addressees on the Group's extensive electronic database. These addressees include shareholders, fund managers, analysts and media representatives internationally. All information is also available on the website.

Information relating to the Group's operating and financial performance is released proactively to the market at least quarterly in the same way, and sometimes more frequently, as determined by circumstance. Quarterly reporting of the Group results is augmented at half-year and year-end by face-to-face briefings by Group executives in at least two of the markets in which it is listed, and by teleconferences and webcasts. At the end of every other quarter, results commentary is accessible via teleconferences and webcasts.

Between quarters, DRDGOLD's Chairman, Chief Executive Officer and General Manager: Investor Relations travel extensively in the United States, Europe and Australasia, addressing investor and other relevant conferences, and meeting with investors and potential investors in one-on-one and group meetings. From time to time, other senior representatives of the Group are included in these activities.

A primary channel for communication to shareholders and the investing community at large is DRDGOLD's award-winning website. This contains current information on the Group and its operations, as well as all announcements and publications, such as the annual report and two-monthly investor bulletins. Interactivity is a primary feature that adds currency to the website and compliments the substantial archive. All investor teleconferences are recorded and are available, together with webcasts, on the website for a period of time.

Employees and their elected representatives constitute another important stakeholder constituency for the Group. While a climate of mature industrial relations ensures that considerable, effective communication is achieved through the collective bargaining process, the Group is careful to maintain its prerogative, indeed its obligation to communicate directly, regularly and effectively with its employees. A company-wide workplace briefing system with feedback mechanisms, quarterly results briefings, the website, and employee publications are among the primary media used.

Effective, two-way communication with the communities within which it operates is an area of growing importance to the Group. While much of this communication, increasingly, is required by regulation and statute – and takes the form of formal consultation with interested and affected parties – operational managements have come to recognise the value of community understanding, patronage and support for their actions, and of the role effective communication plays in securing these.

STATEMENT OF RESPONSIBILITY by board of directors

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 51 to 104, 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 are responsible for the preparation of 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 forecast and available cash resources and ore reserves. Refer to the Director's report on page 51 for a discussion of the appropriateness of the going concern assumption for the preparation of the financial statements.

The financial statements have been audited by the independent auditors, KPMG Inc. 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 KPMG Inc. is presented on page 50.

The financial statements were approved by the Board of Directors on 22 September 2004 and are signed on its behalf by:

RP Hume
Chairman: Audit Committee

IL Murray
Chief Executive Officer
Chief Financial Officer

COMPANY SECRETARY'S REPORT

I certify, in accordance with Section 268G(d) of the Companies Act, that the Company has lodged with the Registrars 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.

AI Townsend
Company Secretary

REPORT OF THE INDEPENDENT AUDITORS on the annual financial statements

We have audited the annual financial statements and group annual financial statements of Durban Roodepoort Deep, Limited as set out on pages 51 to 104 for the year ended 30 June 2004. 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 2004 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.

KPMG Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Per J Holtzhausen
Director

Johannesburg
22 September 2004

Nature of business

Durban Roodepoort Deep, Limited 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.

DRDGOLD is a public company with its primary listings on the Johannesburg and Australian stock exchanges and secondary listings on the NASDAQ SmallCap Market and the London and Port Moresby stock exchanges. The Company's shares are also traded on the Marche Libre in Paris, the Regulated Unofficial Market of the Frankfurt Stock Exchange and the Berlin and Stuttgart OTC markets as well as Euronext Brussels in the form of International Depository Receipts.

Mining rights and property

A schedule detailing the Group's mining rights and property is available at the Group's registered address.

Share capital

Full details of authorised, issued and unissued share capital of the Company as at 30 June 2004 are set out in the notes to the financial statements on page 83 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.

The authorities granted to directors in respect of control over unissued shares expire on the date of the annual general meeting of members to be held on 26 November 2004. 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 financial year, a total of 978 053 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

A total of 41 463 639 ordinary no par value shares were issued for cash (refer to the table below) of which 24 359 994 shares were deemed to be a vendor placing for the acquisition of the Porgera Joint Venture in terms of approval obtained from the JSE. A further 6 643 902 shares were issued for the balance of the Porgera Joint Venture purchase consideration. As at 30 June 2004, there was no shareholder who held a beneficial interest in excess of 5% of the Company's issued share capital.

Going concern basis

The Company and Group incurred significant losses during the year ended 30 June 2004 and continued to incur losses after year-end. At year-end the Company's and Group's current liabilities exceeded their current assets. These facts give rise to doubt as to the Company and Group's ability to meet their current obligations in the normal course of business.

Management is in the process of restructuring the loss making South African operations and expects the Company and Group to reduce its losses and return to profitability. In addition, the Group should also benefit from including the profits and cash flow from the 20% interest in the unincorportated Porgera Joint Venture for the full 2005 financial year (this interest was only included for 9 months of the 2004 financial year). Furthermore, management has arranged additional funding to the extent of R100 million.

Shares issued for cash

Date of issue	Number of shares	Issue price (R)	Issued to
9 September 2003	18 000 000	17.86	Investec
9 September 2003	9 000 000	17.94	Investec
4 November 2003	3 000 000	18.46	Investec
4 February 2004	1 150 000	24.29	Investec
4 February 2004	2 254 862	17.50[1]	Investec
16 February 2004	6 795 138	22.08	Investec
29 June 2004	1 263 639	15.83	Investec
Total	**41 463 639**		

[1] Based on strike price at 30 December 2003

Directors' service contracts

Director	Title	Date of appointment	Term	Unexpired term of director's service contract
MM Wellesley-Wood	Executive Chairman	2000[1]	2 years	17 months
IL Murray	Chief Executive Officer			
	Chief Financial Officer	2000[1]	2 years	17 months
RP Hume	Independent Non-Executive	2001	3 years	4 months
DC Baker	Independent Non-Executive	2002	3 years	7 months
GC Campbell	Senior Independent Non-Executive	2002	3 years	12 months
MP Ncholo	Non-Independent Non-Executive	2002	3 years	9 months
DJM Blackmur	Independent Non-Executive	2003	2 years	16 months

[1] reappointed in 2003.

On the basis that the restructuring is successful, the forecast cash flows indicate that the Company and Group will be able to meet their obligations as they fall due. The going concern basis has therefore been applied in preparing the financial statements.

Directorate

The following changes have been made to the board of directors since 1 July 2003:

Appointments	Date
DT van der Mescht	1 July 2003
DJM Blackmur	21 October 2003

Resignations

Subsequent to year-end, Mr van der Mescht resigned on 5 August 2004.

In accordance with the provisions of the Company's Articles of Association, Messrs DJM Blackmur, DC Baker, GC Campbell and NP Ncholo retire at the forthcoming annual general meeting. They are eligible and have offered themselves for re-election.

Directors' service contracts

Service contracts have been concluded with the Executive as well as the Non-Executive Directors. Details of the service contracts are set out in the table above.

There were no conflicting interests of the directors during the year under review and up to the date of notice of the Annual General Meeting.

Share option scheme

The Durban Roodepoort Deep (1996) Share Option Scheme (the Scheme) is used as an incentive tool for executive and senior employees whose skills and experience are recognised as being essential to the Company's performance. The number of issued and exercisable share options is approximately 3.6% of the issued ordinary share capital which is within the international accepted guideline of 3 to 5% for such schemes. In addition, the participants in the Scheme are fully taxed at their maximum marginal tax rate on any gains realised on the exercise of their options.

In the past financial year, the directors have exercised 174 853 share options. Details of share options held by directors are listed on page 53.

Over the same period the director's gains on share options exercised were R2.0 million, compared to R17.6 million in the previous financial year.

The directors have granted 3 436 117 options in terms of the Durban Roodepoort Deep (1996) Share Option Scheme (refer to the table below) in the current financial year compared to 3 113 500 options in the previous financial year.

Share options available for allocation

	2004	2003
Balance of options available for allocation as at the beginning of the financial year	**21 356 629**	20 025 871
Number of options granted during the current financial year	**(3 436 117)**	(3 113 500)
Number of options lapsed during the financial year	**399 414**	1 303 566
Additional options available as a result of an increase in issued share capital during the current financial year	**15 692 202**	848 331
Number of options exercised during the current financial year and available for re-allotment	**984 022**	2 292 361
Balance of options available for allocation as at the end of the financial year	**34 996 150**	21 356 629

Directors' emoluments

	Board fees	Salary	Bonuses & performance related payments	Pension/ provident scheme contributions	Change in[4] terms of employment payment	Total
Executive Directors						
MM Wellesley-Wood	–	3 377 906	567 560	–	1 748 000	5 693 466
IL Murray	–	2 234 866	408 329	382 688	–	3 025 883
	–	5 612 772	975 889	382 688	1 748 000	8 719 349
Non-Executive Directors						
DC Baker	205 201	–	–	–	–	205 201
GC Campbell	223 024	–	–	–	–	223 024
RP Hume	196 698	–	–	–	–	196 698
Dr MP Ncholo	154 630	–	–	–	–	154 630
DJM Blackmur[3]	145 891	–	–	–	–	145 891
	925 444	–	–	–	–	925 444
Alternates						
D van der Mescht[1][2]	–	1 234 230	67 482	158 444	–	1 460 156
A Lubbe[1]	–	1 073 295	91 592	179 388	–	1 344 275
	–	2 307 525	159 074	337 832	–	2 804 431
Total	**925 444**	**7 920 297**	**1 134 963**	**720 520**	**1 748 000**	**12 449 224**

[1] Appointed 1 July 2003
[2] Resigned 5 August 2004
[3] Appointed 21 October 2003
[4] Under the terms of Mr Wellesley-Wood's agreement of employment effective from 1 December 2003, he is entitled to a change in terms of employment payment by virtue of his relinquishing the post of Chief Executive Officer of the Company, equal to 92% of his South African remuneration package calculated on the basis of the remuneration package received on 1 December 2003. This payment accrued during May 2004, but has been deferred for six months, at Mr Wellesley-Wood's request. The role of Chairman and Chief Executive Officer was split in accordance with the rules prescribed by the Johannesburg Securities Exchange, which came into effect from 1 January 2004 and not as a result of any internal operating requirement of the Company. No other payment of this nature was made to any officer of the Company in fiscal 2004. The Remuneration Committee approved the payment which amounted to R1.7 million. Under the terms of Mr Murray's agreement of employment dated effective of 1 December 2003, he will receive a change in terms of employment payment by virtue of his relinquishing the post of Chief Financial Officer. Mr Murray was previously the Deputy Chief Executive Officer and Chief Financial Officer until December 2003 at which time the role of Chairman and Chief Executive Officer were split and Mr Wellesley-Wood was appointed as Executive Chairman and Mr Murray was appointed as Chief Executive Officer and Chief Financial Officer. By virtue of him relinquishing the post of Chief Financial Officer and appointing a replacement Chief Financial Officer, he will become entitled to an amount equal to 93% of his South African remuneration package calculated on the basis of the remuneration package received on 1 December 2003. Such payment will amount to R1.1 million and was approved by the Remuneration Committee which approved the agreement of employment.

Share options

	Executive		Non-Executive					Other	
	MM Wellesley-Wood	IL Murray	DC Baker	GC Campbell	RP Hume	MP Ncholo	DJM Blackmur	partici-pants	Total
Balance at 1 July 2003									
Number	933 665	650 071	81 800	42 900	68 650	38 500	–	4 477 096	6 292 682
Ave strike price	18.30	17.34	16.44	20.86	16.67	21.07	–	17.30	17.48
Granted during year									
Number	215 800	143 300	11 100	12 000	11 100	9 300	–	3 033 517	3 436 117
Ave strike price	17.53	17.53	17.53	17.53	17.53	17.53	–	18.42	18.32
Exercised during year									
Number	125 553	–	43 300	–	6 000	–	–	809 169	984 022
Ave strike price	6.48	–	14.23	–	7.26	–	–	9.00	8.90
Lapsed during year									
Number	–	–	–	–	–	–	–	399 414	399 414
Ave strike price	–	–	–	–	–	–	–	18.17	18.17
Balance at 30 June 2004									
Number	1 023 912	793 371	49 600	54 900	73 750	47 800	–	6 302 030	8 345 363
Ave strike price	19.59	17.37	18.61	20.13	17.56	20.38	–	18.86	18.81
Share gain for the year – R'000	**1 522**	**–**	**445**	**–**	**55**	**–**	**–**	**10 010**	**12 032**
Ave price exercised – R per share	**18.60**	**–**	**24.50**	**–**	**16.50**	**–**	**–**	**17.67**	**18.08**

Directors' interests in shares

The interests of the directors in the ordinary share capital of the Company as at 30 June 2004 was as follows:

	30 June 2004 Beneficial direct	30 June 2004 Beneficial indirect	30 June 2004 Non-beneficial	30 June 2003 Beneficial direct	30 June 2003 Beneficial indirect	30 June 2003 Non-beneficial
Executive directors						
MM Wellesley-Wood	**105 797**	**–**	**–**	200 244	–	–
IL Murray	**513 090**	**–**	**–**	531 808	–	–
	618 887	**–**	**–**	732 052	–	–
Non-executive directors						
DC Baker	**–**	**943 300**	**–**	–	900 000	–
MP Ncholo[1]	**–**	**3 196 593**	**–**	–	4 794 889	–
GC Campbell	**–**	**–**	**–**	–	–	–
DJM Blackmur	**–**	**–**		–	–	–
RP Hume	**–**	**10 000**	**–**	–	4 000	–
	–	**4 149 893**	**–**	–	5 698 889	–
Alternate directors						
A Lubbe	**–**	**–**	**–**	–	–	–
DT van der Mescht[2]	**–**	**–**	**–**	–	–	–
Total	**618 887**	**4 149 893**	**–**	732 052	5 698 889	–

[1] During the period from 30 June 2004 to 31 August 2004. Mr MP Ncholo's interests (as beneficiary of the Ncholo Trust which is the sole shareholder of Khumo Bathong Holdings Limited) changed as follows: As at 26 July 2004 his beneficial indirect interest was 1 598 297 shares. As at 25 August 2004 his beneficial indirect interest was 1 share. There were no other changes in the directors' interests in shares during this period.

[2] Resigned on 5 August 2004.

Subsidiaries

The following information relates to the Company's financial interest in its subsidiaries:

	Issued ordinary share capital Number of shares	Issued ordinary share capital % held	Shares at cost less provisions R'000	Effective date of acquisition	Indebtedness net of provisions R'000
South Africa					
Argonaut Financial Services (Pty) Ltd	100	100	–	1 Oct 1997	(1 044)
Blyvooruitzicht Gold Mining Company Ltd	50 772 971	100	120 587	15 Sep 1997	92 048
Buffelsfontein Gold Mines Ltd	13 000 360	100	285 854	15 Sep 1997	23 357
Crown Consolidated Gold Recoveries Ltd	51 300 000	100	–	14 Sep 1998	(155 944)
East Champ d'Or Gold Mine Ltd	7	100	–	1 Apr 1996	
Rand Leases (Vogelstruisfontein) Gold Mining Company Ltd	2 963 000	100	–	1 Jan 1996	(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	2 725
West Witwatersrand Gold Holdings Ltd	99 900 000	100	–	1 Apr 1996	(24 426)
Australasia/International					
Dome Resources NL	142 619 074	100	29 206	1 Apr 2000	20 481
DRD Australia APS	130	100	–	26 Jan1999	261 444
DRD Australasia (Pty) Ltd	100	100	–	15 Nov 1999	–
DRD International APS	125	100	–	28 Apr 1999	–
DRD (Isle of Man) Ltd[1]	1 601	100	51 950	5 Mar 1999	251 026
Total			488 747		427 575

[1] DRD (Isle of Man) Ltd holds the following investments: 19.78% of Emperor Mines Limited, 100% of DRD (Porgera) Limited (which in turn owns 20% of the unincorporated Porgera Joint Venture), 100% of Tolukuma Gold Mines Limited, 100% of DRD Australia Services Company (Pty) Ltd, 50.25% of Net-Gold Services Limited and 100% of Fortis (Pty) Limited.

Financial statements and results

Financial figures presented in the director's report are stated in South African Rands (000's).

The consolidated financial statements include the results and financial position of the Company and its subsidiaries, associates and joint ventures since the effective dates of acquisition.

The financial position, results of operations and cash flow information of the Company and Group are presented in the attached financial statements. The annual financial statements have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP). They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgement 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 and Group's assets will realise at least the values at which they are stated in balance sheet.

Overall performance

The Group recorded an operating loss from gold of R29.5 million for the financial year compared to an operating profit from gold of R91.9 million for the previous financial year. Total attributable gold production of 28 149 kilograms (905 023 ounces) increased by 4% against the previous financial year.

The Dollar gold price traded between US$342 and US$426 per ounce during the financial year. The appreciation of the South African Rand against the US Dollar significantly reduced the average price of gold in Rand terms from R97 652 per kilogram received in the previous financial year to R87 211 per kilogram this financial year.

Unit cost of sales, comprise of cash cost, depreciation and amortisation of assets, retrenchment costs, movement in provision for environmental rehabilitation cost and movement in gold in process. Cost of sales decreased from R93 926 per kilogram to R88 383 per kilogram year-on-year. In Dollar terms unit cost of sales increased from US$323 per ounce to US$398 per ounce as a result of the strengthening of the Rand against the Dollar.

The directors continually re-appraise the carrying value of the Group's assets and investments and make the appropriate adjustments as required. In the current year, the Company reversed the previous year impairment charge against the Number 6 Shaft at NWO (R35.5 million) when the shaft was reopened in February 2004 to mine high grade panels on a selective basis, impaired the Buffels section at NWO (R24.3 million) as the mine reached the end of its economic life and wrote off the expenditure on the South Plant upgrade at NWO (R9.4 million) following the decision not to proceed with the planned upgrade. Provisions were made against the Crown, ERPM, KBH and Mogale loans amounting to R104.2 million.

Goodwill of R7.1 million arising on the acquisition of our internet based gold marketing company (Net-Gold Services Ltd) was impaired. Deferred tax assets totalling R414.3 million were reversed during the year as the Group companies in which they were held were making losses and some doubt existed as to whether the related tax benefit will be realised.

Change in business

During the year, DRDGOLD effectively acquired 20% of the Porgera Joint Venture with effect from 14 October 2003. On 28 April 2004, DRDGOLD acquired 50.25% of Net-Gold Services Limited, a subsidiary of G.M. Network Limited (GoldMoney.com) and established an insurance company, Fortis Limited on 21 May 2004, which has applied for a license as a general insurer in Papua New Guinea, in order to provide workers compensation insurance to our workforce at the Tolukuma Gold Mine. In addition, we established White Rock Insurance Company PPC Limited as a cell captive to facilitate the reinsurance arrangement on our group insurance policy in July 2004.

Capital expenditure

Capital expenditure for the financial year amounted to R185.7 million compared to R121.5 million in the previous year. Assets which do not conform to the Company's core business were disposed of and cash of R23.4 million (2003: R32.6 million) was generated through this.

Gold production (Metric)

Durban Roodepoort Deep Limited's operations		**Year ended June 2004**	Year ended June 2003
South Africa			
Underground			
Ore milled	– t'000	**2 496**	3 396
Gold produced	– Kg	**15 455**	18 267
Yield	– g/tonne	**6.19**	5.38
Surface treatment			
Ore milled	– t'0000	**3 780**	8 133
Gold produced	– kg	**2 428**	4 280
Yield	– g/tonne	**0.64**	0.53
Papua New Guinea [(1)]			
Ore milled	– t'000	**1 137**	162
Gold produced	– Kg	**7 253**	2 118
Yield	– g/tonne	**6.38**	13.07
Crown Gold Recoveries [(2)]			
Ore milled	– t'000	**4 328**	4 431
Gold produced	– Kg	**3 013**	2 402
Yield	– g/tonne	**0.70**	0.54
Total attributable			
Ore milled	– t'000	**11 741**	16 122
Gold produced	– Kg	**28 149**	27 067
Yield	– g/tonne	**2.40**	1. 68

[(1)] These figures include 100% of Tolukuma and the Group's 20% attributable portion of the Porgera Joint Venture.

[(2)] These figures represent the Group's 40% attributable portion of Crown Gold Recoveries (Pty) Ltd which includes Crown and ERPM.

Gold production (Imperial)

Durban Roodepoort Deep Limited's operations		**Year ended June 2004**	Year ended June 2003
South Africa			
Underground			
Ore milled	– t'000	**2 750**	3 743
Gold produced	– troy ounces	**496 892**	587 296
Yield	– ounces/ton	**0.181**	0.157
Surface treatment			
Ore milled	– t'000	**4 169**	8 962
Gold produced	– troy ounces	**78 063**	137 604
Yield	– ounces/ton	**0.019**	0.015
Papua New Guinea [(1)]			
Ore milled	– t'000	**1 256**	177
Gold produced	– troy ounces	**233 190**	68 096
Yield	– ounces/ton	**0.186**	0.385
Crown Gold Recoveries [(2)]			
Ore milled	– t'000	**4 772**	4 884
Gold produced	– troy ounces	**96 878**	77 239
Yield	– ounces/ton	**0.020**	0.016
Total attributable			
Ore milled	– t'000	**12 947**	17 766
Gold produced	– troy ounces	**905 023**	870 235
Yield	– ounces/ton	**0.070**	0.049

[(1)] These figures include 100% of Tolukuma and the Group's 20% attributable portion of the Porgera Joint Venture.

[(2)] These figures represent the Group's 40% attributable portion of Crown Gold Recoveries (Pty) Ltd which includes Crown and ERPM.

INCOME STATEMENTS for the year ended 30 June 2004

Group 2003 R'000	Group 2004 R'000		Note	Company 2004 R'000	Company 2003 R'000
2 408 598	**2 192 142**	Revenue	2	**–**	–
(2 316 688)	**(2 221 597)**	Cost of sales		**(19 258)**	(33 192)
(2 173 277)	**(1 945 124)**	Cash cost		**(8 203)**	(14 096)
(105 675)	**(204 590)**	Depreciation and amortisation		**(11 264)**	(11 415)
(13 599)	**(54 946)**	Retrenchment costs		**–**	(4 911)
(12 806)	**(23 837)**	Movement in provision for environmental rehabilitation	18	**209**	(2 770)
(11 331)	**6 900**	Movement in gold in process		**–**	–
91 910	**(29 455)**	Operating (loss)/profit from gold		**(19 258)**	(33 192)
370 199	**(22 289)**	(Loss)/profit on derivative instruments		**(11 936)**	(20 651)
89 333	**–**	Profit on sale of subsidiary		**–**	–
(133 001)	**(108 770)**	Impairments	3	**(698 274)**	(1 010 784)
(61 087)	**(170 472)**	Administration and general costs		**(49 628)**	(15 591)
357 354	**(330 986)**	(Loss)/profit from operations	3	**(779 096)**	(1 080 218)
99 998	**130 849**	Investment income	5	**91 623**	107 536
(39 498)	**(41 935)**	Finance costs		**(34 295)**	(32 040)
(43 674)	**–**	Share of results of associates		**–**	–
374 180	**(242 072)**	(Loss)/profit before taxation		**(721 768)**	(1 004 722)
(3 275)	**(474 312)**	Taxation charge	6	**–**	–
370 905	**(716 384)**	(Loss)/profit after taxation		**(721 768)**	(1 004 722)
–	**46**	Minority interest		**–**	–
370 905	**(716 430)**	(Loss)/profit for the year attributable to ordinary shareholders		**(721 768)**	(1 004 722)
202	**(331)**	Basic (loss)/profit per ordinary share (cents)	7		
171	**(328)**	Headline (loss)/profit per ordinary share (cents)	7		
198	**(331)**	Diluted basic (loss)/profit per ordinary share (cents)	7		
170	**(328)**	Diluted headline (loss)/profit per ordinary share (cents)	7		

BALANCE SHEETS at 30 June 2004

Group 2003 R'000	Group 2004 R'000		Note	Company 2004 R'000	Company 2003 R'000
		ASSETS			
1 252 963	**1 444 179**	**Non-current assets**		**1 195 521**	895 541
578 528	**956 051**	Mining assets	8	**41 610**	52 844
205 838	**235 723**	Non-current investments and other assets	9	**14 082**	10 974
		Investments in subsidiaries	10	**1 139 829**	826 446
–	**200 836**	Non-current inventories	14	**–**	–
5 277	**–**	Non-current accounts receivable		**–**	5 277
414 295	**–**	Deferred mining and income taxes	15	**–**	–
49 025	**51 569**	Derivative instruments	16	**–**	–
563 748	**358 999**	**Current assets**		**18 546**	288 250
59 100	**103 493**	Inventories	14	**100**	16
172 551	**114 612**	Accounts receivable		**10 910**	52 811
277	–	Taxation		**–**	–
331 820	**140 894**	Cash and cash equivalents		**7 536**	235 423
1 816 711	**1 803 178**	**TOTAL ASSETS**		**1 214 067**	1 183 791
		EQUITY AND LIABILITIES			
456 066	**569 890**	**Equity**		**569 890**	456 066
456 066	**564 057**	Shareholders' equity	17	**569 890**	456 066
–	**5 833**	Minority shareholders interest		**–**	–
815 866	**770 245**	**Non-current liabilities**		**335 516**	389 726
183 965	**245 392**	Provision for environmental rehabilitation	18	**30 958**	31 167
–	**132 455**	Deferred mining and income taxes	15	**–**	–
387 478	**308 992**	Long-term liabilities	19	**292 108**	344 977
244 423	**83 406**	Derivative instruments	16	**12 450**	13 582
544 779	**463 043**	**Current liabilities**		**308 661**	337 999
300 002	**300 867**	Accounts payable and accrued liabilities		**33 564**	42 504
142 435	**58 450**	Short-term liabilities	19	**42 199**	29 581
73 232	**82 869**	Provisions	20	**6 571**	7 222
		Amounts owing to subsidiaries	10	**223 507**	237 411
–	**9 384**	Taxation		**–**	–
29 110	**11 473**	Bank overdraft		**2 820**	21 281
1 816 711	**1 803 178**	**TOTAL EQUITY AND LIABILITIES**		**1 214 067**	1 183 791

STATEMENTS OF SHAREHOLDERS' EQUITY for the year ended 30 June

	Number of ordinary shares	Number of cumulative preference shares	Share capital R'000	Cumulative preference share capital R'000	Non-distributable reserves[1] R'000	Equity portion of convertible loan notes R'000	Accumulated (loss)/profit R'000	Total R'000
Group								
Balance at 1 July 2002	177 173 485	5 000 000	2 097 720	500	17 692	–	(1 677 890)	438 022
Issued shares for cash	4 794 889		68 027					68 027
Staff options issued	2 253 699		20 604					20 604
Share issue expenses			(1 914)					(1 914)
Change in Accounting Policy – adoption of AC133							(581 979)	(581 979)
Equity component of convertible loan notes (refer to Note 19)						164 018		164 018
Issuance costs relating to equity component						(8 995)		(8 995)
Foreign exchange loss on translation					(12 622)			(12 622)
Profit for the year							370 905	370 905
Balance at 30 June 2003	184 222 073	5 000 000	2 184 437	500	5 070	155 023	(1 888 964)	456 066
Issued shares for cash[2]	41 463 639		775 653					775 653
Staff options issued	978 053		8 733					8 733
Share issue expenses			(6 536)					(6 536)
Acquisition of subsidiaries	6 643 902		106 768					106 768
Issuance costs relating to equity component						(1 019)		(1 019)
Foreign exchange loss on translation					(59 178)			(59 178)
Loss for the year							(716 430)	(716 430)
Balance at 30 June 2004	**233 307 667**	**5 000 000**	**3 069 055**	**500**	**(54 108)**	**154 004**	**(2 605 394)**	**564 057**

	Number of ordinary shares	Number of cumulative preference shares	Share capital R'000	Cumulative preference share capital R'000	Non-distributable reserves[1] R'000	Equity portion of convertible loan notes R'000	Accumulated (loss)/profit R'000	Total R'000
Company								
Balance at 1 July 2002	177 173 485	5 000 000	2 097 720	500	45 980	–	(915 133)	1 229 067
Issued shares for cash	4 794 889		68 027					68 027
Staff options issued	2 253 699		20 604					20 604
Share issue expenses			(1 914)					(1 914)
Equity component of convertible loan notes (refer to Note 19)						164 018		164 018
Issuance costs relating to equity component						(8 995)		(8 995)
Foreign exchange loss on translation					(10 019)			(10 019)
Loss for the year							(1 004 722)	(1 004 722)
Balance at 30 June 2003	184 222 073	5 000 000	2 184 437	500	35 961	155 023	(1 919 855)	456 066
Issued shares for cash[2]	41 463 639		775 653					775 653
Staff options issued	978 053		8 733					8 733
Share issue expenses			(6 536)					(6 536)
Acquisition of subsidiaries	6 643 902		106 768					106 768
Issuance costs relating to equity component						(1 019)		(1 019)
Foreign exchange loss on translation					(48 007)			(48 007)
Loss for the year							(721 768)	(721 768)
Balance at 30 June 2004	**233 307 667**	**5 000 000**	**3 069 055**	**500**	**(12 046)**	**154 004**	**(2 641 623)**	**569 890**

[1] Non-distributable reserves comprise foreign exchange differences arising on translation of foreign subsidiaries.
[2] Included in the issued shares for cash are approximately 24.4 million shares to the value of R435.5 million which were used for the acquisition of the Porgera Joint Venture. Approval was obtained from the JSE to deem these shares to be a vendor placing.

CASH FLOW STATEMENTS for the year ended 30 June 2004

Group 2003 R'000	Group 2004 R'000		Note	Company 2004 R'000	Company 2003 R'000
		CASH FLOWS FROM OPERATING ACTIVITIES			
2 408 598	**2 192 142**	Cash received from sales of precious metals		**–**	–
(2 488 611)	**(2 168 839)**	Cash paid to suppliers and employees		**(56 364)**	(161 905)
(80 013)	**23 303**	Cash generated by/(applied to) operations	A	**(56 364)**	(161 905)
6 872	**34 238**	Investment income		**32 188**	8 121
(39 498)	**(29 646)**	Finance costs paid		**(32 030)**	(32 040)
(4 268)	**(28 128)**	Taxation paid		**–**	–
(274 471)	**(171 924)**	Payment arising from derivative instruments		**–**	–
(391 378)	**(172 157)**	Net cash outflow from operating activities		**(56 206)**	(185 824)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(68 150)	**(66 686)**	Net (purchase)/proceeds on sale of investments		**(62 887)**	126
(121 483)	**(185 732)**	Additions to mining assets		**(30)**	(186)
32 550	**23 439**	Proceeds on disposal of mining assets		**–**	9 762
		Decrease in amounts owing to/from subsidiaries		**(881 118)**	(303 483)
		Increase in investment in wholly-owned subsidiary		**–**	(51 951)
80 736	**(430 940)**	Cashflow on (acquisition)/disposal of subsidiaries and joint venture, net of cash disposed of	C	**–**	–
(1 704)	**(2 000)**	Contributions to environmental rehabilitation trust fund		**–**	–
(78 051)	**(661 919)**	Net cash outflow from investing activities		**(944 035)**	(345 732)
		CASH FLOWS FROM FINANCING ACTIVITIES			
88 631	**784 386**	Proceeds from the issue of shares		**784 387**	88 631
627 778	**(4 386)**	Proceeds (costs on)/from the issue of the convertible loan note		**(4 386)**	627 778
(184 172)	**(112 759)**	Repayment of long-term liabilities		**17 350**	–
(1 914)	**(6 536)**	Share issue expenses		**(6 536)**	(1 914)
530 323	**660 705**	Net cash inflow from financing activities		**790 815**	714 495
60 894	**(173 371)**	**NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS**		**(209 426)**	182 939
241 816	**302 710**	Cash and cash equivalents at the beginning of the year		**214 142**	31 203
–	**82**	Foreign exchange movements in opening balances		**–**	–
302 710	**129 421**	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**	B	**4 716**	214 142

NOTES TO THE CASH FLOW STATEMENTS for the year ended 30 June 2004

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		A. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED BY/(APPLIED TO) OPERATIONS		
374 180	**(242 072)**	(Loss)/profit before taxation	**(721 768)**	(1 004 722)
		Adjusted for:		
12 806	**23 837**	Movement in provision for environmental rehabilitation	**(209)**	2 770
105 675	**204 590**	Depreciation and amortisation	**11 264**	11 415
38 484	**41 325**	Non-cash movement in provisions	**2 442**	1 243
631	**–**	Amortisation of restraint of trade balance	**–**	631
133 001	**108 770**	Asset impairment and diminution in investments	**698 274**	1 010 784
15 929	**–**	Movement in fair value of listed investments	**–**	–
(15 663)	**(52)**	Profit on sale of assets	**–**	(9 759)
43 674	**–**	Share of results of associates	**–**	–
(89 333)	**–**	Profit on sale of subsidiary	**–**	–
(99 649)	**(17 854)**	Unrealised foreign exchange profits on translation	**(63 477)**	(98 195)
(1 376)	**–**	Profit on sale of listed investment	**9**	–
39 498	**41 935**	Finance costs	**42 197**	32 040
(377 268)	**8 362**	Unrealised loss/(profit) on derivative instrument	**(1 132)**	13 582
(17 730)	**(130 849)**	Investment income	**(33 327)**	(9 339)
11 331	**(6 900)**	Movement in gold in process	**–**	–
1 368	**584**	Provision for bad debts	**250**	421
175 558	**31 676**	Operating profit/(loss) before working capital changes	**(65 477)**	(49 129)
(255 571)	**(8 373)**	*Working capital changes*:	**9 113**	(112 776)
(175 478)	**44 638**	Accounts receivable	**21 228**	(91 814)
879	**31 460**	Inventories	**(84)**	(16)
(80 972)	**(84 471)**	Accounts payable and accrued liabilities	**(12 031)**	(20 946)
(80 013)	**23 303**	Cash generated by/(applied to) operations	**(56 364)**	(161 905)
		B. CASH AND CASH EQUIVALENTS		
		Cash and cash equivalents comprise cash on hand, demand deposits, metals on consignment and highly liquid investments with an original maturity of three months or less.		
331 820	**140 894**	Cash and cash equivalents	**7 536**	235 423
(29 110)	**(11 473)**	Bank overdrafts	**(2 820)**	(21 281)
302 710	**129 421**		**4 716**	214 142

Group 2003 R'000	Group **2004 R'000**		Company **2004 R'000**	Company 2003 R'000
		C. CASHFLOW ON (ACQUISITION)/DISPOSAL OF SUBSIDIARIES AND JOINT VENTURE NET OF CASH DISPOSED OF		
		Sale of Crown Gold Recoveries (Pty) Limited – 1 July 2002		
		On 1 July 2002 the Company sold 60% of its fully owned subsidiary company Crown Gold Recoveries (Pty) Limited to Khumo Bathong Holdings (Pty) Limited in a transaction consistent with our black economic empowerment strategy. In the prior year, the results of this company had been consolidated into the results of the Group. Effective 1 July 2002, our remaining 40% interest has been treated as an investment in an associate and equity accounted		
136 337		Mining assets – net book value		
2 000		Non-current investment		
15 352		Inventories		
9 373		Accounts receivable		
24 795		Cash and cash equivalents		
4 695		Environmental rehabilitation trust fund		
(20 988)		Provision for environmental rehabilitation		
(76 092)		Long-term liabilities		
(57 139)		Accounts payable and provisions		
(11)		Taxation payable		
38 322		Total Net Book Value at date of sale		
22 993		60% thereof		
(6 795)		Fair value adjustment at group level – mining assets		
16 198				
105 531		Proceeds from the sale		
89 333		Profit on disposal of 60% Interest		
105 531		Proceeds from the sale of 60%		
(24 795)		Less cash and cash equivalents in subsidiary sold		
80 736		Net cash flow on sale of subsidiary		

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		C. CASHFLOW ON (ACQUISITION)/DISPOSAL OF SUBSIDIARIES AND JOINT VENTURE NET OF CASH DISPOSED OF (continued)		
		Acquisition of Net-Gold Services Limited		
		With effect from 28 April 2004, the Group acquired 50.25% of the shares of Net-Gold Services Limited. This entity brokers the payment of purchases made by subscribers, through settlement in gold. Included in the acquisition is a call and put option to exchange the Group's shareholding in Net-Gold Services Limited for 523.26 shares in G.M. Network Limited (GoldMoney.com). These options are valid up to 31 December 2007.		
		The fair value of the assets acquired was as follows:		
	6 680	Inventories		
	281	Accounts receivable		
	8 901	Cash and cash equivalents		
	(4 230)	Accounts payable and provisions		
	11 632	Total fair value at time of acquisition		
	5 845	50.25% thereof		
	7 071	Goodwill arising on acquisition		
	12 916	Consideration		
	(8 901)	Less cash and cash equivalents of acquired entity		
	4 015	Net consideration		
	4 015	Settled by way of cash and cash equivalents		

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		C. CASHFLOW ON (ACQUISITION)/DISPOSAL OF SUBSIDIARIES AND JOINT VENTURE NET OF CASH DISPOSED OF (continued)		
		Acquisition of Porgera Joint Venture		
		With effect from 14 October 2003 the Group acquired the shares in Orogen Minerals (Porgera) Limited, or OMP, and Mineral Resources Porgera Limited, or MRP. The transaction was affected through the amalgamation of OMP, MRP and the Company's wholly-owned subsidiary, Dome Resources (PNG) Limited subsequently renamed DRD (Porgera) Limited. This resulted in the Company acquiring a 20% interest in the Porgera Joint Venture in Papua New Guinea.		
	448 605	Mining assets – net book value		
	195 619	Non-current inventory		
	66 818	Inventories		
	21 344	Accounts receivable		
	8 571	Cash and cash equivalents		
	13 194	Taxation receivable		
	(25 888)	Provision for environmental rehabilitation		
	(46 810)	Accounts payable and provisions		
	(139 189)	Deferred mining and income tax		
	542 264	Total fair value at time of acquisition		
	(8 571)	Less cash and cash equivalents of acquired entity		
	533 693	Net consideration		
	106 768	Settled by way of shares issued		
	426 925	Settled by way of cash and cash equivalents		
		Acquisition of Fortis Limited		
		With effect from 21 May 2004, the Group acquired the shares in Fortis Limited, a company which provides worker compensation insurance to the Tolukuma Mine, in Papua New Guinea		
	4 470	Cash and cash equivalents		
	4 470	Total net book value at time of acquisition		
	(4 470)	Less cash and cash equivalents of acquired entity		
	–			
		Total net cash flow on acquisition of subsidiary and joint venture		
	4 015	Net-Gold Services Limited		
	426 925	Porgera Joint Venture		
	–	Fortis Limited		
	430 940			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2004

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared on the historical cost accounting basis, as modified by the revaluation of certain financial instruments to fair value.

The following accounting policies adopted by the Group are in accordance with South African Statements of Generally Accepted Accounting Practice and are consistent with those applied in the previous year, except for the adoption of South African Accounting Standard IFRS3 (AC 140): Business Combinations details of which are set out below.

The financial statements are presented in Rands ('000s) and cover the year ended 30 June 2004.

Change in accounting policies

The Group applied IFRS3 (AC 140): Business Combinations to business combinations for which the agreement date was on or after 31 March 2004. The statement was applied prospectively and no adjustment was made to comparative information presented. The adoption of this statement did not have a material impact on the results of the Group for the year under review.

For the year ended 30 June 2003, the Group adopted AC 133: "Financial Instruments: Recognition and Measurement" in respect of derivative financial instruments. A net adjustment of R582.0 million was made to opening shareholders' equity, comprising an adjustment of R249.4 million to the deferred tax opening balance, and R831.4 to the opening balance of derivative financial liabilities to account for the impact of the Group's derivative financial instruments at the beginning of the year.

Consolidation

The Group annual financial statements incorporate the annual financial statements of the Company, its wholly-owned subsidiaries, their associated environmental rehabilitation trust funds, associates and its proportionate interest in joint ventures. The results of the subsidiaries and joint ventures are included from the date on which effective control was acquired up to the date control ceased to exist.

All significant inter-company transactions and balances have been eliminated. Unrealised profits that arise between Group entities are also eliminated.

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

Investments in associates

Investments in associates are accounted for using the equity method of accounting. An associate is an entity over which the Group exercises significant influence, but which it does not control.

Equity accounting involves recognising in the income statement the Group's share of the associate's profit or loss after tax for the year. The Group's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes the unamortised portion of goodwill on acquisition. Adjustments for impairment in value are recorded when they occur.

Investments in joint ventures

A joint venture is an entity in which the Group holds a long-term interest and which is jointly controlled by the Group and one or more other venturers under a contractual arrangement. The Group's interest in a jointly controlled entity is accounted for using proportionate consolidation.

Goodwill

Goodwill represents the excess of the purchase consideration over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired subsidiary, associate or joint venture at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries, associates or joint ventures before 31 March 2004 is reported in the balance sheet as an asset and is amortised using the straight-line method over its estimated useful life, not exceeding twenty years.

Goodwill arising before 31 March 2004 is carried at cost less any accumulated amortisation. The carrying amount of goodwill is reviewed annually and written down for impairment where considered necessary.

Goodwill arising on business combinations with an agreement date on or after 31 March 2004 is not amortised but subject to an annual impairment test.

Mining assets

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

Recoverability of the mining assets of the Group's operating mines, which include development costs, is reviewed annually. Estimated future net cash flows for each mine are calculated using estimates of proven and probable ore reserves, estimated future sales (considering historical and current prices, price trends and related factors), cash working costs, development costs and rehabilitation costs. Reductions in the carrying value of the mining assets of the Group's mines are recorded to the extent that the carrying value 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.

Borrowing costs

Interest on borrowings utilised to finance qualifying capital projects under construction is capitalised during the construction phase as part of the cost of the project. Other borrowing costs are expensed as incurred. No borrowing costs were capitalised in the 2004 or 2003 financial years.

Financial instruments

Financial instruments recognised on the balance sheet include investments, derivative instruments, accounts receivable, cash and cash equivalents, long-term and short-term liabilities, accounts payable, bank overdrafts and accrued liabilities.

Financial instruments are initially measured at cost, including transaction costs, when the Group becomes a party to the contractual arrangements. The subsequent measurement of financial instruments is dealt with in the individual policy statements associated with the relevant item.

Investments

Investments comprise investments in listed and unlisted companies, which are classified as "held for trading" and are accounted for at fair value or at cost where fair value cannot be reliably measured. Realised and unrealised investment gains and losses are included in earnings for the relevant period.

Derivative instruments

Under AC133: "Financial Instruments: Recognition and Measurement", all derivative instruments that are not exempt from AC133, are recognised on the balance sheet at their fair value. At the inception of a derivative contract, the Group designates the contract as 1) a hedge of the fair value of a recognised asset or liability (fair value hedge), 2) a hedge of a forecasted transaction (cash flow hedge), 3) a hedge of a net investment in a foreign entity or 4) a derivative and is measured at fair value. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting.

The Group does not currently hold or issue derivative instruments for trading or speculative purposes.

Changes in fair value of a derivative that is highly effective, and that is designated and qualifies as a fair value hedge are recorded in earnings, along with the change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in fair value of a derivative that is highly effective, and that is designated as a cash flow hedge, are recognised directly in shareholders' equity. Amounts deferred in shareholders' equity are included in earnings in the same periods during which the hedged firm commitment or forecasted transaction affects earnings.

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges.

Changes in the fair value of derivatives that are not designated as hedges or that do not qualify for hedge accounting are recognised in the income statement.

As at 30 June 2004, the Group's derivative instruments are deemed to be "held for

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2004

trading" as they currently do not meet hedge accounting criteria.

Accounts receivable
Accounts receivable are carried at anticipated realisable value. Estimates are made for impairments. Irrecoverable amounts are written off during the year in which they are identified.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, demand deposits, metals on consignment and highly liquid investments with an original maturity of three months or less.
The carrying amount of cash and cash equivalents is stated at cost, which approximates fair value.

Financial liabilities
Financial liabilities, other than trading financial liabilities and derivatives, are subsequently measured at amortised cost being the original obligation less principal payments and amortisations. Trading financial liabilities and derivatives are subsequently measured at fair value.

Convertible loan notes
On the issue of convertible instruments, the fair value of the conversion option is determined. This amount is recognised and presented separately in shareholders' equity. The Group does not recognise any change in the value of this option in subsequent periods. The obligation to make future payments of principal and interest to noteholders is calculated using a market interest rate for an equivalent non-convertible note and is carried as a long-term liability on the amortised cost basis until extinguished on conversion or maturity of the notes.

Inventories
Gold in process is stated at the lower of cost and net realisable value. Costs are assigned to gold in process on an average cost basis. Costs comprise all costs incurred to the stage immediately prior to smelting, including costs of extraction and processing. Selling, refining and general administration costs are excluded from inventory valuation.

Consumable stores are stated at the lower of cost or net realisable value.

Non-current inventory comprises ore stockpile. These in-process inventories are measured on the absorption cost method and valued at the lower of average production cost and net realisable value, after a reasonable allowance for further processing costs.

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 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
Estimated rehabilitation costs, which are based on the Company's interpretation of current environmental and regulatory requirements, are accrued based on present obligations as environmental damage is incurred. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

Based on current environmental regulations and known rehabilitation requirements, management has included its best estimate of these obligations in its rehabilitation accrual. However, it is reasonably possible that the Company's estimates of its ultimate rehabilitation liabilities could change as a result of changes in regulations or cost estimates.

Annual contributions are made to dedicated rehabilitation trust funds to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine.

Provisions
Provisions are recognised when the Group has a present obligation, legal or constructive, resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Revenue recognition
Gold bullion revenue (and revenue from related by-products) is recognised when it is delivered to the relevant refinery, at which stage all risks and rewards of ownership pass from the Group.

Dividends are recognised when the right to receive payment is established. Interest is recognised on a time proportion basis taking account of the principal outstanding and the effective rate to maturity on the accrual basis.

Retirement and other employee benefits

Pension plans, which are multi-employer plans in the nature of defined contribution plans, are funded through annual contributions.

In addition, the Group makes long service bonus payments (long-service awards) for certain eligible employees, based on qualifying ages and levels of service, and accrues the cost of such liabilities over the service life of the employees on an actuarial basis.

The Group contributes to a defined contribution multi-employer medical fund for current employees and certain retirees on an annually determined contribution basis. No contributions are made for employees retiring after 31 December 1996.

(Loss)/profit per share

(Loss)/profit per share is calculated based on the net (loss)/profit after taxation for the year divided by the weighted average number of ordinary shares in issue during the year. Headline (loss)/profit per share is calculated based on the (loss)/profit after taxation but before certain items of a capital nature. Diluted (loss)/profit per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on (loss)/profit per share.

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 as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade creditors and accrued liabilities. 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, which is the Group's functional currency, 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.

Comparative figures

Where necessary comparative figures have been reclassified to comply with the current year's disclosure.

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		2. REVENUE		
2 366 922	**2 161 738**	Gold revenue	**–**	–
41 676	**30 404**	By-product revenue	**–**	–
2 408 598	**2 192 142**	Total revenue	**–**	–
		3. (LOSS)/PROFIT FROM OPERATIONS INCLUDES THE FOLLOWING AMONGST OTHER:		
5 173	**6 685**	*Auditors' remuneration*	**4 540**	3 912
1 911	**3 233**	– audit fees – current year	**1 737**	814
653	**1 684**	– underprovision – prior year	**1 588**	796
2 508	**1 722**	– fees for other services	**1 215**	2 302
101	**46**	– expenses	**–**	–
14 933	**14 683**	Management, technical, administrative and secretarial service fees	**9 533**	11 921
		Staff costs		
		Included in staff costs are:		
877 812	**788 125**	– Salaries and wages	**24 936**	11 021
13 599	**54 946**	– Retrenchment and restructuring costs	**–**	4 911
57 552	**59 990**	– Pension fund contributions	**–**	–
		Income from subsidiaries:		
		– administration and management fees	**(50 100)**	(35 592)
(15 663)	**382**	Loss/(profit) on sale of mining assets	**–**	(9 759)
133 001	**108 770**	*Impairments*	**698 274**	1 010 784
48 029	**(1 818)**	– mining assets	**–**	–
–	**(670)**	– other assets	**–**	–
–	**–**	– investments in and loans to subsidiaries	**611 667**	925 812
84 972	**88 855**	– loans to associates	**79 555**	84 972
–	**15 332**	– other loans	**7 052**	–
–	**7 071**	– goodwill		
–	**–**	*Operating lease*	**600**	600

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		4. DIRECTORS' EMOLUMENTS		
		Executive directors		
		Services rendered as directors of the Company		
12 924	**6 971**	Salaries and bonuses to directors	**6 971**	12 924
3 410	**–**	Retirement package	**–**	3 410
85	**–**	Restraint of trade payments amortised	**–**	85
–	**1 748**	Change in terms of employment payment (refer to page 53)	**1 748**	–
		Non-executive directors		
943	**925**	Directors' fees	**925**	943
17 362	**9 644**	Included in administration and general costs	**9 644**	17 362
		Executive directors		
15 496	**1 522**	Share options gains	**1 522**	15 496
		Non-executive directors		
2 146	**500**	Share options gains	**500**	2 146
35 004	**11 666**	Total emoluments	**11 666**	35 004
		5. INVESTMENT INCOME		
826	**–**	Dividends from listed investments	**–**	822
4 762	**1 539**	Dividends from unlisted investments	**104**	321
156	**298**	Royalties received	**298**	156
1	**766**	Sundry income	**–**	–
59 341	**31 201**	Interest received	**32 085**	67 634
1 376	**434**	Surplus on realisation of listed and unlisted investments	**–**	–
10 858	**7 594**	Growth in environmental rehabilitation trust funds	**1 139**	1 217
1 500	**–**	Option fee	**–**	500
37 107	**58 634**	Unrealised foreign exchange gain	**57 997**	36 886
(15 929)	**30 383**	Write up/(down) of investments	**–**	–
99 998	**130 849**		**91 623**	107 536

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2004

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		6. TAXATION CHARGE		
(3 041)	**(474 312)**	Mining tax	**–**	–
(234)	**–**	Share of tax of associates	**–**	–
(3 275)	**(474 312)**		**–**	–
		Comprising		
		South African		
(234)	**–**	Current tax – current year	**–**	–
–	**(1 540)**	– prior year	**–**	–
(167 196)	**(414 295)**	Deferred tax – current year	**–**	–
167 147	**–**	– prior year rate change	**–**	–
		Foreign		
–	**(26 796)**	Current tax – current year	**–**	–
–	**(22 646)**	– prior year	**–**	–
(2 992)	**(9 035)**	Deferred tax – current year	**–**	–
(3 275)	**(474 312)**		**–**	–

In South Africa, mining tax on mining income is determined based on a formula which takes into account the profit and revenue from a gold mining company during the year. Non-mining income, which consists primarily of interest, is taxed at a standard rate of 30%. The tax rates applicable to the mining and non-mining income of a gold mining company depends on whether the company has elected to be exempt from the Secondary Tax on Companies, or STC. STC is a tax on dividends declared, which is payable by the company declaring the dividend, and, at present, the STC tax rate is equal to 12.5%. In 1993, all existing gold mining companies had the option to elect to be exempt from STC. If the election was made, a higher tax rate would apply for both mining and non-mining income. In 2004 and 2003, the tax rates for taxable mining and non-mining income for companies that elected the STC exemption were 46% and 38%, respectively. During those same years the tax rates for companies that did not elect the STC exemption were 37% and 30%, for taxable mining and non-mining income, respectively.

Group			Company	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000
		6. TAXATION CHARGE (continued)		
		In 1993, the Company elected not to be exempt from STC, as this would have meant that the Company would be subject to normal taxation at the higher rates of 46% for mining income and 38% for non-mining income. The Company, having chosen not to be subject to the STC exemption, is subject to 37% tax on mining income and 30% for non-mining income. With the exception of Blyvoor, all of the South African subsidiaries elected to be subject to the STC exemption.		
		South African deferred tax is provided at the estimated effective mining rate applicable in terms of the mining tax formula to the relevant operations at either 37% or 46% (2003: 37% or 46%), while the Australian deferred tax is provided at the Australian statutory tax rate of 30% (2003: 30%).		
		Each company is taxed as a separate entity and no tax set-off is allowed between the companies.		
		No provision has been made for income taxation in the company as it did not earn any taxable income in the current year.		
		Deferred tax assets totalling R414.3 million were reversed during the year, as the Group companies in which they were held were making losses and some doubt existed as to whether the related tax benefit will be realised.		
518 683	**389 300**	Unredeemed capex at year-end (available for deduction against future mining income)	**132 293**	135 756
1 021 564	**1 436 618**	Estimated tax losses at year-end (available to reduce the future taxable income)	**103 305**	184 013
(782 035)	**(1 307 989)**	Applied to reduce deferred tax	**–**	–
758 212	**517 929**	Tax losses and unredeemed capex carried forward	**235 598**	319 769
315 477	**187 578**	Estimated future tax relief at applicable statutory rate	**70 679**	95 931

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		6. TAXATION CHARGE (continued)		
		Tax reconciliation		
		Major items causing the Group's income tax provision to differ from the applicable statutory rates were:		
(140 600)	**97 658**	Taxation benefit/(charge) on net income at applicable statutory rates		
–	**(414 295)**	Reversal of deferred tax asset previously recognised		
(3 259)	**(131 693)**	Temporary difference for which deferred tax assets not recognised		
(89 703)	**(4 911)**	Disallowable expenditure		
64 122	**3 116**	Exempt income		
–	**(24 187)**	Additional tax expense relating to the prior year		
167 147	**–**	Rate change in rate at which deferred tax recognised		
(234)	**–**	Share of tax of associates		
(748)	**–**	Other		
(3 275)	**(474 312)**	**Taxation charge**		
		7. (LOSS)/PROFIT PER ORDINARY SHARE		
		Basic		
370 905	**(716 430)**	The calculation of (loss)/profit per ordinary share is based on the (loss)/profit for the year attributable to ordinary shareholders of (R'000)		
		Headline		
		The basic (loss)/profit has been adjusted by the following to arrive at a headline (loss)/profit:		
370 905	**(716 430)**	Basic (loss)/profit attributable to ordinary shareholders		
48 029	**5 253**	Impairments of mining assets and goodwill		
(15 663)	**382**	Loss/(profit) on sale of mining assets		
(89 333)	**–**	Profit on sale of subsidiary		
313 938	**(710 795)**	Headline (loss)/profit attributable to ordinary shareholders		
		Diluted		
370 905	**(716 430)**	Basic (loss)/profit attributable to ordinary shareholders		
27 452	**33 587**	Interest paid on convertible loan notes		
398 357	**(682 843)**	Diluted basic (loss)/profit		
(56 967)	**5 635**	Headline earnings adjustments		
341 390	**(677 208)**	Diluted headline (loss)/profit attributable to ordinary shareholders		

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		7. (LOSS)/PROFIT PER ORDINARY SHARE (continued)		
		Reconciliation of weighted average ordinary shares to diluted weighted average ordinary shares		
Number	**Number**			
183 300 665	**216 509 843**	Weighted number of average issued ordinary shares		
2 943 230	**621 713**	Number of staff options allocated		
14 827 839	**17 600 000**	Convertible loan notes		
201 071 734	**234 731 556**	Diluted weighted average number of ordinary shares		
202	**(331)**	Basic (loss)/profit per ordinary share (cents)		
171	**(328)**	Headline (loss)/profit per ordinary share (cents)		
198	**(331)**	Diluted basic (loss)/profit per ordinary share (cents)		
170	**(328)**	Diluted headline (loss)/profit per ordinary share (cents)		
		There is no dilution in loss per share for 2004 as the effect of dilutive securities in issue would be anti-dilutive, as the Group recorded a loss for the year.		
		8. MINING ASSETS		
		Mining properties, mineral rights, mine development and mine plant facilities		
1 650 865	**2 032 368**	Cost	**426 994**	426 964
1 907 371	**1 650 865**	Opening balance	**426 964**	426 781
–	**422 716**	Acquired through purchase of subsidiaries	**–**	–
121 483	**185 732**	Additions	**30**	186
(16 887)	**(24 013)**	Disposals	**–**	(3)
(312 796)	**–**	Disposed through sale of subsidiary	**–**	–
(48 306)	**(202 932)**	Foreign exchange movement	**–**	–
1 077 126	**1 115 383**	Accumulated depreciation and amortisation	**385 384**	374 120
1 141 844	**1 077 126**	Opening balance	**374 120**	362 705
–	**–**	Acquired through purchase of subsidiaries	**–**	–
48 029	**(1 818)**	Impairment of assets	**–**	–
104 929	**199 427**	Current depreciation and amortisation	**11 264**	11 415
–	**(626)**	Disposals	**–**	–
(183 929)	**–**	Disposed through sale of subsidiary	**–**	–
(33 747)	**(158 726)**	Foreign exchange movement	**–**	–
573 739	**916 985**	Net book value	**41 610**	52 844

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		8. MINING ASSETS (continued)		
		Decommissioning asset		
93 742	**132 412**	Cost	**7 951**	7 951
99 218	**93 742**	Opening balance	**7 951**	7 951
–	**25 888**	Acquired through purchase of subsidiaries	**–**	–
–	**17 512**	Additions	**–**	–
(4 996)	**–**	Disposed through sale of subsidiary	**–**	–
(480)	**(4 730)**	Foreign exchange movement	**–**	–
88 953	**93 346**	Accumulated amortisation	**7 951**	7 951
92 858	**88 953**	Opening balance	**7 951**	7 951
746	**5 163**	Current amortisation	**–**	–
(4 322)	**–**	Disposed through sale of subsidiary	**–**	–
(329)	**(771)**	Foreign exchange movement	**–**	–
4 789	**39 066**	Net book value	**–**	–
578 528	**956 051**	Total assets net book value	**41 610**	52 844

Included in net book value is an amount of R22 million (2003: R33 million) in respect of Argonaut's mineral rights not yet in use acquired from Randgold & Exploration Company Limited in 1997. The value of the mineral rights is being written off over a five-year period and the remaining value of the mineral rights will be written down in full over the next two years.

Certain assets have been encumbered as security for specified liabilities (refer Note 19).

In assessing the recoverability of the assets where possible impairment is indicated, the estimated cash flows have been calculated using the following estimates:
- recoverable proven and probable reserves;
- sales price estimates are based on a sales price estimate of R83 370 per kilogram of gold (US$400 per ounce) and a base exchange rate of R6.48 = US$1.00, with the rand weakening in future years based on the expected differential between the local South African interest rate over the United States interest rate in those years;
- working cost estimates are based on current working costs per kilogram at 30 June 2004, escalated for expected South African inflationary increases of approximately 6% per annum; and
- 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 6% per annum.

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		9. NON-CURRENT INVESTMENTS AND OTHER ASSETS		
59 213	**77 387**	*Listed investments (see below)*	**–**	–
1 063	**59 213**	Opening balance	**–**	–
2 688	**(12 209)**	Exchange differences	**–**	–
71 792	**–**	Additions	**–**	–
(401)	**–**	Disposals	**–**	–
(15 929)	**30 383**	Mark-to-market adjustment	**–**	–
12 889	**15 006**	*Unlisted investments*	**1 107**	1 138
133 736	**143 330**	*Investments in environmental rehabilitation trust funds*	**12 975**	9 836
125 928	**133 736**	Opening balance	**9 836**	8 619
(4 695)	**–**	Disposed through sale of subsidiary	**–**	–
1 704	**2 000**	Contributions	**2 000**	–
10 858	**7 594**	Growth in environmental rehabilitation trust funds	**–**	1 217
(59)	**–**	Rehabilitation payments from fund	**1 139**	–
205 838	**235 723**	Total non-current investments and other assets	**14 082**	10 974
12 889	**15 006**	Directors' valuation of the unlisted investments	**1 107**	1 451

Listed investments consist of:

Detail	**% held**	**Number of shares**	**Market value 2004 R'000**	**Carrying value 2004 R'000**	**Carrying value 2003 R'000**
Drillsearch Energy Limited	#	1 820 000	**433**	**433**	499
Emperor Mines Limited[1]	19.78%	22 208 038	**76 901**	**76 901**	58 654
Startrack Communications Limited	#	1 125 000	**44**	**44**	50
Cape Tel Limited	#	100 000	**9**	**9**	10
			77 387	**77 387**	59 213

Represents a less than 1% shareholding.

[1] Shareholding increased to 45.33% on 30 July 2004.

The monies in the environmental rehabilitation trust funds are invested primarily in interest-bearing securities and equity-limited unit trusts and may be used only for environmental rehabilitation purposes.

Unlisted investments comprise investments in various unlisted companies in South Africa for which a fair value is not readily determinable.

The directors of the Company perform independent valuations of these unlisted investments on an annual basis to ensure that no significant decline, other than of a temporary nature, in value of the investments has occurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2004

Group 2003 R000	Group 2004 R000		Company 2004 R000	Company 2003 R000
		10. INVESTMENTS IN SUBSIDIARIES		
		Shares at cost, less provisions for diminution	**488 747**	543 541
		Amounts owing by subsidiaries, less provision for diminution	**651 082**	282 905
			1 139 829	826 446
		Amounts owing to subsidiaries	**223 507**	237 411
		Net investment in subsidiaries	**916 322**	589 035
		The interest of the Company in the (loss)/profit after taxation of its subsidiaries is:		
		Aggregate losses	**(141 601)**	(42 721)
		Aggregate profits	**222 241**	658 557
		A schedule showing the Company's financial interest in each subsidiary is given in the Directors Report on page 54		
		11. INVESTMENT IN ASSOCIATE		
–	**–**	Opening carrying amount	**–**	–
43 908	**–**	Acquired during year through the sale of a subsidiary company	**–**	–
(43 908)	**–**	Net share of loss in associate	**–**	–
(43 674)	**–**	Share of results before tax	**–**	–
(234)	**–**	Share of tax (refer to Note 6)	**–**	–
–	**–**	Closing carrying amount	**–**	–
33 500	**–**	Directors' valuation of shares	**–**	–

Group 2003 R000	Group 2004 R000		Company 2004 R000	Company 2003 R000
		11. INVESTMENT IN ASSOCIATE (continued)		
		The Group's effective share of income, expenses, assets, liabilities and cash flows of the associate, is as follows:		
		Income statement		
		Revenue	**257 444**	228 758
		Cost of sales	**(260 114)**	(233 123)
		Operating profit from gold	**(2 670)**	(4 365)
		Other income, administration and general costs	**(97 248)**	(54 513)
		Loss before taxation	**(99 918)**	(58 878)
		Balance sheet		
		Non-current assets	**43 430**	89 156
		Current assets	**21 369**	32 434
		Total assets	**64 799**	121 590
		Shareholders' equity	**(238 798)**	(138 815)
		Non-current liabilities	**215 550**	162 891
		Current liabilities	**88 047**	97 514
		Total equity and liabilities	**64 799**	121 590

		The principal associates are:	**Country of incorporation**	**% interest held**
		Crown Gold Recoveries (Pty) Limited	South Africa	40%

On 1 July 2002 the Company sold 60% of its wholly owned subsidiary company, Crown Gold Recoveries (Pty) Limited (CGR) to Khumo Bathong Holdings (Pty) Limited (KBH) in a deal consistent with its black economic empowerment strategy. Previously, the results of CGR had been consolidated into the results of the Group. Effective 1 July 2002 DRD's remaining 40% interest has been treated as an investment in an associate and has been equity accounted for. In 2004 the Company impaired loans to Crown Gold Recoveries (Pty) Limited totalling R79.6 million (R88.9 million at Group level).

	2004 percentage held
12. INVESTMENT IN JOINT VENTURE	
The joint venture for which the income statement and balance sheet has been proportionately consolidated is as follows:	
Porgera Joint Venture	**20%**
The Group acquired a 20% interest in the unincorporated Porgera Joint Venture in Papua New Guinea on 14 October 2003. Accordingly no comparative information is disclosed.	

	2004 R'000
The Group's effective share of income, expenses, assets, liabilities and cash flows of the joint venture, which is included in the consolidated financial statements, is as follows:	
Income statement	
Revenue	**418 032**
Cost of sales	**(211 048)**
Operating profit from gold	**206 984**
Administration and general costs	**(44 688)**
Profit before taxation	**162 296**
Balance sheet	
Non-current assets	**796 922**
Current assets	**64 511**
Total assets	**861 433**
Shareholders' equity	**828 156**
Non-current liabilities	**4 118**
Current liabilities	**29 159**
Total equity and liabilities	**861 433**
Cash flow statement	
Cash flow from operating activities	**201 551**
Cash flow from investing activities	**(200 281)**
Cash flow from financing activities	**–**
Net increase in cash and cash equivalents	**1 270**

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		13. GOODWILL		
–	**7 071**	Goodwill arising on acquisition of Net-Gold Services Limited		
–	**(7 071)**	Impairment of goodwill		
–	**–**			
		14. INVENTORIES		
13 565	**20 445**	Gold in process	**–**	–
45 535	**83 048**	Consumable stores	**100**	16
–	**200 836**	Ore stock piles (Porgera Joint Venture)	**–**	–
59 100	**304 329**		**100**	16
–	**200 836**	Less: Non-current inventories	**–**	–
59 100	**103 493**		**100**	16
		15. DEFERRED MINING AND INCOME TAXES		
		Balances arose from the following types of temporary differences:		
(123 804)	**(169 272)**	Mining assets	**27 205**	–
(5 538)	**(61 643)**	Inventories	**–**	–
39 068	**61 470**	Provisions, including rehabilitation provision	**7 366**	–
356 711	**37 038**	Estimated assessed losses	**(34 571)**	–
147 858	**(48)**	Other	**–**	–
414 295	**(132 455)**	Net deferred mining and income tax (liability)/asset	**–**	–
414 295	**–**	Disclosed under non-current assets	**–**	–
–	**(132 455)**	Disclosed under non-current liabilities	**–**	–
414,295	**(132,455)**		**–**	–
		Reconciliation between deferred taxation opening and closing balances:		
168 294	**414 295**	Opening balance	**–**	–
(377)	**15 769**	Foreign exchange movement	**–**	–
–	**(139 189)**	Deferred tax of subsidiaries acquired	**–**	–
(170 189)	**(423 330)**	Income statement credit in current year	**–**	–
249 420	**–**	Change in accounting policy – AC 133 adjustment against opening balance	**–**	–
167 147	**–**	Rate change	**–**	–
414 295	**(132 455)**	Closing balance	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2004

Group 2003 R'000	Group 2004 R'000			Company 2004 R'000	Company 2003 R'000
		16. DERIVATIVE INSTRUMENTS			
(230 841)	**(19 387)**	Gold for electricity contract	a	**–**	–
49 025	**–**	Call positions bought	b	**–**	–
(13 582)	**(12 450)**	Interest rate swap agreement	c	**(12 450)**	(13 582)
(195 398)	**(31 837)**			**(12 450)**	(13 582)
49 025	**51 569**	Disclosed under non-current assets		**–**	–
(244 423)	**(83 406)**	Disclosed under non-current liabilities		**(12 450)**	(13 582)
(195 398)	**(31 837)**			**(12 450)**	(13 582)

a) This amount comprises the fair value of the gold for electricity contract entered into by the Company. Changes in fair value have been recorded in the Income Statement. The fair value represents the difference between the contract price that was agreed on the date of the transaction and the forward price on 30 June 2004 (refer to Note 23 for further details of quantities and the timing of settlement). The negative R19.4 million reflects the fair value as at 30 June 2004 when the gold price was R2 451 per ounce against an average contract price of R2 256 per ounce. On 28 June 2004 the Company announced that it was to close out this hedge contract.

b) This amount reflects the fair value of call positions. These contracts were closed out during the year with no new positions entered into.

c) This amount reflects the fair value of the interest rate swap agreement that was entered into to manage the interest rate and currency risk on the bi-annual coupon payments of the convertible loan note. Changes in fair value have been recorded in the income statement. The fair value represents the difference between the fixed coupon rate of 6% per annum and the forward Johannesburg Interbank Acceptance Rate (JIBAR) plus 200 interest basis points together with the spot and forward US dollar exchange rate with reference to the coupon amount payable bi-annually. At 30 June 2004 the six month JIBAR rate was 8.313%. Refer to Note 23 for further details of quantities and the timing of settlement.

Group 2003 R000	Group 2004 R000		Company 2004 R000	Company 2003 R000
		17. SHAREHOLDERS' EQUITY		
		Details of shareholders' equity are provided in the Statement of Shareholders' Equity on page 60.		
		Share capital		
		Authorised		
		300 000 000 ordinary shares of no par value		
500	**500**	5 000 000 cumulative preference shares of 10 cents each	**500**	500
		Issued		
2 184 437	**3 069 055**	233 307 667 (2003: 184 222 073) ordinary shares of no par value	**3 069 055**	2 184 437
500	**500**	5 000 000 cumulative preference shares of 10 cents each	**500**	500
2 184 937	**3 069 555**		**3 069 555**	2 184 937

Unissued shares

The Company operates a share option scheme as an incentive tool for its executive directors, non-executive directors and senior employees whose skills and experience are recognised as being essential to the Company's performance. In terms of the scheme rules, a maximum of 15% of the issued ordinary shares is reserved for issuance there under and no participant may hold options at any time, which if exercised in full, would exceed 2% of our issued share capital at that time. The number of issued and exercisable share options is approximately 3.6% of the issued ordinary share capital which is within the international accepted guideline of 3 to 5% for such schemes. In addition, the participants in the Scheme are fully taxed at their maximum marginal tax rate on any gains realised on the exercise of their options.

On 12 November 2002 the Company issued at $66 million convertible loan notes (refer to Note 19). The notes are convertible into ordinary shares at a conversion price of $3.75 per share at the company's election, subject to adjustment in certain events.

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.

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		17. SHAREHOLDERS' EQUITY (continued)		

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 Argonaut's mineral rights acquired from Randgold & Exploration Company Limited in September 1997.

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 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 no later than five years from the date of issue.

18. PROVISION FOR ENVIRONMENTAL REHABILITATION

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		Provision for decommissioning		
128 360	**126 623**	Opening balance	**9 868**	9 868
(1 229)	**(1 331)**	Foreign exchange movements	**–**	–
(6 200)	**–**	Disposed through sale of subsidiary	**–**	–
5 692	**13 620**	Charge to the income statement	**–**	–
126 623	**138 912**	Closing balance	**9 868**	9 868
		Provision for restoration		
65 016	**57 342**	Opening balance	**21 299**	18 529
–	**(4 479)**	Foreign exchange movements	**–**	–
(14 788)	**25 888**	Acquired/(disposed) through purchase/(sale) of subsidiaries	**–**	–
–	**17 512**	Additional restoration asset raised	**–**	–
7 114	**10 217**	Charge to the income statement	**(209)**	2 770
57 342	**106 480**	Closing balance	**21 090**	21 299
183 965	**245 392**	Provision for environmental rehabilitation	**30 958**	31 167

Amounts have been contributed to irrevocable trusts (refer to Note 19).

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.

Group 2003 R'000	Group 2004 R'000		Company 2004 R'000	Company 2003 R'000
		19. LONG-TERM LIABILITIES		
		Secured		
42 864	**33 135**	a) Industrial Development Corporation	**–**	–
628	**–**	b) First National Bank Limited	**–**	–
4 926	**–**	c) Mineral Resources Development Company	**–**	–
263	**–**	d) Volvo Truck Finance	**–**	–
11 977	**–**	e) Bank of South Pacific Limited	**–**	–
		Unsecured		
374 558	**316 957**	f) Convertible loan notes	**316 957**	374 558
–	**17 350**	g) Investec Bank Limited	**17 350**	–
11 052	**–**	h) CAWMS post retirement medical liability	**–**	–
47 900	**–**	i) J Aron & Company	**–**	–
35 745	**–**	j) UBS AG	**–**	–
529 913	**367 442**		**334 307**	374 558
(142 435)	**(58 450)**	Less: payable within one year shown under current liabilities	**(42 199)**	(29 581)
387 478	**308 992**		**292 108**	344 977
		Long-term liability repayment schedule for capital amounts payable in the 12 months to:		
142 435	**–**	30 June 2004	**–**	29 581
53 959	**58 450**	30 June 2005	**42 199**	29 581
45 653	**41 099**	30 June 2006	**24 849**	29 581
287 866	**267 893**	30 June 2007	**267 259**	285 815
529 913	**367 442**		**334 307**	374 558
		Analysis of gross long-term liabilities by currency:		
17 166	**–**	Australian Dollar	**–**	–
374 558	**316 957**	United States Dollar	**316 957**	374 558
138 189	**50 485**	South African Rand	**17 350**	–
529 913	**367 442**		**334 307**	374 558
		Weighted average interest rates:		
%	**%**	**Secured liabilities**		
14.55	**10.5**	Mortgage loan and term loans	**–**	–
12.00	**–**	Lease agreements	**–**	–

Group			Company	
2003 %	**2004 %**		**2004 %**	2003 %
		19. LONG-TERM LIABILITIES (continued)		
		Unsecured liabilities		
8.74	**9.55**	Convertible loan notes	**8.74**	8.74
	10.95	Investec Bank Limited	**10.95**	
		Borrowing facilities		
		The Company has the following undrawn committed borrowing facilities		
R'000	**R'000**		**R'000**	R'000
		Floating rate		
22 136	**18 074**	Industrial Development Corporation	**–**	–
–	**82 650**	Investec Private Bank	**82 650**	–
22 136	**100 724**		**82 650**	–

a) On 18 July 2002, Blyvoor entered into a loan agreement with Industrial Development Corporation of South Africa for R65 million specifically for financing capital expenditures incurred by Blyvoor in completing the Blyvoor Expansion Project. The loan bears interest at 1% below the prime rate of First National Bank of Southern Africa Limited on overdraft. As of 30 June 2004, the interest rate on this loan stood at 10.5% per annum and R33.1 million had been drawn down. The loan is repayable in 48 monthly installments starting from September 2003. The loan is secured by a special notarial bond over the Blyvoor metallurgical plant.

The loan agreement prohibits us from disposing of or further encumbering the assets covered by the special notarial bond and places restrictions over our ability to change the business of Blyvoor.

Group			Company	
2003	**2004**		**2004**	2003
R'000	**R'000**		**R'000**	R'000

19. LONG-TERM LIABILITIES (continued)

b) A mortgage bond of R3 million was obtained by subsidiary, Stand 752 Parktown Extension (Pty) Limited in November 1998 in order to acquire the building which houses the Company's registered address and corporate offices. The loan was secured by a first covering mortgage bond over this property and a deed of suretyship signed by the Company. The mortgage loan bore interest at 0.75% below the prime lending rate offered by First National Bank of Southern Africa Limited on overdraft. Interest was calculated daily and compounded monthly in arrears. The loan was repayable over 60 months in monthly installments.
This bond was settled during the 2004 financial year.

c) On 19 November 1997, Dome Resources NL entered into a loan agreement with Mineral Resources Development Company (Proprietary) Limited, or MRDC, by which MRDC provided a loan of A$2.5 million to Tolukuma. The loan was to be repaid in four equal half-yearly installments, as per an amended agreement, with the first installment paid on 30 June 2002 and the last payable on 31 December 2003. Interest was payable at 9% per year and had been capitalised. The loan was secured by a lien on the assets of Tolukuma. The loan agreement provided that neither Dome nor Tolukuma may make dividend payments if such payments would have a material adverse effect on Tolukuma's ability to meet its obligations under the loan. The loan was guaranteed by Dome and was settled during the 2004 financial year.

d) In November 2000, a master finance lease agreement was entered into, with Volvo Truck Finance Australia (Pty) Limited, or Volvo, for the lease of two articulated dump trucks to transport ore from the mine at Tolukuma to the metallurgical plant. At the termination of the lease, the equipment was to be returned to Volvo. The initial value of the lease was R4 million. The principal was paid in 35 equal monthly installments. The lease bore interest at a rate of 12% per annum. This lease agreement was settled during the 2004 financial year.

Group			Company	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000

19. LONG-TERM LIABILITIES (continued)

e) In August 2001, Tolukuma, entered into a loan agreement with Bank of South Pacific Limited, or Bank of South Pacific. Under this loan agreement, Bank of South Pacific agreed to provide Tolukuma with a cash advance installment loan and/or a letter of credit facility. Tolukuma may request the provision of an advance, or the issue of a letter of credit in favour of Sandvik Tamrock (Pty) Limited to refinance its purchase, or to make payment on the purchase, of certain specific pieces of mining equipment described in the loan agreement.

The loan bore interest at a rate equal to Bank of South Pacific's "Indicator Lending Rate", which is published weekly, plus a margin of 4% per year. Interest was payable monthly in arrears. Principal payments were also made monthly in accordance with the payment schedule which Bank of South Pacific calculates from time to time.

The loan agreement required Tolukuma to maintain certain financial ratios, advise or seek the approval of Bank of South Pacific on capital expenditures above certain thresholds, and ensure that capital and exploration expenditures do not generate a negative cash flow. Additionally, without the consent of Bank of South Pacific, Tolukuma may not have incurred financial indebtedness or provide a guarantee of the financial indebtedness of another person, further encumber any of its property, except by operation of law, or dispose of or otherwise create an interest in any of its property other than in the ordinary course of its business. Tolukuma must also have notified Bank of South Pacific when it incurs any financial indebtedness, guarantees the financial indebtedness of another person, or issues any shares or alters its share capital. Also, Tolukuma had agreed not to repay any inter-company loans without first obtaining the written consent of Bank of South Pacific.

The loan was secured by fixed and floating charges over the assets of Tolukuma, Dome and Dome Resources (PNG) Limited, or Dome (PNG). Additionally, we, Dome and Dome (PNG) had guaranteed this loan.

Group			Company	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000

19. LONG-TERM LIABILITIES (continued)

Under our guarantee agreement with Bank of South Pacific, we guaranteed the payment and performance of Tolukuma of its obligations to Bank of South Pacific up to maximum of A$4.3 million. Also, our guarantee agreement restricted our ability to further encumber or dispose of our assets in Australia or Papua New Guinea, without approval from Bank of South Pacific. Our guarantee agreement also restricted our ability to receive funds from Tolukuma, enforce certain rights or claims against Tolukuma, take certain actions against Bank of South Pacific, and incur financial indebtedness with respect to our assets in Australia and Papua New Guinea. The guarantee agreements for Dome and Dome Resources (PNG) contained similar provisions but did not contain a monetary limit on exposure. This loan was settled during the 2004 financial year.

f) On 12 November 2002 we issued $66 000 000 of 6% Senior Convertible loan notes due 2006, in a private placement. We issued the notes at a purchase price of 100% of the principal amount thereof. If not converted or previously redeemed, the notes will be repaid at 102.5% of their principal amount plus accrued interest on the fifth business day following their maturity date in November 2006. The notes are convertible into our ordinary shares, or, under certain conditions, American Depositary Shares, or ADSs, at a conversion price of $3.75 per share or ADS, subject to adjustment in certain events. We are entitled to redeem the notes at their accredited value plus accrued interest, if any, subject to certain prescribed conditions being fulfilled, after 12 November 2005. We offered the notes only to qualified institutional buyers in reliance on Rule 144A of the Securities Act of 1933, as amended, or the Securities Act, and to non-U.S. persons in reliance on Regulation S under the Securities Act.

Group			Company	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000

19. LONG-TERM LIABILITIES (continued)

g) On 24 June 2004 Investec Bank Limited, or Investec, granted the Company a R100 million facility. Draw downs are to be made on the prescribed form and are at Investec's discretion. The facility bears interest at the three-month Johannesburg Interbank Acceptance Rate, or JIBAR, plus 300 interest basis points. Investec calls for payment by delivering a repayment notice. Upon receipt of the notice the Company may elect to repay the facility in cash or by the issue of Durban Roodepoort Deep, Limited shares. The balance owing was settled on 3 August 2004 through the issue of 1 370 886 shares in Durban Roodepoort Deep, Limited.

h) In September 2001 we voluntarily accepted liability for certain post-retirement medical benefits of employees who were members of various medical schemes arranged by the Company. The liability was payable over the next five years, bore no interest and was unsecured. This liability was settled during the 2004 financial year.

i) During the 4th quarter of 2002 the Company closed out its hedge position with J Aron & Company. This amount was payable over twelve months and was unsecured. The loan bore no interest and was settled during the 2004 financial year.

j) During the 4th quarter of 2002 the Company closed out its hedge position with UBS AG. This amount was payable over twelve months and was unsecured. The loan bore no interest and was settled during the 2004 financial year.

19. LONG-TERM LIABILITIES (continued)

The fair values of the liability component and the equity conversion component were determined on the issue of the notes. The fair value of the liability component, included in long-term liabilities net of unamortised raising costs, is calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.

In subsequent periods, the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on issue of the bonds and is not changed in subsequent periods.

Group 2003 R'000	Group **2004 R'000**		Company **2004 R'000**	Company 2003 R'000
487 402	**374 558**	Opening balance	**374 558**	487 402
(26 731)	**(3 366)**	Issuance costs capitalised to the liability during the year	**(3 366)**	(26 731)
4 187	**7 902**	Issuance costs amortised during the year	**7 902**	4 187
27 452	**29 715**	Interest expense	**29 715**	27 452
(19 555)	**(27 451)**	Interest paid	**(27 451)**	(19 555)
(98 197)	**(64 401)**	Foreign exchange gain	**(64 401)**	(98 197)
374 558	**316 957**	Closing balance	**316 957**	374 558

Borrowing powers

In terms of the Articles of Association of the Companies in the Group, the borrowing powers of the group shall not exceed the greater of R30 million or the aggregate of the issued and paid up capital together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves.

Group 2003 R'000	Group **2004 R'000**	
2 184 937	**3 069 555**	Issued and paid up share capital
–	**–**	Distributable reserves in credit balance
5 070	**–**	Non-distributable reserves in credit balance
2 190 007	**3 069 555**	
529 913	**367 442**	Currently utilised

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2004

20. PROVISIONS

2004	Opening balance	Acquired through purchase of subsidiaries	Additional provision made	Amounts used (incurred and charged to provision)	Amounts unused reversed	Translation difference	Closing balance
Group (R'000)							
Leave pay provision	67 133	6 554	225 477	(35 702)	(196 727)	(24)	66 711
Retrenchment provision	1 360	–	105 664	–	(106 475)	–	549
Other provisions	4 739	–	13 386	70	–	(2 586)	15 609
	73 232	6 554	344 527	(35 632)	(303 202)	(2 610)	82 869
Company (R'000)							
Leave pay provision	7 222	–	2 440	(3 091)	–	–	6 571

2003	Opening balance	Disposed through sale of subsidiaries	Additional provision made	Amounts used (incurred and charged to provision)	Amounts unused reversed	Translation difference	Closing balance
Group (R'000)							
Leave pay provision	69 923	(3 913)	45 233	(37 805)	(6 305)	–	67 133
Health care provision	5 525	(5 525)	–	–	–	–	–
Retrenchment provision	–	–	1 360	–	–	–	1 360
Other provisions	9 184	–	–	(2 641)	(1 804)	–	4 739
	84 632	(9 438)	46 593	(40 446)	(8 109)	–	73 232
Company (R'000)							
Leave pay provision	5 979	–	1 243	–	–	–	7 222

Group			Company	
2003	**2004**		**2004**	2003
R'000	**R'000**		**R'000**	R'000
		21. COMMITMENTS AND CONTINGENT LIABILITIES		
99 342	**10 483**	Contracted but not provided for in the annual financial statements	**–**	–
72 638	**76 351**	Authorised by the directors but not contracted for	**–**	–
171 980	**86 834**		**–**	–

The expenditure will be financed from existing cash resources and future borrowings.

Environmental

In past years, the Company received financial assistance in the form of pumping subsidies from the South African Government for the removal of extraneous water from its underground mine workings at the Durban Deep and West Wits mines. The South African government withdrew this assistance effective 1 April 1998. The Company has ceased operations at these mines in August 2000. Durban Deep Mine has identified a number of ingress points and is attempting to seal them in accordance with the EMPR commitment.

The West Wits Mine is located in the geographical area known as the western basin. There is no hydraulic continuity between the western basin and the central basin. Water has already begun to flood to the surface in this area from other neighbouring mining operations. However, there has been no flooding of water to the surface on any of the Company's properties located in the western basin. This water is of poor quality, containing heavy metals, sulphates and other pollutants.

Because of this, the Department of Water Affairs and Forestry, or DWAF, requires that this water be temporarily directed into Robinson Lake to prevent it from reaching the Tweelopiesspruit, which is a local stream. If the water were to reach this stream, it could pollute the neighbouring communities, the Krugersdorp Game Reserve and the Sterkfontein Caves located nearby. A forum has been established in consultation with DWAF, the Department of Minerals and Energy, the Department of Agriculture, Conservation, Environment and Land and other neighbouring mining operations to address and manage the impact of the current flooding in the area. Similar to the Durban Deep Mine, the Company has developed a program to progressively seal all potential ingress points at the West Wits Mine.

The sealing of all potential ingress points at these operations will be a permanent measure. All plugs used have been approved by the Department of Minerals and Energy which also performs periodic inspections during the sealing phase to monitor progress. However, despite these sealing programs, naturally occurring water conduits and other geological features which are not mine related and may not be located on mine property will allow surface water, especially storm runoff, to reach underground aquifers. This will eventually cause water levels to rise.

Due to the sources of flooding and the potential number of parties involved, the Company cannot estimate the amount of any potential liability attributable to it. However, in the event of joint and several liability, the amounts could be significant.

The Blyvoor Mine has its own unique environmental risks, due to its dolomitic geology and geohydrology, sinkholes and subsidences which require remediation using appropriate cost-effective filling techniques. The Blyvoor Mine is an active mining operation and pumps water to the surface in the amount of 12 to 14 ml per day. Most of this water is discharged into the Wonderfontein Spruit, which is a local stream. Several other neighbouring mining operations also discharge water into this area. The surrounding area comprises agricultural land and mining towns.

21. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

The consequence of this pumping could be that ground water, streams and wetlands may become polluted. Also, dolomitic rock will be dissolved, resulting in an increased risk of sinkholes and possible pollution of fresh water resources stored in the dolomitic formations. As the water reaches the surface, there will be an increased risk of damage to municipal services, foundations of buildings and properties. The Blyvoor Mine is currently in operation and monitors all water discharge as required by its environmental management program. This water is known as "fissure water" and is generally of good quality. Therefore, the Company believes that the contribution of this water to pollution of water in the area is minimal.

The Company has not conducted an assessment of the full scope of such potential environmental damage. This is because the impact of the Company's discharge cannot be addressed without addressing the impact from the discharge of other neighbouring mining operations. These include operations owned by Harmony Gold Mining Company Limited, AngloGold Limited and Gold Fields Limited. The Far West Rand Dolomitic Water Association, of which all mining operations in the area are members, has undertaken two studies. One study addresses the methodologies proposed for filling in sinkholes and subsidences and was completed in January 2003. The second study, will address the impact of the flooding on the dolomitic aquifers when mining in the area ceases. This study has been commissioned and is being planned by Dr Frank Winde and is scheduled to be completed by the end of 2005.

In addition to purifying the water for its own use, the Company repairs all sinkholes, in accordance with industry and government standards, as they form on its property. Sinkholes which form outside of the Company's property are repaired by the Far West Rand Dolomitic Water Association. Surface rehabilitation is also currently underway.

The Tolukuma Section in Papua New Guinea also has site specific environmental risks associated with its operations. Tailings are routinely discharged into the Auga/Angabanga river system. The discharging of tailings into riverine and marine systems in Papua New Guinea is an acceptable practice due to the seismic instability of the area and the dangers this poses for the stability of conventional tailings dams. Due to the fact that ore mined at the Tolukuma Mine, and the surrounding land in general, is high in mercury, the potential does exist that levels of mercury discharged into the river system might expose the Company to criminal liability under Papua New Guinea legislation. As a result of an internal study of the Tolukuma Mine in 2000 and in order to ensure that mercury discharges remain within allowable limits the following program is being followed:

– daily monitoring of mercury levels at the tailings discharge point and approximately 1500 feet downstream (grab sampling);
– monthly monitoring of mercury and other heavy metals at government mandated water quality inspection points;
– biennial monitoring of stream sediments.

Lead, mercury, cyanide and arsenic occur naturally in the ore processed at the Tolukuma Section. Cyanide is associated with the mining process and is discharged into the riverine system as a result of the inability of the Company to use conventional tailings dams. In South Africa, the Company does not discharge cyanide into riverine systems. Prior to discharge, the cyanide is degraded in a detoxification process and levels are monitored daily.

Through visits with local communities by mine staff members, the Company has become informed that communities located downstream from the Tolukuma Mine do not generally use water from the Auga/Angabanga river system for consumption as these communities rely on water from creeks, tributaries and strategically placed wells, many of which the Company has provided, and the Company is not aware of any adverse health effects on communities associated with the Tolukuma Mine.

Furthermore, the Company is not aware of any scientific or engineering report that states that the level of mercury discharges from the Tolukuma Mine into the Auga/Angabanga river system is harmful to human life. In November 2002, Oxfam Community Aid Abroad released their "Mining Ombudsman Annual Report 2001-2002" which we believe made inaccurate and unsubstantiated references to mercury output and other findings contained in an internally prepared study on the Tolukuma Section done in 2000. This study was not conclusive on the mercury output at the Tolukuma Mine and the results of this study were not scientifically tested. As discussed above, we increased our environmental management systems in response to this study.

21. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Two water quality and geochemical investigations were conducted by an independent consultant in July 2000 and June 2002. These investigations concluded that there was little difference between mercury concentrations in mining sediment from the Tolukuma Mine being dumped into the Auga/Angabanga river system and the naturally occurring sediments in the area. Although mercury is detectable in the mining derived sediments immediately adjacent to the discharge point, these levels are immediately diluted to levels below detectable limits upon mixing with the Alabule River. This area consists of steep gorges and fast, turbid currents. The result is a high dilution of mining sediments and, therefore, a negligible impact on the lower Angabanga floodplain and oxbow lakes which are located downstream from the Tolukuma Mine. An additional study took place during June of 2003, reinforcing earlier findings.

In addition, a comprehensive monitoring programme has been undertaken in accordance with the Company's approved Environmental Management and Monitoring Programme (EMMP), which addresses water quality, population dietary surveys and aquatic fauna and metals-in-tissue surveys. These surveys were conducted during July and September of 2003. During March 2003, an environmental audit was concluded at the Tolukuma Section which found the operations to be in substantial compliance with applicable Papua New Guinea legislation, the Company's environmental plan and the EMMP. The studies conducted in 2003 confirmed existing trends that had been established over recent years. The water quality meets legal requirements, as per the criteria set by the water license.

The Porgera mine is located in extremely rugged mountainous terrain, subject to seismic activity, high rainfall and landslides. In such conditions, construction of a tailings impoundment would be very challenging and the risk of an engineering failure would be high. Therefore the Papua New Guinea Government approved riverine disposal as the most appropriate method for treated tailings and soft incompetent waste rock. Competent rock is stored in stable waste dumps.

The mine follows a government approved Environmental Management and Monitoring Program (EMMP). The mine has at all times been in compliance with government approved criteria.

In 1996, an independent study was undertaken by the Commonwealth Scientific and Industrial Research Organisation, or CSIRO, an Australian-based independent research organisation, to assess the mine's impact on the downstream river system and local people. The study resulted in a report titled "Review of Riverine Impacts". The report made certain recommendations to the Porgera Joint Venture that have either been implemented or are in the advanced stages of implementation. A few of these recommendations have been rejected due to impracticality. An advisory group, called the Porgera Environmental Advisory Komiti, or PEAK, was formed as a result of the CSIRO recommendations. PEAK comprises representatives from the Papua New Guinea government, Papua New Guinea and international non-governmental organisation groups, Placer (PNG) Limited and independent technical experts. The primary function of PEAK is to enhance understanding and provide transparency of Porgera's environmental (physical and social) issues with external stakeholders and to assist in reviewing its environmental performance and public accountability. In 2002, PEAK had its terms of reference expanded to include mine closure.

Fish index and food resources

A dietary health survey was conducted with the intention of determining the impact of the operation on downstream users' agricultural potential. An intensive and analytical survey was conducted by Impact Horizons Ltd in accordance with the sitings of the aquatic survey conducted in 2003. The results showed that there were a variety of crops grown in the garden and that there was little difference between crops grown in the garden from the various villages that were evaluated. The die-back of vegetation in the villages near the river, oxbow lakes and low-lying areas were attributed to flooding and water logging resulting from the rainy season. It is also important to note that the garden crops had been ruined by wash-outs. This has impacted on the growth of bananas (stunting) and the die-back of rice and sweet potatoes.

21. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Mining rights

The Company's rights to own and exploit its Mineral Reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of the Company's Mineral Reserves and deposits are located in South Africa.

On 1 May 2004, the Mineral and Petroleum Resources Development Act, or MPRD Act, which was passed by the parliament of South Africa in June 2002, came into effect. Prior to the introduction of the MPRD Act, private ownership in mineral rights and statutory mining rights in South Africa could be acquired through the common law or by statute. With effect from 1 May 2004, as all mineral rights have been placed under the custodianship of the South African government under the provisions of the MPRDA, old order proprietary rights need to be converted to new order rights of use within certain prescribed time frames.

The MPRD Act vests custodianship of South Africa's mineral resources in the State which will issue prospecting rights or mining rights to applicants in the future. The existing common law prospecting, mining and mineral rights will cease to exist but transitional arrangements are provided in order to give holders of existing rights the opportunity to convert to new rights.

The implementation of the MPRD Act may result in significant adjustment to the Company's property ownership structure, which could have a material adverse effect on its financial condition and results of operations.

Where the Company holds mineral rights and mining authorisations and conducts mining operations on the date on which the MPRD Act comes into effect, it will be able, within five years from the date of effectiveness of the MPRD Act, to submit the old rights and authorisations for conversion to a new mining right. It will need to submit a mining work programme to substantiate the area and period of the new right, and also to comply with the requirements of the Mining Charter. A similar procedure applies where it holds prospecting rights and a prospecting permit and conducts prospecting operations, but it must apply for a conversion to a new prospecting right within the two years from the date of effectiveness of the MPRD Act for which purpose a prospecting work programme must be submitted. Where the Company holds unused rights however, it will have one year to apply for new prospecting rights or mining rights, the requirements of which are more stringent than for conversion, and involve non-concentration of resources, fair competition, no exclusionary effects, and proof of financial and technical ability.

If the Company does not acquire new rights under the MPRD Act, it would be entitled to claim compensation from the State if it can prove that thereby its property has been expropriated as provided for under the Constitution of South Africa. Whether mineral rights constitute property and whether the MPRD Act does bring about an expropriation are both aspects which are the subject of legal debate which is likely to be settled ultimately by litigation. The factors in determining compensation include not only fair market value but also history of acquisition and use and aspects of redress and reform which could have the effect of reducing the compensation.

In addition, the South African Government has stated its intention to levy revenue based royalties on mining revenues and in accordance with the draft Royalty Bill, 2003. the implementation of this bill, which was scheduled to take commensurate with the MPRD Act, has been postponed indefinitely, pending a revision of the entire taxation regime of gold mining companies.

22. EMPLOYEE CONTRIBUTION PLANS

Pension and provident funds

In South Africa, 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.

In Papua New Guinea retirement fund contributions are regulated by the Superannuation Act. According to the Act the Group has to contribute 7% of the employee's earnings to a local superfund (NASFUND), whilst the employee contributes 5% of their gross salaries and wages. Payments are made to the fund on a monthly basis.

The majority of the Group's employees are covered by the above-mentioned funds. Fund contributions by the Group for the year ended 30 June 2004 amounted to R60.0 million (2003: R57.5 million).

Post-retirement benefits other than pensions

Previously, skilled workers (clerical workers and mine management) participated in multi-employer plans, which paid certain medical costs. Employer contributions were determined on an annual basis by the funds. Qualifying dependants received the same benefits as active employees.

Currently, no post-retirement benefits are available to other workers.

A subsidiary of the Company voluntarily accepted liability for certain post-retirement medical benefits of employees who were members of various medical schemes arranged by the Company. The fixed amount, which was determined based on negotiations between the Company and the fund, was payable over a period of five years (refer to Note 19(h)). This liability was settled during the 2004 financial year.

Long service awards

The Group participates in the Chamber of Mines of South Africa Long Service Awards Scheme, or the Scheme. The Scheme does not confer on any employee or other persons any right of payment of any award. In terms of the scheme, bonus payments may be made to certain employees, usually semi-skilled, upon reaching the age of 55, who have completed 15 years of continuous service in South African gold mining companies which are members of the Chamber of Mines of South Africa and the Employment Bureau of Africa, provided such service is not pensionable service. The Scheme lays down the rules under which an employee may be eligible for the award. The award is paid by the company for which the employee works upon becoming eligible for the award and electing to receive payment. All awards must be confirmed by the Chamber of Mines of South Africa before payment. The amount of the award is based on both the employee's skill level and years of service with qualified gold mining companies. Due to the nature of the award and the uncertainty surrounding the ultimate payment of the award by the Company, no provision is made for any potential payment.

22. EMPLOYEE CONTRIBUTION PLANS (continued)

Share option scheme

(a) Details of scheme

The Company operates a share option scheme, Durban Roodepoort Deep (1996) Share Scheme, as an incentive tool for its executive directors, non-executive directors and senior employees whose skills and experience are recognised as being essential to the Company's performance. In terms of the scheme rules, a maximum of 15% of the issued ordinary shares is reserved for issuance there under and no participant may hold options at any time, which if exercised in full, would exceed 2% of our issued share capital at that time. The number of issued and exercisable share options is approximately 3.6% of the issued ordinary share capital which is within the international accepted guideline of 3 to 5% for such schemes. In addition, the participants in the Scheme are fully taxed at their maximum marginal tax rate on any gains realised on the exercise of their options.

The price at which an option may be exercised is the lowest seven day trailing average of the closing market prices of an ordinary share on the JSE, as confirmed by our directors, during the three months preceding the day on which the employee is granted the option. Each option remains in force for ten years after the date of grant, subject to the terms of the option plan. Options granted under the plan vest at the discretion of our directors, but primarily according to the following schedule over a maximum of a three year period:

Percentage vested in each period	Period after the original date of the option grant
25%	6 months
25%	1 year
25%	2 years
25%	3 years

Any options not exercised within ten years from the original date of the option grant will expire and may not thereafter be exercised.

(b) Share options activity in respect of the Durban Roodepoort Deep (1996) Share Scheme was as follows:

	Outstanding		Vested	
	Number of Shares	Average price per share R	Number of shares	Average price per share R
Balance at 1 July 2002	6 759 109	10.98	162 000	11.82
Granted	3 113 500	23.04	–	–
Exercised	(2 292 361)	9.01	–	–
Forfeited/lapsed	(1 303 566)	12.08	–	–
Balance at 30 June 2003	6 276 682	17.45	1 342 839	17.65
Granted	3 452 117	18.37	–	–
Exercised	(984 019)	8.88	–	–
Forfeited/lapsed	(399 417)	17.92	–	–
Balance at 30 June 2004	8 345 363	18.82	3 342 479	18.32

Utilising a Black Scholes valuation model, and based upon certain assumptions made by management, the fair value expense attributable to the Durban Roodepoort Deep (1996) Share Scheme would have been R25.4 million (2003: R44.0 million).

23. FINANCIAL INSTRUMENTS

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. Cash and cash equivalents are placed with major banks and financial institutions located in South Africa, Papua New Guinea and Australia, after evaluating the credit ratings of the respective financial institutions.

Derivative instruments

In the normal course of its operations, the Group is exposed to commodity price, currency, interest, liquidity and credit risks. Among other reasons, we enter into transactions, which make use of derivative instruments to economically hedge certain exposures. These instruments include forward contracts. The decision to use these types of transactions is based on our hedging policy. Although most of these instruments are used as economic hedges, none of them qualify for hedge accounting and, consequently, are measured at fair value with resultant gains and losses being included in the Income Statement for the period.

Commodity price risk

The market price of gold has a significant effect on our results of operations, our ability and the ability of our subsidiaries to pay dividends and undertake capital expenditures, and the market price of our ordinary shares. Historically, gold prices have fluctuated widely and are affected by numerous industry factors over which we have no control. The aggregate effect of these factors on the gold price is impossible for us to predict. The price of gold may not remain at a level allowing us to economically exploit our reserves. It is not the Company's policy to hedge this commodity price risk.

Gold for electricity contract

In October 2000 the Company entered into a five year contract to buy electricity from Eskom. Under the terms of our agreement, we pay Eskom standard electricity tariff for all energy we consume, with the minimum offtake of 75 GWh per month as specified in the contract.

The gold price adjustment is based on the notional amount of 15 000 ounces of gold multiplied by the difference between the contracted gold price, which is the price that was agreed on the date of the transaction for a determined period, and the arithmetic average of London PM fix for each business day in the calculation period of 30 days.

This contract expires in September 2005.

In terms of the provisions of AC133: "Financial Instruments: Recognition and Measurement", the Eskom contract is deemed to be 'held for trading' as it does not meet the definition of a hedging instrument and is measured at fair value, with the resultant gains and losses being charged to the income statement for the period.

As discussed in Note 16 to the financial statements, the fair value of the gold for electricity contract was a liability of R19.4 million (2003: a liability of R230.8 million). During the financial year, the Company took advantage of the lower Rand-gold price and closed out a total of 355 000 ounces, which was 175 000 ounces more than the annual committed ounces per the contract.

	2005	2006
Gold for electricity contract (by maturity)		
Ounces (notional)	5 000	45 000
Average price (R/ounce)	2 256	2 256

The above table reflects the number of ounces committed and the average contract price over the remaining period of the contract.

Interest rate swap agreement

An interest rate swap agreement was entered into to provide the Company exposure to changes in interest rates with regard to its coupon rate payable on the Convertible Loan Notes (refer to Note 19). The fixed coupon rate (in US Dollars) was swapped for a floating South African interest rate, calculated at JIBAR plus 200 interest basis points per annum.

As discussed in Note 16 to the financial statements, the fair value of the interest rate swap agreement was a liability of R12.5 million (2003: liability of R13.6 million).

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 for recoverability. Where it is appropriate to raise a provision, an adequate level of provision is maintained.

23. FINANCIAL INSTRUMENTS (continued)

In addition, the Group's South African operations all deliver their gold to Rand Refinery Limited (Rand Refinery) which refines the gold to saleable purity levels and then sells the gold, on behalf of the South African operations, on the bullion market. The gold is sold by Rand Refinery on the same day as it is delivered and settlement is made within two days. Once the gold has been assayed by Rand Refinery, the risks and rewards of ownership have passed.

The Tolukuma mining operation delivers their gold to one customer, N M Rothschild and receives proceeds within two days. The concentration of credit risk in Australia is mitigated by the reputable nature of the customer and the settlement of the proceeds within two days. The Porgera Joint Venture delivers their gold to AGR Matthey (Papua New Guinea) who refines the gold and then delivers it to the Bank of Western Australia Limited at a price negotiated by the Company. The concentration of credit risk in Papua New Guinea is mitigated by the reputable nature of the customer and the settlement of the proceeds within two days.

Foreign currency risk

The Group's functional currency is the South African Rand. Although gold is sold in US Dollars, the Company is obliged to convert this into South African Rand. The Company is thus exposed to fluctuations in the US Dollar/South African Rand exchange rate. With the South African operations converting the proceeds from gold sales into Rands, this provides a synthetic hedge against the costs which are borne by those operations in that currency. The Company conducts its operations in South Africa and Papua New Guinea. Currently, foreign exchange fluctuations affect the cash flow that it will realise from its operations as gold is sold in US Dollars while production costs are incurred primarily in South African Rands and Papua New Guinean Kina. The Company's results are positively affected when the US Dollar strengthens against these foreign currencies and adversely affected when the US Dollar weakens against these foreign currencies. The Company's cash and cash equivalent balances are held in US Dollars, South African Rands and Papua New Guinean Kina; holdings denominated in other currencies are relatively insignificant.

Interest rates and liquidity risk

Fluctuations in interest rates impact 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. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.

From time to time the company enters into Interest rate swap agreements to mitigate interest rate risk.

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:

	2004 R'000 Carrying Amount	**2004 R'000 Fair Value**	2003 R'000 Carrying Amount	2003 R'000 Fair Value
Financial assets				
Listed investments	**77 387**	**77 387**	59 213	59 213
Unlisted investments	**15 006**	**15 006**	12 889	12 889
Investments in environmental trust rehabilitation funds	**143 330**	**143 330**	133 736	133 736
Derivative instruments	**51 569**	**51 569**	49 025	49 025
Accounts receivable	**114 612**	**114 612**	172 551	172 551
Cash and cash equivalents	**140 894**	**140 894**	331 820	331 820

23. FINANCIAL INSTRUMENTS (continued)

	2004 R'000 Carrying Amount	2004 R'000 Fair Value	2003 R'000 Carrying Amount	2003 R'000 Fair Value
Financial liabilities				
Long-term liabilities				
– long-term portion	**(308 992)**	**(308 992)**	(387 478)	(387 478)
– short-term portion	**(58 450)**	**(58 450)**	(142 435)	(142 435)
Derivative instruments	**(83 406)**	**(83 406)**	(244 423)	(244 423)
Account payable and accrued liabilities	**(300 867)**	**(300 867)**	(300 002)	(300 002)
Bank overdrafts	**(11 473)**	**(11 473)**	(29 110)	(29 110)

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged between knowledgeable willing parties in an arm's length transaction.

The carrying values 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.

24. SEGMENT INFORMATION

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

	2004 R'000 South African Operations[1]	2004 R'000 Australasian Operations[2]	2004 R'000 Total
Revenue	**1 541 059**	**651 083**	**2 192 142**
Result			
Operating (loss)/profit from gold	**(166 105)**	**136 650**	**(29 455)**
Investment income	**98 034**	**32 815**	**130 849**
Finance costs	**(41 637)**	**(298)**	**(41 935)**
Taxation charge	**(415 836)**	**(58 476)**	**(474 312)**
Other	**(207 417)**	**(94 114)**	**(301 531)**
(Loss)/profit after tax	**(732 961)**	**16 577**	**(716 384)**
Balance Sheet			
Mining assets	**531 513**	**424 538**	**956 051**
Net current (liabilities)/assets	**(199 042)**	**94 998**	**(104 044)**
Other information			
Capital expenditure	**101 789**	**101 455**	**203 244**
Asset impairment and diminution in investments	**101 699**	**7 071**	**108 770**
Total number of employees including contractors	**12 906**	**751**	**13 657**

[1] Includes Blyvooruitzicht Mine and North West Operations.

[2] Includes Tolukuma Gold Mine and 20% of the Porgera Joint Venture.

	2003 R'000 South African Operations	2003 R'000 Australasian Operations	2003 R'000 Total
Revenue	2 195 041	213 557	2 408 598
Result			
Operating profit/(loss) from gold	122 368	(30 458)	91 910
Investment income	115 130	(15 132)	99 998
Finance costs	(33 931)	(5 567)	(39 498)
Taxation charge	(284)	(2 991)	(3 275)
Other	235 156	(13 386)	221 770
Profit/(loss) after tax	438 439	(67 534)	370 905
Balance Sheet			
Mining assets	484 062	94 466	578 528
Net current assets/(liabilities)	143 392	(124 423)	18 969
Other information			
Capital expenditure	97 091	24 392	121 483
Asset impairment and diminution in investments	133 001	–	133 001
Total number of employees including contractors	18 766	472	19 238

25. RELATED PARTY TRANSACTIONS

The Group has related party relationships with its associates (refer Note 11) and with its directors and senior management. Details of transactions with directors are set out on pages 52 to 54.

Prior to the awarding of a contract to a related party for the supply of goods and services the group procurements manager reviews both the pricing, quality and the reliability of that party. The contract terms are compared to similar suppliers of goods and services to ensure that the contract is on market related terms.

The Company's executive directors review the terms and conditions of all loans to ensure that the terms of the loans are similar to those offered by financial institutions.

Sale of 60% of subsidiary company

Effective 1 July 2002, we engaged in a transaction consistent with our black economic empowerment strategy, resulting in the disposal of 60% of our interest in Crown Gold Recoveries (Pty) Ltd (CGR) to Khumo Bathong Holdings (Pty) Ltd (KBH). As part of this transaction, KBH subscribed for 4 794 889 of our ordinary shares (representing 2.06% of our outstanding ordinary shares at 30 June 2004) for a cash subscription price of R68 million. The subscription agreement entered into by us and KBH places restrictions on KBH's ability to sell or otherwise dispose of these shares. The shares are subject to a put call derivative instrument with Investec and at 30 June 2004, the beneficial interest had been reduced to 3 196 593 shares. As at 25 August 2004, the beneficial interest had been reduced to 1 share.

Dr Paseka Ncholo, chairman of KBH, is also a non-executive director of DRDGOLD. Dr Ncholo earned R154 630 in board and other fees from DRDGOLD during the year ended 30 June 2004 (R150 000 for the year ended 30 June 2003).

25. RELATED PARTY TRANSACTIONS (continued)

Purchase of 100% of ERPM by CGR

In October 2002, CGR entered into an agreement to acquire 100% of the outstanding share capital of and loan accounts in East Rand Proprietary Mine Limited ("ERPM"), for R100 million. In connection with this transaction, we have provided ERPM with a loan of R10 million. In addition, an amount of R60 million was lent by DRDGOLD to CGR which CGR paid to the then shareholders of ERPM as an interest-free loan. CGR has received from the shareholders, as security for the loan, a pledge of the entire issued share capital of ERPM and a cession of the shareholders' claim to CGR. The South African competition authorities have approved the transaction and the R60 million loan is deemed to be part payment of the purchase price of R100 million by CGR for the acquisition of the shares and the claims of ERPM.

Transactions with associate companies

During the year ended 30 June 2004 we earned R7.1 million (year ended 30 June 2003: R11.6 million) in management fees from CGR and R14.0 million (year ended 30 June 2003: R12.7 million) in management fees from ERPM. At 30 June 2004 CGR owed the group R215.3 million (30 June 2003: R193.2 million), KBH owed the group R7.1 million (30 June 2003: R6.3 million), and ERPM owed the group R63.8 million (30 June 2003: R27.3 million). Interest amounting to R19.9 million (30 June 2003: R27.7 million) was earned by the group on the loans to CGR, R0.8 million (30 June 2003: R1.0 million) was earned by the Group on the loans to KBH, and R5.1 million (30 June 2003: R1.4 million) was earned by the Group on the loans to ERPM for the year ended 30 June 2004. No dividends were received from associates in 2004 (2003: Nil). Transactions with associates are priced on an arm's length basis.

Rand Refinery Agreement

We have entered into an agreement with Rand Refinery Limited (Rand Refinery) for the refining and sale of all of our gold produced in South Africa. Under the agreement, Rand Refinery performs the final refining of our gold and casts it into troy ounce bars. Then, Rand Refinery sells the gold on the same day as delivery, for the London afternoon fixed price on the day the gold is sold. In exchange for this service, we pay Rand Refinery a variable refining fee plus fixed marketing, loan and administration fees. Mr Koonin, our Divisional Director: Group Finance, is also a director of Rand Refinery and is a member of their Audit Committee. Also, Mr Graulich, our General Manager: Investor Relations, is an Alternate Director to Mr Koonin. We currently own 10.6% of Rand Refinery (which is jointly owned by South African mining companies).

During the year all gold produced in South Africa was refined by Rand Refinery and as at year-end no balances were owing by or to this entity.

Director's loan

During 2003 Mr Clifford Press loaned an amount of R156 661 (US$24 946) to Net-Gold Services Limited. This loan is interest-free, unsecured and has no fixed terms of repayment. The funds were used for short-term working capital advances. As at year-end the full balance was still outstanding.

26. SUBSEQUENT EVENTS

Investec Bank Limited short-term loan facility

On 28 June 2004 we announced that it was our intention to close out a further 135 000 ounces of the Eskom gold-for-electricity hedge contract, in line with our policy of not hedging gold production (refer to Note 23 for the remaining hedge position).

To fund the closing out of the 135 000 ounces on the Eskom gold-for-electricity contract, we agreed a R100 million short-term loan facility with Investec Bank Limited, a South African bank. The loan is based on commercial terms and conditions and is repayable at our election, either in cash, in Durban Roodepoort Deep, Limited's shares or in a combination of both.

On 3 August 2004, 1 370 886 shares to the value of R20.0 million were issued to Investec Bank Limited in settlement of part of the draw downs that have been made.

26. SUBSEQUENT EVENTS (continued)

Emperor offer

On 8 March 2004 the Company announced a conditional offer to acquire all the shares in Emperor Mines Limited ("Emperor") that were not yet owned by the Group. The scheduled closing date was revised several times from 14 May 2004 to an ultimate closing date of 30 July 2004.

On 10 June 2004 DRDGOLD announced an increase in the initial offer to five DRDGOLD shares for every 22 Emperor shares held and the waiving of all suspensive conditions, bar DRDGOLD obtaining at least a 90% interest in the shares of Emperor.

As at 30 June 2004 this condition had not yet been met.

On 6 July 2004 DRDGOLD announced that all conditions had been removed from its offer to acquire all the shares in Emperor. Accordingly the offer became unconditional at that date, allowing Emperor shareholders who accept the offer to receive their DRDGOLD shares within seven days of acceptance.

With effect from 30 July 2004 25.55% of the Emperor shareholders had accepted the offer, bringing the effective shareholding of the Group to 45.33%. Accordingly, 6 612 676 new DRDGOLD ordinary shares were issued in exchange for the 29 095 774 Emperor ordinary shares now owned by the Group with share issue and transaction costs amounting to R8.7 million. As the Emperor shares were converted within seven days of the acceptance of the offer, the following range of share prices applied to the transaction (the actual exercise prices are presented for days on which the offer was accepted):

Date	Share price
15 July 2004	R15.30
16 July 2004	R15.30
23 July 2004	R14.75
30 July 2004	R15.00
2 August 2004	R15.25

As the effective acquisition date is subsequent to year-end the effect of the acquisition and the fair value of the assets acquired are currently being evaluated, accordingly the fair value of the assets and liabilities and any resulting goodwill, income and expenses, if applicable, will be recognised in the 2005 financial year.

On 3 August 2004 Mark Wellesley-Wood (the Company's Executive Chairman) was appointed as the Managing Director of Emperor Mines Limited and Richard Johnsôn was appointed as a Non-Executive Director.

Singapore branch

On 27 July 2004, the Group established the DRD (Isle of Man) Limited (Singapore Branch) a branch of DRD (Isle of Man) Limited, registered in Singapore. The establishment of the branch would facilitate our further expansion in the Australasian region in line with the Group's growth strategy.

Review of operations

On 9 June 2004, and 28 June 2004 respectively, the Company entered into a 60-day review period on the North West and Blyvoor Operations (in South Africa) designed to restore the operations to profitability. The proposal has been submitted to all stakeholders, including organised labour, the Department of Labour and the Department of Minerals and Energy for their input. At the NWO's Buffels Mine agreement was reached with all the relevant parties early in August 2004 to close the Number 9 shaft, but to keep the Number 11 and 12 Shafts in operation. This agreement will lead to the retrenchment of approximately 500 employees at this mining operation. At the Blyvoor Mine the 60-day review was extended to 10 September 2004, when a formal agreement reached with all the stakeholders was announced concluding that up to 2 000 employees are to be retrenched at a cost of R30.0 million by 20 September 2004.

Durban Roodepoort Deep, Limited (DRDGOLD) provides as part of this annual report, to all shareholders, condensed financial statements derived from and presented in the manner detailed below.

Basis of preparation

The condensed consolidated financial statements have been derived from the Group's consolidated financial statements as prepared in accordance with accounting principles generally accepted in the United States (US GAAP). US GAAP differs in certain material respects from South African Generally Accepted Accounting Principles (SA GAAP). The condensed consolidated financial statements do not include notes in support of the financial information presented therein. The Group's consolidated financial statements, prepared in accordance with US GAAP, from which the condensed consolidated financial statements have been derived, contain detailed notes prepared in accordance with US GAAP. The consolidated financial statements prepared in accordance with US GAAP, together with related notes, are included under Item 18 in DRDGOLD's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 30 September 2004. The DRDGOLD Annual Report on Form 20-F for the year ended 30 June 2004 as filed with the United States Securities and Exchange Commission on or about 30 September 2004 is available free of charge on EDGAR at www.sec.gov and www.drdgold.com.

The condensed consolidated financial statements set forth below for the three years ended 30 June 2004, and as at 30 June 2004 and 2003 have been derived from and should be read in conjunction with the US GAAP financial statements included under Item 18 in DRDGOLD's Annual Report on Form 20-F as filed with the United States Securities and Exchange Commission on or about 30 September 2004.

CONDENSED CONSOLIDATED Statements of operations for the year ended 30 June 2004

(Derived from financial statements prepared in accordance with US GAAP)

	2004 $'000	2003 $'000	2002 $'000
Revenues			
Product sales	**317 696**	265 944	303 858
Costs and expenses	**(284 352)**	(242 626)	(217 571)
Production costs	**(281 897)**	(239 961)	(218 056)
Movement in gold in process	**1 000**	(1 251)	(289)
Movement in rehabilitation provision, reclamation and closure cost	**(3 455)**	(1 414)	774
Gross profit	**33 344**	23 318	86 287
Other operating expenses			
Depreciation and amortization	**(30 135)**	(10 602)	(13 933)
Employment termination costs	**(7 963)**	(1 501)	(388)
Impairment of assets	**(3 501)**	–	(2 167)
Management and consulting fees	**(2 448)**	(1 650)	(1 888)
Post retirement medical benefits	**–**	–	(1 786)
(Loss)/profit on derivative instruments	**(1 166)**	43 821	(147 153)
Profit/(loss) on sale of mining assets	**(55)**	1 729	331
Profit on disposal of subsidiary	**–**	5 302	–
Write off of investments and loans	**–**	–	(86)
Selling, administration and general charges (including stock based compensation costs of $2 309 546 (2003: $ 4 312 759 and 2002: $2 503 271)	**(24 575)**	(10 828)	(13 254)
Net operating (loss)/income	**(36 499)**	49 589	(94 037)
Non-operating income			
Interest and dividends	**990**	8 703	2 219
Unrealized foreign exchange gains	**10 672**	11 229	567
Profit/(loss) on sale of other assets and listed investments	**63**	152	(937)
Finance costs			
Interest expense	**(7 912)**	(6 909)	(2 385)
(Loss)/profit before tax and other items	**(32 686)**	62 764	(94 573)
Income and mining tax (expense)/benefit	**(14 230)**	(41 765)	42 864
Equity in loss from associates	**(8 827)**	(9 452)	–
Net (loss)/profit after tax	**(55 743)**	11 547	(51 709)
Minority interest	**(7)**	–	–
Net (loss)/profit before cumulative effect of accounting change	**(55 750)**	11 547	(51 709)
Cumulative effect of accounting change (net of income taxes of $ Nil in 2003)	**–**	(173)	–
Net (loss)/profit applicable to common stockholders	**(55 750)**	11 374	(51 709)
Basic (loss)/profit per share (cents) before cumulative effect of change in accounting policy	**(26)**	6	(32)
Cumulative effect of change in accounting policy (cents)	**–**	–	–
Basic (loss)/profit per share (cents)	**(26)**	6	(32)
Weighted average number of shares used in computation	**216 509 843**	183 300 665	161 664 648
Diluted (loss)/profit per share (cents) before cumulative effect of change in accounting policy	**(26)**	4	(32)
Cumulative effect of change in accounting policy (cents)	**–**	–	–
Diluted (loss)/profit per share (cents)	**(26)**	4	(32)
Diluted weighted average number of shares used in computation	**234 731 556**	201 071 734	168 214 804

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

CONDENSED CONSOLIDATED Balance Sheet at 30 June 2004

(Derived from financial statements prepared in accordance with US GAAP)

	2004 $'000	2003 $'000
ASSETS		
Current assets	**63 871**	91 604
Cash and cash equivalents	**22 453**	44 423
Derivative instruments	**822**	6 563
Receivables	**19 193**	21 844
Receivables owing by related parties	**321**	1 255
Inventories	**16 493**	7 912
Deferred income and mining tax	**4 589**	9 607
Mining assets	**156 943**	83 257
Cost	**327 115**	219 969
Accumulated depreciation and amortization	**(170 172)**	(136 712)
Other assets		
Non-current related party receivables	**–**	706
Deferred income and mining tax	**28 529**	25 296
Derivative instruments	**7 396**	–
Non-current inventories	**32 006**	–
Non-current assets	**37 566**	27 555
Total assets	**326 311**	228 418
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	**86 003**	89 185
Bank overdraft	**1 828**	3 897
Accounts payable and accrued liabilities	**61 153**	49 964
Derivative instruments	**1 131**	15 552
Short-term portion of long-term loans	**9 315**	19 068
Income and mining taxes payable	**2 744**	(37)
Deferred income and mining tax	**9 832**	741
Non-current liabilities	**155 527**	133 997
Long-term loans	**59 865**	63 149
Deferred income and mining tax	**44 394**	29 052
Derivative instruments	**12 161**	17 169
Provision for environmental rehabilitation, reclamation and closure cost	**39 107**	24 627
Total liabilities	**241 530**	223 182
Minority interest	**929**	–
Stockholders' equity	**83 852**	5 236
Authorised		
300 000 000 (2003: 300 000 000) ordinary no par value shares and 5 000 000 (2003: 5 000 0000) cumulative preference shares		
Issued		
233 307 667 (2003: 184 222 073) ordinary no par value shares and 5 000 000 (2003: 5 000 000) cumulative preference shares		
Cumulative preference shares	**107**	107
Stated capital and share premium	**484 772**	360 351
Additional paid in capital	**40 015**	37 705
Accumulated loss	**(396 154)**	(340 404)
Other comprehensive loss	**(44 888)**	(52 523)
Total liabilities and stockholders' equity	**326 311**	228 418

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

CONDENSED CONSOLIDATED STATEMENTS of Stockholders' (Deficit)/Equity for the year ended 30 June 2004

(Derived from financial statements prepared in accordance with US GAAP)

	Number of common Shares	Number of preferred Shares	Preferred stock $'000	Stated capital and share premium $'000	Additional paid-in capital $'000	Accumulated loss $'000	Other comprehensive (loss)/income $'000	Total Stockholders' (deficit)/equity $'000	Comprehensive (loss)/income $'000
Balance – 1 July 2001	154 529 578	5 000 000	107	302 959	30 889	(300 069)	(54 453)	(20 567)	
Exercise of employee stock options	10 643 907			7 634				7 634	
Issue of shares for cash	12 000 000			43 503				43 503	
Share issue expenses				(2 559)				(2 559)	
Net loss for the year						(51 709)		(51 709)	(51 709)
Stock based compensation					2 503			2 503	
Other comprehensive income, net of tax of nil									
Reclassification adjustment for net gain included in net income							(2 683)	(2 683)	(2 683)
Decrease in mark-to-market on listed investments							(719)	(719)	(719)
Foreign currency translation adjustments							9 126	9 126	9 126
Balance – 30 June 2002	177 173 485	5 000 000	107	351 537	33 392	(351 778)	(48 729)	(15 471)	(45 985)
Exercise of employee stock options	2 253 699			2 244				2 244	
Issue of shares for cash	4 794 889			6 783				6 783	
Share issue expenses				(213)				(213)	
Net profit for the year						11 374		11 374	11 374
Stock based compensation					4 313			4 313	
Other comprehensive income, net of tax of nil									
Decrease in mark-to-market on listed investments							(1 759)	(1 759)	(1 759)
Foreign currency translation adjustments							(2 035)	(2 035)	(2 035)
Balance – 30 June 2003	184 222 073	5 000 000	107	360 351	37 705	(340 404)	(52 523)	5 236	7 580
Exercise of employee stock options	978 053			1 298				1 298	
Issue of shares for cash	41 463 639			107 367				107 367	
Share issue expenses				(992)				(992)	
Acquisition of subsidiaries	6 643 902			16 748				16 748	
Net loss for the year						(55 750)		(55 750)	(55 750)
Stock based compensation					2 310			2 310	
Other comprehensive income net of tax of nil									
Decrease in mark-to-market on listed investments							4 403	4 403	4 403
Foreign currency translation adjustments							3 232	3 232	3 232
Balance – 30 June 2004	233 307 667	5 000 000	107	484 772	40 015	(396 154)	(44 888)	83 852	(48 115)

Analysis of accumulated other comprehensive loss:	**2001**	**2002**	**2003**	**2004**
Mark-to-market on listed investments	3 447	45	(1 714)	2 689
Foreign currency translation adjustments	(57 900)	(48 774)	(50 809)	(47 577)
	(54 453)	(48 729)	(52 523)	(44 888)

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

CONDENSED CONSOLIDATED STATEMENTS of Cash Flows
for the years ended 30 June 2004

(Derived from financial statements prepared in accordance with US GAAP)

	2004 $'000	2003 $'000	2002 $'000
Net cash utilised by operating activities	**(25 092)**	(23 878)	(64 170)
Net (loss)/profit applicable to common stockholders	**(55 750)**	11 374	(51 709)
Reconciliation to net cash provided by operations:			
Net increase in provision for rehabilitation	**9 528**	1 414	445
Depreciation and amortisation	**30 135**	10 759	13 933
Amortisation of restraint of trade payments	**–**	70	124
Debt issuance costs amortised and non-cash interest movements	**3 615**	–	–
Impairment of assets	**3 501**	–	2 167
Loss/(profit) of sale of mining assets	**55**	(1 729)	(331)
(Profit)/loss on sale of other assets and listed investments	**(63)**	(152)	937
Stock based compensation expenses	**2 310**	4 313	2 503
Share of results of associate including tax thereon	**8 827**	9 452	–
Increase/(decrease) on deferred tax provision	**6 842**	41 765	(42 085)
Change in accounting policy	**–**	173	–
Movement in derivative instruments	**(35 078)**	(72 985)	12 403
Profit on disposal of subsidiary	**–**	(5 302)	–
Write down of investments and loans	**–**	–	86
Movement in minority interest	**7**	–	–
Effect of changes in operating working capital items:			
Receivables	**7 114**	(19 224)	3 328
Inventories	**5 014**	97	698
Movement in gold in process	**(1 000)**	1 251	358
Accounts payable and accrued liabilities (excluding short-term loans)	**(13 462)**	(4 683)	(7 335)
Movement in net taxation liability	**3 313**	(471)	308
Net cash (utilised in)/realised from investing activities	**(94 074)**	(9 818)	2 854
Additions to investments	**(10 828)**	(9 108)	(1 961)
Proceeds on sale of other assets and listed investments	**63**	196	11 070
Additions to mining assets	**(26 917)**	(13 414)	(8 188)
Proceeds on disposal of mining assets	**3 397**	3 594	1 662
Decrease in restricted cash	**–**	–	271
Cash paid for subsidiaries, net of cash acquired	**(59 789)**	–	–
Proceeds on disposal of subsidiary, net of cash disposed of	**–**	8 914	–
Net cash generated in financing activities	**88 626**	55 449	67 561
Expenses paid/(proceeds) from the issue of the convertible loan note	**(636)**	63 605	–
Net proceeds from issue of shares	**108 665**	9 027	51 137
Share issue expenses	**(992)**	(213)	(2 559)
(Decrease)/increase in bank overdraft	**(2 069)**	3 365	487
Long-term loans (repaid)/received	**(16 342)**	(20 335)	18 496
Net (decrease)/increase in cash and cash equivalents	**(30 540)**	21 753	6 245
Effect of exchange rate changes on cash	**8 570**	(1 182)	3 718
Cash and cash equivalents at beginning of year	**44 423**	23 852	13 889
Cash and cash equivalents at end of year	**22 453**	**44 423**	**23 852**

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – US GAAP
for the year ended 30 June 2004

Supplemental to the condensed consolidated financial statements, a reconciliation from SA GAAP to US GAAP results. This reconciliation is provided for illustrative purposes only, as we prepare consolidated financial statements prepared in accordance with US GAAP, together with related notes, which are included under Item 18 in Durban Roodepoort Deep, Limited's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 30 September 2004.

Statements of operations information for the years ended 30 June

	Notes	**2004 R'000**	2003 R'000	2002 R'000
(Loss)/profit after taxation determined under SA GAAP		**(716 430)**	370 905	(510 534)
Adjusted for:				
Convertible debt instruments	A	**16 587**	72 387	–
Derivative instruments	B	**–**	–	(211 134)
Financial instruments – listed investments	C	**(30 383)**	15 929	(27 245)
Accounting for business combinations	D	**(1 917)**	13 033	(33 636)
Stock based compensation costs	E	**(15 936)**	(39 060)	(25 372)
Impairment of assets	F	**(23,819)**	35 503	–
Argonaut ore reserves	G	**11 100**	11 100	11 100
Other		**–**	(3 352)	7 407
Deferred taxation		**376 121**	(375 220)	253 456
Effect of US GAAP Adjustments		**331 753**	(269 680)	(25 424)
Net (loss)/profit determined under US GAAP		**(384 677)**	101 225	(535 958)
Net (loss)/profit determined under US GAAP ($'000)		**(55 750)**	11 374	(51 709)
Balance Sheet information as at 30 June				
Stockholders' equity determined under SA GAAP		**564 057**	456 066	438 022
Adjusted for:				
Convertible debt instruments	A	**(66 656)**	(84 262)	–
Derivative instruments	B	**–**	–	(831 399)
Financial instruments – listed investments	C	**–**	–	469
Accounting for business combinations	D	**41 487**	56 707	(12 639)
Impairment of assets	F	**(23 819)**	(35 503)	–
Argonaut ore reserves	G	**11 100**	22 200	33 300
Other		**2**	2	7 258
Deferred taxation		**–**	(376 121)	248 519
Effect of US GAAP Adjustments		**(37 886)**	(416 977)	(554 492)
Stockholders' equity/(deficit) determined under US GAAP		**526 171**	39 089	(116 470)
Stockholders' equity/(deficit) determined under US GAAP ($'000)		**83 852**	5 236	(15 471)

Notes

A Accounting for convertible debt instruments

Under SA GAAP, on the issue of convertible debt instruments, the issuer of the financial instrument is required to classify the instrument's component parts as a liability or as equity in accordance with the substance of the contractual arrangement. The fair value of the conversion option is determined accordingly and is recognised and presented separately in shareholders' equity. The obligation to make future payments of principle and interest to note holders is calculated by discounting the stream of future payments at the prevailing market rate for a similar liability that does not have an associated equity component as a long-term liability on the amortized cost basis until extinguished on conversion or maturity. Under US GAAP no separate value is attributed to the equity component and consequently the total face value of the loan notes is recognized as debt. The interest rate is calculated using the coupon rate and any premium/discount on redemption.

B Accounting for financial instruments – derivatives

Under SA GAAP, AC133 was adopted with effect from 1 July 2002, whereby certain financial instruments are recorded at fair value. This is consistent with US GAAP.

C Accounting for listed investments

Under SA GAAP, DRDGOLD has elected that listed investments are classified as held for trading investments and are recorded at fair value with unrealised gains and losses included in earnings for the relevant period. Under US GAAP, listed investments are carried at fair value with unrealised gains and losses reflected as a component of stockholders' equity.

D Accounting for business combinations

Under SA GAAP, the fair value of the purchase consideration given in a business combination is determined at the date of acquisition. Under US GAAP the fair value is determined in accordance with paragraph 74 of APB opinion 16, such that the market prices for a reasonable period before and after the date on which the terms of the acquisition are agreed to and announced are considered in determining the fair value of the securities issued.

E Stock based compensation costs

Under US GAAP, the cost of compensatory plans are recognised as an expense over the periods in which the employee performs the related services. SA GAAP does not require the recognition and measurement of stock based compensation benefits.

F Impairment of assets

Under SA GAAP, mining assets are evaluated for impairment based on the latest available information. For US GAAP purposes only impairment indicators in existance at the balance sheet date, are considered. Accordingly there is a timing difference in impairments as recorded under SA GAAP and US GAAP.

G Argonaut ore reserves

In August 1997, DRDGOLD acquired the mineral rights represented by the Argonaut project. During 1998 exploration activities were suspended, however these were resumed in 2001. Since 2001 DRDGOLD has been depreciating these rights under SA GAAP, however, for US GAAP purposes the suspension of exploration activities in 1998 triggered an irreversible impairment of the mineral rights.

SHAREHOLDER INFORMATION
as at 30 June 2004

ANALYSIS OF SHAREHOLDINGS

Holding	Members	Number of members as a %	Number of shares held	% of issued shares held
Individuals	7 018	88.72	4 249 124	1.82
Institutions and bodies corporate	892	11.28	229 058 543	98.18
Totals	**7 910**	**100**	**233 307 667**	**100**

ANALYSIS OF SHAREHOLDINGS

Range	Members	Number of members as a %	Number of shares held	% of issued shares held
1 – 5 000	7 445	94.12	3 542 383	1.52
5 001 – 10 000	408	5.16	6 313 813	2.71
10 001 – 100 000	43	0.54	8 386 939	3.59
100 001 – and greater	14	0.18	215 064 532	92.18
Totals	**7 910**	**100**	**233 307 667**	**100**

SHAREHOLDINGS OVER 1%

Bank of New York (held on behalf of ADS holders)			196 843 283	84.83
Soges-Dewaay S.A. (Brussels)			3 705 731	1.60
J P Morgan Chase Bank			2 500 302	1.08

SHAREHOLDER SPREAD

Public	7 905	99.94	229 157 774	98.22
Directors (direct, indirect and non-beneficial)	5	0.06	4 149 893	1.78
Totals	**7 910**	**100**	**233 307 667**	**100**

JSE SECURITIES EXCHANGE PERFORMANCE

Number of shares traded (000)	33 756
% of total issued shares	14.47
Price quoted (cents per share):	
High	2800
Low	1450
Closing	1570
Market capitalisation at year-end (R'000)	R3 643 092

CONVERSION TABLE

The following conversion factors have been used in this document.

Currency	Average exchange rate during year US$1 = R6.90
	Closing exchange rate at 30 June 2004 US$1 = R6.28

Metric	Imperial	Imperial	Metric
1 metric tonne	1.10229 short tonne	1 short tonne	0.9072 metric tonne
1 kilogram	2.20458 pounds	1 pound	0.4536 kilograms
1 gram	0.03215 troy ounces	1 troy ounce	32.1507 grams
1 kilometre	0.62150 miles	1 mile	1.609 kilometres
1 metre	3.28084 feet	1 foot	0.3048 metres
1 litre	0.2642 gallons	1 gallon	3.785 litres
1 hectare	2.47097 acres	1 acre	0.4047 hectares
1 centimetre	0.3937 inches	1 inch	2.54 centimetres
1 gram/tonne	0.0292 ounces/tonne	1 ounce/tonne	34.28 grams/tonne

GLOSSARY OF TERMS

Assay	To determine the mineral content.
AUSIMM	Australian Institute of Mining and Metallurgy.
By-products	Any products that arise from the core process of producing gold, including silver.
Cash costs	Measurement that represents the full costs incurred inclusive of royalties and production taxes. Depreciation, rehabilitation, corporate administration and retrenchment are excluded.
Capital expenditure	Total capital expenditure on mining assets to both expand and maintain operations.
Competent person	The SAMREC Code defines a competent person as a person who is registered with any one of SACNASP, ECSA, PLATO or any other statutory South African or international body that is recognised by SAMREC. A competent person should have a minimum of five years' experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking.
Cut-off grade	The grade at which the orebody is mined with no profit or loss, i.e. the breakeven grade.
Debt	Borrowings, including short-term borrowings.
Depletion	The decrease in quantity of ore in a deposit or property resulting from extraction or production.
Development	Activities (including shaft sinking and on-reef tunnelling) required to prepare for mining activities and to maintain a planned production level and those costs to enable the conversion of mineralised material to reserves.
Dilution	Waste, which is mined with ore in the mining process.
ECSA	The Engineering Council of South Africa.
EMPR	Environmental Management Programme Report.
Exploration	Activities associated with ascertaining the existence, location, extent or quality of mineralised material, including economic and technical evaluation of mineralised material.
Equity	Shareholders' equity adjusted for other comprehensive income and deferred taxation.
Faulting	The process of fracturing that produces a displacement of rock.
Footwall	The underlying side of a fault, orebody or stope.
g	gram.
g/t	gram per tonne.
Grade	The quantity of metal per unit mass or ore expressed as a percentage as ounces or grams per tonne of ore.
Hanging wall	The overlying side of a fault, orebody or stope.
Head grade	The grade of the ore as delivered to the metallurgical plant.
In situ	In place, i.e. within unbroken rock.
Indicated mineral resource	An 'indicated mineral resource' is the part of a mineral resource for which tonnage; densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred mineral resource	An 'inferred mineral resource' is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.
JSE	Johannesburg Securities Exchange, South Africa.
KBH	Khumo Bathong Holdings (Pty) Ltd.
kg	Kilogram.

Level	The workings or tunnels of an underground mine which are on the same horizontal plane.
Life-of-mine (LOM)	Number of years that the operation is planning to mine and treat ore, and taken from the current mine plan.
m	Metre.
Market capitalisation	The number of ordinary shares in issue at close of business on 30 June 2004, multiplied by the closing price of the share as quoted on stock exchanges.
Measured mineral resource	A 'measured mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological continuity.
Metallurgical plant	Processing plant used to treat ore and extract the contained metals.
Mill/Milling	The comminution of the ore, although the terms has come to cover the broad range of machinery inside the treatment plant where the mineral is separated from the ore.
Mineable	That portion of a mineralised deposit for which extraction is technically and economically feasible.
Mineral reserve	A 'mineral reserve' is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proved mineral reserves.
Mineral resource	A 'mineral resource' is a concentration (or occurrence) of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories.
Mine call factor ("MCF")	The ratio of the produced gold at the mill to the gold content of the ore calculated by sampling in stopes.
Mineralisation	The presence of a target mineral in a mass of host rock.
Mt	Million tons.
Ore	A mixture of mineralised material from which at least one of the contained minerals can be mined and processed at an economic profit.
Ounce	One troy ounce which equals 31.1035 grams.
Pay-limit	The break-even grade at which the orebody can be mined without profit or loss, calculated using forecast commodity prices, working costs and recovery factors.
PLATO	The South African Council for Professional Land Surveyors and Technical Surveyors.
Probable mineral reserve	A 'probable mineral reserve' is the mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral reserve. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

GLOSSARY OF TERMS

Production	The day-to-day activities directed to obtaining saleable product from the mineral resource on a commercial scale. It includes extraction and other processing prior to sale.
Proved mineral reserve	A 'proved mineral reserve' is the economically mineable material derived from a measured mineral reserve. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration or and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.
Recovery grade	The actual grade of ore realised after the mining and treatment process.
Reef	A mineralised horizon containing economic levels of metal.
Rehabilitation	The process of restoring mined land to allow appropriate post-mining use. Rehabilitation standards are determined and audited by the South African Department of Minerals and Energy and address ground and surface water, topsoil, final slope gradients, waste handling and re-vegetation issues.
SACNASP	The South African Council for Natural Scientific Professions.
SAIMM	South African Institute of Mining and Metallurgy.
Shaft	A shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a hoist system that lowers and raises conveyances for men, material and ore in the shaft.
Stope	The underground excavation within the orebody where the main production takes place.
Strike	The direction in which a horizontal line can be drawn on a plane.
The SAMREC Code	The South African Code for Reporting of Mineral Resources and Mineral Reserves, including the guidelines contained therein.
Tonnage	Quantities where the ton or tonne is an appropriate unit of measure.
Tonne	One tonne is equal to 1 000 kilograms (also known as a metric ton).
Tailings	Finely ground rock from which valuable minerals have been extracted.
Tailings dam	Dams or dumps created from waste material from processed ore after the economically recoverable metal has been extracted.
tpa	Tonnes per annum.
tpm	Tonnes per month.
tpm^3	Tonnes per cubic metre.
Weighted average number of ordinary shares	The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group.
Yield/Recovered grade	The actual grade of ore realised after the mining treatment process.

CONTACT DETAILS

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Mark Wellesley-Wood (Executive Chairman)
Ian Murray (Chief Executive)
Officer and Chief Financial Officer)
David Baker (Non-Executive)
Douglas Blackmur (Non-Executive)
Geoff Campbell (Senior Independent
Non Executive)
Rob Hume (Non-Executive)
Dr Paseka Ncholo (Non-Executive)
Anton Lubbe (Alternate)

Audit committee
Rob Hume (Chairman)
Geoff Campbell
David Baker

Remuneration committee
Geoff Campbell (Chairman)
Douglas Blackmur

Risk committee
Douglas Blackmur (Chairman)
David Baker
Mark Wellesley-Wood

Company secretary
Andrea Townsend

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Listing information
DRDGOLD ordinary shares are currently listed on the JSE Securities Exchange, the Australian Stock Exchange, the London Stock Exchange, the Port Moresby Stock Exchange and on NASDAQ in the form of ADR's. The Company's shares are also traded on the Marche Libre in Paris, the Regulated Unofficial Market of the Frankfurt Stock Exchange, the Berlin and Stuttgart OTC markets as well as Euronext Brussels, in the form of International Depositary Receipts.

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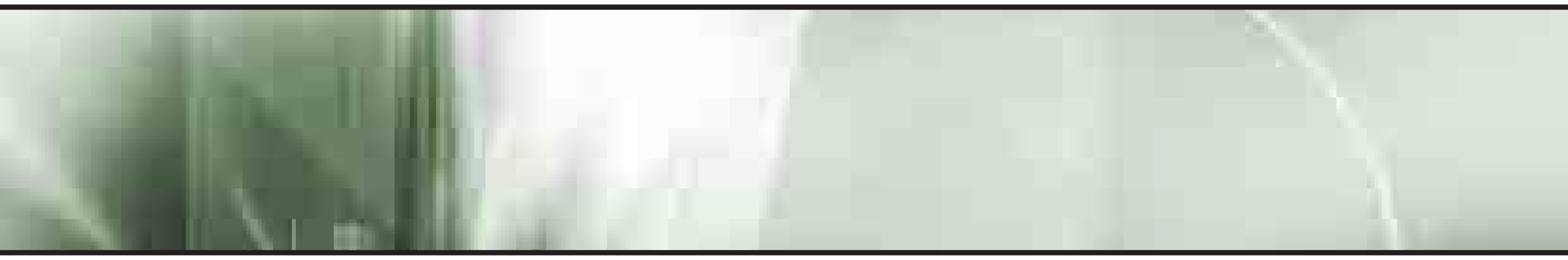

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