



*we do what we say*

ANNUAL REPORT 2005

we do  
what we  
say

## *Disclaimer*

Some of the information in this annual report may contain projections or other forward looking statements regarding future events or other financial performance, including forward-looking statements and information relating to us that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management. When used in this annual report, the words "estimate", "project", "believe", "anticipate", "intend", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, adverse changes or uncertainties in general economic conditions in the markets we serve, a drop in the gold price, a continuing strengthening of the Rand against the Dollar, regulatory developments adverse to us or difficulties in maintaining necessary licenses or other governmental approvals, changes in our competitive position, changes in business strategy, any major disruption in production at our key facilities or adverse changes in foreign exchange rates and various other factors.

These risks include, without limitation, those described in the section entitled "Risk Factors" included in our annual report for the fiscal year ended 30 June 2004, which we filed with the United States Securities and Exchange Commission on 29 November 2004, on Form 20-F, as amended by the Form 20-F/A filed on 29 April 2005 and those detailed from time to time with the United States Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date thereof. We do not undertake any obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report or to the occurrence of unanticipated events.

## GROUP PROFILE

### OUR VISION

*to be the  
gold investment  
of choice*

### OUR CORE VALUE STATEMENT

- ▶ to deliver extraordinary results to our shareholders;
- ▶ by working safely together;
- ▶ with passion and commitment;
- ▶ learning from the 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.

## PROFILE

Established in 1895 as Durban Roodepoort Deep, Limited to exploit the world's richest known gold deposit, South Africa's Witwatersrand Basin, DRDGOLD Limited has withstood the test of time and numerous challenges to its survival.

Renamed in 2004 to reflect its gold focus, DRDGOLD has come to be characterised by dynamism, drive and an independent spirit that has seen it become a significant owner, operator and investor in gold mines in Australasia as well as South Africa.

DRDGOLD remains firmly based in South Africa, recently signing a Memorandum of Understanding (MOU) regarding a second Black Economic Empowerment (BEE) transaction with its BEE partner of three years, Khumo Bathong Holdings (Pty) Limited (KBH). In terms of this, KBH will acquire 15% of DRDGOLD's South African interests, and an option to lead a broad based BEE consortium in the acquisition of a further 11%.

The South African Operations consist of DRDGOLD's holdings in Blyvooruitzicht Gold Mining Company Limited (Blyvoor), Crown Gold Recoveries (Pty) Limited

(CGR) and East Rand Proprietary Mines Limited (ERPM). DRDGOLD's holdings in Buffelsfontein Gold Mines Limited (the North West Operations or NWO) have been sold after NWO was placed in provisional liquidation on 22 March 2005, following a massive earthquake on 9 March 2005. In Papua New Guinea DRDGOLD's holdings comprise of Tolukuma Gold Mines Limited (Tolukuma), and 20% participation in the operations of the Porgera Joint Venture (Porgera), through its holding in DRD (Porgera) Limited. In Fiji, it has a stake in Emperor Mines Limited (Emperor), which owns and operates the Vatukoula mine.

DRDGOLD's current operations have been amalgamated and acquired since 1997. Attributable production rose from under 100 000 ounces a year at that time to almost 770 000 ounces at the end of the 2005 financial year. At 30 June 2005, the attributable mineral resource base was 36.6 million ounces, and attributable ore reserves were 6.6 million ounces.

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 has acquired a strategic 50.2% interest in a subsidiary of the internet-based gold investment company, GM Network Limited (GoldMoney.com) and continues to search for value-adding gold beneficiation opportunities.

DRDGOLD is a public company with 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 on Euronext Brussels in the form of International Depositary Receipts.

# CONTENTS

Financial highlights	3
Chairman's statement	4
Directors	6
Management	8
CEO's review of operations	10
Sustainable development	22
Reserves and resources	32
Corporate governance	44
Directors' responsibility for the annual financial statements	53
Company Secretary's report	53
Report of the independent auditors on the annual financial statements	54
Directors' report	55
Company income statement	63
Group income statement	64
Balance sheets	65
Statements of shareholders' equity	66
Cash flow statements	67
Notes to the cash flow statements	68
Notes to the annual financial statements	71
Shareholder information	106
Shareholders' diary	107
Conversion table	107
Glossary of terms	108
Notice to shareholders	111
Form of proxy	119
Notice of direction	123
Contact details	Inside back cover

## FINANCIAL HIGHLIGHTS

			2005	2004	% CHANGE
<b>GOLD</b>					
Attributable production	– total operations	(thousand ounces)	769	905	(15)
	– continuing operations	(thousand ounces)	569	563	1
Attributable production	– total operations	(thousand kilograms)	24	28	(15)
	– continuing operations	(thousand kilograms)	18	18	–
Average spot gold price		(US\$ per ounce)	421	389	8
Average spot gold price		(R per kilogram)	84 304	86 220	(3)
Average price gold received		(US\$ per ounce)	423	393	8
Average price gold received		(R per kilogram)	84 690	87 211	(3)
Average cash cost	– total operations	(US\$ per ounce)	379	349	9
	– continuing operations	(US\$ per ounce)	318	309	3
Average cash cost	– total operations	(R per kilogram)	75 869	77 384	(2)
	– continuing operations	(R per kilogram)	63 689	68 659	(7)
<b>FINANCIAL</b>					
Revenue	– total operations	(R million)	1 669	2 192	(24)
	– continuing operations	(R million)	1 152	1 273	(10)
Operating profit/(loss) from gold	– total operations	(R million)	18	(29)	163
	– continuing operations	(R million)	154	80	92
Loss before tax	– total operations	(R million)	(468)	(242)	(93)
	– continuing operations	(R million)	(111)	(123)	10
Loss for the year	– total operations	(R million)	(516)	(716)	28
	– continuing operations	(R million)	(225)	(222)	(1)
Basic loss per share	– total operations	(R cents)	(200)	(331)	39
	– continuing operations	(R cents)	(87)	(102)	15
Total assets		(R million)	1 559	1 803	(14)
Net asset value per share		(R cents)	210	244	(14)
<b>RESERVES</b>					
Proven and probable ore reserves	– total operations	(million ounces)	6.6	11.7	(44)
	– continuing operations	(million ounces)	6.6	6.7	(1)
<b>SHARE STATISTICS</b>					
Market price per share <sup>(i)</sup>		(R cents)	569	1 570	(64)
Market price per share <sup>(i)</sup>		(US\$)	0.88	2.52	(65)
Ordinary shares in issue <sup>(i)</sup>			296 206 048	233 307 667	27
Market capitalisation <sup>(i)</sup>		(R billion)	1.7	3.7	(54)
Market capitalisation <sup>(i)</sup>		(US\$ million)	261	588	(56)
<b>EXCHANGE RATES</b>					
<b>United States Dollar</b>					
Average rate		(R:US\$)	6.22	6.90	(10)
Closing rate		(R:US\$)	6.68	6.28	6
<b>Australian Dollar</b>					
Average rate		(R:A\$)	4.68	4.92	(5)
Closing rate		(R:A\$)	5.09	4.33	18
<b>Papua New Guinean Kina</b>					
Average rate		(R:K)	1.98	2.08	(5)
Closing rate		(R:K)	2.15	1.94	11

<sup>(i)</sup>At 30 June

## CHAIRMAN'S STATEMENT

I have become Chairman of DRDGOLD in what surely must be one of the most challenging environments it has had to contend with in its 110-year history.

It would be easy – but somewhat disingenuous – to blame all of our difficulties on the strength of the South African Rand. That said, however, there can be no disputing that Rand strength over the past 18 months has dealt the South African mining industry a body blow, the long-term effects of which have yet to fully manifest themselves.

An owner-operator of mature South African gold mines, it is hardly surprising that we were among the first to feel the Rand's bite. Much of the year under review (FY05) has been spent in bids – hugely demanding on our financial, manpower and other resources – to save first ERPM underground operation, then Blyvoor and finally, NWO.

At ERPM and Blyvoor, in spite of the odds stacked against us, we managed to fight back and survive, fending off margin annihilation arising substantially from a weak Rand gold price and soaring Rand-driven costs. This was achieved at ERPM by reaching pacts of sorts with labour and government in terms of which the former backed a rigorous down-sizing of the operation and the latter restored much-needed financial subsidies for pumping and advanced grants for an ambitious underground

plugging project to save the mine's Far East Vertical (FEV) Shaft.

At Blyvoor, the support of labour, similarly, was a catalyst, but survival here had as much to do with right-sizing, and with developing and successfully implementing a new mining plan with the flexibility needed to deal with the demands of the times.

It will always be a cause of enormous regret to me that the NWO did not survive under our ownership and management. While there was clearly the will amongst both management and the workforce to commit to a second bid within an 18-month timeframe to save the NWO, nature harshly intervened on 9 March 2005.

The impact of the earthquake on that day, coupled with the losses sustained by the NWO in the preceding three months, was devastating. To have continued with a rescue bid in such circumstances – more specifically, to have continued subsidising the NWO from DRDGOLD's profitable Australasian operations – could well have brought the whole DRDGOLD to its knees.

The decision to seek provisional liquidation of NWO was not easy – in fact, it has probably never been more difficult for DRDGOLD to meet its maxim, 'We Do What We Say'. That it was the right decision, however – the most responsible decision for the Company's stakeholders as a whole – was clear from the general improvement in DRDGOLD's results in the third and fourth quarters. For

the first time in 18 months, we have had reason to believe we have turned the corner.

Such have been the demands of survival for our South African operations during the year, we achieved much less than we envisaged in terms of meeting the requirements of the Mining Charter Scorecard. Indeed, down-sizing and right-sizing, together with severely curtailed resources, resulted in little or no progress in respect of most of the Scorecard's elements.

After year-end, however, DRDGOLD announced that it had signed a Memorandum of Understanding (MOU) with its Black Economic Empowerment (BEE) partner, Khumo Bathong Holdings (Pty) Limited (KBH) – of which I am also Chairman – in terms of which KBH will acquire 15% of DRDGOLD's South African operations, with an option to lead a BEE consortium in the acquisition of a further 11%.

Fulfilment of the terms of the MOU will mean that DRDGOLD will have met, in full, the 10-year, 26% equity target stipulated by the Scorecard. This; a restructuring of the debt of Crown Gold Recoveries (CGR) and ERPM also announced after year-end; and continued careful management of the existing South African operations provides a sound platform for DRDGOLD to pursue a new and energetic role in the South African gold mining industry.

*“Having substantially restructured our South African operations for the future, we must secure continuing stakeholder support for what we want to do”*

*“It is imperative we support our Australasian interests through the challenges they currently face”*

At the time the MOU was announced, I said that I foresaw the new DRDGOLD in South Africa as ‘pared-down’. Leanness will be an imperative if we are to make the most of the brownfields opportunities that come our way in an industry that is mature, and if we continue to have to deal with Rand – and thus Rand gold price – uncertainty.

The ‘intensive care’ required of our South African operations in the year under review took its toll on our growth aspirations in Australasia and beyond. While there were few brown – or greenfields propositions in any event, there is no doubt our resources would have been sorely tested had we felt the need to pursue anything of particular interest during this difficult time.

It has been a challenging year for our existing Australasian interests. Our wholly owned Tolukuma mine in Papua New Guinea (PNG) has had various operational challenges to overcome while continuing to pursue an extensive exploration programme, success with which is expected to take it to ‘big mine’ status; Porgera, also in PNG and in which we have a 20% stake, is currently resolving pit wall stability issues that presented in the second half of calendar year 2005. In response to an extremely difficult year at Emperor in Fiji, in which we hold 45.3%, we announced a financial and operational assistance package soon after year-end.

Clearly, on balance, we ended the 2005 financial year better off than we started it. Were we the winning team

retreating from the field however, we would have been bruised nonetheless, and very mindful that we had lost some valued support from amongst our loyal supporters in the course of the match.

Looking ahead, we need to be mindful that we continue to face considerable challenges. While at the time of writing the Rand appears to be stabilising at lower levels against a strengthening US Dollar, I cannot but feel that we – and the South African mining industry as a whole – would benefit in the longer term from meaningful debate and some consensus with government about what the ‘right’ level for the Rand should be.

There is need for urgent clarity, also, on the Royalty Bill which, as originally scoped, would certainly sound the death knell of mature gold mining operations such as ours. Uncertainty is never a desirable state of affairs.

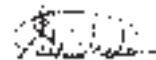
Having substantially restructured our South African operations for the future, we must secure continuing stakeholder support for what we want to do, not least from labour and government.

There is an element of ‘chicken and egg’ in this – to deliver on expectations we need support and yet, to secure support, we must deliver on expectations. The winning formula would appear to include a climate of trust and some give and take on all sides. Innovative agreements on, for example, remuneration linked to

productivity will be the kind of trade-offs necessary for the Company to create jobs and maintain job security in South Africa, and to fulfil its broader, socio-economic obligations as scoped in the Scorecard.

With the South African operations getting back on track, it is imperative we support our Australasian interests through the challenges they currently face, and resume our international growth trajectory. Investors internationally have made it clear to us that, while they continue to value the gold price optionality afforded by our substantial South African reserve and resource base, they seek avenues to invest in growth vehicles active in various ore bodies in different geographical locations. We must provide the flexibility they seek.

In closing, I should like to acknowledge the enormous contribution made to DRDGOLD's process of recovery in FY05 by the thousands of men and women who work for DRDGOLD. In this annual report, we have sought to characterise and celebrate their indomitable spirit by profiling a handful of their number as our Champions in 2005. I am grateful to all who have stayed the course and trust that in the year ahead their loyalty and efforts are vindicated.



**Dr Paseka Ncholo**  
Non-Executive Chairman

## DIRECTORS



NAME	POSITION	AGE	QUALIFICATION
MOLTIN PASEKA NCHOLO	NON-EXECUTIVE CHAIRMAN	42	DOCTORATE (LAW)

### RELEVANT EXPERIENCE

Dr Ncholo was appointed Non-Executive Director in March 2002 and as Non-Executive Chairman in February 2005. Awarded his PhD in law in 1992, he was admitted as an advocate of the High Court of South Africa in 1994. Prior to becoming Chairman of Khumo Bathong Holdings (Pty) Limited and East Rand Proprietary Mines Limited in 1999, Dr Ncholo was Director-General of the Department of Public Service and Administration in the South African Government. He is a director of Crown Gold Recoveries (Pty) Limited and Mvelaphanda Resources.



NAME	POSITION	AGE	QUALIFICATION
MARK MICHAEL WELLESLEY-WOOD	CHIEF EXECUTIVE OFFICER MEMBER: RISK COMMITTEE	54	DEGREE (MINING ENGINEERING)

### RELEVANT EXPERIENCE

Mr Wellesley-Wood was appointed Non-Executive Chairman in May 2000 and Chairman and Chief Executive Officer in November 2000. He resigned as Chief Executive Officer and was appointed Executive Chairman on 19 December 2003. In February 2005, Dr Ncholo was appointed as Non-Executive Chairman and Mr Wellesley-Wood resumed his role as Chief Executive Officer. Mr Wellesley-Wood holds a degree in mining engineering from the Royal School of Mines, Imperial College London and a postgraduate diploma in business studies from the London Metropolitan University. 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 also a director of Emperor Mines Limited.



NAME	POSITION	AGE	QUALIFICATIONS
IAN LOUIS MURRAY	CHIEF FINANCIAL OFFICER CORPORATE DEVELOPMENT OFFICER	39	CA(SA), CIMA

### RELEVANT EXPERIENCE

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 in June 2003 upon the resignation of Mr Kobus Dissel. In December 2003 he was appointed Chief Executive Officer and Chief Financial Officer. In January 2005 Mr Murray relinquished his position as Chief Financial Officer to Mr Doug Campbell and in February 2005 relinquished his position as Chief Executive Officer to Mr Wellesley-Wood. Mr. Murray resumed his position as Chief Financial Officer upon the resignation of Mr Campbell. Mr Murray obtained his B.Com degree from the University of Cape Town with distinction in 1987, passed the Final Qualifying Examination of the South African Institute of Chartered Accounts (SAICA), in 1989, the Chartered Institute of Management Accountants (CIMA) qualification examination 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 (Proprietary) Limited, a subsidiary of SABMiller plc, from August 1995 to January 1997. Mr Murray is a director of Emperor Mines Limited, Net-Gold Services Limited and G.M. Network Limited (GoldMoney.com).



NAME	POSITION	AGE	QUALIFICATION
GEOFFREY CHARLES CAMPBELL	SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR CHAIRMAN: REMUNERATION AND NOMINATIONS COMMITTEE MEMBER: AUDIT COMMITTEE	44	BSc GEOLOGY



#### RELEVANT EXPERIENCE

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 has worked on gold mines in Wales and Canada. He spent 15 years in the City working as a stockbroker and then as a fund manager and managed the Merrill Lynch Investment Managers' Gold and General Fund, one of the largest gold mining investment funds. He was also Research Director for Merrill Lynch Investment Managers. Mr Campbell is Managing Director of Boatlaunch Limited and a director of Oxford Abstracts.

NAME	POSITION	AGE	QUALIFICATION
ROBERT PETER HUME	INDEPENDENT NON-EXECUTIVE DIRECTOR CHAIRMAN: AUDIT COMMITTEE	65	CA (SA)



#### RELEVANT EXPERIENCE

Mr Hume was appointed Non-Executive Director in 2001. He 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.

NAME	POSITION	AGE	QUALIFICATION
DOUGLAS JOHN MELDRUM BLACKMUR	INDEPENDENT NON-EXECUTIVE DIRECTOR CHAIRMAN: RISK COMMITTEE MEMBER: REMUNERATION AND NOMINATIONS COMMITTEE MEMBER: AUDIT COMMITTEE	61	DOCTORATE (INDUSTRIAL RELATIONS)



#### RELEVANT EXPERIENCE

Professor Blackmur was appointed as 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 management, corporate governance, research and university fields. He currently holds the position of Standard Bank Professor of Management at the University of the Western Cape.

NAME	POSITION	AGE	QUALIFICATION
JAMES TURK	NON-EXECUTIVE DIRECTOR MEMBER: RISK COMMITTEE	58	BA (INTERNATIONAL ECONOMICS)



#### RELEVANT EXPERIENCE

Mr Turk was appointed Non-Executive Director in October 2004. He is the founder and a director of G.M. Network Limited (GoldMoney.com), the operator of a digital gold currency payment system. He has specialised in international banking, finance and investments since graduating in 1969 from George Washington University with a BA degree in International Economics. He began his business career with The Chase Manhattan Bank (now J.P. Morgan Chase). In 1980 he joined RTB, Inc., the private investment and trading company of a prominent precious metals trader. He moved to the United Arab Emirates in 1983 as Manager of the Commodity Department of the Abu Dhabi Investment Authority. In this position he was responsible for developing and implementing the investment strategies for the Authority's portfolio of precious metals. Since resigning from this position in 1987, he has written The Freemarket Gold and Money Report, an investment newsletter, and has authored several books on money and banking.

## MANAGEMENT

### Corporate

#### ► CRAIG CLINTON BARNES (35)

Group Financial Accountant

Mr Barnes joined DRDGOLD in his current position in August 2004. A Chartered Accountant, he has a B.Com degree from the University of the Witwatersrand, and a B.Compt Honors degree and post graduate diploma in auditing, both from the University of South Africa. Prior to joining DRDGOLD, he was Head of Financial Reporting for the Liberty Group.

#### ► JACOB HENDRIK DISSEL (47)

Group Financial Manager

Mr Dissel, who holds a B.Com Honours degree, joined DRDGOLD as Group Financial Manager in October 1999 from AngloGold, where he was Financial Manager responsible for financial systems. Mr Dissel has 22 years' experience in the mining industry.

#### ► ILJA DAVID GRAULICH (33)

General Manager: Investor Relations

Mr Graulich was appointed General Manager: Investor Relations in February 2003. He is a former financial journalist and has seven years of experience across a number of media sectors. Mr Graulich, who holds an MBA, is a director of Net-Gold Services Limited and an alternate director of G.M. Network Limited (GoldMoney.com) and of Rand Refinery Limited.

#### ► THEMBA JOHN GWEBU (41)

Company Secretary

Mr Gwebu, (B.Juris, LLB, LLM) is a qualified attorney who worked as a magistrate prior to joining DRDGOLD in April 2004 as Assistant Legal Advisor. He was appointed to his current position of Company Secretary in April 2005.

#### ► AMANDA ROXANNE HOOSEN (27)

Manager: Internal  
Audit & Compliance

Ms Hooten joined DRDGOLD in her current position in October 2004. A graduate in accounting and international business from Drexel University in the United States, and Certified Public Accountant, she was previously employed in the US by Cox Enterprises Incorporated and Ernst and Young.

#### ► DANIEL JOHANNES PRETORIUS (38)

Group Legal Counsel  
General Manager Corporate Services

Mr Pretorius, who holds a B.Proc LLB degree, was appointed Group Legal Counsel in February 2004. A director of Rand Refinery Limited, he has 12 years of experience in the mining industry.

#### ► ANDREW NORMAN WEIR (41)

General Manager: Human Resources

Mr Weir, who holds a B.Soc.Sci degree and diploma in advanced labour law, was appointed General Manager Human Resources in April 2005. Mr Weir has 17 years of experience in the mining industry.

### South Africa

#### ► WILLIAM THOMAS BEER (53)

Regional General Manager:  
Assets/Commercial

Mr Beer was appointed Regional General Manager Assets/Commercial in April 2005. Appointed Chief Administration Officer in January 2002, he has 23 years of management experience.

#### ► MANUEL JORGE MONTEIRO DA SILVA (35)

General Manager: ERP

Mr da Silva is a BSc Mining Engineering graduate from the University of the Witwatersrand and obtained his Mine Manager's Certificate in 1995. He joined DRDGOLD as Production Manager at Blyvooruitzicht in 2002 and was appointed to his current position in August 2005. He has 13 years of experience in the mining industry.

#### ► KEVIN PETER KRUGER (37)

Regional Engineering Manager;  
Environmental Manager: SA operations

Mr Kruger, who holds a BSc degree in mechanical engineering from the University of the Witwatersrand, joined DRDGOLD in 1994. Previously Engineering Manager at the Company's North West Operations, he was appointed to his current position in April 2005.

#### ► LOUIS CHARLES LAMSLEY (57)

Regional General Manager

Mr Lamsley, who has a National Diploma in Metalliferous Mining and Mine Manager's Certificate of Competency, was appointed Regional General Manager in April 2005. He has 32 years of experience in the gold mining industry, 25 years of which have been spent in management.

## South Africa, continued      Australasia

### ▶ MARK CRAIG MUNROE (37)

General Manager: Blyvooruitzicht

Mr Munroe joined DRDGOLD in 2002 and was appointed General Manager at Blyvoor in September 2004. Previously, he was Manager: New Business and Growth Projects. A B. Com graduate, Mr Munroe holds a National Diploma and a National Higher Diploma in Metalliferous Mining. He obtained his Mine Manager's Certificate of Competency in 1999. He has 19 years of experience in the mining industry.

### ▶ CHARLES METHLEY SYMONS (51)

General Manager: Crown Gold Recoveries

Mr Symons was appointed to his current position in 1997. He holds a Masters degree in Business Leadership and a B. Com degree from the University of South Africa, and a National Diploma in Extractive Metallurgy.

### ▶ DAVID EDWIN WHITTAKER (49)

Regional Geologist: SA Operations

Mr Whittaker joined DRDGOLD in 1996 and took up his current position in April 2005. He has a BSc Honours degree from Luton College of Higher Education, a diploma in mining engineering from the Camborne School of Mines and a graduate diploma in engineering from the University of the Witwatersrand. He has 23 years of experience in the mining industry.

### ▶ FERGUS PETER JOHNSON HART (43)

General Manager: Tolukuma

Mr Hart, who holds a BSc degree in Mining Engineering, took up his current position in July 2005. Previously, he was at Emperor Mines Limited in Fiji for four years. He has some 20 years' gold mining experience, obtained primarily in South Africa in both operational and project roles with the Gencor, Goldfields and Harmony groups.

### ▶ RICHARD LEWIS JOHNSON (54)

Divisional Director: Australasia

Mr Johnson, who has a BSc degree in mining engineering, was appointed Divisional Director Australia in June 2003. He has 22 years of experience in the mining industry.

### ▶ WILLIE ANDRÉ LABUSCHAGNE (38)

Divisional Financial Manager

Mr Labuschagne has a B.Com degree and 15 years of experience in financial and general management in the mining sector. He joined DRDGOLD in 2002 and was moved to Brisbane in February 2004 to establish the DRDGOLD regional office in Brisbane.

### ▶ TERRY SEAN O'CONNOR (54)

General Manager: Vatukoula

Mr O'Connor joined DRDGOLD in May 2005. A B.Com graduate from the University of South Africa, he also holds a National Higher Diploma in Metalliferous Mining and South African Mine Manager's Certificate. He was previously a mine manager with Anglo Platinum.

### ▶ SANDRA CHRISTINE SPENCER (40)

Human Resources Manager

Ms Spencer was appointed in June 2005 as General Manager Human Resources for DRDGOLD in Australasia. Based at the Company's Brisbane office, she has more than 16 years of professional human resources experience in the finance, management consultancy and IT sectors. She has a Certificate in Personnel Practice.

### ▶ MICHAEL PATRICK MARRIOTT (50)

Chief Operating Officer: Australasia

Mr Marriott who holds a National Diploma in Metalliferous Mining and a South African Mine Manager's Certificate of Competency, was appointed as General Manager: Projects in March 2004, and as Divisional Director: SA Operations in August 2004. He became Chief Operating Officer for DRDGOLD in Australasia in June 2005. He has 31 years of experience in the gold mining industry.

## CEO'S REVIEW OF OPERATIONS

Much of the 2005 financial year (FY05) was characterised by enormous trials and tribulations in respect of our South African operations, much of which were induced by the continuing strength of the Rand and consequent lower average Rand gold price received, about which I have more to say under the Gold Market section of this review. Nor were our Australasian interests without challenges of their own of varying degrees of significance. Nevertheless, we reached year-end considerably better off as a Group due to the various corrective actions that were taken.

### ► SAFETY AND HEALTH

It is encouraging that, in a year marked by so many operating and financial difficulties, the Company as a whole has continued to strive towards improved safety.

Nevertheless, 10 employees died in work-related accidents which, of course, is 10 too many. Those who died were:

#### NWO

Malixole Danti  
Mluleki Mazomba

Abraham Mabe  
Tefang Matsoele

#### Blyvoor

Mncedisi Tsemese  
Benjamin Muiambo

#### ERPM

Joseph Tsiane  
Jetros Zwane  
Charles John Chandler

#### Crown

Mandla Nkosi

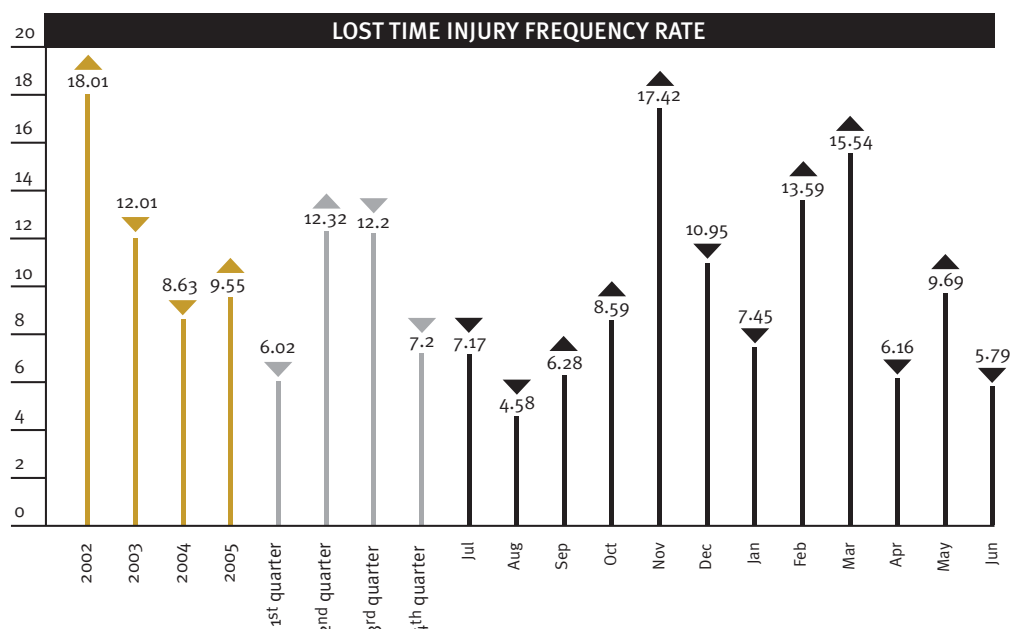
We are deeply saddened by their deaths and extend our condolences to their families, colleagues and friends. It is incumbent upon all of us in DRDGOLD to do all that we can, individually and collectively, to better manage the risks that lead to this kind of tragic and unnecessary loss.

While acknowledging that, so long as people continue to die in the course of their work for us there remains much for us to do in respect of safety in our operations. The year under review has been marked by several achievements detailed under SAFETY AND HEALTH on page 22 of this annual report.

These achievements point, in considerable part, to continued, application across the DRDGOLD Group of various programmes designed to achieve positive change in human behaviour related to workplace safety. I am grateful to employees at all levels for their contribution towards our continuing success in this area.

In respect of employee health – in particular, occupational disease, including noise-induced hearing loss and tuberculosis (TB) – our focus continues to be on prevention, detection, treatment and, where applicable, compensation. Education, orientation and the provision of appropriate protective equipment underpin our obligations in respect of prevention, and medical surveillance in respect of detection, treatment and compensation. It is pleasing to report that our South African operations report a decline in TB rates in 2005. This is all the more creditable, given the established link between TB and HIV/AIDS.

With regard to addressing the potential and actual impacts of the HIV/AIDS pandemic on our workforce,



*"By the end of the 2005 financial year, a significant turnaround had been achieved"*

we continue with our various education initiatives, voluntary testing and counselling programmes and treatment of opportunistic infections. Where appropriate, in South Africa, we facilitate access to anti-retroviral therapy (ART) through the State-funded programme and the Company's own fund, in terms of which R10 per employee per month is budgeted. Through close co-operation with non-governmental organisations, we are able to extend some of our services to the communities in which we operate.

#### ► GOLD MARKET

The end of the European and North American summer in 2004 proved once again that the gold market tends to run higher in the second half of each calendar year.

While gold had seen the \$400/oz mark in the early half of 2004, the first time since 1996, the rally did not have the momentum it needed to maintain this higher level. However, by the end of the northern hemisphere's summer of 2004, continued investor dissatisfaction with the state of global economies and currency markets finally saw the US Dollar gold price breach the psychological \$400/oz mark, where it has stayed since.

This new base for gold's US Dollar price, refreshing as it is, has not been entirely good for DRDGOLD. While our offshore operations have received the full benefit of the higher US Dollar gold price for the year, our South African operations suffered due to the continued strength of the South African Rand against major currencies. Indeed, the Rand has been one of the best performing currencies against the US Dollar for the last two years.

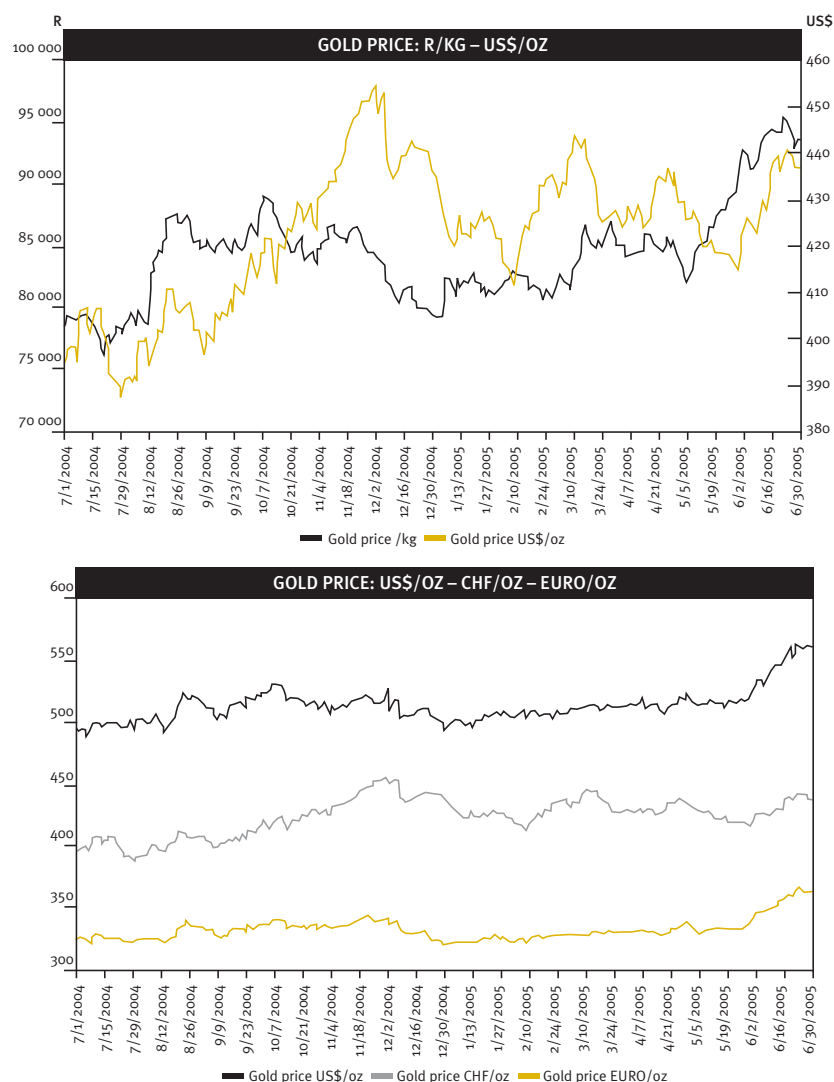
Only towards the end of the last quarter of FY05 did we see some benefit from a Rand weakened by interest rate cuts in South Africa and interest rate rises in the US that closed the yield differential. As I write, gold is comfortably above the magical R90 000/kg barrier.

It is not so much the rally in the US Dollar gold price that has excited gold producers such as ourselves and made us quietly optimistic that it may continue for some time to come. While the US Dollar gold price is still seen as currency-driven, with the US economic twin-deficit and the weak US Dollar as the major drivers, the gold price measured in other currencies has slowly but surely made some headway.

Those of you who remember the gold market as far back as I do, will appreciate the value we derive in measuring the gold price in terms of the Swiss Franc and other European currencies, now lumped together

in the Euro. The graph below shows that, while we saw little movement in the gold price when measured in Swiss Francs and Euros, the picture over the last quarter of FY05 saw some strong gains in these two currencies.

Gold has played and will continue to play an important role in the global financial markets. While much has been made of the pure supply/demand fundamentals of the metal, we believe the recognition of these fundamentals will come through strongly in the months and years ahead, as the gold industry struggles with finding replacement ounces, while higher cost producing countries,



## CEO'S REVIEW OF OPERATIONS

such as South Africa, struggle to reach production levels of the past. These, together with the growing interest in Exchange Traded Funds (ETF), which has seen gold in the ETF hit over 8 million ounces, ensures our continued belief in the gold market.

As producers, we are proud of our product and will continue to engage with shareholders and stakeholders in ensuring that our product receives the support it deserves. As I said last year in my review, "We have a marvellous product, the potential of which will come to be appreciated by a broader constituency of investors in years to come," and I continue to support this view.

### ► PRODUCTION

A 15% decline in Group gold production in FY05, from 905 023 ounces to 768 886 ounces, reflects the provisional liquidation of the North West Operations (NWO) in South Africa and consequent discontinuation of mining during March 2005.

South African gold production for the year, including attributable gold production from the 40% owned CGR and excluding production of 199 850 (2004: 341 861) ounces from the discontinued NWO, was 24% lower at 251 902 ounces.

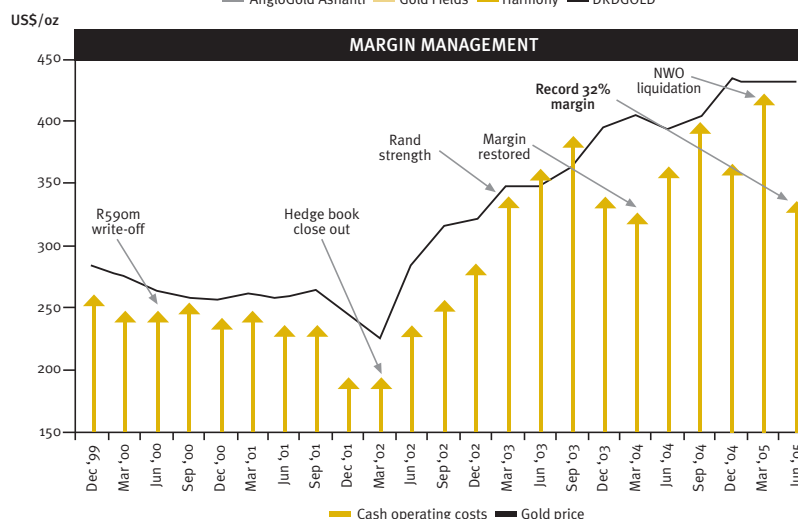
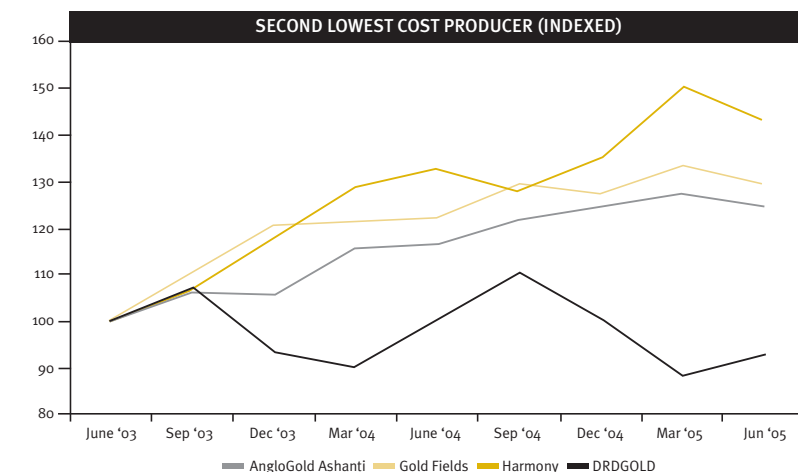
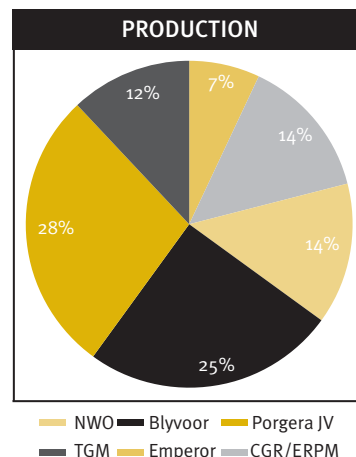
Gold production from our Australasian operations, in comparison, rose by 36% to 317 134 ounces. Australasia, therefore, now accounts for approximately 41% of our total current production, compared with 26% in 2004.

### ► COST TRENDS

While Group average cash costs year on year were 9% higher at US\$379 per ounce, the benefits of radical restructuring within the South African operations became apparent from the containment of the cash operating cost increase in the second half to little more than 1% compared with the first half. We now rank second-lowest in terms of costs amongst our South African peers.

At the South African operations, cost containment initiatives continue, given persisting uncertainty regarding the local currency. We are still lobbying suppliers of key consumables such as steel, water and power for more favourable pricing structures, with varying degrees of success.

At the Australasian operations, greater focus is being applied to costs, given a 5% increase in cash operating costs to US\$231 per ounce, year on year. Emperor Mines is receiving particular attention in this regard (see page 19). Fuel price increases have been a common challenge to the Australasian operations in FY05; in response, various options are being investigated both to improve logistics relating to fuel delivery to site and to reduce dependence on fuel for power generation.





*“Our vision for the medium term is of a Tolukuma with ‘big-mine’ status”*

#### ► PROFITS AND MARGIN MANAGEMENT

Group cash operating profit from continuing operations in FY05 was 3% higher at R304.5 million compared with FY04, reflecting a halt to the bleeding at the South African operations from the second half and the robustness of the Australasian operations – Porgera in particular – during the first half.

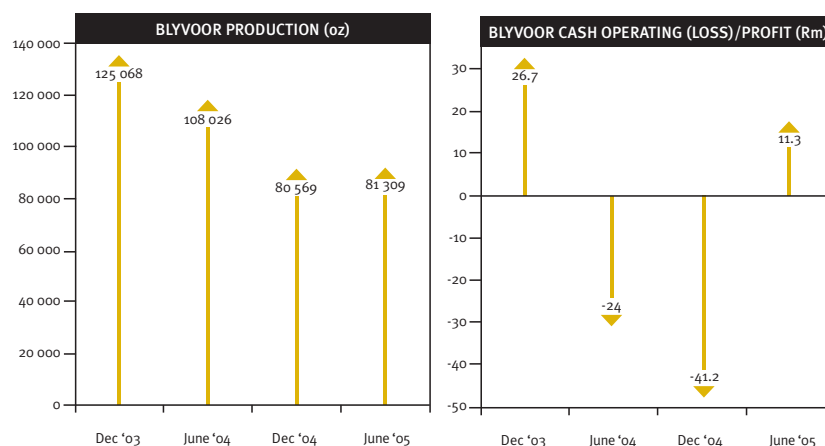
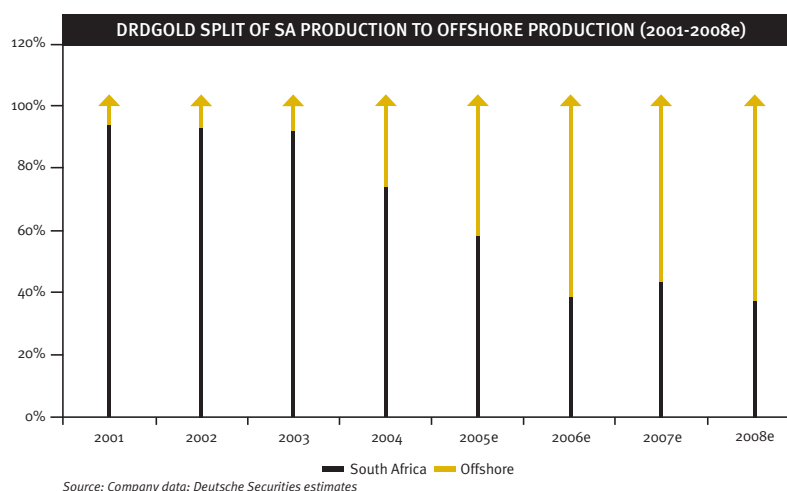
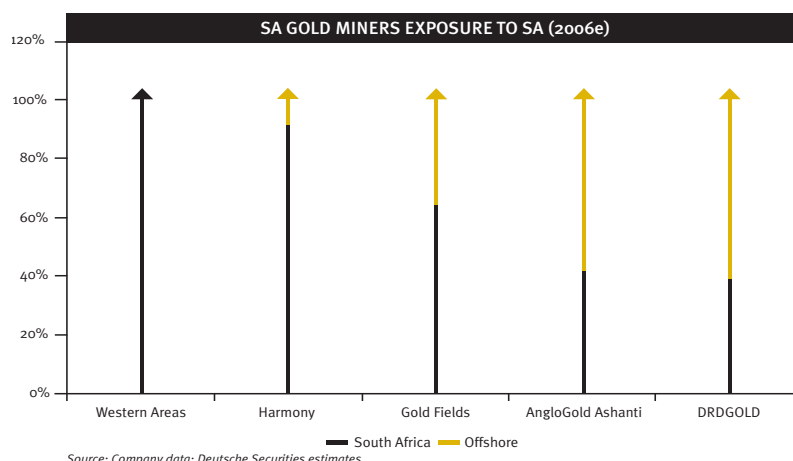
In spite of our difficulties, we managed our margins effectively and stayed in positive territory throughout FY05; most notably, in the final quarter of FY05, the margin was a record 32%.

#### ► RESERVE AND RESOURCE MANAGEMENT

In 2005, DRDGOLD's attributed Mineral Resource decreased from 57.7 million ounces to 36.2 million ounces, a reduction of 21.5 million ounces, of which 12.2 million ounces is due to the closure of NWO and 8.9 million ounces as a result of Argonaut's Mineral Rights reverting back to the State as of 1 May 2005. The attributed Ore Reserve has decreased from 11.7 million ounces to 6.6 million ounces. The year-on-year decline in ore reserves of 5.1 million ounces was primarily due to the closure of NWO.

#### ► OPERATIONAL PERFORMANCE

**Blyvoor** ended the previous financial year facing considerable restructuring necessitated by the combined effect of a range of issues – the low Rand gold price, price increases in key consumables, 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.



## CEO'S REVIEW OF OPERATIONS

### DRD GOLD Champions



NAME	OCCUPATION
IAN WHITE	GENERAL ENGINEERING SUPERVISOR, ERPM

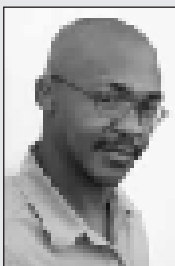
#### RELEVANT EXPERIENCE

Ian has worked at ERPM for 25 years now. He started out as a fitter and turner, working his way up to his current position. In this, he assists the engineer; is responsible for all plant installation; and oversees the work of the junior foreman and other workers.

The 2005 financial year has been extremely challenging for ERPM; the mine's underground operations were staring closure in the face but, against the odds, they have survived, in no small part due to stakeholders – shareholders, employees and their representatives, and government – going the extra mile.

Ian's particular contribution during FY05 has been through his involvement with the new 42 level winder installation and the upgrading of the 70 level decline winder at Far East Vertical Shaft.

This has required his switching from day shift to night shift so that the work to be done does not interfere with production. It has also meant his being on permanent standby in the event of breakdowns. And he does it, he says, because he 'loves this mine'.



NAME	OCCUPATION
MOLEBOGENG MODISE	PLANT METALLURGIST, CROWN SURFACE OPERATIONS

#### RELEVANT EXPERIENCE

Molebogeng – Lebo for short – started experiential training at the Crown surface operations of CGR in 2002, after which he was employed as a junior metallurgist.

Since then, he has shown considerable initiative and drive, successfully completing a junior leadership programme, as well as passing a skills assessors' qualification course, accredited by the Mining Qualifications Authority (MQA). He has also undergone management training provided jointly by CGR and the University of the Witwatersrand (Wits), and is now studying for his B.Com degree.

Lebo was promoted to plant metallurgist in the middle of 2004 after successfully qualifying as a plant metallurgist; at just 24, he is the youngest member of Crown's management team and has some 50 people reporting to him.

Currently, he is focused on a number of cost-saving exercises at Crown's three plants. He is particularly proud of the water project at the City Deep plant which is saving R200 000 a month, using water from the Rosherville Dam.



*“Instilling a culture of safety is proving effective in reducing the number of accidents and fatalities”*

I am delighted to report that, by the end of FY05, a significant turnaround had been achieved. While agreement was reached with organised labour to retrench up to 2 000 of the mine's 4 400 employees, the final retrenchment figure was contained to 1 619. No shafts were closed but non-contributing business units such as No. 4 Shaft were placed on care and maintenance.

Mining of the lower grade Main Reef at No. 6 Shaft was cut by 50% in favour of increased mining of the higher grade Carbon Leader Reef at No. 5 Shaft. Accelerated development, however, has ensured that the mine is well positioned to restore Main Reef mining to appropriate levels at No. 5 and No. 6 Shafts in response to gold price rallies.

While gold production from underground continuing operations declined by approximately 30% to 137 958 ounces year on year, productivity improved by 32% to 125 grams per total employee costed. While the cash operating cost target of R80 000 per kilogram (US\$400 per ounce) remained elusive, it moved to within striking distance during the second half of FY05 at R81 575 per kilogram (US\$ 407 per ounce). This compares with R99 590 per kilogram (US\$498 per ounce) in the first half.

The Blyvoor plant received considerable attention in the year under review. A Knelsen concentrator and Acacia reactor were installed at a cost of R2.5 million in order to prevent lock-ups, improve recoveries by lowering residue grades and reduce costs. While the full benefits have yet to be realised, performance during commissioning has been very promising.

A range of initiatives, both at the slimes recovery stage and in the plant, contributed to a welcome turnaround in the fortunes of the Slimes Dam Project. Slimes recovery was switched from the No. 4 Dam to the No. 5 Dam to achieve a 0.05 grams increase in

grade and volumes were increased to 265 000 tons a month – well in excess of the planned 240 000 tons – partly through a substantial increase in the water pressure to the monitoring guns and in the size of the orifices on the guns themselves. Greater flexibility in respect of monitoring has been achieved by reducing the number of water guns monitoring at any one time from three to one.

At the plant, oxygen addition to the pulp in process has been improved through the installation of three Filblast units and pre-conditioning extended from two to 10 hours, leading to a 12% improvement in recoveries to 45%. Costs dropped from R19 per ton to R12.50 per ton.

At year-end, the DRDGOLD Board was sufficiently confident in the sustainability of Blyvoor's recovery to approve both a project to re-establish mining operations from the No. 2 Sub-Shaft in two phases at a total capital cost of R80.5 million and a R2.3 million expansion of the Slimes Dam Project.

There were a number of compelling arguments for proceeding with the No. 2 Sub-Shaft Project, not least of which was the need for replacement reserve tonnage in the face of the steady decline in the No. 5 Shaft grade profile, the 'use it or lose it' imperative contained in the Mineral and Petroleum Resources Development Act and Blyvoor's proven ability to mine previously abandoned ore reserves.

In total, the No. 2 Sub-Shaft Project is expected to yield some 770 491 oz (24 772 kg) of gold from 2.4 million tons of ore with an average delivered grade of 8.18 g/t, restoring Blyvoor's life to 17 years. The project, the first phase of which has been modelled on a gold price of R84 056 per kilogram – is cost-sensitive, however, and could be jeopardised by excessive increases in major items such as wages, which alone account for 49% of total working costs.

Decommissioned in 1993 by the previous owners, the No. 2 Main Shaft has deteriorated beyond repair but the No. 2 Sub-Shaft is accessible from both No. 5 and No. 6 Shafts on 15 and 33 levels. Phase one of the project, costing R23.1 million, began in June 2005 and involves re-equipping 15 level. Main Reef and Carbon Leader ore reserves accessed en route to the No. 2 Sub-Shaft will be mined to offset the cost of the first phase.

In Phase 2, scheduled to begin in March 2006, the sub-shaft winders, ropes and conveyances will be repaired and refurbished, and mine levels 17 to 31 equipped at a cost of R53.6 million.

The Slimes Dam Project expansion – scheduled for completion by the end of the September 2005 quarter, involves the installation of an additional pump and wider gauge pipes on the residue pipeline from the plant in order to ease congestion and further improve plant efficiency, together with the implementation of a number of in-plant process upgrades to ease maintenance demands.

A 24% increase in volume, to approximately 330 000 tons per month, a 12% increase in gold production to 74 kilograms a month, a slight reduction in operating costs to R12.50 per ton, and an additional contribution of R450 000 a month are expected. The capital cost of the expansion was minimised by acquiring pipes, pumps and valves second-hand from AngloGold Ashanti's Ergo surface reclamation operation which closed earlier in the year.

Looking ahead, without losing sight of the challenges posed by continuing Rand and Rand gold price uncertainty and costs, Blyvoor is able once again to consider further brownfields underground and surface opportunities to extend its life.

A net loss of R279 million for the six months ended 31 December 2004, compounded by the collective negative

## CEO'S REVIEW OF OPERATIONS

### DRD GOLD Champions



NAME	OCCUPATION
SADDIQ BHAYAT	ACTING ASSISTANT FINANCIAL MANAGER, CROWN SURFACE OPERATIONS

#### RELEVANT EXPERIENCE

When Saddiq joined Crown (Rand Mines Milling and Mining as it was then) in 1989, little did he expect that he would fill a management position in the organisation one day.

He had dropped out of university a year into his studies and worked for two years at another company before joining Crown's four-year learnership programme. In his first year as a learner official he obtained his management certificate from Wits Technikon and then the next three years were a combination of study at the Technikon and practical training at Crown.

He went on to become involved in all administration functions of the Company including buying, creditors, payroll and accounts. From there he progressed to Plant and Management Accountant, before starting a B.Com degree, majoring in financial management.

Now in the final year of study for his degree, Saddiq was appointed Acting Assistant Financial Manager in February 2005. Major challenges in his new job, he says, included learning the budgeting process and overseeing a staff of 16 people in the preparation of financial information at Crown's three main divisions.



NAME	OCCUPATION
MEGAN NAUDE	ACTING ASSISTANT HUMAN RESOURCES MANAGER, CROWN SURFACE OPERATIONS

#### RELEVANT EXPERIENCE

Megan modestly ascribes her rise from Junior Human Resources Officer to her current position to "doors opening up", but her manager, Wayne Swanepoel, says it is due to her having demonstrated her ability to run a department on her own.

Responsible for a staff of 400 permanent employees and some 30 fixed-term contractors, her duties include compiling monthly employment equity reports, overseeing training and development programmes, co-ordinating and supervising adult basic education and training classes, and the administration of engagements, promotions, terminations and transfers.

Megan believes her completion of a junior leadership programme at the beginning of 2004 stood her in good stead for what has followed. Of 14 people picked to do the course, only six passed. Megan was the only woman to succeed. She is keen, now, to complete a management development programme (MDP) within the next two years.

As a woman making strides in a traditionally male-dominated environment, Megan is pleased to report that the number of women amongst CGR's employees is rising monthly. As an HR practitioner, she is keenly aware of the Mining Charter Scorecard's 10% target for women in mining within the next four years.

impact of a series of events that culminated in a devastating earthquake, prompted the provisional liquidation of Buffelsfontein Gold Mines Limited, a wholly owned subsidiary of DRDGOLD and owner of the Buffelsfontein and Hartebeestfontein mines – better known as the **NWO** of DRDGOLD – on 22 March 2005.

All operations were suspended on that date and the NWO was placed under the control of three provisional liquidators appointed by the High Court. Subsequent to year-end, DRDGOLD concluded an agreement with Simmer and Jack Limited for the sale of its shareholding in Buffelsfontein Gold Mines Limited subject to certain conditions. These include indemnification of DRDGOLD against any liabilities or obligations that could arise relating to environmental rehabilitation and the management and pumping of underground water.

**CGR**, in which we have a 40% stake and its wholly-owned operation of **ERPM**, which we manage, had an eventful year to say the least.

CGR, which is now the world's largest surface retreatment operation following the closure of AngloGold Ashanti's Ergo, milled 11% less ore, and while the average grade remained unchanged at 0.40 grams per ton, gold production was 13% lower at 45 424 ounces.

While the City Deep plant maintained a steady-state performance and the Knights plant's absorption of tonnage from ERPM's Cason surface retreatment operation was relatively smooth, the CGR plant did not meet expectations largely due to a general decrease in grade, less reclamation site flexibility and pipeline failures. The successful commissioning of the 3L17 reclamation site, the new CMR (2/A/1) reclamation site and completion of a project to replace the pipeline are expected to resolve the CGR plant's difficulties.

Capital expenditure of R9.6 million was spent in the year under review, most of which was directed to upgrading and maintenance of the CGR tailings dam.

A challenge to CGR moving forward is the acquisition of additional economic reserves to extend its current life of three years. A number of options are being pursued.

The salvation of **ERPM's** underground operations in the face of seemingly overwhelming odds was undoubtedly a highlight of DRDGOLD's 2005 financial year. While it exemplifies once again this Company's operational ability to revive gold mining operations in their death throes, it is a tribute also to what can be achieved through stakeholder support, specifically that of labour and government.

In the course of the year all mining activity moved to the Far East Vertical (FEV) Shaft lease area, the South East Vertical Shaft infrastructure was maintained for hoisting and pumping, Central Shaft was placed on care and maintenance and Hercules Shaft was decommissioned. While, in the process, 804 jobs were lost, more than 2 000 have been preserved.

At FEV, there has been a drive on development and a focus on effective grade control, both delivering pleasing results. Remarkable improvements in production, efficient cost controls, a

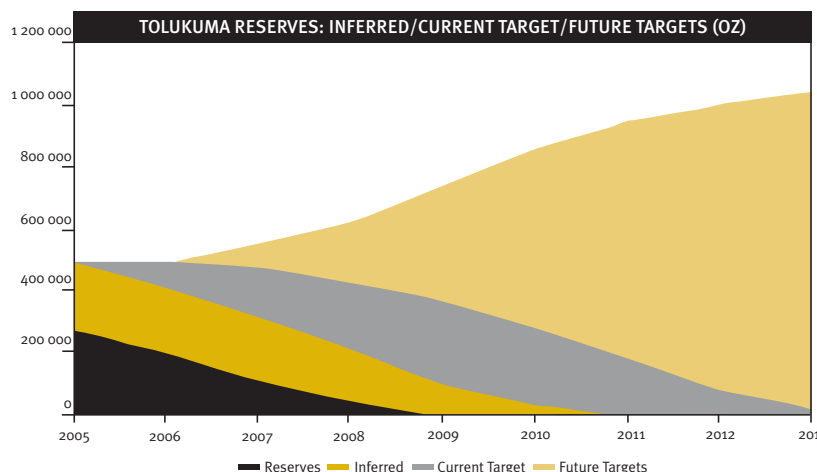
better Rand gold price received and the re-institution of State assistance with pumping have all contributed to restoring the mine's underground operations to profitability.

The second phase of a three-phase plugging programme to isolate FEV from rising underground water has begun, again with invaluable financial assistance from the State. A three-year programme to upgrade pumping facilities is under way and will be financed from working costs.

Looking ahead, it will be necessary to extend the FEV decline from 75 to 78 level to replace face length. Most excitingly, there is the prospect of extending ERPM's ore reserve into the neighbouring Sallies lease area and significantly increasing the life of the mine's underground operations. An application has been made to the Department of Minerals and Energy (DME) for a prospecting licence.

At ERPM's Cason surface retreatment operation, gold production has increased during the year, due more to a better head grade than higher volumes.

**Tolukuma**, our wholly-owned operation in Papua New Guinea, has had various operational challenges to address during the year, not least of which was generally less efficient mining. Lower grade, due partly to diminishment of high-grade Tinnebar



## CEO'S REVIEW OF OPERATIONS

### DRDGOLD Champions



NAME	OCCUPATION
MUSO METSING	SHIFT BOSS, BLYVOORUITZICHT

#### RELEVANT EXPERIENCE

Muso, who comes from Lesotho, has 20 years of underground mining experience in South Africa, two of them at Blyvoor where he works as a shift boss.

He is no stranger to the risks that must be managed in his working environment. Seven years ago, while working at a mine in the Free State, Muso survived an underground accident and decided then that he should volunteer to become a proto team member, experienced mining men who are specially trained to deal with all major underground mishaps.

Until very recently, proto teams were the preserve of white mining men but Muso was undeterred and applied to join the proto team at Blyvoor. He was accepted with open arms, began intensive training, and in January 2005 became a fully-fledged member of the mine's seven-man proto team.

One of Muso's first rescue missions was to DRDGOLD's North West Operations where a massive earthquake struck on 9 March 2005. Here, he assisted with the task of bringing more than 3 000 mine workers safely to surface. Many had to be rescued from very dangerous situations but Muso is phlegmatic about the risks involved in proto team work: "There is tremendous camaraderie and this helps to get the job done; where the lives of fellow mining men are at risk, it is simply the right thing to do."



NAME	OCCUPATION
MICK MOLLROSS	MOBILE MAINTENANCE SUPERINTENDENT, TOLUKUMA

#### RELEVANT EXPERIENCE

This has been a busy year for Mick. He managed to fill a number of key positions – Technical Trainer for first-year apprentices (who went on to prove themselves among the best in the country), Trainee Mobile Maintenance Supervisor, Maintenance Planner and Capital Projects Manager.

He has also been at the forefront of the development of various innovations to contain costs: the introduction of tyre vulcanising on-mine, for example. He is also looking into tyre fill, which could be a major cost-saver in FY06.

Maintaining underground haul roads in good condition is a constant challenge at Tolukuma, and Mick's modification of a haulage vehicle to accommodate a "quick hitch" grader attachment has been a major breakthrough.

Larger underground haul trucks are to be introduced at the mine in the new financial year. Preparatory to this, Mick visited manufacturers and Placer Dome's Campbell Mine in Canada at Red Lake, comparing equipment and exchanging ideas on maintenance techniques.

stope ore, was a significant contributor to higher costs; others were the higher cost of fuel, more of which was consumed on longer haulage distances and to deal with underground flooding associated with deeper mining; and of logistics involved in keeping the mine supplied with consumables and services.

A number of initiatives are in progress to improve efficiencies: a planned maintenance programme to reduce breakdowns; tyre re-vulcanising on-mine; construction of a de-watering tunnel at a cost of A\$1.3 million to reduce underground flooding and thus power consumption; and the installation of an Acacia reactor in the plant, to increase recoveries by a planned 3%. Construction of an access road has progressed well and is now within 27 kilometres of the mine. Completion will substantially ease logistics and reduce the associated costs.

Epithermal exploration remains a key priority for Tolukuma, both within the existing lease area and regionally (see Note on epithermal deposits below). In respect of the latter, a programme to identify targets and consolidate is in place. Joint venture activity with suitable partners in this regard is thus a consideration. During the year, there

has been a massive increase in the exploration programme, five rigs having completed 33 600 metres of drilling. The result has been a 14% increase in resources to 546 152 ounces and a 10 000 ounce increase in reserves after depletion. A new structure, Fundoot, has been identified with 72 000 inferred ounces, mining of which should begin during the year. More drilling is scheduled, at least 16 high-priority drill targets having been identified on-mine.

Our vision for the medium-term is of a Tolukuma with 'big-mine' status, changing mining from the current portal approach, creating additional mill capacity on the valley floor, with conventional tailings dam deposition then becoming a distinct possibility. At the **Porgera** mine in Papua New Guinea, in which we have a 20% interest, production was buoyant in the first two quarters of our financial year, reflecting higher grades and the installation of a secondary crusher. Cost performance was commendable and profits very satisfactory.

Placer Dome, 75% owner of the mine – and its very competent operator – predicted lower production in calendar 2005 due to a shift of operations from Stage 4 to Stage 5 of the open pit, which has harder ore and lower grades. Performance in the

first six months of calendar 2005 has been negatively affected, however, by the impact of heavy rains on the stability of the pit's West Wall.

Studies to determine a long-term solution to the stability problems indicate that a cutback of near-surface material in the central part of the West Wall is necessary; subject to final design and approvals, the work is expected to be completed by the end of 2006. No impact on the mine's reserve position is expected.

**Emperor**, in which DRDGOLD holds 45.3%, and which owns and operates the Vatukoula Mine in Fiji, was beset by operating and financial problems during the year. The Philip Shaft winder failed, halting production for some weeks and causing the Shaft Deepening Project to fall further behind schedule; grades were lower than expected; delays in the supply of components held up the heavy vehicle re-build programme.

Anticipated substantial financial losses for the year prompted Emperor to finalise a recovery plan envisaging production of some 650 000 tons of ore at an average grade of 8.0 grams per ton, delivering 145 000 ounces of gold for the 2006 financial year. After year-end DRDGOLD announced a financing and operating package to assist Emperor with implementation of the plan, including a A\$10 million Convertible Loan Facility.

A key objective of the recovery plan, to be driven by recently appointed Chief Operating Officer Michael Marriott and General Manager Sean O'Connor – both from DRDGOLD and whose services have been supplied in terms of an operating support agreement – is to drive development and reduce dilution, largely through workplace change, which has already begun.

#### ► BENEFICIATION

Throughout this difficult year, our continued faith in the long-term value of our product has sustained us. It is not

#### Note on epithermal deposits

The term epithermal deposits is used to cover mineralisation formed at low to moderate temperatures (up to approx. 300°C) in the near surface environment. The typically gold and/or silver deposits form in magmatic arc environments (including rifts) at elevated crustal settings (less than 2 km). They are usually associated with large volcanic and subvolcanic complexes.

Mineral deposits may be formed proximal (close) or distal (far) to a magmatic source and depending on chemistry may be classified as low or high sulphidation type. The geometry and form of individual deposits is highly variable, and is governed by the stratigraphical, structural and physio-chemical conditions of metal deposition. Deposits can be low grade but very large tonnage or lower tonnage with spectacularly high or bonanza grades.

Some of the largest deposits of the epithermal type can be found in the Cainozoic volcanic arcs of the western Pacific, notable examples being Lihir in Papua New Guinea, the Vatukoula mine in Fiji and the Martha mine at Waihi in New Zealand. Tolukuma also occurs in this same mineralised volcanic arc and is classified as a low sulphidation, distal epithermal deposit, of very high grade.

## CEO'S REVIEW OF OPERATIONS

### DRD GOLD Champions



NAME

OCCUPATION

GEORGE WAI

MOBILE MAINTENANCE SUPERVISOR, TOLUKUMA

#### RELEVANT EXPERIENCE

George joined Tolukuma in November 2000. This year he was promoted from Relief Supervisor to Mobile Maintenance Supervisor in the Mobile Maintenance Department.

In his current position, George is responsible for the maintenance of mobile and plant equipment and mechanical maintenance work on diesel generating sets and compressors.

His promotion was a result of his clear ability to run the Mobile Maintenance Department, and with his open commitment to Tolukuma.

Among his major achievements in FY05 were cost reductions and improving the availability of equipment through the smooth running of his department.



NAME

OCCUPATION

GAVIN BURGESS

PURCHASING AND LOGISTICS MANAGER, TOLUKUMA

#### RELEVANT EXPERIENCE

Tolukuma's remoteness makes logistics - getting people and materials to the mine, and people and product out - a major challenge. So, too, is purchasing because of the implications of getting goods and services to the mine. The management of both functions falls to Gavin, who has been at Tolukuma for seven years now.

Logistics and purchasing both have far-reaching ramifications for costs and margins of an isolated mine like Tolukuma. These have been a key focus for Gavin in FY05.

On the logistics front, there has been an increase in the demand for aircraft by the mine and Gavin has led the process of meeting this at reduced operating cost. He has also been at the forefront of a complete overhaul of the supply chain during the year, leading to improved efficiencies.

An exciting prospect for Tolukuma is the construction of a road through the Goilala region that will pass close to the mine. An access road to this from the mine is a priority for Gavin in the year ahead.



blind faith; it is based on an understanding of the cyclical nature of gold's value; of people's unerring resort to it in times of uncertainty; of their enduring cultural and religious affinities with it; and their appreciation of the power of its instant convertibility to cash.

We are mindful, nevertheless, that the product cannot be left to sell itself; that we have obligations – to the countries and communities whose natural resource we mine, and to our shareholders whose investment makes it possible to do what we do – to grow gold's markets.

We are pleased with the progress made during the year by the internet-based gold marketing company GoldMoney.com, and its subsidiary Net-Gold Services Limited, in which we own a 50.2% stake. In its continuing quest to grow private ownership of gold internationally, GoldMoney.com grew its account-holders by 59% in the year under review to 21 762, spread throughout 102 countries.

Gold held in storage for GoldMoney.com customers increased by 110% to 3 738 910 grams.

The number of London Bullion Market Association (LBMA) good delivery bars held in London vaults increased from 142 to 298.

Of the 156 additional bars, 146 (or 94%) were sourced from South Africa's Rand Refinery Limited (RRL), in which DRDGOLD is a 3% shareholder. RRL, of course, was not immune to the Rand-induced difficulties of its South African gold producing clients but has been enormously energetic – and successful – in securing gold for refining from new clients in other African countries. It recently became the first refinery worldwide to secure Dubai Good Delivery accreditation, thus gaining invaluable access for one of the largest retail gold and jewellery markets in the world.

#### ► LOOKING AHEAD

Some of the corrective action associated with the restructuring of the South African operations required tough, unpopular decisions to be made, that proved very hard on our stakeholders. None of our South African employees – either at our corporate

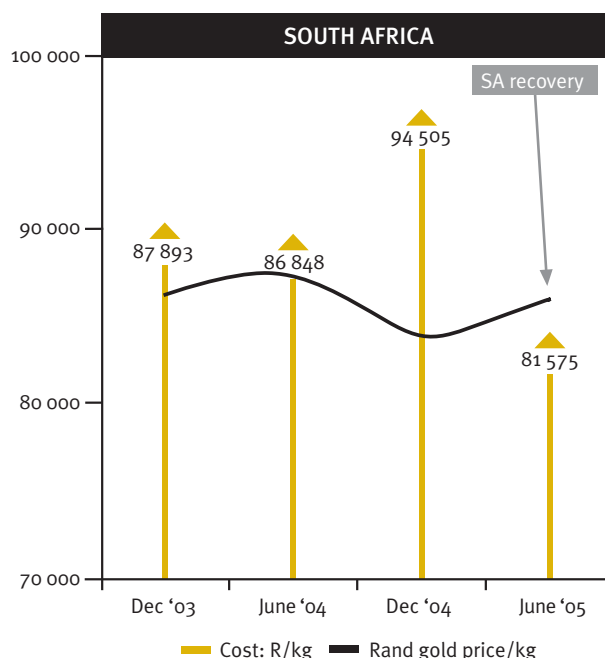
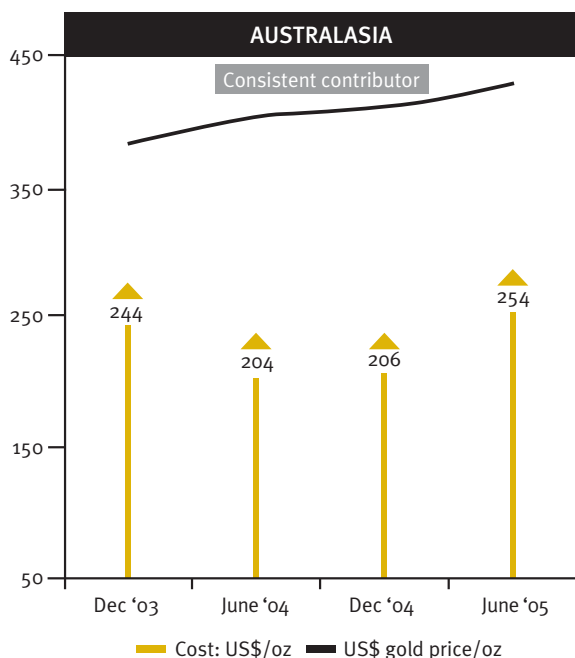
office or at the operations – was untouched. While this is regrettable – and, of course regretted – a consequence is that key elements within the South African operations have been granted a new lease on life, albeit in a macro environment that continues to be characterised by uncertainties related to the Rand and the Rand gold price.

Our Australasian interests – additionally resourced where necessary at site and from our Brisbane office, all ably overseen by Ian Murray, who has assumed responsibility for international growth – are well placed to weather their current challenges.

The 2006 financial year will not be without difficulties, but the way ahead is now infinitely clearer.



Mark Wellesley-Wood  
Chief Executive Officer



## SUSTAINABLE DEVELOPMENT

### ► SAFETY, HEALTH AND ENVIRONMENT

Safety and health are a key focus at all of DRDGOLD's operations where every worker's right to work in a safe and healthy environment is recognised. A number of initiatives are in place in terms of which employer and employee share responsibility when it comes to ensuring personal safety and health in the workplace. Instilling a culture of safety is proving effective in reducing the number of accidents and fatalities at the various operations.

#### ► Safety

Regrettably, 10 people died in work-related incidents during the year. These fatalities were largely attributable to seismicity-related rockfalls. While seismic monitoring continues as an invaluable tool in the management of seismicity, management have reacted also by reviewing support standards, adjusting these where indicated, and by reinforcing with the workforce the importance of compliance.

FY05's Fatal Injury Frequency Rate (FIFR) is unchanged at 0.25, and while the Reportable Injury Frequency Rate (RIFR) declined slightly from 3.49 to 3.44, the Lost Time Injury Frequency Rate (LTIFR) increased from 8.99 to 9.55, pointing to the need for further management intervention and involvement by employees and their representatives.

In an effort to reduce injuries and to achieve a zero fatality rate, safety is a priority at all operations. Each has its own safety structures in place, as prescribed by legislation. In the South African context, these include shaft and plant safety committees and a joint health and safety committee.

Joint health and safety committees, comprising management, unions and various specialist employees, meet on a regular basis to discuss safety risks and agree on remedial action. At Blyvoor and ERPM a joint health and safety meeting is held once a month. At Blyvoor, "hotspot" visits take place once a month and involve a full safety audit, from which issues of

concern are immediately addressed.

Both formal and informal safety training is a pre-requisite at all of DRDGOLD's operations. Induction training is applicable for all new employees and those returning from leave. Thereafter, safety training takes place as the need arises. All full-time safety representatives undergo safety training. First aid training, a legal requirement, is undertaken by all employees.

In South Africa, new safety legislation requires Mining Qualifications Authority (MQA) accredited 'Competent Persons A & B' training for all underground workers to replace the previous 're-organisation of work' regulations. The new legislation, effective from 1 August 2005, applies to all underground employees and requires that Competent Person A has the necessary skills to make and declare working places safe while Competent Person B is experienced in installing and removing underground support.

Each operation also has in place its own safety campaign to entrench a safety mindset. Most are incentive-based schemes with rewards for good safety behaviour and disciplinary action, followed by dismissal where appropriate, for unsafe behaviour.

In March 2004, Blyvoor launched the 'Eagle and Snake Campaign', aimed at creating safety awareness in the workplace. Live raptors and snakes were present at the launch in order to demonstrate the analogies behind the campaign – the eagle and snake representing good and bad safety behaviour respectively.

ERPM continues with its 'Safety Horse Campaign' started in 2003, where a team's horse advances if no accidents occur within a period of a week and returns to the start in the event of an incident, however minor. A new safety initiative, implemented in January 2005, is the 'Blow Your Whistle to Safety Campaign', where underground crews down tools for a daily five to 10 minute break to re-assess safety risks and safe behaviour.

CGR's 'Good Housekeeping Campaign' is a quarterly assessment of best safety practice which identifies a section with the least hazards. As a surface operation comprising plant, reclamation and deposition, the main safety risk emanates from the use of chemicals and re-agents.

A pro-active management stance towards safety ensures that hazards are dealt with immediately. Testament to this is that Crown, which was awarded a platinum 4-star rating from the National Institute of Occupational Safety Association (NOSA) in 2004 for safety, health, environment and plant conditions, was likely to have retained this status had NOSA not been placed in liquidation in May 2005.

The year has been marked by a number of outstanding achievements at DRDGOLD's operations. Blyvoor had the distinction of winning the West Rand Mine Managers' Association Inter-mine Safety Competition for the seventh consecutive year. The competition, based on the LTIFR, recognises the best rate per million man hours in a calendar year.

Blyvoor's rate for calendar year 2004 was 6.94, achieved largely through commitment from management, workers and unions to a culture of working safely, as well as to the introduction of a behavioural change programme that rewards good safety behaviour and disciplines transgressors.

A number of operations achieved one million fatality free shifts (1MFFS) in financial year 2005. At Blyvoor, the metallurgical plant achieved 1MFFS on 30 May 2004; No. 5 Shaft on 30 August 2004 and No. 6 Shaft on 30 September 2004. Blyvoor's total mining operations achieved 1MFFS in June 2005. Crown Mines achieved 1MFFS in January 2005 and North West Operations (NWO) in February 2005.

Tolukuma performed satisfactorily in respect of safety in FY05, reporting a Disabling Injury Frequency Rate (DIFR) and Reportable Injury



*“the Company initiates regular participatory meetings at each of the operations with community forums and other key stakeholders”*

Frequency Rate (RIFR) of 2.10. No fatalities were reported; in fact, at year-end 941 days - 587 856 shifts - had been worked without fatality.

In FY05, however, there were five disabling injuries resulting in five reportable injuries. There were 156 dressing station cases, each of which was treated as a serious injury. Consequently, a full investigation into the circumstances of each was conducted. During the period, the best achieved in respect of lost time injury free days was 176, compared with 361 in FY04. This indicates that there can be no relenting in respect of the mine's efforts to improve safety performance.

While, generally, safety training is designed to achieve informed, responsible behaviour in the workplace, specific safety interventions are directed towards new employees at induction, and learner miners and machine/equipment operators. Basic first aid training with Cardio Pulmonary Resuscitation (CPR) is actively encouraged, while issue-specific refresher training - in self-rescuer application, for example - is mandatory for particular employee groups. Refresher safety training is conducted after any serious incident.

At year-end, an extensive review of all Standard Operational Procedures at Tolukuma was under way.

#### ► Health

Provision of quality primary healthcare to all employees remains DRDGOLD's priority. Secondary healthcare is offered as an alternative where affordable and in instances where suitable infrastructure exists. At Blyvoor, ERPM and CGR operations in South Africa, healthcare services for employees are outsourced to reputable service providers.

At the NWO, now in provisional liquidation, the Company's Duff Scott Hospital provided an extensive range of sophisticated healthcare services to employees and to the surrounding community. The hospital is included in

the provisional liquidation process and continues to operate in the interim under the liquidators' control.

At the Company's Tolukuma mine in Papua New Guinea, healthcare is provided to employees through in-house facilities - primarily due to the mine's remote location.

Employee health in the workplace is a priority. Occupational diseases - in particular those related to exposure to dust in the workplace - together with tuberculosis (TB) and noise-induced hearing loss are addressed through close adherence to legislated requirements. Suitably qualified in-house staff and external service providers are used.

In respect of prevention, education modules form part of broader induction and annual refresher training initiatives. Protective equipment is provided at Company expense wherever necessary and orientation is given regarding the importance of compliance, correct application and care.

Surveillance for occupation disease and noise induced hearing loss form part of initial, annual, transfer and exit medical examinations. These facilitate early detection and appropriate treatment of occupation-related conditions, similarly at Company expense. Compensation for work-related incapacitation is awarded in accordance with legislated formulae.

In respect of DRDGOLD's South African operations as a whole, the incidence of employees presenting with dust-related conditions has increased year on year, an analysis of statistics indicating that most diagnosed have long service in the mining industry. Clearly, today's more rigorous regime of education, surveillance, early detection and treatment must provide better protection for younger generations of workers.

Encouragingly, the instance of tuberculosis among employees has declined year on year, pointing to the efficacy of education,

surveillance and directly observed treatment (DOT). It must be noted, however, most patients diagnosed with TB are also HIV positive, pointing to the established correlation between the two diseases.

The HIV/AIDS pandemic is addressed with similar rigour to occupational disease in DRDGOLD. Importantly, operational level committees representative of management and unions help to inform Company direction on key HIV/AIDS related issues. Wherever possible, internal resources are combined with those of the State and non-governmental organisations to deliver appropriate education, protection, and voluntary testing and counselling to employees and the communities in which DRDGOLD operates. Employees trained as peer group counsellors have been particularly successful in their interface with various groups at community level.

Employees have access to DRDGOLD's sponsored wellness programmes, a key feature of which are regimes to prevent opportunistic infections. In addition, Company funding to the extent of R10 a month per employee is intended to support employee access to the State's anti retroviral therapy (ART) programme currently being rolled out.

#### ► Environment

Our Bill of Rights recognises a constitutional right to a clean and healthy environment. As a result, the management of environmental issues has become increasingly regulated through the introduction of new, and modification of existing legislative enactments. The challenge for mining companies, and particularly those who own predominantly mature assets such as DRDGOLD, is having to deal with the environmental consequences of an industry which has been around for longer than a century. The consequences of poor environmental practices of the past are as much a legacy of the past as every other legacy, which South Africa as a young democracy, has to deal with. Budgeting for the effective management of

## SUSTAINABLE DEVELOPMENT

environmental issues, in the absence of an integrated programme involving financial and strategic cooperation from Government both on a regional, provincial and national level, present significant challenges to mines. The risk of the extensive responsibility for what are essentially historical environmental issues, is also becoming an increasingly important consideration in the assessment of the financial viability of any new mining projects, especially those involving dormant or aged assets.

Whilst DRDGOLD's various subsidiaries are ultimately individually responsible for ongoing environmental management and rehabilitation and closure costs involving their operations, DRDGOLD has launched various initiatives to co-ordinate and standardise these efforts and mitigate the "last man standing" view of contemporary legislation. This year we established a Regional Environmental Co-Ordination Committee which comprises of a representative from each operation and under whose auspices an internal and external audit of the environmental management standing of each operation is now conducted on a monthly basis.

The aim is to bring about environmental conformity at each of the South African operations through information-sharing and problem-solving. Further enhancing the move towards conformity, the Environmental Management Programme Progress Assessment (EMPPA), which formerly operated in isolation at each operation, is now to be incorporated into the Regional Environmental Co-ordination Committee.

In its commitment to transparency and open communication with surrounding communities on a range of environmental issues, DRDGOLD initiates regular participatory meetings at each of the operations with community forums and other key stakeholders. These include environmental co-ordinators; separate business unit (SBU) managers from each operation; government representatives – comprising the Department of Minerals and Energy (DME), Department of Water Affairs

and Forestry (DWAF), Gauteng Department of Agriculture, Conservation, Environmental and Land Affairs (GDACEL); councillors; and interested and affected parties.

### ► Environmental challenges at South African operations

Although programmes are in place at each of DRDGOLD's operations to manage the impacts of water, air, soil and surface pollution, they are not finite solutions to environmental problems created by both mining operations and the production process. Challenges in each respect are on-going and are accorded due attention as and when they arise.

#### Dust

Dust pollution remains a major challenge, particularly at CGR, ERPM and the discontinued Durban Deep mine. A special dust committee has been formed within the greater environmental committees, which meets at least once a month. A monitoring programme has also been established to measure the impact of dust deposition around these operations; Blyvoor will establish its monitoring programme during the course of calendar 2005.

Ridge ploughing and vegetation programmes for rehabilitation of dormant tailings dams are being speeded up to curb emissions of dust. At Blyvoor, vegetation is to resume this year on the slimes dams situated on the Doornfontein and Blyvoor sections. During the year at Durban Deep mine, where general rehabilitation continues in line with the closure programme, 39 hectares of new vegetation have been established. At CGR, where 4.5 hectares of land have been liberated for development, 8.3 hectares have undergone vegetation. ERPM is to grass Elsburg No. 1 slimes dam and a new irrigation system will be installed in the next financial year.

Community involvement is on-going and transparent regarding issues of dust deposits which impact on surrounding areas. A dust complaints register has been set up in order to log community

complaints, which are investigated and timeously addressed.

#### Water

Water management is a priority at all of the operations, involving monthly monitoring to determine water quality and discharge volumes. These results are reported to DWAF every three months. An incident reporting mechanism is also in place to record events and to ensure timeous remedial action; DWAF is kept apprised of incidents as they occur.

At Blyvoor, desilting of the return water dams is taking place to ensure separation of clean and dirty water. Regular monthly meetings are held with Potchefstroom Municipality regarding the quality of water discharges, in respect of which compliance has now been reached.

Two major water issues affecting DRDGOLD have arisen in this financial year:

West Wits Mine, a division of West Witwatersrand Gold Mines Limited, has entered into an agreement with two other companies which have interest in the region, for the establishment of a regional underground water management vehicle. The ultimate objective of this initiative is to collectively collect, process and report environmentally sensitive information relating to the impact of underground water seepage on to surface, to the Department of Water Affairs and Forestry (DWAF). It has set itself the objective of putting in place the requisite infrastructure and technology to establish a commercially self-sustainable entity to extract underground water, treat the same and to dispose of it either for commercial or agricultural use. Representations to DWAF to allow the treatment and disposal of water on commercial terms were favourably received.

An integrated water management process for this area is important, both from the perspective of optimising natural water resources, considering the predominantly dry climate of South Africa, and also from an

environmental perspective - a programme that captures and treats underground water before it decants into the Tweelopiesspruit area and the Krugersdorp Game Reserve (which is just upstream from the Sterkfontein Caves system) is considered a high priority. If the aforementioned initiatives fail and the ingress of water and the subsequent flooding into sensitive areas occur, and to the extent that liability is attributed to the Company, and not only to West Witwatersrand Gold Mines Limited, the amounts involved could be significant.

On 22 March 2005, Buffelsfontein Gold Mines Limited (the North West Operations), was placed under provisional liquidation after an earthquake knocked out its No. 5 Shaft. Buffelsfontein had, until the date of provisional liquidation, maintained the underground water levels in the area by pumping water from underground to surface at three of its own shafts, as well as at the Margaret Shaft of the neighbouring Stilfontein Gold Mines Limited. The latter arrangement occurred in terms of an agreement entered into in 1992 between Stilfontein and Hartebeestfontein Gold Mines Limited. Hartebeestfontein became a wholly owned subsidiary of Buffelsfontein when Buffelsfontein subsequently acquired Hartebeestfontein.

When pumping operations ceased, AngloGold Ashanti brought urgent proceedings before the High Court of South Africa for an order to compel DRDGOLD to continue with the pumping operations previously conducted by Buffelsfontein. Relief was also sought against various government departments to either assume responsibility for, or contribute to the pumping of underground water. These proceedings were postponed after the DWAF issued various directives under Section 19 of the Water Affairs Act against DRDGOLD, the provisional liquidators of Buffelsfontein, Harmony Gold, AngloGold Ashanti and Stilfontein Gold Mines to continue with pumping operations and to contribute to pumping costs in equal shares. A total of three directives have been issued, the

last of which will expire on 31 October 2005, when the DWAF proposes to issue final directives allocating proportionate responsibility to each of the surrounding mines. The apportionments are to be made with regard to the mines' respective past contributions to underground water management and the future benefit they will derive from keeping underground workings dry.

In the meantime, AngloGold Ashanti is also pursuing its relief, but no longer on an urgent basis. DRDGOLD envisages a possible obligation to contribute to the costs of the pumping of underground water in the region in terms of DWAF directives and an amount not exceeding one quarter of the total pumping costs (approximately R1.2 million per month).

If AngloGold Ashanti is successful in its legal proceedings against DRDGOLD however, DRDGOLD may be held responsible for the entire costs of pumping underground water which were formerly conducted by Buffelsfontein.

DRDGOLD has since entered into an Agreement of Sale with Simmer and Jack Limited in terms of which Simmer and Jack purchases DRDGOLD's entire shareholding in Buffelsfontein on condition that a scheme of arrangement proposed under Section 311 of the Companies Act is adopted by the High Court of South Africa and approved by Buffelsfontein's major creditors. DRDGOLD agreed to sell these shares for a nominal amount of R1 on condition that Simmer and Jack also assume full responsibility for any liability that may result from directives issued by the DWAF, as well as any obligation resulting from an order or award given by the High Court of South Africa pursuant to the proceedings instituted by AngloGold Ashanti. The proposed scheme of arrangement is also conditional upon DWAF agreeing to substitute DRDGOLD with Simmer and Jack to the extent that DWAF envisaged imposing further responsibility on DRDGOLD.

#### Radiation

Radiation is monitored at all sites by

a radiation protection specialist, an outsourced Black Economic Empowerment (BEE) company. No contamination of material has been reported. All operations have received their National Nuclear Regulator (NNR) certificate of registration.

Rehabilitation of the defunct acid, uranium and gold recovery plants at NWO is continuing in line with NNR-approved procedures.

#### ► Awards and achievements

Crown once again demonstrated excellent environmental management with the re-awarding of its NOSA 4 Star rating in May 2005. Another milestone this financial year was approval granted by DWAF for the diversion of two rivers, namely Bosmanspruit and Russell Stream, effectively ending the threat of prosecution by DWAF after the Mooifontein return water dam overflowed last year.

Blyvoor was awarded a draft water license from DWAF – one of only two mines in the Kromdraai area – due both to transparent conduct and following proper procedure during the application process.

ERPM was saved from certain closure this financial year with the reinstatement of a government pumping subsidy, following a DME audit of the mine's closure liability and its environmental management programme (EMP). Had pumping not resumed, the resultant flooding would have effectively put paid to any future mining prospects at ERPM, where there are still valuable gold deposits. A geo-hydrological investigation is, in the meantime, being conducted by Groundwater Consulting Services.

The pumping subsidy, together with a government-funded plugging project at its South East Vertical (SEV) and Far East Vertical (FEV) shafts, will allow operations at ERPM to continue well into the future. The DME approved an amount of R6.9 million this financial year for the first phase of the three-phase, 44-month project.

## SUSTAINABLE DEVELOPMENT

### Rehabilitation funds

In accordance with the Minerals and Petroleum Resources Development Act, DRDGOLD, its subsidiaries and associates make annual contributions to Environmental Trust Funds to carry the costs of monitoring, maintenance and post closure management, if required, once operations cease to exist. Current rehabilitation funds for each mine are as follows: Blyvoor R16.6 million; CGR R6.4 million; ERPM R1.6 million (with increased monthly funding of R200 000 as agreed by the DME); West Wits R12.2 million; and DRD, R14.1 million. Liabilities at Blyvoor, CGR and ERPM far exceed that of the current financial provision for rehabilitation, standing at R33 million, R88 million and R40 million respectively. After the provisional liquidation of the NWO the whole of the Buffelsfontein Rehabilitation of approximately R104 million was transferred to the DME. This fund may only be applied toward the closure and the rehabilitation obligations of the NWO.

At Tolukuma, environmental monitoring follows guidelines contained in the Environmental Management and Monitoring Programme (EMMP).

At the request of the Papua New Guinea Department of Environment and Conservation (DEC), the reporting of compliance results has been changed. Previously reported quarterly in the form of a forum, they are now reported electronically to and analysed by the DEC on a quarterly basis. The results are reported by Tolukuma on an annual basis in an Annual Environmental Report, the latest edition of which is currently in production.

Results of monitoring of filterable metals, total suspended solids, water quality and sediment loading at the GS1 monitoring site for the year ended 30 June 2005 showed the mine to be in full compliance with government-approved regulatory limits. The results have been transmitted electronically to the DEC for assessment and a response is awaited.

A study of bed sediments, sediment deposition and transport conducted by DY environmental consultants on behalf of Tolukuma during the year showed the mine to be in compliance.

An Aquatic Fauna Survey of the Auga/Angabanga river system conducted in May 2005 showed that faunal assemblage had not changed. Seasonal differences in the abundance of various species known to migrate upstream were responsible for minor variations in catch statistics at the different sampling sites.

In terms of tissue metal contents of the aquatic biota, little difference was found when results were compared with those of previous years. A more comprehensive study incorporating a human dietary survey, sediment dynamics and fish tissue analysis is planned for 2006.

Stream gauging stations previously operated jointly by the mine and the DEC are being re-surveyed for re-establishment. The stations, along the Auga/Angabanga rivers are expected to be operational before the end of 2005.

### ► CORPORATE SOCIAL INVESTMENT

#### Group

Last year, DRDGOLD reported that it had embarked upon an analysis of its current Corporate Social Investment (CSI) activities, with the intention of replacing an essentially mine-specific and ad hoc approach with something more co-ordinated and formal.

This intervention was put on hold in the light of pressing operational requirements, but it remains DRDGOLD's intention to establish a CSI corporate fund, with clear terms of reference and scope of activity. It is envisaged that such a fund, to be managed by a board of trustees with a degree of independent representation, would streamline CSI activity across all DRDGOLD's operations, both in South Africa and internationally.

In South Africa, notwithstanding the difficulties of FY05, assistance in cash and kind was provided to various causes and organisations - notably, sponsorship of an SABC television fun day at Gold Reef City, which ultimately led to the donation of new books to the library at Rocklands Primary School at Blyvoor; and the provision of premises at a nominal rental at Durban Deep mine to CLAW, an animal welfare, community development and HIV/AIDS support organisation active in underprivileged communities in the area.

Some of the activities undertaken by DRDGOLD at operational level during the year under review are summarised below.

#### ► SOUTH AFRICA

##### ► Blyvooruitzicht Gold Mine

Local employees comprise some 12% of the operation's complement. The mine has donated a number of facilities for the benefit of employees' families and the broader community. Harmony House, two mine houses converted at a cost of some R200 000, offers a safe haven for some 20 orphaned children.

A primary health care clinic has also been established, staffed by the Department of Health. Three schools, providing education to Grade 7, have been built by the mine.

In all cases, the mine absorbs the cost of rates, electricity and water. A number of recreational and sporting facilities, formerly operated by the mine, have been outsourced to local entrepreneurs.

As a general criterion, the mine seeks to ensure optimal maintenance and utilisation of assets no longer required. Where third parties lease or make use of mine premises for health- or education-related projects, the mine ensures the facilities are appropriately maintained.

The mine aims to encourage entrepreneurial skills, and allows employees to operate suitable small businesses from home.



### ► North West Operations (until 22 March 2005)

Until the end of 2004, the mine donated approximately R20 000 a year to local township schools and churches. In 2003, the mine sponsored a scholar for one year in a private school in Stilfontein.

### ► East Rand Proprietary Mines (ERPM)

Assistance is given mainly in kind, under the broad headings of education, training, health and beneficiation.

The New Comet School, which caters for 700 pupils to Grade 7, is situated on mine property and ERPM carries all running costs and pays the salary of one teacher. The operation also provides IT support.

An independent beneficiation project, the Intsika Skills group, operates a jewellery design and manufacturing workshop in premises made available by ERPM at its South East Vertical Shaft. ERPM carries the cost of water, electricity and security.

In terms of broader community involvement, ERPM, CGR and Khumo Bathong Holdings (KBH) jointly funded the Ekurhuleni Goodwill Games to the extent of R85 000.

### ► Crown Gold Recoveries (CGR)

A number of non-core activities, such as canteen and garden services, have been outsourced to former employees.

### ► AUSTRALASIA

As reported last year, DRDGOLD is committed to the broader socio-economic developments of the communities surrounding its Tolukuma Gold Mine (TGM) in Papua New Guinea.

Tolukuma believes that improving the health and well-being of its workforce is one of the keys to business success. It also believes that the provision of healthcare for the communities in which it operates is part of its responsibility as an employer.

The mine's commitment is demonstrated by the direct health services it provides, by a number of

health-related surveys it has undertaken, and by the ongoing health awareness and education programmes it has instituted.

Direct services include the Community Aid Post and mine medical centre. Situated in Tolukuma Village, the aid post is staffed by community health workers and operates six days a week. On the day the post is closed, staff travel to neighbouring villages conducting health checks and dispensing medicine.

The medical centre is staffed by a fully-qualified doctor and two health extension officers. Complicated cases or emergencies identified at the aid post are referred to the medical centre for treatment or – if necessary – evacuation to Port Moresby.

On the educational front, school buildings have been provided for local children, with teachers' salaries paid by the mine. Tolukuma is also proposing to extend its commitment to education through student sponsorship for secondary education, training of teachers, nurses and doctors, and vocational technical education. The sponsorships will be offered first to landowners and affected communities, then to the wider district and eventually to the rest of the country. A joint forum has been established to regulate dealings with the local community, and has proved extremely successful.

A range of agricultural projects have been established, which will provide viable employment after mining operations cease. The area surrounding the mine is ideally suited for growing coffee, but distances from the coast have, in the past, made transport prohibitively expensive. The mine pays for the transport of locally produced coffee to Port Moresby for export.

Tolukuma is also investigating the feasibility of establishing a local coffee producing plant. When the study is complete, and subject to the findings being positive, the mine will present a proposal to international coffee producers for the establishment of a coffee producing plant in the Woitape district.

### ► MINING CHARTER

The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry was adopted in October 2002, following a collaborative development process between the industry and the South African Government.

To monitor progress made by mining companies regarding the socio-economic elements covered by the Charter, a Mining Scorecard has been developed by the Department of Minerals and Energy (DME). Mining companies are required to report progress by answering questions on the elements listed below.

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

### Operational climate during year under review

It is important to note that DRDGOLD's progress in meeting targets set by the Scorecard has been negatively affected by a difficult business climate during the year under review. Substantial retrenchments have been necessary at Blyvoor and ERPM, while Buffelsfontein Gold Mines (Pty) Limited, (better known as North West Operations or NWO) was placed in provisional liquidation on 22 March 2005. The operations concerned (Buffelsfontein and Hartebeestfontein Mines) were placed under the jurisdiction of three liquidators appointed by the High Court of South Africa.

The decisions to retrench and to curtail operations were taken with reluctance, but with the operating viability of DRDGOLD as the foremost consideration. North West Operations in particular had become an unsustainable drain on DRDGOLD's resources, and removing

## SUSTAINABLE DEVELOPMENT

this drain has provided a platform for recovery and future growth.

Other measures taken have included a 30% reduction in DRDGOLD's corporate headcount, a 50% cut in corporate costs and the sale of DRDGOLD's corporate office in Johannesburg.

Total employees at the South African operations as at the end of June 2005 are summarised below.

- ▶ **THE SCORECARD: PROGRESS TO DATE**
- ▶ **Human resource development (HRD)**

Human resource development (HRD)

In respect of HRD the Scorecard asks whether DRDGOLD has:

- ▶ offered every employee the opportunity to be functionally literate and numerate by the year 2005;

- ▶ implemented career paths for historically disadvantaged South Africans (HDSAs); and
- ▶ developed systems through which empowerment groups can be mentored.

### Literacy training

Literacy training is provided through the Group's Adult Basic Education and Training (ABET) programme. ABET levels are defined by the National Qualifications Forum (NQF). The relationship between the various ABET levels and formal school and tertiary education is summarised in the table below.

Through the ABET programme, all DRDGOLD employees at the South African operations have the opportunity of achieving functional literacy and numeracy. The only exception to this is

ERPM, where the planned literacy audit was suspended because the mine was in closure mode at the time. Closure plans were subsequently reversed, and management intends to revisit this issue in the coming year through the newly-expanded training centre at Blyvoor.

At Blyvoor, ABET courses are offered on a part-time basis. The classrooms and facilities have recently been upgraded at a cost of some R150 000, which has increased the centre's capacity by 400 students. Some 285 students have been trained to date. Courses are presented by the Department of Education, who fund the cost of books and teachers' salaries. Courses are offered up to ABET Level 3.

During the year under review, eligibility for the ABET programme has been extended (at no charge to participants)

### ▶ NUMBER OF EMPLOYEES: SA OPERATIONS

▶ OPERATION	▶ EMPLOYEES AS AT 30 JUNE 2005 (including contractors)
Blyvooruitzicht	3 445
North West Operations*	–
Crown Gold Recoveries	925
ERPM	2 020
TOTAL	6 390

\* North West Operations excluded.

### ▶ ABET TRAINING: FINANCIAL YEARS 2004 AND 2005

▶ LEVEL	▶ YEAR	▶ NWO*	▶ BLYVOOR	▶ CROWN	▶ ERPM**
Level 1	2004	148	115	4	–
	2005	–	51	7	–
Level 2	2004	118	84	2	–
	2005	–	47	6	–
Level 3	2004	80	43	–	–
	2005	–	34	6	–
Level 4	2004	97	115	4	–
	2005	–	–	1	–
Total	2004	443	357	10	–
	2005	–	132	20	–

\* No numbers provided for ERPM in view of pending literacy audit

\*\* North West Operations excluded.

to the wives and families of employees who reside in the vicinity, either in mine married accommodation or hostels that have been converted to family units.

At CGR, a full-time ABET facilitator is employed by the operation. The programme, which employees attend on a full-time basis while continuing to receive full pay, takes between three and four months.

It is offered twice a year, with each intake generally numbering approximately 10.

On application, CGR also assists employees who wish to complete Grade 12 studies. Employees are provided with an advance to cover full study costs, which they are only required to repay if they are not successful.

The table on page 28 summarises ABET training completed at the various operations during the course of the year under review, and totals to the end of the previous year from the inception of the programme.

Literacy levels achieved to date at the various operations are as follows:

- ▶ Blyvoor: 36% (Levels 1 to 3), 3.5% Level 4
- ▶ CGR: 70% levels 1 to 4
- ▶ ERPM: literacy audit pending

#### Skills development training

DRDGOLD had previously established a central Skills Development Centre at NWO. This forms part of the assets placed under liquidation, and

the existing training centre at Blyvoor is being expanded to take its place. The necessary procedures to apply for MQA accreditation are in place.

#### Career paths for HDSAs

Formal programmes are in place at all South African operations to identify and fast track historically disadvantaged South African (HDSA) employees with the appropriate potential.

DRDGOLD intends to provide candidates identified as having high potential with development opportunities through short-term secondments to its international operations in Papua New Guinea and Fiji. This system has already been successfully implemented in the reverse direction, with employees from Tolukuma Gold Mine in Papua New Guinea gaining experience in South Africa.

At present, career planning is handled primarily at operational level, in line with operational skill requirements and succession plans. From management levels (Paterson D Lower and above), manpower planning is managed on a group basis.

During the year under review, a total of R9.5 million was spent on skills development training at DRDGOLD's South African operations.

#### Blyvoor

Career progression is aligned to the operation's skill requirements. Through psychometric testing, employees with

potential to progress to mid-management levels have been identified. With effect from October 2004, a group of 10 employees is being fast-tracked (through what is referred to as the Titans' programme), with a career path planned to Paterson D Band level. Progress thereafter is a function of vacancies and performance.

#### CGR

At CGR, three metallurgical trainees and one junior engineer are either currently in or have completed learner training programmes. One of the metallurgical trainees has been appointed to foreman level.

Three apprentices – of whom two have been appointed as artisans – have completed trade tests. A number of employees are also being assisted with part time B.Com degree studies.

#### ▶ ERPM

A number of students sponsored by the Lesedi Initiative are obtaining practical experience at ERPM. The Lesedi Initiative, established by Khumo Bathong Holdings (KBH), sponsors the studies of three HDSA students in mining and related fields.

#### Mentorship programmes

Informal mentorship programmes are in place at all operations. It is planned to place these on a more formalised footing over the course of the next year, with assessors and mentors receiving the required accreditation through the new group training centre to be based at Blyvoor.

#### ▶ HISTORICALLY DISADVANTAGED SOUTH AFRICANS in management positions: progress towards 40% target

	2004	2005	TARGET
Blyvoor	10.34%	15.60%	40%
North West*	15.38%	–	40%
ERPM	17.86%	27.00%	40%
Crown	15.38%	30.00%	40%
Corporate	28.57%	35.00%	40%
DRDGOLD	19.79%	28.58%	40%

\* North West Operations excluded.

#### ▶ WOMEN IN MINING: progress towards 10% target

	2004	2005	TARGET
Blyvoor	1.22%	1.60%	10%
North West*	1.41%	–	10%
ERPM	2.90%	3.20%	10%
Crown	5.20%	4.90%	10%
Corporate	28.57%	25.00%	10%
DRDGOLD	1.86%	2.69	10%

\* North West Operations excluded.

## SUSTAINABLE DEVELOPMENT

### ► Employment equity

The Scorecard asks whether DRDGOLD has published its employment equity plan and reported on its annual progress in meeting that plan. Companies must put plans in place for 40% of management positions to be filled by HDSA employees, and 10% of total complement to be filled by women. These targets are to be achieved within a five-year period.

All operations have developed comprehensive employment equity plans, and progress on these is reported to the Board on a quarterly basis.

It must be noted that, while DRDGOLD remains committed to meeting and indeed exceeding its Scorecard targets, its ability to do so has been negatively affected by the difficult operating and financial conditions of the preceding year.

Due to significant downsizing and limited opportunities for new entrants, the only new recruits in the past year have been recalled ex-mineworkers. Where any new recruitment takes place, DRDGOLD's recruitment policy takes account of Scorecard targets.

### ► Migrant labour

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

- Has DRDGOLD subscribed to Government and industry agreements to ensure non-discrimination against foreign migrant labour?

Approximately 47% of the DRDGOLD's employees in South Africa are migrant workers from neighbouring countries. DRDGOLD does not discriminate against foreign migrant labour in any way, and adheres to the relevant inter-governmental agreements that are in place. In terms of the social plan agreed at Blyvoor during the downsizing exercise of October 2004, DRDGOLD provided skills training for all employees who opted for this, including foreign citizens. This of course meant that DRDGOLD was not able to access the usual Department of Labour subsidies in respect of these former employees, and carried the total cost of the training.

### ► Community and rural development

The Scorecard poses the following question:

- Has DRDGOLD co-operated in the formulation of integrated development plans and is DRDGOLD co-operating with the government in the implementation of these plans for communities where mining takes place and for major labour sending areas?

In the words of its published Code of Ethics, DRDGOLD "recognises that we all share a very real responsibility to contribute to local communities."

DRDGOLD is at various stages of developing a social and labour plan at each of its operations. These plans involve the establishment of a 'future forum', comprising representatives from management, employees and organised labour. The scope of these forums covers three phases:

- early detection of business or operational circumstances likely to lead to job losses, and avoidance of these losses where possible;
- the retrenchment phase; and
- analysis of skills needed in the local community, and appropriate training and development for retrenched employees.

The intention is for such training to be completed before the employee's retrenchment from the mine.

At Blyvoor, of 1 619 retrenched employees 350 volunteered to participate in the training offered. To date, 120 have completed courses in a range of skills ranging from basic business management to brick-laying and electrical work. Courses are offered by accredited service providers under the auspices of the Department of Labour.

At NWO, DRDGOLD has assisted the provisional liquidation process with a contribution of R45 million during FY05. Of this, R9 million has been allocated to the social plan for NWO. When the liquidation process is complete, the number of employees to

be retained by the new operators will be confirmed. The remaining employees will be eligible for skills training in terms of the social plan, the cost of which will be covered by the R9 million referred to above. Prior to liquidation, some 3 000 employees had been retrenched over a two-year period. Of these, approximately 500 mainly local employees opted to attend the skills training offered. The Department of Labour meets 50% of the cost of such training, providing approved service providers are used.

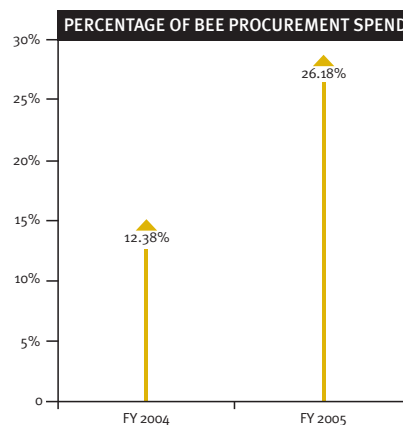
CGR recognises the possibility of closure in December 2008 and is therefore actively pursuing the implementation of its social and labour plan.

ERPM participates in the Ekurhuleni Mining Forum, a broad-based initiative for communication and consultation with local communities on safety, health and environment-related issues, impact of mine closure and job-creation opportunities.

In the major labour sending areas, DRDGOLD is exploring the possibility of co-operating with TEBA, which has a well-developed infrastructure of facilities and staff in the rural areas, in the development of appropriate community initiatives.

### ► Housing and living conditions

The Scorecard poses the following questions regarding housing and living conditions:





- For Company provided housing, has the mine, in consultation with stakeholders, established measures for improving standards of housing, including hostel upgrading, hostel conversion to family units, and promotion of home ownership?
- Has the mine established measures for improving Company-provided nutrition?

Hostel residents at the DRDGOLD's operations are as follows:

► Blyvoor:	1 806
► ERPM	300
► Total	2 106

At Blyvoor, the programme of hostel upgrading has continued. Some 108 hostel rooms were converted to family accommodation, and 47 units of visiting wives' accommodation are in place. Some 275 employees have opted to take the living-out allowance.

At NWO, prior to liquidation, one of the mine's four hostels had been converted to family accommodation at a cost of some R1.2 million.

At ERPM, the South West hostel was closed during the year. The majority of employees have opted for the living-out allowance, with only 300 employees accommodated in the remaining hostel. A housing forum has been established, and several meetings have been held with relevant stakeholders to explore a number of low-cost housing options. The operation is also exploring the possibility of employees being allowed to buy mine houses, currently subject to surface rights permits.

Comprehensive sporting and entertainment programmes, run by employees and local entrepreneurs, are in place at all hostels.

Insofar as nutrition is concerned, catering is outsourced to local companies at all hostels. The outsourcing contracts provide for menu plans to be overseen by qualified nutritionists. All hostels operate on a

three-meal cycle, and mid-shift supplements are also provided. Monitoring committees, on which hostel residents are represented, are in place.

There is no hostel accommodation at CGR, but 178 employees (out of a total complement of 406) participate in a local low-cost housing initiative. DRDGOLD assists employees in obtaining the relevant Government housing subsidies. Three individuals have taken occupation of their houses so far, and the necessary formalities are expected to be completed shortly in respect of the remainder.

#### ► Procurement

The Scorecard poses the following questions in respect of procurement:

- Has DRDGOLD given HDSAs preferred supplier status?
- Has DRDGOLD identified the current level of procurement from HDSA companies (capital goods, consumables, services?)
- Has DRDGOLD indicated a commitment to progression of procurement from HDSA companies over 3-5 years (capital goods, commitments and services) and to what extent has this commitment been implemented?
- Is any training/capacity building provided to HDSA supplier companies?

At year-end, 22% of total procurement was spent with BEE companies, compared with 12% at the end of 2004.

#### ► Ownership and joint ventures

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

- Has DRDGOLD 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?

After the 2005 financial year-end, DRDGOLD announced that it had signed a Memorandum of Understanding

(MOU) with its Black Economic Empowerment (BEE) partner, Khumo Bathong Holdings (Pty) Limited (KBH) in terms of which KBH will acquire 15% of DRDGOLD's South African operations, with an option to lead a BEE consortium in the acquisition of a further 11%. Fulfilment of the terms of the MOU will mean that DRDGOLD will have met in full the 10 year, 26% equity target stipulated by the Scorecard.

#### ► Beneficiation

The Scorecard poses the following questions in respect of beneficiation:

- Has DRDGOLD identified its current level of beneficiation?
- Has DRDGOLD identified its baseline level of beneficiation and indicated the extent that this will be grown in order to qualify for the offset?

DRDGOLD has a 50.25% stake in NetGold Services, a subsidiary of GoldMoney.com, an internet-based gold marketing entity. GoldMoney.com grew its account-holders by 59% in the year under review to 21 762, spread throughout 102 countries. Gold held in storage for GoldMoney.com customers increased by 110% to 3 738 910 grams, and the number of London Bullion Market Association (LBMA) good delivery bars held in London vaults increased from 142 to 298.

Of the 156 additional bars, 146 (or 94%) were sourced from South Africa's Rand Refinery Limited (RRL), in which DRDGOLD is a 10.6% shareholder. RRL recently became the first refinery worldwide to secure Dubai Good Delivery accreditation, thus gaining invaluable access for one of the largest retail gold and jewellery markets in the world.

#### ► Reporting

Mining Scorecard issues have been reported on in the last two issues of DRDGOLD's annual report.

## RESERVES AND RESOURCES

In 2005, DRDGOLD's attributed Mineral Resource has decreased from 57.7 million ounces to 36.6 million ounces, a reduction of 21.1 million ounces, of which 12.2 million ounces is due to the closure of DRDGOLD's North West Operation and 8.9 million ounces as a result of Argonaut's Mineral Rights reverting back to the State as of 1 May 2005. The attributed Ore Reserve has decreased from 11.7 million ounces to 6.6 million ounces. The year-on-year decline in reserves of 5.1 million ounces was primarily due to the closure of the North West Operation.

### ► REPORTING CODE AND DEFINITIONS

DRDGOLD's Mineral Resources and Ore Reserves, with the exception of 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 for the South African Operations has been compiled by Mr. Ken Lomborg (SACNASP) and Dr Steven Rupprecht (Pr.Eng) who have 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. The review report for Tolukuma and Emperor has been compiled by Dr Jan Pieter de Visser (MAusIMM and MGAA). They have more than 20 years' experience in the mining industry and regularly conduct 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 and Emperor operations. 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.

### ► 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, or Chief Geologist, 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:

- CGR Surface: William John Laing (PLATO);
- ERPM: Johan Smit (PLATO);
- Blyvoor: David Edwin James Whittaker (SACNASP);
- Tolukuma: Joe Sine (AusIMM); and
- Emperor: Greg MacDonald (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, are David Edwin James Whittaker (South African Operations) and Richard Johnson (Australasian Operations), who are both employees of DRDGOLD and each have more than 20 years' relevant experience.

### ► OPERATIONS

During the current reporting period, DRDGOLD has acquired an additional 25.55% interest in Emperor Gold Mines in Fiji, a gain of 0.154 million ounces of gold Ore Reserve. DRDGOLD now has a 45.33% interest in Emperor.

### ► Combined

The DRDGOLD attributable Mineral Resource has decreased to 36.6 million ounces in 2005 from 57.7 million ounces in 2004 and the Ore Reserves to 6.6 million ounces in 2005 from 11.7 million ounces in 2004. The decrease of the Mineral Resource is due

## RESERVES AND RESOURCES

largely to the exclusion of the North West Operation (12.2 million ounces) and Argonaut (8.9 million ounces), from the current Mineral Resource statement. The closure, and hence exclusion, of the North West Operation has reduced the 2005 Ore Reserves by 5.1 million ounces. The figures stated for Emperor and Porgera are the official, publicly disclosed Ore Reserves and Mineral Resources for 30 June 2005 and 31 December 2004 (adjusted for depletion to 30 June 2005), respectively.

Refer to pages 38 to 43 for the Mineral Resource and Ore Reserve statements and Ore Reserve parameters used.

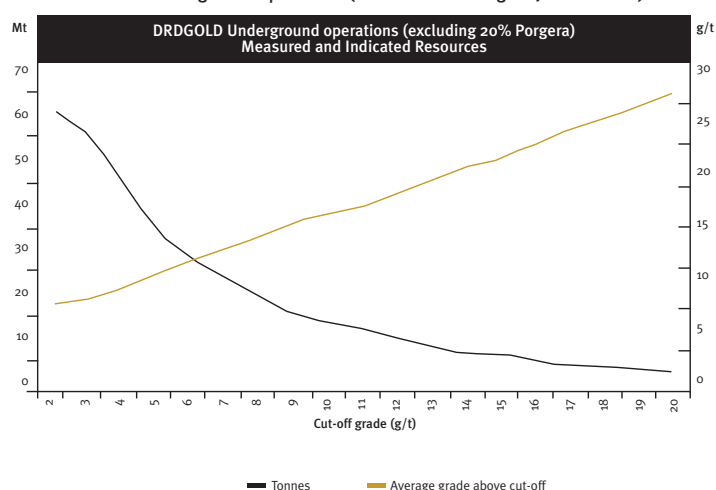
### ► Blyvoor

The total Mineral Resource increased by 1.0% or 0.3 million ounces of gold, predominately due to the acquisition of the Middelvlei Reef within the Blyvoor Extension area, where mining authorisation was previously restricted to the principle economic horizon, the

Carbon Leader Reef. The accrual will enable the operation to explore and extract the down-dip extension of the Annan pay sheet.

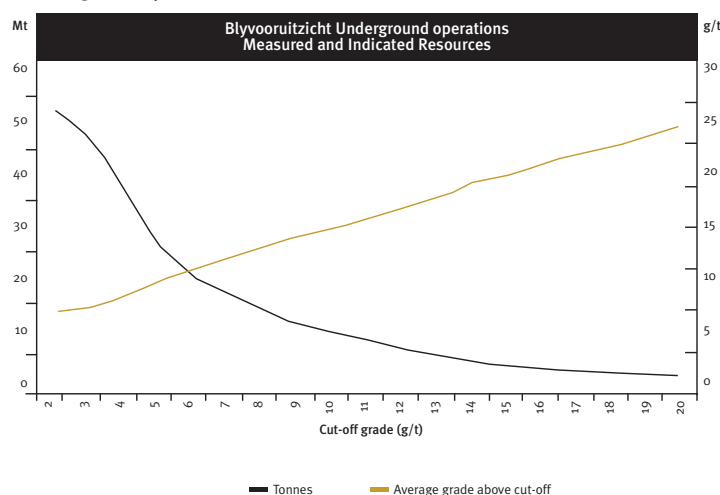
The operation's total Ore Reserve decreased by 7.6% or 0.3 million ounces of gold due to mining depletion and an increase in working costs. The increase in the working costs resulted in a larger percentage of marginal ore being included in the Life of Mine Plan and hence Ore Reserve Statement.

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



Attributable Identified Mineral Resource (Measured and Indicated) as at 30 June 2005

Blyvoor Underground Operation



### ► CGR

CGR's Mineral Resource and Ore Reserve have not changed substantially from the previous year.

### ► ERPM

The operation's total Mineral Resource has reduced by 1.1 million ounces of gold, a decrease of 29.7% from the previous year, mainly as a result of the planned flooding of part of the mine, which sterilised that part of the Mineral Resource.

The Ore Reserve, in contrast to the Mineral Resource, has increased by 0.2 million ounces, or 94.3%, from the previous year due to the continuation of mining operations which were planned to be suspended in March 2005. The current life-of-mine is five years.

### ► North West Operations

Due to the closure of the North West Operation, the total Mineral Resource, 12.2 million ounces, and Ore Reserves, 5.1 million ounces, have been excluded from the 2005 Ore Reserve and Mineral Resource Statement.

### ► Tolukuma

The Tolukuma Operation's Mineral Resource has increased by 14.2%, or 0.1 million ounces, and the Ore Reserve has increased by 7.4%, or 0.02 million ounces. The increase in Mineral Resource is due to the drilling of the

## RESERVES AND RESOURCES

Fundoot, Banana, Sawmill, Gulbadi Red and Gulbadi "Y" structures. The increase in Ore Reserve is due to the focus on development.

### ► Emperor

DRDGOLD's 45.33% attributable Mineral Resource has increased by 134.9%, or 1.2 million ounces, and Ore Reserve has increased by 40.6%, or 0.1 million ounces, mainly due to the additional 25.55% interest acquired in July 2004.

### ► Porgera

DRDGOLD's 20% attributable Mineral Resource decreased 16.7%, or 0.5 million ounces, and Ore Reserve decreased by 6.0%, or 0.1 million ounces, mainly due to the open pit mining depletion.

### ► Sensitivity of Ore Reserves at various gold prices (excluding Porgera's attributable 20%)

The Ore Reserves quoted are sensitive to operating costs and gold price. The official Ore Reserves are quoted at

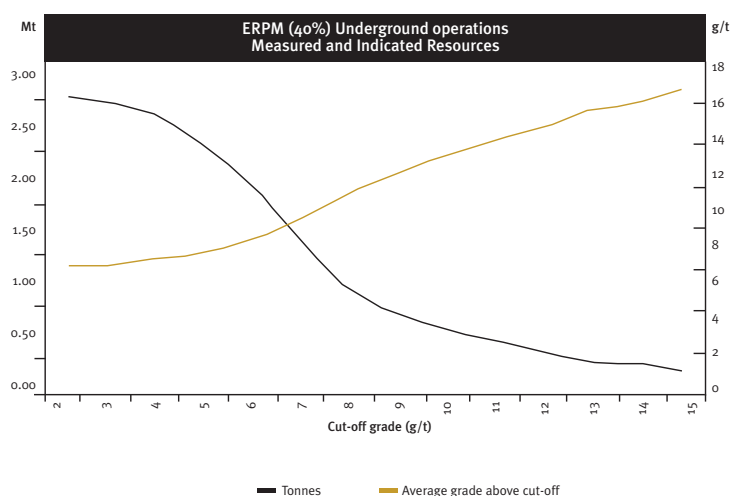
US\$381 per ounce at an exchange rate of R7.50 = \$1.00 or R88 959 per kilogram. Should the gold price weaken by 21% to US\$300 per ounce, then the Ore Reserves will be reduced by 41.8% to 3.025 million ounces. An increase in the gold price by 15.5% to US\$440 per ounce will see the Ore Reserves increase by 24.3% to 6.466 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 ore body 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.

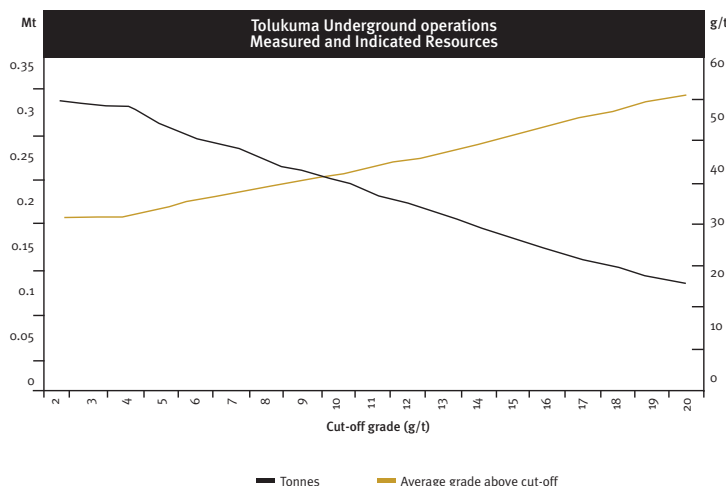
### ► GROWTH POTENTIAL

DRDGOLD's strategy remains that of growth and diversification through discovery and/or acquisition of new Mineral Resources and Ore Reserves. DRDGOLD 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 DRDGOLD's Mineral Resource and Ore Reserve base through 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

ERPM Underground Operation  
Measured and Indicated Resource



Tolukuma Underground Operation  
Measured and Indicated Resource



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.

Growth in South Africa is largely limited to organic growth from existing operations or the 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 stabilisation and return to profitability of the South African operations during the past year has now positioned DRDGOLD to pursue expansion of its operations. ERP, which was scheduled for closure in March 2005, now has a five year life-of-mine. ERP is currently in the process of applying for a prospecting permit to extend its life further through the acquisition of part of the neighbouring Sallies mine. The growth potential for DRDGOLD also lies offshore with the greatest opportunities currently presenting themselves in the Australasian region.

DRDGOLD 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

Exploration and project development activities during the year continued to enhance DRDGOLD'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). Total exploration expenditure was

R13.0 million (US\$1.89 million) at Tolukuma.

#### Tolukuma

Tolukuma has ten Exploration Licenses (ELs) as well as one new EL application, and a Mining Lease (ML 104). The eleven ELs cover just over 9000 square kilometres and are all within 40 minutes flying radius from the Tolukuma mine site. The Tolukuma mine itself is within ML 104 and covers an area of seven square kilometres.

Exploration during the year was focused on finding resources for mill feed. Much of this work involved diamond drilling concentrated mostly within ML 104. Some regional exploration was also carried out in a few of the outer ELs.

An intensive diamond-drilling program with associated fieldwork is planned for the coming year. This work is aimed at testing more than sixteen drill targets identified and classified within ML 104. More regional exploration work is also being planned for the other ELs outside of EL 580 and ML 104.

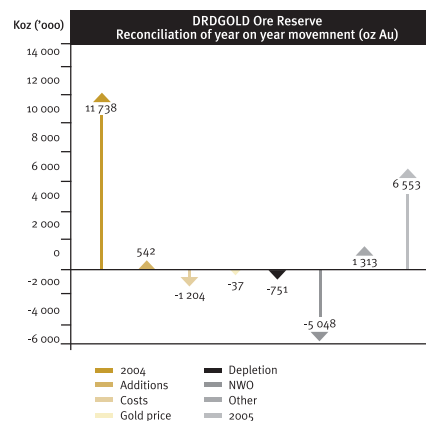
Much of the ML 104 exploration involved diamond drill testing of mostly known structures both on surface and underground. Tolukuma's five diamond drill rigs which includes three surface (DT250P, DT600P, LY 44) and two underground (LMA 90, KEMPE) were all utilised. All rigs except the DT250P stayed within ML 104. The DT250P also drilled 3 holes at the Mt. Sen prospect within EL 580. During the year a total of 68 holes have been drilled for a total of 23 487m.

Diamond drilling underground led to the discovery of several new structures. The more significant structure is the **Degot/Fundoot** with a 70 000 plus ounces contained gold potential. This structure has already been accessed from underground and is likely to be mined in the near future. The southern extension of this structure is currently being tested.

Another structure with about a 200m-strike length and thought to be the fault-displaced portion of the **Zine and Gulbadi (converged)** has also been drill tested. A couple of high-grade intersections have been obtained within this structure including one 1.5m @ 42.9 g/t. The southern extension is also being tested with the LMA 90 rig in the process of testing the Degot/Fundoot. All results from this structure will be reviewed to further assess the resource potential.

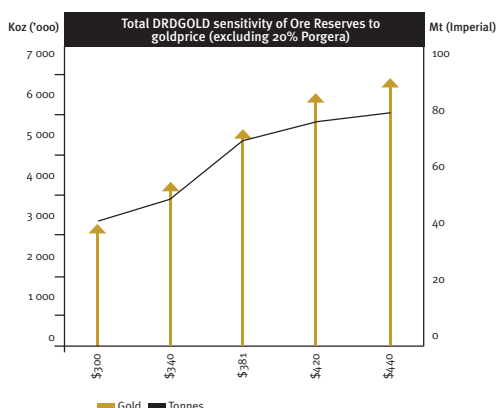
**DRDGOLD combined operations (includes 40% Crown, 45.33% Emperor and 20% Porgera)**

Attributable Ore Reserve and Identified Mineral Resource statement as at 30 June 2005  
Reconciliation of year-on-year movements in Ore Reserves (in 000 ounces)  
Reserves at 30 June 2005 6.6 million ounces  
(30 June 2004: 11.7 million ounces)



#### 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 20% Porgera):





## RESERVES AND RESOURCES

The **Gulbadi Red structure** (with a highest grade of 1.6m @ 102.7 g/t) has been drill tested within a relatively narrow zone. Additional testing is required along strike both to the northwest and southeast to assess the full potential of this structure.

A couple of other unnamed structures intersected in a single drill hole (TU029) to the east of Gulbadi appeared to be major structures that need to be followed up. One of these structures returned 1.4m @ 5.3 g/t including 0.5m @ 13.4 g/t.

Another two structures intersected in a cover hole (TU016) for the Milihamba Drive further south can be further investigated as mining/exploration progresses south. One of these structures returned 0.8m @ 7.6 g/t.

The **Zine/120** resource drilling was completed during the beginning of the year and was reported in the last financial year. Further drilling to the

north to test surface trench high grades including 3.0m @ 32.2 g/t was not repeated in the drill holes. The drilling yielded result of up to 1.0m @ 14.2 g/t.

Drill results from the **Sawmill** have been lower than expected. From 13 holes drilled, the highest result obtained is 1.1m @ 8.2 g/t. Further testing for depth extension will be done from underground.

Limited surface mapping and sampling resulted in the discovery of a number of new structures within the southern portion of the lease. The first two are **Tolukuma South** and **Tolukuma Southeast** structures which returned highest trench results of 0.8m @ 7.4 g/t and 1.0m @ 3.9 g/t respectively. Further work is required in these areas.

The **Banana – Snake Creek** area revealed surface exposures of several structures with high trench values including 0.3m @ 23.0 g/t and 1.0m @ 29.9 g/t (visible gold). Six drill holes

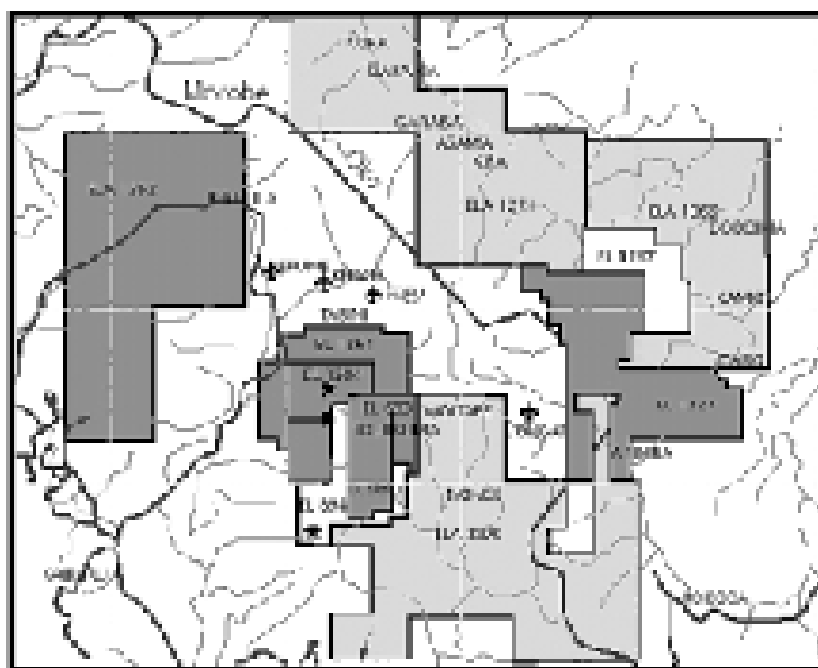
(4 in the south and 2 another 300m north) were drilled in this area to test the extent of mineralisation and obtain subsurface geological information. The drill holes confirmed the depth and strike continuity of these structures. However, the results were disappointing with all less than 5 g/t. Further surface work is required in the area to do a more reliable geological interpretation of the area before any more drilling.

### EL 1297, Gira:

Fieldwork was carried out in the Gira area and included stream based geochemical sampling, ridge spur soil sampling and trench sampling. Best assay results from rock float samples are appended below. These samples were from brecciated volcanics that were cemented by milky white to chalcedonic quartz and had sulphides as disseminations or veins and stringers within the matrix and clasts. The float train has been traced to a 0.2 – 0.5m wide structure. It is a brecciated and silica flooded zone with volcanic clasts that have undergone phyllic alteration. Panned concentrates were assayed for gold as well as for platinum. The highest gold and platinum results were 1 076 g/t and 96.4 g/t, respectively, from the same panned concentrate sample. Fine dendritic wire gold is panned from some of the creeks and is interpreted to be shed from these narrow silica flooded brecciated and sheared zones. Total work done in the area included three trenches totalling 280 metres, and 3 soil lines totalling 1 000 metres. A total of 78 samples were collected from the area.

### EL 1327, Aikora:

Fieldwork carried out in this EL was on a first pass stream based grass root type exploration. Total number of samples collected was 85 rock chip samples. Although gold is panned from most of the creeks in the area the best assay result from a rock float was 3.04 g/t. Two other samples returned assays greater than 1 g/t.



■ TGM current EL

■ TGM new EL application

□ TGM EL current renewal application

**EL 1264, Minaru:**

Field exploration carried out in this EL was also stream based and covered an area of about 40 square km. Total number of samples collected was 190. The best assay result of 31.7 g/t, was from a phyllic altered, silicified fine-grained volcanic float with disseminated sulphides and milky white quartz stringers. Other significant

assays of greater than 1 g/t from rock float samples are appended below.

**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.

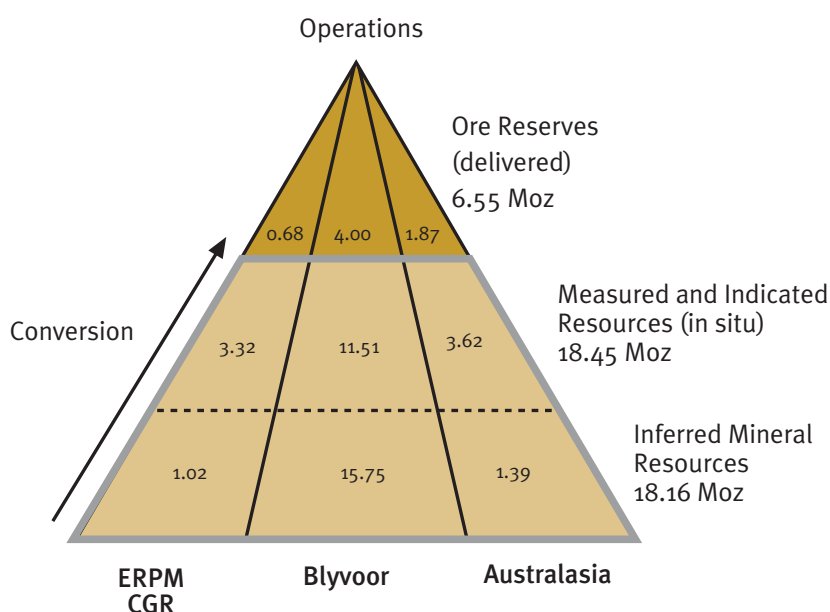
During the year, the Argonaut mineral rights reverted to the State. An application to be issued prospecting rights in respect of our former holdings is currently pending before the Department of Minerals and Energy.

### ► TOLUKUMA TENURE HOLDINGS

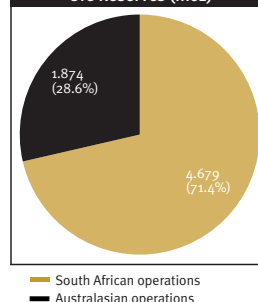
#### Summary of Exploration Licenses (ELs) at the Tolukuma Gold Mine In Papua New Guinea

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	75	254
EL 1271, Waria River	564	1909
EL 1284, Kone	58	196
EL 1297, Gira	75	254
EL 1327, Aikora	146	494
EL 1352, Loi River	550	1862
EL 1366, Eia River	403	1 364
EL 1379, Mt Victoria	648	2 194
<b>Total</b>	<b>2 692</b>	<b>9 114</b>

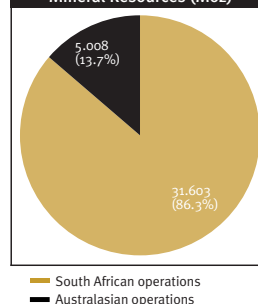
### Attributable Ore Reserve and Identified Mineral Resources (Moz)



#### Combined DRDGOLD attributable Ore Reserves (Moz)



#### Combined DRDGOLD attributable Mineral Resources (Moz)



## RESERVES AND RESOURCES

## ► IDENTIFIED MINERAL RESOURCE AT 30 JUNE 2005 – SOUTH AFRICAN OPERATIONS

	Measured			Indicated			Inferred			Total			
	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
<b>Blyvoor</b>													
Underground	22.693	8.25	187.275	28.730	5.44	156.182	147.532	3.25	478.743	198.955	4.13	822.200	26.434
Surface	24.227	0.61	14.664	–	–	–	35.915	0.31	11.149	60.142	0.43	25.813	0.830
<b>Total</b>	<b>46.920</b>	<b>4.30</b>	<b>201.939</b>	<b>28.730</b>	<b>5.44</b>	<b>156.182</b>	<b>183.447</b>	<b>2.67</b>	<b>489.892</b>	<b>259.097</b>	<b>3.27</b>	<b>848.013</b>	<b>27.264</b>
<b>CGR (40%)</b>													
Underground	–	–	–	–	–	–	–	–	–	–	–	–	–
Surface	45.524	0.41	18.665	133.188	0.25	33.297	–	–	–	178.712	0.29	51.962	1.671
<b>Total</b>	<b>45.524</b>	<b>0.41</b>	<b>18.665</b>	<b>133.188</b>	<b>0.25</b>	<b>33.297</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>178.712</b>	<b>0.29</b>	<b>51.962</b>	<b>1.671</b>
<b>ERPM (40%)</b>													
Underground	1.147	6.83	7.832	1.567	7.03	11.015	4.780	6.61	31.598	7.494	6.73	50.445	1.622
Surface	7.412	0.63	4.669	76.920	0.36	27.889	–	–	–	84.332	0.39	32.558	1.047
<b>Total</b>	<b>8.559</b>	<b>1.46</b>	<b>12.501</b>	<b>78.487</b>	<b>0.50</b>	<b>38.904</b>	<b>4.780</b>	<b>6.61</b>	<b>31.598</b>	<b>91.826</b>	<b>0.90</b>	<b>83.003</b>	<b>2.669</b>
<b>Total South African operations</b>													
Underground	23.840	8.18	195.107	30.297	5.52	167.197	152.312	3.35	510.341	206.449	4.23	872.645	27.631
Surface	77.163	0.49	37.998	210.108	0.29	61.186	35.915	0.31	11.149	323.186	0.34	110.333	3.548
<b>Total</b>	<b>101.003</b>	<b>2.31</b>	<b>233.105</b>	<b>240.405</b>	<b>0.95</b>	<b>228.383</b>	<b>188.227</b>	<b>2.77</b>	<b>521.498</b>	<b>529.635</b>	<b>1.86</b>	<b>982.978</b>	<b>31.603</b>



► IDENTIFIED MINERAL RESOURCE AT 30 JUNE 2005 – AUSTRALIAN OPERATIONS

	Measured			Indicated			Inferred			Total			
	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
<b>Tolukuma</b>													
Underground	0.083	42.72	3.546	0.142	28.92	4.106	0.357	23.00	8.211	0.582	27.26	15.863	0.510
Surface	0.005	31.20	0.156	0.019	29.47	0.560	0.014	28.86	0.404	0.038	29.47	1.120	0.036
<b>Total</b>	<b>0.088</b>	<b>42.07</b>	<b>3.702</b>	<b>0.161</b>	<b>28.98</b>	<b>4.666</b>	<b>0.371</b>	<b>23.22</b>	<b>8.615</b>	<b>0.620</b>	<b>27.39</b>	<b>16.983</b>	<b>0.546</b>
<b>Porgera (20%)</b>													
Underground	0.388	8.02	3.110	1.160	8.69	10.078	0.670	9.10	6.096	2.218	8.69	19.284	0.620
Surface	14.669	2.79	40.932	4.864	2.24	10.886	0.297	1.57	0.467	19.830	2.64	52.285	1.681
<b>Total</b>	<b>15.057</b>	<b>2.93</b>	<b>44.042</b>	<b>6.024</b>	<b>3.48</b>	<b>20.964</b>	<b>0.967</b>	<b>6.79</b>	<b>6.563</b>	<b>22.048</b>	<b>3.25</b>	<b>71.569</b>	<b>2.301</b>
<b>Emperor (45.33%)</b>													
Underground	1.371	15.27	20.933	1.343	10.95	14.712	2.613	10.78	28.180	5.327	11.98	63.825	2.052
Surface	2.036	1.47	2.986	0.313	1.29	0.404	–	–	–	2.349	1.44	3.390	0.109
<b>Total</b>	<b>3.407</b>	<b>7.02</b>	<b>23.919</b>	<b>1.656</b>	<b>9.13</b>	<b>15.116</b>	<b>2.613</b>	<b>10.78</b>	<b>28.180</b>	<b>7.676</b>	<b>8.76</b>	<b>67.215</b>	<b>2.161</b>
<b>Total Australasian Operations</b>													
Underground	1.842	14.98	27.589	2.645	10.92	28.896	3.640	11.67	42.487	8.127	12.18	98.972	3.182
Surface	16.710	2.64	44.074	5.196	2.28	11.850	0.311	2.80	0.871	22.217	2.56	56.795	1.826
<b>Total</b>	<b>18.552</b>	<b>3.86</b>	<b>71.663</b>	<b>7.841</b>	<b>5.20</b>	<b>40.746</b>	<b>3.951</b>	<b>10.97</b>	<b>43.358</b>	<b>30.344</b>	<b>5.13</b>	<b>155.767</b>	<b>5.008</b>

► IDENTIFIED MINERAL RESOURCES AT 30 JUNE 2005 – TOTAL GROUP

	Measured			Indicated			Inferred			Total			
	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
<b>Total Group</b>													
Underground	25.682	8.67	222.696	32.942	5.95	196.093	155.952	3.54	552.828	214.576	4.53	971.617	31.238
Surface	93.873	0.878	82.072	215.304	0.34	73.036	36.226	0.33	12.020	345.403	0.48	167.128	5.374
<b>Total</b>	<b>119.555</b>	<b>2.55</b>	<b>304.768</b>	<b>248.246</b>	<b>1.08</b>	<b>269.129</b>	<b>192.178</b>	<b>2.94</b>	<b>564.848</b>	<b>559.979</b>	<b>2.03</b>	<b>1 138.745</b>	<b>36.611</b>

**Note:** Rounding off of figures in this report may result in minor computational discrepancies.  
The Mineral Resource quoted above refer only to fully in situ tonnages and grades.

## RESERVES AND RESOURCES

## ► IDENTIFIED ORE RESERVES (DELIVERED) AT 30 JUNE 2005 – SOUTH AFRICAN OPERATIONS

	Proved			Probable			Total			
	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
<b>Blyvoor</b>										
Underground	11.175	7.55	84.396	4.144	6.19	25.645	15.319	7.18	110.041	3.538
Surface	23.777	0.60	14.304	–	–	–	23.777	0.60	14.304	0.460
<b>Total</b>	<b>34.952</b>	<b>2.82</b>	<b>98.700</b>	<b>4.144</b>	<b>6.19</b>	<b>25.645</b>	<b>39.096</b>	<b>3.18</b>	<b>124.345</b>	<b>3.998</b>
<b>CGR (40%)</b>										
Underground	–	–	–	–	–	–	–	–	–	–
Surface	12.598	0.64	8.063	4.488	0.55	2.468	17.086	0.62	10.531	0.339
<b>Total</b>	<b>12.598</b>	<b>0.64</b>	<b>8.063</b>	<b>4.488</b>	<b>0.55</b>	<b>2.468</b>	<b>17.086</b>	<b>0.62</b>	<b>10.531</b>	<b>0.339</b>
<b>ERPM (40%)</b>										
Underground	0.379	7.68	2.911	0.410	7.47	3.061	0.789	7.57	5.972	0.192
Surface	7.412	0.63	4.670	–	–	–	7.412	0.63	4.670	0.150
<b>Total</b>	<b>7.791</b>	<b>0.97</b>	<b>7.581</b>	<b>0.410</b>	<b>7.47</b>	<b>3.061</b>	<b>8.201</b>	<b>1.30</b>	<b>10.642</b>	<b>0.342</b>
<b>Total South African Operations</b>										
Underground	11.554	7.56	87.307	4.554	6.30	28.706	16.108	7.20	116.013	3.730
Surface	43.787	0.62	27.037	4.488	0.55	2.468	48.275	0.61	29.505	0.949
<b>Total</b>	<b>55.341</b>	<b>2.07</b>	<b>114.344</b>	<b>9.042</b>	<b>3.45</b>	<b>31.174</b>	<b>64.383</b>	<b>2.26</b>	<b>145.518</b>	<b>4.679</b>

► IDENTIFIED ORE RESERVES (DELIVERED) AT 30 JUNE 2005 – AUSTRALASIAN OPERATIONS

	Proved			Probable			Total			
	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
<b>Tolukuma</b>										
Underground	0.160	17.60	2.823	0.237	13.79	3.269	0.397	15.33	6.092	0.196
Surface	0.06	23.58	0.157	0.024	22.36	0.540	0.030	22.62	0.697	0.022
<b>Total</b>	<b>0.166</b>	<b>17.84</b>	<b>2.980</b>	<b>0.261</b>	<b>14.58</b>	<b>3.810</b>	<b>0.427</b>	<b>15.85</b>	<b>6.789</b>	<b>0.218</b>
<b>Porgera (20%)</b>										
Underground	0.371	7.43	2.756	1.034	8.21	8.491	1.405	8.00	11.247	0.362
Surface	8.853	3.13	27.724	0.822	3.70	3.042	9.675	3.18	30.766	0.989
<b>Total</b>	<b>9.224</b>	<b>3.30</b>	<b>30.480</b>	<b>1.856</b>	<b>6.21</b>	<b>11.533</b>	<b>11.080</b>	<b>3.79</b>	<b>42.013</b>	<b>1.351</b>
<b>Emperor (45.33%)</b>										
Underground	0.505	11.60	5.858	0.364	10.00	3.641	0.869	10.93	9.499	0.305
Surface	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>0.505</b>	<b>11.60</b>	<b>5.858</b>	<b>0.364</b>	<b>10.00</b>	<b>3.641</b>	<b>0.869</b>	<b>10.93</b>	<b>9.499</b>	<b>0.305</b>
<b>Total: Australasian operations</b>										
Underground	1.036	11.04	11.437	1.635	9.42	15.401	2.671	10.05	26.838	0.863
Surface	8.859	3.15	27.881	0.846	4.23	3.582	9.705	3.24	31.463	1.011
<b>Total</b>	<b>9.895</b>	<b>3.97</b>	<b>39.318</b>	<b>2.481</b>	<b>7.65</b>	<b>18.983</b>	<b>12.376</b>	<b>4.71</b>	<b>58.301</b>	<b>1.874</b>

► IDENTIFIED ORE RESERVES (DELIVERED): AT 30 JUNE 2005 – TOTAL GROUP

	Proved			Probable			Total			
	Tonnes Mt	Grade g/t	Contents Gold Tons	Tonnes Mt	Grade g/t	Contents Gold Tons	Tonnes Mt	Grade g/t	Contents Gold Tons	Contents Gold Moz
<b>Total Group</b>										
Underground	12.590	7.84	98.744	6.189	7.13	44.107	18.779	7.61	142.851	4.593
Surface	52.646	1.04	54.918	5.334	1.13	6.050	57.980	1.05	60.968	1.960
<b>Total</b>	<b>65.236</b>	<b>2.36</b>	<b>153.622</b>	<b>11.523</b>	<b>4.35</b>	<b>50.157</b>	<b>76.759</b>	<b>2.66</b>	<b>203.819</b>	<b>6.553</b>

**Note:** Rounding off of figures in this report may result in minor computational discrepancies.  
The Ore Reserves quoted above refer only to fully diluted delivered tonnages and grades to the plant.

## RESERVES AND RESOURCES

## ► ORE RESERVE PARAMETERS UTILISED TO CALCULATE ORE RESERVES – SOUTH AFRICAN OPERATIONS

		Blyvoor	ERPM	Crown
<b>Underground</b>				
Working cost	R/t	674.42	547.21	
Gold price	R/kg	88 960	88 960	
Plant recovery	%	95.8	94	
Mine call factor	%	85.2	85	
Mining factors:				
Sundries	%	14	9	
Discrepancies	%	16	12	
Required yield	g/t	7.58	6.14	
Head grade	g/t	7.91	6.54	
Broken grade	g/t	12.86	9.58	
Stope width	cm	109	125	
<b>Surface</b>				
Working cost	R/t	15.68	38.11	33.00
Gold price	R/kg	88 960	88 960	88 960
Plant recovery	%	45	68	67.13
Mine call factor	%	100	100	100
Mining factors:				
Reclamation	%	100	100	100
Required yield	g/t	0.176	0.428	0.371
Head grade	g/t	0.392	0.630	0.553
Broken grade	g/t	0.392	0.630	0.553

**Note:** Ore Reserves for South African operations are calculated using a total working cost pay-limit, the previous three years' mining efficiencies and the current life-of-mine plan. The working cost pay-limit is calculated per individual shaft or costing areas using area costing figures, and then combined to formulate the total pay-limit.  
The summary tables above indicate the Ore Reserve parameters utilised for the South African operations.

► ORE RESERVE PARAMETERS UTILISED TO CALCULATE ORE RESERVES – AUSTRALASIAN OPERATIONS

Tolukuma

**Underground**

Working cost	Kina/t	473.23
Gold price	Kina/oz	1312.50
Plant recovery	%	91.0
Mine call factor	%	79.7
Mining factors:		
Sundries	%	–
Discrepancies	%	–
Development	%	29.51
Required yield	g/t	11.21
Head grade	g/t	12.32
Broken grade	g/t	15.26
Stope width	cm	159

**Surface/Open Pit**

Working cost	Kina/t	284.04
Tonnes milled	t	19965
Gold price	Kina/oz	1312.50
Plant recovery	%	91.0
Mine call factor	%	95.0
Mining factors:		
Reclamation	%	–
Required yield	g/t	6.73
Head grade	g/t	7.40
Broken grade	g/t	7.79

**Note:** Ore Reserves for Papua New Guinea operations are calculated using a total working cost pay-limit, the previous three years' mining efficiencies and the current life-of-mine plan.

## 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 DRDGOLD. 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.

DRDGOLD 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 Depositary Shares (ADR) 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.

DRDGOLD's shares are also quoted on the London Stock Exchange and as such DRDGOLD must comply with the Combined Code as provided by the listing Rules of the United Kingdom Listing Authority. Furthermore, DRDGOLD's shares are quoted on the JSE Limited, which is its primary listing, the Port Moresby Stock Exchange and the Australian Stock Exchange and DRDGOLD 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, DRDGOLD

achieved the following milestones during the year under review:

- The appointment of Dr Paseka Ncholo as a Non-Executive Chairman and Mr Wellesley-Wood as Chief Executive Officer (CEO).
- The adoption of the Remuneration Policy.

### ► THE BOARD OF DIRECTORS

The Board of Directors currently comprises two Executive Directors and five Non-Executive Directors. All the Non-Executive Directors are independent, with the exception of Dr Ncholo and Mr J Turk. The Directors are identified on page 6 of this report.

In accordance with the King II Report on corporate governance, as encompassed in the JSE Listings Requirements, and in accordance with the Combined Code, the chairmanship of the Board was separated from the executive. On 17 February 2005, Dr Ncholo was appointed as Non-Executive Chairman and Mr Wellesley-Wood resumed his previous role of Chief Executive Officer, held by Mr Ian Murray who relinquished his position as Chief Financial Officer to Mr Doug Campbell on 17 January 2005. Mr Murray was re-instated as Chief Financial Officer on 8 March 2005 following the resignation of Mr Campbell. Mr Anton Lubbe, Divisional Director: Growth and Technical Services and an alternate director resigned on 23 March 2005. The Remuneration Committee's Terms of Reference were amended so that it can also act as the Nominations Committee. On 24 August 2005, the Board resolved to rename the current committee and call it the Remuneration and Nominations Committee in order to recognise the additional duties of this committee. The Committee makes recommendations to the Board on the appointment of new directors. It identifies and nominates candidates for the approval of the Board as and when Board vacancies arise. It must also put in place plans for succession in particular for the Chairman, Chief

Executive Officer and Chief Financial Officer.

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.

During the year under review an external facilitator evaluated the Board and found that all of the Directors were effective. The Directors resolved that the Board will be evaluated on an annual basis.

The Board is responsible for setting the direction of DRDGOLD 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 DRDGOLD, 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 DRDGOLD and ensuring that decisions on material matters are considered by the Board.



*“We are committed to high standards of corporate governance throughout the Group”*

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 DRDGOLD, 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 DRDGOLD. 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 DRDGOLD, which includes background materials, meetings with senior management, presentations by DRDGOLD'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 and Nominations Committee formally evaluates Executive Directors and the Alternate Directors on an annual basis, based on objective criteria. All Directors, in accordance with DRDGOLD'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 DRDGOLD at the Group's expense, should they believe that course of action would be in the best interests of DRDGOLD.

The independence of the Non-Executive Directors (except for Dr Ncholo and Mr Turk) 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 DRDGOLD's Share Option Scheme, but DRDGOLD 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 DRDGOLD, are set out in full on pages 55 to 62 of this report. DRD (Isle of Man) Limited has established a Board of Directors. This Board comprises three Non-Executive Directors, Mr Gisborne (Mr Cowleard as his alternate), Mr Matthews and Mr Campbell. Mr Wellesley-Wood is the Executive Chairman, with Mr Murray as his alternate.

#### ► BOARD MEETINGS AND RESOLUTIONS

Board meetings are held quarterly in South Africa or internationally. The structure and timing of DRDGOLD's 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 Board meetings held during the 2005 financial year are set out on page 46.

## CORPORATE GOVERNANCE

### ► DETAILS OF ATTENDANCE BY DIRECTORS AT THE BOARD MEETINGS HELD DURING THE 2005 FINANCIAL YEAR

		3 Aug 2004	21 Oct 2004	22 Oct 2004	12 Feb 2005	15 Mar 2005	23 Mar 2005	14 Apr 2005	22 Jun 2005
M M Wellesley-Wood	Chief Executive Officer	✓	✓	✓	✓	✓	✓	✓	✓
I L Murray	Chief Financial Officer	✓	✓	✓	✓	✓	✓	✓	✓
M P Ncholo	Non-executive Chairman	A	A	A	✓	✓	✓	✓	✓
D C Baker	Independent Non-Executive <sup>(1)</sup>	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
G C Campbell	Senior Independent Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓
D J M Blackmur	Independent Non-Executive	✓	✓	✓	✓	✓	A	✓	✓
R P Hume	Independent Non-Executive	✓	✓	✓	✓	✓	A	✓	✓
J Turk	Non-Executive <sup>(2)</sup>	N/A	N/A	N/A	✓	✓	✓	✓	✓
A Lubbe	Alternate <sup>(3)</sup>	✓	A	✓	A	A	N/A	N/A	N/A
D van der Mescht	Alternate <sup>(4)</sup>	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

All meetings were held in Johannesburg, with the exception of the October 2004 board meeting, which was held in Brisbane and the February 2005 board meeting which was held in Cape Town.

A Apologies

N/A Not applicable

✓ Includes attendance through teleconference or videoconference facilities

<sup>(1)</sup> Retired 27 October 2004

<sup>(2)</sup> Appointed on 27 October 2004

<sup>(3)</sup> Resigned on 23 March 2005

<sup>(4)</sup> 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 currently comprises: WT Beer; ID Graulich; R Johnson; WA Labuschagne; L Lamsley; M Marriott; IL Murray; DJ Pretorius; MM Wellesley-Wood; AN Weir; JH Dissel. The Committee is chaired by Mr Wellesley-Wood or Mr IL Murray in his absence.

#### ► Audit and Risk Committee

On 11 February 2005, the Audit and Risk Committees were merged into one committee (the Audit / Risk Committee) made up of the Audit and Risk sections. The two sections sit together one after the other (chaired by their respective Chairmen) and engage in joint deliberations. The Audit section is chaired by Mr RP Hume and the Risk section is chaired by Professor DJM Blackmur. The reason for the merger is that there was a great deal of overlap between the financial risks discussed at Audit Committee level and at Risk Committee level. The merger brings about better disclosure and aligns DRDGOLD better within the US Sarbanes-Oxley Act of 2002 process. For the sake of convenience the Audit Section of the Committee will be referred to as the Audit Committee and the Risk Section as Risk Committee in this part of the report.

#### ► Audit Committee

RP Hume (Chairman); DC Baker (retired on 27 October 2004); GC Campbell; DJM Blackmur.

The Audit Committee comprises solely of 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 and Compliance Manager and the Chief

Financial Officer. 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 weakness in the internal controls and reviews the annual and interim financial statements prior to approval by the Board.

The Committee is directly responsible for 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. DRDGOLD's external audit function is currently being undertaken by KPMG Inc.

DRDGOLD's internal audit function is co-sourced among in-house staff, Pro Optima Audit Services (Pty) Ltd, and Ernst & Young. Internal audits are performed at all of DRDGOLD's operating units and are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal control and corporate governance processes. Significant deficiencies, material weaknesses, instances of non-compliance, high risk exposure and development needs are brought to the attention of operational management for resolution. The Committee members have access to all records of the internal audit team.

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

DRDGOLD's reporting requirements necessary to ensure compliance with the United States of America's

Sarbanes-Oxley Act of 2002 are in the process of being implemented. A dedicated Disclosure Committee, which reports to the Audit Committee and then to the Board, has been appointed to monitor the progress of this project. During the third quarter, the Securities and Exchange Commission (SEC) granted a one-year extension on the reporting deadline for Section 404 of the Sarbanes-Oxley Act of 2002, deferring DRDGOLD's deadline to 30 June 2007.

In terms of the 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 expert as defined and, if not, the reasons why not. It must be noted that no member of the Audit Committee currently has United States Generally Accepted Accounting Principles (US GAAP) experience and as such the Group is not compliant with this requirement. We have retained the services of the US-based firm of Jefferson Wells to assist management on all matters relating to US GAAP for which we require additional expertise.

#### ► Risk Committee

DJM Blackmur (Chairman); DC Baker (retired on 27 October 2004); MM Wellesley-Wood; J Turk.

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 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 DRDGOLD's assets is promoted throughout the group;
- the health, safety and well being of all stakeholders is improved; and
- DRDGOLD'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 Financial Officer, 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.

DRDGOLD has embarked on a risk management initiative 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

## CORPORATE GOVERNANCE

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 DRDGOLD, 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.

DRDGOLD 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, DRDGOLD also employs third party consultants to benchmark its 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 DRDGOLD from any major disaster. Therefore, DRDGOLD's major assets and potential business interruption and liability claims are covered by the group insurance policy that encompasses 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 DRDGOLD 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.

### ▶ 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 present the state of affairs of the Group at the end of the financial year, and the results of its operations and cash flows for the year, in conformity with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and the Companies Act in South Africa. The Directors are of the opinion that these financial statements, contained on pages 55 to 105 of this report, fairly present the consolidated financial position of the Group as at 30 June 2005, and the results of its operations and the cash flow information of the Group for the year then ended.

In terms of the JSE Listings Requirements full compliance with International Financial Reporting Standards (IFRS) is required for financial years beginning on or after 1 January 2005. As a consequence DRDGOLD is required to produce full IFRS compliant financial statements for the year ending 30 June 2006, including restated comparative information and an opening balance sheet for the year ending 30 June 2005.

To this end DRDGOLD is initiating an IFRS conversion project that will have three stages:

- ▶ Phase 1 will be a preliminary study to identify the principal activities that will be impacted by IFRS. This will include an assessment of their likely impact on DRDGOLD's financial statements together with perceived complexity of implementation.
- ▶ Phase 2 will consist of detailed component evaluations, gap analysis and the completion of the initial conversion to IFRS.
- ▶ Phase 3 will involve the embedding process and infrastructure changes required to report IFRS on a sustainable basis.

Appropriate structures are being put in place to provide project sponsorship, strategic guidance and technical support. The project itself is accountable to the Audit Committee and DRDGOLD's external auditors will be apprised of developments in every phase of the project.

The Directors have reviewed DRDGOLD's business plan and cash flow forecast for the year to 30 June 2006. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Directors are satisfied that DRDGOLD 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, DRDGOLD prepares annual financial statements (Form 20-F) in accordance with US GAAP. This report will be available from the Bank of New York and on the worldwide web at [www.sec.gov](http://www.sec.gov) to holders of DRDGOLD's securities listed in the form of American Depositary Receipts on the NASDAQ Small Cap Market.

### ▶ REMUNERATION AND NOMINATIONS COMMITTEE

GC Campbell (Chairman);  
DJM Blackmur.



The Remuneration and Nominations Committee, which comprises exclusively independent Non-Executive Directors, is primarily responsible for approving the remuneration policies of DRDGOLD 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 DRDGOLD (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 General Manager: 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 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, DRDGOLD engaged the services of Deloitte and Touche Human Capital to assist in the drafting of a remuneration policy. This policy was approved by the Board on the 21 October 2004. The policy can be described as being based on a reward system comprising four principal elements:

- ▶ basic remuneration, as benchmarked against industry norms;

- ▶ bonuses or incentives, which are measured against agreed outcomes or KPIs, and are usually linked to the annual budget of the Group;
- ▶ short-term rewards, which can be described as "soft" rewards for exceptional performance (like the granting of travel vouchers); and
- ▶ 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 and Nominations 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 2005 was R12.1 million (for the year-ended 30 June 2004 it was R8.7 million). Full details are provided in a table on page 57 of this report.

**Basic salary:** Each Executive Director receives a basic salary as recommended by the Remuneration and Nominations 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 and Nominations Committee.

**Share Option or Scheme:** At its Annual General Meeting of the

26th November 2004 DRDGOLD changed the option scheme name to DRDGOLD (1996) Share Option Scheme. The current share option scheme is available to Directors and certain employees. An option is awarded on the basis of 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 59 of this report.

**Other benefits:** All Directors are members of the Group Life Scheme. 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; Sub committee fees of US\$2 000 per annum for each subcommittee of which the Non-Executive Director is a member; and
- ▶ 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 57. Non-Executive Directors have also been granted share options over DRDGOLD's ordinary shares, details of which are shown on page 59.

##### ▶ 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 56.

## CORPORATE GOVERNANCE

### ► 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](http://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 directorship

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 to 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 DRDGOLD'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. 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, timely 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 DRDGOLD'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, Chief Executive Officer, Chief Financial 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 DRDGOLD

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 complements 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 DRDGOLD. While a climate of mature industrial relations ensures that considerable, effective communication is achieved through the collective bargaining process, DRDGOLD 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.

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of DRDGOLD Limited and its subsidiaries. The financial statements presented on pages 55 to 105, have been prepared in accordance with SA GAAP and include amounts based on judgements and estimates made by management.

## ANNUAL FINANCIAL STATEMENTS CONTENTS

Directors' responsibility for the annual financial statements	53
Company Secretary's report	53
Report of the independent auditors on the annual financial statements	54
Directors' report	55
Company income statement	63
Group income statement	64
Balance sheets	65
Statements of shareholders' equity	66
Cash flow statements	67
Notes to the cash flow statements	68
Notes to the annual financial statements	71

## DIRECTORS' RESPONSIBILITY for the annual financial statements

The Directors are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this annual report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the audit and risk committee.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Group's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are

monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

As part of the system of internal control, the Group internal audit function conducts operational, financial and specific audits. The external auditors are responsible for reporting on the financial statements.

The financial statements are prepared in accordance with statements of South African Generally Accepted Accounting Practice and incorporate disclosure in line with the accounting philosophy of the Group. They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors believe that the Group will be a going concern in the year ahead. For this reason they continue

to adopt the going concern basis in preparing the Group annual financial statements.

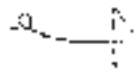
The annual financial statements for the year ended 30 June 2005 set out on pages 55 to 105 were approved by the Board of Directors on 15 September 2005 and are signed on its behalf by:



**RP Hume**  
Chairman: Audit Committee



**IL Murray**  
Chief Development Officer



**J Sayers**  
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.



**T J Gwebu**  
Company Secretary

## REPORT OF THE INDEPENDENT AUDITORS

### on the annual financial statements

#### To the members of DRDGOLD Limited

We have audited the annual financial statements and Group annual financial statements of DRDGOLD Limited set out on pages 55 to 105 for the year ended 30 June 2005. The 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.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Company and the Group at 30 June 2005, and of 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)

Johannesburg

15 September 2005

## DIRECTORS' REPORT

### ► Nature of business

DRDGOLD 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 its Directors provide strategic direction 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 Small Cap 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 2005 are set out in the notes to the financial statements on page 85 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 DRDGOLD (1996) Share Option Scheme, as amended, and the allotment of 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 4 November 2005. 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 55 000 new ordinary no par value shares were issued as a result of employees exercising their options under the DRDGOLD (1996) Share Option Scheme.

### ► Directorate

The following changes have been made to the Board of Directors since 1 July 2004:

Appointments	Date
J Turk	27 October 2004
DN Campbell	17 January 2005
J Sayers	5 September 2005
Resignations	Date
D van der Mescht	5 August 2004
DC Baker	27 October 2004
DN Campbell	12 February 2005
A Lubbe	23 March 2005

In accordance with the provisions of the Company's Articles of Association, Messrs MM Wellesley-Wood, RP Hume and J Turk 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 on page 56.

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.

### ► SHARES ISSUED

	2005		2004	
	Number of shares	R'000	Number of shares	R'000
At 1 July	233 307 667		184 222 073	
Issue of shares in terms of:				
Repayment of loans from				
Investec Bank Limited	23 348 465	240 000	41 463 639	775 653
Specific share issue to Baker Steel Capital Managers LLP clients	17 000 000	93 500		
Claw-back rights offer	15 804 116	86 923		
DRDGOLD (1996) Share Option Scheme	55 000	378	978 053	8 733
Porgera Joint Venture acquisition			6 643 902	106 768
Emperor Mines Limited acquisition	6 612 676	101 131		
Other <sup>(1)</sup>	78 124	1 146		
At 30 June	296 206 048		233 307 667	

<sup>(1)</sup>Shares issued for services rendered

## DIRECTORS' REPORT

### ► Share option scheme

The DRDGOLD (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 4.4% 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 nil (2004: 174 853) share options. Details of share options held by Directors are listed on page 59.

Over the same period the Directors' gains on share options exercised were nil, compared to R2.0 million in the previous financial year.

The Directors have granted 5 794 784 options in terms of the Scheme in the current financial year compared to 3 436 117 options in the previous financial year.

### ► Financial statements and results

The Group financial statements include the results and financial position of the Company and its subsidiaries, associates and joint venture 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) and the Companies Act in South Africa. 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 the balance sheet.

### ► Overall performance

The Group recorded an operating profit from gold of R18.5 million for the financial year compared to an operating loss from gold of R29.5 million for the previous financial year. Total attributable gold production of 23 915 kilograms (768 886 ounces) decreased by 15% against the previous financial year, mainly as a result of the liquidation of Buffelsfontein Gold Mines Limited on 22 March 2005.

The US Dollar gold price traded between US\$387 and US\$454 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 R87 211 per kilogram received in the previous financial year to R84 690 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 R88 383 per kilogram to R83 751 per kilogram year-on-year. In US Dollar terms unit cost of sales increased from US\$398 per ounce to US\$419 per ounce, mainly as a result of the strengthening of the Rand.

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 Group impaired the Buffelsfontein Gold Mines Limited mining assets (R213.4 million) and DRDGOLD Limited mining assets (R4.1 million) to fair value. The Group also impaired the investment in Emperor Mines Limited, or Emperor, (R72.1 million) to fair value.

### ► Change in business

On 10 June 2004, DRDGOLD announced a revised final offer of five of the Company's shares for every 22 shares in Emperor. On 30 July 2004, DRDGOLD's offer to Emperor's shareholders closed with the Company having received acceptances from Emperor's shareholders representing approximately 25.55% of Emperor's issued capital, thereby increasing the Company's shareholding in Emperor to 45.33%. Accordingly, the Company issued 6 612 676 shares in exchange for the 29 097 269 Emperor shares to the value of R101.1 million, based on the market value of the Company's

### ► DIRECTORS' SERVICE CONTRACTS

Director	Title	Date of appointment	Term	Unexpired term of directors' service contract
MM Wellesley-Wood	Chief Executive Officer	2000 <sup>(i)</sup>	2 years	5 months
IL Murray	Chief Financial Officer	2000 <sup>(i)</sup>	2 years	5 months
RP Hume	Independent Non-Executive	2001	3 years	Expired
GC Campbell	Senior Independent Non-Executive	2002	3 years	Expired
MP Ncholo	Non-Executive Chairman	2002 <sup>(i)</sup>	2 years	19 months
DJM Blackmur	Independent Non-Executive	2003	2 years	4 months
J Turk	Non-Executive	2004	2 years	16 months

<sup>(i)</sup> Reappointed in 2005



shares on the date issued, with share issue and transaction costs associated with the take-over offer, amounting to R10.7 million. With effect from 1 August 2004, the date that the Company began to exercise significant influence over Emperor, DRDGOLD accounted for Emperor as an investment in an associate using the equity method of accounting.

On 13 September 2004, Emperor announced an A\$20.4 million (R93.8 million) non-renounceable rights issue. Under the rights issue, eligible Emperor shareholders were

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. The Company agreed to apply for its entitlement as well as to subscribe for any shortfall under the rights issue, subject to certain conditions. The rights offer closed on 12 November 2004 and the Company subscribed for 20 206 597 Emperor shares (being its entitlement under the Emperor rights issue), which at A\$0.45 per share, amounted to A\$9.1 million (R42.9 million). The Company did not participate in any shortfall to the rights offer.

Buffelsfontein Gold Mines Limited was placed in provisional liquidation on 22 March 2005, following a massive earthquake on 9 March 2005.

#### ► Capital expenditure

Capital expenditure for the financial year amounted to R154.7 million compared to R185.7 million in the previous year. Assets which do not conform to the Company's core business were disposed of and cash of R13.6 million (2004: R23.4 million) was generated through this.

### ► DIRECTORS' EMOLUMENTS

2005	Board fees	Salary	Bonuses & performance related payment	Pension/provident scheme contributions	Change in <sup>(7)</sup> terms of employment payment	Retirement package	Total
<b>Executive Directors</b>							
MM Wellesley-Wood	–	3 372 313	1 647 000	–	131 795	–	5 151 108
IL Murray <sup>(3)</sup>	–	3 678 448	1 263 590	300 000	1 425 270	–	6 667 308
DN Campbell <sup>(2)</sup>	–	327 664	–	–	–	–	327 664
	–	<b>7 378 425</b>	<b>2 910 590</b>	<b>300 000</b>	<b>1 557 065</b>	–	<b>12 146 080</b>
<b>Non-Executive Directors</b>							
DC Baker <sup>(3)</sup>	79 587	–	–	–	–	119 400	198 987
GC Campbell	316 457	–	89 544	–	–	–	406 001
RP Hume	206 007	–	84 069	–	–	–	290 076
Dr MP Ncholo	237 552	–	70 058	–	–	–	307 610
DJM Blackmur	206 942	–	91 075	–	–	–	298 017
J Turk <sup>(4)</sup>	110 546	–	–	–	–	–	110 546
	<b>1 157 091</b>	–	<b>334 746</b>	–	–	<b>119 400</b>	<b>1 611 237</b>
<b>Alternates</b>							
D van der Mescht <sup>(5)</sup>	9 677	111 045	–	16 262	–	1 452 492	1 589 476
A Lubbe <sup>(6)</sup>	125 000	897 239	133 280	143 618	–	563 211	1 862 348
	<b>134 677</b>	<b>1 008 284</b>	<b>133 280</b>	<b>159 880</b>	–	<b>2 015 703</b>	<b>3 451 824</b>
<b>Total</b>	<b>1 291 768</b>	<b>8 386 709</b>	<b>3 378 616</b>	<b>459 880</b>	<b>1 557 065</b>	<b>2 135 103</b>	<b>17 209 141</b>

<sup>(1)</sup> Relinquished his position as Chief Financial Officer on 5 September 2005 to J Sayers

<sup>(2)</sup> Appointed 17 January 2005; resigned 12 February 2005

<sup>(3)</sup> Retired 27 October 2004

<sup>(4)</sup> Appointed 27 October 2004

<sup>(5)</sup> Resigned 5 August 2004

<sup>(6)</sup> Resigned 23 March 2005

<sup>(7)</sup> Under the terms of Mr Wellesley-Wood's agreement of employment effective from 1 December 2003, he was 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 was 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 JSE Limited, 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 and Nominations Committee approved the payment which amounted to R1.7 million plus interest of R0.1 million. Under the terms of Mr Murray's agreement of employment dated effective of 1 December 2003, he was entitled to 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 became 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 amounted to R1.1 million plus interest of R0.3 million and was approved by the Remuneration and Nominations Committee which approved the agreement of employment.

## DIRECTORS' REPORT

### ► DIRECTORS' EMOLUMENTS (CONTINUED)

2004	Board fees	Salary	Bonuses & performance related payment	Pension/provident scheme contributions	Change in terms of employment payment <sup>(4)</sup>	Total
<b>Executive Directors</b>						
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
	–	<b>5 612 772</b>	<b>975 889</b>	<b>382 688</b>	<b>1 748 000</b>	<b>8 719 349</b>
<b>Non-Executive Directors</b>						
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 <sup>(3)</sup>	145 891	–	–	–	–	145 891
	<b>925 444</b>	–	–	–	–	<b>925 444</b>
<b>Alternates</b>						
D van der Mescht <sup>(1)(2)</sup>	–	1 234 230	67 482	158 444	–	1 460 156
A Lubbe <sup>(1)</sup>	–	1 073 295	91 592	179 388	–	1 344 275
	–	<b>2 307 525</b>	<b>159 074</b>	<b>337 832</b>	–	<b>2 804 431</b>
<b>Total</b>	<b>925 444</b>	<b>7 920 297</b>	<b>1 134 963</b>	<b>720 520</b>	<b>1 748 000</b>	<b>12 449 224</b>

<sup>(1)</sup> Appointed 1 July 2003

<sup>(2)</sup> Resigned 5 August 2004

<sup>(3)</sup> Appointed 21 October 2003

<sup>(4)</sup> Under the terms of Mr Wellesley-Wood's agreement of employment effective from 1 December 2003, he was 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 was 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 JSE Limited, 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 and Nominations 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 was entitled to 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 became 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 amounted to R1.1 million and was approved by the Remuneration and Nominations Committee which approved the agreement of employment.

### ► SHARE OPTIONS AVAILABLE FOR ALLOCATION

	2005	2004
Balance of options available for allocation as at the beginning of the financial year	34 996 150	21 356 629
Number of options granted during the current financial year	(5 794 784)	(3 436 117)
Number of options lapsed during the financial year	1 022 361	399 414
Additional options available as a result of an increase in issued share capital during the current financial year	14 141 180	15 692 202
Number of options exercised during the current financial year and available for re-allotment	66 000	984 022
Balance of options available for allocation as at the end of the financial year	44 430 907	34 996 150

## ► SHARE OPTIONS

	Executive		Non-Executive						Other	
	MM Wellesley -Wood	IL Murray	DC Baker	GC Camp- bell	RP Hume	MP Ncholo	J Turk	DJM Blackmur	partici- pants	Total
<b>Balance at 1 July 2004</b>										
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
<b>Granted during year</b>										
Number	57 710	44 716	–	3 094	4 157	2 694	–	–	5 682 413	5 794 784
Ave strike price	5.50	5.50	–	5.50	5.50	5.50	–	–	7.25	7.21
<b>Exercised during year</b>										
Number	–	–	–	–	–	–	–	–	(66 000)	(66 000)
Ave strike price	–	–	–	–	–	–	–	–	6.50	6.50
<b>Lapsed during year</b>										
Number	–	–	–	–	–	–	–	–	(1 022 361)	(1 022 361)
Ave strike price	–	–	–	–	–	–	–	–	14.82	14.82
<b>Balance at 30 June 2005</b>										
Number	1 081 622	838 087	49 600	57 994	77 907	50 494	–	–	10 896 082	13 051 786
Ave strike price	18.84	16.74	18.61	19.35	16.92	19.59	–	–	13.26	14.04
<b>Share gain for the year – R'000</b>	–	–	–	–	–	–	–	–	–	–
<b>Ave price exercised – R per share</b>	–	–	–	–	–	–	–	–	–	–

## ► DIRECTORS' INTERESTS IN SHARES

The interests of the Directors in the ordinary share capital of the Company as at 30 June 2005 were as follows:

	Beneficial direct	30 June 2005 Beneficial indirect	Non- beneficial	Beneficial direct	30 June 2004 Beneficial indirect	Non- beneficial
<b>Executive Directors</b>						
MM Wellesley-Wood	202 797	–	–	105 797	–	–
IL Murray	553 090	–	–	513 090	–	–
	755 887	–	–	618 887	–	–
<b>Non-Executive Directors</b>						
DC Baker <sup>(1)</sup>	–	–	–	–	943 300	–
MP Ncholo	–	–	–	–	3 196 593	–
GC Campbell	–	–	–	–	–	–
DJM Blackmur	–	–	–	–	–	–
RP Hume	–	15 000	–	–	10 000	–
J Turk	–	13 000	–	–	–	–
	–	28 000	–	–	4 149 893	–
<b>Alternate Directors</b>						
A Lubbe <sup>(2)</sup>	–	–	–	–	–	–
D van der Mescht <sup>(3)</sup>	–	–	–	–	–	–
<b>Total</b>	755 887	28 000	–	618 887	4 149 893	–

<sup>(1)</sup> Resigned on 27 October 2004

<sup>(2)</sup> Resigned on 23 March 2005

<sup>(3)</sup> Resigned on 5 August 2004

There have been no changes in the Directors' interests in share capital between 30 June 2005 and 15 September 2005.

## DIRECTORS' REPORT

### ► SUBSIDIARIES

The following information relates to the Company's financial interest in its subsidiaries at 30 June 2005:

	Issued ordinary share capital		Shares at cost less provisions R'000	Effective date of acquisition	Indebtedness net of provisions R'000
	Number of shares	% held			
<b>South Africa</b>					
Argonaut Financial Services (Pty) Limited	100	100	–	1 Oct 1997	(1 055)
Blyvooruitzicht Gold Mining Company Limited	50 772 971	100	120 587	15 Sep 1997	205 804
Crown Consolidated Gold Recoveries Limited	51 300 000	100	–	14 Sep 1998	(146 806)
East Champ d'Or Gold Mine Limited	7	100	–	1 Apr 1996	–
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	2 963 000	100	–	1 Jan 1996	(42 092)
Roodepoort Gold Mine (Pty) Limited	1	100	–	1 Jan 1996	–
Stand 752 Parktown Extension (Pty) Limited	10	100	1 150	1 Nov 1998	2 821
West Witwatersrand Gold Holdings Limited	99 900 000	100	–	1 Apr 1996	(23 189)
<b>Australasia/International</b>					
Dome Resources NL	142 619 074	100	29 206	1 Apr 2000	22 796
DRD Australia APS	130	100	–	26 Jan 1999	34 617
DRD Australasia (Pty) Limited	100	100	–	15 Nov 1999	287 996
DRD International APS	125	100	–	28 Apr 1999	–
DRD (Isle of Man) Limited <sup>(i)</sup>	1 843	100	138 919	5 Mar 1999	178 804
<b>Total</b>			<b>289 862</b>		<b>519 696</b>

<sup>(i)</sup> DRD (Isle of Man) Limited holds the following investments: 45.33% 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.

## ► GOLD PRODUCTION

Metric	Year ended June 2005				Year ended June 2004		
		Continuing operations	Discontinued operations	Total Group	Continuing operations	Discontinued operations	Total Group
<b>South Africa</b>							
<i>Underground</i>							
Ore milled	– t'ooo	587	986	1 573	831	1 665	2 496
Gold produced	– kg	4 291	5 366	9 657	6 165	9 290	15 455
Yield	– g/tonne	7.31	5.44	6.14	7.42	5.58	6.19
<i>Surface treatment</i>							
Ore milled	– t'ooo	2 932	884	3 816	2 287	1 493	3 780
Gold produced	– kg	744	850	1 594	1 085	1 343	2 428
Yield	– g/tonne	0.25	0.96	0.42	0.47	0.90	0.64
<b>Australasia<sup>(1)</sup></b>							
Ore milled	– t'ooo	1 624	–	1 624	1 137	–	1 137
Gold produced	– kg	9 864	–	9 864	7 253	–	7 253
Yield	– g/tonne	6.07	–	6.07	6.38	–	6.38
<b>Crown Gold Recoveries<sup>(2)</sup></b>							
Ore milled	– t'ooo	4 447	–	4 447	4 328	–	4 328
Gold produced	– kg	2 800	–	2 800	3 013	–	3 013
Yield	– g/tonne	0.63	–	0.63	0.70	–	0.70
<b>Total attributable</b>							
Ore milled	– t'ooo	9 590	1 870	11 460	8 583	3 158	11 741
Gold produced	– kg	17 699	6 216	23 915	17 516	10 633	28 149
Yield	– g/tonne	1.85	3.32	2.09	2.04	3.37	2.40

<sup>(1)</sup> These figures include 100% of Tolukuma and the Group's 20% attributable portion of the Porgera Joint Venture and 45.33% attributable portion of Emperor Mines Limited from 1 August 2004.

<sup>(2)</sup> These figures represent the Group's 40% attributable portion of Crown Gold Recoveries (Pty) Limited which includes Crown and ERPM.

## DIRECTORS' REPORT

### ► GOLD PRODUCTION

Imperial	Year ended June 2005			Year ended June 2004		
	Continuing operations	Discontinued operations	Total Group	Continuing operations	Discontinued operations	Total Group
<b>South Africa</b>						
<i>Underground</i>						
Ore milled	– t'ooo	649	1 088	916	1 834	2 750
Gold produced	– troy ounces	137 958	172 522	198 211	298 681	496 892
Yield	– ounces/ton	0.213	0.159	0.216	0.163	0.181
<i>Surface treatment</i>						
Ore milled	– t'ooo	3 233	976	2 522	1 647	4 169
Gold produced	– troy ounces	23 920	27 328	34 883	43 180	78 063
Yield	– ounces/ton	0.007	0.028	0.014	0.026	0.019
<b>Australasia<sup>(1)</sup></b>						
Ore milled	– t'ooo	1 793	–	1 256	–	1 256
Gold produced	– troy ounces	317 134	–	233 190	–	233 190
Yield	– ounces/ton	0.177	–	0.186	–	0.186
<b>Crown Gold Recoveries<sup>(2)</sup></b>						
Ore milled	– t'ooo	4 902	–	4 772	–	4 772
Gold produced	– troy ounces	90 024	–	96 878	–	96 878
Yield	– ounces/ton	0.018	–	0.020	–	0.020
<b>Total attributable</b>						
Ore milled	– t'ooo	10 577	2 064	9 466	3 481	12 947
Gold produced	– troy ounces	569 036	199 850	563 162	341 861	905 023
Yield	– ounces/ton	0.054	0.097	0.059	0.098	0.070

<sup>(1)</sup> These figures include 100% of Tolukuma and the Group's 20% attributable portion of the Porgera Joint Venture and 45.33% attributable portion of Emperor Mines Limited from 1 August 2004.

<sup>(2)</sup> These figures represent the Group's 40% attributable portion of Crown Gold Recoveries (Pty) Limited which includes Crown and ERPM.



## COMPANY INCOME STATEMENT

for the year ended 30 June 2005

	Note	Continuing operations		Discontinued operations <sup>(i)</sup>		Total operations	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Revenue	2	–	–			–	–
Cost of sales		(45 511)	(19 258)			(45 511)	(19 258)
Cash cost		(7 575)	(8 203)			(7 575)	(8 203)
Depreciation and amortisation		(22 265)	(11 264)			(22 265)	(11 264)
Retrenchment costs		(7 160)	–			(7 160)	–
Movement in provision for environmental rehabilitation	17	(8 511)	209			(8 511)	209
Operating loss from gold		(45 511)	(19 258)			(45 511)	(19 258)
Profit/(loss) on derivative instruments		1 163	(11 936)			1 163	(11 936)
Impairments	3	(4 131)	(357 370)	(418 910)	(340 904)	(423 041)	(698 274)
Administration and general costs		(56 965)	(49 628)			(56 965)	(49 628)
Loss from operations	3	(105 444)	(438 192)	(418 910)	(340 904)	(524 354)	(779 096)
Investment income	5	4 279	91 623			4 279	91 623
Finance costs		(27 659)	(34 295)			(27 659)	(34 295)
Loss before taxation		(128 824)	(380 864)	(418 910)	(340 904)	(547 734)	(721 768)
Taxation charge	6	–	–			–	–
Loss after taxation		(128 824)	(380 864)	(418 910)	(340 904)	(547 734)	(721 768)
Loss from discontinued operations <sup>(i)</sup>	7	–	–	(45 203)		(45 203)	–
Loss for the year attributable to ordinary shareholders		(128 824)	(380 864)	(464 113)	(340 904)	(592 937)	(721 768)

<sup>(i)</sup> Discontinued operations relates to Buffelsfontein Gold Mines Limited, which was liquidated on 22 March 2005.

# GROUP INCOME STATEMENT

for the year ended 30 June 2005

		Continuing operations		Discontinued operations <sup>(i)</sup>		Total operations	
	Note	2005 R'000	2004 R'000	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Revenue	2	1 151 901	1 273 337	516 661	918 805	1 668 562	2 192 142
Cost of sales		(998 217)	(1 193 207)	(651 852)	(1 028 390)	(1 650 069)	(2 221 597)
Cash cost		(858 916)	(995 757)	(635 855)	(949 367)	(1 494 771)	(1 945 124)
Depreciation and amortisation		(106 817)	(188 980)	(5 856)	(15 610)	(112 673)	(204 590)
Retrenchment costs		(26 141)	(6 204)	(1 391)	(48 742)	(27 532)	(54 946)
Movement in provision for environmental rehabilitation	17	(17 029)	(8 616)	(6 366)	(15 221)	(23 395)	(23 837)
Movement in gold in progress		10 686	6 350	(2 384)	550	8 302	6 900
Operating profit/(loss) from gold		153 684	80 130	(135 191)	(109 585)	18 493	(29 455)
Loss on derivative instruments		(1 250)	(21 432)	–	(857)	(1 250)	(22 289)
Impairments	3	(76 226)	(111 258)	(213 379)	2 488	(289 605)	(108 770)
Administration and general costs		(143 273)	(154 297)	(9 362)	(16 175)	(152 635)	(170 472)
Loss from operations	3	(67 065)	(206 857)	(357 932)	(124 129)	(424 997)	(330 986)
Investment income	5	(7 488)	124 773	1 992	6 076	(5 496)	130 849
Finance costs		(36 605)	(40 818)	(438)	(1 117)	(37 043)	(41 935)
Loss before taxation		(111 158)	(122 902)	(356 378)	(119 170)	(467 536)	(242 072)
Taxation charge	6	(35 853)	(98 707)	–	(375 605)	(35 853)	(474 312)
Loss after taxation		(147 011)	(221 609)	(356 378)	(494 775)	(503 389)	(716 384)
Share of results of associates	12	(77 749)	–	–	–	(77 749)	–
Gain from discontinued operations <sup>(i)</sup>	7	–	–	65 243	–	65 243	–
Loss for the year		(224 760)	(221 609)	(291 135)	(494 775)	(515 895)	(716 384)
Minority interest		(11)	(46)	–	–	(11)	(46)
Loss for the year attributable to ordinary shareholders		(224 771)	(221 655)	(291 135)	(494 775)	(515 906)	(716 430)
Basic and diluted loss per ordinary share (cents)	8	(87)	(102)			(200)	(331)
Headline and diluted headline loss per ordinary share (cents)	8	(59)	(99)			(114)	(328)

<sup>(i)</sup> Discontinued operations relates to Buffelsfontein Gold Mines Limited, which was liquidated on 22 March 2005.

# BALANCE SHEETS

at 30 June 2005

Group		Company			
2004 R'000	2005 R'000		Note	2005 R'000	2004 R'000
		<b>ASSETS</b>			
1 444 179	1 164 943	<b>Non-current assets</b>		840 108	972 014
956 051	799 112	Mining assets	9	15 355	41 610
235 723	48 041	Non-current investments and other assets	10	15 195	14 082
		Investments in subsidiaries	11	809 558	916 322
–	103 212	Investments in associates	12	–	–
200 836	214 578	Non-current inventories	15	–	–
51 569	–	Derivative instruments	20	–	–
358 999	394 327	<b>Current assets</b>		106 681	18 546
103 493	103 298	Inventories	15	–	100
114 612	49 837	Accounts receivable		12 704	10 910
140 894	241 192	Cash and cash equivalents		93 977	7 536
1 803 178	1 559 270	<b>TOTAL ASSETS</b>		946 789	990 560
		<b>EQUITY AND LIABILITIES</b>			
569 890	620 676	<b>Equity</b>		531 954	569 890
564 057	614 832	Shareholders' equity	16	531 954	569 890
5 833	5 844	Minority shareholders' interest		–	–
770 245	609 780	<b>Non-current liabilities</b>		346 864	335 516
245 392	151 029	Provision for environmental rehabilitation	17	39 469	30 958
132 455	95 692	Deferred mining and income taxes	18	–	–
308 992	359 381	Long-term liabilities	19	303 717	292 108
83 406	3 678	Derivative instruments	20	3 678	12 450
463 043	328 814	<b>Current liabilities</b>		67 971	85 154
300 867	177 021	Accounts payable and accrued liabilities		35 985	33 564
58 450	64 685	Short-term liabilities	19	26 469	42 199
82 869	45 673	Provisions	21	4 282	6 571
9 384	32 281	Taxation		–	–
11 473	9 154	Bank overdraft		1 235	2 820
1 803 178	1 559 270	<b>TOTAL EQUITY AND LIABILITIES</b>		946 789	990 560

## STATEMENTS OF SHAREHOLDERS' EQUITY

for the year ended 30 June 2005

	Number of ordinary shares	Number of cumulative preference shares	Cumulative preference Share capital R'000	Cumulative share capital R'000	Non- distributable reserves <sup>(i)</sup> R'000	Equity portion of convertible loan notes R'000	Accumu- lated loss R'000	Total R'000
<b>GROUP</b>								
<b>Balance at 1 July 2003</b>	184 222 073	5 000 000	2 184 437	500	5 070	155 023	(1 888 964)	456 066
Issued shares for cash	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 joint venture	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)
<b>Balance at 30 June 2004</b>	233 307 667	5 000 000	3 069 055	500	(54 108)	154 004	(2 605 394)	564 057
Issued shares for cash	56 230 705		421 569					421 569
Staff options issued	55 000		378					378
Share issue expenses			(27 159)					(27 159)
Acquisition of associate	6 612 676		101 131					101 131
Foreign exchange gain on translation					70 762			70 762
Loss for the year							(515 906)	(515 906)
<b>Balance at 30 June 2005</b>	296 206 048	5 000 000	3 564 974	500	16 654	154 004	(3 121 300)	614 832
<b>COMPANY</b>								
<b>Balance at 1 July 2003</b>	184 222 073	5 000 000	2 184 437	500	35 961	155 023	(1 919 855)	456 066
Issued shares for cash	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 joint venture	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)
<b>Balance at 30 June 2004</b>	233 307 667	5 000 000	3 069 055	500	(12 046)	154 004	(2 641 623)	569 890
Issued shares for cash	56 230 705		421 569					421 569
Staff options issued	55 000		378					378
Share issue expenses			(27 159)					(27 159)
Acquisition of associate	6 612 676		101 131					101 131
Foreign exchange gain on translation					59 082			59 082
Loss for the year							(592 937)	(592 937)
<b>Balance at 30 June 2005</b>	296 206 048	5 000 000	3 564 974	500	47 036	154 004	(3 234 560)	531 954

<sup>(i)</sup> Non-distributable reserves comprise foreign exchange differences arising on translation of foreign subsidiaries.

## CASH FLOW STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000	Note	2005 R'000	2004 R'000
		<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
2 192 142	1 668 562	Cash received from sales of precious metals	–	–
(2 168 839)	(1 658 791)	Cash paid to suppliers and employees	(63 544)	(56 364)
23 303	9 771	Cash generated by / (applied to) operations A	(63 544)	(56 364)
34 238	11 821	Investment income	9 617	32 188
(29 646)	(44 216)	Finance costs paid	(34 831)	(32 030)
(28 128)	(57 388)	Taxation paid	–	–
(171 924)	(21 800)	Payment arising from derivative instruments	–	–
(172 157)	(101 812)	Net cash outflow from operating activities	(88 758)	(56 206)
		<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(66 686)	(7 999)	Net (purchase)/proceeds on sale of investments	3 000	(62 887)
(185 732)	(154 696)	Addition to mining assets	(179)	(30)
23 439	13 561	Proceeds on disposal of mining assets	38	–
		Decrease in amounts owing to/from subsidiaries	(158 310)	(881 118)
(430 940)	(47 178)	Cash flow on disposal/acquisition of subsidiary and joint venture, net of cash disposed of B	(45 203)	–
–	(42 857)	Increase in investment in associate	–	–
(2 000)	–	Contributions to environmental rehabilitation trust fund	–	–
(661 919)	(239 169)	Net cash outflow from investing activities	(200 654)	(944 035)
		<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
784 386	421 947	Proceeds from the issue of shares	421 947	784 386
(4 385)	–	Costs on the issue of the convertible loan notes	–	(4 385)
(112 760)	38 765	Advances/(repayment) of long-term liabilities	(17 350)	17 350
(6 536)	(27 159)	Share issue expenses	(27 159)	(6 536)
660 705	433 553	Net cash inflow from financing activities	377 438	790 815
		<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
(173 371)	92 572	Cash and cash equivalents at the beginning of the year	88 026	(209 426)
302 710	129 421	Foreign exchange movements	4 716	214 142
82	10 045		–	–
		<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b> C		
129 421	232 038		92 742	4 716

# NOTES TO THE CASH FLOW STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>A. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED BY/(APPLIED TO) OPERATIONS</b>		
(242 072)	(467 536)	Loss before taxation	(547 734)	(721 768)
		<i>Adjusted for:</i>		
23 837	23 395	Movement in provision for environmental rehabilitation	8 511	(209)
204 590	112 673	Depreciation and amortisation	22 265	11 264
41 325	37 766	Non-cash movement in provisions	1 333	2 442
7 902	7 465	Amortisation of convertible loan issuance costs	7 465	7 902
108 770	289 605	Asset impairment and diminution in investments	423 041	698 274
–	(8 103)	Movement in fair value of listed investments	–	–
382	(11)	(Profit)/loss on sale of mining assets	–	–
		Unrealised foreign exchange losses/(profits) on translation	6 076	(63 477)
(17 854)	33 292	(Profit)/loss on sale of investments	9 512	9
(434)	(3 000)	Finance costs	27 659	34 295
34 033	37 043	Unrealised hedging loss/(profit)	(1 163)	(1 132)
8 362	1 250	Investment income	(19 867)	(33 327)
(130 849)	(16 693)	Movement in gold in process	–	–
(6 900)	(8 302)	Provision for bad debts	3 710	250
584	3 710			
31 676	42 554	Operating profit/(loss) before working capital changes	(59 192)	(65 477)
(8 373)	(32 783)	<i>Working capital changes:</i>	(4 352)	9 113
44 638	34 720	Accounts receivable	(5 502)	21 228
31 460	2 937	Inventories	100	(84)
(84 471)	(70 440)	Accounts payable and accrued liabilities	1 050	(12 031)
23 303	9 771	Cash generated by / (applied to) operations	(63 544)	(56 364)
		<b>B. CASHFLOW ON DISPOSAL/ACQUISITION OF SUBSIDIARY AND JOINT VENTURE, NET OF CASH</b>		
		<i>Disposal of Buffelsfontein Gold Mines Limited</i>		
		With effect from 22 March 2005		
		Buffelsfontein Gold Mines Limited was liquidated.		
		The fair value of the assets disposed of were as follows:		
	116 178	Non-current investments		
	11 537	Inventories		
	16 460	Accounts receivable		
	1 975	Cash and cash equivalents		
	(122 257)	Provision for environmental rehabilitation		
	(134 339)	Accounts payable and provisions		
	(110 446)	Net book value at time of disposal		
	110 446	Fair value adjustment		
	–	Fair value at time of disposal		
	(45 203)	Costs on liquidation	(45 203)	
	(1 975)	Less cash and cash equivalents of subsidiary		
	(47 178)	Cash flow on disposal of subsidiary	(45 203)	



Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>B. CASHFLOW ON DISPOSAL/ACQUISITION OF SUBSIDIARY AND JOINT VENTURE, NET OF CASH (continued)</b>		
		<i>Acquisition of Net-Gold Services Limited</i>		
		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 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 settled by way of cash and cash equivalents		
		<i>Acquisition of Porgera Joint Venture</i>		
		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. 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 inventories		
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		

# NOTES TO THE CASH FLOW STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>B. CASHFLOW ON DISPOSAL/ACQUISITION OF SUBSIDIARY AND JOINT VENTURE, NET OF CASH (continued)</b>		
		<i>Acquisition of Fortis Limited</i>		
		With effect 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		Attributable net book value at time of acquisition		
(4 470)		Less cash and cash equivalents of acquired entity		
–		Net consideration		
		<i>Total net cash flow on disposal/acquisition of subsidiary and joint venture:</i>		
4 015	47 178	Buffelsfontein Gold Mines Limited	45 203	
426 925		Net-Gold Services Limited		
–		Porgera Joint Venture		
		Fortis Limited		
430 940	47 178		45 203	
		<b>C. CASH AND CASH EQUIVALENTS</b>		
		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.		
140 894	241 192	Cash and cash equivalents	93 977	7 536
(11 473)	(9 154)	Bank overdrafts	(1 235)	(2 820)
129 421	232 038		92 742	4 716

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

## 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.

The financial statements are presented in Rands ('000) and cover the year ended 30 June 2005.

### ► 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 adoption of this statement did not have a material impact on the results of the Group for the current 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 a joint venture. The results of the subsidiaries and joint venture 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

The financial statements of foreign entities are translated into the reporting currency as follows:

- Assets and liabilities are translated at rates of exchange ruling at the financial year-end;
- Income and expenditure and cash flow items are translated at rates of exchange ruling at the date of the transaction; and
- Shareholders' equity is translated at historic rates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the balance sheet date.

Exchange differences arising from the translation of foreign entities are taken directly to a foreign currency translation reserve (non-distributable reserve).

### ► Hedge of a net investment in a foreign entity

Where foreign currency loans hedge an investment in a foreign entity, the exchange differences arising on the loans are taken directly to equity to the extent that the hedge is determined to be effective.

### ► Integrated foreign operations

Where a foreign subsidiary is determined to be an integrated foreign operation, transactions and resulting non-monetary items are translated at the exchange rates ruling when the transactions occurred. Income statement items are translated at the appropriate weighted average exchange rates for the period. Monetary items are translated at the ruling exchange rates at the balance sheet dates. Translation gains and losses are taken to income for the period.

### ► 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 the excess paid over net asset value on acquisition. Adjustments for impairment in value are recorded when they occur.

### ► Investment in joint venture

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 was amortised using the straight-line method over its estimated useful life, not exceeding twenty years.

Goodwill arising before 31 March 2004 is now carried at cost less any accumulated amortisation and is no longer amortised. 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

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 30 June 2005

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 2005 and 2004 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 2005, the Group's derivative instruments are deemed to be "held for 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 note holders 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 and 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 enacted, or substantially enacted, 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 current 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.

► **Operating leases**

Leases where the lessor retains the risk and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

► **Retirement and other employee benefits**

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

► **Equity compensation benefits**

The Group grants share options to certain employees under an employee share plan. Other than costs incurred in administering the scheme which are expensed as incurred, the scheme does not result in any expense to the Group.

► **Loss per share**

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

► **Discontinued operations**

A discontinued operation results from the sale or abandonment of an operation that represents a separate major line of business, or geographical area of operation and of which the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>2. REVENUE</b>		
2 161 738	1 649 718	Gold revenue	–	–
30 404	18 844	By-product revenue	–	–
2 192 142	1 668 562	Total revenue	–	–
		<b>3. LOSS FROM OPERATIONS INCLUDES THE FOLLOWING AMONGST OTHER:</b>		
6 685	9 924	<b>Auditors' remuneration</b>	6 839	4 540
3 233	7 393	Audit fees – current year	4 173	1 737
1 684	2 157	Underprovision – prior year	2 501	1 588
1 768	374	Fees for other services	165	1 215
14 683	6 548	<b>Management, technical, administrative and secretarial service fees</b>	–	9 533
		<b>Staff costs</b>		
		Included in staff costs are:		
788 125	637 151	Salaries and wages	31 893	24 936
54 946	27 532	Retrenchment and restructuring costs	7 160	–
59 990	46 337	Pension fund contributions	1 046	–
		<b>Income from subsidiaries</b>		
		Administration and management fees	(26 539)	(50 100)
382	(11)	<b>(Profit)/loss on sale of mining assets</b>	–	–
108 770	289 605	<b>Asset impairment and diminution in investments</b>	423 041	698 274
(1 818)	217 509	Mining assets	4 131	–
(670)	–	Other assets	–	–
88 855	72 096	Investments in and loans to subsidiaries	418 910	611 667
15 332	–	Investments in and loans to associates	–	79 555
7 071	–	Other loans	–	7 052
		Goodwill	–	–
–	–	<b>Operating lease</b>	600	600



Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>4. DIRECTORS' EMOLUMENTS</b>		
		<b>Executive directors</b>		
		<i>Services rendered as directors of the Company</i>		
3 122	3 988	Salaries	3 988	3 122
602	1 676	Bonuses	1 676	602
382	300	Provident fund contributions	300	382
1 748	1 557	Change in terms of employment payments	1 557	1 748
		<i>Services rendered by directors as directors of subsidiaries</i>		
2 491	3 390	Salaries		
374	1 235	Bonuses		
		<b>Non-executive directors</b>		
		<i>Services rendered as directors of the Company</i>		
925	1 414	Directors' fees	1 414	925
–	119	Retirement package	119	–
		<i>Services rendered by directors as directors of subsidiaries</i>		
–	78	Directors' fees		
9 644	13 757	Included in administration and general costs	9 054	6 779
		<b>Executive directors</b>		
1 522	–	Share option gains	–	1 522
		<b>Non-executive directors</b>		
500	–	Share option gains	–	500
11 666	13 757	Total emoluments	9 054	8 801
		<b>5. INVESTMENT INCOME</b>		
1 539	–	Dividends from unlisted investments	–	104
298	–	Royalties received	–	298
766	143	Sundry income	–	–
31 201	11 678	Interest received	18 754	32 085
		Profit/(loss) on realisation of listed and unlisted investments	(9 512)	–
434	3 000	Growth in environmental rehabilitation trust funds	1 113	1 139
7 594	4 872	Unrealised foreign exchange (loss)/gain	(6 076)	57 997
58 634	(33 292)	Write-up of investments to fair value	–	–
30 383	8 103			
130 849	(5 496)		4 279	91 623

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>6. TAXATION CHARGE</b>		
(474 312)	(36 004)	Mining tax	–	–
–	151	Non-mining tax	–	–
(474 312)	(35 853)		–	–
		<i>Comprising:</i>		
		<b>South African</b>		
(1 540)	(1 639)	Current tax – prior year	–	–
(414 295)	–	Deferred tax – current year	–	–
		<b>Foreign</b>		
(26 796)	(76 791)	Current tax – current year	–	–
(22 646)	319	– prior year	–	–
(9 035)	40 654	Deferred tax – current year	–	–
–	1 604	– prior year	–	–
(474 312)	(35 853)		–	–

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 29% (2004: 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% of the amount of income declared as a dividend. 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 to both mining and non-mining income.

In 2005 and 2004, the tax rates for taxable mining and non-mining income for companies that elected the STC exemption were 45% (2004: 46%) and 37% (2004: 38%), respectively. During those same years the tax rates for companies that did not elect the STC exemption were 35% (2004: 37%) and 29% (2004: 30%), for taxable mining and non-mining income, respectively.

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>6. TAXATION CHARGE (continued)</b>		
		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 45% for mining income and 37% for non- mining income. The Company, having chosen not to be subject to the STC exemption, is subject to 35% (2004: 37%) tax on mining income and 29% (2004: 30%) for non-mining income. With the exception of Blyvoor, all of the South African subsidiaries elected the STC exemption. The tax rate for all the Australasian operations is 30%.		
		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 35% or 45% (2004: 37% or 46%), while the Australian deferred tax is provided at the Australian statutory tax rate of 30% (2004: 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 mining income taxation in the Company as it did not earn any taxable income in the current year.		
389 300	243 613	Unredeemed capex at year-end (available for deduction against future mining income)	132 523	132 293
1 436 618 (1 307 989)	646 258 (450 846)	Estimated tax losses at year-end (available to reduce future taxable income)	198 383	103 305
		Applied to reduce deferred tax	–	–
517 929	439 025	Tax losses and unredeemed capex carried forward	330 906	235 598
187 578	134 024	Estimated future tax relief at applicable statutory rates	95 963	70 679
		<b>Tax reconciliation</b>		
		Major items causing the Group's income tax provision to differ from the statutory rate were:		
97 658 (414 295)	198 366 –	Taxation benefit on net income at applicable statutory rates		
		Reversal of deferred tax asset previously recognised		
(131 693)	(69 506)	Temporary difference for which deferred tax assets not recognised		
–	(151 524)	Effect of discontinued operations not recognised		
(4 911)	(19 601)	Disallowable expenditure		
3 116	5 339	Exempt income		
(24 187)	(1 321)	Additional tax expense relating to the prior year		
–	2 394	Other		
(474 312)	(35 853)	<b>Taxation charge</b>		

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>7. GAIN/(LOSS) FROM DISCONTINUED OPERATIONS</b>		
		On 9 March 2005, the North West Operations suffered the effects of an earthquake of 5.3 on the Richter scale. As a consequence of the extensive damage caused by the earthquake, the No. 5 Shaft of the North West Operations was closed. There was continuing seismic activity in the area and on 16 March 2005, the Company closed the No. 2 Shaft because of concerns for the safety of the employees. On 22 March 2005, application was made to the High Court of South Africa for the provisional liquidation of Buffelsfontein Gold Mines Limited, or Buffelsfontein (which owns the North West Operations), which order was granted on the same day. The Company committed to pay the wages at Buffelsfontein's operations until the end of March 2005, amounting to R27.9 million, and to continue essential services at the mine until such time as the liquidator had taken control of the mine, amounting to R5.1 million. The Company recognised a provision of R9.0 million for a social plan for employees, which includes counseling and reskilling programmes and the company incurred legal and other costs of R3.2 million.		
	(45 203)	Costs on liquidation of subsidiary before tax	(45 203)	
	110 446	Gain on remeasuring the liquidated subsidiary to fair value	–	
	–	Tax effect	–	
	65 243	Gain/(loss) from discontinued operations	(45 203)	
		<b>8. LOSS PER SHARE</b>		
		<b>Basic</b>		
		The calculation of loss per ordinary share is based on the following:		
(716 430)	(515 906)	Basic loss attributable to ordinary shareholders		
(221 655)	(224 771)	Basic loss from continuing operations attributable to ordinary shareholders		
216 509 843	257 695 796	Weighted average number of ordinary shares in issue		
		<b>Headline</b>		
		The basic loss has been adjusted by the following to arrive at a headline loss:		
(716 430)	(515 906)	Basic loss attributable to ordinary shareholders		
5 253	289 605	Impairment of investment in associate, mining assets and goodwill		
382	(11)	(Profit)/loss on sale of mining assets		
–	(3 000)	Profit on sale of investment		
–	(65 243)	Gain from discontinued operations		
(710 795)	(294 555)	Headline loss attributable to ordinary shareholders		

Group		Company		
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>8. LOSS PER SHARE (continued)</b>		
		<b>Diluted</b>		
(716 430)	(515 906)	Basic loss attributable to ordinary shareholders		
33 587	27 303	Interest paid on convertible loan notes		
(682 843)	(488 603)	Diluted basic loss		
5 635	221 351	Headline earnings adjustments		
(677 208)	(267 252)	Diluted headline loss		
<b>Number</b>	<b>Number</b>	<b>Reconciliation of weighted average ordinary shares to diluted weighted average ordinary shares</b>		
216 509 843	257 695 796	Weighted average number of ordinary shares in issue		
621 713	–	Number of staff options allocated		
17 600 000	17 600 000	Convertible loan notes		
234 731 556	275 295 796	Diluted weighted average number of ordinary shares		
(331)	(200)	Basic and diluted loss per ordinary share (cents)		
(102)	(87)	Basic and diluted loss from continuing operations per ordinary share (cents)		
(328)	(114)	Headline and diluted headline loss per ordinary share (cents)		
(99)	(59)	Headline and diluted loss from continuing operations per ordinary share (cents)		
		There is no dilution in loss per share for 2005 and 2004 as the effect of dilutive securities in issue would be anti-dilutive, as the Group recorded a loss for the year.		
		<b>9. MINING ASSETS</b>		
		<b>Mining properties, mineral rights, mine development and mine plant facilities</b>		
2 032 368	1 910 960	Cost	419 184	419 043
1 650 865	2 032 368	Opening balance	419 043	419 013
422 716	–	Acquired through purchase of subsidiaries	–	–
185 732	154 696	Additions	179	30
(24 013)	(13 550)	Disposals	(38)	–
–	(377 541)	Disposed through liquidation of subsidiary	–	–
(202 932)	114 987	Foreign exchange movement	–	–
1 115 383	1 147 329	Accumulated depreciation and amortisation	403 829	377 433
1 077 126	1 115 383	Opening balance	377 433	366 169
(1 818)	217 509	Impairment of assets	4 131	–
199 427	107 183	Current depreciation and amortisation	22 265	11 264
(626)	–	Disposals	–	–
–	(377 541)	Disposed through liquidation of subsidiary	–	–
(158 726)	84 795	Foreign exchange movement	–	–
916 985	763 631	Net book value	15 355	41 610

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>9. MINING ASSETS (continued)</b>		
		<b>Decommissioning asset</b>		
132 412	79 595	Cost	7 951	7 951
93 742	132 412	Opening balance	7 951	7 951
25 888	—	Acquired through purchase of subsidiaries	—	—
17 512	—	Additions	—	—
—	(55 785)	Disposed through liquidation of subsidiary	—	—
(4 730)	2 968	Foreign exchange movement	—	—
93 346	44 114	Accumulated amortisation	7 951	7 951
88 953	93 346	Opening balance	7 951	7 951
5 163	5 490	Current amortisation	—	—
—	(55 785)	Disposed through liquidation of subsidiary	—	—
(770)	1 063	Foreign exchange movement	—	—
39 066	35 481	Net book value	—	—
956 051	799 112	Total net book value	15 356	41 610
		<p>Included in net book value is an amount of R Nil (2004: R22 million) in respect of Argonaut's mineral rights not yet in use acquired from Randgold &amp; Exploration Company Limited in 1997. The value of the mineral rights has been written down in full in the current year.</p> <p>Certain assets have been encumbered as security for specified liabilities (refer note 19).</p> <p>In assessing the recoverability of the above assets, where possible impairment is indicated, the estimated cash flows have been calculated using the following estimates:</p> <ul style="list-style-type: none"> <li>– recoverable proven and probable reserves;</li> <li>– sales price estimates are based on a sales price of R97 644 per kilogram of gold (US\$453 per ounce) in year one, escalating at an average of 6.5% per annum, and a base exchange rate of R6.69 = 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;</li> <li>– working cost estimates are based on current working costs per kilogram at 30 June 2005, escalated for expected South African inflationary increases of approximately 6% per annum; and</li> <li>– 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.</li> </ul>		



Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
77 387	678	<b>10. NON-CURRENT INVESTMENTS AND OTHER ASSETS</b>		
		<b>Listed investments (see below)</b>	–	–
59 213	77 387	Opening balance	–	–
(12 209)	19 656	Foreign exchange movement	–	–
–	95 459	Additions	–	–
–	(199 927)	Transfer to investments in associates	–	–
30 383	8 103	Marked-to-market adjustment	–	–
15 006	4 478	<b>Unlisted investments</b>	1 107	1 107
143 330	42 885	<b>Investments in environmental rehabilitation trust funds</b>	14 088	12 975
133 736	143 330	Opening balance	12 975	9 836
–	(105 316)	Disposed through liquidation of subsidiary	–	–
2,000	–	Contributions	–	2 000
7 594	4 872	Growth in environmental rehabilitation trust funds	1 113	1 139
–	(1)	Rehabilitation payments from fund	–	–
235 723	48 041	<b>Total non-current investments and other assets</b>	15 195	14 082
15 006	4 478	Directors' valuation of unlisted investments	1 107	1 107

	% held	Number of shares	Market value 2005 R'000	Carrying value 2005 R'000	Carrying value 2004 R'000
Drillsearch Energy Limited	#	1 820 000	616	616	433
Emperor Mines Limited <sup>(i)</sup>	45.33%	–	–	–	76 901
Startrack Communications Limited	#	1 125 000	52	52	44
Cape Tel Limited	#	100 000	10	10	9
			678	678	77 387

<sup>(i)</sup> Emperor Mines Limited has been accounted for as an investment in associate from 1 August 2004.

# Represents a less than 1% shareholding.

The monies in the environmental rehabilitation trust funds are invested primarily in interest-bearing debt 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 a temporary nature, in the value of the investments has occurred.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>11. INVESTMENTS IN SUBSIDIARIES</b>		
		Shares at cost, less provision for diminution	289 862	488 747
		Net indebtedness, less provision for diminution	519 696	427 575
		Amounts owing by subsidiaries, less provision for diminution	732 838	651 082
		Amounts owing to subsidiaries	(213 142)	(223 507)
		<b>Net investment in subsidiaries</b>	<b>809 558</b>	<b>916 322</b>
		The interest of the Company in the (loss)/profit after taxation of its subsidiaries is:		
		Aggregate losses	(613 813)	(141 601)
		Aggregate profits	143 126	222 241
		A schedule showing the Company's financial interest in each subsidiary is given in the Directors' Report on page 60.		
		<b>12. INVESTMENTS IN ASSOCIATES</b>		
–	–	Opening carrying amount	–	–
–	199 927	Transfer from listed investments	–	–
–	42 857	Acquired during the year	–	–
–	(77 749)	Net share of losses in associates	–	–
–	(72 096)	Impairment	–	–
–	4 828	Other movements	–	–
–	5 445	Foreign exchange movement	–	–
–	103 212	<b>Closing carrying amount</b>	<b>–</b>	<b>–</b>
–	–	Directors' valuation – Crown Gold Recoveries (Pty) Ltd	–	–
	83 717	Market valuation – Emperor Mines Limited at 30 June 2005	–	–
			Country of incorporation	% interest held
		The associates are:		
		Crown Gold Recoveries (Pty) Limited	South Africa	40.0%
		Emperor Mines Limited	Australia	45.3%
		On 30 July 2004, the Company's offer to the shareholders of Emperor Mines Limited (Emperor), an Australian listed gold mining company, closed with the Company having received acceptances from Emperor's shareholders representing approximately 25.5% of Emperor's issued share capital, thereby increasing the Company's shareholding in Emperor from 19.8% to 45.3%. Due to its cumulative ownership of 45.3% and the fact that the Company exercises significant influence over Emperor, the Company has accounted for its investment in Emperor under the equity method of accounting from 1 August 2004.		

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>12. INVESTMENT IN ASSOCIATES (continued)</b>		
		The Group's effective share of income, expenses, assets and liabilities of the associates, is as follows:		
		<b>Income statement</b>		
257 444	374 861	Revenue		
(260 114)	(396 232)	Cost of sales		
(2 670)	(21 371)	Operating loss from gold		
(97 248)	(76 836)	Other income, administration and general costs		
(99 918)	(98 207)	Loss before taxation		
		<b>Balance sheet</b>		
43 430	155 736	Non-current assets		
21 369	67 883	Current assets		
64 799	223 619	Total assets		
(238 798)	(203 315)	Shareholders' equity		
215 550	267 872	Non-current liabilities		
88 047	159 062	Current liabilities		
64 799	223 619	Total equity and liabilities		
			2005 percentage held	2004 percentage held
		<b>13. INVESTMENT IN JOINT VENTURE</b>		
		The joint venture for which the income statement and balance sheet has been proportionately consolidated is as follows:		
		Porgera Joint Venture	20.0%	20.0%
		The Group acquired a 20% interest in the Porgera Joint Venture in Papua New Guinea on 14 October 2003.		

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>13. INVESTMENT IN JOINT VENTURE (continued)</b>		
		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:		
		<b>Income statement</b>		
418 032	517 556	Revenue		
(211 048)	(233 173)	Cost of sales		
206 984	284 383	Operating profit from gold		
(44 688)	(24 134)	Administration and general costs		
162 296	260 249	Profit before taxation		
		<b>Balance sheet</b>		
796 922	931 101	Non-current assets		
64 511	83 393	Current assets		
861 433	1 014 494	Total assets		
828 156	956 773	Shareholders' equity		
4 118	5 014	Non-current liabilities		
29 159	52 707	Current liabilities		
861 433	1 014 494	Total equity and liabilities		
		<b>Cash flow statement</b>		
201 551	227 200	Cash flows from operating activities		
(200 281)	(100 235)	Cash flows from investing activities		
–	(113 519)	Cash flows from financing activities		
1 270	13 446	Net increase in cash and cash equivalents		
		<b>14. GOODWILL</b>		
7 071	–	Goodwill arising on acquisition of Net-Gold Services Ltd		
(7 071)	–	Impairment of goodwill		
–	–			
		<b>15. INVENTORIES</b>		
20 445	27 902	Gold in process	–	–
83 048	75 396	Consumable stores	–	100
200 836	214 578	Ore stock piles	–	–
304 329	317 876		–	100
(200 836)	(214 578)	Less: Non-current inventories	–	–
103 493	103 298		–	100
		The following assumptions were used to assess the net realisable value of the ore stock piles:		
		– sales price of US\$437 per ounce at 30 June 2005;		
		– an exchange rate of Kina 3.12 = US\$1.00;		
		– overheads of US\$1.28 per ton; and		
		– processing costs of US\$16.28 per ton.		

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>16. SHAREHOLDERS' EQUITY</b>		
		Details of shareholders' equity are provided in the Statement of Shareholders' Equity on page 66.		
		<b>Share capital</b>		
		<b>Authorised</b>		
		600 000 000 (2004: 300 000 000) ordinary shares of no par value		
		5 000 000 (2004: 5 000 000) cumulative preference shares of 10 cents each		
500	500		500	500
		<b>Issued</b>		
		296 206 048 (2004: 233 307 667) ordinary shares of no par value		
3 069 055	3 564 974		3 564 974	3 069 055
		5 000 000 (2004: 5 000 000) cumulative preference shares of 10 cents each		
500	500		500	500
3 069 555	3 565 474		3 565 474	3 069 555
		<b>Unissued shares</b>		
		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 4.4% 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 \$66 million convertible loan notes (refer to Note 19). The notes are convertible into ordinary shares, or American Depositary Receipts, 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.		

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>16. SHAREHOLDERS' EQUITY (continued)</b>		
		<b>Cumulative preference shares</b>		
		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.		
		<b>Option instruments</b>		
		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.		
		<b>17. PROVISION FOR ENVIRONMENTAL REHABILITATION</b>		
		<b>Provision for decommissioning</b>		
126 623	138 912	Opening balance	9 868	9 868
(1 331)	762	Foreign exchange movement	—	—
—	(89 730)	Disposed through liquidation of subsidiary	—	—
13 620	130	Charge to the income statement	—	—
138 912	50 074	Closing balance	9 868	9 868
		<b>Provision for restoration</b>		
57 342	106 480	Opening balance	21 090	21 299
(4 479)	3 737	Foreign exchange movement	—	—
25 888	(32 527)	(Disposed)/acquired through (liquidation)/purchase of subsidiaries	—	—
17 512	—	Additional restoration asset raised	—	—
10 217	23 265	Charge to the income statement	8 511	(209)
106 480	100 955	Closing balance	29 601	21 090
245 392	151 029	Provision for environmental rehabilitation	39 469	30 958
		Amounts have been contributed to irrevocable trusts (refer to Note 10).		
		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			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>18. DEFERRED MINING AND INCOME TAXES</b>		
		Balances arose from the following temporary differences:		
		<i>Deferred mining and income tax liability</i>		
(84 602)	(118 514)	Mining assets	–	–
(60 251)	(8 784)	Inventories	–	–
12 398	30 801	Provisions, including rehabilitation provision	–	–
–	(1 344)	Estimated assessed losses	–	–
–	(539)	Other	–	–
(132 455)	(95 692)		–	–
		<i>Deferred mining and income tax asset</i>		
(84 670)	(40 619)	Mining assets	34 034	27 205
(1 392)	–	Inventories	–	–
49 071	26 886	Provisions, including rehabilitation provision	16 162	7 366
600 052	212 467	Estimated assessed losses	54 671	30 991
7 126	1 814	Other temporary differences	1 814	–
(131 042)	(200 548)	Deferred mining and income tax asset not recognised	(106 681)	(65 562)
(439 145)	–	Deferred mining and income tax asset of the discontinued operation not recognised	–	–
–	–		–	–
(132 455)	(95 692)	Net deferred mining and income tax liability	–	–
		<b>Reconciliation between deferred taxation opening and closing balances:</b>		
414 295	(132 455)	Opening balance	–	–
15 769	(5 495)	Foreign exchange movement	–	–
(139 189)	–	Deferred tax of subsidiaries acquired	–	–
(423 330)	42 258	Income statement credit in current year	–	–
(132 455)	(95 692)	Closing balance	–	–
		<b>19. LONG-TERM LIABILITIES</b>		
		<b>Secured</b>		
33 135	26 904	a) Industrial Development Corporation	–	–
–	66 976	b) Investec Bank (Mauritius) Limited	–	–
		<b>Unsecured</b>		
17 350	–	c) Investec Bank Limited	–	17 350
316 957	330 186	d) Convertible loan notes	330 186	316 957
367 442	424 066		330 186	334 307
(58 450)	(64 685)	Less: Payable within one year shown under current liabilities	(26 469)	(42 199)
308 992	359 381		303 717	292 108
		<b>Long-term liability repayment schedule for capital amounts payable in the twelve months to:</b>		
58 450	–	30 June 2005	–	42 199
41 099	64 685	30 June 2006	26 469	24 849
267 893	352 588	30 June 2007	303 717	267 259
–	6 793	30 June 2008	–	–
367 442	424 066		330 186	334 307

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>19. LONG-TERM LIABILITIES (continued)</b>		
		<b>Analysis of gross long-term liabilities by currency:</b>		
316 957	397 162	United States Dollar	330 186	316 957
50 485	26 904	South African Rand	–	17 350
367 442	424 066		330 186	334 307
		<b>Effective interest rates:</b>		
		<b>Secured liabilities</b>		
10.50%	9.50%	Industrial Development Corporation	–	–
–	6.50%	Investec Bank (Mauritius) Limited	–	–
		<b>Unsecured liabilities</b>		
10.95%	9.95%	Investec Bank Limited	9.95%	10.95%
8.74%	8.74%	Convertible loan notes	8.74%	8.74%
		<b>Undrawn committed borrowing facilities:</b>		
18 074	–	Industrial Development Corporation	–	–
82 650	40 000	Investec Bank Limited	40 000	82 650
–	33 595	Investec Bank (Mauritius) Limited	–	–
100 724	73 595		40 000	82 650
		a) On 18 July 2002, Blyvoor entered into a loan agreement with the 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 2005, the interest rate on this loan stood at 9.5% per annum and R26.9 million was outstanding. 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 the Company from disposing of or further encumbering the assets covered by the special notarial bond and places restrictions over its ability to change the business of Blyvoor.		

Group		Company	
2004 R'000	2005 R'000	2005 R'000	2004 R'000
		<p><b>19. LONG-TERM LIABILITIES (continued)</b></p> <p>b) On 14 October 2004, DRD (Isle of Man) entered into a facility of \$15.0 million (R93.0 million) with Investec Bank (Mauritius) Limited, or Investec (Mauritius). The facility may be used to finance future acquisitions or rights offers by companies in which the Company wishes to acquire shares, or with prior written consent of Investec (Mauritius), it may be used for any other purpose. The facility bears interest at the three-month London Interbank Offered Rate, or LIBOR, plus 300 basis points. Funds advanced and interest on this facility must be repaid in cash in equal installments every three months from the date of the relevant advance so that the amount of the advance is paid in full to Investec (Mauritius) on or before 12 November 2007. The facility is secured by DRD (Isle of Man)'s shares in Emperor Mines Limited, DRD (Porgera) Limited and Tolukuma Gold Mines Limited. The loan agreement prohibits the Company from disposing of or further encumbering the secured assets. The facility restricts the flow of payments from DRD (Isle of Man) to the Company through requiring that all net operating cash or cash distributions received by DRD (Isle of Man) in respect of the secured assets must be used to first service the Company's interest and principal payment obligations under the facility by requiring that the Company hold, in a debt servicing account, sufficient cash to cover its quarterly principal payments. Any funds in excess of these repayment requirements may be transferred to the Company. Investec (Mauritius) has the option to require DRD (Isle of Man) to pay 50% of any payments, which are a distribution, by or on behalf of DRD (Isle of Man) to or for the account of the Company as a prepayment of the facility.</p> <p>c) On 24 June 2004, Investec Bank Limited, or Investec, awarded the Company a R100 million facility. Draw downs were made on the prescribed form and 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 DRDGOLD Limited shares. The balance owing was settled on 3 August 2004 through the issue of 1 370 886 shares in DRDGOLD Limited.</p>	

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>19. LONG-TERM LIABILITIES (continued)</b>		
		d) On 12 November 2002, the Company issued \$66 000 000 of 6% senior convertible loan notes due November 2006, in a private placement. The Company 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 the Company's ordinary shares, or, under certain conditions, American Depositary Receipts, or ADRs, at a conversion price of \$3.75 per share or ADR, subject to adjustments in certain events.		
		The Company is entitled to redeem the notes at their accreted value plus accrued interest, if any, subject to certain prescribed conditions being fulfilled, after 12 November 2005. The Company 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.		
		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 notes. The equity conversion component is determined on issue of the notes and is not changed in subsequent periods.		
		<b>Liability component of the convertible loan notes</b>		
374 558	316 957	Opening balance	316 957	374 558
(3 366)	–	Issuance costs capitalised to the liability during the year	–	(3 366)
7 902	7 465	Issuance costs amortised during the year	7 465	7 902
29 715	27 303	Interest expense	27 303	29 715
(27 451)	(24 613)	Interest paid	(24 613)	(27 451)
(64 401)	3 074	Foreign exchange movement	3 074	(64 401)
316 957	330 186	Closing balance	330 186	316 957

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>19. LONG-TERM LIABILITIES (continued)</b>		
		<b>Borrowing powers</b>		
		In terms of the Articles of Association of the Company, the borrowing powers of the Company and its subsidiaries 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.		
3 069 055	3 564 974	Issued and paid up share capital		
–	47 036	Non-distributable reserves in credit balance		
3 069 055	3 612 010			
367 442	424 066	Currently utilised		
		<b>20. DERIVATIVE INSTRUMENTS</b>		
(19 387)	–	a) Gold for electricity contract	–	–
(12 450)	(3 678)	b) Interest rate swap agreement	(3 678)	(12 450)
(31 837)	(3 678)		(3 678)	(12 450)
51 569	–	Disclosed under non-current assets	–	–
(83 406)	(3 678)	Disclosed under non-current liabilities	(3 678)	(12 450)
(31 837)	(3 678)		(3 678)	(12 450)
		a) This amount comprised the fair value of the gold for electricity contract entered into by the Company. Changes in fair value were recorded in the Income Statement. The fair value represented the difference between the contract price that was agreed on the date of the transaction and the forward price on 30 June 2004. The negative R19.4 million reflected 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. This contract was closed out on 28 April 2005 for R21.8 million.		
		b) 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 notes. 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, or 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 2005, the six month JIBAR rate was 6.929%. Refer to Note 24 for further details of quantities and the timing of settlement.		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

## 21. PROVISIONS

2005	Opening balance	Disposed through liquidation of subsidiary	Additional provision made	Amounts used (incurred and charged to provision)	Amounts unused reversed	Foreign exchange movement	Closing balance
<b>Group (R'ooo)</b>							
Leave pay	75 427	(29 361)	37 460	(42 811)	–	1 681	42 396
Royalties	240	–	306	–	–	51	597
Mining Levy	4 817	–	–	(4 449)	–	153	521
Directors' benefits	1 836	–	–	–	–	323	2 159
Retrenchments	549	–	–	(549)	–	–	–
	82 869	(29 361)	37 766	(47 809)	–	2 208	45 673
<b>Company (R'ooo)</b>							
Leave pay provision	6 571	–	1 333	(3 622)	–	–	4 282

2004	Opening balance	Acquired through purchase of subsidiaries	Additional provision made	Amounts used (incurred and charged to provision)	Amounts unused reversed	Foreign exchange movement	Closing balance
<b>Group (R'ooo)</b>							
Leave pay	67 994	6 554	235 000	(35 648)	(196 727)	(1 746)	75 427
Royalties	399	–	–	(94)	–	(65)	240
Mining Levy	1 367	–	3 863	110	–	(523)	4 817
Directors' benefits	2 112	–	–	–	–	(276)	1 836
Retrenchments	1 360	–	105 664	–	(106 475)	–	549
	73 232	6 554	344 527	(35 632)	(303 202)	(2 610)	82 869
<b>Company (R'ooo)</b>							
Leave pay provision	7 222	–	2 440	(3 091)	–	–	6 571

Group			Company	
2004 R'000	2005 R'000		2005 R'000	2004 R'000
		<b>22. COMMITMENTS AND CONTINGENT LIABILITIES</b>		
		<b>Capital commitments</b>		
10 483	1 830	Contracted but not provided for in the annual financial statements	754	–
76 351	22 676	Authorised by the directors but not contracted for	–	–
86 834	24 506		754	–
		This expenditure will be financed from existing cash resources.		
		<b>Operating lease commitments</b>		
		The Company leases its office building in terms of an operating lease. The Company does not have an option to acquire the building at the termination of the lease. There is an escalation of 10% per annum imposed by the lease.		
		The future minimum lease payments under non-cancellable operating leases are as follows:		
–	837	Not later than 1 year	837	–
–	4 277	Between 1 and 5 years	4 277	–
–	–	Later than 5 years	–	–

### Contingent liabilities

#### Environmental

At **Durban Deep mine** rehabilitation and environmental closure continues in pursuit of the objectives of the mine's Environmental Management Programme. A total of 39 hectares of additional vegetation was established on 2L24 Dump and, with the exception of Circular Shaft, all previously operational shafts have now been closed and capped. Circular Shaft is not dismantled in order to retain an access route into underground areas should a changed environment ever present new mining opportunities.

**West Wits mine**, a division of West Witwatersrand Gold Mines Limited, has entered into an agreement with Randfontein Estates Gold Mines Limited (represented by Harmony Gold) and Atomaer (Pty) Limited, for the establishment of a regional underground water management vehicle. The ultimate objective of this initiative is to collectively collect, process and report environmentally sensitive information relating to the impact of underground water seepage on to surface, to the Department of Water Affairs and Forestry, or DWAF. It has set itself the objective of putting in place the requisite infrastructure and technology to establish a commercially self-sustainable entity to extract underground water, treat the same and to dispose of it either for commercial or agricultural use. Representations to DWAF to allow the treatment and disposal of water on commercial terms were favourably received.

An integrated water management process for this area is important, both from the perspective of optimising natural water resources, considering the predominantly dry climate of South Africa, and also from an environmental perspective – a programme that captures and treats underground water before it decants into the Tweelopiesspruit area and the Krugersdorp Game Reserve (which is just upstream from the Sterkfontein Caves system) is considered a high priority. If the aforementioned initiatives fail and the ingress of water and the subsequent flooding into sensitive areas occur, and to the extent that liability is attributed to the Company, and not only to West Witwatersrand Gold Mines Limited, the amounts involved could be significant.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 30 June 2005

#### 22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

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 million litres per day. Most of this water is discharged into the Wonderfontein Spruit, which is a local stream. Several other neighboring mining operations also discharge water into this area. The surrounding area comprises agricultural land and mining towns.

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 Ashanti 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 calendar 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.

On 22 March 2005, Buffelsfontein Gold Mines Limited (which owns the North West Operations), or **Buffelsfontein**, was placed under provisional liquidation after an earthquake damaged its No. 5 Shaft. Buffelsfontein had up until the date of provisional liquidation maintained the underground water levels in the area by pumping water from underground to surface at three of its own shafts, as well as at the Margaret Shaft of the neighbouring Stilfontein Gold Mines Limited (Stilfontein). The latter arrangement occurred in terms of an agreement entered into in 1992 between Stilfontein and Hartebeestfontein Gold Mines Limited (Hartebeestfontein). Hartebeestfontein became a wholly owned subsidiary of Buffelsfontein when Buffelsfontein subsequently acquired Hartebeestfontein.

When pumping operations ceased, AngloGold Ashanti brought urgent proceedings before the High Court of South Africa for an order to compel DRDGOLD to continue with the pumping operations previously conducted by Buffelsfontein. Relief was also sought against the relevant government departments to either assume responsibility for, or contribute to the pumping of underground water. These proceedings were postponed after the DWAF issued various directives under Section 19 of the Water Affairs Act against DRDGOLD, the provisional liquidators of Buffelsfontein, Harmony Gold, AngloGold Ashanti and Stilfontein to continue with pumping operations and to contribute to pumping costs in equal shares. A total of three directives have been issued, the last of which will expire on 31 October 2005, when the DWAF proposes to issue final directives allocating proportionate responsibility to each of the surrounding mines. The apportionments are to be made with regard to the mines' respective past contributions to underground water management and the future benefit they will derive from keeping underground workings dry.

In the meantime, AngloGold Ashanti is also pursuing its relief, but no longer on an urgent basis. DRDGOLD envisages a possible obligation to contribute to the costs of the pumping of underground water in the region in terms of DWAF directives and an amount not exceeding one quarter of the total pumping costs (approximately R1.2 million per month).

If AngloGold Ashanti is successful in its legal proceedings against DRDGOLD, however, DRDGOLD may be held responsible for the entire costs of pumping underground water which were formally conducted by Buffelsfontein.

## 22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

DRDGOLD has since entered into an Agreement of Sale with Simmer & Jack Limited, or S&J, in terms of which S&J purchases DRDGOLD's entire shareholding in Buffelsfontein on condition that a scheme of arrangement proposed under Section 311 of the Companies Act is adopted by the High Court of South Africa and approved by Buffelsfontein's major creditors. DRDGOLD agreed to sell these shares for a nominal amount of one Rand on condition that S&J also assume full responsibility for any liability that may result from directives issued by the DWAF, as well as any obligation resulting from an order or award given by the High Court of South Africa pursuant to the proceedings instituted by AngloGold Ashanti. The proposed scheme of arrangement is also conditional upon DWAF agreeing to substitute DRDGOLD with S&J to the extent that DWAF envisaged imposing further responsibility on DRDGOLD.

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; and
- 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. 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 been 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 the Company believes 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, the Company increased its environmental management systems in response to this study.

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 program has been undertaken in accordance with the Company's approved Environmental Management and Monitoring Program, or 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 licence.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 30 June 2005

#### 22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

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 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 2005, PEAK's terms of reference were reviewed and expanded to include the review of issues of sustainability as the mine moves towards closure.

#### *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 of 2002, 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 came 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 program 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 program must be submitted. Where the Company holds unused rights however, it will have one year to apply for new prospecting rights or mining rights.

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.

The Company has lodged an application for a prospecting right in respect of the Argonaut area. ERPM also lodged an application for a prospecting right over the Sallies area. Both these applications are pending at the Department of Minerals and Energy. The Company is in the process of preparing applications in respect of the Group's mining rights.

## 22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

### *Royalty Bill*

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.

### *Securities class action*

On 13 June 2005, a securities class action was filed in the United States District Court for the Southern District of New York against the Company and two of its officers. Since then, four nearly identical securities class action complaints have been filed against the Company and the same officers. The cases have been consolidated in the Southern District of New York. The Company expects that a consolidated amended complaint will be filed on behalf of a group of lead plaintiffs selected by the Court to represent the putative class of plaintiffs alleged in the complaints. The Company anticipates that a response to such a complaint will be required some time in early 2006. To date, neither the Company nor the individual defendants have been formally served with any complaint regarding these matters.

The actions are allegedly filed on behalf of purchasers of the Company's shares during two purported class periods spanning from 23 October 2003 to 25 February 2005. The complaints allege generally that the Company and the individual defendants made false and misleading public statements regarding, among other things:

- the Company's restructuring of its North West Operations in South Africa;
- the Company's ability to reduce the negative impact of the increasing value of the South African Rand; and
- the strength of the Company's balance sheet.

Based on the Company's review of the complaints, management believes the lawsuits are without merit and intends to vigorously defend the Company and its officers named in the complaints.

## 23. EMPLOYEE CONTRIBUTION PLANS

### *Pension and provident funds*

In South Africa, the Group participates in a number of multi-employer 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 2005 amounted to R46.3 million (2004: R60.0 million).

### *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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 30 June 2005

#### 23. EMPLOYEE CONTRIBUTION PLANS (continued)

##### Share option scheme

##### (a) Details of the scheme

The Company operates a share option scheme, DRDGOLD (1996) Share Scheme, or the 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 the Company's issued share capital at that time. The number of issued and exercisable share options is approximately 4.4% 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 Limited, as confirmed by the Company's 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 the Company's Directors, but primarily according to the following schedule over a maximum of a three year period:

Percentage vested in each period grant	Period after the original date of the option
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 DRDGOLD (1996) Share Scheme was as follows:

	Outstanding		Vested	
	Number of shares	Average price per share R	Number of shares	Average price per share R
<b>Balance at 1 July 2003</b>	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		
<b>Balance at 30 June 2004</b>	8 345 363	18.81	3 342 479	18.32
Granted	5 794 784	7.21		
Exercised	(66 000)	6.50		
Forfeited/lapsed	(1 022 361)	14.82		
<b>Balance at 30 June 2005</b>	13 051 786	14.04	6 507 374	17.52

Utilising a Black Scholes valuation model, and based upon certain assumptions made by management, the fair value expense attributable to the DRDGOLD (1996) Share Scheme would have been R16.9 million (2004: R25.4 million).



## 24. 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, the Group enters into transactions, which make use of derivative instruments to economically hedge certain exposures. The decision to use these types of transactions is based on the Group's 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 the Group's results of operations and its ability to pay dividends and undertake capital expenditures, and the market price of the Company's ordinary shares. Historically, gold prices have fluctuated widely and are affected by numerous industry factors over which the Group has no control. The aggregate effect of these factors on the gold price is impossible for the Group to predict. The price of gold may not remain at a level allowing the Group to economically exploit its reserves. It is not the Group's policy to hedge this commodity price risk.

### Gold for electricity contract

In October 2000, the Group entered into a five year contract to buy electricity from Eskom. Under the terms of the agreement, the Group pays Eskom standard electricity tariff for all energy it consumes, 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. In terms of the provisions of AC133: "Financial Instruments: Recognition and Measurement", the Eskom contract is deemed to be 'held for trading' and is measured at fair value, with the resultant gains and losses being charged to the income statement for the period.

This contract was closed out on 28 April 2005 at a cost of R21.8 million.

### 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 20 to the financial statements, the fair value of the interest rate swap agreement was a liability of R3.7 million (2004: liability of R12.5million).

### 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 Australasia, 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.

In addition, the Group's South African operations all deliver their gold to Rand Refinery Limited, or 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 30 June 2005

#### 24. FINANCIAL INSTRUMENTS (continued)

##### 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 at 30 June:

	2005 R'000 Carrying Amount	2005 R'000 Fair Value	2004 R'000 Carrying Amount	2004 R'000 Fair Value
<b>Financial assets</b>				
Listed investments	678	678	77 387	77 387
Unlisted investments	4 478	4 478	15 006	15 006
Investments in environmental rehabilitation trust funds	42 885	42 885	143 330	143 330
Derivative instruments	–	–	51 569	51 569
Accounts receivable	49 837	49 837	114 612	114 612
Cash and cash equivalents	241 192	241 192	140 894	140 894
<b>Financial liabilities</b>				
Long-term liabilities				
– long-term portion	(359 381)	(359 381)	(308 992)	(308 992)
– short-term portion	(64 685)	(64 685)	(58 450)	(58 450)
Derivative instruments	(3 678)	(3 678)	(83 406)	(83 406)
Accounts payable and accrued liabilities	(177 020)	(177 020)	(300 867)	(300 867)
Bank overdrafts	(9 154)	(9 154)	(11 473)	(11 473)

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.



## 25. SEGMENT INFORMATION

The Group operates in one business segment, being the extraction and production of gold and related by-products, therefore the disclosures for the primary segment have already been given in these financial statements. The secondary reporting format is by geographical analysis by origin. Geographical analysis by origin is as follows:

2005	South African Operations <sup>(1)</sup>	Australasian Operations <sup>(2)</sup>	Total
<b>Revenue</b>	942 931	725 631	1 668 562
<b>Result</b>			
Operating (loss)/profit from gold	(222 733)	241 226	18 493
Investment income	(1 065)	(4 431)	(5 496)
Finance costs	(31 874)	(5 169)	(37 043)
Share of results of associates	–	(77 749)	(77 749)
Taxation charge	(1 640)	(34 213)	(35 853)
Other	(234 185)	(144 062)	(378 247)
Loss for the year	(491 497)	(24 398)	(515 895)
<b>Assets</b>			
Mining assets	307 291	491 821	799 112
Investment in associates	–	103 212	103 212
Other assets	191 193	465 753	656 946
Total assets	498 484	1 060 786	1 559 270
<b>Liabilities</b>			
Liabilities excluding taxation and deferred taxation	561 827	248 794	810 621
Taxation and deferred taxation	(818)	128 791	127 973
Total liabilities	561 009	377 585	938 594
<b>Other information</b>			
Capital expenditure	26 691	128 005	154 696
Depreciation and amortisation	26 477	86 196	112 673
Impairments	217 509	72 096	289 605
Total number of employees including contractors	3 481	824	4 305

<sup>(1)</sup> Includes Blyvooruitzicht Mine and the North West Operations until 22 March 2005

<sup>(2)</sup> Includes Tolukuma Gold Mine, 20% of the Porgera Joint Venture and 45.33% of Emperor

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005

### 25. SEGMENT INFORMATION (continued)

2004	South African Operations <sup>(1)</sup>	Australasian Operations <sup>(2)</sup>	Total
<b>Revenue</b>	1 541 059	651 083	2 192 142
<b>Result</b>			
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 for the year	(732 961)	16 577	(716 384)
<b>Assets</b>			
Mining assets	531 513	424 538	956 051
Other assets	381 431	465 696	847 127
Total assets	912 944	890 234	1 803 178
<b>Liabilities</b>			
Liabilities excluding taxation and deferred taxation	961 945	129 504	1 091 449
Taxation and deferred taxation	(818)	142 657	141 839
Total liabilities	961 127	272 161	1 233 288
<b>Other information</b>			
Capital expenditure	101 789	101 455	203 244
Depreciation and amortisation	45 739	158 851	204 590
Impairments	101 699	7 071	108 770
Total number of employees including contractors	12 906	751	13 657

<sup>(1)</sup> Includes Blyvooruitzicht Mine and the North West Operations

<sup>(2)</sup> Includes Tolukuma Gold Mine and 20% of the Porgera Joint Venture

## 26. RELATED PARTY TRANSACTIONS

The Group has related party relationships with its associates (refer Note 12) and with its Directors and senior management. 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.

### Transactions with Director

Dr Paseka Ncholo, chairman of Khumo Bathong Holdings (Pty) Limited, or KBH, is also a Non-Executive Director of the Company. Dr Ncholo earned R307 610 in board and other fees from the Company during the year ended 30 June 2005 (R154 630 for the year ended 30 June 2004).

### Transactions with associate companies

During the year ended 30 June 2005, the Company earned R3.0 million (year ended 30 June 2004: R7.1 million) in management fees from Crown Gold Recoveries (Pty) Limited, or CGR, and R3.0 million (year ended 30 June 2004: R12.7 million) in management fees from East Rand Proprietary Mines Limited, or ERPM. No dividends were received from associates in 2005 (2004: Nil). Transactions with associates are priced on an arm's length basis.

### Rand Refinery Agreement

The Group has entered into an agreement with Rand Refinery Limited, or Rand Refinery, for the refining and sale of all of its gold produced in South Africa. Under the agreement, Rand Refinery performs the final refining of the Group's 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, the Group pays Rand Refinery a variable refining fee plus fixed marketing, loan and administration fees. Mr Pretorius, the Group Legal Counsel, is also a Director of Rand Refinery and is a member of their Audit Committee. Also, Mr Graulich, the Group's General Manager: Investor Relations, is Alternate Director to Mr Pretorius. The Group currently owns 3% 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 30 June 2005

#### 27. SUBSEQUENT EVENTS

##### **Simmer and Jack Mines Limited's, or Simmer and Jack, acquisition of Buffelsfontein Gold Mines Limited, or Buffelsfontein**

The Company has concluded an agreement with Simmer and Jack for the sale of its shareholding in Buffelsfontein (in provisional liquidation). The agreement is conditional upon:

- the acceptance by the High Court of South Africa and the majority of Buffelsfontein's creditors of a scheme of arrangement proposed by Simmer and Jack;
- approval by the Competition Commission; and
- the Department of Water Affairs and Forestry agreeing to substitute the Company with Simmer and Jack in the underground water pumping directives that currently regulate the proportionate contribution of the surrounding mines to the costs and maintenance of pumping.

Buffelsfontein, known as the Company's North West Operations, or NWO, was placed in provisional liquidation on 22 March 2005, following continued financial losses and a massive earthquake on 9 March 2005 which caused irreparable damage to No. 5 Shaft.

Simmer and Jack's scheme of arrangement involves the payment of R45 million to the provisional liquidators and the fresh appointment of employees without assumption of any accumulated pre-liquidation employee benefits.

Simmer and Jack currently manages NWO, pays its holding costs in terms of an interim agreement with the provisional liquidators and conducts limited mining of surface dumps. It may offset up to R20 million of its contribution to holding costs against the proposed payment to the provisional liquidators of R45 million.

In exchange for the transfer of its holdings in Buffelsfontein, Simmer and Jack will pay the Company one Rand, and will indemnify the Company against any liabilities or obligations which could arise against it in connection with the environmental rehabilitation of Buffelsfontein, as well as the management and pumping of underground water. Simmer and Jack will have the benefit, however, of drawing down against the rehabilitation trust fund which was transferred to the Department of Minerals and Energy upon the provisional liquidation of Buffelsfontein.

The Company remains committed to the R9 million social fund established to help any NWO employees who may be retrenched as a result of the liquidation. In total, DRDGOLD has paid an amount of R47.9 million, post-liquidation to assist the NWO's liquidators, most of which was used to pay workers' wages. The Company remains Buffelsfontein's largest creditor with approximately R1 billion owing.

The provisional liquidators of Buffelsfontein are pursuing a valid, but as yet unquantified insurance claim for damage and losses incurred in the March 2005 earthquake. The proceeds of this claim are not included in the scheme proposed by Simmer and Jack.

##### **Capital development projects at Blyvooruitzicht Gold Mining Company Limited, or Blyvoor**

Two projects at Blyvoor, with a total capital cost of R82.8 million (the re-establishment of mining operations from the No. 2 Sub-Shaft in two phases costing R80.5 million and a R2.3 million expansion of the Slimes Dam Project) were approved by the Company's Board of Directors on 24 August 2005.

## 27. SUBSEQUENT EVENTS (continued)

In total, the No. 2 Sub-Shaft project is expected to yield some 770 491 ounces (24 772 kilograms) of gold from 2.4 million tons of ore with an average delivered grade of 8.16 g/t, restoring Blyvoor's life to 17 years.

### **Black Economic Empowerment, or BEE, deal with Khumo Bathong Holdings (Pty) Limited, or KBH**

The Company and black-owned KBH have signed a Memorandum of Understanding, or MOU, regarding the acquisition by KBH of a 15% stake in the Company's South African operations.

The transaction comprises the exchange of 75% of KBH's 60% stake in Crown Gold Recoveries (Pty) Limited, or CGR, and East Rand Proprietary Mines Limited, or ERPM, for 15% of the Company's wholly-owned Blyvooruitzicht Gold Mining Company Limited. The effect would be the ownership by KBH of 15% of the total of the Company's South African operations. The Company intends to facilitate the BEE transaction through vendor financing.

The MOU includes an option for KBH to lead a broad-based consortium in the acquisition of a further 11% in the Company's South African operations. The intention of the transaction is to bring the Company into full compliance with the 10-year, 26% BEE equity requirement contained in the Mining Charter.

Due to the fact that KBH's Chairman, Dr Paseka Ncholo, is also Non-executive Chairman of the Company, the BEE transaction will be a related party transaction. It will therefore be subject to regulatory approvals and to confirmation by an appointed, independent expert that it is fair and reasonable to the Company's shareholders.

In addition, on 20 July 2005, the Company acquired, from the Industrial Development Corporation, all of its CGR and ERPM debt through the issue of 4 451 219 shares in the Company.

### **Financing and operating assistance for Emperor Mines Limited, or Emperor**

The Company has initiated a financing and operating assistance package to 45.33% owned Emperor. This follows a complete review by the Company of Emperor's operations.

To assist Emperor with its restructuring plan, the Company has agreed to provide a A\$10 million Convertible Loan Facility to Emperor as part of a re-financing package, which includes an agreement with ANZ Bank to restructure Emperor's existing debt servicing obligations.

ANZ Bank has given its consent to the granting of the Convertible Loan Facility and the related security to the Company. Further the Australian Stock Exchange has also granted a waiver of listing rules to permit Emperor to grant such security to the Company on the terms incorporated in the Convertible Loan Facility.

The Convertible Loan Facility, which was negotiated on behalf of Emperor by its independent directors, carries an interest rate of 9% per annum and is secured by a first ranking charge over Emperor's 100% interest in the Tuvatu Gold Prospect in Fiji.

The Convertible Loan Facility is repayable upon either receipt of the proceeds expected from the sale of Emperor's interest in the Tuvatu Gold Prospect, or by 31 December 2007. Emperor has previously announced a conditional sale agreement in relation to the Tuvatu Gold Prospect and expects to receive consideration of approximately A\$10 million on completion of that transaction.

The Convertible Loan Facility is convertible, at the Company's election, into ordinary fully paid shares of Emperor at a conversion price equal to the lower of A\$0.30 per Emperor share or the 45 day volume weighted average price of Emperor shares on Australian Stock Exchange prior to the date of conversion.

The Convertible Loan Facility was approved by the shareholders of Emperor, other than the Company, on 29 August 2005.

In terms of an operational support agreement, also negotiated on behalf of Emperor by its independent directors, the Company will provide Emperor with management and technical services.

# SHAREHOLDER INFORMATION

as at 30 June 2005

	Number of Shareholders	Number of members as a %	Number of shares held	% of issued shares held
<b>1. Breakdown by shareholding (Range)</b>				
1 – 5 000	7 377	91.99	4 535 713	1.53
5 001 – 10 000	294	3.67	2 163 672	0.73
10 001 – 100 000	282	3.52	7 618 228	2.57
100 001 – and greater	66	0.82	281 888 435	95.17
<b>Totals</b>	<b>8 019</b>	<b>100</b>	<b>296 206 048</b>	<b>100</b>
<b>2. Breakdown by classification (Class)</b>				
Individuals	6 623	82.59	6 605 395	2.23
Institutions and bodies corporate	1 396	17.41	289 600 653	97.77
<b>Totals</b>	<b>8 019</b>	<b>100</b>	<b>296 206 048</b>	<b>100</b>
<b>3. Shareholder spread</b>				
<b>Non-public</b>				
Directors	4	0.05	783 887	0.26
<b>Public</b>	8 015	99.95	295 422 161	99.74
<b>Totals</b>	<b>8 019</b>	<b>100</b>	<b>296 206 048</b>	<b>100</b>
<b>4. Shareholdings over 1% (Holder)</b>				
Bank of New York (held on behalf of ADR holders)			217 064 264	73.28
Investment Bank UK			11 028 315	3.72
Soges Fiducem SA			7 524 731	2.54
GSI Equity (UK)			7 451 801	2.52
HSBC Bank PLC			7 428 803	2.51
ANZ Nominees Ltd (Australia)			7 362 215	2.49
Clearstream Banking SA Luxembourg			4 553 006	1.54
<b>5. JSE Limited performance</b>				
Number of shares traded(ooo)			64 941	
% of total issued shares			21.92	
Price quoted (cents per share):				
High			1 935	
Low			420	
Closing			569	
Market capitalisation at year end (R'ooo)			1 685 412	

## SHAREHOLDERS' DIARY

### ANNUAL GENERAL MEETING

Date	4 November 2005
Time	09:00
Place	EBSCO House 4 299 Pendoring Avenue, Blackheath Randburg South Africa

### QUARTERLY ACTIVITY REPORTS

1 st Quarter	October 2005
2nd Quarter	January 2006
3rd Quarter	April 2006
4th Quarter	July 2006
Interim financial report	February 2006
Preliminary final financial report	August 2006

Copies of the Company's quarterly activity reports may be obtained by making application to the Company Secretary or the share transfer secretary in South Africa

Members are requested to notify the share transfer secretaries in South Africa, Australia or the United Kingdom of any change of address.

## CONVERSION TABLE

The following conversion factors have been used in this document.

Currency: Average exchange rate during year US\$1 = R6.22  
Closing exchange rate at 30 June 2005 US\$1 = R6.68

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

<b>Assay</b>	To determine the mineral content.
<b>AUSIMM</b>	Australian Institute of Mining and Metallurgy.
<b>By-products</b>	Any products that arise from the core process of producing gold, including silver.
<b>Cash costs</b>	Measurement that represents the full costs incurred inclusive of royalties and production taxes. Depreciation, rehabilitation, corporate administration and retrenchment are excluded.
<b>Capital expenditure</b>	Total capital expenditure on mining assets to both expand and maintain operations.
<b>Competent person</b>	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.
<b>Cut-off grade</b>	The grade at which the orebody is mined with no profit or loss, i.e. the breakeven grade.
<b>Debt</b>	Borrowings, including short-term borrowings.
<b>Depletion</b>	The decrease in quantity of ore in a deposit or property resulting from extraction or production.
<b>Development</b>	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.
<b>Dilution</b>	Waste, which is mined with ore in the mining process.
<b>ECSA</b>	The Engineering Council of South Africa.
<b>EMPR</b>	Environmental Management Programme Report.
<b>Exploration</b>	Activities associated with ascertaining the existence, location, extent or quality of mineralised material, including economic and technical evaluation of mineralised material.
<b>Faulting</b>	The process of fracturing that produces a displacement of rock.
<b>Footwall</b>	The underlying side of a fault, orebody or stope.
<b>g</b>	gram.
<b>g/t</b>	gram per tonne.
<b>Grade</b>	The quantity of metal per unit mass or ore expressed as a percentage as ounces or grams per tonne of ore.
<b>Hanging wall</b>	The overlying side of a fault, orebody or stope.
<b>Head grade</b>	The grade of the ore as delivered to the metallurgical plant.
<b>In situ</b>	In place, i.e. within unbroken rock.
<b>Indicated mineral resource</b>	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.
<b>Inferred mineral resource</b>	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.
<b>JSE</b>	JSE Limited, South Africa.
<b>KBH</b>	Khumo Bathong Holdings (Pty) Ltd.
<b>kg</b>	Kilogram.
<b>Level</b>	The workings or tunnels of an underground mine which are on the same horizontal plane.

<b>Life-of-mine (LOM)</b>	Number of years that the operation is planning to mine and treat ore, and taken from the current mine plan.
<b>m</b>	Metre.
<b>Market capitalisation</b>	The number of ordinary shares in issue multiplied by the closing price of the share as quoted on stock exchanges.
<b>Measured mineral resource</b>	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.
<b>Metallurgical plant</b>	Processing plant used to treat ore and extract the contained metals.
<b>Mill/Milling</b>	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.
<b>Mineable</b>	That portion of a mineralised deposit for which extraction is technically and economically feasible.
<b>Mineral reserve</b>	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.
<b>Mineral resource</b>	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.
<b>Mine call factor ("MCF")</b>	The ratio of the produced gold at the mill to the gold content of the ore calculated by sampling in stopes.
<b>Mineralisation</b>	The presence of a target mineral in a mass of host rock.
<b>Mining Charter</b>	The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry developed, in terms of Section 100 of the Mineral and Petroleum Resources Development Act of 2002, to set the framework, targets and timetable for effecting the entry of Historically Disadvantaged South Africans into the mining industry.
<b>Mt</b>	Million tons.
<b>Ore</b>	A mixture of mineralised material from which at least one of the contained minerals can be mined and processed at an economic profit.
<b>Ounce</b>	One troy ounce which equals 32.1507 grams.
<b>Pay-limit</b>	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.
<b>PLATO</b>	The South African Council for Professional Land Surveyors and Technical Surveyors.

## GLOSSARY OF TERMS

<b>Probable mineral reserve</b>	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.
<b>Production</b>	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.
<b>Proved mineral reserve</b>	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.
<b>Recovery grade</b>	The actual grade of ore realised after the mining and treatment process.
<b>Reef</b>	A mineralised horizon containing economic levels of metal.
<b>Rehabilitation</b>	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.
<b>SACNASP</b>	The South African Council for Natural Scientific Professions.
<b>SAIMM</b>	South African Institute of Mining and Metallurgy.
<b>Shaft</b>	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.
<b>Stope</b>	The underground excavation within the orebody where the main production takes place.
<b>Strike</b>	The direction in which a horizontal line can be drawn on a plane.
<b>The SAMREC Code</b>	The South African Code for Reporting of Mineral Resources and Mineral Reserves, including the guidelines contained therein.
<b>Tonnage</b>	Quantities where the ton or tonne is an appropriate unit of measure.
<b>Tonne</b>	One tonne is equal to 1 000 kilograms (also known as a metric ton).
<b>Tailings</b>	Finely ground rock from which valuable minerals have been extracted.
<b>Tailings dam</b>	Dams or dumps created from waste material from processed ore after the economically recoverable metal has been extracted.
<b>tpa</b>	Tonnes per annum.
<b>tpm</b>	Tonnes per month.
<b>tpm<sub>3</sub></b>	Tonnes per cubic metre.
<b>Weighted average number ordinary shares</b>	The number of ordinary shares in issue at the beginning of the year, increased of 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.
<b>Yield/Recovered grade</b>	The actual grade of ore realised after the mining treatment process.

## NOTICE TO SHAREHOLDERS

### ► NOTICE TO SHAREHOLDERS

Notice is hereby given that the annual general meeting of DRDGOLD Limited ("DRDGOLD") or ("the company") will be held at EBSCO House 4, 299 Pendoring Avenue, Blackheath, Randburg on Friday, 4 November 2005 at 09:00 for the following business:

#### ► Ordinary business

- 1 To receive and consider the audited annual financial statements for the twelve months ended 30 June 2005.
- 2 To re-appoint the auditors in accordance with the articles of association of DRDGOLD.
- 3 To elect directors in place of Messrs RP Hume, J Turk and MM Wellesley-Wood who retire in accordance with the articles of association of DRDGOLD, but, being eligible, offer themselves for re-election, in accordance with the articles of association. *Curricula vitae* of directors standing for re-election are provided in the Annual Report.

#### ► Special business

##### Ordinary resolution no 1

"Resolved as an ordinary resolution that all the unissued ordinary no par value shares in the capital of the company be and are hereby placed under the control of the directors of the company as a general authority in terms of Section 221(2) of the Companies Act, 1973 (Act 61 of 1973), as amended, ("the Act"), who are hereby authorised to allot and issue shares in the capital of the company to those persons and upon such terms and conditions as the directors of the company in their sole discretion deem fit, subject to the provisions of the Act."

##### Ordinary resolution no 2

"Resolved as an ordinary resolution that the directors of the company be and are hereby authorised as a general authority to allot and issue all or some of the authorised but unissued ordinary no par value shares in the capital of DRDGOLD or options to

subscribe for new DRDGOLD ordinary shares ("options") or instruments that are convertible to DRDGOLD ordinary shares ("convertible instruments") for cash to such person or persons (defined as "public" and who are not "related parties" in terms of the Listing Requirements of the JSE Limited ("the JSE") and on such terms and conditions as the directors of the company may, without restriction, from time to time, deem fit as and when suitable opportunities arise therefore, but subject to requirements from time to time of the articles of association of DRDGOLD, the Companies Act, 1973 (Act 61 of 1973), as amended, ("the Act") and any stock exchange upon which the shares of the company may be quoted or listed and to the following requirements of the JSE :

- 1 the general authority in terms of this resolution shall extend up to and including the date of the next annual general meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier date;
- 2 a paid press announcement giving full details, including the number of securities, the average discount to the weighted average traded price of the equity securities over 30 days prior to the date that the price of the issue was determined or agreed by the directors of the company, the impact on net asset value and net tangible asset value per share and the impact on earnings and headline earnings per share of the company, shall be published at the time of any issue of shares pursuant to this general authority representing, on a cumulative basis within one financial year, 5% or more of the number of shares of the company in issue prior to the issue in question;
- 3 issues in the aggregate of shares of the company in terms of this general authority will not exceed 15% of the number of shares in the

company's issued share capital in any particular financial year. The number of shares that may be issued shall be based on the number of shares (including any options and convertible instruments) of the company in issue at the date of application for the listing of the shares to be issued under this general authority less any shares, options and convertible instruments issued during the current financial year, provided that any shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) will constitute part of the securities in issue at the date of application for the determination of the shares that may be issued under this general authority; and

- 4 in determining the price at which an issue of shares of the company will be made in terms of this general authority, the maximum discount at which the shares will be issued will not exceed 10% of the weighted average trading price of the shares in question over the 30 trading days prior to the date that the price of an issue is determined or agreed by the directors of the company."

According to the Listings Requirements of the JSE Limited ("the JSE"), the approval of ordinary resolution 2 requires a 75% majority vote cast in favour of the resolution. Therefore, DRDGOLD will not, without the prior approval of the JSE, allot and issue any shares in terms of the resolution unless at least 75% of the votes cast at the meeting are in favour of the resolution.

##### Ordinary resolution no 3

"Resolved as an ordinary resolution that the company hereby approves as a specific authority in terms of section 222(1) (a) of the Companies Act, 1973 (Act 61 of 1973), as amended, the allotment and issue to any director of

## NOTICE TO SHAREHOLDERS

the company referred to below, of any ordinary no par value shares allotted and issued in respect of the number of options set out opposite his name in as far as he exercises those options in terms of the DRDGOLD (1996) Share Option Scheme."

Name of director	Number of options vesting until Nov 2006
MM Wellesley-Wood	146 981
IL Murray	93 708
RP Hume	8 153
GC Campbell	8 123
MP Ncholo	6 148

### Ordinary resolution no 4

"Resolved as an ordinary resolution that, for the purpose of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited, approval is given to the issue of up to 500 000 options to subscribe for fully paid ordinary no par value shares in the capital of the company to the non-executive directors under the DRDGOLD (1996) Share Option Scheme."

The company is seeking approval for the issue of options to subscribe for fully paid ordinary no par value shares in the capital of the company under the DRDGOLD (1996) Share Option Scheme ("the Share Option Scheme") in the current financial year ending 04 November 2006. Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited ("The ASX") requires shareholder approval to be obtained for the issue of equity securities to a non-executive director or an associate of a non-executive director under the Share Option Scheme. The maximum number of options the company will issue to non-executive directors on or before 04 November 2006 under the Share Option Scheme is 500 000. Under the terms of the Share Option Scheme, the allocation of options to directors is determined by the DRDGOLD Remuneration and Nominations Committee from time to time. Options approved under ordinary resolution no 4 will be issued no later than 04 November 2006.

The exercise price of the options will be determined at the time of issue of the options and will be, in respect of each share that is the subject of the option, the average of the closing market prices of the company's shares on the JSE Limited ("the JSE") for any continuous period of seven days on which the JSE is open for trading, during the three months preceding the day on which the director is granted the option. The options will be issued for nil consideration. All directors are entitled to participate in the Share Option Scheme. The current directors are listed on page 6 of the Annual Report. Details of options issued under the Share Option Scheme for the 2004/2005 financial year are set out in special resolution no 2 below.

For the purposes of this ordinary resolution 4, pursuant to Listing Rule 10.14, the company will disregard any votes cast on the resolution by or on behalf of a director of the company (except a director who is ineligible to participate in the Share Option Scheme) or any associate of such director. However, the company need not disregard a vote if it is cast by the director as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the chairman of the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

### Ordinary resolution no 5

"Resolved as an ordinary resolution that, for the purpose of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited, approval is given to the issue of up to 102 426 options to subscribe for fully paid ordinary no par value shares in the capital of the company to executive directors in accordance with the terms of the DRDGOLD (1996) Share Option Scheme."

The company is seeking approval for the issue of options to subscribe for fully paid ordinary no par value shares in the capital of the company under

the DRDGOLD (1996) Share Option Scheme ("the Share Option Scheme") to executive directors in the current financial year ending 04 November 2006 under Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited ("the ASX"). The maximum number of options the company will issue to executive directors on or before 04 November 2006 under the Share Option Scheme is 102 426. Under the terms of the Share Option Scheme, the allocation of options to directors is determined by DRDGOLD's Remuneration and Nominations Committee from time to time. Options approved under this ordinary resolution no 5 will be issued no later than 04 November 2006.

The exercise price of the options will be determined at the time of issue of the options and will be, in respect of each share that is the subject of the option, the average of the closing market prices of the company's shares on the JSE Limited ("the JSE") for any continuous period of seven days on which the JSE is open for trading, during the three months preceding the day on which the director is granted the option. The options will be issued for nil consideration. All directors are entitled to participate in the Share Option Scheme. The current directors are listed on page 6 of the Annual Report. Details of options issued under the Share Option Scheme for the financial year ended 30 June 2005 are set out in special resolution no 2 below.

For the purposes of this ordinary resolution no 5, pursuant to ASX Listing Rule 10.14, the company will disregard any votes cast on the resolution by or on behalf of a director of the company (except a director who is ineligible to participate in the Share Option Scheme) or any associate of such director. However, the company need not disregard a vote if it is cast by the director as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the chairman of the meeting as proxy for a person who



is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

#### Ordinary resolution no 6

“Resolved as an ordinary resolution that the issue by the company of:

- 15 804 116 ordinary shares in the capital of the company at an issue price of R5.50 per share pursuant to a renounceable claw-back rights offer, which closed on 8 July 2005; and
- 4 451 219 ordinary shares in the capital of the company at an issue price of R6.50 per share pursuant to the acquisition by the company of certain of the Industrial Development Corporation of South Africa Limited’s debt in Crown Gold Recoveries (Proprietary) Limited and East Rand Proprietary Mines Limited,

be ratified for the purpose of Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited.”

Rule 7.1 of the Listing Rules of the Australian Stock Exchange Limited (“the ASX Listings Rules”) restricts the number of securities the company may issue without shareholder approval in the next twelve months to 15% of its current issued capital. ASX Listing Rule 7.4 permits shareholders to ratify previous issues of securities for the purpose of ASX Listing Rule 7.1. Ratification of issues made within the previous twelve months refreshes the company’s ability to issue shares up to 15% limit imposed by ASX Listing Rule 7.1 without the need to obtain shareholder approval.

The company is seeking to ratify the issue of the 15 804 116 ordinary shares under the claw-back rights offer made to shareholders and which closed on 8 July 2005. The purpose of the claw-back offer was to raise funds for working capital purposes, as well as to fund the restructure of its operations and necessary capital expenditures

and, to the extent that such opportunities arise, acquire synergistic assets in South Africa. The company is also seeking to ratify the issue of 4 451 219 ordinary shares to settle the acquisition by the company of certain debt held by the Industrial Development Corporation of South Africa Limited in Crown Gold Recoveries (Proprietary) Limited and East Rand Proprietary Mines Limited. Together, these issues together represent approximately 6.74% of the company’s current issued capital.

The ordinary shares issued above rank pari passu with all other ordinary shares in the company.

For the purpose of this ordinary resolution no 6, pursuant to Rule 7.4 of the ASX Listings Rules, the company will disregard any votes cast on the resolution by or on behalf of a person who participated in the issue or any associate of such a person. However, the company need not disregard a vote if it is cast by the person as proxy for another who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

#### Special resolution no 1

“Resolved as a special resolution that the granting to the non-executive directors of the company referred to below of the number of options set out against their names insofar as they have exercised their options in respect of those shares, in terms of the DRDGOLD (1996) Share Option Scheme and section 223 of the Companies Act, 1973 (Act 61 of 1973), as amended, be and are hereby approved and ratified.

Name of director	Number of Options	Strike Price
GC Campbell	3 094	5.50
RP Hume	4 157	5.50
MP Ncholo	2 694	5.50

The reason for special resolution no 1 is to allow share options in the DRDGOLD (1996) Share Option Scheme to be allotted and issued

to non-executives directors of the company. The effect of special resolution no 1 is to ratify the previous granting of share options to non-executive directors of the company.

#### Special resolution no 2

“Resolved as a special resolution that the company hereby approves in terms of section 223 of the Companies Act, 1973 (Act 61 of 1973), as amended, the granting of the following options against each of their names and to allot and issue to each of the non-executive directors of the company upon exercise of their options in terms of the DRDGOLD (1996) Share Option Scheme.

Name of director	Number of options vesting until November 2006
RP Hume	8 153
GC Campbell	8 123
MP Ncholo	6 148

The reason for special resolution no 2 is to allow share options in terms of the DRDGOLD (1996) Share Option Scheme to be allotted and issued to non-executive directors of the company. The effect of special resolution no 2 is to regulate the issue of share options to non-executive directors of the company.

#### Special resolution no 3

“Resolved as a special resolution that in terms of section 82(1) of the Companies Act, 1973, (Act 61 of 1973), as amended (“the Act”), the directors of the company be and they are hereby authorised to allot and issue such ordinary no par value shares at a cash price lower than the amount arrived at by dividing that part of the stated capital of the company contributed by the ordinary no par value shares then already in issue by the number of ordinary no par value shares then already in issue, if required.”

The reason for and effect of special resolution no 3 is to authorise the directors of the company to issue ordinary no par value shares in terms

## NOTICE TO SHAREHOLDERS

of the general issue of shares for cash authority acquisitions and pursuant to the exercise of options in terms of the Option Scheme at an issue price per share in compliance with section 82(1) of the Companies Act, 1973, (Act 61 of 1973), as amended ("the Act"), which states that the price at which the relevant shares are to be issued in terms of the issue of shares for cash should not, unless authorised by a special resolution, be less than the amount arrived at by dividing that portion of the stated capital of the company contributed by the issued ordinary no par value shares in issue at the date of such issue by the number of ordinary no par value shares then in issue. The report of the directors of the company as required under section 82 (2) of the Act is set out in Annexure 1.

### Special resolution no 4

"Resolved as a special resolution that, subject to the provisions of the Companies Act, 1973, (Act 61 of 1973) as amended ("the Act"), the Listings Requirements of the JSE Limited ("the JSE") and the articles of association of the company, the directors of the company be and are hereby authorised to approve the acquisition by the company or its subsidiaries of shares in the company provided that

- the general authority in terms of this resolution shall extend up to and including the date of the next annual general meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier date;
- the acquisitions by the company or its subsidiaries shall not exceed, in the aggregate, 20% of the company's issued ordinary share capital in any one financial year;
- the acquisitions by the company or its subsidiaries shall not be made at a price greater than 10% above the weighted average of the market value of DRDGOLD shares on the JSE for the five trading days immediately preceding the date on

- which the acquisition was effected;
- the acquisitions by the subsidiaries of the company may not result in a subsidiary, together with all other subsidiaries of the company, holding more than 10% of the entire issued share capital of the company;
- acquisitions of shares will not take place within a prohibited period as described in the Listings Requirements of the JSE from time to time;
- acquisitions are effected through the order book operated by the trading system of the JSE, without prior understanding or arrangement between the company and the counter party;
- after any acquisition, the company will still comply with the shareholder spread requirements set out in the Listings Requirements of the JSE; and
- the company shall only be entitled, at any point in time, to appoint one agent to effect acquisitions on its behalf pursuant to this resolution."

The reason for and effect of special resolution no 4 is to enable the directors of the company, to approve the acquisition by the company and its subsidiaries of its shares in the company subject to the limitations included in the resolution.

The directors of the company are of the opinion that opportunities to acquire the company's shares, which could enhance the earnings per share and/or net asset value per share, may present themselves in the future. Accordingly, in order that DRDGOLD and its subsidiaries be placed in a position to be able to utilise the provisions of the Companies Act, 1973, (Act 61 of 1973), as amended ("the Act"), it is proposed that the directors of the company be authorised to authorise the company, by way of general authority, to acquire the maximum number of its shares permitted by the JSE Limited ("the JSE"), which is currently 20% in aggregate of the issued

ordinary shares of the company in a financial year.

The directors of the company will not make any acquisitions under this general authority unless they are of the view at such time that, taking into account the maximum number of shares to be acquired:

- the company and its subsidiaries would be in a position to repay their debts in the ordinary course of business for a period of twelve months after the date of the notice of this annual general meeting ("the next year");
- the assets of the company and its subsidiaries, fairly valued in accordance with generally accepted accounting practice, would be in excess of the liabilities of the company and its subsidiaries for the next year;
- the share capital and reserves of the company and its subsidiaries for the next year will be adequate for ordinary business purposes; and
- the working capital of the company and its subsidiaries will be adequate for the next year's operations for ordinary business purposes.

The company will not enter the market to proceed with any acquisition of shares in terms of special resolution no 4 until DRDGOLD's sponsor has confirmed in writing to the JSE the adequacy of the company's working capital pursuant to the Listings Requirements of the JSE.

The disclosures relating to special resolution no 4 required in terms of the listings requirements of the JSE are set out in Annexure 2.

### ► Voting and proxies

On a show of hands, every DRDGOLD shareholder present in person or by proxy or represented shall have only one vote irrespective of the number of shares he holds or represents and on a poll, every shareholder of DRDGOLD present in person or by proxy or



represented shall have one vote for every share held in DRDGOLD by such shareholder.

DRDGOLD shareholders holding certificated shares in their own name and DRDGOLD shareholders who have dematerialised their DRDGOLD ordinary shares and have elected "own name" registration in the sub-register through a CSDP may attend, speak and vote in person at the annual general meeting, or may appoint one or more proxies (who need not be shareholders of DRDGOLD) to attend, speak and vote at the annual general meeting in the place of such DRDGOLD shareholder.

A form of proxy (pink) to be used for this purpose is attached to this notice of annual general meeting. Duly completed forms of proxy must be lodged 48 hours prior to the start of the annual general meeting (excluding Saturdays, Sundays and public holidays), as follows:

- DRDGOLD shareholders registered on the South African register and holding certificated DRDGOLD shares, to Ultra Registrars (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to reach them by no later than 09:00 (South African time) on Wednesday, 2 November 2005; or
- DRDGOLD shareholders registered on the Australian register and holding certificated DRDGOLD shares, to Computershare Investor Services Proprietary Limited, Level 2, 45 St George's Terrace, Perth, Western Australia 6000 (GPO Box D182, Perth, Western Australia, 6840) to reach them by no later than 15:00 (Perth Western Australia time) on Tuesday, 1 November 2005; or
- DRDGOLD shareholders registered on the Port Moresby register, to Capital Stockbrokers Limited, Level 2, AON Haus, Port Moresby (PO Box 2017, Port Moresby) to reach them by no later than 17:00

(Port Moresby time) on Tuesday, 1 November 2005; or

- DRDGOLD shareholders holding DRDGOLD ordinary shares in the form of American Depositary Receipts, to The Bank of New York, Proxy Services Department, 101 Barclay Street, New York, NY 10286 to reach them by no later than 02:00 (Eastern Standard time) on Wednesday, 2 November 2005; or
- DRDGOLD shareholders registered on the United Kingdom register, to Capita IRG Plc, The Registry 34 Beckenham Road, Beckenham, Kent BR3 4TU to reach them by no later than 09:00 (GMT) on Wednesday, 2 November 2005.

DRDGOLD shareholders who have already dematerialised their DRDGOLD ordinary shares through a CSDP and who have not selected "own-name" registration in the sub-register through a CSDP or broker and DRDGOLD shareholders who hold certificated ordinary shares through a nominee who wish to attend the annual general meeting of DRDGOLD shareholders must instruct their CSDP, broker or nominee to issue them with the necessary authority to attend or, if they do not wish to attend the annual general meeting of DRDGOLD shareholders, they may provide their CSDP, broker or nominee with their voting instructions in terms of the custody agreement entered into between them and their CSDP, broker or nominee.

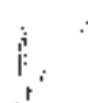
In respect of dematerialised shares, it is important to ensure that the person or entity (such as a nominee) whose name has been entered into the relevant sub-register maintained by a CSDP completes the form of proxy in terms of which he appoints a proxy to vote at the annual general meeting of DRDGOLD shareholders. Australian holders of CHES Depository Interests in DRDGOLD shares should complete the attached notice of direction (blue) and return it

to CHES Depository Nominees Pty Ltd, C/- Computershare Investor Services Proprietary Limited, Level 2, 45 St George's Terrace, Perth, Western Australia 6000, by no later than 15:00 (Perth Western Australia time) on Tuesday, 1 November 2005.

Depository receipt holders may receive forms of proxy printed by the Depository Bank, which should be completed and returned in accordance with the instructions printed on the forms of proxy.

The holder of a share warrant to bearer who wishes to attend or be represented at the annual general meeting of DRDGOLD shareholders must deposit his share warrant at the bearer reception office of Capita IRG Plc, The Registry 34 Beckenham Road, Beckenham, Kent BR3 4TU or must deposit his share warrant at the office of the French agents, Euro Emetteurs Finance, 48 Boulevard des Batignolles, 75850, Paris, Cedex 17, France, in both cases not later than 48 hours before the date appointed for the holding of the annual general meeting (which period excludes Saturdays, Sundays and public holidays), and shall otherwise comply with the "Conditions governing share warrants" currently in force. Thereupon a form of proxy or an attendance form under which such share warrant holder may be represented at the annual general meeting of DRDGOLD shareholders shall be issued.

By order of the board



**TJ Gwebu**  
Company Secretary

30 September 2005

## NOTICE TO SHAREHOLDERS

### ► REGISTERED OFFICE AND POSTAL ADDRESS:

#### In South Africa

EBSCO House 4  
299 Pendoring Avenue  
Blackheath  
Randburg, South Africa  
(PO Box 390, Maraisburg, 1700)

#### Depository Bank

American Depositary Receipts, The Bank of New York  
101 Barclay Street, New York  
New York 10286, United States of America

#### In Port Moresby

Capital Stockbroker Limited  
Level 2,  
AON Haus  
Port Moresby  
Papua New Guinea  
(PO Box 2017, Port Moresby)

### ► TRANSFER SECRETARIES:

#### In South Africa

Ultra Registrars (Proprietary) Limited  
11 Diagonal Street  
Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)

#### In the United Kingdom

Capita IRG Plc  
The Registry, 34 Beckenham Road  
Beckenham, Kent BR3 4TU

#### In Australia

Computershare Investor Services (Proprietary) Limited  
Level 2, 45 St George's Terrace  
Perth, Western Australia, 6000  
(GPO Box D182, Perth, Western Australia, 6840)

## ANNEXURE 1

► DIRECTORS' REPORT IN TERMS OF SECTION 82(2) OF THE COMPANIES ACT, 1973 (ACT 61 OF 1973), AS AMENDED ("THE ACT")

The notice of annual general meeting forming part of the Annual Report contains a special resolution in terms of section 82(1) of the Act authorising DRDGOLD to issue shares from time to time, as and when so required, at a price lower than the amount arrived at by dividing that part of the stated capital of the company contributed, at the date of issue, by already issued ordinary no par value shares, by the number of ordinary no par value shares then in issue. In terms of Section 82(2) of the Act, the notice of annual general meeting containing special resolution no 3 is to be accompanied by a report of the directors of the company setting out the reasons for the proposed lower issue price.

From time to time, the company is likely to have commitments to issue shares under the DRDGOLD (1996) Share Option Scheme ("the Share Option Scheme") and may wish to utilise its general authority to issue shares for cash in order to, *inter alia*, discharge loan obligations, fund capital expenditure and provide working capital. Furthermore, the company has stated its intention to grow its asset base through both expansion of its current assets and the acquisition of additional assets. These expansion and acquisition opportunities may arise at any time and may be funded through the issue of new shares, either to vendors or in terms of a vendor consideration placement. The pricing of shares in respect of issues of shares in any of the abovementioned circumstances is usually linked to the prevailing price of DRDGOLD shares on the stock exchanges on which they are listed.

The directors of DRDGOLD are of the view that the performance of the company's share price is closely aligned with movements in the gold price and the South African Rand/ US Dollar exchange rate. The volatile nature of these factors can result in considerable upward or downward adjustments to the company's share price and the possibility exists that the price at which DRDGOLD shares trade could, at times, be lower than the stated capital per share as calculated by dividing that part of the stated capital of the company contributed at the date of issue by already issued ordinary no par value shares, by the number of ordinary no par value shares then in issue.

The directors of DRDGOLD therefore request the authority of DRDGOLD shareholders, in the form of a special resolution, to issue shares below the threshold as described above so as to facilitate the discharge of the company's obligations under the Share Option Scheme and to give the company the ability to issue shares at a market-related price subject to the limitations imposed by the Listings Requirements of the JSE Limited and any other regulatory authorities.

## ANNEXURE 2

### ► Disclosure requirements for the JSE

The following disclosures relating to special resolution no 4 (general authority to acquire shares) are set out, in terms of the Listing Requirements of the JSE Limited ("the JSE").

### ► Directors' responsibility statement

The directors, whose names are given on page 6 of the Annual Report that accompanies this notice of the annual general meeting, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the notice of annual general meeting contains all information required by the Listings Requirements of the JSE.

### ► Directors' interest in securities

The interests of the directors in the share capital are set out on page 59 of the Annual Report that accompanies this notice of annual general meeting.

### ► Share capital of the company

Details of the share capital of the company and the major shareholders of the company are set out on page 106 of the Annual Report that accompanies the notice of annual general meeting.

### ► Material change

There has been no material change in the financial or trading position of the company and its subsidiaries since the date of publication of the company's annual results on 30 June 2005.

### ► Litigation

In the twelve months preceding the date of this notice of annual general meeting the company was involved in the following legal proceedings which may have had and may still have a material effect on the financial position of the company and its subsidiaries:

1. On 11 April 2005, AngloGold Ashanti Limited ("AngloGold") instituted an urgent application against DRDGOLD, Buffelsfontein Gold Mining Company ("Buffels"), Stilfontein Gold Mining Company

("Stilfontein") Harmony Gold Mining Company Limited, the Minister of Minerals & Energy the Minister of Water affairs an Forestry, the Minister of Environmental Affairs Tourism and Hartebeestfontein Gold Mining Company Limited (collectively "the respondents").

AngloGold is seeking an order that:

- DRDGOLD and Buffels be held jointly and severally liable to continue the pumping and extraction of underground water at mines/shaft owned and controlled by Buffels which mines are now under the control of Buffel's liquidators.
  - DRDGOLD and Stilfontein be jointly and severally liable to continue the pumping and extraction of water at the Margaret shaft, which is owned and controlled by Stilfontein. The state issued several interim directives requiring sharing by various parties of costs of pumping and extraction of underground water. DRDGOLD has with reservation of rights agreed to comply with the directives which involves the incurring of cost by DRDGOLD of between R1 million and R2 million per month, which costs may be recoverable from the State dependent upon the outcome of the litigation.
2. SG Securities (London) Limited ("SG Securities") and Mr A Mahalski ("the defendants") and DRDGOLD and DRD Australasia APS ("DRDAPS") (collectively, "the plaintiffs")

In May 2004, the plaintiffs instituted action against the defendants in the High Court of Justice, Queen's Bench Division, Commercial Court, in the United Kingdom. DRDGOLD is claiming A\$ 5 907 500, plus interest, from SG Securities in respect of unauthorised payments made by SG Securities out of monies raised from the sales of DRDGOLD shares.

3. Class action lawsuits in the United States of America

DRDGOLD is aware of five class action lawsuits, which will be consolidated

into a single lawsuit, that have commenced in the United States against the company, its Chief Executive Officer, Mr MM Wellesley-Wood, and its Chief Financial Officer, Mr IL Murray. The lawsuits allege that the company made certain false and misleading statements between 23 October 2003 and 24 February 2005 in violation of provisions of the United States Securities laws. The company has selected and engaged legal counsel to defend it against the lawsuits. DRDGOLD, Mr Wellesley-Wood and Mr Murray deny the averments in the lawsuits and intend to vigorously defend the lawsuits.

4. In addition to the above, there are other matters pending:
  - An action instituted in the High Court of South Africa during 2003 against Messrs RAR Kebble, J Stratton, JCI Limited and HC Buitendag to recover approximately R77 million relating to a transaction involving the Rawas mine in Indonesia.
  - An action instituted in the Supreme Court of Western Australia during 1999 against Messrs Mostert, Stratton, JCI (Isle of Man) Limited and others also in respect of the Rawas Transaction for payment of approximately R149 million and A\$6 million.
  - An action instituted by Messrs RAR Kebble and B Kebble in the High Court of South Africa during 2003 against DRDGOLD and others relating to an alleged infringement of privacy rights.

### ► Documents available for inspection

Copies of the memorandum and articles of association of the company, this notice of annual general meeting and latest annual financial statements of the company are available for inspection at the registered office of the company and at the offices of the transfer secretaries during usual business hours on any weekday (excluding public holidays, as appropriate) from the date of this notice of annual general meeting to the date of the annual general meeting, at which the aforementioned documents will be tabled.

## FORM OF PROXY



DRDGOLD LIMITED  
 (Formerly Durban Roodepoort Deep, Limited)  
 (Incorporated in the Republic of South Africa)  
 (Registration number 1895/000926/06)  
 NASDAQ trading symbol: DROOY  
 ARBN number: 086 277 616  
 Share code: DUR  
 ISIN: ZAE 000015079  
 ("DRDGOLD" or "the company")

### FORM OF PROXY FOR DRDGOLD SHAREHOLDERS [11.1 (f) v]

For use **only** by DRDGOLD shareholders on the Port Moresby and the United Kingdom registers and with regard to the South African and Australian register, for use only by DRDGOLD shareholders holding share certificates and Central Securities Depository Participants' ("CSDPs") nominee companies, brokers' nominee companies and DRDGOLD shareholders who have dematerialised their share certificates and who have selected own-name registration through a CSDP at the annual general meeting of DRDGOLD shareholders of DRDGOLD to be held in the boardroom, EBSCO House 4, 299 Pendoring Avenue, Blackheath, Randburg on Friday, 04 November 2005 at 09:00 (South African time) ("the annual general meeting of DRDGOLD shareholders"). DRDGOLD shareholders on the Australian register holding an interest in DRDGOLD shares in the form of CHESS Depository Interests should use the blue form attached to the notice of annual general meeting to direct CHESS Depository Nominees Pty Ltd how to vote on each resolution.

DRDGOLD shareholders on the South African register who have already dematerialised their share certificates through a CSDP or broker and who have not selected own-name registration and DRDGOLD shareholders who hold certificated ordinary shares through a nominee must **not** complete this form of proxy but must instruct their CSDP, broker or nominee to issue them with the necessary authority to attend the annual general meeting of DRDGOLD shareholders or, if they do not wish to attend the annual general meeting of DRDGOLD shareholders, they may provide their CSDP, broker or nominee with their voting instructions in terms of the custody agreement entered into between them and their CSDP, broker or nominee.

I/We (BLOCK LETTERS please) \_\_\_\_\_

Of \_\_\_\_\_

Telephone Work (\_\_\_\_) \_\_\_\_\_ Telephone Home (\_\_\_\_) \_\_\_\_\_

being the holder/s or custodians of  shares hereby appoint (see note 1 overleaf):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the annual general meeting of DRDGOLD shareholders,

as my/our proxy to attend, speak and vote on a show of hands or on a poll for me/us and on my/our behalf at the annual general meeting of DRDGOLD shareholders to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolution and/or abstain from voting in respect of the DRDGOLD shares registered in my/our name as follows (Please read notes below):

## FORM OF PROXY

	For	Against	Abstain
<b>► Ordinary business</b> 1. To adopt the audited annual financial statements for the twelve months ended June 30, 2005			
2. To re-appoint the auditors in accordance with the company's articles of association			
3A To re-elect Mr RP Hume as a director of the company			
3B To re-elect Mr J Turk as a director of the company			
3C To re-elect Mr MM Wellesley-Wood as a director of the company			
<b>► Special business</b> <b>Ordinary resolution number 1</b> To place all unissued shares in the capital of the company under the control of the directors of the company			
<b>► Ordinary resolution number 2</b> To authorise the allotment and issue of ordinary shares for cash			
<b>► Ordinary resolution number 3</b> To approve the issue of shares to directors in terms of the DRDGOLD (1996) Share Option Scheme pursuant to the exercise of options already granted			
<b>► Ordinary resolution number 4</b> To approve the issue of up to 500 000 options to non-executives directors in terms of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited.			
<b>► Ordinary resolution number 5</b> To approve the issue of up to 102 426 options to executive directors in terms of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited			
<b>► Ordinary resolution number 6</b> To ratify the issue of equity securities for the purpose of Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited			
<b>► Special Resolution no 1</b> To approve and ratify the allotment and issue of share options to non-executive directors in terms of the DRDGOLD (1996) Share Option Scheme and section 223 of the Companies Act, 1973 (Act 61 of 1973), as amended			
<b>► Special Resolution no 2</b> To approve the issue of share options to non-executive directors under the DRDGOLD (1996) Share Option Scheme			
<b>► Special Resolution no 3</b> To authorise the directors to allot and issue new ordinary shares in terms of section 82 (1) of the Companies Act, 1973 (Act 61 of 1973), as amended			
<b>► Special Resolution no 4</b> To authorise the directors to approve the acquisition by the company and its subsidiaries of shares in the company.			

and generally to act as my/our proxy at the said annual general meeting of DRDGOLD shareholders.  
 (Tick whichever is applicable). If no directions are given, the proxy holder will be entitled to vote or to abstain from voting, as that proxy holder deems fit.  
 (Please read notes below)

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2005

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_



Each DRDGOLD shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of DRDGOLD) to attend, speak and vote in place of that DRDGOLD shareholder at the annual general meeting of DRDGOLD shareholders. Unless otherwise instructed, the proxy may vote as he thinks fit.

Please read the notes below.

► **Notes**

- 1 A DRDGOLD shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting of DRDGOLD shareholders", but any such deletion must be initialed by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting of DRDGOLD shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 A DRDGOLD shareholder's instruction to his proxy must be indicated in the appropriate box by inserting the number of shares in respect of which the shareholder wishes his proxy to cast his votes.
- 3 Should there be no indication in the appropriate box as to how the shareholder wishes his votes to be cast by his proxy then the proxy will be deemed to have been authorised to vote or abstain from voting at the annual general meeting as the proxy deems fit.
- 4 A DRDGOLD shareholder may instruct the proxy to vote in respect of less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A DRDGOLD shareholder who gives no indication as to the number of shares in respect of which the proxy is entitled vote will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the shareholder's votes exercisable at the annual general meeting.
- 5 A complete form of proxy, to be effective, must reach the transfer secretaries in South Africa, the United Kingdom or Australia at least 48 hours before the time appointed for the holding of the annual general meeting (which period excludes Saturdays, Sundays and public holidays).
- 6 The completion and lodging of this form of proxy by DRDGOLD shareholders holding share certificates, CSDPs' nominee companies, brokers' nominee companies and DRDGOLD shareholders who have dematerialised their share certificates and who have elected own-name registration through a CSDP or broker, will not preclude the relevant shareholder from attending the annual general meeting of DRDGOLD shareholders and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof. DRDGOLD shareholders who have dematerialised their share certificates and who have not elected own-name registration through a CSDP or broker and DRDGOLD shareholders who hold certificated ordinary shares through a nominee who wish to attend the annual general meeting of DRDGOLD shareholders must instruct their CSDP or broker to issue them with the necessary authority to attend.
- 7 Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as power of attorney or other written authority) must be attached to this form of proxy unless previously recorded by DRDGOLD.
- 8 Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.
- 9 When there are joint holders of shares only one of such persons may sign this form of proxy in respect of such shares as if such person was the sole holder, but if more than one of such joint holders submits a form of proxy, the form of proxy, if accepted by the chairman of the annual general meeting, submitted by the holder whose name appears first in the register of the company will be accepted.
- 10 The holder of a share warrant to bearer who wishes to attend or be represented at the annual general meeting must deposit his share warrant at the bearer reception office of Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or must deposit his share warrant at the office of the French agents, Euro Emetteurs Finance, 48 Boulevard des Batignolles, 75850, Paris, Cedex 17, France, in both cases not later than 48 hours before the date appointed for the holding of the annual general meeting (which period excludes Saturdays, Sundays and public holidays), and shall otherwise comply with the "Conditions governing share warrants" currently in force. Thereupon a form of proxy or an attendance form under which such share warrant holder may be represented at the annual general meeting shall be issued.
- 11 Depositary receipt holders will receive forms of proxy printed by the Depositary Bank, which should be completed and returned in accordance with the instructions printed on the forms of proxy.





# NOTICE OF DIRECTION



DRDGOLD LIMITED  
(Formerly Durban Roodepoort Deep, Limited)  
(Incorporated in the Republic of South Africa)  
(Registration number 1895/000926/06)  
NASDAQ trading symbol: DROOY  
ARBN number: 086 277 616  
Share code: DUR  
ISIN: ZAE 000015079  
("DRDGOLD" or "the company")

## ► NOTICE OF DIRECTION

Holders of CHESS Depositary Interests ("CDI") should use this form of direction to direct CHESS Depositary Nominees Proprietary Limited ("CHESS") how to vote on the resolutions as detailed below. This CDI notice of direction gives your voting instructions to CHESS to enable them to vote the underlying shares on your behalf.

Name: \_\_\_\_\_

Address \_\_\_\_\_

To: CHESS DEPOSITARY NOMINEES PTY LTD

I/we being the holder of CDIs of the company direct CHESS to vote for me in respect of all the CDIs held in my name at the annual general meeting of DRDGOLD shareholders to be held on Friday, 04 November 2005 at EBSCO House 4, 299 Pendoring Avenue, Blackheath, Randburg, Gauteng, South Africa at 09:00 (South African time) and at any and all adjournments or postponements of that meeting. I direct CHESS to vote as follows:

(Please indicate with an "X" or tick in the appropriate space how you wish your votes to be cast).

	For	Against	Abstain
► <b>Ordinary business</b>			
1. To adopt the audited annual financial statements for the twelve months ended June 30, 2005			
2. To re-appoint the auditors in accordance with the company's articles of association			
3A To re-elect Mr RP Hume as a director of the company			
3B To re-elect Mr J Turk as a director of the company			
3C To re-elect Mr MM Wellesley-Wood as a director of the company			
► <b>Special business</b>			
<b>Ordinary resolution number 1</b> To place all unissued shares in the capital of the company under the control of the directors			
► <b>Ordinary resolution number 2</b> To authorise the allotment and issue of ordinary shares for cash			
► <b>Ordinary resolution number 3</b> To approve the issue of shares to directors in terms of the DRDGOLD (1996) Share Option Scheme pursuant to the exercise of options already granted			
► <b>Ordinary resolution number 4</b> To approve the issue of up to 500 000 options to non-executives directors in terms of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited.			
► <b>Ordinary resolution number 5</b> To approve the issue of up to 102 426 options to executive directors in terms of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited			
► <b>Ordinary resolution number 6</b> To ratify the issue of equity securities for the purpose of Rule 7.4 of the Listing Rules of the Australian Stock Exchange Limited			
► <b>Special Resolution no 1</b> To approve and ratify the allotment and issue of share options to non-executive directors in terms of the DRRGOLD (1996) Share Option Scheme and section 223 of the Companies Act, 1973 (Act 61 of 1973), as amended			
► <b>Special Resolution no 2</b> To approve the issue of share options to non-executive directors under the DRDGOLD (1996) Share Option Scheme			
► <b>Special Resolution no 3</b> To authorise the directors to allot and issue new ordinary shares in terms of section 82 (1) of the Companies Act, 1973 (Act 61 of 1973), as amended			
► <b>Special Resolution no 4</b> To authorise the directors to approve the acquisition by the company or its subsidiaries of its own shares			

and generally to act as my/our proxy at the said annual general meeting of DRDGOLD shareholders.  
(Tick whichever is applicable. If no directions are given your vote will be deemed invalid).

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2005

Signature/s \_\_\_\_\_

## NOTICE OF DIRECTION

► **Notes**

- 1 A CDI holder should instruct CHESS how to vote by indicating with an “X” in the appropriate spaces how the votes are to be cast.
- 2 A CDI holder may instruct CHESS to vote in respect of less than the total number of CDIs held by inserting the relevant number of CDIs in the appropriate box provided. All the votes need not be exercised, neither need all votes be cast in the same way, but the total of the votes cast may not exceed the total of the votes exercisable.
- 3 Any alteration or correction made to the notice of direction must be initialed by the signatory.
- 4 Each holder must sign this form. If your CDIs are held in joint names, all holders must sign/or (depending on the company's constitution) any one holder may sign. If you are signing as an Attorney, then the Power of Attorney must have been noted by the company's Australian Registry or a certified copy of it must accompany this form.
- 5 To be effective a completed CDI notice of direction must reach CHESS Depository Nominees Proprietary Limited, Computershare Investor Services Proprietary Limited, Level 2, 45 St George's Terrace, Perth Western Australia 6000 or GPO Box D182, Perth Western Australia 6840 at least 72 hours before the time appointed for the holding of the annual general meeting (which period excludes Saturdays, Sundays and public holidays).

## CONTACT DETAILS

### Directors

Dr Paseka Ncholo  
(Non-Executive Chairman)  
Mark Wellesley-Wood  
(Chief Executive Officer)  
Ian Murray (Chief Financial Officer)  
Douglas Blackmur  
(Independent Non-Executive)  
Geoff Campbell  
(Senior Independent Non-Executive)  
Rob Hume  
(Independent Non-Executive)  
James Turk  
(Non-Executive)

### Audit committee

Rob Hume (Chairman)  
Douglas Blackmur  
Geoff Campbell

### Remuneration and Nominations committee

Geoff Campbell (Chairman)  
Douglas Blackmur

### Risk Committee

Douglas Blackmur (Chairman)  
James Turk  
Mark Wellesley-Wood

### Company secretary

Themba Gwebu

### Auditors

KPMG Inc.

### Attorneys

Bowman Gilfillan Inc  
Franklyn Legal  
Skaddens, Arps, State,  
Meagher and Flom  
International  
O' Brien's Lawyers

### Bankers

The Standard Bank of South Africa  
Limited  
HSBC (Isle of Man)  
Bank West (Australia)  
Investec Bank Limited

### Address

EBSCO House 4  
299 Pendering Avenue  
Blackheath  
Randburg 2195

PO Box 390  
Maraisburg 1700  
Republic of South Africa  
Tel (+2 7 11) 219-8700  
Fax (+2 7 11) 476-2637

### Listing information

DRDGOLD ordinary shares are currently listed on the JSE Limited, 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 on the Frankfurt Stock Exchange, the Berlin and Stuttgart OTC markets as well as Euronext Brussels, in the form of International Depositary Receipts.

### Investor relations

Ilja Graulich  
E-mail: [ilja.graulich@za.drdgold.com](mailto:ilja.graulich@za.drdgold.com)

### Website

[www.drdgold.com](http://www.drdgold.com)

### Share transfer secretaries

Ultra Registrars (Pty) Limited  
11 Diagonal Street  
Johannesburg 2001  
Republic of South Africa  
Tel (+27 11) 832 2652  
Fax(+27 11) 834 4398

### United Kingdom registrars and bearer office

CAPITA IRG Plc The Registry  
34 Beckenham Road  
Beckenham, Kent  
BR3 4TU  
United Kingdom  
Tel (+44 20) 870 162 3100  
Fax(+44 20) 8639 2487

### United Kingdom secretaries

St James's Corporate Services Limited  
6 St James's Place  
London SW 1A 1NP  
United Kingdom  
Tel (+44 20) 7499 3916  
Fax (+44 20) 7491 1989

### French agents

Euro Emetteurs Finance  
48 Boulevard des Betignolles  
75850 Paris Cedex 17  
France  
Tel (+33 1) 5530 5900  
Fax (+33 1) 5530 5910

### Australian corporate registry

Computershare Investor Services Pty Limited  
Level 2, 45 St George's Terrace Perth  
Western Australia 6000 Australia

GPO Box D182 Perth  
Western Australia 6840 Australia  
Tel 1300 557 010 (within Australia)  
Tel(+ 61 3) 9615 5970 (outside Australia)  
Fax (+ 61 8) 9323 2033

### Australian agent

Sygnum Financial Services  
62 Colin Street West  
Perth  
Western Australia 6005  
Tel (+61 8) 9323 2000  
Fax (+ 61 8) 9323 2033

### Depository bank

The Bank of New York  
101 Barclay Street  
New York, New York 10286  
Tel (+1 212) 815 8223  
Fax (+1 212) 571 3050

### Operations

Blyvooruitzicht Gold Mining  
Company Limited  
PO Box 7001  
Blyvooruitsig 2504  
Tel (+27 18) 789 9030  
Fax (+27 18) 789 9166

Crown Gold Recoveries Limited  
Private Bag X9  
Crown Mines 2025  
Tel (+27 11) 248 9000  
Fax (+27 11) 835 2922

East Rand Proprietary Mines Limited  
PO Box 2227  
Boksburg 1460  
Tel (+27 11) 896 5129  
Fax (+27 11) 896 5120

Tolukuma Gold Mines Limited  
PO Box 5043 Baroko  
Papua New Guinea  
Tel (+ 675) 329 9277  
Fax (+ 675) 329 9262

Porgera Joint Venture  
C/o O' Briens Lawyers  
PO Box 389  
Port Moresby  
Papua New Guinea  
Tel (+675) 308 8300  
Fax (+ 675) 308 8399

DRD (Isle of Man) Limited  
66/67 Athol Street  
Douglas  
Isle of Man  
IM 99 2BJ



[www.drdgold.com](http://www.drdgold.com)

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299 Pendoring Avenue  
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Randburg

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Republic of South Africa

Tel: +27 (0)11 219-8700  
Fax: +27 (0)11 476-2637