

Tech investors! OVER HERE - AT THE GOLD STOCKS

DRD will be issuing the next quarterly results from New York on 18 October 2001, with live link-ups to Johannesburg and London

Miningweb recently posted this article on their website (www.theminingweb.com), and have kindly allowed us to bring the piece to our investors. The recent rally in the gold price after the tragedy that struck New York and Washington bears further testimony to Tim Wood's view that gold represents "refuge from the tempest"...

PRINCETON, NJ -- We noted earlier in the year that the gold market seems to be behaving oddly. It's not so much the gold price, but the remarkably good returns that gold equities have recorded for the year to date.

The old hands in the business always swear that equities are strong indicators of future gold price behaviour. If this is anything to go by, then something big is brewing because gold stocks have outperformed pretty much everything this year - even the gold price. That says something.

The gold millionaires - producers extracting 1 million ounces or more a year - have had a superb run so far; quite extraordinary, in fact. The South Africans have been propped up by their wonderful dividends, but they have done well even without those. Only Barrick has disappointed, but let's not be churlish and forget the fantastic premium rating it enjoyed until early this year when it fell back in line with its peers.

GOLD EQUITIES* RANKED BY YEAR-TO-DATE PERFORMANCE								
COMPANY	29 Dec	30 Mar	29 Jun	6 Aug	Qz (%)	H1 (%)	Divs	YTD (%)
Ashanti	1,88	2,03	3,03	3,85	32,3%	60,0%	0,00	105,3%
Homestake	4,19	5,26	7,92	7,71	33,6%	90,5%	6,01	85,5%
Kinross	0,50	0,50	0,79	0,85	36,7%	58,0%	0,00	70,0%
Durban Deep	0,66	0,91	1,15	0,93	21,2%	75,3%	0,00	41,8%
Anglogold	14,50	13,97	17,91	18,34	22,0%	26,3%	39,88	29,2%
Freeport	8,56	13,05	11,05	10,97	-18,1%	29,4%	0,00	28,1%
Gold Fields	3,50	3,88	4,55	4,26	14,8%	33,7%	13,09	25,5%
Newmont	17,06	16,12	18,61	18,91	13,4%	9,4%	0,00	10,8%
Harmony	4,69	4,81	5,69	5,12	15,4%	22,7%	6,19	10,5%
Placer Dome	9,63	8,65	9,80	10,19	11,7%	2,3%	5,00	6,4%
Barrick	16,38	14,29	15,15	14,86	5,7%	-6,8%	11,00	-8,6%
AVERAGES					17,2%	36,4%	7,38	36,8%
MEDIANS					15,4%	29,1%	5,00	28,1%
BEST					36,7%	90,5%	39,88	105,3%
WORST					-18,1%	-6,8%	-	-8,6%

* Million ounces plus per year producers only

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Those performances are all the more impressive when viewed against the broad canvass of the Standard & Poor's 500 and the Dow Jones Industrial Average. The following table shows how each share has performed relative to those indices and it is staggering. Gold bugs have been pilloried for too long. This is not an industry in as much trouble as we have been led to believe. How else do you explain these results?

The good news is not confined to the gold majors. It was only in March at the PDAC confab that doom and gloom abounded about whether or not juniors could survive. They're not just surviving - they're thriving and making their shareholders rich to boot, even if the industry is in the doldrums. In the following table, only two stocks can be said to be verging on actual dud status - TVX and Viceroy.

GOLD EQUITIES: RELATIVE PERFORMANCE							
COMPANY	YEAR-TO-DATE, RELATIVE TO:				REL. TO PRICE OF GOLD		
	DOW	S&P500	GOLDI	XAU	Qz	H1	YTD (%)
Ashanti	109%	114%	101%	102%	106%	100%	107%
Homestake	89%	95%	81%	82%	86%	80%	87%
Kinross	74%	79%	65%	66%	70%	65%	71%
Durban Deep	45%	51%	37%	38%	42%	36%	43%
Anglogold	33%	38%	25%	26%	30%	24%	31%
Freeport	32%	37%	24%	24%	28%	23%	30%
Gold Fields	29%	35%	21%	22%	26%	20%	27%
Newmont	14%	20%	6%	7%	11%	6%	12%
Harmony	14%	20%	6%	7%	11%	5%	12%
Placer Dome	10%	15%	2%	3%	7%	1%	8%
Barrick	-5%	0%	-13%	-12%	-8%	-14%	-7%
AVERAGES	40%	46%	32%	33%	37%	31%	38%
MEDIANS	32%	37%	24%	24%	28%	23%	30%

DOW = Dow Jones Ind. Avg I GOLDI = Gold Industry Index
XAU = Philadelphia Gold & Silver Index

There's one explanation that stands out above all others - a lot more people are a lot more worried about the world economy than they've been letting on. If gold isn't a refuge from the tempest, then why is interest in this "commodity" so strong as we continue to skirt a full-blown recession in the US? Gold is still money, after all, it would seem.

Letter from Mark

Blyvoor has clearly re-established itself now as the jewel in DRD's crown.

The importance of Blyvoor to DRD is down to its potential to be a long-life low-cost mine. It is the amalgamation of three different lease areas and, by breaking down the fences between these we planned a new mine within a mine, using infrastructure more effectively and opening up new reserves.

But it was not all plain sailing. Just before Christmas, your new management team found that the ship was well off course. The so-called Blyvoor 2000 project was about six months behind schedule, development had been focused on the wrong areas of the mine and the management culture had been corrupted. So, the captain of the ship was changed and a new crew empowered.

The results six months later have been nothing short of electric. The mine has recorded an unbroken record of increased monthly gold production, costs have fallen to below \$200/oz, production efficiencies are up by an average of 40%, and the mine life is now looking like 14 years.

All credit must go to Deon and his team, but the real lesson from Blyvoor is the application of the core principles of DRD. We have become a company of control freaks!

Controls were applied across the entire operation. From the establishment of a control centre at 5 shaft to control over the stores. Detailed planning and careful execution produce results at the end of the day, whether this is over the sampling techniques or over the security systems, it all mounts up. By making the mine more competitive, Deon and his team are now able to bring in new reserves from the resource category and thus maximize the potential of the infrastructure in the form of milling capacity and shafts.

This proud old mine, which now includes Doornfontein will be around for a very long time - and so therefore, I am pleased to be able to say, will DRD.

Mark Wellesley-Wood
Chairman





DRD unaffected by COSATU stay-away

The Congress of South African Trade Unions (COSATU) called for regional stay-aways (held on 16 August in Gauteng and the North West Province) as well as a national stay-away on 29 – 30 August in support of their dispute with regard to the government's privatisation plans.

Fortunately, DRD's operations were not materially affected by the call, despite the National Union of Mineworkers (NUM) being the largest COSATU affiliate. Normal attendance was reported at all operations on each of these days, except at Buffelsfontein which had around 50% attendance on 29 - 30 August.

We would like to commend the local union and management teams, who displayed remarkable appreciation for the company's well-being by negotiating appropriate ways for employees with links to COSATU to show solidarity with the federation's call without disrupting production. This responsible approach is indicative of the positive working relationships that exist at the operations.

ALL WAGE NEGOTIATIONS

COMPLETE

Previously we reported that wage agreements with the National Union of Mineworkers (NUM) were completed for the period 2001 - 2003. The company has now also concluded similar two-year wage agreements with the United Association of South Africa (UASA), the Mine Workers Union Solidarity (MWU), National Employees Trade Union (NETU) and the South African Electrical Workers Association (SAEWA) for the North West operations as well as Blyvooruitzicht.



Mineral resources and reserves

SRK's independent audit

The independent technical consultancy, SRK, has recently completed its annual audit of DRD's SA mineral reserves and resources. The audit included a study of the Life of Mine plans for DRD's operations. The table below shows the planned production for these operations over the current life of mine as accepted by the consultants.

Blyvoor	2,109 m oz (6 years)
Crown	2,122 m oz (8 years)
North west	3,332 m oz (8 years)

This production will be extracted from the proven and probable reserve of 14,4m ounces at DRD.

The table below shows a breakdown of DRD's current reserves and resources as at 1 July 2001.

Ore reserves as at June 2001

	Tons (m)	Grade (g/t)	Gold (Tons)	Gold (m oz)	
Blyvoor	42.39	5.21	220.82	7.10	
Buffels	16.97	1.54	26.19	0.84	
Crown	71.97	0.68	49.15	1.58	
Harties	28.57	4.98	142.31	4.58	
Tolukuma	0.13	15.69	1.98	0.06	
Proved/Probable	Total	172.37	2.59	446.86	14.37

Resources	(m)	(g/t)	(Tons)	(m oz)
Measured	281.1	2.40	675.81	21.73
Indicated	713.6	1.18	838.78	26.97
Inferred	272.9	4.78	1304.81	41.95
Total Resources	1267.7	2.22	2819.40	90.65

DRD investors can look forward to some upside in the form of exploration potential, as follows:

Blyvoor: Blyvoor's mineral resources could increase with eastern extensions into adjoining mines on both the Carbon Leader and Main reefs. There is also opportunity in the LEA for exploitation of the Main reef as a southward continuation of the Annan payshot.

Buffelsfontein: There is potential for additional resources on the western side of the lease area where historically the C reef has been mined. There are also opportunities for remnant mining of the Vaal reef in the Stilfontein mine lease area, which is adjacent to Buffelsfontein.

Hartebeestfontein: Open pit potential exists to the west of the current operations in the area where the Black reef outcrops. There are also opportunities to increase the Vaal reef resources where historical plans are inaccurate – re-opening of old areas has shown that remnant blocks are often larger than shown on plans and areas marked as fault loss often contain reef blocks.

WIN

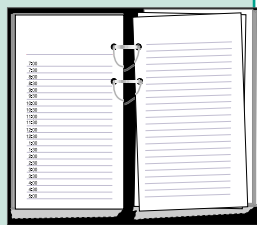
with our new website

The time has finally come. We launch our new-look website at the end of this month, and hopefully it succeeds where its predecessor failed. We have attempted to restructure the site so that it is more user-friendly and easily navigable. But we won't know if we've hit the mark unless you tell us. Please drop us a line with any suggestions you may have on the site at investor@durbans.com and stand the chance to win a prize in our lucky draw competition. Prizes include a pair of gold cufflinks, golf shirts and wine. So log on and send us your comments.

Diary of upcoming events

Please take note of the following key dates:

- 26 Sept 2001** Media visit to Blyvooruitzicht Mine (Carletonville, SA)
- 27 Sept 2001** Annual report and website launch
- 30 Sept 2001** Annual report posted
- 18 Oct 2001** Quarterly results issued (SA, USA, UK & Australia)
- 19 Oct 2001** Quarterly results published (SA)
- Early Nov 2001** Tolukuma site visit (Papua New Guinea)
- 23 Nov 2001** AGM (Johannesburg, SA)
- 28 Nov – 2 Dec 2001** New Orleans 2001 Investment Conference (US)
- Feb 2002** Indaba Mining Conference (Cape Town, SA)
- March 2002** PDAC (Toronto, Canada)



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WANT A QUICK RESPONSE TO YOUR QUESTIONS ABOUT DRD? Email: eloffm@drd.co.za

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