

## Financial results for the six months ended 31 December 2004

### Presentation to Employees-Blyvoor

25 February 2005

Paseka Ncholo, Chairman  
Mark Wellesley-Wood, Chief Executive Officer

## Key features

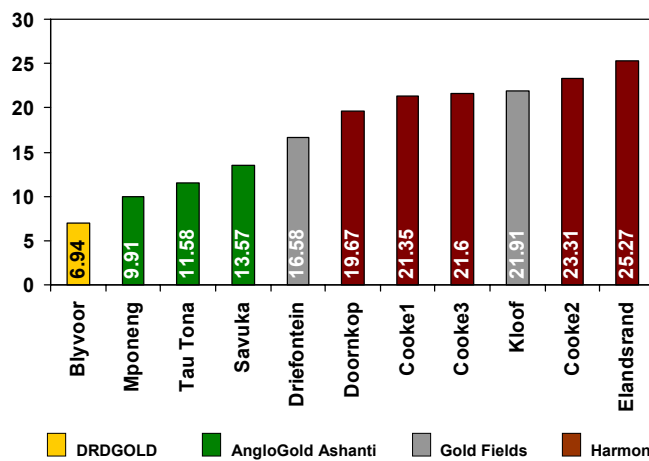
- ▶ Outstanding safety performance
- ▶ Attributable offshore production up to 37% of total
- ▶ Porgera Joint Venture achieves 1 million ounces
- ▶ Emperor stake up to 45.33%; rights issue completed
- ▶ ERPM extends life, receives State assistance
- ▶ North West Operations fully impaired
- ▶ US\$50 million Investec facility
- ▶ Overall Group financial performance
  - 6 mths to 31 Dec 04----**R370M**
  - 6 mths to 30 Jun 04----**R679M**

## Safety Performance

- ▶ DRDGOLD: Lowest fatality rate amongst SA gold producers in 2004
- ▶ Blyvoor: 7th consecutive win in West Rand Mine Managers' Association safety competition
- ▶ NWO: 2nd million fatality-free shift in 2004 financial year
- ▶ Tolukuma: 500 000 fatality-free shift; 852 days fatality-free
- ▶ Crown Surface: 1 million fatality free shifts Jan 2005

## West Rand safety competition rankings

LTIFR  
Per 1 000 000 hours



## Operational overview (6 months)

	Cash Costs (US\$/oz)	Production ounces (troy)	Cash operating profit/(loss) (US\$m)	Comment
<b>Australasia</b>				
Porgera JV (20%)	166	102 579	26.3	One million ounces achieved
Tolukuma	312	38 667	4.1	Exploration, exploration
Emperor(45.33%) #	376	23 892	-	High oil price impacts
<b>South Africa</b>				
Blyvoor	498	80 569	(6.6)	Restructured
NWO*	459	152 266	(6.5)	Under review
Crown (40%) #	379	23 895	-	Steady state performance
ERPM (40%) #	412	21 953	-	Pumping subsidy

\* NWO include Harties and Buffels operations  
 # Equity accounted

## Income statement comparison

	6 months 31 Dec 2004 <i>Reviewed</i> <i>Rm</i>	6 months 30 June 2004 <i>Reviewed</i> <i>Rm</i>	6 months 31 Dec 2003 <i>Reviewed</i> <i>Rm</i>
Gold price received (R/kg)	83 941	87 240	86 298
Ounces	443 821	469 223	435 800
Cash operating profit	107.2	192.1	73.7
Net operating (loss)/profit	(20.6)	107.8	(26.3)
Exceptional items	(211.0)#1	(109.0)#2	0.7
Headline loss	(370.1)	(679.1)#3	(37.3)

#1: Impairment of NWO  
 #2: Impairment of CGR loan  
 #3: Deferred tax charge (R512.3m)

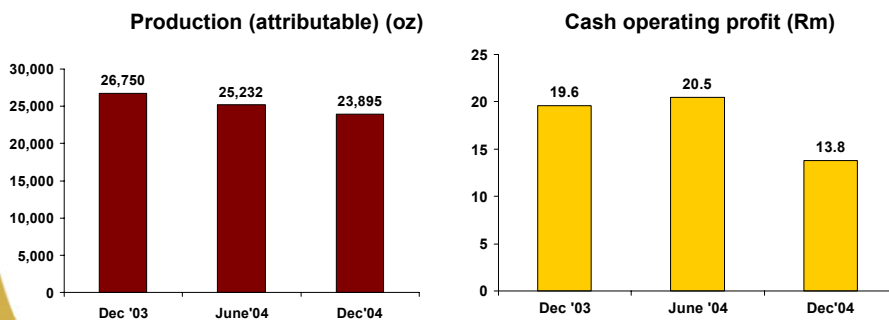
## South African Operations

- ▶ Finding right mix between surface and underground
- ▶ Surface operations:
  - Blyvoor and Cason retreatment projects both successfully commissioned
  - 53 000 ounces at average cost of R 70 700/kg
- ▶ Improving efficiencies: g/TEC, yields
- ▶ Underground operations at NWO under review
  - Need to redress high cost structures (labour: 58% of total)
  - NWO fully impaired: R 214m

## Crown

### Key features:

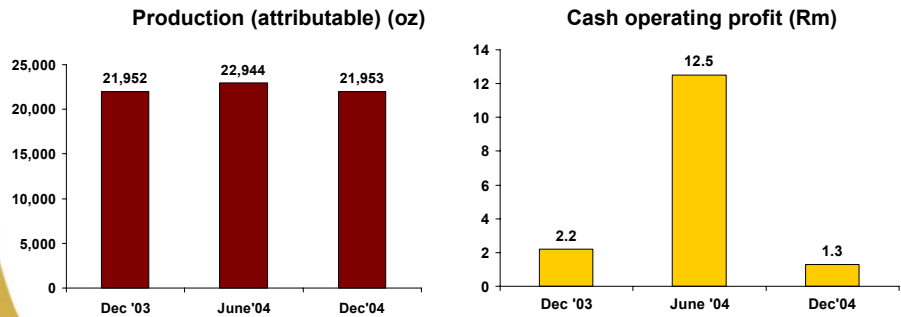
- ▶ Consistent cash generator
- ▶ 'Lone player' status presents opportunities



## ERPM

### Key features:

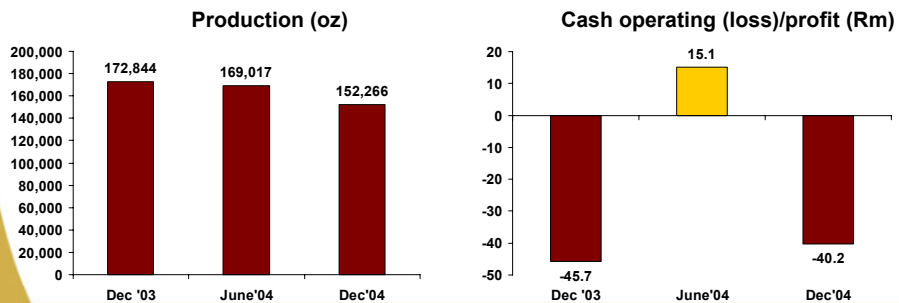
- ▶ State pumping subsidy renewal submitted
- ▶ Cason retreatment project now delivering
- ▶ Two-week strike in November



## North West Operations

### Key features:

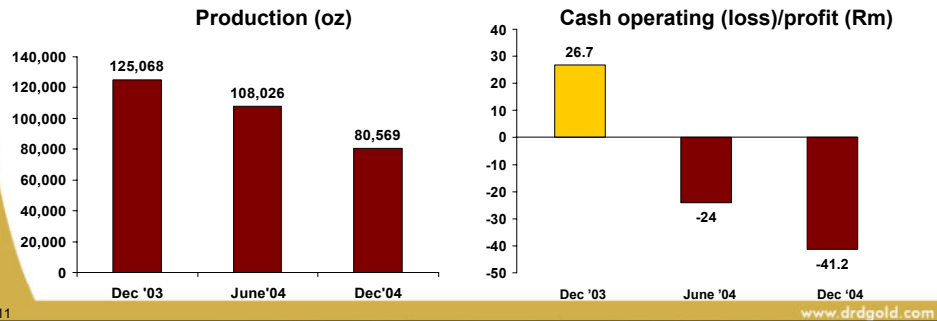
- ▶ Interventions under way
- ▶ Engaging with stakeholders
- ▶ R200m spent over 18 months



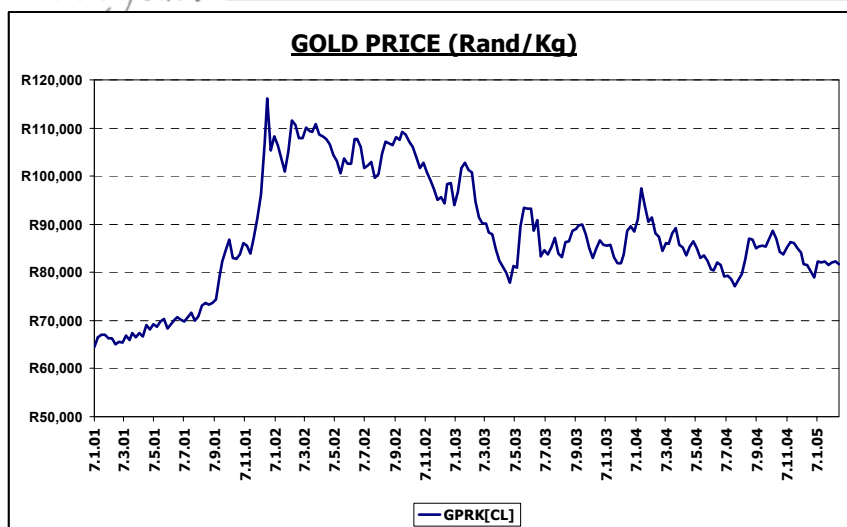
## Blyvooruitzicht

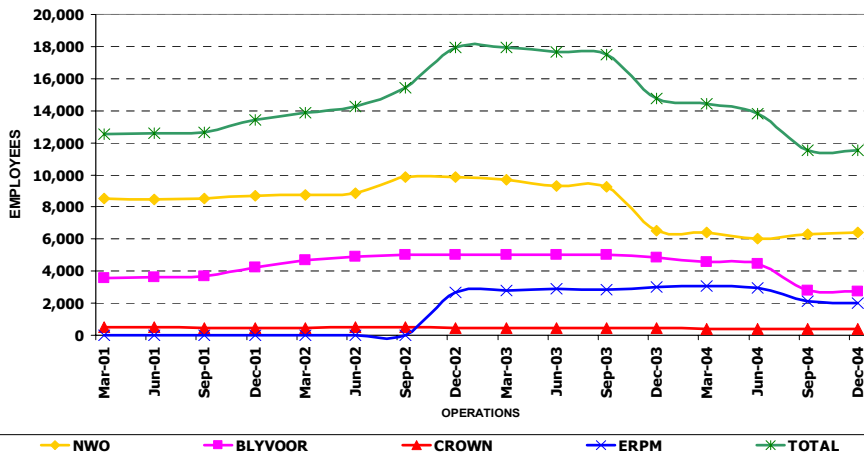
### Key features:

- ▶ More cost-effective ounces from underground; better yield
- ▶ Retreatment project now delivering
- ▶ R 26m spent on retrenchment (1 600 employees)
- ▶ No 4 shaft under review



## SOUTH AFRICAN OPERATIONS



**IN SERVICE LABOUR STRENGTHS - SA OPERATIONS - 2001-2004**


- ▶ Two different business strategies
- ▶ SA:
  - adjust to Rand environment
  - urgent need to change NWO
  - reduce overheads
  - corporate office – relocation/sale
    - direct resources at operational sites
    - 20-30% cost reduction within 2 months
  - continuous improvement focus
  - communication plan throughout
- ▶ Offshore:
  - top 20 primary producer
  - \$60m annualised EBITDA
  - unlock further value in portfolio

## What Do We Need To Do?

1. STABILISE AND BUILD ON RECENT IMPROVEMENTS
2. SUSTAIN THE TOTAL COST/KG AT R80,000/KG TO 30 JUNE 05- THEREAFTER PURSUE CONTINUOUS IMPROVEMENT WITH SET TARGETS
3. CONTINUE PRODUCTIVITY ENHANCEMENTS G/TEC BEYOND 14% AND SUSTAIN

THERE WILL BE SOME HARD DECISIONS

WE NEED TO RAISE OUR GAME FROM CEO DOWN.

OUR FUTURE IS IN OUR HANDS

## How Do We Do It?

By 30 May 2005 achieving operational objectives through combination of:

1. Redressing high cost structures
2. Removing non value adding expenditure
3. Productivity improvements:
  - Advance per blast /Frequency
  - Stope width control – 100cm
  - Gold losses and MCF above 85%
  - Catch up on development – 20% improvement

Form small teams to explore all options:

- Teams to complete evaluation within 2 weeks
- Establish during this process ongoing:
  - Communication plan
  - Continuous improvement

**Thank you**

Any questions?