

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

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

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

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

### 1 PRESENTATION OF FINANCIAL STATEMENTS

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

### ACCOUNTING POLICIES

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

### CONSOLIDATION

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

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

### MINING ASSETS

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

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

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

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

### INVESTMENTS

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

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

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

### INVENTORIES

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

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

### DEFERRED MINING AND INCOME TAXATION

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

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

### ENVIRONMENTAL REHABILITATION

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

#### Decommissioning costs

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

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

#### Restoration costs

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

#### Environmental rehabilitation trust

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

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

### REVENUE

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

### RETIREMENT AND OTHER EMPLOYEE BENEFITS

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

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

### EARNINGS/(LOSS) PER SHARE

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

### SEGMENT REPORTING

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

### FOREIGN CURRENCIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Decommissioning asset:

The damage that occurs on the establishment of the mine creates an obligation to restore the environment to its original condition. An asset, to be amortised over the life of the mine, has been created. As the date of decommissioning draws closer, the value of the asset decreases.

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

	GROUP		COMPANY	
	2002 R000	2001 R000	2002 R000	2001 R000
<b>9 NON-CURRENT INVESTMENTS AND OTHER ASSETS</b>				
Investments in listed companies	1 063	100 719	–	99 305
– at cost	2 022	100 846	–	99 305
– provision for diminution	(959)	(127)	–	–
Equity investments	16 695	17 000	1 264	1 824
Prepaid investment in subsidiary	–	–	140 856	120 547
Intangible asset	631	2 612	631	2 612
	<b>18 389</b>	<b>120 331</b>	<b>142 751</b>	<b>224 288</b>
Environmental Rehabilitation Trust Funds				
Balance at beginning of the year	110 950	100 654	2 972	2 925
Contributions	8 444	3 666	5 106	–
Growth in Environmental Rehabilitation Trust Funds	10 809	6 630	541	47
Rehabilitation payments from fund	(4 274)	–	–	–
Balance at end of the year	125 929	110 950	8 619	2 972
	<b>144 318</b>	<b>231 281</b>	<b>151 370</b>	<b>227 260</b>
Less: Investment in listed companies shown under current assets	–	99 706	–	99 305
	<b>144 318</b>	<b>131 575</b>	<b>151 370</b>	<b>127 955</b>
A schedule of listed investments is available for inspection at the registered office of the Company upon request.				
The monies in the Trust Funds are invested primarily in interest-bearing debt securities and may be used only for environmental rehabilitation purposes.				
Equity 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 investments on an annual basis to ensure that no significant decline, other than a temporary nature, in value of the investments has occurred.				
The market values of listed investments are	1 532	121 175	–	119 761
The directors' valuation of the equity investments (including pre-paid investment in subsidiary) is	21 751	17 000	142 228	122 371
Intangible assets comprise restraint of trade payments to directors as follows:				
Opening balance	2 612	4 353	2 612	4 353
Less: amortisation	(1 263)	(1 741)	(1 263)	(1 741)
Buy-out	(718)	–	(718)	–
	<b>631</b>	<b>2 612</b>	<b>631</b>	<b>2 612</b>

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

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

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

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

*Unissued shares*

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

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

*Cumulative preference shares*

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

*Consideration for Rawas*

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

*Option instruments*

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

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

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

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

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

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

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

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

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

15 LONG-TERM LIABILITIES (continued)

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

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

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

17 PROVISIONS

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

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

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

### 20 CONTINGENT LIABILITIES

The Company has:

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

### 21 EMPLOYEE BENEFIT PLANS

#### *Retirement funds*

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

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

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

No post-retirement benefits are available to other workers.

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

#### *Long service awards*

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

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

#### *Share option plan*

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

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

### 22 RELATED PARTY DISCLOSURE

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

### 23 FINANCIAL RISK MANAGEMENT

#### Cash and cash equivalents

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

#### *Concentration of credit risk*

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

#### *Foreign currency risk*

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

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

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

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

23 FINANCIAL RISK MANAGEMENT (continued)

*Interest rates and liquidity risk*

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

*Fair value of financial instruments*

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

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

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

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

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

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

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

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

25 POST BALANCE SHEET EVENTS

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