

# Hedging hurts in quarterly performances

PRECIOUS METAL EQUITY PERFORMANCES					
Miningweb	Gains from 31-Dec-01			Relative to	
	Feb-02	Mar-02	Apr-02	Au Ind.	POG
GOLDEN STAR	205%	198%	174%	138%	165%
DURBAN DEEP	101%	159%	173%	137%	164%
HECLA	57%	101%	171%	135%	162%
CAMBIOR	91%	136%	166%	130%	156%
RICHMONT	68%	125%	130%	94%	120%
SEABRIDGE RSCS	160%	140%	125%	89%	116%
GOLD FIELDS	82%	118%	119%	82%	109%
CLAUDE	57%	81%	113%	77%	104%
NOVAGOLD	100%	89%	100%	64%	91%
BEMA GOLD	59%	100%	97%	61%	87%
METALLICA	66%	69%	84%	48%	74%
HARMONY GOLD	63%	75%	73%	37%	64%
KINROSS GOLD	45%	67%	72%	36%	63%
ADRIAN	14%	43%	71%	35%	62%
ECHO BAY	51%	74%	70%	34%	60%
ROYAL GOLD	37%	71%	70%	34%	60%
TVX GOLD	65%	74%	68%	32%	59%
VICEROY CP	75%	67%	58%	22%	49%
RIVER GOLD	40%	54%	54%	17%	44%
NEWMONT	26%	45%	49%	13%	40%
GOLDCORP	35%	44%	48%	11%	38%
REPADRE RSC	44%	39%	46%	10%	37%
GREAT BASIN	33%	49%	46%	9%	36%
GLAMIS GOLD	34%	48%	45%	9%	36%
IAMGOLD	34%	40%	42%	6%	33%
VISTA GOLD	33%	42%	42%	6%	32%
GOLD RESERVE	21%	40%	41%	5%	32%
ANGLOGOLD	33%	42%	40%	4%	31%
SILVERADO GOLD	50%	50%	40%	4%	31%
ASA	29%	46%	40%	4%	30%
AGNICO EAGLE	23%	36%	38%	1%	28%
MERIDIAN GOLD	27%	40%	36%	0%	27%
APEX SILVER	22%	34%	35%	-1%	26%
RANDGOLD	36%	32%	35%	-1%	25%
BUENAVENTURA	25%	30%	34%	-2%	25%
HANOVER GOLD	25%	8%	33%	-3%	24%
FREEPORT	9%	32%	33%	-4%	23%
PAN AMER SILV	19%	34%	30%	-6%	21%
LIHIR	32%	38%	30%	-6%	21%
GEOMAQUE	57%	71%	29%	-8%	19%
AKROKERI-ASH	17%	17%	25%	-11%	16%
GABRIEL	4%	8%	24%	-12%	15%
AURION GOLD	10%	22%	22%	-14%	13%
RANDGOLD RES.	13%	18%	18%	-18%	8%
ASHANTI GOLD	13%	21%	18%	-18%	8%
BARRICK GOLD	13%	16%	17%	-19%	8%
SILVER STD RSC	4%	10%	17%	-19%	8%
NORTHGATE	10%	3%	12%	-24%	3%
CRYSTALLEX	-1%	12%	12%	-24%	2%
PLACER DOME	7%	13%	12%	-25%	2%
AUR RESOURCES	3%	14%	9%	-27%	0%
CROWN RES	50%	25%	-13%	-49%	-22%
AVERAGE	43%	55%	57%	21%	48%
MEDIAN	34%	43%	42%	5%	32%

Tim Wood of [Miningweb](#) recently wrote a piece giving some insight into hedged versus unhedged producers. *Miningweb* has kindly agreed that we bring you some of what he wrote.

“...The rise in the gold price has attracted new interest in the sector with money flowing into mutual funds at a rate thought unlikely just two years ago. With investors rusty on what counts in the sector after years of miserable returns, the anti-hedging message is a huge propaganda victory that should not be treated lightly. Activists have used the Internet to great effect to spread and entrench the doctrine - would that they were as effective in stimulating physical purchases.

Obviously, the hedged stocks would be expected to under perform in a rising price environment, but with gold up a mere 9 per cent, it is not a sufficient explanation for the gap which would be more consistent with a one-fifth increase in the metal price.

### Overall performances

Golden Star Resources remains the top performing stock for the year to date although it has conceded ground every month since it rocketed away through January. Runner up is Durban Deep which has steadily improved and now looks set to grab the lead. Hecla, Cambior and Richmond have all done equally well.”

Watch this space as we continue to deliver into our hedge book. We look forward to celebrating on 1 July as an unhedged producer.



## Safety *an industry prerogative*

Picking up on some of the sentiments expressed by the Minister of Minerals and Energy, Ms Phumzile Mlambo-Ngcuka, in her speech on the budget this month, it cannot be denied that safety in mining in South Africa is an industry prerogative.

The Minister expressed an appreciation for the concerns of the mining executives that mining safely in South Africa is indeed different to mining safely in North America or Canada, where the majority of mining activity is concentrated on surface (currently 78% of hours worked on SA mines are worked underground compared with 11% in the US).

However, the Minister could not overlook the fact that the both the fatality and reportable injury frequency rates for 2001 had deteriorated when compared with 2000. In an effort to prioritise this in the minds of the mining companies, the Department of Minerals and Energy (DME) has tasked its health and safety inspectorate with the task of targeting operations which are not performing satisfactorily with regard to safety.

The inspectorate recently visited DRD's North West operations in an effort to gain a better understanding of some of the reasons behind the accidents this operation had been experiencing. Said May Hermanus, Chief Inspector of Mines, at the visit, "While I understand that the South African reserves are difficult to mine in that they are deep, mature mines that present more challenges, particularly with pillar mining, we need to start working in such a way that we see a future for this industry. We need to benefit from our mineral reserves, but this needs to be done safely, in a sustainable manner, in an environment of partnership where joint accountability is the order of the day."

To this end, DRD has recently reworked its health and safety policy to refocus energies at both a corporate and individual mine level.

## Mining to start on Gold Estates Reef

Surface mining is scheduled to start later this month on the Gold Estates Reef on the Klerksdorp goldfields. Production here was started by blasting a 17 000 ton bulk sample for metallurgical test work using 21 tons of explosives (pictured).

The project has seen the drilling of 57 boreholes down to a maximum depth of 50 metres below surface, which has identified a measured resource (according to the SAMREC code) of some 2 million tons of gold-bearing ore. The conversion process from resource to proven reserve shows a yield of some 1.3 million tons, with production for the project expected to be around 105 000 tons per month once commissioned.

A follow-on capital drilling programme is currently underway to test the down-dip potential of the Gold Estates Reef to 100 metres below surface.



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## Letter to shareholders

May  
2002

A lot has been happening at DRD in the past few months and I firmly believe it will all be for the better.

The other day one of my non-mining colleagues commented that the most important people in this company, were the people who drilled the rock face everyday. We have been spending an inordinate amount of time to ensure that they can do this better, more efficiently and more safely.

Not only has the higher gold price made it even more critical to extract every ounce of gold, but also our expansion plans have put pressure on our training and development skills. Because DRD has been at the forefront of re-opening shaft systems to access further gold reserves, we have increased our workforce dramatically. In the last 12 months our labour has risen by 1,530 or a 10% increase.

Sadly, not all our new recruits have been up to scratch recently and this has reflected poorly in our production and safety statistics. This is being addressed as a matter of urgency.

It was for this reason that, after our last Quarterly Results, I have been spending more time "going down the hole". We have now experienced four consecutive months of declining gold production and Frik Coetzee and his team are working assiduously to reverse this trend.

I am pleased to be able to report that the omens are looking promising. Last week both our mid-shaft loading projects came on line and the first ore from the new Gold Estates open pit went into the mill. Both these projects are at Harties and, when one considers that these were only started in October and December last year, this is quite an achievement.

I have just completed a tour of our operations and am impressed at the quality of our assets and our people. We will be investing more in both next year; in terms of capital in our infrastructure and in terms of better training and incentives for our staff. It will only be then that Durban Roodepoort Deep, Limited can realise the full potential, of which I am confident it is capable of achieving.

*Mark Wellesley-Wood*

13 May 2002