DRDGOLD
LIMITED
we do what we say

Annual Report 2006

www.drdgold.com

Our vision

To be the gold investment of choice

www.drdgold.com

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;
- being committed to transparency and the fostering of trust;
- engaging with and respecting each other and people in the communities affected by our activities; and
- by always taking pleasure and satisfaction from what we achieve.

Profile

DRDGOLD Limited (DRDGOLD) is a medium-sized, unhedged gold producer with investments in South Africa and Australasia. Incontrovertibly bullish about its product, the company has recently concluded extensive refocusing of its gold interests in both geographical zones.

In South Africa, DRDGOLD has an 85% interest in DRDGOLD South African Operations (Pty) Limited (DRDGOLD SA), the balance of which is held by its Black Economic Empowerment (BEE) partner, Khumo Gold SPV (Pty) Limited (Khumo Gold). DRDGOLD SA wholly owns and operates the Blyvooruitzicht Gold Mining Company Limited (Blyvoor) and East Rand Proprietary Mines Limited (ERPM) gold mining operations and the Crown Gold Recoveries (Pty) Limited (Crown) surface re-treatment operation.

In Australasia, DRDGOLD has a 78.9% interest in Emperor Mines Limited (Emperor Mines), which owns and operates the Tolukuma gold mine in Papua New Guinea (PNG) and the Vatukoula gold mine in Fiji. Emperor Mines also has a 20% stake in the Porgera Joint Venture in PNG, managed by Barrick Gold Corporation.

In the 2006 financial year (FY06), DRDGOLD SA contributed some 315 976 ounces (oz) – some 60% – of DRDGOLD's total attributable gold production of 527 401 oz, and Emperor Mines 211 425 oz, or 40%. At 30 June 2006 DRDGOLD's total attributable resource base was 47.645 million ounces (Moz) and its total attributable reserves were 8.833 Moz. Some 40.637 Moz of total attributable resources, or 85%, were in South Africa and the balance in Australasia. Some 6.682 Moz of total attributable reserves, or 76%, were in South Africa and the balance in Australasia.

The company is well positioned operationally and in terms of its growth strategy to benefit from the strengthening of the gold price, and thus, to continue to deliver value to all of its shareholders.

DRDGOLD has a primary listing on the JSE Limited (JSE) and secondary listings on the NASDAQ Capital Market (NASDAQ) and the London Stock Exchange.

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 our company 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 the 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 DRDGOLD or difficulties in maintaining necessary licences or other governmental approvals, changes in DRDGOLD's competitive position, changes in business strategy, any major disruption in production at 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 2005, which we filed with the United States Securities and Exchange Commission on 15 December 2005 on Form 20-F. 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.

AUSTRALASIA

2006 highlights

- Three-mine strategy in place
- Growing reserve platform of 2.1 Moz
- Exploration division created

Porgera Joint Venture
Ownership: 20% held by Emperor Mines
Location: 600 km north-west of Port Moresby, Papua New Guinea
Type of operation: open-pit and underground
Infrastructure: an open pit; underground working with a footwall haulage decline/incline system; mill plant
Gold production in FY06: 128 238 oz
Average cash operating costs in FY06: US$280/oz
Reserves: 1.278 Moz (attributable)
Resources: 2.118 Moz (attributable)
Number of employees (including contractors): 2 389

Tolukuma
Ownership: 100% held by Emperor Mines
Location: 100 km north of Port Moresby, Papua New Guinea
Type of operation: open-pit and underground
Infrastructure: an open pit; underground workings; mill plant
Gold production in FY06: 54 790 oz
Average cash operating costs in FY06: US$564/oz
Reserves: 0.195 Moz (attributable)
Resources: 0.446 Moz (attributable)
Number of employees (including contractors): 635

Vatukoula
Ownership: 100% held by Emperor Mines
Location: north-west of main island (Viti Levu), Fiji
Type of operation: underground and occasional small-scale, open-cut mining
Infrastructure: four shafts; metallurgical plant; tailings deposition facilities
Gold production in FY06: 28 397 oz (attributable)
Average cash operating costs in FY06: US$595/oz
Reserves: 0.678 Moz (attributable)
Resources: 4.444 Moz (attributable)
Number of employees (including contractors): 1 837

SOUTH AFRICA

2006 highlights

- 25% increase in production
- High capex – R292 million over three years
- New opportunities at all operations

ERPM

Ownership: 100% held by DRDGOLD SA
Location: 25 km to the east of Johannesburg
Type of operation: underground and surface re-treatment
Infrastructure: three shaft complexes, one of which is being mined. One is used for hoisting and the third for pumping; metallurgical plant; tailings deposition facilities
Gold production in FY06: 80 324 oz (attributable)
Average cash operating costs in FY06: US$471/oz
Reserves: 1.003 Moz (attributable)
Resources: 14.091 Moz (attributable)
Number of employees (including contractors): 2 202

Crown

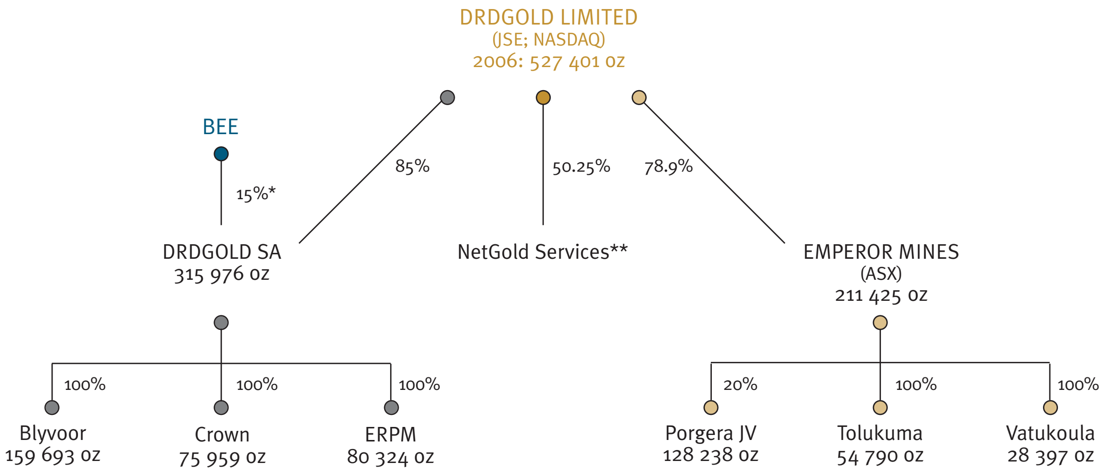
Ownership: 100% held by DRDGOLD SA
Location: Crown, 3 km to the south; City Deep, 6km to the south-east; and Knights, 20km to the east of Johannesburg
Type of operation: surface re-treatment
Infrastructure: three metallurgical plants; tailings deposition facilities
Gold production in FY06: 75 959 oz (attributable)
Average cash operating costs in FY06: US$432/oz
Reserves: 0.424 Moz (attributable)
Resources: 3.497 Moz (attributable)
Number of employees (including contractors): 971

Blyvoor

Ownership: 100% held by DRDGOLD SA
Location: south of the town of Carletonville
Type of operation: underground and surface re-treatment
Infrastructure: three surface complexes with their related sub-shafts and focused mining areas; one metallurgical plant; tailings deposition facilities
Gold production in FY06: 159 693 oz
Average cash operating costs in FY06: US$476/oz
Reserves: 5.255 Moz
Resources: 23.049 Moz
Number of employees (including contractors): 4 520

DRDGOLD LIMITED AT A GLANCE

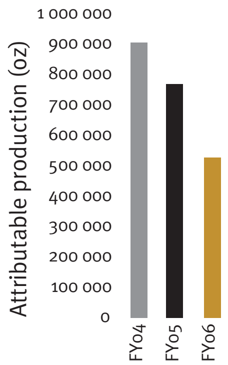
www.drdgold.com



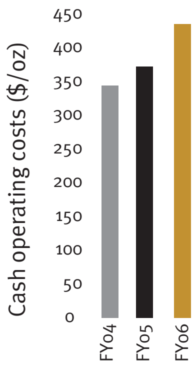
* option to increase to 26%.

** DRDGOLD Limited has a 50.25% in NetGold Services, an affiliate of GoldMoney.com, an internet company through which gold can be bought and sold.

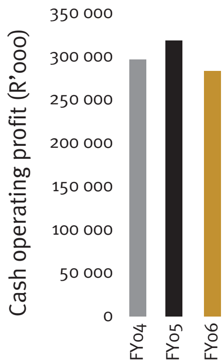
Gold production (oz)



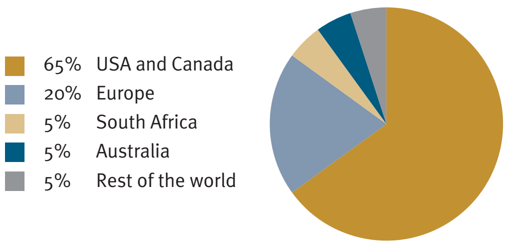
Cash operating costs ($/oz)



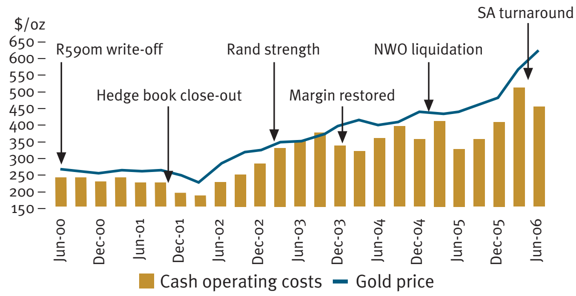
Cash operating profit (R'000)



DRDGOLD shareholders



Margin management



Contents

FINANCIAL
HIGHLIGHTS

			2006	2005	% CHANGE
GOLD					
Attributable production	- total operations	(thousand ounces)	527	769	(31)
	- continuing operations	(thousand ounces)	527	569	(7)
Attributable production	- total operations	(thousand kilograms)	16	24	(31)
	- continuing operations	(thousand kilograms)	16	18	(7)
Average spot price		(US$ per ounce)	526	421	25
Average spot price		(R per kilogram)	108 623	84 304	29
Average price received		(US$ per ounce)	539	423	27
Average price received		(R per kilogram)	111 319	84 690	31
Average cash cost	- total operations	(US$ per ounce)	466	375	24
	- continuing operations	(US$ per ounce)	466	313	49
Average cash cost	- total operations	(R per kilogram)	96 228	75 109	28
	- continuing operations	(R per kilogram)	96 228	62 579	54
FINANCIAL					
Revenue	- total operations	(US$ million)	248.9	268.2	(7)
	- continuing operations	(US$ million)	248.9	185.1	34
Revenue	- total operations	(R million)	1 600.0	1 668.6	(4)
	- continuing operations	(R million)	1 600.0	1 151.9	39
Gross profit	- total operations	(US$ million)	3.9	1.1	260
	- continuing operations	(US$ million)	3.9	22.8	(83)
Gross profit	- total operations	(R million)	25.1	6.2	306
	- continuing operations	(R million)	25.1	141.4	(82)
Loss before tax	- total operations	(US$ million)	(16.9)	(95.5)	82
	- continuing operations	(US$ million)	(16.9)	(38.3)	56
Loss before tax	- total operations	(R million)	(108.4)	(594.5)	82
	- continuing operations	(R million)	(108.4)	(238.1)	54
Loss for the year	- total operations	(US$ million)	(17.8)	(87.6)	80
	- continuing operations	(US$ million)	(20.7)	(40.8)	49
Loss for the year	- total operations	(R million)	(114.5)	(544.8)	79
	- continuing operations	(R million)	(132.8)	(253.6)	48
Basic loss per share	- total operations	(US$ cents)	(6)	(34)	84
	- continuing operations	(US$ cents)	(6)	(16)	59
Basic loss per share	- total operations	(R cents)	(35)	(211)	83
	- continuing operations	(R cents)	(41)	(98)	58
Total assets		(US$ million)	414.0	224.3	85
Total assets		(R million)	3 010.1	1 499.4	101
Net asset value per share		(US$ cents)	44	24	79
Net asset value per share		(R cents)	317	163	95
RESERVES AND RESOURCES					
Attributable ore reserves		(million ounces)	8.8	6.6	33
Attributable mineral resources		(million ounces)	47.6	36.6	30
SHARE STATISTICS					
Market price per share[1]		(US$)	1.37	0.88	56
Market price per share[1]		(R)	10.00	5.69	76
Ordinary shares in issue[1]			320 035 078	296 206 048	8
Market capitalisation[1]		(US$ million)	438	261	68
Market capitalisation[1]		(R million)	3 200.4	1 685.4	90
EXCHANGE RATES					
United States Dollar	Average rate	(R:US$)	6.4284	6.2219	3
	Closing rate	(R:US$)	7.2701	6.6840	9
Australian Dollar	Average rate	(R:A$)	4.8071	4.6838	3
	Closing rate	(R:A$)	5.3080	5.0932	4
Papua New Guinean Kina	Average rate	(R:K)	2.1923	1.9823	11
	Closing rate	(R:K)	2.5480	2.1456	19

(1) At 30 June

CHAIRMAN'S
LETTER TO SHAREHOLDERS

Dear shareholder

A 40% rise in the gold price during the year under review has made a significant difference to the outlook for our industry. Having been in this business for the past 111 years, DRDGOLD has considerable experience of both the good and the bad times. The financial risks and difficulties of operating when the gold price is low are obvious but now we must be ready to meet the challenges and opportunities of working in a high gold price environment. I am happy to be able to report that your company is in a good position to take advantage of the higher gold price.

It may seem strange to talk about the challenges of operating in a high gold price environment, as these conditions should make life much easier for any company mining gold. However, this is not always the case. The rise in the gold price has been accompanied by a rise in many of mining input costs, in particular energy and raw materials. This is not surprising since the prices of gold and of general commodities tend to move in the same direction. However, many of our competitors chose to sell forward their gold production and now have to deal with a low fixed gold price and rising costs. For many years DRDGOLD has maintained a no-hedging policy and, as a result, we are able to benefit fully from the higher gold price.

In every respect, DRDGOLD is re-focused, re-energised and well positioned to benefit from gold's recovery, not least in terms of human expertise and experience. We look forward to a year filled with promise

The higher gold price has helped DRDGOLD report a 30% increase in attributable ore resources during the year under review, which illustrates our substantial gearing to a higher gold price. We firmly believe that a no-hedging policy, combined with continual operating improvement, is the best way to maximise the return on gold assets over the long term.

Operating old, deep-level mines in South Africa, along with specific issues related to the re-engineering of Emperor Mines' Vatukoula mine, have presented the group with challenges in the past year. Our focus will continue to ensure that the operations perform at the optimal level for sustained long-term profitability for the benefit of our shareholders, the communities in which we operate and our stakeholders at large.

Recent restructuring has created a company with fit-for-purpose subsidiaries in South Africa and Australasia. The South African mines are in a black economic empowerment partnership with Khumo Gold and the Australasian operations are now part of our 78.9% owned subsidiary, Emperor Mines. These two regionally based subsidiaries have strong management teams with essential local knowledge and experience.

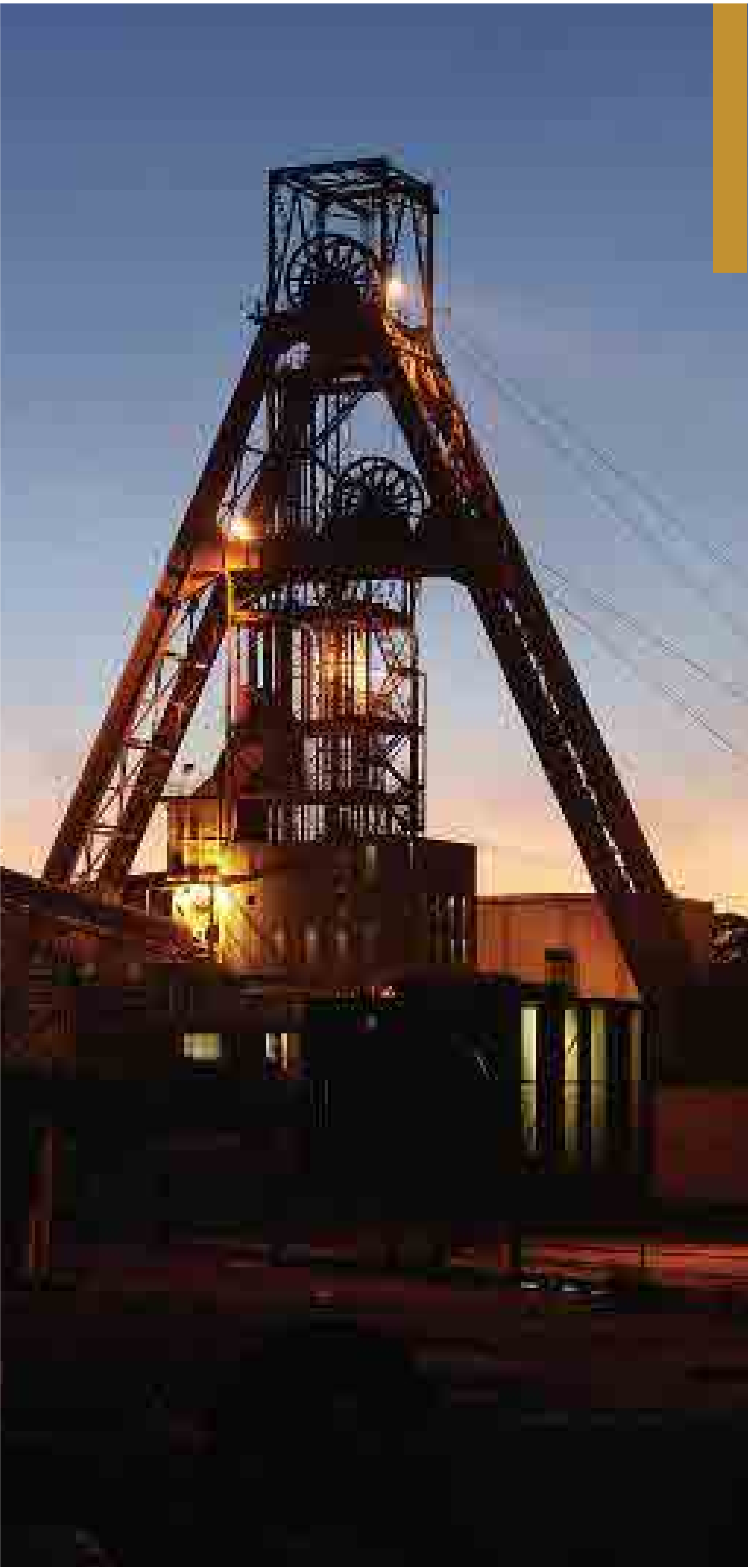
This regional focus is strengthened by the core company that provides cross-functional synergies, and financial and operational support where required.

Through the restructuring, we have developed a balanced portfolio of assets. The mature, deep-level mines in South Africa still have a significant resource base, especially as the gold price rises, and there are many opportunities to add substantial value. Not only are these mines sensitive to the gold price but also to cost, and we must continue to work with our suppliers to minimise the negative impact of rising costs on the operations. Balancing these assets are Emperor Mines' newer, shallower mines in PNG; both in PNG and in Fiji there is considerable exploration potential.

Refocusing DRDGOLD and setting it on a clear path forward would not have been possible without the commitment and dedication of many people – it was indeed a tremendous team effort. In particular I should like to acknowledge the contribution made by all our employees working both for the company and for its subsidiaries during the past year.

In every respect, DRDGOLD is re-focused, re-energised and well positioned to benefit from gold's recovery, not least in terms of human expertise and experience. We look forward to a year filled with promise.

Geoffrey Campbell
Chairman
17 October 2006



CEO'S
REVIEW

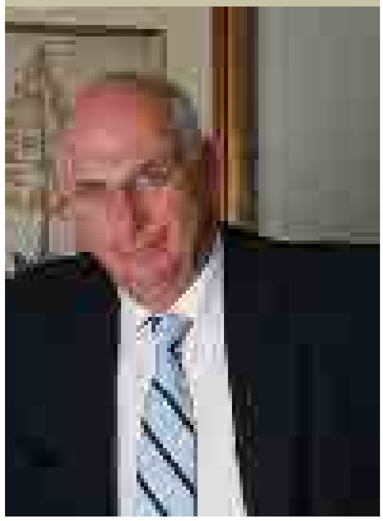
It is very likely that, when the history of DRDGOLD is written one day, the 2006 financial year will be described as something of a watershed. During the past 12 months, the company has undergone a major change which has led to the creation of DRDGOLD SA; the Australasian assets have been consolidated into Emperor Mines through a reverse listing; and black economic empowerment BEE partner Khumo Gold has acquired a 15% stake in DRDGOLD SA, making DRDGOLD compliant in terms of the ownership at operational level requirement of the South African Mining Charter. Through this re-organisation and a streamlining of operations, DRDGOLD has achieved a solid platform for growth. The year under review has been exceptionally challenging but at the same time hugely exhilarating and rewarding, and we end the period feeling optimistic about the future.

SAFETY AND HEALTH

It is with deep regret, however, that I must acknowledge the death of seven employees in work-related accidents during the year. This is fewer compared with previous years (10 employees died in FY05), but it remains a completely unacceptable performance. Zero fatalities remain our target.

Those who died were Enoque Matues Mapossa and Castigo Nhuzuane, both employees at Blyvoor; ERPM employees Alfonso Magumane, Phalali Silase and Samuel Majoyisa, and Sharveen Prasad and Sireli Mansawa, who worked at Vatukoula.

The performance of the gold market is a vindication of DRDGOLD's long-held view that the metal is primarily an investment vehicle



We are deeply saddened by their deaths and extend our condolences to their families, friends and colleagues. DRDGOLD will continue to strive to better manage the risks that lead to this kind of tragic and unnecessary loss.

There can be no doubt that changing people's behaviour is integral to securing a safe working environment. To this end, Blyvoor and ERPM have ongoing safety campaigns in place and there is a quarterly safety competition in which the South African underground operations participate.

Another key element is to have ways of measuring performance to determine strengths and weaknesses. The risk barometer method of determining the amount of risk that employees are exposed to has been implemented successfully on all operations both in South Africa and in Australasia, while a major group-wide risk assessment audit, which began in FY04, is in the process of being finalised. From this, DRDGOLD will be able to gain an in-depth understanding of all risk factors and develop appropriate steps to manage these.

We are particularly proud of Blyvoor, which won the West Rand Mine Managers' Association Inter-mine Safety Competition for the eighth consecutive year. The competition, based on the Lost Time Injury Rate, recognises the best rate per million man-hours in a calendar year.

In terms of the occupational diseases associated with the gold mining industry such as tuberculosis (TB), noise-induced hearing loss and silicosis from exposure to dust, the focus continues to be on prevention, detection, treatment and, where applicable, on compensation.
The belief nowadays, and rightly so, is that employees in the gold mining industry are entitled to enjoy good health and to live for many years after they retire. In line with this thinking, more and more attention is being given to occupational health issues. While we welcome these developments it should be noted that they present very real challenges, particularly with regard to the South African operations where ageing infrastructure places limitations on what can be achieved in applying more stringent procedures.

DRDGOLD remains committed to the philosophy that during the course of business no activities are undertaken that may compromise the health and safety of its employees.

GOLD MARKET

If FY06 has been eventful for DRDGOLD, it has been momentous for the gold market which reached a 26-year high of US$730/oz on 12 May. Of course, the metal started climbing more than five years ago, recording yearly increases of 22% and 23% along the way, but in the first half of 2006, when the price soared from US$550/oz to over US$700/oz in a matter of weeks, a gain of 37% was recorded.

There was a considerable correction after that, but the price started trending upwards again in June and there is no reason to doubt that it will rise further.

The performance of the gold market is a vindication of DRDGOLD's long-held view that the metal is primarily an investment vehicle. It is a source of some satisfaction that so much of what we predicted has come true. This company has been a fairly vociferous critic of the World Gold Council (WGC), sceptical of the value of its marketing initiatives because of our firm belief that gold is money first and foremost, and that jewellery has only a minor role to play in influencing the market.

Indeed, one of the reasons for the significant rise in the gold price has been the phenomenal growth in Exchange Traded Funds (ETFs), securities that allow investors to buy and sell gold in the form of listed paper without the trouble of storing or insuring the product. These funds now hold some 16.6 Moz of gold in vaults – that is almost double the annual gold output (10.5 Moz in 2005) of South Africa, the world's biggest gold producer.

Stated in different terms, ETFs accounted for 5.2 Moz, or 11.1% of the 46.7 Moz of gold bought by investors in 2005. These investment vehicles have facilitated institutional investors' move into gold, bringing a new group of players into the market. Gold is back in portfolios, achieving the kind of value balance that the central banks were so against a decade ago.

DRDGOLD has supported the growing trend to expand gold ownership and accessibility through its investment in the internet-based gold investment company, NetGold Services, which now holds gold and silver in circulation to the value of around US$157 million. It is pleasing to note that the value of DRDGOLD's stake has doubled since it was acquired two years ago.

That DRDGOLD does not hedge its gold production means that it is well placed to take advantage of a bull market. Since the closure of its gold hedge book in July 2002, the company has been able to receive the full spot price from its gold sales. This makes it the share of choice for gold 'bugs', enabling them to derive the maximum benefit from rises in the bullion price. Trading figures for DRDGOLD shares and American Depository Receipts (ADRs) tell the story. In 2005, the turnover of issued shares was 400%; the average number of shares traded daily on NASDAQ was 2.8 million while on the JSE Limited it was 292 000. In comparison with those of other companies, DRDGOLD's ADRs trade seventh highest in the world.

The potential for further appreciation in the gold price has never been so promising. It was only in September 2005 that the gold price started to rise in non-dollar terms, so in real terms the gold rally, as opposed to the trend in dollar depreciation, has only just begun.

Today, the gold portfolio appears to be the choice of the prudent, the dollar the option of the profligate

There are several reasons for this view. The first is that the United States currency comprises 75% of global reserves. Now, after the massive increase in deficit spending in the United States, the rest of the world is left holding dollars. In some cases there is no wish to retain them, in others they are surplus to requirements for trade. Today, the gold portfolio appears to be the choice of the prudent, the dollar the option of the profligate. The growth in ETFs illustrates the point.

The second is that gold is still relatively cheap compared with other asset classes. In contrast to equities and other commodities such as oil, gold is still a defensive investment and relatively under-priced.

The third, as all gold mining companies are coming to realise in increasing numbers, is that gold is scarce. Deposits are getting deeper and less accessible while energy and labour costs are rising. Given these factors, the industry has been unable to replace its reserves and mine output is set to decline further despite the higher dollar price.

When all aspects are taken into account, there are many more reasons to be bullish than bearish. At DRDGOLD we have great confidence that this gold market will continue to run.

STRATEGY

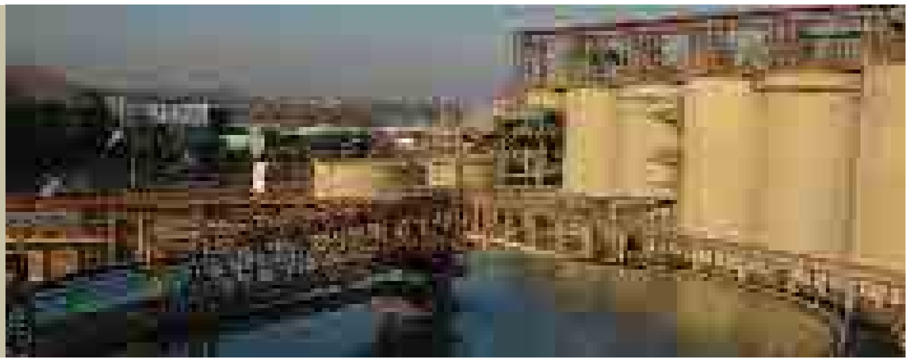
With the refocusing of the company, DRDGOLD now has shareholdings in two stand-alone businesses: 85% in DRDGOLD SA and 78.9% in Emperor Mines. The separation of the South African and Australasian operations has given each sector the opportunity to become focused entities, benefiting from the synergies arising out of the consolidation of regional assets.

DRDGOLD SA

In DRDGOLD SA great emphasis has been placed on addressing operational problems. At Blyvoor, the decision was taken to move out of seismically active areas. Although grades will be lower, the mine is now on track to achieve and maintain its targeted 70 000 tonnes a month. Nearly R100 million was spent during FY06 on development and replacement of infrastructure across the operations. These measures, together with the decision to increase gold production from tailings re-treatment facilities, have enhanced DRDGOLD SA's competitive position.

The company's strategy has several facets, one of the most important of which is to raise still further the contribution (currently 50%) that gold from surface sources makes to the production total. There are sound reasons for this: not only are these surface operations less risky than deep-level mining, their costs are substantially lower, at around R80 000 per kilogram, and margins consequently much higher.

Another major focus is to increase gold resources through new projects such as the Sallies and Argonaut prospecting areas adjacent to ERPM as well as through acquisitions, should



viable and cost-effective propositions be identified. While these goals are being pursued, management will continue to give high priority to operational improvements and cost containment initiatives.

The cutting of the cord with Australasia has demonstrated that DRDGOLD SA can function effectively on its own. It does not need to be propped up or to be rescued. The company has generated a strong cash flow, much of which has been re-invested while the growth projects indicate sustainability well into the future.

EMPEROR MINES

The absorption of all of DRDGOLD's Australasian assets into Emperor Mines has elevated that company to the position of fourth largest gold producer listed on the Australian Stock Exchange. This has enabled Emperor Mines to attract the right management to take its business to the next stage of its development, both through organic growth and acquisition. It is pleasing to reflect that DRDGOLD is one of the few South African companies to have created a successful offshoot in Australia.

Emperor Mines' operations have had their fair share of infrastructural challenges in the year under review but these have been tackled with determination. At year end, remediation of the west wall cutback at Porgera was 60% complete and mining of ore in the pit is expected to begin later in calendar 2006. At Tolukuma, the susceptibility of current mining areas to flooding is expected to be substantially relieved by an upgrade of pumping infrastructure, and greater mining flexibility overall is expected to result from the development of new production areas along the newly discovered Zine structure. At Vatukoula, implementation of both a new mine plan focused on high-grade Philip Shaft sources and the new Accelerated Development and Training Programme is intended to result in a significant performance turnaround. In essence, all three operations are well positioned for 2007.

In terms of its strategy the new Emperor Mines team has set itself some tough targets. Firstly, it has set out to strengthen the company's position as the fourth largest producer in Australia. Secondly, the aim is for Emperor Mines to become a 'must hold' for gold investors by growing production by 100 000 ounces a year to become a 350 000-ounce-a-year producer in 2007. The company seeks to achieve these goals by identifying and acquiring further operating mines in the Australasia-Pacific region and through an ambitious brown- and greenfields exploration programme. To bolster its performance, Emperor Mines is seeking to lower its average cash costs and will continue winding down its hedging programme to maximise its exposure to the gold price.

DRDGOLD

Through the splitting of the company's South African and Australasian operations, the structure of DRDGOLD has been simplified, providing shareholders with valuation transparency. Apart from the activities surrounding the restructuring exercise and the BEE transaction, much effort in FY06, as will be clear from what has been said so far, was concentrated on attending to difficulties at the operational level.

Having addressed these fundamentals and strengthened its base, DRDGOLD is in a good position to pursue expansion. This has not formed a significant part of the company's business until recently. Indeed, we were known as a rescuer of struggling South African mines, a turnaround agent rather than an agent for growth. As we have improved the quality of our asset portfolio and become less of a marginal operator, we have been able to focus more of our cash flow into our existing orebodies and into discovering new deposits.

Central to DRDGOLD's strategy is growth, seeking to replace ounces at the lowest cost possible. Never before has this company had so many drills 'turning' in South Africa and abroad and this drilling will continue at full throttle for at least the next 12 months. There are excellent opportunities particularly in the Pacific Rim where, through Emperor Mines, we hold very large land positions.

We believe that DRDGOLD is seriously undervalued in the market. Given the company's offshore gold vehicle, its minimal debt, its liquidity, its 'no hedging' policy in a gold bull market and its promising growth prospects, we are setting our sights on achieving a market re-rating. This will not be before time.

CEO'S REVIEW

RELATIONSHIPS WITH GOVERNMENTS

At the end of an eventful year, it is opportune to acknowledge the assistance and co-operation that DRDGOLD has received from the governments of the countries in which it has operations.

In South Africa, the company was granted prospecting rights for the Sallies and Argonaut prospecting areas under the new Mineral and Petroleum Resources Development Act of 2002. These applications were very efficiently handled by the Department of Minerals and Energy and DRDGOLD was delighted with the short turnaround time.

In Fiji, the Accelerated Development and Training Programme I have already mentioned, involves employees undergoing a comprehensive assessment and retraining exercise to equip them with the skills they will require as the mine enters another phase of its long life. The Government of Fiji has supported the programme by making a grant of F$300 000 to the Workers' Relief Fund. Although the mine has always had cordial relations with the government, this is the first time that a financial commitment of this nature has been made. It suggests that the government appreciates the role that Vatukoula, the country's second largest private employer, plays in the economy of Fiji.

In PNG there is a close relationship between the mining ministry and the company which is of great value to both parties. Whether the issue is about permits or supplying information to third parties, DRDGOLD has always enjoyed support from the ministry and is grateful for its pragmatic approach. It has certainly made it easier for the company to do business in that country.

If you get 'the right people' on board 'the right bus' and in 'the right seats', you will have a happy busload

RISK MANAGEMENT

DRDGOLD takes the issue of risk management seriously and has employed third-party consultants, International Mining Industry Underwriters (IMIU), for the past five years to benchmark its operations against others throughout South Africa and more than 300 different mining companies worldwide. The mining risk assessment model used by IMIU focuses on three chief areas: the adoption of risk reduction measures; the maximum foreseeable loss; and the risk exposure profile.

The latest survey was completed in the first quarter of 2006 and the results are encouraging. Scores for the operations in terms of their risk reduction initiatives ranged from 70% to 78%. In a comparison of the numbers of risks present in a company, DRDGOLD, when measured against eight peers in the gold mining industry, ranked second-best. A matrix prepared to illustrate the insurance competitiveness of DRDGOLD's mining operations compared with other mining operations around the world shows the company's position to be in the acceptable zone of the insurability index.

The losses suffered after the earthquake at the former North West Operations in March 2005 showed that these assets had been under-insured and illustrated the need for a re-evaluation of all the company's properties to bring them in line with replacement values. DRDGOLD commissioned a company to carry out this valuation exercise in the year under review. The brief was to estimate the new capital replacement value of the infrastructure as well as the costs associated with recovery programmes. This exercise has been completed which means that DRDGOLD SA is in a more secure financial position in the event of a major incident at one of its operations.

STAFF RETENTION

There is a war for talent these days and it is a competitive threat that almost all business concerns have to face. Mining companies are particularly vulnerable because there is a dearth of mining engineers and geologists – the pipeline is just not filling up at present. That aside, the resources sector is booming so capable people are being lured from their positions with attractive offers.

We are pleased that our workforce has remained stable in South Africa and that we have been able to attract new talent in Australia. Nevertheless, we have recognised the need to work at retaining our existing employees. Our human resources division has undergone a substantial overhaul in the past 18 months, with all aspects revamped, from remuneration and reward schemes to career development programmes. We want to empower people who work for DRDGOLD to reach fulfilment in their careers and in so doing to make a contribution to the company achieving its goals.

In terms of keeping staff, we firmly believe that it is not all about pay. It has much to do with how people are treated. The onus on the company is to select employees carefully, making

sure that the positions they are being put into are suited to their abilities, their personalities and their interests. If you get 'the right people' on board 'the right bus' and in 'the right seats', you will have a happy busload.
It sounds simple but of course it is one of the most difficult things to achieve.

The upliftment of employees is particularly important in South Africa where so much lost ground has still to be made up in the wake of apartheid. To help address this at DRDGOLD SA, a leadership group comprising predominantly Historically Disadvantaged South African (HDSA) employees has been established. The members receive individual coaching and mentoring from senior managers and from experts outside the company with a view to furthering their careers within the company.

With regard to current senior management, John Sayers, who has been Finance Director at a number of South African corporations, joined DRDGOLD last year as Chief Financial Officer. In Australia, we were fortunate to recruit Brad Gordon as Chief Executive Officer and Clyde Moore as Chief Financial Officer of Emperor Mines. Brad, who came from the former Placer Dome, has had senior experience at the Porgera and Vatukoula mines. Clyde has had a long career in investment banking, most recently at the Australian and New Zealand Banking Group (ANZ). Under their leadership, talented Australasians are now joining the staff of Emperor Mines, turning it into a company better geared up to do business in the Australasian market.

It is always heartening when existing employees are promoted to senior positions. A case in point is Niel Pretorius who was appointed Group Legal Counsel in early 2003 and is now the Chief Executive Officer of DRDGOLD SA; another is Craig Barnes, previously Group Financial Accountant for DRDGOLD, who is now an executive director of DRDGOLD SA and that company's Chief Financial Officer.
We look forward to seeing more 'rising stars' in the years to come.

LOOKING AHEAD

We end FY06 with a sense of achievement. We have created two fit-for-purpose business entities which provide sound building blocks for DRDGOLD going forward.
The amalgamation of the South African operations prepared the way for our BEE deal which was concluded at fair value and met all the requirements of the South African Mining Charter for equity participation, essential for the conversion of the company's mineral rights under South Africa's new mining legislation. It has also laid the foundation for Khumo Gold to acquire a further stake in DRDGOLD SA (up to 26%) which would make the company compliant in terms of the Mining Charter's equity requirements until 2014.

Having concluded these transactions, DRDGOLD is now considering how to build a third business in Africa along similar lines. The former General Manager of Blyvoor, Mark Munroe, has been given the task of leading this new business initiative. It took four years to reach our goals in Australasia; we expect the results may be faster in Africa.

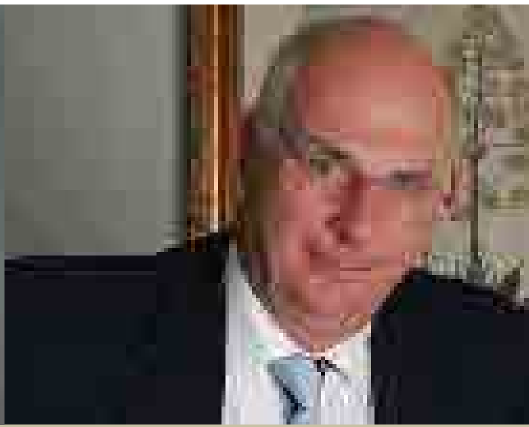
DRDGOLD's current operations are less marginal than before and are now on a more secure footing. The upshot is that they have recorded better results in FY06 – financially, operationally and from a safety perspective. They also offer the potential for expansion.

All of these developments, along with a slightly weaker rand and a high gold price, are promising for FY07. A note of caution must be sounded, however. South Africa's fluctuating exchange rate makes it not only difficult to manage a business but hazardous because it means that long-term planning is very difficult. The violent swings in the value of the Rand in the past five years or so have probably damaged the South African economy as a whole.
The country needs to export to earn foreign currency and to do so it needs a competitive exchange rate.
The recovery of countries in South-east Asia since the late 1990s shows what can be achieved with greater liberalisation and more competitive exchange rates.

The Wits Basin remains a significant asset and South Africa still has an important role to play in developing future gold reserves. DRDGOLD's reserves at depth are one of the best untapped sources to meet the expected gold shortfall in the future. The company will be there to participate in this, provided the right economic conditions are created.

Mark Wellesley-Wood
Chief Executive Officer
17 October 2006

DIRECTORS



Geoffrey Campbell (45)
BSc (Geology)

Non-executive Chairman
Member: Remuneration and Nominations Committee and Audit Committee

Geoffrey Campbell was appointed a non-executive director in 2002, a senior independent non-executive director in December 2003 and as Non-executive Chairman in October 2005.

A qualified geologist, he has worked on gold mines in Wales and Canada. He then spent 15 years first as a stockbroker and afterwards as a fund manager, during which time he 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. Geoffrey is Managing Director of Boatlaunch Limited and a director of Oxford Abstracts. On 26 June 2006, he was appointed Non-executive Chairman of Emperor Mines Limited.

Mark Wellesley-Wood (54)
BSc (Mining Engineering)

Chief Executive Officer
Member: Risk Committee

Mark 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, when Dr Paseka Ncholo was appointed as Non-executive Chairman, he resumed his role as Chief Executive Officer (and has remained in this position since Geoffrey Campbell became Non-executive Chairman in October 2005).

Mark holds a Bachelor of Science degree in Mining Engineering from the Royal School of Mines, Imperial College, London and a Postgraduate Diploma in Business Studies from London Metropolitan University. He is a chartered engineer, a member of the Institution of Mining and Metallurgy, a former member of the London Stock Exchange, a fellow of the Securities Institute and a member of the Society of Investment Professionals. He resigned as a director of Emperor Mines Limited on 26 June 2006.

John Sayers (60)
BSc (Hons) CA (SA and UK)

Chief Financial Officer

John Sayers was appointed as Chief Financial Officer on 5 September 2005. He has almost 40 years of financial experience, most recently as Financial Director of Nampak Limited, from 1996 to 2004, and as Financial Director of Altron Limited, from 1989 to 1996.

With a Bachelor of Science (Hons) degree in Econometrics and Statistics, John qualified as a chartered accountant in both England and South Africa.

Robert Hume (66)
CA (SA)

Non-executive director
Chairman: Audit Committee

Robert Hume was appointed a non-executive director in 2001.

He has 41 years' experience in the auditing field of which the last 18 were spent as a partner in the East London (South Africa) office of KPMG. Since retirement in 1999, he has spent seven years as Investment Manager at Sasfin Frankel Pollak in East London. Robert is also a director of King Consolidated Holdings Limited.

Douglas Blackmur (62)
PhD (Industrial Relations)

Senior Independent Non-executive director
Chairman: Risk Committee
Chairman: Remuneration and Nominations Committee
Member: Audit Committee

Douglas Blackmur was appointed as a non-executive director in October 2003.

He holds a PhD in Industrial Relations from the University of Queensland and has a career which spans more than 35 years, primarily in the fields of management, corporate governance and research. He currently holds the position of Professor Extraordinary at the University of the Western Cape.

James Turk (59)
BA (International Economics)

Non-executive director
Member: Risk Committee

James Turk was appointed a non-executive director in October 2004. He is the founder and a director of GM Network Limited (GoldMoney.com), the operator of a digital gold currency payment system. Since graduating from George Washington University with a BA degree in International Economics in 1969, he has specialised in international banking, finance and investments.

After starting his career with The Chase Manhattan Bank (now JP Morgan Chase), James joined RTB Inc, the private investment and trading company of a prominent precious metals trader in 1980. He moved to the United Arab Emirates in 1983 as Manager of the Commodity Department of the Abu Dhabi Investment Authority. Since resigning from this position in 1987, he has written extensively on money and banking.

MANAGEMENT

CORPORATE

JACOB (KOBUS) DISSEL (48)
Group Financial Manager

Kobus Dissel, who holds a BCom (Hons) degree, joined DRDGOLD as Group Financial Manager in October 1999 from AngloGold, where he was financial manager responsible for financial systems. He has 23 years' experience in the mining industry.

ILJA GRAULICH (34)
Group Strategic Development Officer

Ilja Graulich, who joined DRDGOLD in February 2003 as General Manager: Investor Relations, was appointed Group Strategic Development Officer in January 2006. He is a former financial journalist and has seven years' experience across a number of media sectors. Ilja, who has an MBA, is a director of Net Gold Services Limited, GM Network Limited, Emperor Mines Limited, and an alternate of Rand Refinery Limited.

THEMBA GWEBU (42)
Company Secretary

Themba Gwebu, (BJuris, LLB, LLM) is a qualified attorney who worked as a magistrate prior to joining DRDGOLD in April 2004 as Assistant Legal Adviser. He was appointed Company Secretary in April 2005.

AMANDA HOOSEN (28)
Manager: Internal Audit & Compliance

Amanda Hoosen joined DRDGOLD in her current position in October 2004. A graduate in Accounting and International Business from Drexel University in the United States, and a certified public accountant, she was previously employed in the United States by Cox Enterprises Incorporated and by Ernst and Young, LLP.

MARK MUNROE (37)
Chief Executive Officer: DRDGOLD Capital

Mark Munroe joined DRDGOLD in 2002 and was appointed General Manager at Blyvoor in September 2004. Prior to this, he was Manager: New Business and Growth Projects. A BCom graduate, Mark 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 20 years of experience in the mining industry. Mark was appointed as Chief Executive Officer of DRD Capital Limited in July 2006.

ANDREW WEIR (42)
Group Strategic Manager: Human Resources

Andrew Weir holds a BSoc Sci degree and a diploma in Advanced Labour Law, and he has also completed a Management Development Programme (MDP). He was appointed a director of DRDGOLD SA in January 2006. Andrew has 18 years' experience in the mining industry.

SOUTH AFRICA

CRAIG BARNES (36)
Chief Financial Officer: DRDGOLD SA

Craig Barnes joined DRDGOLD in August 2004 as Group Financial Accountant. A chartered accountant, he has a BCom degree from the University of the Witwatersrand (Wits University), and a BCom (Hons) degree from the University of South Africa (Unisa). Prior to joining DRDGOLD, he was head of financial reporting for Liberty Group Limited and he has over eight years' financial experience. Craig was appointed as Chief Financial Officer of DRDGOLD SA in July 2006. He is an alternate director of GM Network Limited and NetGold Services Limited (GoldMoney.com).

MANUEL (MANNY) DA SILVA (36)
General Manager: ERPM

Manny da Silva is a BSc (Mining Engineering) graduate of Wits University and obtained his Mine Manager's Certificate in 1995. He joined DRDGOLD as Production Manager at Blyvoor in 2002 and was appointed to his current position in August 2005. He has 14 years' experience in the mining industry.

HENRY GOUWS (37)
General Manager: Crown

Henry Gouws graduated from Technikon Witwatersrand and obtained a National Higher Diploma in Extraction Metallurgy in 1991. He completed an MDP in 2003 through Unisa's School of Business Leadership. Henry was appointed Operations Manager of Crown in January 2006 and General Manager in July 2006. He has 18 years' experience in the mining industry.

KEVIN KRUGER (38)
Regional Engineering Manager; Environmental Manager: DRDGOLD SA

Kevin Kruger, who holds a BSc degree in Mechanical Engineering from Wits University, 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 LAMSLEY (58)
Chief Operating Officer: DRDGOLD SA

Louis Lamsley, who has a National Diploma in Metalliferous Mining and a Mine Manager's Certificate of Competency, was appointed to his current position in January 2006. He has 33 years' experience in the gold mining industry, 25 years of which have been spent in management.

HURWA (BEN) NYIRENDA (43)
Head of New Business: DRDGOLD SA

Ben Nyirenda joined DRDGOLD as Technical Services Manager at Blyvoor in May 2004, transferring to the company's North West Operations as Production Manager in October 2004. He has been the Head of New Business for DRDGOLD SA since January 2006.
A graduate of the Camborne School of Mines, England, Ben holds a BSc (Hons) in Pure Mathematics, a BEng (Hons) in Mining Engineering, an MSc in Mining Engineering from the University of the Witwatersrand and an MBA from the Wits Business School. A registered professional engineer with ECSA since 1998, he obtained his Mine Manager's Certificate in 1995. He has 25 years' experience in the mining industry, in both the gold and diamond sectors. He has also worked in the field of financial management.

DANIEL (NIEL) PRETORIUS (39)
Chief Executive Officer: DRDGOLD SA
Group Legal Counsel

Niel Pretorius, who holds a BProc LLB degree, was appointed Group Legal Counsel (for DRDGOLD) in February 2003. A director of Rand Refinery Limited, he has 13 years of experience in the mining industry. Niel was appointed as Chief Executive Officer of DRDGOLD SA in July 2006.

CORNELIUS (COLLIE) RUSSOUW (48)
General Manager: Blyvoor

Collie Russouw became General Manager at Blyvoor in September 2006. He was previously Mine Manager at Harmony Gold Mining Company Limited's Virginia Operations and has held various mining-related positions within Harmony and GenGold/Gold Fields, during a career spanning 25 years. He has a B Tech degree in mining engineering, a National Diploma in Metalliferous Mining and a National Higher Diploma in Metalliferous Mining.

WAYNE SWANEPOEL (43)
Regional Human Resources Manager: DRDGOLD SA

Wayne Swanepoel was appointed to his current position on 1 April 2005. Previously, he was Human Resources Manager at Crown and Senior Human Resources Manager at Rand Mines' Duvha Opencast Colliery. He holds a BA degree from Rhodes University and has completed the Management Development Programme and Development Programme in Labour Relations, both at the University of South Africa's School of Business Leadership, and the Advanced Diploma in Labour Law at the University of Johannesburg. He has 16 years' experience in the mining industry.

CHARLES SYMONS (52)
Regional General Manager: Crown and ERPM

Charles Symons was appointed General Manager: Crown in 1997 and to his current position in January 2006. He holds a Master's degree in Business Leadership and a BCom degree from Unisa, and he also has a National Diploma in Extractive Metallurgy.

PHILLIP WATTERS (50)
General Manager, Projects: DRDGOLD SA

Phillip joined DRDGOLD in 2002 and took up his present position on 1 August 2005. He was previously General Manager, ERPM. Phillip, who obtained a Mine Manager's Certificate in May 2004, has a total of 30 years' experience in mining, 23 years of which were spent with Gold Fields and four with Anglo American. His career includes both production and project management experience.

DAVID WHITTAKER (50)
Regional Geologist: DRDGOLD SA

David Whittaker joined DRDGOLD in 1996 and took up his current position in April 2005. He has a BSc (Hons) 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 Wits University. He has 24 years' experience in the mining industry.

MANAGEMENT

AUSTRALASIA

PATRICK BINDON (36)
Director: Corporate Communications: Emperor Mines
Patrick Bindon joined Emperor Mines in 2006 from Placer Dome's Port Moresby office where his role as external affairs co-ordinator involved managing all media relations and providing high-level political and external affairs advice to management. He obtained a Bachelor's degree in Applied Science in 1991.

FRAZER BOURCHIER (40)
General Manager: Vatukoula
Frazer Bourchier is a qualified mining engineer with Bachelor's and Master's degrees in Applied Science. He has more than 16 years' experience in the gold mining industry, most of which were spent with the Placer Dome Group in Canada, South Africa and PNG. Prior to his appointment as General Manager of Emperor Mines' Vatukoula Gold Mine in Fiji in June 2006, he was Mining Manager and Alternate General Manager at the Porgera Joint Venture in PNG.

QUINTON BRAND (33)
Group Engineering Manager: Emperor Mines
Quinton Brand was appointed as Group Engineering Manager on 1 November 2005. He joined DRDGOLD in South Africa in 2002 as an engineering manager at ERPM and was transferred to Emperor Mines in Fiji in the same position in 2004. Prior to 2002, he worked for Impala Platinum Limited as an operations engineer. He has had 15 years' experience in the gold, platinum and coal mining industries.

VANESSA CHIDRAWI (35)
Corporate Counsel: Emperor Mines
Vanessa Chidrawi has a BCom (Legal) degree from the University of the Witwatersrand. She was a director and profit-sharing partner in the firm WS van Vuuren Incorporated Attorneys for nearly 10 years, after which she established her own practice. Her experience includes overseeing the firm's High Court litigation practice, international clientele, black economic empowerment consulting, and commercial consulting and drafting. Vanessa was the Project Manager of Emperor Mines' US$237 million acquisition of DRDGOLD's gold assets in PNG, and has joined Emperor Mines as Corporate Counsel in the corporate office in Brisbane.

BRADLEY (BRAD) GORDON (44)
Chief Executive Officer, Executive Director: Emperor Mines
Brad Gordon was appointed to the Board of Emperor Mines in April 2006. He has more than 10 years' experience in senior management positions in the gold industry in Australia, PNG and Fiji. He was most recently employed as Managing Director of Placer Dome Niugini Limited and prior to that as General Manager of Porgera. Apart from the Porgera operation, he was also responsible for the Misima operation and other corporate activities in the country. Earlier experience includes many years in Fiji where he was employed by Emperor Mines as Operations Manager of the Vatukoula Gold Mine and General Manager of Tuvatu Gold Mining Company Limited, a wholly owned subsidiary of Emperor Mines. Brad has a Bachelor's degree in Engineering and an MBA.

CLYDE MOORE (48)
Chief Financial Officer, Executive Director: Emperor Mines

Clyde Moore was appointed a director and Chief Financial Officer of Emperor Mines in January 2006. He joined Emperor Mines after working for the past eight years at the Australian and New Zealand Banking Group Limited (ANZ), most recently as Global Head of Project and Structured Financing, based in Melbourne. Prior to 2004, he was Head of Natural Resources within ANZ's Institutional Bank. He has 27 years' experience in the finance industry, including senior roles in the Americas with Dresdner Kleinwort Benson, Bank of America and Continental Illinois. He obtained a Bachelor's degree in Economics in 1980.

MALCOLM NORRIS (47)
Executive General Manager – Exploration: Emperor Mines

Malcolm Norris joined Emperor Mines as Executive General Manager – Exploration on 1 September 2006 from Indophil Resources, where he was General Manager Exploration and Business Development. He previously held senior positions with WMC Resources.
A member of the Australasian Institute of Mining and Metallurgy and of the Society of Economic Geologists, he holds BSc Honours (Geology) and MSc degrees.

BRADLEY (BRAD) SAMPSON (40)
General Manager: Papua New Guinea

Brad Sampson was appointed to his current position in August 2006, with principal responsibility for Tolukuma in PNG and for overseeing Emperor Mines' 20% stake in the Porgera Joint Venture, also in PNG. He was previously General Manager at Gold Fields Limited's St Ives Mine in Western Australia and Kloof operation in South Africa, and has also held positions with Anglo American, Ross Mining NL and Comalco. A member of the Australian Institute of Company Directors and the Australasian Institute of Mining and Metallurgy, he holds Bachelor of Engineering and Master of Business Administration degrees.

JOHN WALLACE (58)
General Manager, Human Resources: Emperor Mines

John Wallace has over 20 years' experience in the mining industry, primarily in the South Pacific region with extended periods working in human resources at Misima, Ok Tedi and Lihir in PNG; Kaltim Prima Coal in Indonesia; and Gold Ridge in the Solomon Islands. He has extensive knowledge of the working conditions and requirements in these regions.

CFO's
REVIEW

ACCOUNTING POLICIES AND PRACTICES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which the group has adopted for the year beginning on 1 July 2004. The transition to IFRS was implemented in accordance with First Time Adoption of International Financial Reporting Standards (IFRS 1) and since DRDGOLD's transition date is 1 July 2004, comparatives have been restated accordingly.

The main adjustments were to share-based payments (IFRS 2), property, plant and equipment depreciation (IAS 16), translation of a foreign operation (IAS 21) and the accounting for the convertible bond (IAS 32).

CORPORATE ACTIVITIES

The group completed a major restructuring of its South African operations with the formation of DRDGOLD SA and the inclusion of Crown and ERPM, both being consolidated 100% from 1 December 2005. DRDGOLD is an 85% shareholder of DRDGOLD SA, with our BEE partner, Khumo Gold, holding the other 15%.

The group has concluded an agreement with AngloGold Ashanti to purchase the Top Star Dump in Johannesburg

In Australasia, our interests in the Porgera and Tolukuma mines were reversed into Emperor Mines and Emperor Mines was consolidated 100% from 6 April 2006. This transaction gave rise to a number of accounting complexities under IFRS which have all been successfully resolved.

Also in Australasia, and as a consequence of the reversal of the group's assets into Emperor Mines, which was already listed on the Australian stock exchange, DRDGOLD delisted from the Australian stock exchange thus generating substantial savings in administration costs.

The group also made a Section 3(a)(9) of the Securities Act of 1933 exchange offer to existing convertible loan note holders to roll the convertible loan notes and, dependent on the outcome of that offer, the group will roll and/or repay the loan notes from existing cash, existing facilities and operational cash flows.

GROUP REPORTING SYSTEMS

During the course of the year the group installed the Hyperion Enterprise Reporting and Consolidation System, a financial reporting system of great integrity and robustness.

The installation of this system means that the group can now move away from spreadsheets and their inherent weaknesses and risks to a controlled and integrated reporting and consolidation system of international standards.

GROUP RESULTS

The group and its subsidiaries have received unqualified audit opinions from the independent auditors, KPMG Inc. Highlights of the results are shown on page 3.

SUBSEQUENT EVENTS

The group has concluded an agreement with AngloGold Ashanti Limited to purchase the remaining extent of Erf 1 Park Central Township, better known as the Top Star Dump in central Johannesburg.

FINANCE GOING FORWARD

The group finance team now have a world class reporting system in place. They have successfully converted to IFRS and they are to be congratulated on their achievements during the year and the effort required to get to where we are now should not be understated.

The group will continue to adopt new IFRS standards as and when they are issued and such adoptions may, dependent on the standard, require further changes in accounting bases and comparatives.

John Sayers
Chief Financial Officer
17 October 2006

REVIEW
OF OPERATIONS

Attributable equity gold production for the group as a whole declined by 31% to 527 401 oz due to the loss of North West Operations production (approx 200 000 oz) and lower production from Emperor Mines

The split of attributable gold production between the Australasian and South African operations was 211 425 oz and 315 976 oz respectively.

The three Australasian operations encountered their worst conditions in their respective mine histories. A new management team has been put in place to correct this, but the largest shortfall was at the Barrick-managed Porgera mine in PNG. Emperor Mines' share of production fell to 128 258 oz compared with 195 394 oz last year due to the programme to mitigate the failure of the west wall of the open pit.

DRDGOLD took operational control over Emperor's Vatukoula mine in Fiji in July 2005 and immediately implemented an investigative strategy to understand the value of the orebody and to combat the higher costs induced by the higher oil price. This culminated in the Accelerated Development and Training Programme which resulted in the closure of the mine on 20 April 2006. This planned closure provided for a reduction in the workforce, necessary repairs to Philip Shaft and the concentration on higher grade mining without jeopardising the integrity of the orebody. The mine returned to production after year end and the ramp-up to the planned levels of 10 000 oz per month is on track.

In South Africa, the ERPM operation continued to perform well but Blyvoor was the focus of attention following a serious build-up in seismicity and the intrusion of the Alpha Dyke into planned mining areas. Production is being concentrated in other areas of the mine and the volume ramp-up to 70 000 tonnes (t) per month will be achieved in October 2006. This is following a production interruption at No 6 Shaft, which required limited refurbishment.

Some US$39 million in capital was spent last year. Most was DRDGOLD's contribution to the west wall refurbishment at Porgera (approximately US$17 million), while the installation of new mills at Crown's Knights Plant in South Africa accounted for approximately US$3 million.

In the forthcoming year, the plan is to invest a further US$60 million in capital, approximately half of which will be in Australasia to support the turnaround there.

Looking further ahead, South African production should stabilise at around 400 000 oz a year at cost of US$500/oz, while Emperor is targeting production of 350 000 oz at a cost of US$350/oz by the end of the first quarter of 2007.

REVIEW
OF OPERATIONS
SOUTH AFRICA

SOUTH AFRICA	FY06	FY05
Gold production* oz	315 976	251 902
Average cash operating costs US$/oz	480	439
Capital expenditure US$ million	14	9
Employees	7 693	6 390

* South African attributable gold production rose by 25% to 315 976 oz as a consequence both of operational improvements in the second half of the year and the 100% consolidation of ERPM and Crown from 1 December 2005. South African cash operating costs were 9% higher at US$480/oz.

BLYVOOR

Total gold production was slightly lower at 159 693 oz, reflecting a 20% decline in overall yield to 1.15 grams per tonne (g/t). Total ore milled increased by 22% to 4 308 000 t.

Gold production from underground was 13% lower at 120 178 oz due to a 24% decline in yield to 5.55 g/t. Underground ore milled was 15% higher at 674 000 t.

Increasing levels of seismicity were experienced in the high-grade No 5 Shaft area in the first half of the year. Consequent concerns for employee safety prompted the development of a volume-driven mine plan involving less mining from the affected high-grade No 5 Shaft area and more from the lower-grade No 6 Shaft areas. By year end, implementation of the new plan was under way with ore milled of 70 000 t per month targeted.

Earlier than expected interception of the Alpha Dyke in the high-grade No 5 Shaft area during the third quarter had a negative impact on production. Drilling to determine the extent of the dyke was under way at year end and early indications were that it is at least 30 metres thick.

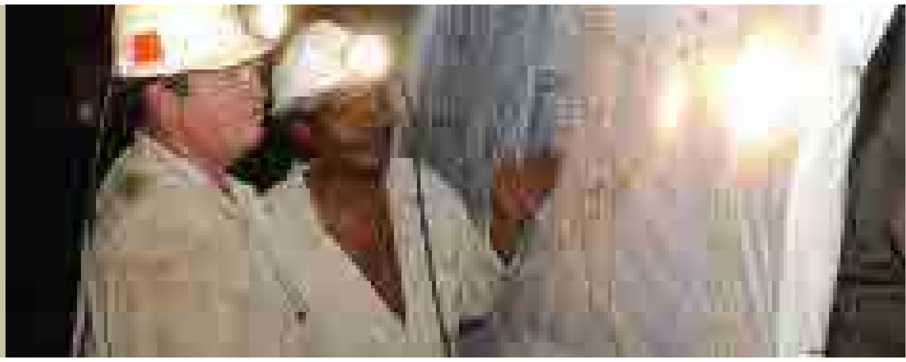
BLYVOOR	FY06	FY05
Ore milled t'000		
Underground	674	587
Surface	3 634	2 932
Total	4 308	3 519
Yield g/t		
Underground	5.55	7.31
Surface	0.34	0.25
Total	1.15	1.43
Gold production oz		
Underground	120 178	137 958
Surface	39 515	23 920
Total	159 693	161 878
Average cash operating costs US$/oz		
Underground	551	468
Surface	248	272
Total	476	439
Cash operating profit/(loss) US$ million	7.9	(2.6)
Capital expenditure US$ million	8.8	2.1
Employees	4 520	3 445

Surface gold production increased by 65% to 39 515 oz, reflecting a 24% increase in ore milled and a 36% increase in yield to 0.34 g/t. While rock dump material declined both in volume and grade as forecast, the slimes dam retreatment project showed improvement both in terms of volume and grade, notwithstanding setbacks due to higher than average summer rainfall.

Average cash operating costs for the year were 8% higher at US$476/oz, reflecting lower gold production. Underground cash operating costs rose by 18% to US$551/oz, while surface cash operating costs were 9% lower at US$248/oz.

Cash operating profit was US$7.9 million compared with a loss of US$2.6 million in the previous year.

Phase 1 of the No 2 Sub-shaft Project – involving the re-establishment of access



to No 2 Shaft from No 5 Shaft and development and stoping of mining areas en route – was completed in the first half of the year, some three months ahead of schedule. Phase 2 – involving the re-equipping of the sub-shaft – was then reviewed. As a consequence of this review, it has been decided, instead, to access the orebody between 27 and 35 levels from No 5 Shaft. This approach is expected to lower the capital cost of the project from R100 million to R40 million. Work on the revised Phase 2 began shortly after the end of the financial year and is scheduled for completion in two years.

Capital expenditure, 319% higher at US$8.8 million, was directed towards opening up and development related to implementation of the new mine plan.

ERPM

Results for the year under review reflect the 100% consolidation of ERPM from 1 December 2005 and are not directly comparable with those for the previous year when the operation was 40% owned.

Total attributable gold production was 80 324 oz (FY05: 44 600 oz). Total ore milled was 1 823 000 t.

Underground attributable gold production was 59 999 oz (FY05: 35 392 oz). Underground ore milled was 225 000 t (FY05: 145 000 t) and the average underground yield was 9% higher at 8.29 g/t.

Early in the second quarter a 16 metre, up-throw fault in the 70 East area of the mine was encountered and work to traverse this continued for the remainder of the year. Refurbishment of the Far East Vertical (FEV) Shaft decline and decline conveyor was another key focus of attention. Production build-up from newly opened-up, lower grade areas above 70 level – both to relieve pressure on the decline conveyor and as a safety response to increasing seismicity in higher grade areas below 70 level – began during the last quarter.

Surface attributable gold production was 20 325 oz (FY05: 9 208 oz). Surface ore milled was 1 823 000 t (FY05: 897 000 t) and the average surface yield rose by 5% to 0.40 g/t. While treatment of Cason dump material was compromised somewhat during the year by breakdowns particularly in the ERPM plant, the commissioning of two additional mills at the Knights plant neared completion by year end and these are expected to contribute towards significantly improved throughput and recoveries.

Average cash operating costs rose by 15% to US$471/oz; those for underground were 21% higher at

ERPM		
100% consolidated from 1.12.05, previously 40% attributable	**FY06**	**FY05**
Ore milled t'000		
Underground	225	145
Surface	1 598	752
Total	1 823	897
Yield g/t		
Underground	8.29	7.59
Surface	0.40	0.38
Total	1.37	1.55
Gold production oz		
Underground	59 999	35 392
Surface	20 325	9 208
Total	80 324	44 600
Average cash operating costs US$/oz		
Underground	461	381
Surface	499	527
Total	471	411
Cash operating profit US$ million#	5.8	1.2
Capital expenditure US$ million#	2.1	–
Employees#	2 202	2 020

Represents total operation

US$461/oz while those for surface were 5% lower at US$499/oz.

Cash operating profit for the year was US$5.8 million compared with US$1.2 million in the previous year.

In the third quarter, a prospecting permit was obtained over a 1 252-hectare area of the adjacent Sallies Mine. The first prospect borehole of a four-year exploration drilling programme in this area, now known as ERPM Extension 1, was completed during the fourth quarter and preliminary results indicate that the reef is very well developed, with a channel width of 162 centimetres and a value of 26.7 g/t at that width, equating to 23.1 g/t over a mining width of 188 centimetres.

An application for a prospecting permit over a further 5 500 hectares, to be known as ERPM Extension 2, submitted to the Department of Minerals and Energy soon after year end, was accepted and a response is awaited. This area has an exploration target of some 7 to 11 Moz.

Capital expenditure for the year was US$2.1 million, directed mainly towards infrastructural improvements.

ERPM: CURRENT PUMPING INFRASTRUCTURE AND PLUG POSITIONS

Feasibility work on a mud-pumping project with gold revenue-generating potential was continuing at year end.

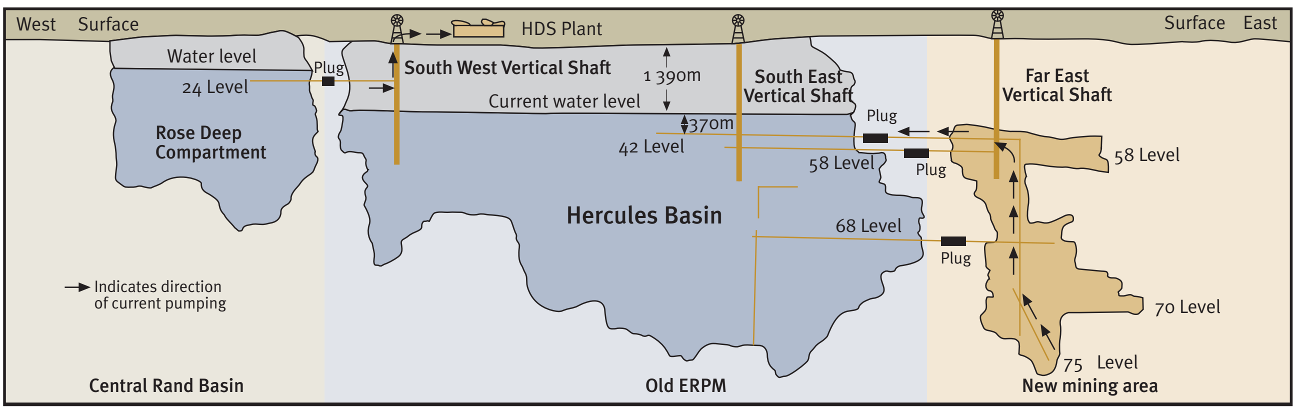
Phase 2 of the ambitious plugging project to isolate ERPM's current underground workings from water ingress is on schedule and planning of Phase 3 has been completed. The total plugging project is scheduled for completion by June 2007.

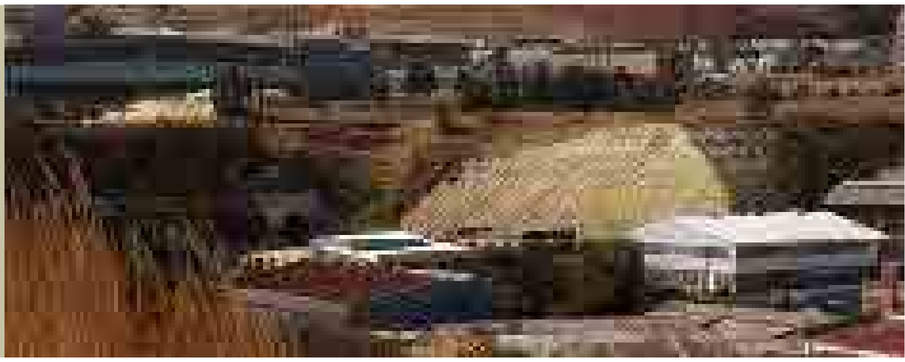
Pumping from the Rose Deep Compartment via ERPM's South West Vertical (SWV) Shaft continues at a rate of 40 megalitres per day in order to maintain the water level and prevent a decant into ERPM's Hercules Basin. The water is treated at the high density separation (HDS) plant and some is used at the Cason reclamation site while the balance is discharged.

The rate of increase in the water level of the Hercules Basin (approximately 1.2 megalitres per day), means that it will equal the water level in the Rose Deep Compartment in September 2007. However, as the construction of the underground plugs is well advanced, pumping can probably cease early in January 2007 without this constituting any threat to the underground operations of ERPM.

Should the pumping be required to continue, an upgrade of the pumping infrastructure at SWV Shaft will be required to manage the increased volume of water to be pumped both from the Rose Deep Compartment and the Hercules Basin. Discussions regarding this are currently in progress with the Department of Minerals and Energy's Mine Safety and Health Division.

ERPM current pumping layout





CROWN

Results for the year under review reflect the 100% consolidation of Crown from 1 December 2005 and are not directly comparable with those for the previous year when the operations were 40% owned.

Attributable gold production was 75 959 oz (FY05: 45 424 oz). Ore milled was 6 165 000 t (FY05: 3 552 000 t) and yield 5% lower at 0.38 g/t.

The depletion of high-grade material from the Consolidated Main Reef (CMR) reclamation site and recovery of higher volumes of lower grade material from the Robinson Deep site had a negative impact on production during the year, as did pipeline failures and heavy summer rainfall.

Upgrades on both the CMR pipeline to the Crown plant and on the residue pipeline, scheduled for completion in the first quarter of the new financial year, and commissioning of two new mills at the Knights plant at the end of the year under review, are expected to benefit recoveries.

Average cash operating costs were 9% higher at US$432/oz.

Cash operating profit was US$9.4 million (FY05: US$3.2 million).

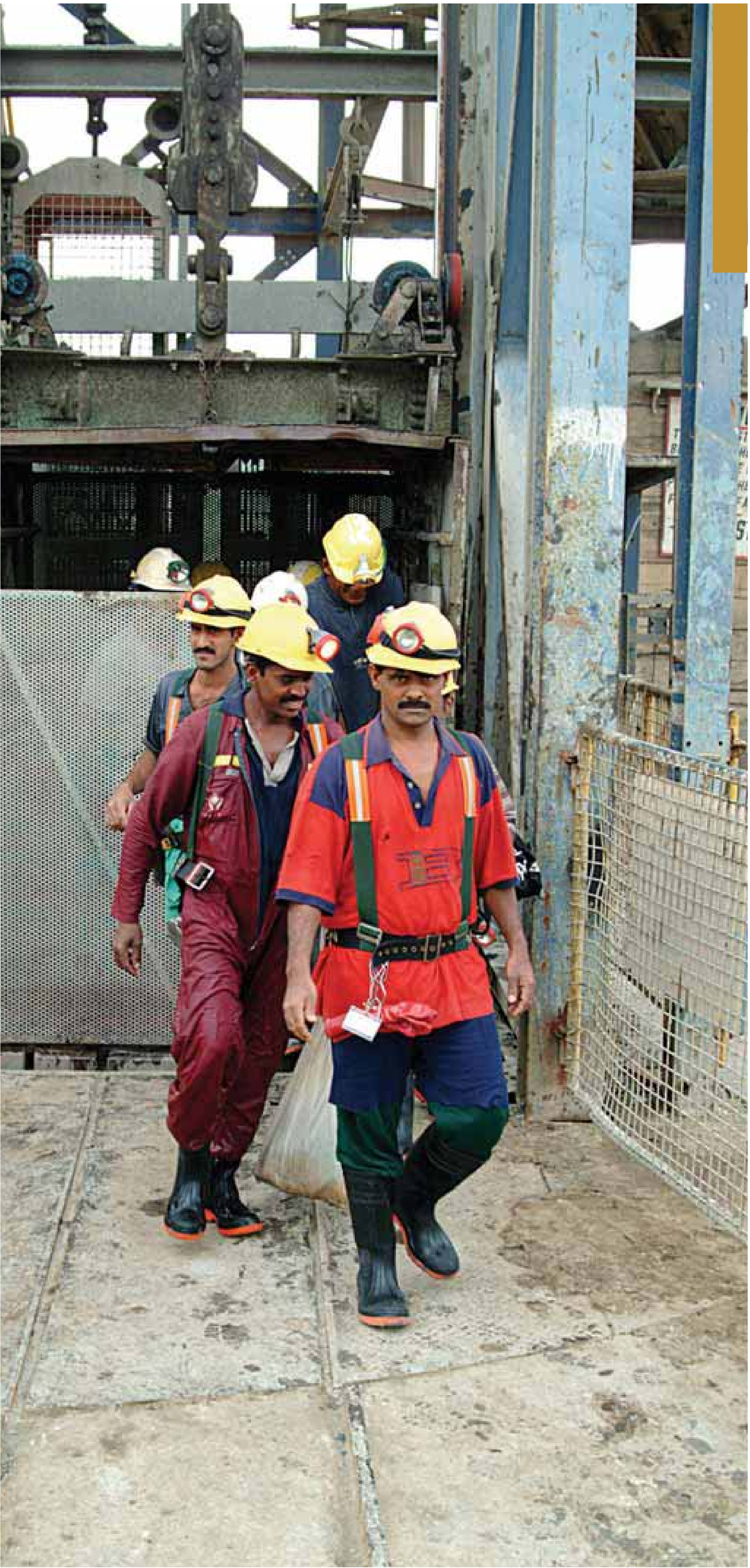
Capital expenditure was US$4.9 million (FY05: US$1.5 million). This was directed mainly towards the installation of the new mills at the Knights plant and to infrastructural upgrades.

Subsequent to year-end, we acquired the Top Star dump, south of Johannesburg's central business district, and application procedures for a mining right are under way.

The dump has a Mineral Resource of 5.1 million tonnes at a grade of 0.755 g/t, and would increase Crown's Proved Ore Reserves by 0.125 Moz.

CROWN		
100% consolidated from 1.12.05, previously 40% attributable	**FY06**	**FY05**
Ore milled t'000	6 165	3 552
Yield g/t	0.38	0.40
Gold production oz	75 959	45 424
Average cash operating costs US$/oz	432	395
Cash operating profit US$ million#	9.4	3.2
Capital expenditure US$ million#	4.9	1.5
Employees#	971	925

Represents total operation



REVIEW
OF OPERATIONS
AUSTRALASIA

Australasian gold production declined by 33% to 211 425 oz, reflecting operational constraints at each of the three operations. Cash operating costs were 57% higher at US$367/oz due to lower production

AUSTRALASIA	FY06	FY05
Gold production* oz	211 425	317 147
Average cash operating costs US$/oz	367	231
Capital expenditure US$ million	25	20
Employees	4 861	5 098

* Australasian attributable gold production decreased by 33% to 211 425 oz mainly as a result of remediation work on the west wall at Porgera, production problems at Tolukuma and a six-week shut down of operations at Vatukoula.

PORGERA

PORGERA 20% share of Joint Venture	FY06	FY05
Ore milled t'000	1 097	1 200
Yield g/t	3.64	5.07
Gold production oz	128 238	195 394
Average cash operating costs US$/oz	280	186
Cash operating profit US$ million	29.2	46.6
Capital expenditure US$ million	17.0	16.1
Employees*	2 389	2 432

* Represents total operation

Attributable gold production for the year was 34% lower at 128 238 oz, reflecting a 9% decrease in ore milled to 1 097 000 t and a 28% decline in average yield to 3.64 g/t.

Average cash operating costs were 50% higher at US$280/oz mainly as a consequence of reduced production, and cash operating profit was 37% lower at US$29.2 million.

Remediation work following the failure of the west wall in the previous financial year continued throughout the year under review, leading to a reliance on low-grade, long-term stockpile material as the primary ore feed. This – together with damage to access infrastructure caused by heavy rainfall, power failures and a strike related to a change of management from Placer Dome to Barrick – had a negative impact on production.

Work on the west wall cutback was 60% complete at year end and the joint venture expects mining of ore from the open pit to begin later in calendar 2006, leading to performance improvements in respect of both production and cash costs. Full Stage 5 production is expected in early 2007 and results of a recently completed exploration programme indicate that a Stage 6 open-pit extension is likely.

Capital expenditure for the year totalled US$17.0 million, compared with US$16.1 million in the previous year.

REVIEW OF OPERATIONS: AUSTRALASIA

TOLUKUMA

Gold production for the year was 28% lower at 54 790 oz, reflecting a 21% drop in the average yield to 8.83 g/t and, to a lesser degree, a 9% decline in ore milled to 193 000 t.

Average cash operating costs were 63% higher at US$564/oz, and a cash operating loss of US$0.7 million was recorded compared with a cash operating profit of US$7.2 million in the previous year.

Production was adversely affected by a lack of available face in the first half of the year and the consequent treatment of low-grade underground stockpiles. Extensive underground development from the second half had begun to redress this issue by year end. In addition, improved flexibility is expected as initial production areas along the newly discovered Zine structure are developed and brought into the mine plan.

Underground flooding caused by heavy rainfall led to an urgent upgrade of pumping infrastructure during the year. Inclement weather also affected logistics, in particular helicopter access to the mine. As a consequence, supplies of critical consumables such as diesel were disrupted. Going forward, a second hydro plant will reduce the level of dependence on diesel as a power source and it is expected that less use of helicopter transport will result from a planned road upgrade and by increased use of the nearby Woitaipe airstrip by fixed-wing aircraft.

Capital expenditure for the year was US$4.3 million compared with US$3.4 million in the previous year.

TOLUKUMA	FY06	FY05
Ore milled t'000	193	211
Yield g/t	8.83	11.24
Gold production oz	54 790	76 314
Average cash operating costs US$/oz	564	346
Cash operating (loss)/profit US$ million	(0.7)	7.2
Capital expenditure US$ million	4.3	3.4
Employees	635	683

VATUKOULA

Results for the year under review reflect the 100% consolidation of Vatukoula from 6 April 2006 and are not directly comparable with those of the previous year when the operations were 45.33% owned.

Attributable gold production was 37% lower at 28 397 oz, reflecting a 24% decline in ore milled to 161 000 t and a 17% drop in yield to 5.49 g/t.

In the first half of the year production was adversely affected by an amalgam of factors including a lack of available face, shaft infrastructure problems, ageing underground equipment, inflows of hot water, high underground working temperatures and deteriorating ground conditions.

A six-week shut down of operations in the fourth quarter to implement an extensive new mine plan, known as the Accelerated Development and Training Programme (ACDTP), also contributed substantially to lower production for the year.

Average cash operating costs were 35% higher at US$595/oz and the cash operating loss for the year was US$9.7 million compared with a cash operating loss of US$1.0 million in the previous year.

In terms of the new mine plan, production from the lower grade Smith Shaft areas has been discontinued in favour of a build-up in production from the higher grade Philip Shaft areas.

Other aspects of the plan – implementation of which were advancing by year end – include the upgrading of Philip Shaft infrastructure, the replacement of outdated underground equipment, improved underground environmental control, and workforce re-skilling and re-training.

Capital expenditure for the year was US$11.1 million compared with US$8.4 million in the previous year.

VATUKOULA 100% consolidated from 06.04.06; previously 45.33% attributable	FY06	FY05
Ore milled t'000	161	213
Yield g/t	5.49	6.63
Gold production oz	28 397	45 426
Average cash operating costs US$/oz	595	434
Cash operating loss US$ million#	(9.7)	(1.0)
Capital expenditure US$ million#	11.1	8.4
Employees#	1 837	1 983

Represents total operation

CLOSURE OF THE NORTH WEST OPERATIONS

An independent commentator's perspective on 'what went down'

When Mark Wellesley-Wood, CEO of DRDGOLD, approached me via his PR firm to write an independent overview of his company in the wake of the liquidation of its earthquake-shattered North West Operations in 2005, I was a bit sceptical. After all, this was a company that seemed to be mired in controversy. Further, I have no direct mining background and little exposure, other than through day-to-day news reports, to the inner workings and personalities that make up the South African mining industry.

However, Wellesley-Wood was not asking for a 'snow-job' report that would gloss over the company's difficulties or try to evade the issues. He wanted the DRDGOLD story to be told holistically so that, at the very least, stakeholders would be provided with a broad view of what triggered the negative waves that flowed over the company, how events unfolded, how management responded and why they responded in the way they did.

In researching and writing the piece I could have full access and the company would live with the results. The outcome is an article entitled "I don't work for Crapco!" which will be circulated to shareholders and other interested parties as an independent report. Besides checking facts and quotes, DRDGOLD has played no role in the article nor brought any influence to bear.

Nothing could have prepared the company for the massive earthquake that hit the Klerksdorp/Stilfontein area where DRDGOLD operated two deep-level, marginal mines

As a starting point I contacted journalist friends, all expert in the mining industry, and asked them about DRDGOLD and what they thought of Wellesley-Wood. The responses drew a patchwork picture of a company that had experienced major difficulties resulting from the closure of its North West Operations in South Africa. They spoke of an earthquake, of government enquiries, of trade union outrage, of litigation, of legacy issues stemming from earlier mismanagement and of boardroom battles. Of Wellesley-Wood, however, the verdict of the scribes was more or less unanimous – 'tough', 'straight-talking' and 'smart'.

What writer could turn down such a story? I agreed to write the report and while I don't claim that it is exhaustive or that it manages to cover all perspectives, I do believe it is a fair reflection of the events that brought DRDGOLD into the spotlight and the reasons why Wellesley-Wood and his executive team responded as they did.

Bad news is a bit like Wordsworth's pebble cast into the pond – the ripples spread outwards in ever-widening circles, gently across the surface. In the case of DRDGOLD, the pebble was more like the earthquake that triggered the great Asian tsunami. Gentle ripples were more like a tidal wave. Tsunami is probably a good analogy for the negative waves that swept over DRDGOLD as a result of seismic activity at its North West Operations back in early 2005.

Nothing could have prepared the company for the massive earthquake that hit the Klerksdorp/Stilfontein area where DRDGOLD operated two deep-level, marginal mines, Hartebeestfontein and Buffelsfontein. And nothing could have prepared them for the slew of events that the earthquake set in train.

Measuring 5.3 on the Richter Scale, the earthquake that hit the area on 9 March 2005 released huge energy that blew straight up through Hartebeestfontein's No 5 Shaft. It struck when more than 3 000 miners were underground and it is a miracle that the death toll was contained to two. At the very least it suggests that the company's safety measures at its North Western Operations' mines were up to scratch. Had they not been, many more lives would certainly have been lost.

Controversy immediately arose as to the cause of the earthquake. Scientists had no sure answer. Generally they declared that it was an unnatural seismic event linked to mining operations in the area. The National Union of Mineworkers (NUM) was less equivocal. NUM was quick to blame DRDGOLD for the event and called for the company's mining licence to be revoked.

Government, through its regulatory body, the Department of Minerals and Energy (DME), set up an inquiry that subsequently reported: "It is probable that the seismic event was triggered by strain changes in the rock mass caused by extensive mining in the region."

NORTH WEST OPERATIONS

If Wellesley-Wood was crying wolf or verging on paranoia, later events seem to have vindicated his plaintive cries of foul play

A further DME-instituted investigation, which reported on its findings more than 18 months later, affirmed the inquiry's finding.

DRDGOLD's North West Operations, always marginal, were losing money at the time the earthquake struck and the rand gold price was at its lowest since the 1930s. As a result, the company was haemorrhaging. To hedge its rand-based operations it had bought into offshore gold mines in Papua New Guinea and Fiji, but these were still bedding down and were not without their own problems.

The company had a rescue plan for its North West Operations and at the time of the quake it was already engaged in negotiations with various stakeholders to restructure the mines. However, the earthquake changed everything and DRDGOLD put its North West Operations into provisional liquidation.

It chose this route because, even after the earthquake, management saw a possible way forward. It turned on the quick settlement of the company's insurance claims.
But this was not to be. It took almost a year of tough negotiations with insurers for the earthquake claim to be settled and even then DRDGOLD only received around one fifth of its anticipated payout.

With the closure of its North West Operations mines, the issue of de-watering of these mines surfaced with ensuing litigation against DRDGOLD by a neighbouring mining company and an investigation by the regulatory body, the Department of Water Affairs and Forestry.

This raised major issues for the entire mining industry, as clearly there was a serious disconnect between environmental and corporate law and no mining company wanted a precedent to be established that would add environmental costs at their disused mines. The litigation, however, was dropped when the regulator ruled that all mines operating in the area have joint responsibility to pump water, even if it emanates from closed mines owned by other mining companies.

Media reports throughout this period of crisis focused almost exclusively on the negative impacts of the earthquake and on the equally negative downstream events that flowed from it. DRDGOLD was good copy. The effect was a generally negative image of the company and its embattled CEO.

Always outspoken and direct, Wellesley-Wood believes DRDGOLD got a rough deal from some of its key stakeholders. He characterises them as ‘bad neighbours’: employees, neighbouring mining companies, some creditors, and insurers. It may not have been a conspiracy, but in his view their unsympathetic actions in DRDGOLD's time of crisis conspired to force the company's hand, making the liquidation of its North West Operations inevitable.

Today the company is in calmer waters. Executives at DRDGOLD believe the company is getting back on track after surviving the meltdown at its North West Operations and staring down the demons that it unleashed

Earlier, there may well have been other forces affecting the company's image and its ability to move ahead. Alleged dirty tricks orchestrated by a former executive chairman of DRDGOLD who had strong political influence saw Wellesley-Wood refused re-entry to South Africa after a short visit to the United Kingdom. The ban was overturned at ministerial level, but the company and its CEO took hits as perception turned to reality through media reports of the incident.

Who could have guessed at the machinations behind this incident and who could have known at the time that the forces behind the campaign against the company and Wellesley-Wood would eventually be exposed in one of the biggest corporate scandals in South African history? If Wellesley-Wood was crying wolf or verging on paranoia, later events seem to have vindicated his plaintive cries of foul play.

Today the company is in calmer waters. Executives at DRDGOLD believe the company is getting back on track after surviving the meltdown at its North West Operations and staring down the demons that it unleashed. They believe that, having survived the tsunami, they can survive anything.

And the optimism is premised not only on the fact that they managed to steer DRDGOLD through the rough waters, it is based on the unshakable belief that gold is a long-term certainty and that they have the flexibility between deep and surface mining and a geographic spread of assets to manage the troughs and valleys between what they see as the inevitable and steep upward march of gold. Time alone will tell.

Kerry Swift
Johannesburg
June 2006

The full feature by Kerry Swift appears on the DRDGOLD website, www.drdgold.com

RESERVES
AND RESOURCES

In FY06, DRDGOLD's attributable Mineral Resource and Reserves increased by 30% to 47.645 Moz and by 35% to 8.833 Moz respectively.

SOUTH AFRICA

Following the creation of DRDGOLD SA and the reorganisation of its interests in South Africa, DRDGOLD now holds an 85% interest in Blyvoor, Crown and ERPM through DRDGOLD SA and Khumo Gold holds the other 15%. This means that DRDGOLD's interests in Crown and ERPM increased from 40% to 85%, and decreased from 100% to 85% at Blyvoor.

DRDGOLD's attributable Mineral Resource from its South African operations increased by 29% to 40.637 Moz in 2006 of which 8.385 Moz resulted from the granting of a prospecting right at ERPM.

Due to the higher gold price, DRDGOLD's attributable Ore Reserve from its South African operations increased by 43% to 6.682 Moz in FY06.

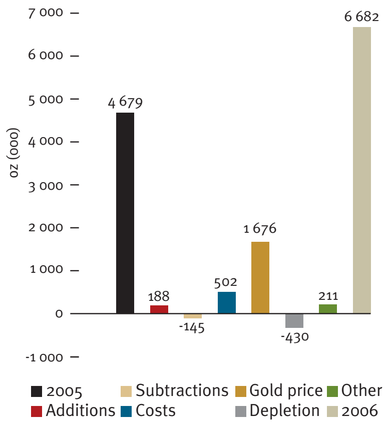
Refer to pages 39 to 41 for the Mineral Resource and Ore Reserve statements.

BLYVOOR

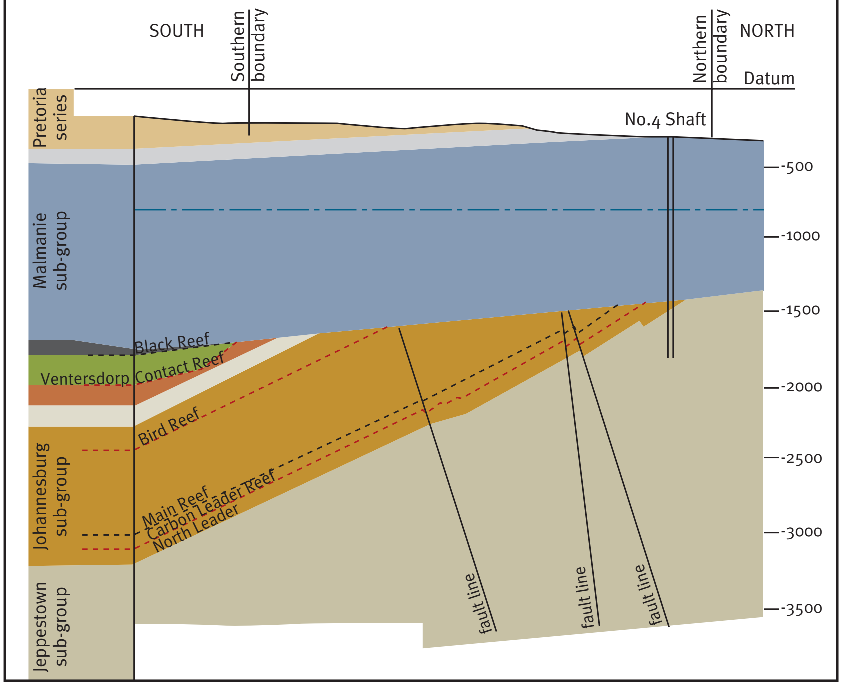
DRDGOLD's attributable Mineral Resource from Blyvoor decreased to 23.049 Moz, due to Khumo Gold acquiring 15% of this operation.

The attributable Ore Reserve from Blyvoor increased from 3.998 Moz to 5.255 Moz, emphasising the sensitivity of the operation to the gold price.

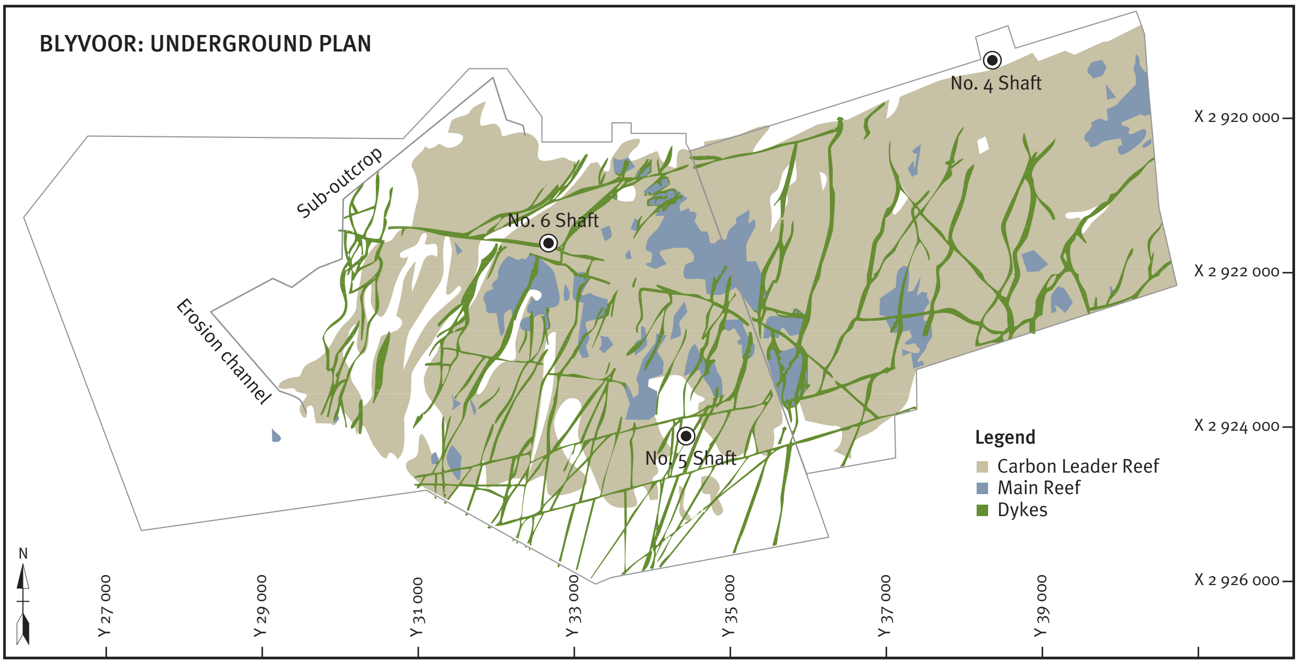
SA ore reserve attributable to DRDGOLD: year-on-year reconciliation



BLYVOOR: GEOLOGICAL SECTION



BLYVOOR: UNDERGROUND PLAN

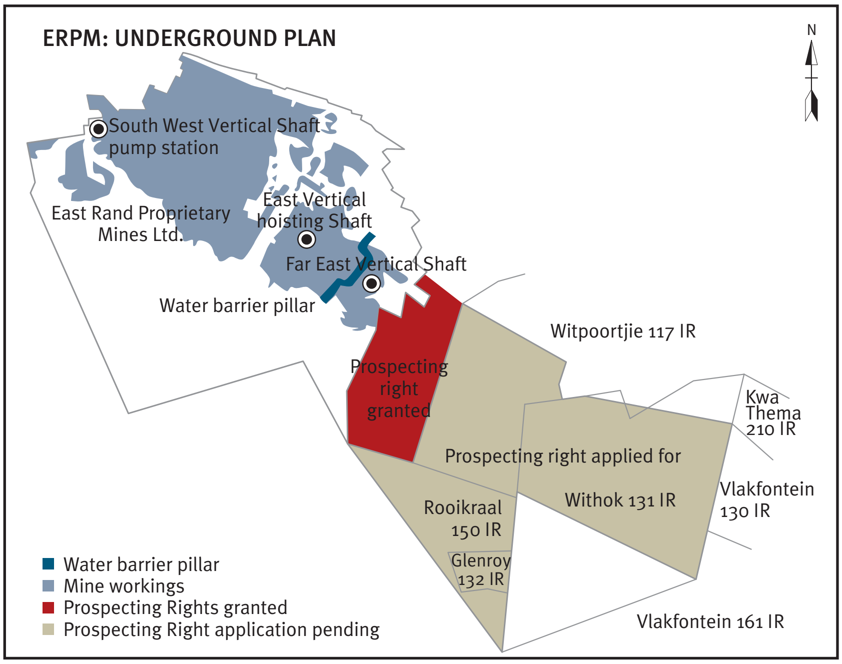


RESERVES AND RESOURCES

ERPM

At ERPM there was a significant increase in the Mineral Resource as a result of obtaining a prospecting right permit, covering part of the lease area of the neighbouring Sallies Mine. This is referred to as the ERPM Extension 1. DRDGOLD's attributable Mineral Resource from ERPM increased from 2.669 Moz in 2005 to 14.091 Moz in 2006, of which 8.385 Moz relates to the ERPM Extension 1.

DRDGOLD's attributable Ore Reserve from ERPM increased from 0.342 Moz in 2005 to 1.003 Moz in 2006. This increase resulted from DRDGOLD's increased ownership of ERPM, as well as the escalation in the gold price.



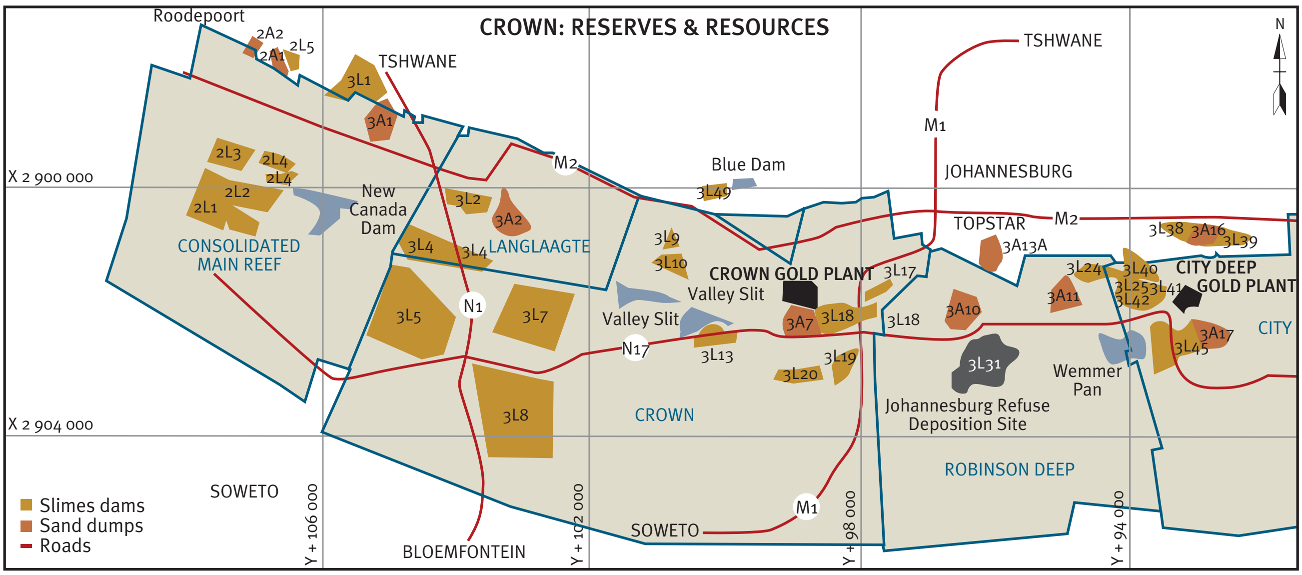
CROWN

DRDGOLD's attributable Mineral Resource from Crown increased from 1.671 Moz in 2005 to 3.497 Moz in 2006, solely as a result of 45% additional ownership.

Rosherville and Valley silts were excluded from the ore reserves in preference to the acquisition and mining of the Top Star dump in the 2007 financial year. However, DRDGOLD's attributable Ore Reserve from Crown increased from 0.339 Moz in 2005 to 0.424 Moz in 2006, due to DRDGOLD's 85% shareholding.

AUSTRALASIA

In April 2006, DRDGOLD acquired an additional 49% interest in Emperor Mines, increasing its shareholding to 88%. The transaction was facilitated by the disposal of DRDGOLD's Australasian assets to Emperor Mines. At 30 June 2006, DRDGOLD's shareholding in Emperor Mines had been diluted to 78.9%, because of Emperor Mines' capital raising from its minority shareholders.



DRDGOLD's attributable Mineral Resource from its Australasian operations increased by 40%, from 5.008 Moz in 2005 to 7.008 Moz in 2006. This increase was primarily as a result of DRDGOLD's additional 40% interest acquired in Emperor Mines, which was partially offset by DRDGOLD's reduced attributable shareholding in Tolukuma and Porgera.

DRDGOLD's attributable Ore Reserve from its Australasian operations increased by 15%, from 1.874 Moz in 2005 to 2.151 Moz in 2006. The year-on-year increase resulted from DRDGOLD's additional interest in Emperor Mines and the higher gold price, partially offset by DRDGOLD's reduced shareholding in Tolukuma and Porgera.

TOLUKUMA

The total Mineral Resource at Tolukuma increased from 0.546 Moz in 2005 to 0.567 Moz in 2006. DRDGOLD's attributable Mineral Resource from Tolukuma decreased from 0.546 Moz in 2005 to 0.446 Moz in 2006, primarily as a result of DRDGOLD's reduced shareholding in Tolukuma.

Tolukuma's total Ore Reserve increased from 0.218 Moz in 2005 to 0.247 Moz in 2006, mostly as a result of the higher gold price. DRDGOLD's attributable Ore Reserve from Tolukuma decreased from 0.218 Moz in 2005 to 0.195 Moz in 2006, because of DRDGOLD's lower shareholding.

PORGERA

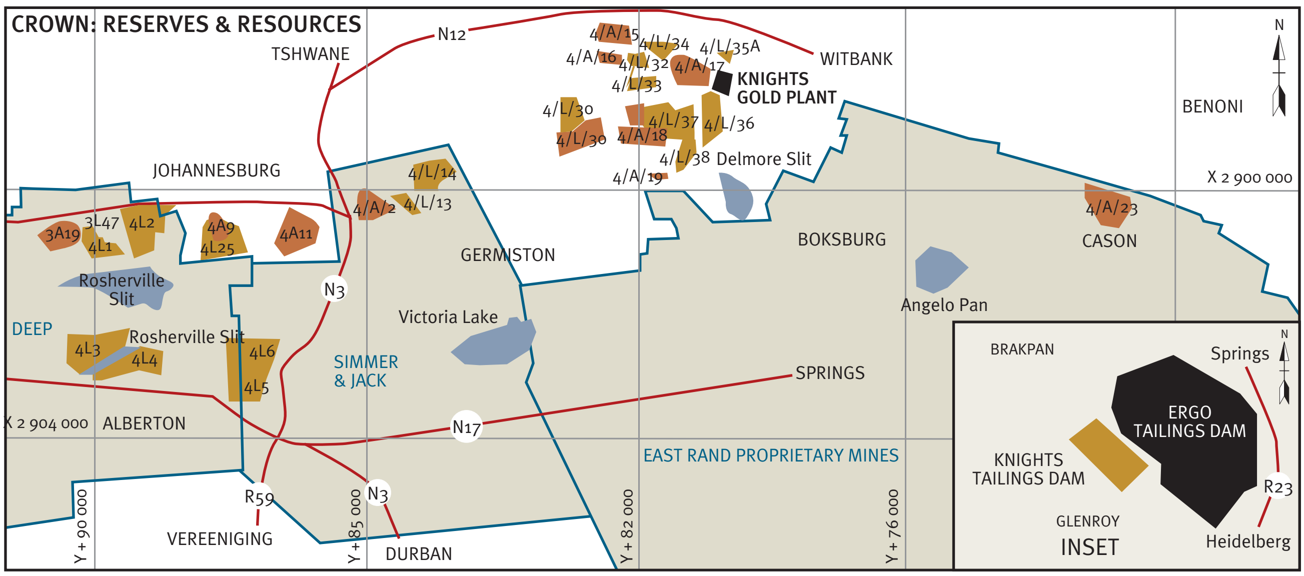
DRDGOLD's attributable Mineral Resource from Porgera decreased from 2.301 Moz in 2005 to 2.118 Moz in 2006, mainly as a result of DRDGOLD's reduced shareholding in Porgera.

DRDGOLD's attributable Ore Reserve from Porgera decreased from 1.351 Moz in 2005 to 1.278 Moz in 2006. This decrease was primarily as a result of DRDGOLD's diluted ownership of Porgera.

VATUKOULA/TUVATU

DRDGOLD's attributable Mineral Resource from Vatukoula and Tuvatu increased from 2.161 Moz in 2005 to 4.444 Moz in 2006, mainly as a result of DRDGOLD's increase in ownership from 45% in 2005 to 79% in 2006.

Vatukoula's total Ore Reserve increased from 0.674 Moz in 2005 to 0.86 Moz in 2006, primarily as a result of the higher gold price. DRDGOLD's attributable Ore Reserve from Vatukoula increased from 0.305 Moz in 2005 to 0.678 Moz in 2006, due to DRDGOLD's increase in shareholding in 2006 and the higher gold price.

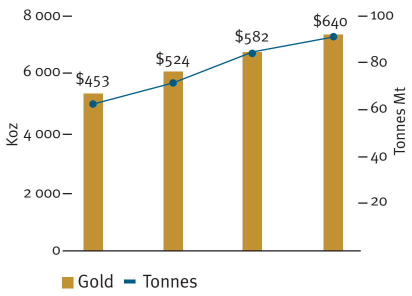


RESERVES AND RESOURCES

SENSITIVITY OF ORE RESERVES AT VARIOUS GOLD PRICES

The Ore Reserves quoted are sensitive to operating costs and gold price. The official Ore Reserves are quoted at US$582/oz, at an exchange rate of R6.2557/US$, or R117 055 per kilogram.

DRDGOLD Attributed Reserves for DRDGOLD SA
Sensitivity to gold price



REPORTING CODE AND PROCEDURE

DRDGOLD's Mineral Resource and Ore Reserve statements, with the exception of Porgera, were independently reviewed for the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC Code), the Australasian Code for Reporting of Exploration Results (JORC Code), National Instrument 43-101 and the United States Securities and Exchange Commission (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 Lomberg (SACNASP) and Dr Steven Rupprecht (Pr.Eng). The review report for Tolukuma and Emperor has been compiled by Dr Jan Pieter de Visser (MAusIMM and MGAA). They have the appropriate relevant qualifications, experience, competence and independence to be considered independent 'Competent Persons' or 'Qualified Persons' under the definitions provided in the codes and instruments.

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 site visits to the operations. The existence of Environmental Management programmes and facilities for tailings 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.

For the previous two years DRDGOLD has calculated its Ore Reserves using a three-year average gold price. For the 2006 financial year, the three-year average is US$453/oz which, at the exchange rate for the same period, equates to R93 800 per kilogram. With the increase in the gold price in 2006, DRDGOLD believes that the three-year averages are unrealistic for planning purposes and hence Ore Reserve calculations. In consultation with RSG it was decided to use the exchange rate and the gold price as at 31 March 2006, the final day of the quarter prior to the declaration of the Ore Reserves. At 31 March 2006, the dollar gold price was US$582/oz, the exchange rate was R6.2557/US$ and the rand gold price was R117 055/kg. All Ore Reserves that have been included in the Ore Reserve tabulation at R117 055/kg are included in the current life-of-mine plans. For compliance with the SEC, in DRDGOLD's Form 20-F to be filed with the SEC, the Ore Reserves will also be quoted using the three-year average gold price of R93 800/kg and will be based on the same parameters as used for the R117 055/kg declaration.

COMPETENT PERSONS

The information in this annual report that relates to Mineral Resource, Ore Reserve or exploration results is based on information compiled by the competent persons at each operation as listed below:

- Blyvoor: David Edwin James Whittaker (SACNASP);
- ERPM: Johan Smit (PLATO);
- Crown: William John Laing (PLATO);
- Tolukuma: Joe Sine (AusIMM); and
- Vatukoula/Tuvatu: Greg MacDonald (AusIMM).

These individuals have extensive (more than five years) relevant experience in the mining industry and the type of deposits mined. They are the designated competent persons, in terms of the SAMREC and JORC codes and are registered members of the recognised statutory organisations.

The competent persons responsible for the compilation and reporting of the DRDGOLD Mineral Resources and Ore Reserves, were David Edwin, James Whittaker (South African operations) and Richard Johnson (Australasian operations).

IDENTIFIED ATTRIBUTABLE ORE RESERVE (DELIVERED) AT 30 JUNE 2006

	Proved				Probable				Total			
	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
Blyvoor (85%)												
Underground	18.220	6.34	115.586	3.716	6.904	5.45	37.626	1.210	25.124	6.10	153.212	4.926
Surface	17.437	0.59	10.236	0.329	–	–	–	–	17.437	0.59	10.236	0.329
Total	**35.657**	**3.53**	**125.822**	**4.045**	**6.904**	**5.45**	**37.626**	**1.210**	**42.561**	**3.84**	**163.448**	**5.255**
ERPM (85%)												
Underground	1.136	8.35	9.483	0.305	1.740	7.45	12.962	0.417	2.876	7.80	22.445	0.722
Surface	13.670	0.64	8.721	0.281	–	–	–	–	13.670	0.64	8.721	0.281
Total	**14.806**	**1.23**	**18.204**	**0.586**	**1.740**	**7.45**	**12.962**	**0.417**	**16.546**	**1.88**	**31.166**	**1.003**
Crown (85%)												
Underground	–	–	–	–	–	–	–	–	–	–	–	–
Surface	16.328	0.52	8.510	0.274	8.600	0.54	4.683	0.150	24.928	0.53	13.193	0.424
Total	**16.328**	**0.52**	**8.510**	**0.274**	**8.600**	**0.54**	**4.683**	**0.150**	**24.928**	**0.53**	**13.193**	**0.424**
Total South African Operations												
Underground	19.356	6.46	125.069	4.021	8.644	5.85	50.588	1.627	28.000	6.27	175.657	5.648
Surface	47.435	0.58	27.467	0.884	8.600	0.54	4.683	0.150	56.035	0.57	32.150	1.034
Total	**66.791**	**2.28**	**152.536**	**4.905**	**17.244**	**3.21**	**55.271**	**1.777**	**84.035**	**2.47**	**207.807**	**6.682**
Tolukuma (79%)												
Underground	0.159	18.98	3.018	0.097	0.211	14.42	3.043	0.098	0.370	16.38	6.061	0.195
Surface	–	–	–	–	–	–	–	–	–	–	–	–
Total	**0.159**	**18.98**	**3.018**	**0.097**	**0.211**	**14.42**	**3.043**	**0.098**	**0.370**	**16.38**	**6.061**	**0.195**
Porgera (16%												
Underground	0.487	7.11	3.460	0.111	0.963	8.61	8.294	0.267	1.450	8.11	11.754	0.378
Surface	7.685	2.95	22.697	0.730	1.716	3.07	5.275	0.170	9.401	2.98	27.972	0.900
Total	**8.172**	**3.20**	**26.157**	**0.841**	**2.679**	**5.06**	**13.569**	**0.437**	**10.851**	**3.66**	**39.726**	**1.278**
Vatukoula (79%)												
Underground	0.967	12.33	11.925	0.383	0.878	10.45	9.177	0.295	1.845	11.44	21.102	0.678
Surface	–	–	–	–	–	–	–	–	–	–	–	–
Total	**0.967**	**12.33**	**11.925**	**0.383**	**0.878**	**10.45**	**9.177**	**0.295**	**1.845**	**11.44**	**21.102**	**0.678**
Total Australasian Operations												
Underground	1.613	11.41	18.403	0.591	2.052	10.00	20.514	0.660	3.665	10.62	38.917	1.251
Surface	7.685	2.95	22.697	0.730	1.716	3.07	5.275	0.170	9.401	2.98	27.972	0.900
Total	**9.298**	**4.42**	**41.100**	**1.321**	**3.768**	**6.84**	**25.789**	**0.830**	**13.066**	**5.12**	**66.889**	**2.151**
Total group												
Underground	20.969	6.84	143.472	4.612	10.696	6.65	71.102	2.287	31.665	6.78	214.574	6.899
Surface	55.120	0.91	50.164	1.614	10.316	0.97	9.958	0.320	65.436	0.92	60.122	1.934
Total	**76.089**	**2.54**	**193.636**	**6.226**	**21.012**	**3.86**	**81.060**	**2.607**	**97.101**	**2.83**	**274.696**	**8.833**

RESERVES AND RESOURCES

IDENTIFIED ATTRIBUTABLE MINERAL RESOURCE AT 30 JUNE 2006	Measured				Indicated			
	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
Blyvoor (85%)								
Underground	19.471	8.31	161.768	5.201	23.609	5.39	127.307	4.093
Surface	17.437	0.59	10.236	0.329	–	–	–	–
Total	**36.908**	**4.66**	**172.004**	**5.530**	**23.609**	**5.39**	**127.307**	**4.093**
ERPM (85%)								
Underground	2.386	8.36	19.950	0.642	6.945	9.13	63.398	2.038
Surface	13.670	0.64	8.721	0.281	163.455	0.36	59.265	1.906
Total	**16.056**	**1.79**	**28.671**	**0.923**	**170.400**	**0.72**	**122.663**	**3.944**
Crown (85%)								
Underground	–	–	–	–	–	–	–	–
Surface	90.267	0.396	35.701	1.148	292.289	0.25	73.055	2.349
Total	**90.267**	**0.396**	**35.701**	**1.148**	**292.289**	**0.25**	**73.055**	**2.349**
Total South African operations								
Underground	21.857	8.31	181.718	5.843	30.554	6.24	190.705	6.131
Surface	121.374	0.45	54.658	1.758	455.744	0.29	132.320	4.255
Total	**143.231**	**1.65**	**236.376**	**7.601**	**486.298**	**0.66**	**323.025**	**10.386**
Tolukuma (79%)								
Underground	0.086	45.36	3.901	0.125	0.129	30.24	3.901	0.125
Surface	–	–	–	–	–	–	–	–
Total	**0.086**	**45.36**	**3.901**	**0.125**	**0.129**	**30.24**	**3.901**	**0.125**
Porgera (16%)								
Underground	0.459	7.48	3.435	0.110	0.902	9.20	8.294	0.267
Surface	12.344	2.78	34.304	1.103	5.929	2.37	14.060	0.452
Total	**12.803**	**2.95**	**37.739**	**1.213**	**6.831**	**3.27**	**22.354**	**0.719**
Vatukoula/Tuvatu (79%)								
Underground	6.595	8.68	57.221	1.840	3.754	9.54	35.800	1.151
Surface	–	–	–	–	–	–	–	–
Total	**6.595**	**8.68**	**57.221**	**1.840**	**3.754**	**9.54**	**35.800**	**1.151**
Total Australasian operations								
Underground	7.140	9.04	64.557	2.075	4.785	10.03	47.995	1.543
Surface	12.344	2.78	34.304	1.103	5.929	2.37	14.060	0.452
Total	**19.484**	**5.07**	**98.861**	**3.178**	**10.714**	**5.79**	**62.055**	**1.995**
Total group								
Underground	28.997	8.49	246.275	7.918	35.339	6.75	238.700	7.674
Surface	133.718	0.67	88.962	2.861	461.673	0.32	146.380	4.707
Total	**162.715**	**2.06**	**335.237**	**10.779**	**497.012**	**0.77**	**385.080**	**12.381**

Inferred				Total			
Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
125.537	3.25	408.152	13.122	168.617	4.13	697.227	22.416
30.528	0.31	9.477	0.304	47.965	0.41	19.713	0.633
156.065	**2.68**	**417.629**	**13.426**	**216.582**	**3.31**	**716.940**	**23.049**
36.874	7.78	286.892	9.224	46.205	8.01	370.240	11.904
–	–	–	–	177.125	0.38	67.986	2.187
36.874	**7.78**	**286.892**	**9.224**	**223.330**	**1.96**	**438.226**	**14.091**
–	–	–	–	–	–	–	–
–	–	–	–	382.556	0.28	108.756	3.497
–	**–**	**–**	**–**	**382.556**	**0.28**	**108.756**	**3.497**
162.411	4.28	695.044	22.346	214.822	4.97	1067.467	34.320
30.528	0.31	9.477	0.304	607.646	0.32	196.455	6.317
192.939	**3.65**	**704.521**	**22.650**	**822.468**	**1.54**	**1263.922**	**40.637**
0.239	25.56	6.110	0.196	0.454	30.64	13.912	0.446
–	–	–	–	–	–	–	–
0.239	**25.56**	**6.110**	**0.196**	**0.454**	**30.64**	**13.912**	**0.446**
0.360	11.31	4.073	0.131	1.721	9.18	15.802	0.508
0.833	2.06	1.717	0.055	19.106	2.62	50.081	1.610
1.193	**4.85**	**5.790**	**0.186**	**20.827**	**3.16**	**65.883**	**2.118**
4.294	10.53	45.198	1.453	14.643	9.44	138.219	4.444
–	–	–	–	–	–	–	–
4.294	**10.53**	**45.198**	**1.453**	**14.643**	**9.44**	**138.219**	**4.444**
4.893	11.32	55.381	1.780	16.818	9.99	167.933	5.398
0.833	2.06	1.717	0.055	19.106	2.62	50.081	1.610
5.726	**9.97**	**57.098**	**1.835**	**35.924**	**6.07**	**218.014**	**7.008**
167.304	4.49	750.425	24.126	231.640	5.33	1235.400	39.718
31.361	0.36	11.194	0.359	626.752	0.39	246.536	7.927
198.665	**3.83**	**761.619**	**24.485**	**858.392**	**1.73**	**1481.936**	**47.645**

RESERVES AND RESOURCES

ORE RESERVE PARAMETERS UTILISED – SOUTH AFRICA		Blyvoor	ERPM	Crown
Underground				
Working cost	R/t	632.36	628.61	
Gold price	R/kg	117 055	117 055	
Plant recovery	%	96	94	
Mine call factor	%	84	87	
Mining factors:				
Sundries	%	15	9	
Discrepancies	%	12	12	
Required yield	g/t	5.40	5.37	
Head grade	g/t	5.64	5.70	
Broken grade	g/t	8.94	8.17	
Stope width	cm	109	125	
Surface				
Working cost	R/t	13.94	39.95	36.00
Gold price	R/kg	117 055	117 055	117 055
Plant recovery	%	48	66	64.5
Mine call factor	%	100	100	100
Mining factors:				
Reclamation	%	100	100	100
Required yield	g/t	0.119	0.341	0.308
Head grade	g/t	0.248	0.517	0.477
Broken grade	g/t	0.248	0.517	0.477

Note:
Ore Reserves for the 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.

ORE RESERVE PARAMETERS UTILISED – AUSTRALASIA

		Tolukuma	Porgera	Vatukoula
Underground				
Working cost	US$/t	**131**	64	114
Gold price	US$/oz	582	400	582
Plant recovery	%	91	87	87
Mine call factor	%	83	–	71
Mining factors:				
Sundries	%	–	–	15
Discrepancies	%	–	–	–
Required yield	g/t	7.0	5.0	6.0
Head grade	g/t	**15.9**	8.1	10.3
Broken grade	g/t	19.2	–	14.6
Stope width	cm	186	–	150
Surface/Open pit				
Working cost	US$t	–	13	–
Gold price	US$/oz	–	400	–
Plant recovery	%	–	84	–
Mine call factor	%	–	–	–
Mining factors:				
Reclamation	%	–	–	–
Required yield	g/t	–	1.0	–
Head grade	g/t	–	3.4	–
Broken grade	g/t	–	–	–

Note:

Ore Reserves for the Australasian 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.

RESERVES AND RESOURCES

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.

Growth opportunities within South Africa have been largely confined to organic expansion from existing operations. The introduction of the Minerals and Petroleum Resources Development Act of 2002, and the unused old order rights reverting back to the state as at 30 April 2005, has given DRDGOLD the opportunity to acquire and exploit additional areas which had previously been sterilised under the old order rights.

DRDGOLD has also become increasingly active in pursuing appropriate projects for gold exploration and acquisitions throughout Africa.

DRDGOLD will continue to build on its position as a leading 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

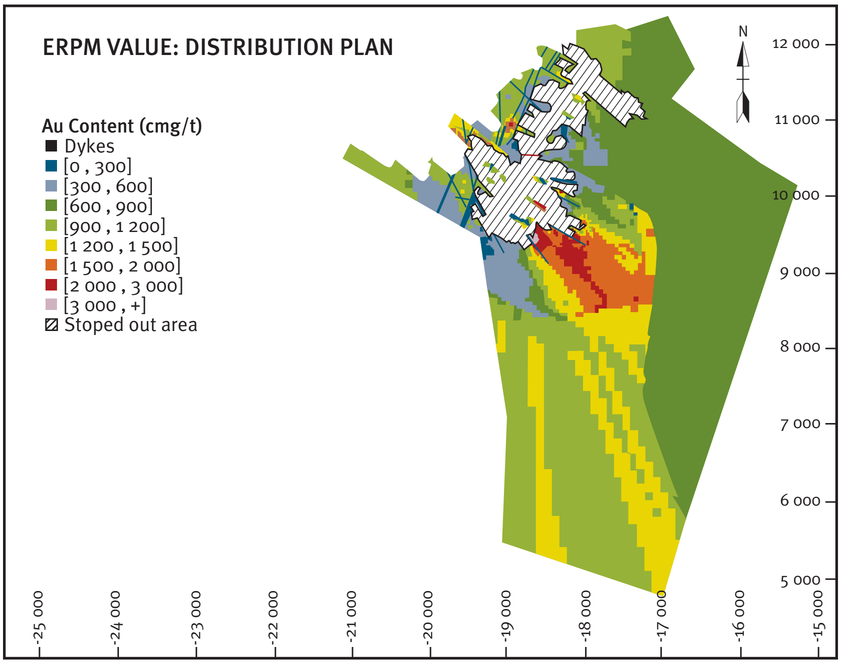
Exploration and project development during the year continued to enhance DRDGOLD's growth strategy in order to extend and replace existing production ounces.

MINE EXPLORATION

ERPM

On 14 January 2006, DRDGOLD SA obtained a four-year prospecting right covering an area of 1 252 hectares of the adjacent Sallies Mine, referred to as ERPM Extension 1. The rationale behind the application is to pursue the high-grade Composite Reef payshoot currently being exploited at ERPM through the existing mine boundary.

The regional geology of the area indicates that there will be a strike change owing to faulting associated with an east-west trending sinistral tear fault. In order to confirm the anticipated change in the geological structure and hence payshoot orientation, it is envisaged that prospecting will take place through the development situated 50 metres in the footwall. Owing to the high induced stress experienced at depth, it will be necessary to protect the excavation by means of concurrent over-stoping on the reef plane. Although this is the safest option, permission must first be sought from the Department of Minerals and Energy (DME).



ERPM EXTENSION 1 MINERAL RESOURCE

Category	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
Measured	0.07	11.84	0.810	0.03
Indicated	2.66	13.18	35.035	1.13
Inferred	34.03	7.96	270.988	8.71
TOTAL	36.76	8.35	306.833	9.87
DRDGOLD (85%)	31.25	8.35	260.808	8.39

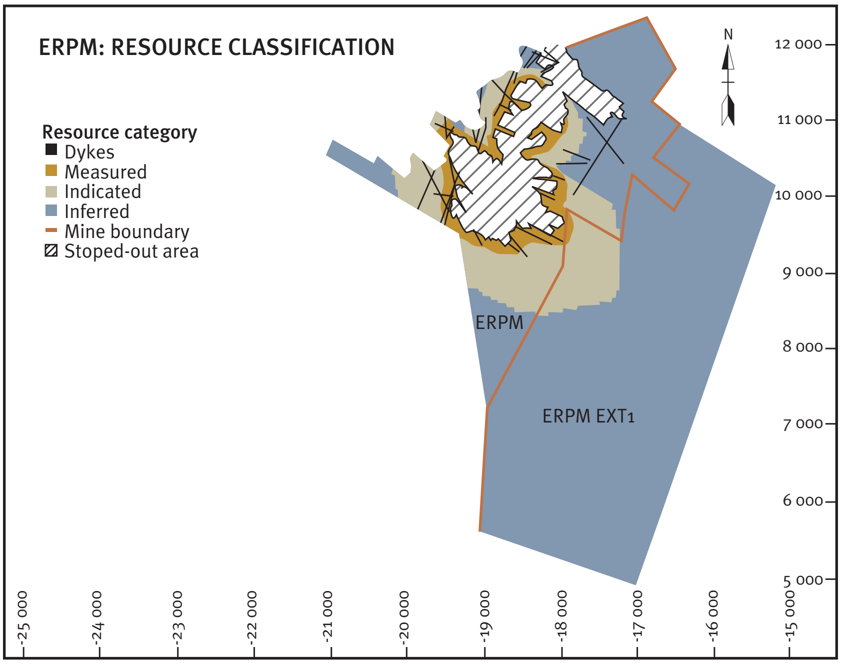
ERPM Extension 1 Mineral Resource (4% geological losses applied)

Exploration and project development during the year continued to enhance DRDGOLD's growth strategy in order to extend and replace existing production ounces

The development will be supplemented by 1 340 metres of exploration diamond drilling, conducted from exploration cross-cut drilling platforms.

The area covered by the prospecting right was evaluated in the current Reserve and Resource estimation. As a consequence of Measured and Indicated Resources being defined by grade extrapolation, an application to convert the prospecting right to a mining right will be submitted in the 2007 financial year. On approval, the Measured and Indicated Resource will be upgraded to a Reserve.

An application to extend ERPM's existing prospecting right eastwards into the Rooikraal/Withok area, incorporating the southern sections of the old Van Dyk mining lease area and a small portion of Sallies has been submitted to the DME. The additional area, referred to as ERPM Extension 2, totals 5 500 hectares, with a potential exploration target of some 7.0 Moz to 11.0 Moz of gold and could result in a deep level mine with a life in excess of 15 years.



CROWN

The company has concluded an agreement with AngloGold Ashanti Limited to purchase the remaining extent of Erf 1 Park Central Township, better known as the Top Star sand dump, located in the Johannesburg central business district (CBD), and the application for a mining right is in the process of being submitted.

The dump has been evaluated geostatically and has a measured Mineral Resource of 5.1 million tonnes, at a grade of 0.755 g/t. Upon acquisition and the obtaining of a mining right, the dump will be incorporated into Crown's mining plan and thereby increase the operation's Proved Ore Reserves by 0.125 Moz.

RESERVES AND RESOURCES

Encouraging results have been returned on Tolukuma's Zine structure while a recently discovered vein set in the Fundoot area offers promising results from trenching across this structure

VATUKOULA

At the Philip Shaft section, exploration focused on the Basala project, testing for orebodies in the footwall of Prince William flatmake. This work has defined two previously unidentified structures to date, the Prince William footwall and Basala Shaft 1 flatmakes. Down-dip and strike extensions are currently being tested.

Ongoing testing of the Prince William hanging wall orebodies, close to current development, continues to prove encouraging between 14 level and 15 level. This work will continue testing down-dip and along strike and is expected to add significant flexibility to the mine plan.

A programme designed to test Prince William Deeps in the footwall of Dolphin flatmake commenced recently, and is expected to bring a significant tonnage into resource. This work forms part of the Basala Project aimed at defining the feeder system for the high-grade Prince Dolphin/Prince William Deeps gold-telluride mineralisation.

At the Emperor Decline section, structures targeted during the quarter included 10 level Vunivalu dyke-swarm, 10 to 12 level 260E shear, 10 to 12 level, 166N flatmake, and 10 to 12 level 166N HW flatmake. A number of significant intersections encountered on 166N HW flatmake and 10 level Vunivalu comprise part of the targets planned for production in the following quarter.

At the R1/Cayzer Shaft section, drilling revealed potential on Kava FW in the footwall of 17L UFZ. Drill testing of Vonu type structures in the footwall of DBX returned an encouraging result late in the quarter. Drilling into the R1 East block encountered some structural intersections in heavily altered andesite but returned insignificant gold values.

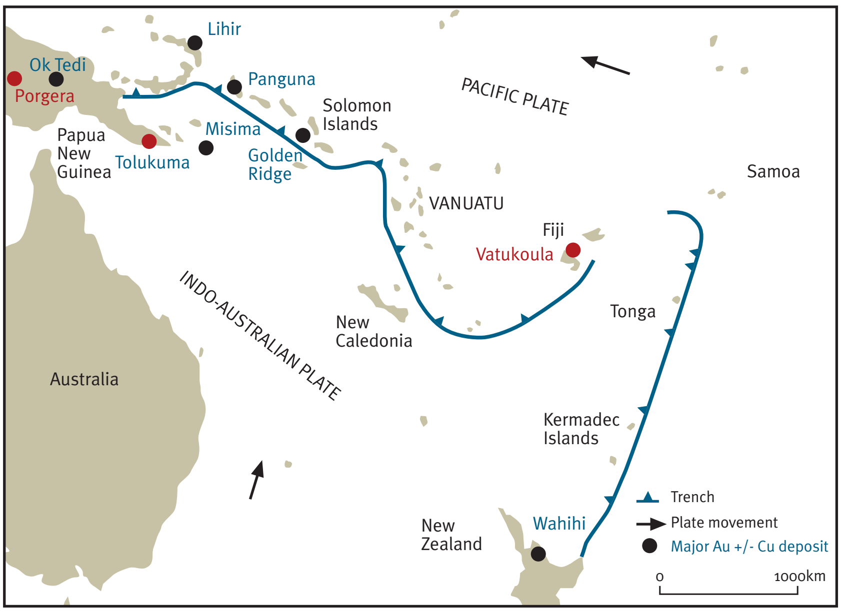
TOLUKUMA

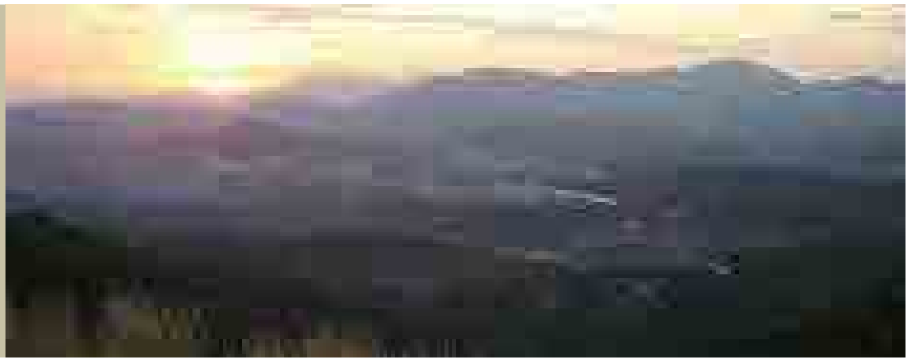
Exploration activities at Tolukuma in the last quarter of FY06 have focused on the drilling of the Zine structure, with other minor work being completed on the Banana West-Wossa Ridge and Fundoot areas. Encouraging results have been returned on the Zine structure whilst a recently discovered vein set in the Fundoot area offers promising results from trenching across this structure.

To facilitate the current rate of exploration, an additional underground rig is scheduled to be commissioned at Tolukuma during the first quarter of 2007. This rig will expedite the resource definition drilling planned for the Zine structure.

Exploration development and underground diamond drilling at Tolukuma has intersected high-grade gold mineralisation on the Zine vein structure as well as in a newly discovered splay off the Zine structure.

LOCALITY MAP: AUSTRALASIAN OPERATIONS





Barrick Gold Corporation reports that the Stage Six exploration programme at Porgera is now complete, involving a programme total of 20 027 metres

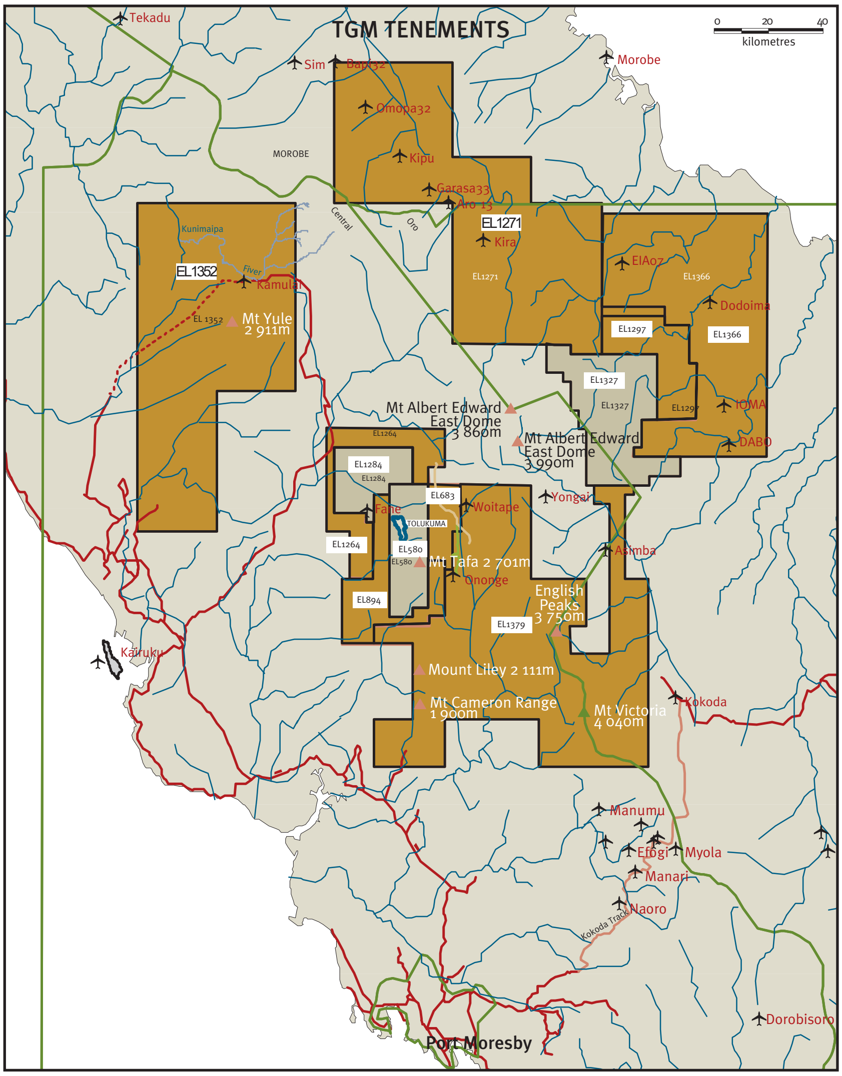
The Zine structure is now being developed in two drives on the 1 525 metres RL and 1 495 metres RL levels respectively. To date more than 140 metres of strike length of the Zine structure has sampled as mineralised on 1 525 metres level and 30 metres on 1 495 metres level. An exploration drive along the new Zine Splay structure has sampled 97 metres of mineralised strike length.

This discovery of the above-mentioned mineralised splay structure off the main Zine vein structure is considered very significant, being the first high-grade mineralised vein to be found extending eastwards from the known vein array that has been mined at Tolukuma. It indicates the potential for an entirely new mineralised corridor to the east, as well as a new internal target area along the potential north-west extension.

Zone 1 on 1 495 metres level and Zone 2 on 1 525 metres level both remain open to the south while the newly discovered splay vein is open to the south-east. Diamond drilling has also intersected the Zine vein some 100 metres south of current development in hole TU071 and some 160 metres down-dip in hole TU073, both of which returned similar styles of mineralisation.

PORGERA

Barrick Gold Corporation reports that the Stage Six exploration programme at Porgera is now complete, involving a programme total of 20 027 metres. Exploration drilling was completed at the Romane East and Cubby zones, Lower North Zone and Porgera Deeps. The objective of drilling in the Romane East and Cubby zones was to test the continuity of mineralisation along the Cubby Zone to the East. Drilling in the Lower North Zone was to test the continuity of one of the North Zone



ore shoots into the East Zone and to investigate the existence of a new ore shoot at depth.

Development on the 9 level exploration drive has also been completed. The 9 level is the platform for testing the Porgera Deeps Project. Initial drilling experienced ground problems. A further exploration programme will be carried out from surface. This will target the junction zone between the East Zone and Romane Fault along strike.

Field reconnaissance was carried out south of Mt Ipusa in EL 858 to follow up a geophysical anomaly. No intrusive outcrops were mapped. On the Special Mining Lease, field reconnaissance was carried out in Tupegai-Peruk and Liawin areas. There are current small alluvial gold mine activities in these areas. Final drill-pad locations for the proposed Tupagai drill programme were designed, heli-supported logistics were finalised and track access was upgraded so that drilling could start in July. On the exploration licences, a field reconnaissance trip was undertaken to the Kumbipota area to assess and follow-up previously identified anomalous geochemistry. Geochemistry samples results are in progress. Data compilation, validation and integration for the exploration licences are complete.

REGIONAL EXPLORATION

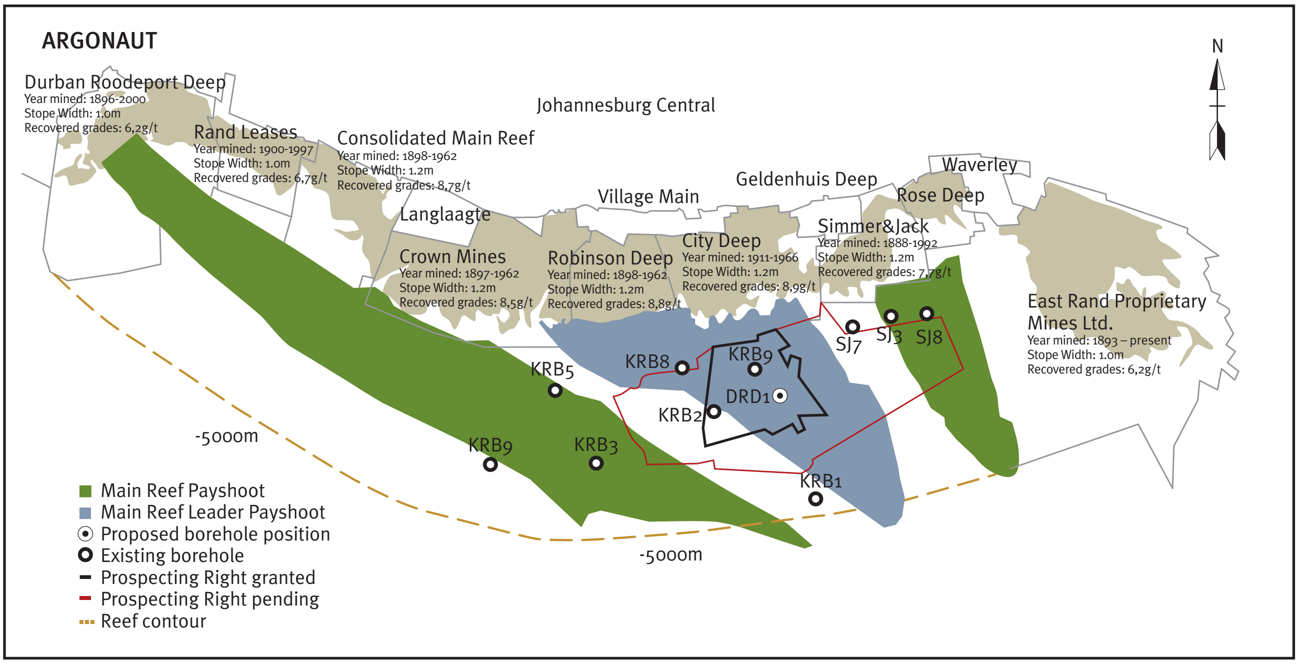
SOUTH AFRICA

The Argonaut Project represents the southern down-dip extension of the Central Rand Goldfields. It relates to the possible exploitation of part of the potential Resource at 3 000 to 4 500 metres below surface, located south of the Robinson Deep Mine and extending eastwards to the Simmer and Jack Mine.

On 6 February 2006, a prospecting right covering an area of 969 hectares over part of the project was obtained.

DRDGOLD is evaluating the feasibility of funding the drilling of a hole (DRD1) on its Prospecting Right No. 133/2006 (PR). The hole is anticipated to intersect the exploration target of the Main Reef Leader Reef at a depth of 4 200 metres below surface. Tenders have been submitted to five drilling contractors.

In order to support the drilling, an application for an extension to the current prospecting right by an additional 4 002 hectares has been submitted to the DME. On approval, a Mineral Resource for the revised area will be declared.



FIJI

No regional exploration work was carried out in Fiji. A re-assessment of feasibility of the Tuvatu Resource area is being undertaken and an aggressive new regional programme for both Tuvatu and Vanua Levu is under review.

PAPUA NEW GUINEA

The company maintains 11 exploration licences (EL) covering 9 114 square kilometres. Seven tenements are granted, namely ELs 683, 1297, 1379, 1284, 1271, 1352 and 1366 with four tenements, EL 580, 894, 1264 and 1327 awaiting renewal. Recent activity included maintenance of tenure matters, the start of fieldwork in EL 1284 and EL 1297, and the near completion of a major technical review of all exploration tenements which started in July 2005. The technical review phase has been completed and final edits of 11 EL reports and a summary report are being finalised.

TerraSearch completed validating and uploading all geochemical information across all the tenements and the Tolukuma database is now considered to be up to date. Together with recently acquired Landsat 7 thematic images and an Aster (15 metres) digital terrain model, a comprehensive base now exists for future exploration planning on the existing tenements and the immediate regions.

The tenements contain mineralisation and anomalies at all scales from individual porphyry stocks (Copper-Gold) to the Tolukuma epithermal vein (Gold) system. The mineralisation is intimately associated with Pliocene volcanic piles and is expected to be connected to Miocene-Pliocene intrusions. Important controlling structures also occur, similar to those observed at other important deposits in PNG. Much of the 'modern' exploration from the past (1960s onward), has been sourced, reviewed and synthesised and has greatly assisted in defining individual prospects, their potential and the broader regional opportunity.

These evaluations have highlighted and given high grades to in excess of 30 separate prospects with several key prospects at an advanced stage requiring major drilling and exploration. These prospects exhibit large areas of geochemical and geophysical anomalism. Detailed geological knowledge of the Tolukuma discovery base to current mining, other PNG deposits, and knowledge and comparison to other deposits worldwide has allowed screens to be applied and a ranking of prospects undertaken. Priorities for future exploration have been recommended.

This exploration review establishes the basis for the aggressive US$15 million exploration programme unveiled by Emperor Mines Limited at the recent Asia Mining Congress held in Singapore during March 2006 and during its recent capital raising.

SAFETY,
HEALTH AND ENVIRONMENT

DRDGOLD's policy is to comply with all relevant statutes and to strive to achieve best practice in terms of occupational health, safety and environmental management. DRDGOLD recognises the right of every worker to a safe and healthy working environment, and, acknowledging its broader responsibilities as a corporate citizen, endeavours to enter into constructive partnerships with the communities within which it operates

SAFETY, HEALTH AND ENVIRONMENT SOUTH AFRICA

DRDGOLD SA

SAFETY

Regrettably, five people died in work-related incidents at DRDGOLD SA operations during the year. Falls of ground remain the principal cause, with seismic and gravity-related falls of ground each accounting for two fatalities. Seismic monitoring remains in place, and management has continued efforts to enforce support standards.

The communication of safety-related issues to employees and the development of a safety-focused mindset remain a priority. A new safety campaign, ‘Before you work’, has been launched at the Blyvoor and ERPM operations. The central concept of the campaign is that all workplaces must be made safe before work begins. Industrial theatre, with employees trained as actors, is being used at Blyvoor to reinforce safety-related communication, and the monthly ‘hot-spot’ visits by management and union representatives, involving a full safety audit of a specific workplace, have remained in place.

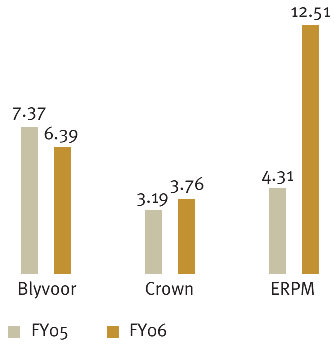
Blyvoor won the West Rand Mine Managers’ Association Inter-mine Safety Competition for the eighth year in succession. The competition is based on Lost Time Injury Frequency Rates (LTIFR).

Immediately prior to the end of the last financial year, in June 2005, Blyvoor achieved 1 million fatality-free shifts. Blyvoor’s No 6 Shaft recorded 1.7 million fatality-free shifts in January 2006.

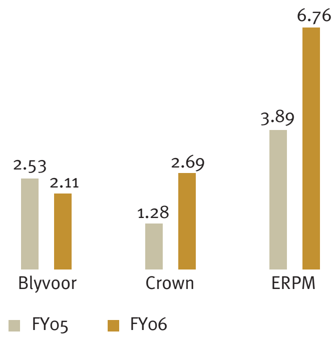
SAFETY INDICATORS: OPERATIONS

Blyvoor’s rates show an encouraging trend, while the regression at ERPM is largely attributable to increased seismicity. Two reportable injuries took place at Crown, compared with one in 2005. Falls of ground remain the most common cause of accidents within DRDGOLD SA, accounting for 29% of reportable injuries, followed by materials handling at 23%.
Joint health and safety agreements with organised labour are in place at all operations. All accidents are the subject of a comprehensive investigation leading to appropriate remedial action.

Lost Time Injury Frequency Rates



Reportable injuries
(rates per million man hours)



SAFETY INDICATORS DRDGOLD SA		
(rates are per million man-hours)		
	FY06	FY05
Lost-time injuries	**10.81**	9.55
Reportable injuries	**3.81**	3.44
Fatalities	**0.216**	0.25

SAFETY, HEALTH AND ENVIRONMENT SOUTH AFRICA

HEALTH

The provision of quality primary health care to all employees remains a priority, with secondary health care offered where a suitable infrastructure exists. Health care services at the three operations (including occupational health and medical surveillance) are outsourced to reputable service providers.

Lifestyle forums, comprising representation from management and organised labour, have been established at all operations. Topics selected for focus include health-related issues such as tuberculosis (TB) and HIV/AIDS.

In terms of occupational hygiene, a baseline hearing audit at all operations is planned for FY07. Detailed measures to be adopted will depend on the findings of the audit, but will include optimal use of personal protective equipment (PPE), possible use of electric drills and sound attenuation in the work environment.

Blyvoor: occupational health indicators for January – June 2006

Noise induced hearing loss (NIHL)	Diagnostic audiograms performed*	24
	Submissions for possible compensation*	9
	Number of cases compensated*	8
Tuberculosis	Monthly prevalence rate per 100,000 employees	1,694.33
Occupational Lung Disease (OLD)	Number of cases submitted to MBOD*	12

**Denotes average per month*
Note: record for previous year not available

ERPM: occupational health indicators

		FY06	2002-06
Noise induced hearing loss (NIHL)	Diagnostic audiograms performed	44	
	Submissions for possible compensation	44	
	Number of cases compensated	21	
Tuberculosis	Number of new cases	13	318
Occupational Lung Disease (OLD)	Number of cases submitted to MBOD	9	84

Blyvoor

At Blyvoor, health care provision has been outsourced to Healthshare Health Solutions (Healthshare) since 1 December 2005. Services offered to employees, the cost of which is subsidised by the mine, comprise primary health care through two mine clinics, and secondary and tertiary health care services through the Sir Albert Medical Centre in Randfontein.

Healthshare also manages Blyvoor's complete occupational health programme. This comprises the medical surveillance programme of initial, periodical and exit medical examinations, heat tolerance screening, the provision of therapy for TB, the keeping of statutory records and the submission of compensation claims to the Medical Bureau for Occupational Diseases.

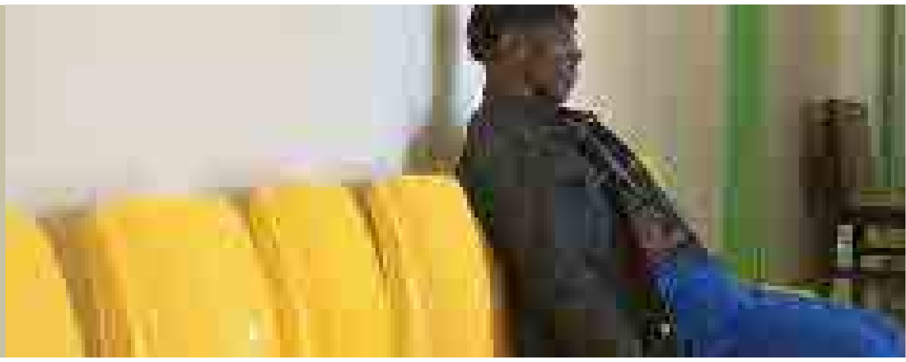
The issue of HIV/AIDS at Blyvoor is managed through a combination of external and internal resources. Two week-long awareness campaigns, facilitated by Khomanani (a government-funded agency operating in the HIV/AIDS field) have been held on the mine, the first in October 2005 and the second in March 2006.

Voluntary counselling and testing is provided by Healthshare through the two on-mine clinics, which also provide ongoing counselling and appropriate medication to counter opportunistic infections for employees and community members diagnosed as HIV-positive. The average monthly number of wellness clinic attendees during the second half of the financial year increased by 47% compared with the previous year.

The primary health clinic also administers the referral, where medically indicated, for anti-retroviral treatment (ART). Currently, 120 Blyvoor employees are receiving ART.

Crown

All employees at Crown are covered by a medical aid scheme. An occupational health clinic, staffed by a full-time occupational health practitioner and part-time doctor, deals with medical surveillance, NIHL and TB. Medical



surveillance examinations in 2006 numbered 1 188 (2005: 924). Five cases of compensable NIHL were diagnosed during the year, the same number as in the previous year. Three positive cases of TB were identified, one more than in 2005. Dust monitoring measures remain in place, and no high dust counts were received during the year.

ERPM

Health care at ERPM is outsourced to Life Healthcare. Primary health care is provided through an on-mine clinic. The occupational health clinic, staffed by a doctor and four nursing sisters, has recently been relocated to the shaft area to provide employees with immediate access before or after work. The scope of work of the clinic has recently been expanded to include an HIV/AIDS wellness programme.

Codes of Practice regulating the management of thermal stress, noise and airborne pollutants have been completed at all three operations, and all required reports will be submitted to the relevant authorities. External consultants have been retained on all operations to advise on prevalent airborne pollutant levels, and have reported levels not exceeding 0.1 milligrams per cubic metre (mg/m^3), which is well within industry norms.

ENVIRONMENT

During the year under review, the company has continued a number of initiatives, launched last year, designed to instil a degree of conformity in environmental management within the operations of DRDGOLD SA.

The Regional Environmental Co-ordination Committee, established in 2005 and comprising a representative from each operation, conducts a monthly audit of the environmental management standing of each operation.

The Environmental Management Programmes at the three operations will be updated by December 2006 to incorporate amendments made to the requirements of the Minerals and Petroleum Resources Development Act of 2002 (MPRDA).

The major environmental challenges facing the South African operations remain dust and water.

Dust

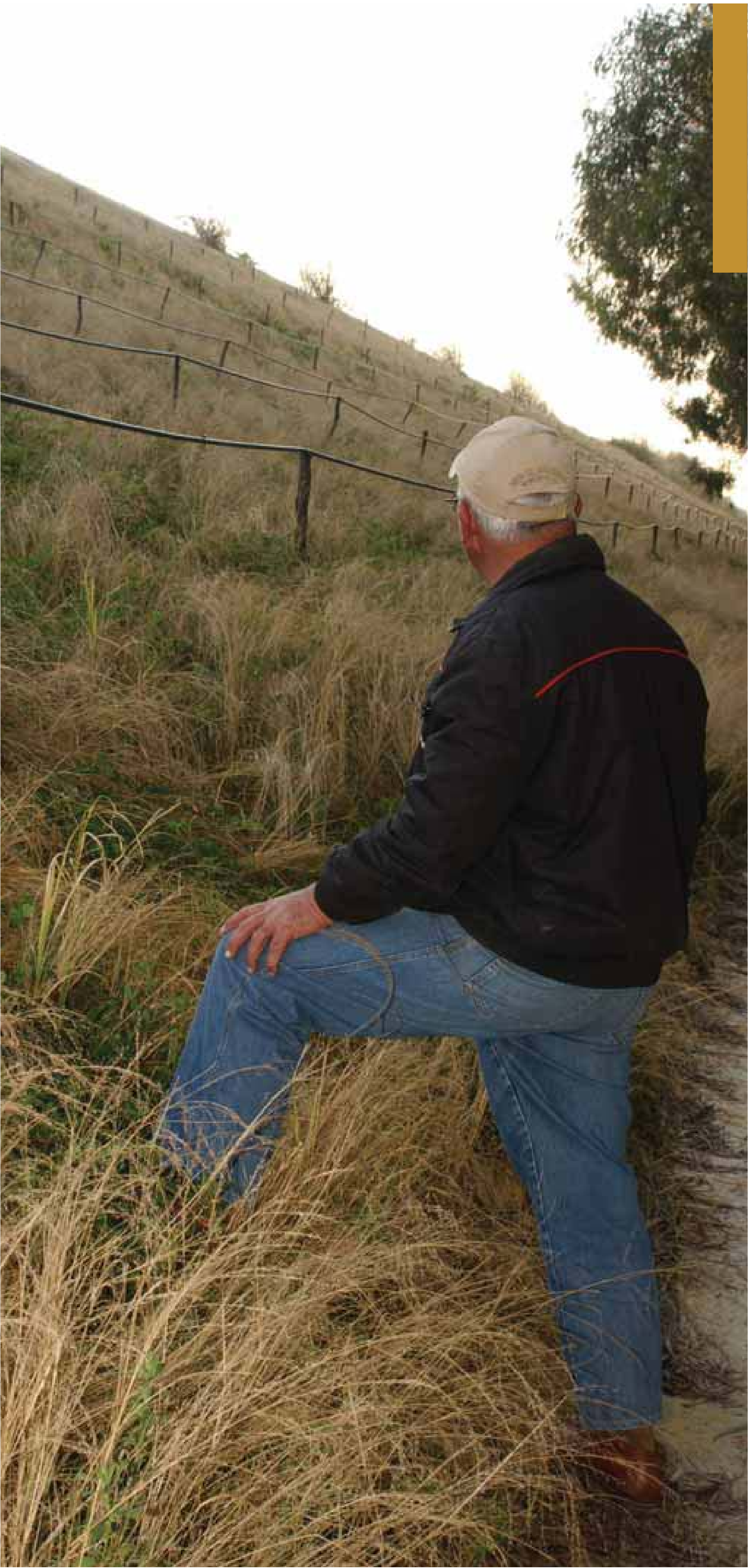
A dust monitoring programme, led by Annegarn Environmental Research, has been undertaken at all operations, to monitor dust levels against standards and alert operations to take remedial action.

Vegetation programmes for the rehabilitation of dormant tailings dams are in place.

	Side slope planted – hectares	Top surface vegetation
Blyvoor	2.7	5 hectares ploughed
Crown	11.5	
ERPM		13 hectares top surface vegetation. Top of 4 dam ridge ploughed for dust control
DRD Mine (discontinued operation)		41 hectares of top surface vegetation

Rehabilitation trust funds: R	FY06	FY05
Blyvoor	19 999 908	16 638 047
Crown	6 971 959	6 364 549
ERPM	5 303 273	1 573 680
West Wits*	13 003 804	12 158 975
DRD*	15 105 045	14 087 986
Total	60 383 989	50 823 237

**Discontinued operations*



SAFETY, HEALTH AND ENVIRONMENT SOUTH AFRICA

Water
Water quality and discharge volumes are monitored and quarterly reports are submitted to the Department of Water Affairs and Forestry (DWAF).

At Blyvoor, major storms early in 2006, with rainfall reaching levels not seen for a century, resulted in slime spillages. Steps to prevent further spillages have been put in place.

Water management audits are conducted in compliance with regulations, and desilting of return water dams to separate clean and dirty water has continued.

At all operations, consultative forums with local communities are in place to deal with matters of concern regarding dust and water pollution. At Blyvoor, a Wonderfontein Action Committee has been formed with representation from local communities, relevant government departments and a number of local mines to rehabilitate the Wonderfontein Spruit, following the publication of a report by the Water Research Commission identifying potential radiation pollution.

REHABILITATION
The National Nuclear Regulator has approved the demolition procedure for Blyvoor's uranium plant, and work is scheduled to begin shortly.

The demolition and rehabilitation of the old Blyvoor No 1 Hostel is under way, and the rubble is being used to fill the old No 1 Shaft. Two large sink holes have also been filled with building rubble and rehabilitated.

At all operations, consultative forums with local communities are in place to deal with matters of concern regarding dust and water pollution

DRDGOLD, in compliance with the provisions of the MPRDA, makes annual contributions to environmental trust funds to cover closure and rehabilitation costs. The total funding level has risen by nearly 19% in the year under review.

Concurrent rehabilitation is now under way at all operations. This has significant associated benefits: the final liability is reduced, and the associated cost is often less than the assessed value. For example, the Hercules Shaft area at ERPM was rehabilitated at no cost, making use of the recuperated value of the scrap steel and reducing the final liability by more than R2 million.

SAFETY, HEALTH AND ENVIRONMENT AUSTRALASIA

SAFETY

Regrettably, two fatalities took place during the year at Vatukoula in Fiji. No fatalities occurred at Tolukuma in PNG.

Tolukuma had a satisfactory first half of the year, with no lost-time injuries recorded. Six such injuries, however, took place in the second half of the year, resulting in a LTIFR of 2.58 for the year (FY05: 2.10).

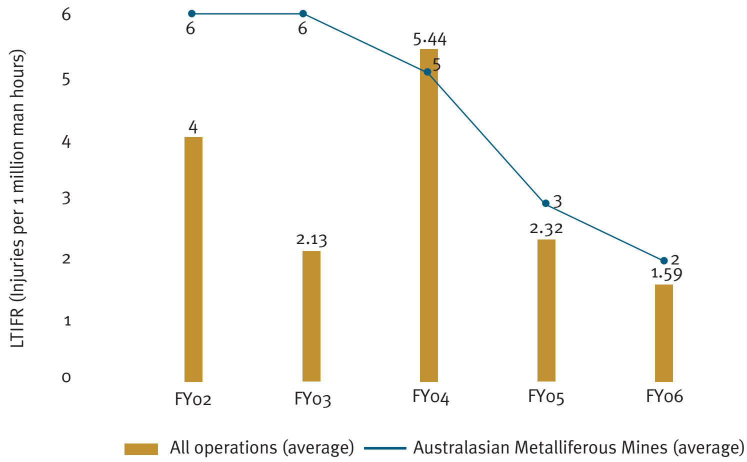
Vatukoula also returned a good safety performance over most of the financial year. In May 2006, the LTIFR stood at 1.70 over a 12-month moving average. However, a collision between a man-carrier and a loader in the main Emperor Decline in June 2006 resulted in two lost time injuries, bringing the total lost time injuries for the year to nine.

Tolukuma recorded 782 380 fatality-free shifts during the year.

An exclusive review of all safety-related Standard Operating Procedures (SOPs) is in progress at Tolukuma and is scheduled for implementation in the second quarter of FY07.

The overall trend for lost time injury rates at the Australasian operations is positive, improving from an average of 4 in FY02 to 1.59 in FY06.

Emperor Mines Lost Time Injury Frequency Rate



	FY06		FY05	
	Fatalities	**LTIFR**	Fatalities	LTIFR
Tolukuma	**0**	**2.58**	0	2.10
Vatukoula	**2**	**2.21**	3	2.27

SAFETY, HEALTH AND ENVIRONMENT AUSTRALASIA

At Vatukoula, environmental awareness programmes are in place for all employees, incorporating regular refresher sessions

These figures (which include data for Porgera, in which Emperor Mines has a 20% stake) compare favourably with the average for Australian metalliferous mines.

At Vatukoula, an extensive programme to reinforce safety standards and procedures was undertaken during the year and 90% of the hourly-paid workforce has received repeat induction training in safety and work standards. A communication campaign, with a different theme each month (for example good housekeeping or hazard identification) is under way. The training department carries out regular audits to monitor good housekeeping and safety standards in the workplace. Sub-standard work practices are stopped on the spot by the audit team and reported to the Operations Manager. A workplace health and safety representative has been appointed. Dedicated safety officers have been recruited for each underground location, and shaft safety team leaders, reporting directly to the production manager, have been appointed at all shafts. The underground support pattern for development and longwall stoping has been reviewed, with improvements where necessary.

HEALTH

Improving the health and well-being of its workforce is an integral part of Emperor Mines' approach to business.

In the case of Tolukuma, this commitment is demonstrated in the direct health services the mine provides and through the ongoing health awareness and education programmes it has undertaken.

Direct services include the Community Aid Post and the mine-based medical centre. The aid post, in Tolukuma Village, is staffed by two community health workers. The medical centre, located within the camp, is staffed by two fully qualified doctors and two health extension officers. More that 11 000 patients were treated at the two facilities between January and December 2005.

Staff from the aid post and medical centre carry out a quarterly outreach programme, visiting the more remote communities by helicopter.

The illnesses most commonly treated at the aid post and medical centre are malaria, pneumonia and diarrhoea.

Comprehensive medical examinations are in place for employees, on appointment and annually thereafter. These examinations include screening for tuberculosis, typhoid and HIV.

A health education programme, featuring on selected topics such as HIV/AIDS, tuberculosis and Sexually Transmitted Infections (STIs) is currently being developed and is scheduled for implementation during the course of the next financial year.

More serious cases are referred to the hospital at Port Moresby. A helicopter evacuation service is in place for emergencies.

At Vatukoula, a medical facility offering primary health care services operates on an outpatient basis. A volunteer counselling service is also available, dealing with such issues as substance abuse and STIs. HIV/Aids counselling and testing services are available in Suva, the capital city, some four hours' drive away.

Monthly visits to the clinic in FY06 averaged 1 215, with peaks reflecting seasonal outbreaks of influenza or of water-borne diseases during the wet months. All new recruits are medically examined upon engagement.

Terracing and re-vegetation at the waste dump appears to be successfully enhancing plant establishment and growth

ENVIRONMENT

Emperor Mines is committed to managing the impact of its operations in an environmentally responsible way throughout all its exploration, mining and processing activities. Environment Management Systems are based on ISO 14001 Standards. The company's Environmental Policy is reviewed every three years and updated if required.

Tolukuma complies with all monitoring guidelines as stated in the Environmental Management and Monitoring Programme. It has valid water use permits and complies with existing monitoring strategies. Compliance results are reported annually to the PNG Department of the Environment and Conservation.

Among other positive developments during the current year, geochemical and water quality monitoring performed at Tolukuma by DY Environmental Consultants (PNG) Limited in December 2005 on the Auga-Angabanga River system reported findings within compliance. Mill tailings analyses by the Australian Laboratory Services (ALS) in Brisbane reported filtered metals, ammonia, cyanide, conductivity and total suspended solids to be within compliance criteria. Terracing and re-vegetation at the waste dump appears to be successfully enhancing plant establishment and growth.

Following a number of aquatic surveys conducted by Hydrobiology (Pty) Limited, a control site is being established to review integrated data.

At Vatukoula, Environmental Awareness Programmes are in place for all employees, incorporating regular refresher sessions.

During the year under review, planning began for an in-depth environmental survey into possible pollution sources within the Lololevu Creek catchment area. The plan includes a proposal to review the tailings discharge monitoring programme.

Documentation regarding significant environmental risks is partially complete. Data collection began for a research project regarding the arsenic content of waste material, and periodic environmental audits of all surface work areas have been carried out.

Four environmental incidents were reported at Vatukoula, of which the two major ones related to a fish stress incident at the Lololevu Creek and a pinhole pipeline failure along a section of the Toko tailings pipeline. All reported incidents were thoroughly investigated to determine the cause and to implement appropriate action to avoid future recurrence. In terms of regulatory requirements, all incident reports are forwarded to MRD (government regulators) for information.

TRANSFORMATION
– SOUTH AFRICA

MINING CHARTER

The Broad-based Socio-economic Empowerment Charter (the Charter) for the South African Mining Industry was adopted in October 2002, in a collaborative effort between the industry and the South African Government. The Charter, in conjunction with the MPRDA, sets out the conditions that mining companies must meet in order to convert their old order mining and prospecting rights to new order rights.

A Mining Scorecard has been drawn up by the Department of Minerals and Energy (DME), listing the key elements upon which mining companies are required to report progress within a five- and 10-year timeframe. The scorecard requires answers to the set of questions listed in the sections that follow.

Applications to convert old order mining and prospecting rights must be accompanied by a social and labour plan setting out the company's detailed proposals for meeting the requirements of the Charter. Progress made to date is outlined in the following sections.

HUMAN RESOURCES DEVELOPMENT

Blyvoor's increased production at No 6 Shaft and the re-opening of No 4 Shaft in the year under review have made it possible to re-employ a number of retrenched mineworkers. Of the 1 619 employees originally retrenched, all who are available have now been recalled, in part replacing employees lost through natural attrition.

Operations	Employees including contractors	
	FY06	FY05
Blyvoor	**4 520**	3 445
Crown	**971**	925
ERPM	**2 202**	2 020
Total	**7 693**	6 390

All DRDGOLD employees in the South African operations are offered the opportunity to take part in the company's Adult Basic Education and Training (ABET) programme

The No 4 Shaft re-opening was made possible by an agreement with organised labour unique in the mining industry, on the basis of which employees are paid on a sliding scale according to the gold price. At the current price (in the fourth quarter of FY06) of R110 000 per kilogram, employees reach the standard Blyvoor minimum rates for the respective job categories.

- **Has the company offered every employee the opportunity to become functionally literate and numerate by the year 2005?**

  All DRDGOLD employees in the South African operations are offered the opportunity to take part in the company's Adult Basic Education and Training (ABET) programme. ABET levels are defined by the National Qualifications Forum (NQF). The programme is marketed to employees on a regular basis.

  At Blyvoor, ABET is offered on a part-time basis to employees and to the surrounding community. A number of employees completed ABET Level 3 for the first time this year. Nine Blyvoor employees are scheduled to complete ABET facilitation learnerships during the year under review, after which they will be deployed as ABET teachers.

  At Crown, the ABET programme, which is offered on a full-time basis, takes between three and four months. Employees continue to receive full pay while on the course. The programme is held twice a year, with some 10 students per intake.

  On request, Crown also assists employees who wish to complete further studies in their respective fields. Full study costs are covered by a loan; students are only required to repay if they fail to complete the course.

  At ERPM, the planned literacy audit preceding the implementation of an ABET programme was suspended in 2004 because the mine was in closure mode at the time. The audit has subsequently been completed, and placement of the first group of full-time learners is scheduled for the last quarter of calendar 2006. The old Comet School will be refurbished and used as an ABET facility.

DRDGOLD SA: career development programme 2006			
	Blyvoor	**Crown**	**ERPM**
Learnerships	10	10	12
Graduates	8	6	
Lesedi programme			3
Practical experience (students)	3		2

ABET		
Numbers who have enrolled on the programme since inception		
	Blyvoor	**Crown**
Level 1	166	14
Level 2	131	16
Level 3	77	10
Level 4	115	4
Total	**489**	**44**

ABET			
Numbers enrolled on the programme in FY06			
	Blyvoor	**Crown**	**ERPM**
Level 1	91		20
Level 2	56	2	10
Level 3	50	2	15
Level 4		2	15
Total	**197**	**6**	**60**

TRANSFORMATION – SOUTH AFRICA

HDSAs in management positions: progress against target	FY06	FY05	Target
Blyvoor	**15.6%**	15.6%	40%
Crown	**27.8%**	30%	40%
ERPM	**30%**	27%	40%
Corporate	**37.5%**	35%	40%

Women in mining: progress against target	FY06	FY05	Target
Blyvoor	**4.7%***	1.6%	10%
Crown	**3.6%**	4.9%	10%
ERPM	**3.5%**	3.2%	10%
Regional and Corporate	**25.6%**	25%	10%

**Note: Blyvoor's figure includes a community employment project*

Three students in mining and related fields, sponsored by the Lesedi Trust initiative, established by Khumo Bathong Holdings, gained practical experience at ERPM during the year

- **Has the company implemented career paths for historically disadvantaged South African (HDSA) employees, including skills development plans?**

  Career planning is handled at operational level to middle management level (Paterson D Lower), and thereafter at group level.

  Each operation has in place a formal programme – known as the Talent Pool – to identify and fast track all employees with potential, with specific emphasis on HDSA employees. A number of candidates have been selected from each of the principal technical disciplines (mining, engineering, metallurgy and mineral resources) and placed in a two-year learnership programme, offering a balance of theoretical and practical learning. The programme started in the fourth quarter of the year under review. Three students in mining and related fields, sponsored by the Lesedi Trust initiative, established by Khumo Bathong Holdings, gained practical experience at ERPM during the year.

  At Blyvoor, the HDSA career development programme was formerly referred to as the Titans' programme. Eight of the original 10 programme members have been placed in full-time employment, while two are still in training (one pupil engineer and one human resources trainee).

  During the year under review, a total of R3.15 million was spent on skills development and training. The Blyvoor Training Centre received ISO 9001 accreditation during the year, and has received provisional accreditation from the MQA for training in mining and ABET.

- **Has the company developed systems through which empowerment groups can be mentored?**

  Mentorship programmes are in place at all operations. At Blyvoor, eight moderators and 27 assessors have been appointed to monitor the progress of employees on the learnership programme. Mentors have been selected and will be trained by an accredited service provider. Mentors have also been identified at Crown and ERPM.

- **Has the company published its employment equity plan, and is it reporting on progress?**

  Employment equity plans in respect of all three operations have been submitted to the Department of Labour and progress is reported at quarterly employment equity and training and development forums.

A social plan framework agreement with organised labour is in place at Blyvoor and is currently being negotiated at ERPM and Crown

- **Has the company established a plan to achieve a target for HDSA participation in management of 40%, and a target for women's participation in mining of 10%, within five years?**

  Meeting and exceeding these targets is an integral part of the new Human Resources Strategic Plan approved at the end of 2005.

  Each operation will submit detailed plans and time frames as part of its Social and Labour Plan. Monitoring the current position against target is already in place.

MIGRANT LABOUR

- **Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?**

  Migrant employees (defined as non-South African rather than non-local) comprise 43% and 33% of the total workforce at Blyvoor and ERPM, respectively. Crown does not have migrant employees. DRDGOLD adheres to the various international agreements that are in place, and does not discriminate in any way against foreign migrant labour. An amount of R2 million was spent on re-training retrenched mineworkers, including those from neighbouring countries, after the closure of the North West Operations in 2005. The company sponsored the cost of accommodation and transport, and supplied a midday meal, for the duration of the training programme.

COMMUNITY AND RURAL DEVELOPMENT

- **Has the company co-operated in the formulation of integrated development plans for communities where mining takes place and for major labour-sending areas?**

  DRDGOLD recognises its responsibility to contribute to local communities.

  A social plan framework agreement with organised labour is in place at Blyvoor and is currently being negotiated at ERPM and Crown.

  Municipal elections were held during the year, and Blyvoor offered the use of its premises to the Merafong City Council. A member of the Blyvoor NUM structure was elected as a councillor representing Ward 5. This is expected to facilitate Blyvoor's participation in a number of community projects.

  ERPM has continued to participate in the Ekurhuleni Mining Forum, a broad-based local consultative forum whose mandate includes the impact of mine closure and job creation. The company meets the employment cost of one teacher at the Comet Primary School in Boksburg.

HOUSING AND LIVING CONDITIONS

- **Has the mine established measures for upgrading hostels, converting hostels to family units promoting home ownership options for mine employees, and improving company provided nutrition?**

  At Blyvoor, 2 484 employees are accommodated in two hostels. The 108 rooms previously converted to family accommodation are being upgraded. Following an increase in the living-out allowance, 595 employees (nearly double the number for the previous year) have taken this option.

During the year under review, gold held in storage for GoldMoney.com customers increased from 3.44 million to 4.87 million goldgrams, an increase of 41.6%

At ERPM, the majority of eligible employees have opted for the living-out allowance, and hostel residents have declined in number from 300 last year to 258.

There is no hostel accommodation at Crown, but the company assists employees in obtaining government housing subsidies. To date, 102 employees (out of an eligible total of 393) have participated in this local initiative and have taken occupation of their houses.

Catering is outsourced at all hostels, and menu planning is overseen by qualified dieticians. Comprehensive sporting and entertainment programmes are in place for hostel residents.

PROCUREMENT

- **Are HDSA suppliers given preferred status?**

  In this section, the company is also required to indicate current levels of procurement from HDSA suppliers, and whether a commitment has been given to increase these levels over a three- to five-year time frame.

  The company has continued to make good progress in meeting targets in this area. At the end of the year under review, 48% of total procurement spend had been placed with suppliers with some degree of HDSA ownership, compared with 26% in FY04.

OWNERSHIP AND JOINT VENTURES

- **Has the company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% in HDSA hands within five years and 25% within 10 years?**

  In October 2005, the Board of DRDGOLD Limited announced a transaction extending the company's existing BEE structure with Khumo Gold to cover all the company's South African assets.

  The new structure resulted in Khumo Gold, a wholly owned subsidiary of Khumo Bathong Holdings (Pty) Limited, acquiring a 15% interest in the newly-created DRDGOLD SA, with DRDGOLD retaining an 85% interest. Blyvoor, Crown and ERPM are 100% owned by DRDGOLD SA.

  As a second step, Khumo Gold was granted an option, exercisable in the three years ending December 2008, to acquire a further 11% interest in DRDGOLD SA for a payment consideration of R9.3 million.

BENEFICIATION

- **Has the company identified its current level of beneficiation and indicated the extent to which this will be grown?**

  DRDGOLD has a 50.25% stake in NetGold Services, an affiliate of GoldMoney.com, an internet-based entity through which gold can be bought and sold through units of account called goldgrams. (One goldgram represents a gram of gold, or 0.032 ounces.) Goldgrams are underwritten by physical gold stored in a secure vault in London in the form of London Bullion Market Association (LBMA) good delivery bars. Goldgrams can be used as a means of investing in gold or as an alternative to currency in making on-line payments.

  During the year under review, gold held in storage for GoldMoney.com customers increased from 3.44 million to 6.03 million goldgrams, an increase of 75%. The additional gold bars that this increase brought into the system were all sourced from Rand Refinery Limited, in which DRDGOLD has a 4.1% shareholding. GoldMoney.com's total assets held in storage on behalf of customers is US$157 million.

REPORTING

Scorecard issues have been comprehensively reported on in the last three issues of the company's annual report.

CORPORATE
GOVERNANCE

INTRODUCTION

In the year under review DRDGOLD's Board of Directors has demonstrated its commitment to the upholding and implementation of the principles of corporate governance which are recognised and practised throughout the international business world.
All the directors are fully aware that they are the custodians of corporate governance in the organisation and this is reflected in the way they execute their fiduciary duties which is with diligence, integrity and honour. The intention is that this filters down to all the employees. The upholding of such ideals puts the company in a position to improve organisational performance and deliver value to shareholders and stakeholders alike. DRDGOLD has set up systems and controls to promote discipline, transparency, accountability, responsibility and fairness for the protection of the interests of the shareholders, employees and the communities in which we operate.

The King Report on Corporate Governance for South Africa (the King II Report) is a codified body of principles which is intended to serve as guidelines for the enhancement of high standards of corporate governance. DRDGOLD's practices and policies have been tailored to comply with the King II Report throughout the 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 Capital Market (NASDAQ) in the form of an American Depositary Receipts (ADR) Programme, administered by the Bank of New York. Accordingly, DRDGOLD is bound by the Sarbanes-Oxley Act of 2002 (SOX) and is developing the policies and procedures for implementing the requirements of that act.

DRDGOLD shares are quoted on the JSE, which is its primary listing. DRDGOLD 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.

DRDGOLD was listed on the Australian and Port Moresby Stock Exchanges until July 2006, when it delisted from both exchanges.

THE BOARD OF DIRECTORS

Current composition of the board

The Board of Directors currently comprises two executive directors, the Chief Executive Officer, Mr Mark Wellesley-Wood, and the Chief Financial Officer, Mr John Sayers; and four non-executive directors, Messrs Geoffrey Campbell, Robert Hume, Douglas Blackmur and James Turk. On 25 October 2005 Dr Paseka Ncholo resigned as Chairman of DRDGOLD and on 1 November 2005 he resigned as Non-executive director of DRDGOLD. On 5 September 2005 Mr Ian Murray was replaced by Mr John Sayers as Chief Financial Officer and he resigned as a director of DRDGOLD with effect from 30 November 2005.

The King II Report requires that the board be a unitary one with a balance between the executive and the non-executive directors and with a substantial number of independent non-executive directors.

COMPLIANCE WITH STOCK EXCHANGE REQUIREMENTS

Some of the recommendations contained in the King II Report have been adopted in the JSE Listings Requirements and, as a foreign listed company on NASDAQ in July 2005, the board has satisfied certain NASDAQ Rules as indicated below. This means that the board has had to reconcile the stock exchange rules of the JSE and NASDAQ.

- **Policy detailing the procedure for appointment to the board** – In compliance with both the NASDAQ and JSE requirements the Board of Directors has adopted a formal and transparent policy in terms of which the Remuneration and Nominations Committee identifies candidates, interviews them and recommends the short-listed candidates to the board. The board deliberates on the suitability of the candidates and appoints the most suitable persons.

CORPORATE GOVERNANCE

- **Policy evidencing a clear division of responsibility at board level** – The board has established committees with distinct terms of reference. The terms of reference give details of the duties and responsibilities which directors have to carry out in their respective areas of specialisation. The balance of power and authority at board level is illustrated by the separation of the position of Chief Executive Officer and Chairman as outlined below. The board is currently developing a Board Charter which will set out the directors' responsibilities and serve as standing guidelines for the benefit of directors.

- **The Chief Executive Officer must not hold the position of Chairman of the board** – On 17 February 2005 Dr Ncholo was appointed Non-executive Chairman and Mr Wellesley-Wood resumed his position as Chief Executive Officer. On 25 October 2005, Geoffrey Campbell was appointed as the independent Non-executive Chairman of the board. The appointment of an independent Chairman is in full compliance with the King II Report's recommendations. As the independent Chairman is not part of the executive, he inherently approaches the business of the company in an impartial and objective manner.

- **Appointment of committees** – The board has Audit, Risk, and Remuneration and Nominations Committees as recommended by the King II Report, required by the JSE Listings Requirements, and in line with the nature of our business. Each committee is governed by a set of terms of reference on its composition, duties and responsibilities.

- **A brief CV of each director** – This has been provided for in this report on pages 12 and 13.

- **Categorisation of each director's capacity** – This has been provided for in this report on pages 12 and 13.

- **Majority of independent directors according to the JSE Listings Requirements** – The majority of the DRDGOLD directors are independent as specified by the JSE Listings Requirements.

- **Listing Agreement** – DRDGOLD executed a Listing Agreement in the form designated by NASDAQ as prescribed by the rules of that stock exchange.

- **Independence and responsibilities of the Audit Committee** – All the members of the Audit Committee are independent according to the definition set out in the NASDAQ Rules. This committee takes up the responsibilities relating to the independent auditor, KPMG Inc. The Audit Charter dealing with all aspects relating to the committee was approved and adopted by the board in July 2005.

- **Regular board evaluation** – The board invited an independent external facilitator to assess the performance of the directors collectively and individually. The facilitator started off the evaluation process with all of the directors together in a workshop-type setting with each director making an input in response to a set of questions. The session, in which the deliberations were frank and honest, included such issues as the performance of directors, independence and balance of expertise. Although certain areas were identified for improvement, the facilitator found that the directors were effective both individually and collectively.

COMPLIANCE WITH OTHER GOOD CORPORATE GOVERNANCE PRINCIPLES

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 judgment.

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 with regard to 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. The board approves all the terms of reference for the various subcommittees 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.

CORPORATE GOVERNANCE

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 continually 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 advisers and visits to operations.

In addition, the Remuneration and Nominations Committee formally evaluates executive directors and the alternate directors on an annual basis This evaluation is 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. A structured and efficient procedure has been incorporated into the Board Charter which is currently being developed by directors.

BOARD MEETINGS AND RESOLUTIONS

Board meetings are held quarterly in South Africa, the USA or Australia. 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, 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.

DETAILS OF ATTENDANCE BY DIRECTORS AT THE BOARD MEETINGS HELD DURING THE 2006 FINANCIAL YEAR

Director	Designation	24 Aug 2005	26 Sept 2005	24 Oct 2005	10 Feb 2006	25 April 2006
M M Wellesley-Wood	CEO	√	√	√	√	√
I L Murray [1]	CFO	√	√	√	N/A	N/A
J W C Sayers [2]	CFO	N/A	√	√	√	A
M P Ncholo [3]	Non-executive Chairman	√	√	√	N/A	N/A
G C Campbell	Non-executive Chairman	√	√	√	√	√
D J M Blackmur	Senior Independent Non-executive	√	√	√	√	√
R P Hume	Independent Non-executive	√	√	√	√	√
J Turk	Non-executive	√	√	√	√	√

All meetings were held in Johannesburg, with the exception of the February 2006 board meeting, which was held in Cape Town, and the April 2006 board meeting, which was held in Brisbane.

A Apologies
N/A Not applicable
√ Includes attendance through teleconference or videoconference facilities

1 Resigned on 30 November 2005
2 Appointed on 5 September 2005
3 Resigned on 1 November 2005

BOARD COMMITTEES

The board has established a number of standing committees to enable it to discharge its duties and responsibilities properly and to fulfil its decision-making process effectively. 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. The committees are subject to regular evaluation by the board with respect to performance and effectiveness.

The following information reflects the composition and activities of these committees:

AUDIT AND RISK COMMITTEES

The Audit and Risk committees were merged in FY05. The members meet and the business of each section is handled with joint deliberations taking place on the issues raised. The Audit meeting is chaired by Mr R P Hume and the Risk meeting is chaired by Professor D J M 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 ensures that DRDGOLD conforms more closely with the process prescribed by the Sarbanes-Oxley Act of 2002.

AUDIT COMMITTEE

The members are: R P Hume (Chairman); G C Campbell and D J M Blackmur.

The Audit Committee is composed 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 the 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 every quarter 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 audits can be relied upon to detect weaknesses in internal controls and reviews the annual and interim financial statements prior to approval by the board.

DETAILS OF ATTENDANCE BY MEMBERS AT THE AUDIT COMMITTEE MEETINGS HELD DURING THE 2006 FINANCIAL YEAR

		22 Aug 2005	15 Sep 2005	24 Oct 2005	25 Oct 2005	28 Nov 2005	10 Feb 2006	21 Feb 2006	25 Apr 2006
R P Hume	Chairman	√	√	√	√	√	√	√	√
D J M Blackmur	Senior Independent Non-executive	√	√	√	√	√	√	√	√
G C Campbell	Independent Non-executive	√	√	√	√	√	√	√	√

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, exposure to high risk and development needs are brought to the attention of operational management for resolution. The committee members have access to all the 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 the 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.

Reporting requirements necessary to ensure DRDGOLD's compliance with the 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. Section 404 of SOX stipulates that management should assess the effectiveness of the internal controls surrounding the financial reporting process. The results of such an assessment are to be reported in the form of a Management Attestation Report that is to be filed with the SEC as part of Form 20-F. Additionally, the company's external auditors are required to opine on management's assessment and operating effectiveness of internal controls over financial reporting. During the third quarter of the 2005 financial year, the SEC granted a one-year extension on the reporting deadline for Section 404 of SOX, thus deferring DRDGOLD's deadline to 30 June 2007. In the first quarter of the 2007 financial year, the SEC announced that another one-year extension had been granted for auditor sign-off on management's assessment to the foreign private issuers meeting the definition of being an accelerated filer. Therefore, DRDGOLD's externally audited Section 404 initiative will only be reported as of 30 June 2008.

RISK COMMITTEE

The members are: D J M Blackmur (Chairman), M M Wellesley-Wood and 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 who is independent. Its overall objective is to assist the 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 board, the Audit Committee, internal auditors and other parties engaged in risk management activities.

DETAILS OF ATTENDANCE BY MEMBERS AT THE RISK COMMITTEE MEETINGS HELD DURING THE 2006 FINANCIAL YEAR

		22 Aug 2005	24 Oct 2005	10 Feb 2006	25 April 2006
D J M Blackmur	Chairman	√	√	√	√
J Turk	Non-executive	√	√	√	√
M M Wellesley-Wood	Executive	√	√	√	√

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 every quarter 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, including the Chief Financial Officer, the Group Risk Manager, the Group Financial Manager, the operational managers, the Group Legal Counsel and the Manager responsible for Safety, Health and Environment.

DRDGOLD has embarked on a risk management initiative directed by the Risk Committee and co-ordinated by a dedicated Group Risk Manager in line with the minimum practices as proposed by the King II Report.

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. People assigned have been appointed to each risk and the results of their work to improve controls are 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.

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 the company from any major disaster. Therefore, DRDGOLD's major assets and potential business interruption and liability claims are covered by the group insurance policy which encompasses all operations worldwide. The majority of these policies are through insurance companies operating in Britain, Europe and the United States.

The various risk management initiatives undertaken in the group as well as the strategy to reduce cost without compromising cover has been successful, resulting in substantial insurance cost savings for the group.

REMUNERATION AND NOMINATIONS COMMITTEE

The members are: D J M Blackmur (Chairman) and G C Campbell.

The Remuneration and Nominations Committee, which comprises only directors who are both independent and non-executive, is primarily responsible for approving the remuneration policies of DRDGOLD and the terms and conditions of employment of executive and non-executive directors and senior 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 senior management.

DETAILS OF ATTENDANCE BY MEMBERS AT THE REMUNERATION AND NOMINATIONS COMMITTEE MEETINGS HELD DURING THE 2006 FINANCIAL YEAR

		23 Aug 2005	24 Oct 2005	10 Feb 2006	27 April 2006
D J M Blackmur	Chairman	√	√	√	√
G C Campbell	Independent Non-executive	√	√	√	√

CORPORATE GOVERNANCE

The committee's objective is to evaluate and recommend to the board competitive packages that 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. DRDGOLD's Group Strategic 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 21 October 2004. The policy can be described as being based on a reward system comprising four principal elements:

- basic remuneration, as bench-marked against industry norms;
- bonuses or incentives, which are measured against agreed outcomes or key performance indicators, 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.

ANNUAL FINANCIAL STATEMENTS

The directors are required by the South African Companies Act of 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 IFRS and the South African Companies Act referred to above. The directors are of the opinion that these financial statements, contained on pages 77 to 146 of this report, fairly present the financial position of the group as at 30 June 2006, and the results of its operations and the cash flow information for the year then ended.

In terms of the JSE Listings Requirements full compliance with IFRS is required for financial years beginning on or after 1 January 2005. As a consequence, DRDGOLD has produced IFRS compliant financial statements for the year ending 30 June 2006, including restated comparative information.

DRDGOLD provided project sponsorship, strategic guidance and technical support. The project itself was accountable to the Audit Committee and DRDGOLD's external auditors participated in every phase of the project.

The directors have reviewed the group's business plan and cash flow forecast for the year to 30 June 2007. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the group 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 on a Form 20-F in accordance with United States Generally Accepted Accounting Principles (US GAAP). This report will be available from the Bank of New York and on the worldwide web at www.sec.gov to holders of DRDGOLD's securities listed in the form of American Depositary Receipts on the NASDAQ Capital Market.

REMUNERATION REPORT

EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of the executive directors comprises a basic salary and a semi-annual performance bonus. The full details of the total executive directors' remuneration for the year ended 30 June 2006 are provided in a table on page 78 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 bench-marked 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 key performance indicators.

This bonus is approved by the Remuneration and Nominations Committee.

SHARE OPTION OR SCHEME:

At its annual general meeting on 26 November 2004, DRDGOLD changed the option scheme name to DRDGOLD (1996) Share Option Scheme. 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. According to the JSE Listings Requirements' options awarded to an individual employee 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 81 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 November 2005, are as follows:

- a basic fee of US$30 000 a year; subcommittee fees of US$2 000 a year for each subcommittee of which the non-executive director is a member;
- US$4 000 a year for each sub-committee which the non-executive director chairs;
- a basic fee of US$33 000 a year for a senior independent non-executive director;
- a daily rate of US$1 000 for additional duties performed; and
- both the executive and non-executive are eligible to receive a cash amount as determined by the Remuneration and Nominations Committee from time to time to enable them to buy shares in DRDGOLD.

Details of non-executive directors' remuneration can be found on page 78. Previously non-executive directors were granted share options over DRDGOLD's ordinary shares, details of the directors with unexercised options are shown on page 81.

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 80.

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. 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

DRDGOLD 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 interests 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 with 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 once a quarter 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 a 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 and Strategic Development Officer travel extensively in the United States, Europe and Australasia, addressing investor and other relevant conferences, and meeting with investors and potential investors in both 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 through DRDGOLD's website. This contains current information on DRDGOLD and its operations, as well as all announcements and publications, such as the annual report and the investor bulletins, which are produced every second month. 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 management has come to recognise the value of community understanding and support for managements’ actions, and of the role that effective communication plays in securing these.

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of DRDGOLD and its subsidiaries. The financial statements presented on pages 77 to 146, have been prepared in accordance with IFRS and include amounts based on judgements and estimates made by management.

DRDGOLD
LIMITED

Annual Financial Statements

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 of Directors to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The board has ultimate responsibility for the system of internal controls and reviews its operation, primarily through the Audit and Risk committees.

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 International Financial Reporting Standards 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 2006 set out on pages 77 to 146 were approved by the Board of Directors on 17 October 2006 and are signed on its behalf by:

R P Hume
Chairman: Audit Committee

J W C 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 Registrar 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 AUDITOR
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 77 to 146 for the year ended 30 June 2006. These 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 financial statements present fairly, in all material respects, the financial position of the company and the group at 30 June 2006 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc
Registered Auditor

Per SA Barnfather
Chartered Accountant (SA)
Registered Auditor
Director
17 October 2006

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

DIRECTORS' REPORT

NATURE OF BUSINESS

DRDGOLD Limited was incorporated on 16 February 1895, and has operating gold mines in South Africa, Papua New Guinea and Fiji. 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 Capital 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.

* delisted from the Australian and Port Moresby stock exchanges in July 2006

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 2006 are set out in the notes to the financial statements on page 116 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 for 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 8 December 2006. 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 629 009 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 2005:

Appointments	Date
J W C Sayers	5 September 2005

Resignations	Date
I L Murray	30 November 2005
M P Ncholo	1 November 2005

In accordance with the provisions of the company's Articles of Association at the forthcoming annual general meeting, Mr J W C Sayers be elected as director, Professor D J M Blackmur and Mr G C Campbell retire. They are eligible and have offered themselves for re-election.

SHARES ISSUED

	2006		2005	
	Number of shares	R'000	Number of shares	R'000
At 1 July	**296 206 048**		233 307 667	
Repayment of loans from:				
Investec Bank Limited	**17 815 945**	**163 020**	23 348 465	240 000
Industrial Development Corporation	**4 451 219**	**28 933**		
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	**629 009**	**3 468**	55 000	378
Emperor Mines Limited acquisition			6 612 676	101 131
Other*	**932 857**	**7 917**	78 124	1 146
At 30 June	**320 035 078**		296 206 048	

** Shares issued for services rendered*

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

The interests of the directors in the ordinary share capital of the company as at 30 June 2006 were as follows

	30 June 2006			30 June 2005		
	Beneficial direct	**Beneficial indirect**	**Non-beneficial**	Beneficial direct	Beneficial indirect	Non-beneficial
Executive directors						
M M Wellesley-Wood	**260 797**	**–**	**–**	202 797	–	–
I L Murray(1)	**–**	**–**	**–**	553 090	–	–
J W C Sayers	**–**	**–**	**–**	–	–	
	260 797	**–**	**–**	755 887	–	–
Non-executive directors						
G C Campbell	**20 000**	**–**	**–**	–	–	–
R P Hume	**5000**	**20 000**	**–**	–	15 000	–
D J M Blackmur	**20 000**	**–**	**–**	–	–	–
J Turk	**–**	**13 000**	**–**	–	13 000	–
	45 000	**33 000**	**–**	–	28 000	–
Total	**305 797**	**33 000**	**–**	755 887	28 000	–

(1)*Resigned on 30 November 2005*

There have been no changes in the directors' interests in share capital between 30 June 2006 and 30 September 2006.

DIRECTORS' EMOLUMENTS – 2006

	Board fees	Salary	Bonuses & performance-related payment	Pension Provident Scheme contributions	End of contract payment	Total
Executive directors						
M M Wellesley-Wood	–	3 640 378	4 660 915	–	1 759 803	10 061 096
J W C Sayers(1)	–	1 691 550	–	–	–	1 691 550
I L Murray(1)	–	1 740 573	800 920	50 000	1 440 972	4 032 465
		7 072 501	**5 461 835**	**50 000**	**3 200 775**	**15 785 111**
Non-executive directors						
G C Campbell	535 577	–	227 210	–	–	762 787
R P Hume	209 170	–	93 968	–	–	303 138
M P Ncholo	123 747	–	216 000	–	–	339 747
D J M Blackmur	231 192	–	101 799	–	–	332 991
J Turk	172 407	–	171 320	–	–	343 727
	1 272 093	**–**	**810 297**	**–**	**–**	**2 082 390**
Total	**1 272 093**	**7 072 501**	**6 272 132**	**50 000**	**3 200 775**	**17 867 501**

(1)*I L Murray relinquished his position as Chief Financial Officer on 5 September 2005 to J W C Sayers*

DIRECTORS' EMOLUMENTS – 2005

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

[1]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 R0.11 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 his relinquishing of 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.

[2]Relinquished his position as Chief Financial Officer on 5 September 2005 to J W C Sayers.

[3]Appointed 17 January 2005: resigned 12 February 2005.

[4]Retired 27 October 2004.

[5]Appointed 27 October 2004.

[6]Resigned 5 August 2004.

[7]Resigned 23 March 2005

DIRECTORS' REPORT

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 below.

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.

DIRECTORS' SERVICE CONTRACTS

Director	Title	Date of appointment	Term	Unexpired term of director's service contract
M M Wellesley-Wood	Chief Executive Officer	1/12/2005	13 months	6 months
J W C Sayers	Chief Financial Officer	5/09/2005	2 years	14 months
R P Hume	Non-executive director	1/10/2004	2 years	3 months
G C Campbell	Non-executive Chairman	1/11/2005	2 years	16 months
D J M Blackmur	Senior Independent Non-executive director	1/11/2005	2 years	16 months
J Turk	Non-executive director	1/11/2004	2 years	4 months

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 4.6% 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 (2005: nil) share options. Over the same period the directors' gains on share options exercised were R Nil, compared to R Nil in the previous financial year. Details of share options held by directors are listed below.

The directors have granted 3 090 944 options in terms of the scheme in the current financial year compared to 5 794 784 options in the previous financial year.

SHARE OPTIONS

	Executive			Non-executive							
	M M Wellesley-Wood	J W C Sayers	I L Murray	D C Baker	G C Campbell	R P Hume	M P Ncholo	J Turk	D J M Blackmur	Other partici-pants	Total
Balance at 1 July 2005											
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
Granted during year											
Number	–	–	–	–	–	–	–	–	–	3 090 944	3 090 944
Ave strike price	–	–	–	–	–	–	–	–	–	5.94	5.94
Exercised during year											
Number	–	–	–	–	–	–	–	–	–	(679 911)	(679 911)
Ave strike price	–	–	–	–	–	–	–	–	–	5.54	5.54
Lapsed during year											
Number	–	–	–	–	–	–	–	–	–	(887 563)	(887 563)
Ave strike price	–	–	–	–	–	–	–	–	–	11.64	11.64
Balance at 30 June 2006											
Number	1 081 622	–	838 087	49 600	57 994	77 907	50 494	–	–	13 257 639	14 575 256
Ave strike price	18.84	–	16.74	18.61	19.35	16.92	19.59	–	–	12.28	12.86
Share gain for the year – R000	–	–	–	–	–	–	–	–	–	–	–
Ave price exercised – R per share	–	–	–	–	–	–	–	–	–	–	–

SHARE OPTIONS AVAILABLE FOR ALLOCATION

	2006	2005
Balance of options available for allocation as at the beginning of the financial year	**44 430 907**	34 966 150
Number of options granted during the current financial year	**(3 090 944)**	(5 794 784)
Number of options lapsed during the financial year	**887 563**	1 022 361
Number of option exercised during the current financial year and available for re-allotment	**679 911**	66 000
Additional options available as a result of an increase in issued share capital during the current financial year	**5 097 825**	14 141 180
Balance of options available for allocation as at the end of the financial year	**48 005 262**	44 430 907

DIRECTORS' REPORT

FINANCIAL STATEMENTS AND RESULTS

The group financial statements include the financial position, results and cash flows 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 International Financial Reporting Standards (IFRS) 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.

REVIEW OF OPERATIONS

The performance of the various operations is comprehensively reviewed on pages 20 to 29.

CHANGE IN BUSINESS

On 6 July 2005, DRDGOLD signed a memorandum of understanding with its black economic empowerment partner, Khumo Gold SPV (Pty) Limited (Khumo Gold), regarding the acquisition by Khumo Gold of a 15% stake in DRDGOLD's South African Operations.

In addition, on 20 July 2005, DRDGOLD acquired, from the Industrial Development Corporation, all of its Crown and ERPM debt through the issue of 4 451 219 DRDGOLD shares, which at the date of issue represented R28.9 million. The new structure resulted in Khumo Gold, which is an affiliate of Khumo Bathong Holdings (Pty) Limited (KBH) acquiring, as a first step, a 15% interest in a newly created company, DRDGOLD SA, which acquired 100% of ERPM, Crown and Blyvoor. DRDGOLD has retained an 85% interest in DRDGOLD SA. In the second step, Khumo Gold has been granted an option, exercisable over the next three years, to acquire a further 11% interest in DRDGOLD SA for the payment consideration of R9.3 million. This further equity tranche will include a 6% stake to be placed in a new, proposed Employee Trust. DRDGOLD subscribed for R31.8 million new Khumo Gold preference shares. The proceeds from these preference shares were used by Khumo Gold to settle an existing loan to KBH of R7.9 million, subscribe for R4.1 million new preference shares in ERPM, subscribe for R2.7 million new preference shares in Crown, subscribe for R3.9 million new preference shares in Blyvoor and subscribe for an initial 15% of the issued ordinary shares in DRDGOLD SA for R13.2 million.

On 16 November 2005, DRDGOLD concluded a sale and purchase agreement with Emperor Mines, in terms of which Emperor Mines acquired DRDGOLD's wholly owned subsidiary, DRD Isle of Man Limited, (DRD (IOM)), which in turn holds the group's PNG assets, comprising a 20% interest in the Porgera Joint Venture, a 100% interest in Tolukuma Gold Mines Limited and all of the exploration tenements in Papua New Guinea. Implementation of the transaction required the restructuring of DRDGOLD's offshore operations, whereby DRD (IOM) transferred the following material assets to DRDGOLD's new wholly owned subsidiary, DRDGOLD (Offshore) Limited (DRD (Offshore)), on 1 January 2006:

- DRDGOLD's 39.5% (previously 45.3%) interest in Emperor Mines;
- DRDGOLD's 50.2% interest in NetGold Services Limited; and
- DRDGOLD's rights and obligations of an AUS$10.0 million convertible loan facility which DRD (IOM) advanced to Emperor Mines, in terms of which DRDGOLD can elect to convert such debt facility into additional Emperor Mines shares at AUS$0.30 per Emperor Mines share.

On 31 March 2006, DRDGOLD sold DRD (IOM) to DRD (Offshore) and on 6 April 2006, DRD (Offshore) sold DRD (IOM) to Emperor Mines. The purchase consideration of US$237.3 million was subject to certain completion adjustments to reflect the change in the capital position of both Emperor Mines and DRD (IOM) between 1 October 2005, which was the effective date, and completion of the transaction on 6 April 2006.

The purchase consideration was settled by the issue of 751 879 699 new Emperor Mines shares at US$0.266 per share (valued at US$200.0 million) to DRD (Offshore) and the remaining portion in cash. DRDGOLD currently holds 78.9% of Emperor Mines.

SUBSIDIARIES

The following information relates to the company's financial interest in its subsidiaries at 30 June 2006:

	Issued ordinary share capital Number of shares	% Held	Shares at cost less provisions R'000	Effective date of acquisition	Indebtedness net of provisions R'000
South Africa					
Argonaut Financial Services (Pty) Limited	100	100	–	1 Oct 1997	(1 055)
Crown Consolidated Gold Recoveries Limited	51 300 000	100	–	14 Sep 1998	(146 806)
DRDGOLD South African Operations (Pty) Limited[1]	1 000 000	85	130 000	14 Nov 2005	181 505
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	–
West Witwatersrand Gold Holdings Limited	99 900 000	100	–	1 Apr 1996	(22 793)
Australasia/International					
Dome Resources NL	142 619 074	100	–	1 Apr 2000	–
DRD Australia APS	130	100	–	26 Jan 1999	–
DRD Australasia (Pty) Limited	100	100	–	15 Nov 1999	–
DRD International APS	125	100	–	28 Apr 1999	–
DRD (Offshore) Limited[2]	5	100	1 473 949	4 Nov 2005	(6 804)
Total			**1 603 949**		**(38 045)**

[1] DRDGOLD South African Operations (Pty) Limited holds the following investments: 100% of Blyvooruitzicht Gold Mining Company Limited, 100% of East Rand Proprietary Mines Limited and 100% of Crown Gold Recoveries (Pty) Limited.

[2] DRD (Offshore) Limited holds the following investments: 79% of Emperor Mines Limited, which in turn holds 100% of DRD (IOM) Limited, which in turns owns 100% of DRD (Porgera) Ltd (holds 20% of the unincorporated Porgera Joint Venture), 100% of Tolukuma Gold Mines Limited, 100% of DRD Australia Services Company (Pty) Limited and 100% of Fortis (Pty) Limited and 50% of NetGold Services Limited.

GOLD PRODUCTION – Metric		Year ended June 2006			Year ended June 2005		
		Continuing operations	**Discontinued operation**	**Total group**	Continuing operations	Discontinued operation	Total group
South Africa[1]							
Underground							
Ore milled	- t'000	**900**	–	**900**	709	986	1 695
Gold produced	- kg	**5 604**	–	**5 604**	7 257	5 366	10 666
Yield	-g/tonne	**6.23**	–	**6.23**	7.48	5.44	6.69
Surface treatment							
Ore milled	- t'000	**11 397**	–	**11 397**	7 257	884	8 141
Gold produced	- kg	**4 224**	–	**4 224**	2 535	850	3 385
Yield	-g/tonne	**0.37**	–	**0.37**	0.35	0.96	0.42
Australasia[2]							
Ore milled	- t'000	**1 451**	–	**1 451**	1 624	–	1 624
Gold produced	- kg	**6 578**	–	**6 578**	9 864	–	9 864
Yield	-g/tonne	**4.53**	–	**4.53**	6.07	–	6.07
Total attributable							
Ore milled	- t'000	**13 748**	–	**13 748**	9 590	1 870	11 460
Gold produced	- kg	**16 406**	–	**16 406**	17 699	6 216	23 915
Yield	-g/tonne	**1.19**	–	**1.19**	1.85	3.32	2.09

(1) *For FY05 these figures include the group's 40% attributable portion of Crown Gold Recoveries (Pty) Limited which includes Crown and ERPM. For FY06, Crown and ERPM were consolidated from 1 December 2005.*

(2) *For FY05 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. For FY06 these figures include (for the nine months July 2005 to March 2006) 100% of Tolukuma, the group's 20% attributable portion of Porgera Joint Venture and 39.52% attributable production of Emperor Mines. From April 2006, Emperor Mines, which now includes Tolukuma and Porgera, is consolidated 100%.*

GOLD PRODUCTION – Imperial

		Year ended June 2006			Year ended June 2005		
		Continuing operations	Discontinued operation	Total group	Continuing operations	Discontinued operation	Total group
South Africa[1]							
Underground							
Ore milled	- t'000	990	–	990	809	1 088	1 897
Gold produced	- troy ounces	180 177	–	180 177	173 350	172 522	345 872
Yield	-ounces/tonne	0.182	–	0.182	0.214	0.159	0.182
Surface treatment							
Ore milled	- t'000	12 561	–	12 561	7 975	976	8 951
Gold produced	- troy ounces	135 799	–	135 799	78 552	27 328	105 880
Yield	-ounces/tonne	0.011	–	0.011	0.010	0.028	0.012
Australasia[2]			–				
Ore milled	- t'000	1 599	–	1 599	1 793	–	1 793
Gold produced	- troy ounces	211 425	–	211 425	317 134	–	317 134
Yield	-ounces/tonne	0.132	–	0.132	0.177	–	0.177
Total attributable							
Ore milled	- t'000	15 150	–	15 150	10 577	2 064	12 641
Gold produced	- troy ounces	527 401	–	527 401	569 036	199 850	768 886
Yield	-ounces/tonne	0.035	–	0.035	0.054	0.097	0.061

(1) For FY05 these figures include the group's 40% attributable portion of Crown Gold Recoveries (Pty) Limited which includes Crown and ERPM. For FY06, Crown and ERPM were consolidated from 1 December 2005.

(2) For FY05 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. For FY06 these figures include (for the nine months July 2005 to March 2006) 100% of Tolukuma, the group's 20% attributable portion of Porgera Joint Venture and 39.52% attributable production of Emperor Mines. From April 2006, Emperor Mines, which now includes Tolukuma and Porgera, is consolidated 100%.

COMPANY INCOME STATEMENT

for the year ended 30 June 2006

		CONTINUING OPERATIONS		DISCONTINUED OPERATION[1]		TOTAL OPERATIONS	
		2006	2005	**2006**	2005	**2006**	2005
	Note	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Revenue	2	**–**	–			**–**	–
Cost of sales		**(19 286)**	(43 466)			**(19 286)**	(43 466)
Cash costs		**(8 756)**	(7 575)			**(8 756)**	(7 575)
Depreciation	9	**(303)**	(22 265)			**(303)**	(22 265)
Retrenchment costs	3	**(983)**	(7 160)			**(983)**	(7 160)
Movement in provision for environmental rehabilitation	17	**(9 244)**	(6 466)			**(9 244)**	(6 466)
Gross loss		**(19 286)**	(43 466)			**(19 286)**	(43 466)
Profit/(loss) on derivative instruments		**(144 513)**	1 163			**(144 513)**	1 163
Impairments	3	**(184 126)**	(4 131)		(418 910)	**(184 126)**	(423 041)
Administration expenses and general costs		**(17 584)**	(69 945)			**(17 584)**	(69 945)
Operating loss before investment income and finance expenses	3	**(365 509)**	(116 379)		(418 910)	**(365 509)**	(535 289)
Investment income	5	**640 685**	38 788			**640 685**	38 788
Finance expenses		**(29 688)**	(29 617)			**(29 688)**	(29 617)
Profit/(loss) before taxation		**245 488**	(107 208)		(418 910)	**245 488**	(526 118)
Income tax expense	6	**–**	–			**–**	–
Profit/(loss) after taxation		**245 488**	(107 208)		(418 910)	**245 488**	(526 118)
Profit/(loss) from discontinued operation	7	**–**	–	**18 322**	(45 203)	**18 322**	(45 203)
Profit/(loss) for the year attributable to ordinary shareholders		**245 488**	(107 208)	**18 322**	(464 113)	**263 810**	(571 321)

[1] Discontinued operation relates to Buffelsfontein Gold Mines Limited, which was liquidated on 22 March 2005.

GROUP INCOME STATEMENT

for the year ended 30 June 2006

		CONTINUING OPERATIONS		DISCONTINUED OPERATION[1]		TOTAL OPERATIONS	
		2006	2005	2006	2005	2006	2005
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	2	**1 599 994**	1 151 901		516 661	**1 599 994**	1 668 562
Cost of sales		**(1 574 910)**	(1 010 534)		(651 852)	**(1 574 910)**	(1 662 386)
Cash costs		**(1 383 089)**	(843 938)		(635 855)	**(1 383 089)**	(1 479 793)
Depreciation	9	**(150 632)**	(133 072)		(5 856)	**(150 632)**	(138 928)
Retrenchment costs	3	**(5 626)**	(26 141)		(1 391)	**(5 626)**	(27 532)
Movement in provision for environmental rehabilitation	17	**(39 069)**	(18 069)		(6 366)	**(39 069)**	(24 435)
Movement in gold in progress		**3 506**	10 686		(2 384)	**3 506**	8 302
Gross profit/(loss)		**25 084**	141 367		(135 191)	**25 084**	6 176
Profit/(loss) on derivative instruments		**34 614**	(1 250)			**34 614**	(1 250)
Impairments	3	**118 538**	(76 226)		(213 379)	**118 538**	(289 605)
Administration expenses and general costs		**(131 383)**	(156 253)		(9 362)	**(131 383)**	(165 615)
Share of loss of associates	13	**(151 963)**	(77 749)			**(151 963)**	(77 749)
Operating loss before investment income and finance expenses	3	**(105 110)**	(170 111)		(357 932)	**(105 110)**	(528 043)
Investment income	5	**43 061**	(32 061)		1 992	**43 061**	(30 069)
Finance expenses		**(46 339)**	(35 945)		(438)	**(46 339)**	(36 383)
Loss before taxation		**(108 388)**	(238 117)		(356 378)	**(108 388)**	(594 495)
Income tax expense	6	**(24 392)**	(15 529)			**(24 392)**	(15 529)
Loss after taxation but before discontinued operation		**(132 780)**	(253 646)		(356 378)	**(132 780)**	(610 024)
Profit from discontinued operation	7	**–**	–	**18 322**	65 243	**18 322**	65 243
(Loss)/profit for the year		**(132 780)**	(253 646)	**18 322**	(291 135)	**(114 458)**	(544 781)
Attributable to:							
Ordinary shareholders of the company		**(128 411)**	(253 657)	**18 322**	(291 135)	**(110 089)**	(544 792)
Minority interest		**(4 369)**	11			**(4 369)**	11
		(132 780)	(253 646)	**18 322**	(291 135)	**(114 458)**	(544 781)
Loss per share for loss attributable to ordinary shareholders of the company:							
Basic and diluted loss per share (cents)	8	**(41)**	(98)	**6**	(113)	**(35)**	(211)

[1] Discontinued operation relates to Buffelsfontein Gold Mines Limited, which was liquidated on 22 March 2005.

BALANCE SHEETS

at 30 June 2006

GROUP				COMPANY	
2005	2006			2006	2005
R'000	R'000		Note	R'000	R'000
		ASSETS			
1 098 029	**2 174 486**	**Non-current assets**		**1 534 233**	840 107
731 590	**1 850 596**	Property, plant and equipment	9	**1 107**	15 354
48 041	**99 308**	Non-current investments and other assets	10	**47 940**	15 195
		Investments in subsidiaries	11	**1 485 186**	809 558
103 212	**–**	Investments in associates	12	**–**	–
215 186	**219 258**	Non-current inventories	14	**–**	–
–	**5 324**	Deferred mining and income taxes	19	**–**	–
401 403	**820 588**	**Current assets**		**56 541**	106 681
110 669	**208 759**	Inventories	14	**40**	–
49 542	**102 098**	Accounts receivable		**30 497**	12 704
–	**20 770**	Financial assets	21	**–**	–
241 192	**488 961**	Cash and cash equivalents		**26 004**	93 977
–	**15 000**	**Non-current assets classified as held for sale**	15	**15 000**	–
1 499 432	**3 010 074**	**TOTAL ASSETS**		**1 605 774**	946 788
		EQUITY AND LIABILITIES			
483 094	**1 015 272**	**Equity**		**898 326**	424 781
477 250	**782 147**	Shareholders' equity	16	**898 326**	424 781
5 844	**233 125**	Minority shareholders' interest		**–**	–
691 546	**847 001**	**Non-current liabilities**		**194 358**	454 037
138 582	**322 308**	Provision for environmental rehabilitation	17	**49 808**	39 469
–	**24 389**	Post-retirement and other employee benefits	18	**–**	–
82 732	**97 338**	Deferred mining and income taxes	19	**–**	–
466 554	**402 966**	Long-term liabilities	20	**–**	410 890
3 678	**–**	Financial liabilities	21	**144 550**	3 678
324 792	**1 147 801**	**Current liabilities**		**513 090**	67 970
211 577	**370 633**	Accounts payable and accrued liabilities		**21 022**	40 266
64 685	**556 943**	Short-term liabilities	20	**490 115**	26 469
2 159	**2 515**	Provisions	22	**–**	–
–	**183 370**	Financial liabilities	21	**–**	–
37 217	**31 930**	Taxation payable		**–**	–
9 154	**2 410**	Bank overdraft		**1 953**	1 235
1 499 432	**3 010 074**	**TOTAL EQUITY AND LIABILITIES**		**1 605 774**	946 788

STATEMENTS OF SHAREHOLDERS' EQUITY

for the year ended 30 June 2006

	Number of ordinary shares	Number of cumulative preference shares	Share capital and share premium	Cumulative preference share capital	Revaluation and other reserves(1)	Accumu-lated loss	Total share-holders' equity	Minority interest	Total equity
			R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP									
Balance at 1 July 2004	233 307 667	5 000 000	3 069 055	500	(7 138)	(2 605 566)	456 851	5 833	462 684
Issued shares for cash	56 230 705		421 569				421 569		421 569
Staff options issued	55 000		378				378		378
Share issue expenses			(27 159)				(27 159)		(27 159)
Acquisition of associate	6 612 676		101 131				101 131		101 131
Share-based payments					10 508		10 508		10 508
Foreign exchange gain on translation					58 764		58 764		58 764
Loss for the year						(544 792)	(544 792)	11	(544 781)
Balance at 30 June 2005	296 206 048	5 000 000	3 564 974	500	62 134	(3 150 358)	477 250	5 844	483 094
Issued shares for cash	23 200 021		199 870				199 870		199 870
Staff options issued	629 009		3 468				3 468		3 468
Share issue expenses			(6 944)				(6 944)		(6 944)
Share-based payments					13 341		13 341		13 341
Acquisition of subsidiaries					126 489		126 489	200 526	327 015
Foreign exchange gain on translation					78 762		78 762	31 124	109 886
Loss for the year						(110 089)	(110 089)	(4 369)	(114 458)
Balance at 30 June 2006	**320 035 078**	**5 000 000**	**3 761 368**	**500**	**280 726**	**(3 260 447)**	**782 147**	**233 125**	**1 015 272**
COMPANY									
Balance at 1 July 2004	233 307 667	5 000 000	3 069 055	500	6 047	(2 585 927)	489 675		489 675
Issued shares for cash	56 230 705		421 569				421 569		421 569
Staff options issued	55 000		378				378		378
Share issue expenses			(27 159)				(27 159)		(27 159)
Acquisition of associate	6 612 676		101 131				101 131		101 131
Share-based payments					10 508		10 508		10 508
Loss for the year						(571 321)	(571 321)		(571 321)
Balance at 30 June 2005	296 206 048	5 000 000	3 564 974	500	16 555	(3 157 248)	424 781		424 781
Issued shares for cash	23 200 021		199 870				199 870		199 870
Staff options issued	629 009		3 468				3 468		3 468
Share issue expenses			(6 944)				(6 944)		(6 944)
Share-based payments					13 341		13 341		13 341
Loss for the year						263 810	263 810		263 810
Balance at 30 June 2006	**320 035 078**	**5 000 000**	**3 761 368**	**500**	**29 896**	**(2 893 438)**	**898 326**		**898 326**

(1) Revaluation and other reserves comprise foreign exchange differences arising on translation of foreign subsidiaries, share-based payments reserve and asset revaluation reserves (refer note 16).

CASH FLOW STATEMENTS

for the year ended 30 June 2006

GROUP				COMPANY	
2005	**2006**			**2006**	2005
R'000	**R'000**		Note	**R'000**	R'000
		CASH FLOWS FROM OPERATING ACTIVITIES			
1 668 562	**1 599 994**	Cash received from sales of precious metals		**–**	–
(1 681 579)	**(1 547 850)**	Cash paid to suppliers and employees		**(38 919)**	(63 544)
(13 017)	**52 144**	Cash generated by/(applied to) operations	A	**(38 919)**	(63 544)
11 821	**32 841**	Investment income		**3 456**	9 617
(44 216)	**(42 109)**	Finance expenses		**(31 380)**	(34 831)
(57 388)	**(27 002)**	Income tax paid		**–**	–
(21 800)	**(37 375)**	Payment arising from derivative instruments		**–**	–
(124 600)	**(21 501)**	Net cash outflow from operating activities		**(66 843)**	(88 758)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(12 360)	**(50 862)**	Purchase of investments		**(31 803)**	–
4 361	**385**	Proceeds on sale of investments		**–**	3 000
(127 544)	**(263 286)**	Additions to property, plant and equipment to maintain operations		**(1 056)**	(178)
11 957	**7 162**	Proceeds on disposal of property, plant and equipment		**18**	38
		Increase in amounts owing to/from subsidiaries		**(187 726)**	(158 310)
–	**45 343**	Purchase of subsidiaries net of cash acquired	B	**–**	–
(47 178)	**22 325**	Disposal of subsidiaries net of cash disposed of	B	**22 325**	(45 203)
(42 857)	**–**	Increase in investment in associate		**–**	–
(213 621)	**(238 933)**	Net cash outflow from investing activities		**(198 242)**	(200 653)
		CASH FLOWS FROM FINANCING ACTIVITIES			
421 947	**203 338**	Proceeds from the issue of shares		**203 338**	421 947
62 345	**332 694**	Advances of long-term liabilities		**–**	–
(23 580)	**(76 778)**	Repayments of long-term liabilities		**–**	(17 350)
(27 159)	**(6 944)**	Share issue expenses		**(6 944)**	(27 159)
433 553	**452 310**	Net cash inflow from financing activities		**196 394**	377 438
95 332	**191 876**	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**		**(68 691)**	88 027
129 421	**232 038**	Cash and cash equivalents at the beginning of the year		**92 742**	4 715
7 285	**62 637**	Foreign exchange movements			
232 038	**486 551**	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**	C	**24 051**	92 742

NOTES TO THE CASH FLOW STATEMENTS

for the year ended 30 June 2006

GROUP 2005 R'000	GROUP 2006 R'000		COMPANY 2006 R'000	COMPANY 2005 R'000
		A RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED BY/(APPLIED TO) OPERATIONS		
(594 495)	(108 388)	Loss before taxation	245 488	(526 118)
		Adjusted for		
138 928	150 632	Depreciation	303	22 265
24 435	39 069	Movement in provision for environmental rehabilitation	9 244	6 466
(8 302)	(3 506)	Movement in gold in progress	–	–
1 250	(34 614)	(Profit)/loss on derivative instruments	144 513	(1 163)
289 605	(118 538)	Impairments	184 126	423 041
(11)	(6 537)	(Profit)/loss on sale of property, plant and equipment	(18)	–
10 508	13 341	Share-based payments	13 341	10 508
9 937	9 937	Amortisation of convertible loan issuance costs	9 937	9 937
–	241	Non-cash movement in provisions	–	–
3 710	(472)	Impairment loss trade receivables	2 916	3 710
–	6 523	Actuarial losses on post-retirement and other employee benefits	–	–
77 749	151 963	Share of loss of associates	–	–
30 069	(43 061)	Investment income	(640 685)	(38 788)
36 383	46 339	Finance expenses	29 688	29 617
19 766	102 929	Operating profit/(loss) before working capital changes	(1 147)	(60 525)
(32 783)	(50 785)	**Working capital changes**	(37 772)	(3 019)
34 720	(39 568)	Accounts receivable	(20 709)	(5 502)
2 937	(5 818)	Inventories	(40)	100
(70 440)	(4 673)	Accounts payable and accrued liabilities	(17 023)	2 383
–	(726)	Post-retirement and other employee benefits	–	–
(13 017)	52 144	Cash generated by/(applied to) operations	(38 919)	(63 544)
		B CASH FLOW ON DISPOSAL/ACQUISITION OF SUBSIDIARY, NET OF CASH		
		Disposal of Buffelsfontein Gold Mines Limited		
		With effect from 22 March 2005 Buffelsfontein Gold Mines Limited was liquidated.		
		The fair value of the assets disposed of was 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)	18 322	Costs on liquidation	18 322	(45 203)
(1 975)	–	Less: cash and cash equivalents of subsidiary	–	–
(47 178)	18 322	Cash flow on disposal of subsidiary	18 322	(45 203)

NOTES TO THE CASH FLOW STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		B CASH FLOW ON DISPOSAL/ACQUISITION OF SUBSIDIARY, NET OF CASH (continued)		
		Acquisition of Crown Gold Recoveries (Pty) Limited		
		With effect from 30 November 2005 the group acquired an additional 60% of the shares of Crown Gold Recoveries (Pty) Limited from Khumo Bathong Holdings (Pty) Limited.		
		The acquired business contributed revenues of R206.5 million and profit of R24.1 million since 30 November 2005.		
		The fair value of the assets acquired was as follows:		
	132 918	Property, plant and equipment		
	8 656	Non-current investments and other assets		
	16 972	Inventories		
	9 683	Accounts receivable		
	11 175	Cash and cash equivalents		
	(90 375)	Provision for environmental rehabilitation		
	(14 765)	Post-retirement and employee benefits		
	(26 020)	Amounts owing to group companies		
	(48 104)	Accounts payable and provisions		
	(140)	Taxation payable		
	–	Total fair value at time of acquisition		
	–	Total consideration		
	11 175	Add: cash and cash equivalents of acquired entity		
	11 175	Cash flow on acquisition of subsidiary net of cash acquired		
		Acquisition of East Rand Proprietary Mines Limited		
		With effect from 30 November 2005 the group acquired 100% of the shares of East Rand Proprietary Mines Limited from Khumo Bathong Holdings (Pty) Limited. The acquired business contributed revenues of R225.2 million and profit of R1.2 million since 30 November 2005.		
		The fair value of the assets acquired was as follows:		
	119 088	Property, plant and equipment		
	2 784	Non-current investments and other assets		
	6 527	Inventories		
	14 950	Accounts receivable		
	9 313	Cash and cash equivalents		
	(41 215)	Provision for environmental rehabilitation		
	(46 364)	Amounts owing to group companies		
	(65 083)	Accounts payable and provisions		
	–	Total fair value at time of acquisition		
	–	Total consideration		
	9 313	Add: cash and cash equivalents of acquired entity		
	9 313	Cash flow on acquisition of subsidiary net of cash acquired		

GROUP			COMPANY	
2005	2006		2006	2005
R'000	R'000		R'000	R'000
		B CASH FLOW ON DISPOSAL/ACQUISITION OF SUBSIDIARY, NET OF CASH (continued)		
		Acquisition of Emperor Mines Limited		
		With effect from 6 April 2006 the group acquired an additional 48.75% holding in the shares of Emperor Mines Limited.		
		The acquired business contributed revenues of R15.8 million and profit of R12.8 million since 6 April 2006.		
		The fair value of the assets acquired was as follows:		
	630 236	Property, plant and equipment		
	2 695	Deferred mining and income taxes asset		
	39 071	Inventories		
	5 075	Accounts receivable		
	24 855	Cash and cash equivalents		
	(5 885)	Provision for environmental rehabilitation		
	(3 247)	Post-retirement and employee benefits		
	(31)	Deferred mining and income taxes liability		
	(83 694)	Long-term liabilities		
	(215 301)	Financial liabilities		
	(47 794)	Amounts owing to group companies		
	(60 622)	Accounts payable and provisions		
	(2 571)	Taxation payable		
	282 787	Total fair value at time of acquisition		
	(282 787)	Total consideration		
	24 855	Add: cash and cash equivalents of acquired entity		
	24 855	Cash flow on acquisition of subsidiary net of cash acquired		
		Disposal of Stand 752 Parktown Extension (Pty) Limited		
		With effect from 30 September 2005 Stand 752 Parktown Extension (Pty) Limited was sold.		
		The fair value of the assets disposed of were as follows:		
	3 340	Property, plant and equipment	3 340	
	(11)	Accounts payable and provisions	(11)	
	3 329	Net book value at time of disposal	3 329	
	674	Fair value adjustment	674	
	4 003	Fair value at time of disposal	4 003	
	–	Less: cash and cash equivalents of subsidiary	–	
	4 003	Cash flow on disposal of subsidiary	4 003	–
		Total net cash flow on disposal/acquisition of subsidiaries		
(47 178)	18 322	Buffelsfontein Gold Mines Limited	18 322	(45 203)
	11 175	Crown Gold Recoveries (Pty) Limited		
	9 313	East Rand Proprietary Mines Limited		
	24 855	Emperor Mines Limited		
	4 003	Stand 752 Parktown Extension (Pty) Limited	4 003	
(47 178)	67 668		22 325	(45 203)

NOTES TO THE CASH FLOW STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		C. 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.		
241 192	**488 961**	Cash and cash equivalents	**26 004**	93 977
(9 154)	**(2 410)**	Bank overdrafts	**(1 953)**	(1 235)
232 038	**486 551**		**24 051**	92 742

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

1 ACCOUNTING POLICIES

DRDGOLD Limited is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 30 June 2006 comprise the company and its subsidiaries, together referred to as the "group", and its interests in associates and jointly controlled entities.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). The group has adopted IFRS for the year beginning 1 July 2005, with the transition date being 1 July 2004, the date from which comparative information has been restated.

In terms of IFRS 1 "First Time Adoption of International Financial Reporting Standards", certain voluntary exemptions are permitted, where the full retrospective restatement of comparatives is not required. The group has accordingly applied its accounting policies retrospectively from the date of transition, with the exception of the following permitted exemptions:

- *Share-based payment transactions* – the group has elected not to apply IFRS 2 "Share-based payments", to share options granted prior to 7 November 2002 as well as those share options granted after that date which had vested before 1 January 2005.

- *Business combinations* – the group has elected not to apply IFRS 3 "Business Combinations", to all past business combinations that occurred before the date of transition to IFRS.

- *Fair value or revaluation as deemed cost* – certain items of mining assets have been measured at their fair value at the transition date and that fair value has been used as their deemed cost at that date.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the group is provided in note 29.

BASIS OF PREPARATION

The financial statements are presented in South African Rand (Rands), rounded to the nearest thousand. The financial statements are prepared on the historical cost basis, as modified by the restatement of certain financial instruments at fair value. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

The accounting policies set out below have been applied consistently by all entities in the group to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 1 July 2004 for the purposes of the transition.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006. These new standards and interpretations have not been early adopted by the group and a reliable estimate of the impact of the adoption thereof for the group cannot yet be determined for all of them, as management is still in the process of determining the impact of these standards and interpretations on future financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

STANDARD/INTERPRETATION		EFFECTIVE DATE
IFRS 6	Exploration for and Evaluation of Mineral Resources	Annual periods commencing on or after 1 January 2006[1]
IFRS 7	Financial Instruments: Disclosures (including amendments to IAS 1, Presentation of Financial Statements: Capital Disclosures)	Annual periods commencing on or after 1 January 2007[1]
IAS 19 amendment	Employee Benefits (December 2004)	Annual periods commencing on or after 1 January 2006[2]
IAS 39 amendment	Financial Instruments: Recognition and Measurement (April 2005) – Cash flow hedge accounting of forecast intragroup transactions	Annual periods commencing on or after 1 January 2006[2]
IAS 39 amendment	Financial Instruments: Recognition and Measurement (June 2005) – Fair value option	Annual periods commencing on or after 1 January 2006[1]
IAS 39 & IFRS 4 amendment	Financial Instruments: Recognition and Measurement (August 2005) Insurance Contracts – Financial Guarantee Contracts	Annual periods commencing on or after 1 January 2006[2]
IAS 21 amendment	The Effects of Changes in Foreign Exchange Rates (December 2005) – Net Investment in a Foreign Operation	Annual periods commencing on or after 1 January 2006[1]
IFRIC 4	Determining whether an Arrangement contains a Lease	Annual periods commencing on or after 1 January 2006[1]
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Annual periods commencing on or after 1 January 2006[1]
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	Annual periods commencing on or after 1 December 2005[1]
IFRIC 7	Applying the Restatement Approach under IAS 29 (AC 124) Financial Reporting in Hyperinflationary Economies	Annual periods commencing on or after 1 March 2006[2]
IFRIC 9	Reassessment of Embedded Derivatives	Annual periods commencing on or after 1 June 2006[2]
IFRIC 10	Interim Financial Reporting and Impairment	Annual periods commencing on or after 1 November 2006[1]

1 Not yet assessed
2 Assessed: not applicable

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are recognised at cost less impairment losses in the company's separate accounts.

Subsidiaries with a year end on a date other than 30 June are included in the consolidated financial statements using the most recently audited financial results. Adjustments are made for material transactions and events between the group and subsidiary in the intervening period.

Associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

Joint Ventures

Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement. The consolidated financial statements include the group's proportionate share of the entities' assets, liabilities, revenue and expenses, with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

FOREIGN CURRENCY

Functional currency

It is a requirement under IFRS for each business entity to determine its functional currency. This is determined by all companies in the group by analysing all sources and influences of various currencies on their respective financial position and performance, in order to establish the currency with the most dominant influence, as its functional currency.

Each entity in the group has determined its own functional currency in accordance with the above process. The functional currency of the company is Rands.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Rands at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value, are translated to Rands at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Rands at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Rands at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to a translation reserve. They are released into the income statement upon disposal.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include investments, derivative instruments, accounts receivable, cash and cash equivalents, long- and short-term liabilities, accounts payable, bank overdrafts and accrued liabilities.

Financial instruments are initially recognised at fair value and include transaction costs except those financial instruments measured at fair value through profit or loss.

Investments

Investments comprise investments in listed and unlisted companies, which are classified as "held for trading" and are stated at fair value or at cost less impairment losses, where fair value cannot be reliably measured. Realised and unrealised investment gains and losses are recognised in the income statement.

The investment in Class A cumulative participating compulsorily redeemable preference shares is classified as an investment in an unlisted entity, and measured at fair value less impairment losses.

Derivative instruments

The group uses derivative financial instruments as economic hedges to hedge its exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investing activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss is recognised immediately in profit or loss. Derivative instruments do not qualify for hedge accounting.

Accounts receivable

Accounts receivable are stated at amortised cost less impairment losses (see below on impairments).

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 value of cash and cash equivalents is stated at fair value. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Convertible loan notes

Convertible loan notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the convertible loan notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in the income statement is calculated using the effective interest rate method.

Where the conversion feature in convertible loan notes is denominated in a foreign currency with a conversion option to convert a fixed amount of notes into a fixed number of shares denominated in the functional currency, the convertible loan notes are entirely classified as a liability.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are stated at amortised cost, using the effective interest rate method.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

The group's property, plant and equipment consists mainly of mining assets which comprise mining properties, mineral rights, development costs, mine plant facilities and decommissioning assets. Development costs which are capitalised, consist primarily of expenditure that gives access to proven and probable ore reserves. Mine development costs to maintain production and exploration costs, are expensed as incurred.

Items of property, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and impairment losses. Certain items of property, plant and equipment that have been revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment with costs that are significant in relation to the total cost of the item, have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets
Leases in terms of which the group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Lease payments in terms of finance leases, are apportioned between finance charge and the reduction of the outstanding liability. Assets held under finance leases are accounted for in the same manner as owned property, plant and equipment. These assets are recognised at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

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.

Subsequent costs
The group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation
Depreciation of mining properties, mineral rights, development costs and decommissioning assets is computed using 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 basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The current estimated useful lives are:
- **mining properties**
  units-of-production method
- **mineral rights**
  units-of-production method
- **mine plant facilities**
  2 – 10 years
- **development costs**
  units-of-production method
- **decommissioning assets**
  units-of-production method

The residual value, if not insignificant, and the estimated useful lives and depreciation method are re-assessed annually.

IMPAIRMENT

The carrying amounts of the group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of units), and then, to reduce the carrying amount of the other assets in the unit, (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in equity, is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amounts
The recoverable amount of the group's investments in held-to-maturity securities and receivables, carried

at amortised cost, is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and indicators suggest that the impairment loss may have reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Consumable stores are stated at the lower of cost and net realisable value. Cost of consumables is based on the weighted average cost principle and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

Non-current inventory comprises ore stockpile. These in-process inventories are measured on the absorption cost method and valued at the lower of cost and net realisable value, after a reasonable allowance for further processing costs.

TAXATION

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred taxation is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends, such as secondary tax on companies, are recognised at the same time as the liability to pay the related dividend.

SHARE CAPITAL

Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary. Dividends on preference share capital classified as equity, are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholder or if dividend payments are not discretionary. Dividends are thereon recognised in the income statement as interest expense.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

EMPLOYEE BENEFITS

Defined contribution plans

Pension plans, which are multi-employer plans in the nature of defined contribution plans, are funded through monthly contributions to these defined contribution plans. Obligations for contributions are recognised as an expense in the income statement as incurred.

Long service benefits

The Group makes long service bonus payments (long service awards) for certain eligible employees, under the Chamber of Mines of South Africa Long Service Award Scheme. The amount of the award is based on both the employee's skill level and years of service with qualified gold mining companies. The obligation is accrued over the service life of the employees and is calculated using a projected credit unit method.

Share-based payment transactions

The group grants share options to certain employees under an employee share plan to acquire shares of the company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

The fair value of the options granted is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Post-retirement medical benefits

Post-retirement medical benefits in respect of qualifying employees are recognised as an expense over the expected remaining service lives of relevant employees. The group has an obligation to provide medical benefits to certain of its pensioners and dependants of ex-employees. These liabilities are provided in full, calculated on an actuarial basis. Periodic valuation of these obligations is carried out by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates. Actuarial gains and losses are recognised in the income statement.

PROVISIONS

A provision is recognised in the balance sheet when the group has present legal or constructive obligations resulting from past events and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Environmental rehabilitation

Based on the group's interpretation of current environmental and regulatory requirements, as well as present obligations as environmental damage is incurred, the costs of rehabilitation and restoration are estimated and accrued, with the corresponding recognition being part of the the cost of an item of property, plant and equipment.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. As a result of potential changes in regulations or cost estimates, there is a probability that estimates of the ultimate rehabilitation liabilities could change.

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.

REVENUE RECOGNITION

Gold bullion and by-products

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. In the case of gold bullion, this occurs when it is delivered to the relevant refinery. For revenue from related by-products, risk and reward

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

transference takes place on delivery to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Dividends and interest

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.

Government grants

Grants that compensate the group for expenses incurred are deferred and recognised in the income statement as a deduction against the related expense in the period in which the grant becomes receivable.

Investment income

Investment income includes dividends received, interest received, foreign exchange gains and losses, growth in the environmental rehabilitation trust funds and other profits and losses arising on disposal of investments.

EXPENSES

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance expenses

Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method, dividends on redeemable preference shares, unwinding of discounting of provision for environmental rehabilitation and interest on finance leases. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Finance costs capitalised

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.

SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

A held-for sale asset is classified as such if it is a non-current asset, or group of assets, to be disposed of, by sale or otherwise. On initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value, less costs to sell. Impairment losses on initial classification as held-for-sale, are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent measurement.

A discontinued operation in the group is a component of the group's business that represents a separate major line of business, or geographical area of operations, or is a subsidiary acquired exclusively for resale.

An operation is recognised as being discontinued on disposal or the date it meets the criteria to be classified as held-for-sale, if earlier. A disposal group that is to be abandoned may also qualify.

EARNINGS OR LOSS PER SHARE

Earnings or loss per share are calculated based on the net profit or loss after taxation for the year, divided by the weighted average number of ordinary shares in issue during the year. Headline earnings or loss per share are calculated based on the profit or loss after taxation but before certain items of a capital nature. Diluted earnings or loss per share and headline earnings or loss per share are presented when the inclusion of ordinary shares that may be issued in the future, has a dilutive effect on earnings or loss per share and headline earnings or loss per share.

BUSINESS COMBINATIONS INVOLVING ENTITIES UNDER COMMON CONTROL

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

In absence of the more specific guidance, the group consistently applied the book value measurement method to all common control transactions.

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		2 REVENUE		
		Revenue consists of the following principal categories:		
1 649 718	**1 576 883**	Gold revenue	**–**	–
18 844	**23 111**	By-product revenue	**–**	–
1 668 562	**1 599 994**	Total revenue	**–**	–
		3 OPERATING PROFIT/(LOSS) BEFORE INVESTMENT INCOME AND FINANCE EXPENSES INCLUDES THE FOLLOWING AMONGST OTHER:		
(9 924)	**(13 606)**	**Auditors' remuneration**	**(6 799)**	(6 839)
(7 393)	**(9 595)**	Audit fees – current year	**(4 504)**	(4 173)
(2 157)	**(951)**	Underprovision – prior year	**(417)**	(2 501)
(374)	**(3 060)**	Fees for other services	**(1 878)**	(165)
(41 381)	**(15 476)**	**Management, technical, administrative and secretarial service fees**	**(9 296)**	(34 833)
		Staff costs		
(721 528)	**(487 058)**	Included in staff costs are:	**(34 218)**	(50 607)
(637 151)	**(440 525)**	Salaries and wages	**(19 480)**	(31 893)
(10 508)	**(13 341)**	Share-based payments	**(13 341)**	(10 508)
(27 532)	**(5 626)**	Retrenchment and restructuring costs	**(983)**	(7 160)
(46 337)	**(27 566)**	Pension fund contributions	**(414)**	(1 046)
		Income from subsidiaries		
		Administration and management fees	**61 704**	26 539
11	**6 537**	**Profit on sale of property, plant and equipment**	**18**	–
(289 605)	**118 538**	**Impairments**	**(184 126)**	(423 041)
(217 509)	**–**	Property, plant and equipment	**–**	(4 131)
–	**67 728**	Investments in and loans to subsidiaries	**(160 469)**	(418 910)
(72 096)	**74 488**	Investments in and loans to associates	**–**	–
–	**(23 678)**	Other loans	**(23 657)**	–

During the year ended 30 June 2006, the group reversed R67.7 million of the R160.4 million impairment recorded in 2004 and 2005 against loans advanced to the East Rand Proprietary Mines Limited (ERPM). The ability of ERPM to repay the loans was reassessed based on the discounted cash flows of that operation. The discounted cash flows were calculated using the updated mine plan, a gold price of R131 094 per kilogram and a discount rate of 13%. Accordingly, a decision was made to reverse a portion of the previously recorded impairments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		3 OPERATING PROFIT/(LOSS) BEFORE FINANCE INCOME/(EXPENSES) INCLUDES THE FOLLOWING AMONGST OTHER: (continued)		
		The R74.5 million impairment recorded in 2005 on the group's investment in Emperor Mines Limited (Emperor Mines) was reversed during the year based on the market price of Emperor's shares on the Australian Stock Exchange. The investment was impaired the previous year down to A$0.28 per share. As at 30 June 2006, Emperor's share price closed at A$0.40 per share.		
		On 1 July 2005, an agreement was signed between the company and the Industrial Development Corporation of South Africa (IDC) in terms of which the company acquired all the IDC loans, including the rights securing payment of such loans, to Crown Gold Recoveries (Pty) Limited and East Rand Proprietary Mines Limited for a purchase consideration of R28.9 million. As uncertainty on the repayment of the loans existed at 30 June 2006, an impairment of R28.9 million was charged against income.		
		On 12 June 2002, the company entered into a loan agreement with Khumo Bathong Holdings (Pty) Limited (KBH) for an amount of R5.3 million. This amount was impaired in 2004 and the impairment reversed during the year ended 30 June 2006 as the loan was repaid.		
–	**(1 631)**	**Operating lease**	**(1 631)**	(600)
–	**6 096**	**Pumping subsidy received**	**–**	–
		4 DIRECTORS' EMOLUMENTS		
		Executive directors		
		Services rendered as directors of the company		
(3 988)	**(3 422)**	Salaries	**(3 422)**	(3 988)
(1 676)	**(2 065)**	Bonuses	**(2 065)**	(1 676)
(300)	**(50)**	Provident fund contributions	**(50)**	(300)
(1 557)	**(950)**	Change in terms of employment and end of contract payments	**(950)**	(1 557)
		Services rendered by directors as directors of subsidiaries		
(3 390)	**(3 651)**	Salaries		
(1 235)	**(3 397)**	Bonuses		
–	**(2 251)**	End of contract payments		
		Non-executive directors		
		Services rendered as directors of the Company		
(1 414)	**(2 082)**	Directors' fees	**(2 082)**	(1 414)
(119)	**–**	Retirement package	**–**	(119)
		Services rendered by directors as directors of subsidiaries		
(78)	**–**	Directors' fees		
(13 757)	**(17 868)**	Included in administration and general costs	**(8 569)**	(9 054)

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		5 INVESTMENT INCOME		
143	**87**	Sundry investment income	**58**	–
11 678	**8 206**	Interest received	**6 937**	18 754
3 000	**455**	Profit/(loss) on realisation of listed and unlisted investments	**(51)**	(9 512)
–	**674**	Profit on disposal of subsidiaries	**701 811**	–
–	**88 361**	Profit arising on rights issue by subsidiary	**–**	–
4 872	**5 515**	Growth in environmental rehabilitation trust funds	**993**	1 113
(57 865)	**(43 608)**	Unrealised foreign exchange (loss)/gain	**(69 063)**	28 433
8 103	**(16 629)**	Fair value adjustments to financial instruments	**–**	–
(30 069)	**43 061**		**640 685**	38 788
		6 INCOME TAX EXPENSE		
(15 680)	**(23 069)**	Mining tax	**–**	–
151	**(1 323)**	Non-mining tax	**–**	–
(15 529)	**(24 392)**		**–**	–
		Comprising:		
		South African		
–	**289**	Current tax – current year	**–**	–
(1 640)	**(1 612)**	– prior year	**–**	–
		Foreign		
(76 790)	**(14 436)**	Current tax – current year	**–**	–
319	**–**	– prior year	**–**	–
60 978	**(8 633)**	Deferred tax – current year	**–**	–
1 604	**–**	– prior year	**–**	–
(15 529)	**(24 392)**		**–**	–

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% (2005: 29%).

The tax rates applicable to mining and non-mining income of a gold mining company depend on whether the company has elected to be exempt from Secondary Tax on Companies (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 2006 and 2005, the tax rates for taxable mining and non-mining income for companies that elected the STC exemption were 45% (2005: 45%) and 37% (2005: 37%), respectively. During those same years the tax rates for companies that did not elect the STC exemption were 35% (2005: 35%) and 29% (2005: 29%), for taxable mining and non-mining income respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP 2005 R'000	GROUP 2006 R'000		COMPANY 2006 R'000	COMPANY 2005 R'000
		6 INCOME TAX EXPENSE (continued)		
		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% (2005: 35%) tax on mining income and 29% (2005: 29%) 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 tax rate applicable in terms of the mining tax formula to the relevant operations at either 35% or 45% (2005: 35% or 45%), while the Australian deferred tax is provided at the Australian statutory tax rate of 30% (2005: 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.		
243 613	**1 536 421**	Unredeemed capex at year-end (available for deduction against future mining income)	**131 504**	132 523
646 258	**653 683**	Estimated tax losses at year-end (available to reduce future taxable income)	**104 535**	198 383
(450 846)	**–**	Applied to reduce deferred taxation	**–**	
439 025	**2 190 104**	Tax losses and unredeemed capex carried forward	**236 039**	330 906
134 024	**765 221**	Estimated future tax relief at applicable statutory rates	**68 451**	95 963
		Tax reconciliation		
		Major items causing the Group's income tax provision to differ from the statutory rate were:		
218 690	**42 656**	Taxation benefit on net loss at applicable statutory rates		
(69 506)	**(5 933)**	Temporary difference for which deferred tax assets not recognised		
(151 524)	**–**	Effect of discontinued operations not recognised		
(19 601)	**(68 678)**	Disallowable expenditure		
5 339	**6 554**	Exempt income		
(1 321)	**(1 612)**	Additional tax expense relating to the prior year		
2 394	**2 621**	Other		
(15 529)	**(24 392)**	Taxation charge		

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		7 PROFIT/(LOSS) FROM DISCONTINUED OPERATION		
		On 9 March 2005, the North West Operation suffered the effects of an earthquake measuring 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 Operation 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 (Buffelsfontein), which owns the North West Operation. The order was granted on the same day.		
		The company committed to pay the following costs on behalf of Buffelsfontein's operation:		
(27 920)	**–**	Wages	**–**	(27 920)
(5 114)	**–**	Essential services	**–**	(5 114)
(9 000)	**–**	Provision for employees social plan	**–**	(9 000)
(3 169)	**–**	Legal and other costs	**–**	(3 169)
–	**18 322**	Costs recovered from the liquidator	**18 322**	–
(45 203)	**18 322**	Recoveries/(costs) on liquidation of subsidiary, before tax	**18 322**	(45 203)
110 446	**–**	Profit on re-measuring the liquidated subsidiary to fair value	**–**	–
–	**–**	Tax effect	**–**	–
65 243	**18 322**	Profit/(loss) from discontinued operation	**18 322**	(45 203)
		8 LOSS PER SHARE		
		Basic		
		The calculation of loss per ordinary share is based on the following:		
(544 792)	**(110 089)**	Basic loss attributable to ordinary shareholders		
(253 657)	**(128 411)**	Basic loss from continuing operations attributable to ordinary shareholders		
257 695 796	**310 565 826**	Weighted average number of ordinary shares in issue		
		Headline		
		The basic loss has been adjusted by the following to arrive at a headline loss:		
(544 792)	**(110 089)**	Basic loss attributable to ordinary shareholders		
289 605	**(118 538)**	Impairment of investment in associate, mining assets and goodwill		
(11)	**(6 537)**	Profit on sale of mining assets		
(3 000)	**(89 491)**	Profit on sale of investment		
(65 243)	**(18 322)**	Gain from discontinued operation		
(323 441)	**(342 977)**	Headline loss attributable to ordinary shareholders		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP 2005 R'000	GROUP 2006 R'000		COMPANY 2006 R'000	COMPANY 2005 R'000
		8 LOSS PER SHARE (continued)		
		Diluted		
(544 792)	**(110 089)**	Basic loss attributable to ordinary shareholders		
27 216	**28 548**	Interest paid on convertible loan notes		
(517 576)	**(81 541)**	Diluted basic loss		
221 351	**(232 888)**	Headline earnings adjustments		
(296 225)	**(314 429)**	Diluted headline loss		
		Reconciliation of weighted average ordinary shares to diluted weighted average ordinary shares		
257 695 796	**310 565 826**	Weighted average number of ordinary shares in issue		
–	**–**	Number of staff options allocated		
17 600 000	**17 600 000**	Convertible loan notes		
275 295 796	**328 165 826**	Diluted weighted average number of ordinary shares		
(211)	**(35)**	Basic and diluted loss per ordinary share (cents)		
(98)	**(41)**	Basic and diluted loss from continuing operations per ordinary share (cents)		
(125)	**(110)**	Headline and diluted headline loss per ordinary share (cents)		
(70)	**(110)**	Headline and diluted headline loss from continuing operations per ordinary share (cents)		
(55)	**–**	Headline and diluted headline loss from discontinued operation per ordinary share (cents)		
		There is no dilution in loss per share for 2006 and 2005 as the effect of dilutive securities in issue would be anti-dilutive, because the group recorded a loss for both years.		
		9 PROPERTY, PLANT AND EQUIPMENT		
		Total		
2 801 559	**3 768 207**	Cost	**2 545**	427 134
3 004 967	**2 801 559**	Opening balance	**427 134**	426 994
–	**930 824**	Acquired through purchase of subsidiaries	**–**	–
127 544	**263 286**	Additions	**1 056**	178
(11 946)	**(643)**	Disposals	**(18)**	(38)
(431 431)	**(7 237)**	Disposed through disposal of subsidiary	**–**	–
–	**(425 627)**	Transfer to non-current assets held for sale	**(425 627)**	–
112 425	**206 045**	Foreign exchange movement	**–**	–
(2 069 969)	**(1 917 611)**	Accumulated depreciation and impairment	**(1 438)**	(411 780)
(2 086 769)	**(2 069 969)**	Opening balance	**(411 780)**	(385 384)
(138 928)	**(150 632)**	Current depreciation	**(303)**	(22 265)
(217 509)	**–**	Impairment of assets	**–**	(4 131)
–	**18**	Disposals	**18**	–
431 431	**3 897**	Disposed through disposal of subsidiary	**–**	–
–	**410 627**	Transfer to non-current assets held for sale	**410 627**	–
(58 167)	**(111 552)**	Foreign exchange movement	**–**	–
731 590	**1 850 596**	Carrying value	1 107	15 354

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		9 PROPERTY, PLANT AND EQUIPMENT (continued)		
		Mining property		
824 799	**1 018 311**	Cost	**–**	425 627
945 858	**824 799**	Opening balance	**425 627**	425 627
–	**539 188**	Acquired through purchase of subsidiaries	**–**	–
1 633	**24 867**	Additions	**–**	–
(27)	**(380)**	Disposals	**–**	–
(136 713)	**(5 470)**	Disposed through liquidation of subsidiary	**–**	–
–	**(425 627)**	Transfer to non-current assets held for sale	**(425 627)**	–
14 048	**60 934**	Foreign exchange movement	**–**	–
(619 235)	**(250 601)**	Accumulated depreciation and impairment	**–**	(410 627)
(673 672)	**(619 235)**	Opening balance	**(410 627)**	(384 296)
(20 765)	**(30 022)**	Current depreciation	**–**	(22 200)
(56 076)	**–**	Impairment of assets	**–**	(4 131)
–	**–**	Disposals	**–**	–
136 713	**2 915**	Disposed through liquidation of subsidiary	**–**	–
–	**410 627**	Transfer to non-current assets held for sale	**410 627**	–
(5 435)	**(14 886)**	Foreign exchange movement	**–**	–
205 564	**767 710**	Carrying value	**–**	15 000
		Mine development		
1 153 613	**1 525 030**	Cost	**–**	–
1 246 938	**1 153 613**	Opening balance	**–**	–
–	**137 589**	Acquired through purchase of subsidiaries	**–**	–
97 118	**165 338**	Additions	**–**	–
(1 007)	**–**	Disposals	**–**	–
(254 756)	**–**	Disposed through liquidation of subsidiary	**–**	–
65 320	**68 490**	Foreign exchange movement	**–**	–
(777 822)	**(892 199)**	Accumulated depreciation and impairment	**–**	–
(812 803)	**(777 822)**	Opening balance	**–**	–
(58 535)	**(66 397)**	Current depreciation	**–**	–
(136 198)	**–**	Impairment of assets	**–**	–
–	**–**	Disposals	**–**	–
254 756	**–**	Disposed through liquidation of subsidiary	**–**	–
(25 042)	**(47 980)**	Foreign exchange movement	**–**	–
375 791	**632 831**	Carrying value	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	2006		2006	2005
R'000	R'000		R'000	R'000
		9 PROPERTY, PLANT AND EQUIPMENT (continued)		
		Mine plant facilities		
632 243	977 440	Cost	–	–
650 461	632 243	Opening balance	–	–
–	252 366	Acquired through purchase of subsidiaries	–	–
13 963	47 446	Additions	–	–
(10 874)	(245)	Disposals	–	–
(39 962)	–	Disposed through liquidation of subsidiary	–	–
18 655	45 630	Foreign exchange movement	–	–
(538 704)	(599 186)	Accumulated depreciation and impairment	–	–
(495 602)	(538 704)	Opening balance	–	–
(40 156)	(33 178)	Current depreciation	–	–
(25 235)	–	Impairment of assets	–	–
–	–	Disposals	–	–
39 962	–	Disposed through liquidation of subsidiary	–	–
(17 673)	(27 304)	Foreign exchange movement	–	–
93 539	378 254	Carrying value	–	–
		Equipment and vehicles		
150 545	204 851	Cost	2 545	1 507
122 543	150 545	Opening balance	1 507	1 367
–	1 180	Acquired through purchase of subsidiaries	–	–
14 830	25 635	Additions	1 056	178
(38)	(18)	Disposals	(18)	(38)
–	(1 767)	Disposed through liquidation of subsidiary	–	–
13 210	29 276	Foreign exchange movement	–	–
(111 421)	(151 067)	Accumulated depreciation and impairment	(1 438)	(1 153)
(83 589)	(111 421)	Opening balance	(1 153)	(1 088)
(18 053)	(18 412)	Current depreciation	(303)	(65)
–	18	Disposals	18	–
–	982	Disposed through liquidation of subsidiary	–	–
(9 779)	(22 234)	Foreign exchange movement	–	–
39 124	53 784	Carrying value	1 107	354

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		9 PROPERTY, PLANT AND EQUIPMENT (continued)		
		Decommissioning asset		
40 359	**42 575**	Cost	**–**	–
39 167	**40 359**	Opening balance	**–**	–
–	**501**	Acquired through purchase of subsidiaries	**–**	–
1 192	**1 715**	Foreign exchange movement	**–**	–
(22 787)	**(24 558)**	Accumulated depreciation and impairment	**–**	–
(21 130)	**(22 787)**	Opening balance	**–**	–
(1 419)	**(2 623)**	Current depreciation	**–**	–
(238)	**852**	Foreign exchange movement	**–**	–
17 572	**18 017**	Carrying value	**–**	–

Certain assets have been encumbered as security for specified liabilities (refer note 20).

In assessing the recoverability of the above assets, where there are indicators of a possible impairment, the estimated cash flows have been calculated using the following estimates:

- recoverable proven and probable ore reserves;
- gold price estimates are based on a gold price of R130 563 per kilogram of gold (US$580 per ounce) in year one, escalating at an average of 3.9% per annum, and a base exchange rate of R7.00 = US$1.00, with the Rand weakening in future years based on the expected differential between the local South African interest rates in those years over the United States interest rates in those years;
- working cost estimates are based on current working costs per kilogram at 30 June 2006, escalated for expected South African inflationary increases of approximately 6.5% per annum; and
- capital cost estimates are based on current estimates of future development costs to mine the current proven and probable ore reserves, escalated for expected South African inflationary increases of approximately 6.5% per annum.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	2006		2006	2005
R'000	R'000		R'000	R'000
		10 NON-CURRENT INVESTMENTS AND OTHER ASSETS		
678	1 514	**Listed investments (see below)**	–	–
77 387	678	Opening balance	–	–
19 656	105	Foreign exchange movement	–	–
95 459	–	Additions	–	–
(199 927)	–	Transfer to investments in associates	–	–
8 103	731	Fair value adjustment	–	–
4 478	37 411	**Unlisted investments**	32 835	1 107
42 885	60 383	**Investments in environmental rehabilitation trust funds**	15 105	14 088
143 330	42 885	Opening balance	14 088	12 975
(105 316)	8 276	Acquired through the purchase of subsidiaries	–	–
–	3 707	Contributions	24	–
4 872	5 515	Growth in environmental rehabilitation trust funds	993	1 113
(1)	–	Rehabilitation payments from fund	–	–
48 041	99 308	**Total non-current investments and other assets**	47 940	15 195
4 478	37 411	Directors' valuation of unlisted investments	32 835	1 107

Listed investments consist of:

	% HELD	NUMBER OF SHARES	MARKET VALUE	CARRYING VALUE	CARRYING VALUE
			2006	2006	2005
			R'000	R'000	R'000
Drillsearch Energy Limited	#	1 820 000	1 473	1 473	616
Startrack Communications Limited	#	1 125 000	41	41	52
Cape Tel Limited	#	100 000	–	–	10
			1 514	1 514	678

\# Represents a less than 1% shareholding

The monies in the environmental rehabilitation trust funds are invested primarily in interest-bearing debt securities and equity-linked unit trusts and may be used only for environmental rehabilitation purposes.

Unlisted investments comprise various industry investments in South Africa for which a fair value is not readily determinable due to their nature and the fact that they are not actively traded. These investments are measured at cost.

The directors of the company perform independent valuations of these unlisted investments on an annual basis to ensure that no significant decline in the value of the investments, other than of a temporary nature, has occurred. The valuations are based on the net asset value of these investments.

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		11 INVESTMENTS IN SUBSIDIARIES		
		Shares at cost, less impairment loss	**1 603 949**	289 862
		Net indebtedness, less impairment loss	**(118 763)**	519 696
		Amounts owing by subsidiaries, less impairment loss	**106 942**	732 645
		Amounts owing to subsidiaries	**(225 705)**	(212 949)
		Net investment in subsidiaries	**1 485 186**	809 558
		The interest in the company in the (loss)/profit after taxation of its subsidiaries is:		
		Aggregate losses	**(164 005)**	(599 303)
		Aggregate profits	**228 014**	137 197
		A schedule showing the company's financial interest in each subsidiary is given in the Directors' Report on page 83		
		12 INVESTMENTS IN ASSOCIATES		
–	**103 212**	Opening carrying amount	**–**	–
199 927	**–**	Transfer from listed investments	**–**	–
42 857	**–**	Acquired during the year	**–**	–
(77 749)	**(151 963)**	Net share of results of associates	**–**	–
(72 096)	**–**	Impairments	**–**	–
4 828	**48 751**	Other movements	**–**	–
5 445	**–**	Foreign exchange movement	**–**	–
103 212	**–**	Closing carrying amount	**–**	–
83 717		Market valuation – Emperor Mines Limited		

	COUNTRY OF INCORPORATION	% INTEREST HELD
The associates were:		
Crown Gold Recoveries (Pty) Limited	South Africa	40.0%
Emperor Mines Limited	Australia	45.3%

In terms of a Black Economic Empowerment (BEE) transaction between the company and Khumo Gold SPV (Pty) Limited effective from 30 November 2005, the company now holds 85% of Crown Gold Recoveries (Pty) Limited (Crown). Accordingly the results of Crown have been consolidated with effect from the above date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		12 INVESTMENTS IN ASSOCIATES (continued)		
		Due to its cumulative ownership of 45.3% of Emperor Mines and the fact that the company exercised significant influence over Emperor Mines, the company accounted for its investment in Emperor Mines under the equity method of accounting as from the date of acquiring its stake in Emperor Mines on 1 August 2004.		
		On 6 April 2006, a transaction was concluded between Emperor Mines and the company, whereby the company's offshore assets were sold to Emperor Mines, resulting in the company's shareholding in Emperor Mines increasing to 88.3% with effect from the above date. As a result, Emperor Mines became a subsidiary with effect from that date and its results are accordingly now consolidated.		
		The group's effective share of income, expenses, assets and liabilities of the associates, is as follows:		
		Income statement		
374 861		Revenue		
(396 232)		Cost of sales		
(21 371)		Gross loss		
(76 836)		Other income, administration and general costs		
(98 207)		Loss before taxation		
		Balance sheet		
155 736		Non-current assets		
67 883		Current assets		
223 619		Total assets		
(203 315)		Shareholders' equity		
267 872		Non-current liabilities		
159 062		Current liabilities		
223 619		Total equity and liabilities		

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		13 INVESTMENT IN JOINT VENTURE		
		The joint venture for which the income statement and balance sheet have been proportionately consolidated is as follows:		
		Porgera Joint Venture – percentage held	**20.0%**	20.0%
		The group acquired a 20% interest in the Porgera Joint Venture in Papua New Guinea on 14 October 2003.		
		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:		
		Income statement		
517 556	**418 718**	Revenue		
(233 173)	**(246 620)**	Cost of sales		
284 383	**172 098**	Gross profit		
(24 134)	**(17 892)**	Administration and general costs		
260 249	**154 206**	Profit before taxation		
		Balance sheet		
931 101	**1 012 739**	Non-current assets		
83 393	**90 706**	Current assets		
1 014 494	**1 103 445**	Total assets		
956 773	**1 040 663**	Shareholders' equity		
5 014	**5 454**	Non-current liabilities		
52 707	**57 328**	Current liabilities		
1 014 494	**1 103 445**	Total equity and liabilities		
		14 INVENTORIES		
		Current		
30 409	**124 634**	Gold in process	**–**	–
80 260	**84 125**	Consumable stores	**40**	–
110 669	**208 759**		**40**	–
		Non-current		
215 186	**219 258**	Ore stock pile	**–**	–
325 855	**428 017**	**Total inventories**	**40**	–

The following assumptions were used to assess the net realisable value of the ore stock piles:

- sales price of US$613 per ounce at 30 June 2006 (2005: US$437);
- an exchange rate of Kina 3.11 = US$1,00 (2005: Kina 3.12 = US$1,00);
- overheads of US$1.47 per tonne (2005: US$1.28 per tonne); and
- processing costs of US$15.22 per tonne (2005: US$16.28 per tonne).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP 2005 R'000	GROUP 2006 R'000		COMPANY 2006 R'000	COMPANY 2005 R'000
		15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
		Mining property, being the DRDGOLD mine village is presented as held for sale following the decision of the group's management on 13 January 2006 to sell this disposal group as part of the closure of the old Durban Deep mine. A sale is expected by June 2007. At 30 June 2006 the disposal group comprised mining property of R15.0 million.		
		The disposal group is carried at fair value less costs to sell.		
		16 SHAREHOLDERS' EQUITY		
		Details of shareholders' equity are provided in the Statements of Shareholders' in Equity on page 89.		
		Authorised share capital		
		600 000 000 (2005: 600 000 000) ordinary shares of no par value		
500	**500**	5 000 000 (2005: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
		Issued share capital		
3 564 974	**3 761 368**	320 035 078 (2005: 296 206 048) ordinary shares of no par value	**3 761 368**	3 564 974
500	**500**	5 000 000 (2005: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
3 565 474	**3 761 868**		**3 761 868**	3 565 474
		Share capital		
		Unissued shares		
		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 thereunder 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 4.6% of the issued ordinary share capital which is within the internationally accepted guideline of 3 to 5% for such schemes.		
		In addition, the participants in the Scheme are fully taxed at their marginal tax rate on any gains realised on the exercise of their options.		

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		16 SHAREHOLDERS' EQUITY (continued)		
		On 12 November 2002, the company issued $66 million convertible loan notes (refer to note 20). The notes are convertible into ordinary shares, or American Depositary Receipts, at a conversion price of US$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.		
		Cumulative preference shares		
		The terms of issue of the cumulative preference shares are that they carried 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 an Exploration Company Limited in September 1997. In 2005, the Argonaut mineral rights reverted to the South African Government after no application for conversion was lodged within the stipulated period of one year, under the provisions of the MPRDA.		
		Option instruments		
		The company currently has one class of options authorised but not issued, namely Durban Deep "C" options. There are 10 000 000 authorised option instruments at 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.		
		Revaluation and other reserves		
40 579	**119 341**	Foreign exchange translation reserve (a)	**–**	–
5 000	**131 489**	Asset revaluation reserve (b)	**–**	–
16 555	**29 896**	Share-based payments reserve (c)	**29 896**	16 555
62 134	**280 726**		**29 896**	16 555
		(a) The foreign exchange translation reserve represents the cumulative translation effect arising on the translation of the financial statements of the company's foreign operations, as well as from the translation of liabilities that hedge the company's net investment in a foreign subsidiary.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		16 SHAREHOLDERS' EQUITY (continued)		
		(b) Certain items of property, plant and equipment that have been revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of the revaluation. The revaluation adjustment of R5.0 million has been recognised in the asset revaluation reserve.		
		On the acquisition of Emperor Mines an amount of R126.5 million was taken to the asset revaluation reserve. This amount represents that part of the increase in the fair value of Emperor Mines' net assets after the acquisition of the group's initial interest which is attributable to that initial interest.		
		(c) The company issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. During 2006, a deferred share-based compensation expense of R13.3 million (2005: R10.5 million) was charged to the income statement (refer to note 3).		
		17 PROVISION FOR ENVIRONMENTAL REHABILITATION		
230 594	**138 582**	Opening balance	**39 469**	30 958
6 383	**(311)**	Foreign exchange movement	**–**	–
(122 257)	**137 951**	Acquired/(disposed) through purchase/(liquidation) of subsidiaries	**–**	–
(573)	**7 017**	Interest charge/(credit)	**1 095**	2 045
24 435	**39 069**	Charge to the income statement	**9 244**	6 466
138 582	**322 308**	Closing balance	**49 808**	39 469
		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	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		18 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS		
–	**16 762**	Liability for post-retirement medical benefits	**–**	–
–	**3 800**	Liability for long service awards	**–**	–
–	**3 827**	Liability for long service leave	**–**	–
–	**24 389**		**–**	–
		Retirement 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 member's 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 (the Act). According to the Act, the group has to contribute 7% of employee's earnings to a local superfund (NASFUND), whilst the employees contribute 5% of their gross salaries and wages. Payments are made to the fund on a monthly basis.		
		Amounts recognised in the income statement are as follows:		
46 337	**27 566**	Current service cost	**414**	1 046
		Post-retirement medical benefits		
		The group has an obligation to fund a portion of the medical aid contributions of certain of its employees after they have retired. A provision for post-retirement medical benefits has been raised, based on the latest calculations using a projected unit credit method, of independent actuaries performed as at 30 June 2006. Post-retirement medical benefits are actuarially valued every three years. The obligation is unfunded.		
		Amounts recognised in the balance sheet are as follows:		
		Change in benefit obligation		
–	**–**	Opening balance	**–**	–
–	**13 839**	Acquired through purchase of subsidiaries	**–**	–
–	**2 923**	Actuarial gains	**–**	–
–	**16 762**	Closing balance	**–**	–
		Amounts recognised in the income statement are as follows:		
–	**7 449**	Net actuarial gains	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP 2005 R'000	GROUP 2006 R'000		COMPANY 2006 R'000	COMPANY 2005 R'000
		18 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS (continued)		
		Post-retirement medical benefits (continued)		
		Principal actuarial assumptions at the balance sheet date:		
	5.8%	Health care cost inflation		
	7.8%	Discount rate		
	1.9%	Real discount rate		
	50.0%	Income at retirement (as % of final salary)		
	62.5/63/65	Normal retirement age		
	61.6/62.0/63.5	Expected average retirement age		
	3 years	Spouse age gap		
	85	Continuation at retirement		
	85	Proportion married at retirement		
		Long service awards		
		The group participates in the Chamber of Mines of South Africa Long Service Awards Scheme (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.		
–	**3 800**	Amount recognised in the balance sheet	**–**	–

18 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS (continued)

Share option scheme

a) Details of the scheme

The company operates a share option scheme, DRDGOLD (1996) Share Scheme, (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 of the company is reserved for issuance thereunder 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 4.6% of the issued ordinary share capital which is within the internationally 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 a 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 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	Number of shares	Average price per share
		R		R
Balance at 1 July 2004	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		
Balance at 30 June 2005	13 051 786	14.04	6 507 374	17.52
Granted	3 090 944	5.94		
Exercised	(679 911)	5.54		
Forfeited/lapsed	(887 563)	11.64		
Balance at 30 June 2006	14 575 256	12.86	9 257 847	15.64

Options to acquire the company's ordinary shares that were granted post 7 November 2002 and which remain unvested at 1 January 2005, are measured at fair value at grant date. This fair value is recognised as an employee expense over the vesting period, adjusted to reflect actual levels of vesting, with the corresponding credit to a share-based payments reserve, which is part of equity.

The fair value of the options granted is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the options were granted.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

	2006 R'000	2005 R'000
18 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS (continued)		
c) The fair value of the options is determined using the Black-Scholes option valuation model.		
The significant inputs into the model were:		
Market price at date of grant (Rand per share)		
1 November 2004 option grant	10.93	10.93
15 April 2005 option grant	5.13	5.13
17 June 2005 option grant	5.50	5.50
25 October 2005 option grant	5.94	
Vesting periods (years)		
1 November 2004 option grant	3	3
15 April 2005 option grant	3	3
17 June 2005 option grant	3	3
25 October 2005 option grant	3	
Option strike price (Rand per share)		
1 November 2004 option grant	11.70	11.70
15 April 2005 option grant	4.84	4.84
17 June 2005 option grant	7.10	7.10
25 October 2005 option grant	8.78	
Risk-free rate		
1 November 2004 option grant	8.56%	8.56%
15 April 2005 option grant	7.81%	7.81%
17 June 2005 option grant	7.58%	7.58%
25 October 2005 option grant	7.94%	
Volatility*		
1 November 2004 option grant	29%	29%
15 April 2005 option grant	37%	37%
17 June 2005 option grant	38%	38%
25 October 2005 option grant	36%	
Dividend yield		
1 November 2004 option grant	–	–
15 April 2005 option grant	–	–
17 June 2005 option grant	–	–
25 October 2005 option grant	–	

* The volatility is measured at the standard deviation of the expected share price returns and is based on statistical analysis of daily share prices over the last three years.

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		19 DEFERRED MINING AND INCOME TAXES		
		Balances arose from the following temporary differences:		
		Deferred mining and income tax asset		
(40 619)	**323 592**	Property, plant and equipment	**33 863**	34 034
26 886	**103 389**	Provisions, including rehabilitation provision	**14 990**	16 162
212 467	**222 539**	Estimated assessed losses	**30 315**	54 671
1 814	**68 969**	Other temporary differences	**69 287**	1 814
(200 548)	**(713 165)**	Deferred mining and income tax asset not recognised	**(148 455)**	(106 681)
–	**5 324**		**–**	–
		Deferred mining and income tax liability		
(105 554)	**(109 180)**	Property, plant and equipment	**–**	–
(8 784)	**(17 431)**	Inventories	**–**	–
30 801	**27 878**	Provisions, including rehabilitation provision	**–**	–
805	**1 395**	Other temporary differences	**–**	–
(82 732)	**(97 338)**		**–**	–
(82 732)	**(92 014)**	Net deferred mining and income tax liability	**–**	–
		Reconciliation between deferred taxation opening and closing balances		
(145 128)	**(82 732)**	Opening balance	**–**	–
(186)	**(3 528)**	Foreign exchange movement	**–**	–
–	**2 879**	Deferred tax of subsidiary acquired	**–**	–
62 582	**(8 633)**	Income statement (charge)/credit	**–**	–
(82 732)	**(92 014)**	Closing balance	**–**	–
		Deferred tax has been raised at statutory income tax rates as the expected manner of recovery is through use.		
		20 LONG-TERM LIABILITIES		
		Secured		
26 904	**19 376**	Industrial Development Corporation (a)	**–**	–
66 976	**–**	Investec Bank (Mauritius) Limited (b)	**–**	–
–	**407 235**	ANZ Banking Group Limited (c)	**–**	–
–	**5 552**	Finance lease agreements (d)		
		Unsecured		
437 359	**490 115**	Convertible loan notes (e)	**490 115**	437 359
–	**27 864**	Preference shares held by Khumo Gold SPV (Pty) Limited (f)	**–**	–
–	**9 767**	Withholding tax (g)	**–**	–
531 239	**959 909**		**490 115**	437 359
(64 685)	**(556 943)**	Less: Payable within one year included under current liabilities	**(490 115)**	(26 469)
466 554	**402 966**		**–**	410 890

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP 2005 R'000	GROUP 2006 R'000		COMPANY 2006 R'000	COMPANY 2005 R'000
		20 LONG-TERM LIABILITIES (continued)		
		Long-term liability repayment schedule for capital amounts payable in the twelve months to:		
64 685		30 June 2006		26 469
459 761	**556 943**	30 June 2007	**490 115**	410 890
6 793	**77 350**	30 June 2008		
	74 652	30 June 2009		
	50 426	30 June 2010		
	33 207	30 June 2011		
	33 207	30 June 2012		
	134 124	Thereafter		
531 239	**959 909**		**490 115**	437 359
		Analysis of gross long-term liabilities by currency:		
504 335	**490 115**	United States Dollar	**490 115**	437 359
26 904	**47 240**	South African Rand		
	422 554	Australian Dollar		
531 239	**959 909**		**490 115**	437 359
		Effective interest rates:		
		Secured liabilities		
9.50%	**10.0%**	Industrial Development Corporation		
6.50%	**–**	Investec Bank (Mauritius) Limited		
–	**7.7%**	ANZ Banking Group Limited		
		Unsecured liabilities		
9.95%	**–**	Investec Bank Limited	**–**	9.95%
8.74%	**8.74%**	Convertible loan notes	**8.74%**	8.74%
		Undrawn committed borrowing facilities:		
40 000	**–**	Investec Bank Limited	**–**	40 000
33 595	**–**	Investec Bank (Mauritius) Limited	**–**	–
73 595	–		–	40 000

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000

20 LONG-TERM LIABILITIES (continued)

(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 Ltd on overdraft. As of 30 June 2006 the interest rate on this loan stood at 10% p.a. and R19.4 million was outstanding. The loan is repayable in 48 monthly instalments starting from September 2003. The loan is secured by a special notarial bond over the Blyvoor metallurgical plant to the value of R22.9 million. The loan agreement prohibits the company from disposing of or further encumbering the assets covered by the notarial bond and places restrictions over its ability to change the business of Blyvoor.

(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 (Investec (Mauritius)). The facility could be used to finance future acquisitions or rights offers by companies in which the company wished to acquire shares, or with prior written consent of Investec (Mauritius), it could be used for any other purpose. The facility bears interest at the three-month Interbank Offered Rate (LIBOR) plus 300 basis points. Funds advanced and interest on this facility had to be repaid in cash in equal instalments every three months from the date of the relevant advance so that the amount of the advance would be paid in full to Investec (Mauritius) on or before 12 November 2007. The facility was secured by DRD (Isle of Man)'s shares in Emperor Mines Limited, DRD (Porgera) Limited and Tolukuma Gold Mines Limited. The loan agreement prohibited the company from disposing of or further encumbering the secured assets. The facility restricted 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 would 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 repayments could be transferred to the company. Investec (Mauritius) had the option to require DRD (Isle of Man) to pay 50% of any payments, which were 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000

20 LONG-TERM LIABILITIES (continued)

(c) There are four loan facilities from the ANZ Banking Group Limited (ANZ Bank), they comprise the Vatukoula loan facility, project loan facilities, a property loan and a gold call option facility.

The Vatukoula loan facility is secured by Emperor Gold Mining Company Limited (Fiji) as follows:

- a first registered deed of charge over all present and future assets and undertakings of Emperor Mines other than excluded assets (SPLs 1283, 1296, 1418, 1360, 1411 and CX 626 and all the shares in Tuvatu Gold Mining Company Limited);
- a first registered mortgage over all freehold and leasehold land;
- a first registered mortgage over Special Site Rights (SSR) 6, 7, 8 and Special Mining Leases (SPL 54, 55 and 56); and
- a first registered Bill of Sale over its motor vehicles.

Agreement was reached with ANZ Bank prior to 30 June 2006 to restructure this loan facility with the first loan repayment due at 30 April 2007 to the value of R13.5 million (US$1.9 million). Further biannual repayments are to be made of this amount with a final payment of R6.5 million (US$0.9 million). The loan bears interest at LIBOR plus 2.5%.

On 21 March 2006 Emperor Mines announced the signing of documentation with ANZ Bank for project loan facilities totalling R305.3 million (US$42.0 million). These facilities comprise a R254.4 million (US$35.0 million) senior facility with a 59 month tenor and a R50.9 million (US$7.0 million) revolving working capital facility. The security in relation to this facility is as follows:

- fixed and floating charges over the assets of Tolukuma in Papua New Guinea and Western Australia;
- fixed and floating charges over the assets of the Porgera Joint Venture, other than which require the consent of the Porgera joint venture partners, in Papua New Guinea and Western Australia;
- mortgages over the shares of DRD (Porgera) Limited and Tolukuma Gold Mines Limited;
- Tripartite agreements with key suppliers and contract counterparties;
- mortgage over the Tolukuma Tenements; and
- fixed and floating charge over the assets of DRD (Isle of Man) Limited.

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000

20 LONG-TERM LIABILITIES (continued)

The loan bears interest at LIBOR plus 2% per annum.

The property loan represents a mortgage over a property purchased in Brisbane during May 2006. The loan attracts interest payments only for the first five years of the mortgage. A First Registered Mortgage by Emperor Mines over the property situated at 45 Milman St, Clayfield, Queensland, Australia will be held by ANZ Bank as security for this loan. The loan bears interest at 6.79% per annum.

The gold call option facility was implemented to purchase gold call options from ANZ Bank. The term of the facility is 12 months from 6 April 2006 and the loan bears interest at LIBOR plus 2.1%. The original drawdown in relation to this facility was R29.1 million (US$4.0 million) of which R14.5 million (US$2.0 million) has been repaid. The settlement of this facility will coincide with closing out the call options for which the facility was implemented.

The carrying amount of assets pledged as security for these facilities is as follows:

- Property, plant and equipment, R702.4 million
- Non-current inventories, R219.3 million
- Current assets, R328.8 million

(d) Finance leases are effectively secured over vehicles with a carrying value of R12.5 million at 30 June 2006, as the rights of the leased assets revert to the lessor in the event of default.

(e) 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 (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 accredited 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 Securities Act of 1933, as amended (the Securities Act) and to non-U.S. persons in reliance on Regulation S under the Securities Act.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		20 LONG-TERM LIABILITIES (continued)		
		Convertible loan notes		
397 173	**437 359**	Opening balance	**437 359**	397 173
9 937	**9 937**	Issuance costs amortised during the year	**9 937**	9 937
27 216	**28 548**	Interest expense	**28 548**	27 216
(24 613)	**(25 474)**	Interest paid	**(25 474)**	(24 613)
27 646	**39 745**	Foreign exchange movement	**39 745**	27 646
437 359	**490 115**	Closing balance	**490 115**	437 359
		(f) On 18 November 2005, the group issued class A cumulative participating preference shares to Khumo Gold SPV (Pty) Limited, for a subscription price of R10.6 million. The preference shares entitle Khumo Gold to receive a dividend of R0.15 for every R0.85 paid by Crown, ERPM and Blyvoor to the company towards capital and interest on their outstanding intragroup loans as at 30 November 2005. The preference shares have been revalued to fair value at 30 June 2006.		
		(g) Due to a change in Fijian tax legislation, a withholding tax is now payable on interest on intragroup loans.		
		Borrowing powers		
		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.		
3 564 974	**3 761 368**	Issued and paid up share capital		
16 555	**29 896**	Non-distributable reserves in credit balance		
3 581 529	**3 791 264**			
531 239	**959 909**	Currently utilised		

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000
		21 FINANCIAL ASSETS AND LIABILITIES		
		Derivative instruments		
(3 678)	**759**	Interest rate swap agreement (a)	**–**	(3 678)
–	**(184 129)**	Forward sale commodity contracts (b)	**–**	–
–	**20 770**	Option contracts (c)	**–**	–
–	**–**	KBH option (d)	**(144 550)**	–
(3 678)	**(162 600)**		**(144 550)**	(3 678)
–	**20 770**	Disclosed under current assets	**–**	–
–	**(183 370)**	Disclosed under current liabilities	**–**	–
(3 678)	**–**	Disclosed under non-current liabilities	**(144 550)**	(3 678)
(3 678)	**(162 600)**		**(144 550)**	(3 678)

(a) In 2005, the 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 biannual coupon payments of the convertible loan notes. Changes in fair value were recorded in the income statement. The fair value represented the difference between the fixed coupon rate of 6% per annum and the forward Johannesburg Interbank Acceptance Rate (JIBAR) plus 200 interest basis points together with the spot and forward US dollar exchange rate with reference to the coupon amount payable biannually. This contract was closed out in 2006.

The Vatukoula loan facility currently bears interest at an average variable rate of 7.76%. In order to minimise fluctuation in interest rates, 64% of the loan has been covered by entering into interest rate swap contracts under which it is obliged to receive interest at variable rates and pay interest at fixed rates until October 2008. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in derivative financial instruments. The fixed interest rate payable was 4.34%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000

21 FINANCIAL ASSETS AND LIABILITIES (continued)

(b) This liability represents gold forward contracts in Emperor Mines. These financial instruments do not qualify for hedge accounting. As these financial instruments do not meet the definition of a hedge within the meaning of IFRS they are classified by default as held for trading. Under the accounting standards those instruments classified as held for trading are classified as current liabilities.

Agreement was reached with ANZ prior to 30 June 2006 to restructure the Vatukoula loan facility with the first loan repayment due at 30 April 2007 to the value of R13.3 million (A$2.5 million). Further bi-annual repayments to be made of this amount with a final payment of R6.4 million (A$1.2 million). As a part of this restructure, the maturity dates of the gold forward contracts were also renegotiated as below.

The total ounces to be delivered under the gold forward contracts for the group is 145 695 oz and the delivery into these derivative instruments will be in accordance with the maturity schedule agreed with the corresponding bank as follows:

30 June 2007	30 June 2008	30 June 2009
41 526 oz	82 992 oz	21 177 oz

The fair value of the derivative financial instruments that is expected to mature within the coming year is R52.5 million (A$9.9 million) relating to 41 526 ounces. The remaining fair value of R131.6 million (A$24.8 million) will be delivered into post 30 June 2007.

(c) This amount represents the positive mark-to-market on gold call options in DRD (IOM). European Style call options were purchased in January 2006 with strike prices ranging from US$634 to US$652.50 per ounce. Expiry dates of the options range from September 2006 to December 2008. The call options provide the group with the right but not the obligation to buy in total up to 46 426 oz (reducing throughout the period) of gold at the various strike prices. The gold call options were taken up by the company to mitigate the deterioration in the gold forward contracts discussed above.

GROUP			COMPANY	
2005	**2006**		**2006**	2005
R'000	**R'000**		**R'000**	R'000

21 FINANCIAL ASSETS AND LIABILITIES (continued)

(d) The company has issued an option to Khumo Gold and the Employee Trust to acquire 11% of the shares that the company holds in DRDGOLD SA as part of the BEE transaction. The granting of this option falls within the scope of IFRS 2, Share-based Payment. IFRS 2 requires the company to apply cash-settled share-based payment accounting in its separate financial statements because the option has been granted over shares of its subsidiary and not its own shares. This means that the option needs to be recognised as a liability at fair value. The fair value of the option at grant date was R Nil. The changes in the fair value will be recognised in the income statement. The effect on the current year was a R144.5 million debit to the income statement. The company's accounting policy for investments in subsidiaries is to reflect them at cost. For this reason, any increase in the value of the subsidiary's shares subject to the option will only be recognised in the income statement at the date the option is exercised and the shares are sold.

22 PROVISIONS

2006	OPENING BALANCE	ADDITIONAL PROVISION MADE	AMOUNTS USED (INCURRED AND CHARGED TO PROVISION)	FOREIGN EXCHANGE MOVEMENT	CLOSING BALANCE
Group (R'000)					
Directors' benefits[1]	2 159	241	–	115	2 515

2005	OPENING BALANCE	ADDITIONAL PROVISION MADE	AMOUNTS USED (INCURRED AND CHARGED TO PROVISION)	FOREIGN EXCHANGE MOVEMENT	CLOSING BALANCE
Group (R'000)					
Directors' benefits[1]	1 836	–	–	323	2 159
Retrenchments	549	–	(549)	–	–
	2 385	–	(549)	323	2 159

[1] This amount is payable to a former director of the company in respect of severence. The provision is based on the group's best estimate with reference to the former director's remuneration package. The group expects to incur the liability within the next year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP			COMPANY	
2005	2006		2006	2005
R'000	R'000		R'000	R'000
		23 COMMITMENTS AND CONTINGENT LIABILITIES		
		Capital commitments		
1 830	**117 385**	Contracted but not provided for in the annual financial statements	**–**	754
22 676	**19 551**	Authorised by the directors but not contracted for	**–**	–
24 506	**136 936**		**–**	754
		This expenditure will be financed from existing cash resources.		
		Operating lease commitments		
		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 agreement.		
		The future minimum lease payments under non-cancellable operating leases are as follows:		
837	**922**	Not later than one year	**922**	837
4 277	**3 356**	Between 1 and 5 years	**3 356**	4 277
–	**–**	Later than 5 years	**–**	–
		Finance lease commitments		
		Commitments in relation to finance leases are as follows:		
–	**4 278**	No later than one year	**–**	–
–	**1 274**	Between 1 and 5 years	**–**	–
–	**–**	Later than 5 years	**–**	–

Contingent liabilities

Environmental

At **Durban Deep mine** rehabilitation and environmental closure continues in the pursuit of closure objectives as per the approved Environmental Management Programme (EMP). Some surface resources form part of the prospecting right granted to Durban Roodepoort Deep (Pty) Limited and further vegetation on the sites has been put on hold pending the outcome of the prospecting activities. The closure management plan is being amended to include the Princess dump complex as per the DME request.

At **West Wits mine**, a division of West Witwatersrand Gold Mines Limited, rehabilitation continues in the pursuit of closure objectives as per the EMP. All the surface resources are being investigated by Mogale Gold (Pty) Limited (Mogale) for possible mining, and vegetation of these sites has therefore been placed on hold.

All shafts (except No 8 and 9 shafts which form part of future pumping facilities) have been filled and are in the process of being finally capped.

The rehabilitation of the pit has not been included in the quantum of closure liabilities because Mogale has applied for permission to use the pit for tailings disposal and it is believed permission will be granted.

DWAF has given permission for the establishment of a water utility company that can treat and sell the underground water that is decanting on surface. As an interim arrangement, until the water utility is up and running in approximately 36 months, West Wits has entered into an agreement with Mogale to treat 50% of the decant water. Harmony will treat the remaining 50% of the decant water. This will ensure no polluted water is discharged uncontrolled into the environment.

23 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Contingent liabilities (continued)

Environmental (continued)

Blyvoor mine is in the process of updating its EMP to meet any new requirement of the MPRDA. This EMP will be submitted to the DME for approval in October 2006. A section of the EMP includes conceptual closure objectives. In order to meet these closure objectives and reduce the closure liability, Blyvoor has embarked on a programme of concurrent rehabilitation. This rehabilitation programme is monitored on a monthly basis and forms part of the yearly budget process.

Blyvoor is currently demolishing and rehabilitating redundant surface surface infrastructure, including the defunct Uranium plant.

Blyvoor pumps underground water to surface. Some of this water is utilised in the process and the balance is discharged into the Wonderfontein Spruit, in a process that is similar to that followed by other mines in the region. The Wonderfontein Spruit Action committee, consisting of all mines in the region, has been established to look at the feasibility of cleaning up the Wonderfontein Spruit. The first step is a sampling programme to determine the extent of the pollution. To reduce the possibility of any polluted underground water leaving the property, Blyvoor is undertaking a clean/dirty water separation project to prevent clean fissure water from potential contamination. This fissure water could be used as potable water in the Blyvoor Village.

In terms of final closure objectives, the underground water in the area has to be dealt with on a regional basis with all the role players. The Far West Rand Dolomitic Water Association is currently undertaking studies, including one into the predicted effects of rewatering the dolomites.

At **Crown**, the process of updating the EMP continues to include all requirements of the MPRDA. This will be submitted to the DME for approval in December 2006. Crown Gold is undertaking a programme of concurrent rehabilitation to reduce final closure liabilities. As sites are rehabilitated, they are given back to the freehold owners. One issue that is being investigated is the disposal of oversize material that has not yet been processed. Various options, including processing for gold, brick manufacture and fill material, are being investigated. Until a satisfactory solution is found, the oversize material has been included as a closure liability.

As is the case with the other operations, **ERPM** has embarked on a programme of concurrent rehabilitation to reduce the closure liability and meet the conceptual closure objectives. Surface holings are being filled with 24 of the 154 holings remaining. Redundant surface infrastructure is being demolished and rehabilitated. Concurrent rehabilitation forms part of the yearly budgeting process and is monitored on a monthly basis. ERPM is currently pumping the Central Basin water out of South West Vertical (SWV) shaft. The 'plugging' programme undertaken by ERPM will ensure that ERPM will not be dependent on pumping this water after December 2006. Other parties with interests in the Central Witwatersrand ore resources have, however, requested that pumping continues. ERPM is currently in negotiation with the parties and the DME to fully fund this pumping, if required. This underground water will need to be treated as a long-term closure objective and a commercially viable water utility company has been recommended to the DME as a sustainable solution.

ERPM is in the process of updating its EMP to include all the requirements to the MPRDA. This programme will be submitted to the DME for approval by November 2006.

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 programme is being followed:

- daily monitoring of mercury levels at the tailings discharge point and approximately 1 500 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.

23 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Contingent liabilities (continued)

Environmental (continued)

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 programme has been undertaken in accordance with the company's approved Environmental Management and Monitoring Program (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.

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 (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 (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.

23 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Contingent liabilities (continued)

Environmental (continued)

The **Vatukoula mine** environmental monitoring continues with full cyanide compliance at the Upper Lololevu, Golf, Nasivi river, the Dakavono dam discharge and both the EGM boundary and the Dakavono creek.

Future plans, including environmental inspections of surface area are continuing, the basic parameters of which are monitored daily and monthly.

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 (MPRDA), which was passed by the parliament of South Africa in June 2002, came into effect. Prior to the introduction of the MPRDA, 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 MPRDA 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 MPRDA 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 MPRDA came into effect, it will be able, within five years from the date of effectiveness of the MPRDA, to submit the old rights and authorisations for conversion to a new mining right. It will need to submit a mining work programme 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 MPRDA for which purpose a prospecting work programme 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 MPRDA, 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 MPRDA 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 been granted a prospecting right in respect of the Argonaut area. ERPM has also been granted a prospecting right over the Sallies area. The company is in the process of preparing applications in respect of the group's mining rights.

Royalty Bill

The South African Government has stated its intention to levy revenue-based royalties on mining revenues in accordance with the draft Royalty Bill of 2003. The implementation of this bill, which was scheduled to take commensurate with the MPRDA, 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.

23 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Securities class action (continued)
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 have appointed attorneys who are currently defending the case in court. The company has lodged a motion to dismiss the claim and the parties are awaiting the allocation of the date of hearing by the court.

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.

As discussed in note 21 to the financial statements, the fair value of the forward sale commodity contracts was a liability of R184.1 million (2005: R Nil) and the option contracts was R20.8 (2005: R Nil).

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 always 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.

Interest rate swap agreement
An interest rate swap agreement was entered into to provide the company with exposure to changes in interest rates with regard to its coupon rate payable on the Convertible Loan Notes (refer to note 20). The fixed coupon rate (in US Dollars) was swapped for a floating South African interest rate, calculated at JIBAR plus 200 interest bases points per annum. As discussed in note 21 to the financial statements, the fair value of the interest rate swap agreement was a liability of RNil (2005: liability of R3.7 million).

An interest rate swap agreement was entered into in respect of the Vatukoula loan facility. The variable interest rate was swapped for a fixed rate on 64% of the loan. As discussed in note 21 to the financial statements, the fair value of the interest rate swap agreement was an asset of R0.8 million.

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 trade receivables and loans are regularly monitored and assessed for recoverability. Where it is appropriate an impairment loss is raised.

In addition, the group's South African operations all deliver their gold to Rand Refinery Limited (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 its 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 its 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.

The Vatukoula mining operation delivers gold to AGR Matthey (Perth) and receives proceeds within 5 days. the concentration of credit risk is mitigated by the reputable nature of the customer and the settlement of the proceeds within 5 days.

24 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The group's reporting 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, Fiji 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, Fijian Dollars and Papua New Guinea 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, Australian Dollars, Fijian Dollars, South African Rands and Papua New Guinea Kina; holdings denominated in other currencies are relatively insignificant.

Interest rate 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 obliged 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:

	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
	2006	**2006**	2005	2005
	R'000	**R'000**	R'000	R'000
Financial assets				
Listed investments	**1 514**	**1 514**	678	678
Unlisted investments	**37 411**	**37 411**	4 478	4 478
Investments in environmental rehabilitation trust funds	**60 383**	**60 383**	42 885	42 885
Accounts receivable	**102 098**	**102 098**	49 542	49 542
Financial assets	**20 770**	**20 770**	–	–
Cash and cash equivalents	**488 961**	**488 961**	241 192	241 192
Financial liabilities				
Long-term liabilities				
– long-term	**402 966**	**402 966**	466 554	466 554
– short-term	**556 943**	**556 943**	64 685	64 685
Financial liabilities	**183 370**	**183 370**	3 678	3 678
Accounts payable and accrued liabilities	**370 633**	**370 633**	211 577	211 577
Bank overdrafts	**2 410**	**2 410**	9 154	9 154

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 approximate their fair values due to the short-term maturities of these assets and liabilities.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

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:

2006	SOUTH AFRICAN OPERATIONS [1]	AUSTRALASIAN OPERATIONS [2]	TOTAL
Revenue – external customers	970 605	629 389	1 599 994
Result			
Gross profit	11 700	13 384	25 084
Investment income	(80 825)	123 886	43 061
Finance expenses	(36 528)	(9 811)	(46 339)
Share of loss of associates	–	(151 963)	(151 963)
Income tax expense[3]	(1 323)	(23 069)	(24 392)
Other	(365 607)	405 698	40 091
Profit/(loss) for the year	(472 583)	358 125	(114 458)
Assets			
Property, plant and equipment	549 803	1 300 793	1 850 596
Other assets	969 118	190 360	1 159 478
Total assets	1 518 921	1 491 153	3 010 074
Liabilities			
Liabilities excluding taxation and deferred taxation	1 158 611	706 923	1 865 534
Taxation and deferred taxation[3]	1 702	127 566	129 268
Total liabilities	1 160 313	834 489	1 994 802
Other information			
Capital expenditure	90 351	172 935	263 286
Depreciation	54 746	95 886	150 632
Impairments	(184 126)	302 664	118 538
Total number of employees including contractors	7 693	4 861	12 554

(1) Includes Crown and ERPM, from 1 December 2005, and Blyvoor

(2) Includes Tolukuma, 20% of the Porgera Joint Venture and 45.33% of Emperor Mines until 6 April 2006 (100% subsequently)

(3) Tax has been allocated to the segmental result as the group is able to do so

25 SEGMENT INFORMATION (continued)

2005	SOUTH AFRICAN OPERATIONS (1)	AUSTRALASIAN OPERATIONS (2)	TOTAL
Revenue – external customers	942 931	725 631	1 668 562
Result			
Gross profit/(loss)	(208 797)	214 973	6 176
Investment income	(25 638)	(4 431)	(30 069)
Finance expenses	(31 214)	(5 169)	(36 383)
Share of loss of associates		(77 749)	(77 749)
Income tax expense(3)	(1 640)	(13 889)	(15 529)
Other	(247 165)	(144 062)	(391 227)
Profit/(loss) for the year	(514 454)	(30 327)	(544 781)
Assets			
Property, plant and equipment	280 532	451 058	731 590
Investment in associates	–	103 212	103 212
Other assets	191 193	473 437	664 630
Total assets	471 725	1 027 707	1 499 432
Liabilities			
Liabilities excluding taxation and deferred taxation	669 001	227 388	896 389
Taxation and deferred taxation(3)	(818)	120 767	119 949
Total liabilities	668 183	348 155	1 016 338
Other information			
Capital expenditure	18 374	109 170	127 544
Depreciation	25 577	113 351	138 928
Impairments	217 509	72 096	289 605
Total number of employees including contractors	3 481	824	4 305

(1) Includes North West Operations until 22 March, and Blyvoor

(2) Includes Tolukuma Gold Mine, 20% of the Porgera Joint Venture and 45.33% of Emperor Mines

(3) Tax has been allocated to the segmental result as the group is able to do so

26 RELATED PARTY TRANSACTIONS

The group has related party relationships with its associates, subsidiaries, and with its Directors and key management personnel. Details of transactions with Directors are set out on pages 78 to 81. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company. For the year 2006, total directors' remuneration amounted to R17.9 million (company: R8.6 million) and senior management remuneration to R75.9 million (company: R10.4 million). 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 associates and subsidiary companies

During the year ended 30 June 2006, the company earned R10.3 million (year ended 30 June 2005: R3.0 million) in management fees from Crown Gold Recoveries (Pty) Limited (Crown), R10.3 million (year ended 30 June 2005: R3.0 million) in management fees from East Rand Proprietary Mines Limited (ERPM), R10.3 million (year ended 30 June 2005: R11.6 million) in management fees from Blyvooruitzicht Gold Mining Company Limited (Blyvoor), and R30.9 million (year ended 30 June 2005: nil) in management fees from DRD (Isle of Man) Limited. No dividends were received from associates or subsidiaries in 2006 (2005: Nil). Transactions with associates are priced on an arm's length basis.

Balances outstanding at 30 June 2006:

- Subsidiaries – refer to note 11 and page 83
- Associates – refer to note 12
- Joint Venture – refer to note 13

Rand Refinery Agreement

The group has entered into an agreement with Rand Refinery Limited (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. Rand Refinery then 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, CEO of DRDGOLD South Africa (Pty) Ltd, is also a Director of Rand Refinery and is a member of their Audit Committee. Also, Mr Graulich, the Group Strategic Officer, is Alternate Director to Mr Pretorius. The group currently owns 4.1% 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.

27. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) **Valuation and depreciation of mining assets**

The fair value of mining assets are generally determined utilising discounted future cash flows. Management also considers such factors as the market capitalisation of the group, the quality of the individual orebody and country risk in determining the fair value. During the year under review, the group calculated fair value based on updated life-of-mine plans, a gold price of R130 563 per kilogram in year one escalating at 3.9% per annum, and a discount rate of 13% (refer note 9).

27. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Valuation of financial instruments

If the value of the financial instrument can not be obtained from an active market, the group has established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

(c) Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated provisions for environmental rehabilitation, comprising pollution control rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

A discount rate of 3.51%, inflation rate of 4.9% and expected life of mines according to the life-of-mine plans were utilised in the calculation of the estimated net present value of the rehabilitation liability (2005: discount rate of 3.2% and inflation rate of 3.9%).

(d) Estimate of post-retirement medical liability

An updated actuarial valuation is carried out every three years. Assumptions used to determine the liability include, a discount rate, health cost inflation rate, real discount rate, income at retirement, retirement age, spouse age gap, continuation at retirement and proportion married at retirement (refer note 18).

(e) Estimate of taxation

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made.

(f) Fair value of share-based compensation

The fair value of options granted is determined using the Black-Scholes option valuation model. The significant inputs into the model are: vested period and conditions, risk-free interest rate, volatility, price of grant and dividend yield. (Refer to note 18 for detail on the share option scheme).

(g) Gold in lock-up

Gold in lock-up in certain plants is estimated based on the plant call factor calculated.

(h) Assessment of contingencies

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

(i) Ore reserves

At the end of each financial year, the estimate of proved and probable ore reserves is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

28 SUBSEQUENT EVENTS

Purchase of Top Star Dump

On 28 August 2006, the company concluded an agreement with AngloGold Ashanti Limited to purchase the remaining extent of Erf 1 Park Central Township, better known as The Top Star dump in central Johannesburg for an amount of R8.0 million. In addition, a further R12.0 million will be spent on bringing the asset to a condition so that it can be used for its intended purpose.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

29 EXPLANATION OF TRANSITION TO IFRS AND OTHER ACCOUNTING POLICY CHANGES

Reconciliation of equity

		30 JUNE 2005			1 JULY 2004		
GROUP	NOTE	PREVIOUS SA GAAP	EFFECT OF TRANSITION TO IFRS	IFRS	PREVIOUS SA GAAP	EFFECT OF TRANSITION TO IFRS	IFRS
ASSETS							
Non-current assets		1 164 943	(66 914)	1 098 029	1 444 179	(28 926)	1 415 253
Property, plant and equipment	a, b	799 112	(67 522)	731 590	956 051	(37 880)	918 171
Non-current investments and other assets		48 041	–	48 041	235 723	–	235 723
Investments in associates		103 212	–	103 212		–	–
Non-current inventories	b	214 578	608	215 186	200 836	8 954	209 790
Derivative instruments		–	–	–	51 569	–	51 569
Current assets		394 327	7 076	401 403	358 999	1 205	360 204
Inventories	b	103 298	7 371	110 669	103 493	1 205	104 698
Accounts receivable	b	49 837	(295)	49 542	114 612	–	114 612
Cash and cash equivalents		241 192	–	241 192	140 894	–	140 894
TOTAL ASSETS		1 559 270	(59 838)	1 499 432	1 803 178	(27 721)	1 775 457
EQUITY AND LIABILITIES							
Equity		620 676	(137 582)	483 094	569 890	(107 206)	462 684
Shareholders' equity		614 832	(137 582)	477 250	564 057	(107 206)	456 851
Minority shareholders' interest		5 844	–	5 844	5 833	–	5 833
Non-current liabilities		609 780	81 766	691 546	770 245	78 090	848 335
Provision for environmental rehabilitation	b	151 029	(12 447)	138 582	245 392	(14 798)	230 594
Deferred mining and income taxes	b	95 692	(12 960)	82 732	132 455	12 673	145 128
Long-term liabilities	d	359 381	107 173	466 554	308 992	80 215	389 207
Derivative instruments		3 678	–	3 678	83 406	–	83 406
Current liabilities		328 814	(4 022)	324 792	463 043	1 395	464 438
Accounts payable	b	213 176	(1 599)	211 577	381 351	958	382 309
Short-term liabilities		64 685	–	64 685	58 450	–	58 450
Provisions	b	9 518	(7 359)	2 159	2 385	–	2 385
Taxation payable	b	32 281	4 936	37 217	9 384	437	9 821
Bank overdraft		9 154	–	9 154	11 473	–	11 473
TOTAL EQUITY AND LIABILITIES		1 559 270	(59 838)	1 499 432	1 803 178	(27 721)	1 775 457

29 EXPLANATION OF TRANSITION TO IFRS AND OTHER ACCOUNTING POLICY CHANGES (continued)

Reconciliation of equity (continued)

		30 JUNE 2005			1 JULY 2004		
COMPANY	NOTE	PREVIOUS SA GAAP	EFFECT OF TRANSITION TO IFRS	IFRS	PREVIOUS SA GAAP	EFFECT OF TRANSITION TO IFRS	IFRS
ASSETS							
Non-current assets		840 107	–	840 107	972 014	–	972 014
Property, plant and equipment		15 354		15 354	41 610		41 610
Non-current investments and other assets		15 195		15 195	14 082		14 082
Investments in subsidiaries		809 558		809 558	916 322		916 322
Current assets		106 681	–	106 681	18 546	–	18 546
Inventories		–		–	100		100
Accounts receivable		12 704		12 704	10 910		10 910
Cash and cash equivalents		93 977		93 977	7 536		7 536
TOTAL ASSETS		946 788	–	946 788	990 560	–	990 560
EQUITY AND LIABILITIES							
Equity	d	531 954	(107 173)	424 781	569 890	(80 215)	489 675
Non-current liabilities		346 864	107 173	454 037	335 516	80 215	415 731
Provision for environmental rehabilitation		39 469		39 469	30 958		30 958
Long-term liabilities	d	303 717	107 173	410 890	292 108	80 215	372 323
Derivative instruments		3 678		3 678	12 450		12 450
Current liabilities		67 970	–	67 970	85 154	–	85 154
Accounts payable		40 266		40 266	40 135		40 135
Short-term liabilities		26 469		26 469	42 199		42 199
Bank overdraft		1 235		1 235	2 820		2 820
TOTAL EQUITY AND LIABILITIES		946 788	–	946 788	990 560	–	990 560

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

GROUP					COMPANY		
Previous SA GAAP	Effect of transition to IFRS	IFRS			Previous SA GAAP	Effect of transition to IFRS	IFRS
R'000	R'000	R'000		Note	R'000	R'000	R'000
			29 EXPLANATION OF TRANSITION TO IFRS AND OTHER ACCOUNTING POLICY CHANGES (continued)				
			Reconciliation of loss for 2005				
1 668 562	–	1 668 562	Revenue		–		–
(1 650 642)	(11 744)	(1 662 386)	Cost of sales		(43 466)	–	(43 466)
(1 494 771)	14 978	(1 479 793)	Cash cost	a	(7 575)	–	(7 575)
(112 673)	(26 255)	(138 928)	Depreciation	a, b	(22 265)	–	(22 265)
(27 532)	–	(27 532)	Retrenchment costs		(7 160)	–	(7 160)
(23 968)	(467)	(24 435)	Movement in provision for environmental rehabilitation	b	(6 466)	–	(6 466)
8 302	–	8 302	Movement in gold in progress		–	–	–
17 920	(11 744)	6 176	Gross profit/(loss)		(43 466)	–	(43 466)
(1 250)	–	(1 250)	Profit/(loss) on derivative instruments		1 163	–	1 163
(289 605)	–	(289 605)	Impairments		(423 041)	–	(423 041)
(152 635)	(12 980)	(165 615)	Administration expenses and general costs	c, d	(56 965)	(12 980)	(69 945)
(77 749)	–	(77 749)	Share of results of associates		–	–	–
(503 319)	(24 724)	(528 043)	Operating loss before investment income and finance expenses		(522 309)	(12 980)	(535 289)
(5 496)	(24 573)	(30 069)	Investment income	d	4 279	34 509	38 788
(36 470)	87	(36 383)	Finance expenses	d	(29 704)	87	(29 617)
(545 285)	(49 210)	(594 495)	Loss before taxation		(547 734)	21 616	(526 118)
(35 853)	20 324	(15 529)	Income tax expense	b	–	–	–
(581 138)	(28 886)	(610 024)	Loss after taxation but before discontinued operation		(488 652)	21 616	(526 118)
(65 243)	–	(65 243)	Loss from discontinued operation		(45 203)	–	(45 203)
(515 895)	(28 886)	(544 781)	Loss for the year		(592 937)	21 616	(571 321)
			Attributable to:				
(515 906)	(28 886)	(544 792)	Ordinary shareholders of the company		(592 937)	21 616	(571 321)
11	–	11	Minority interest				

Explanation of material adjustments to the cash flow statement of 2005

There are no material differences between the cash flow statement presented under IFRS and the cash flow statement presented under previous SA GAAP.

29 EXPLANATION OF TRANSITION TO IFRS AND OTHER ACCOUNTING POLICY CHANGES (continued)

Explanatory notes

a. Property, plant and equipment – Under SA GAAP, AC123, "Property, plant and equipment", did not clearly set out the requirement for separate classification of significant components of property, plant and equipment. Under IFRS, significant components of an asset, with useful lives that differ significantly from the asset as a whole, are to be depreciated separately over their useful lives. Certain items of mining assets have been measured at their fair value at the transaction date and that fair value has been used as their deemed cost at that date.

   The effect is to:
   - increase property, plant and equipment by R5 000 000 at 1 July 2004;
   - increase property, plant and equipment by R13 610 000 at 30 June 2005; and
   - decrease the depreciation charge by R900 000 for the year ended 30 June 2005.

b. Translation of a foreign operation – Previously SA GAAP allowed an entity to translate the financial statements of a foreign operation that was integral to the operations of the entity as if the transactions of the foreign operation had been those of the reporting enterprise. This allowed non-monetary assets and liabilities of the foreign operation to be translated at historical exchange rates and monetary assets and liabilities to be translated at closing exchange rates. IAS 21 does not contain a distinction between an "integrated foreign operation" and a "foreign entity" and all assets and liabilities of a foreign operation are translated at exchange rates ruling at the balance sheet date. Translation differences in respect of all foreign operations are presented as a separate component of equity.

   The effect is to:
   - decrease property, plant and equipment by R42 880 000 at 1 July 2004;
   - decrease property, plant and equipment by R16 997 000 at 30 June 2005;
   - increase non-current inventories by R8 954 000 at 1 July 2004;
   - increase non-current inventories by R608 000 at 30 June 2005;
   - increase inventories by R1 205 000 at 1 July 2004;
   - increase inventories by R7 372 000 at 30 June 2005;
   - decrease accounts receivable by R295 000 at 30 June 2005;
   - decrease provision for environmental rehabilitation by R14 798 000 at 1 July 2004;
   - decrease provision for environmental rehabilitation by R12 447 000 at 30 June 2005;
   - increase deferred mining and income taxes by R 12 673 000 at 1 July 2004;
   - decrease deferred mining and income taxes by R12 960 000 at 30 June 2005;
   - increase accounts payable by R958 999 at 1 July 2004;
   - decrease accounts payable by R1 596 000 at 30 June 2005;
   - decrease provisions by R7 359 000 at 30 June 2005;
   - increase taxation payable by R437 000 at 1 July 2004;
   - increase taxation payable by R4 936 000 at 30 June 2005;
   - increase depreciation by R27 155 000 for the year ended 30 June 2005;
   - increase movement in provision for environmental rehabilitation for the year ended 30 June 2005; and
   - decrease in taxation charge by R20 324 000 for the year ended at 30 June 2005.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006

29 EXPLANATION OF TRANSITION TO IFRS AND OTHER ACCOUNTING POLICY CHANGES (continued)

Explanatory notes (continued)

c. Share-based payments – Under SA GAAP, DRDGOLD did not recognise any expense for share options granted to employees. Under IFRS 2, options to acquire the entity's equity instruments that were granted post 7 November 2002 and which remained unvested at 1 January 2005 are measured at fair value at grant date. The expense is recognised over the vesting period, adjusted to reflect actual levels of vesting.

The cumulative effect of DRDGOLD's equity-settled scheme on opening accumulated loss at 1 July 2004 is an increase in accumulated loss of R6 046 000 with a corresponding credit is to the share-based payments reserve. The effect on the loss for the 2005 financial year is an increase in the loss of R10 508 000. There are no taxation implications of these adjustments.

d. Convertible bond – The December 2003 the revisions to IAS 32, "Financial Instruments", added another part to the definition of a financial liability as follows:
"(b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments."

The International Financial Reporting Interpretations Committee (IFRIC) considered whether a fixed amount of foreign currency represents a fixed amount of cash or other financial asset. IFRIC concluded that although the issue is not directly addressed in IAS 32, when addressing the question in conjunction with guidance in other Standards (more specifically IAS 39), it is clear that any obligation denominated in a foreign currency represents a variable amount of cash. Consequently, IFRIC noted that contracts, whether embedded in a bond or freestanding, that will be settled by an entity delivering a fixed number of its own equity instruments in exchange for a fixed amount of foreign currency should be classified as liabilities. Therefore, the conversion feature in a convertible bond denominated in a foreign currency with a conversion option to convert a fixed amount of bond into a fixed number of shares denominated in the functional currency, should be entirely classified as a liability.

The effect is to:

- increase long-term liabilities by R80 215 000 at 1 July 2004;
- increase long-term liabilities by R107 173 000 at 30 June 2005;
- increase administration expenses and general costs by R2 472 000 for the year ended 30 June 2005;
- decrease in Investment income by R24 573 000 for the year ended 30 June 2005; and
- decrease in Interest paid by R87 000 for the year ended 30 June 2005.

There are no taxation implications of these adjustments.

SHAREHOLDERS'
INFORMATION
for the year ended 30 June 2006

SHAREHOLDER INFORMATION AS AT 30 JUNE 2006

	No. of shareholders	% of holders	No. of shares held	% of issued shares
1. BREAKDOWN BY SHAREHOLDING				
Range				
1 – 1 000	4 889	71.69	1 199 533	0.37
1 001 – 5 000	1 265	18.55	3 135 620	0.98
5 001 – 10 000	285	4.18	2 200 795	0.69
1 001 – 50 000	280	4.10	6 075 289	1.90
50 001 – 100 000	45	0.66	3 013 662	0.94
100 001 and more	56	0.82	304 410 179	95.12
Totals	**6 820**	**100.00**	**320 035 078**	**100.00**
2. BREAKDOWN BY CLASSIFICATION				
Category				
Individuals	4 690	68.77	7 402 544	2.31
Institutions & bodies corporate	2 130	31.23	312 632 534	97.69
Totals	**6 820**	**100.00**	**320 035 078**	**100.00**
3. SHAREHOLDERS OWNING 1% OR MORE OF THE SHARES IN ISSUE				
Bank of New York (on behalf of ADR clients)			246 399 648	77.00
Chess Despository Nominess (Pty) Ltd (Australia)			13 435 855	4.20
Soges Fiducem SA (Brussels)			11 113 031	3.47
Clearstream Banking SA Luxembourg			7 741 132	2.42
Industrial Development Corporation			4 451 219	1.39
JP Morgan Chase Bank			3 747 895	1.17
4. SHAREHOLDER SPREAD				
Public	6 815	99.93	319 696 281	99.89
Non-public				
Directors	5	0.07	338 797	0.11
Totals	**6 820**	**100.00**	**320 035 078**	**100.00**
5. JSE LIMITED PERFORMANCE				
Number of shares traded (000)		139 118		
% of total issued shares		43		
Price quoted (cents per share)				
– highest		1 210		
– lowest		420		
– closing		1 000		
Market capitalisation at year-end (R'000)		3 200 351		

SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING

Date	8 December 2006
Time	11:00
Place	EBSCO House 4 299 Pendoring Avenue, Blackheath Randburg South Africa

QUARTERLY ACTIVITY REPORTS

1st Quarter	October 2006
2nd Quarter	February 2007
3rd Quarter	April 2007
4th Quarter	August 2007
Interim Financial Report	February 2007
Preliminary Annual Financial Report	August 2007

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= R6.43
Closing exchange rate at 30 June 2006 US$1 = R7.27

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

Assay	to determine the mineral content
AUSIMM	Australian Institute of Mining and Metallurgy
By-products	any products that arise from the core process of producing gold, including silver
Cash costs	measurement that represents the full costs incurred inclusive of royalties and production taxes. Depreciation, rehabilitation, corporate administration and retrenchment are excluded
Capital expenditure	total capital expenditure on mining assets to both expand and maintain operations
Competent person	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
Cut-off grade	the grade at which the orebody is mined with no profit or loss, i.e. the break-even grade
Debt	borrowings, including short-term borrowings
Depletion	the decrease in quantity of ore in a deposit or property resulting from extraction or production
Development	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
Dilution	waste which is mined with ore in the mining process
ECSA	the Engineering Council of South Africa
EMPR	Environmental Management Programme Report
Exploration	activities associated with ascertaining the existence, location, extent or quality of mineralised material, including economic and technical evaluation of mineralised material
Faulting	the process of fracturing that produces a displacement of rock
Footwall	the underlying side of a fault, orebody or stope
g	gram
g/t	gram per tonne
Grade	the quantity of metal per unit mass or ore expressed as a percentage in terms of ounces or grams per tonne of ore
Hanging wall	the overlying side of a fault, orebody or stope
Head grade	the grade of the ore as delivered to the metallurgical plant
In situ	in place, i.e. within unbroken rock
Indicated mineral resource	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
Inferred mineral resource	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 has 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

GLOSSARY OF TERMS

JSE	JSE Limited, South Africa
KBH	Khumo Bathong Holdings (Pty) Limited
kg	kilogram
Level	the workings or tunnels of an underground mine which are on the same horizontal plane
Life of mine (LOM)	number of years that the operation is planning to mine and treat ore, taken from the current mine plan
M	metre
Market capitalisation	the number of ordinary shares in issue multiplied by the closing price of the share as quoted on stock exchanges
Measured mineral resource	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
Metallurgical plant	processing plant used to treat ore and extract the contained metals
Mill/milling	the comminution of the ore, although the terms have come to cover the broad range of machinery inside the treatment plant where the mineral is separated from the ore
Mineable	that portion of a mineralised deposit for which extraction is technically and economically feasible
Mineral reserve	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
Mineral resource	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
Mine call factor (MCF)	the ratio of the produced gold at the mill to the gold content of the ore calculated by sampling in stopes
Mineralisation	the presence of a target mineral in a mass of host rock
Mining Charter	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 (HDSAs) into the mining industry
Mt	million tonnes
Ore	a mixture of mineralised material from which at least one of the contained minerals can be mined and processed at an economic profit
Ounce	one troy ounce which equals 32.1507 grams
Pay-limit	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

PLATO	the South African Council for Professional land Surveyors and Technical Surveyors
Probable mineral reserve	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. The assessments demonstrate at the time of reporting that extraction is reasonably justified
Production	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
Proved mineral reserve	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
Recovery grade	the actual grade of ore realised after the mining and treatment process
Reef	a mineralised horizon containing economic levels of metal
Rehabilitation	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
SACNASP	the South African Council for Natural Scientific Professions
SAIMM	South African Institute of Mining and Metallurgy
SAMREC Code	the South African Code for Reporting of Mineral Resources and Mineral Reserves, including the guidelines contained therein
Shaft	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
Stope	the underground excavation within the orebody where the main production takes place
Strike	the direction in which a horizontal line can be drawn on a plane
Tonnage	quantities where the ton or tonne is an appropriate unit of measure
Tonne	one tonne is equal to 1 000 kilograms (also known as a metric ton)
Tailings	finely ground rock from which valuable minerals have been extracted
Tailings dam	dams or dumps created from waste material from processed ore after the economically recoverable metal has been extracted
tpa	tonnes per annum
tpm	tonnes per month
tpm	tonnes per cubic metre
Weighted average number ordinary shares	the number of ordinary shares in issue at the beginning of the year, increased by the shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group
Yield/recovered grade	the actual grade of ore realised after the mining treatment process

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, 2195 on Friday, 8 December 2006 at 11:00 for the following business.

ORDINARY BUSINESS

1 To receive and consider the audited annual financial statements for the twelve months ended 30 June 2006.
2 To re-appoint the auditors in accordance with the Articles of Association
3 To elect Mr J W C Sayers as a director of the company.
4 To re- elect as directors Messrs G C Campbell and D J M Blackmur who retire by rotation at this meeting in accordance with the Articles of Association and, 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 this Annual Report.

PROFILE OF DIRECTOR TO BE ELECTED
Mr J W C Sayers (60)
Mr J W C Sayers has almost 40 years' financial experience, most recently as Financial Director of Nampak Limited, from 1996 to 2004, and immediately prior to that, as Financial Director of Altron Limited, from 1989 to 1996. Mr Sayers, who has an honours degree in econometrics and statistics, qualified as a chartered accountant in both England and South Africa.

SPECIAL BUSINESS
ORDINARY RESOLUTION NO 1

"Resolved as an ordinary resolution that all the authorised but unissued no par value ordinary shares in the capital of the company (including, without limitation, those created under special resolution no. 1 contained in the notice to shareholders which incorporates this ordinary resolution no.1) 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 all or any of such shares 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 and of its subsidiaries ("DRDGOLD subsidiaries") be and are hereby authorised as a general authority to allot and issue or sell (as the case may be) all or some of the authorised but unissued (or, as the case may be, DRDGOLD subsidiary-held issued) no par value ordinary shares in the capital of DRDGOLD ("DRDGOLD ordinary shares") (including , without limitation, those created under special resolution no 1 contained in the notice to shareholders which incorporates this ordinary resolution no.2), or grant options to subscribe for new, or to purchase from DRDGOLD-subsidiaries, as the case may be, DRDGOLD ordinary shares ("options"), or to allot and issue 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 Listings 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 therefor, 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(s) upon which the DRDGOLD ordinary shares may be quoted or listed, it being recorded that the JSE Listings Requirements currently contain, inter alia, the following requirements:

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 DRDGOLD ordinary shares issued, the average discount to the weighted average traded price of DRDGOLD ordinary shares 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 the 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 DRDGOLD ordinary shares pursuant to this general authority representing, on a cumulative basis within one financial year, 5% or more of the number of DRDGOLD ordinary shares in issue prior to the issue in question;

3 issues in the aggregate of DRDGOLD ordinary shares in terms of this general authority will not exceed 15% of the number of issued DRDGOLD ordinary shares in any particular financial year. The number of DRDGOLD ordinary shares that may be issued shall be based on the number of DRDGOLD

ordinary shares (including any options and convertible instruments) in issue at the date of application for the listing of the DRDGOLD ordinary shares to be issued under this general authority less any DRDGOLD ordinary shares, options and convertible instruments issued during the current financial year, provided that any DRDGOLD ordinary 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 DRDGOLD ordinary shares that may be issued under this general authority;

4 in determining the price at which an issue of DRDGOLD ordinary shares will be made in terms of this general authority, the maximum discount at which the DRDGOLD ordinary shares will be issued is 10% of the weighted average trading price of DRDGOLD ordinary shares 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; and

5 Whenever the company wishes to use DRDGOLD ordinary shares held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

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

Name of director	Number of options vesting until Nov 2007
MM Wellesley-Wood	14 427
RP Hume	1 039
GC Campbell	773

ORDINARY RESOLUTION NO 4

"Resolved that each director of the company (acting individually or together with any others) be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be approved at the annual general meeting convened to consider this resolution."

SPECIAL RESOLUTION NO 1

"Resolved as a special resolution that, in terms of article 19(a) of DRDGOLD Limited's ("the company") Articles of Association, the authorised share capital of the company, currently consisting of 600 000 000 ordinary shares of no par value and 5 000 000 cumulative preference shares of 10c each, be and is hereby increased by the creation of 400 000 000 ordinary shares of no par value, resulting in a total authorised share capital of 1 000 000 000 ordinary shares of no par value and 5 000 000 cumulative preference shares of 10c each and that the company's memorandum of association be amended accordingly."

The reason for special resolution number 1 is to increase the authorised share capital of the company to ensure there are sufficient unissued shares to implement transactions for acquisitions (should they arise) and other future requirements of the company. The effect of special resolution number 1 will be to increase the authorised ordinary share capital of the company and to amend the company's memorandum of association accordingly.

SPECIAL RESOLUTION NO 2

"Resolved as a special resolution that DRDGOLD Limited ("the company") hereby approves in terms of section 223 of the Companies Act, 1973 (Act 61 of 1973), as amended, the granting to each of the non-executive directors of the company referred to in the table below of the respective options stated in the table next to their names, and the allotment and issue of ordinary shares in the capital of the company upon exercise of their options, in terms of the DRDGOLD (1996) Share Option Scheme:

NOTICE TO SHAREHOLDERS

Name of director	Number of options vesting until Nov 2007
RP Hume	1 039
GC Campbell	773

The reason for special resolution no 2 is to seek shareholder approval for the issue of share options in terms of the DRDGOLD (1996) Share Option Scheme to non-executive directors of the company. The effect of special resolution no 2 is the granting of such approval for 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 DRDGOLD Limited ("the company") be and they are hereby authorised to allot and issue all or any of the no par value ordinary shares in the unissued authorised share capital of the company (including, without limitation, the no par value ordinary shares in the unissued authorised share capital of the company created under special resolution no.1 contained in the notice incorporating this special resolution no.3) at an issue price lower than the amount arrived at by dividing that part of the stated capital of the company contributed by the no par value ordinary shares then already in issue by the number of no par value ordinary 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 no par value ordinary shares (including in terms of the general issue of shares for cash authority, in consideration for acquisitions and pursuant to the exercise of options in terms of the company's 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 no par value ordinary shares in issue at the date of such issue by the number of no par value ordinary 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 the DRDGOLD Limited's Articles of Association be and are hereby amended by replacing the current Article 103 with the following:

103. The quorum necessary for the transaction of the business of the directors may be fixed from time to time by the directors, and unless so fixed shall be a majority of the directors from time to time, of whom at least two must be executive directors and at least two must be non-executive directors."

The reason for the special resolution is to amend the Articles of Association so that matters to be placed before and resolved by the board of directors are considered by at least a majority of the directors and that in furtherance of good corporate governance there is a balance between the executive and the non-executive directors in the process of decision-making. The effect of special resolution no 4 is to amend the Articles of Association, so changing the provision regulating quorums at meetings of the board of directors.

SPECIAL RESOLUTION NO 5

"Resolved as a special resolution that, subject to the provisions from time to time 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 DRDGOLD Limited's ("the company") be and are hereby authorised to approve the acquisition by the company or by its subsidiaries of shares in the company ("DRDGOLD shares"). The JSE Listings Requirements currently provide 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 (ordinary) share capital of the company;

– acquisitions of DRDGOLD 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 5 is to enable the directors of the company, to approve the acquisition by the company and its subsidiaries of 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 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 5 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 5 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, to Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to reach them by no later than 09:00 (South African time) on Wednesday, 6 December 2006; or

– DRDGOLD shareholders registered on the Australian register and holding certificated DRDGOLD shares, to Computershare Investor Services Proprietary Limited, Level

NOTICE TO SHAREHOLDERS

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, 5 December 2006; 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, 6 December 2006; 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, 6 December 2006.

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.

Depositary receipt holders may 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.

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

T J Gwebu
Company Secretary
30 October 2006

Registered office and postal address:
In South Africa
EBSCO House 4 299 Pendoring Avenue Blackheath Randburg, South Africa (PO Box 390, Maraisburg, 1700)

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

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)

Transfer secretaries:
In South Africa
Link Market Services South Africa (Pty) 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 4 TU

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 5 (general authority to acquire shares) are set out, in terms of the Listing Requirements of the JSE Limited ("the JSE").

DIRECTORS AND MANAGEMENT

Details of the directors and management of the company are set out on pages 12 to 17 of the Annual Report that accompanies this notice of annual general meeting.

MAJOR SHAREHOLDERS

Details of the major shareholders of the company are set out on page 147 of the Annual Report that accompanies this 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 21 September 2006.

DIRECTORS' INTEREST IN SECURITIES

The interests of the directors in the share capital are set out on pages 78 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 147 of the Annual Report that accompanies this notice of annual general meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 12 and 13 of the Annual Report that accompanies this notice of 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.

LITIGATION

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

1. **Class action lawsuits in the United States of America**
   Investors filed five competing class actions against DRDGOLD and two of its senior officers Mark Wellesley-Wood (the Chief Executive Officer) and Ian Murray (the former Chief Financial Officer) ("the individual Defendants"). The class actions are based on alleged false and misleading statements made by DRDGOLD between 23 October 2003 and 24 February 2005 in violation of the United States Securities laws. The five lawsuits were consolidated into a single action and DRDGOLD has instructed the attorneys Berger & Montague, PC to defend the class action. A motion to dismiss the complaint has been filed on behalf of DRDGOLD and the two individual defendants.

2. **Desireé Raaths and Patrick Lawrence (The Applicants) versus the Minister of Minerals & Energy, the Regional Manager of the Department of Minerals & Energy, The City of Johannesburg, DRDGOLD, DRDGOLD Directors, Minister of Environmental Affairs & Tourism and The MEC for Agriculture, Conservation & Environment (The Respondents)**
   On 2 August 2006 the Applicants who are residents of Davidsonville brought an application to the High Court of South Africa against the other Respondents, DRDGOLD and its directors for an order directing DRDGOLD to:
   (a) rehabilitate the environment in the old mining areas;
   (b) amend its Environmental Management Programme;
   (c) implement measures to control dust and soil erosion;
   (d) implement a system of routine maintenance and repair; and
   (e) make financial provision for remedial measures. DRDGOLD and its directors have filed an appearance to defend the lawsuit.

ANNEXURE 2

3. **Terence Makhene and Irene Mogotsi (The Applicants) versus the Minister of Minerals & Energy, the Regional Manager of the Department of Minerals & Energy, DRDGOLD, DRDGOLD Directors, Minister of Environmental Affairs & Tourism and The MEC for Agriculture, Conservation & Environment (The Respondents)**
On 4 September 2006 the Applicants who are residents of Kagiso brought an application to the High Court of South Africa against the other Respondents, DRDGOLD and its directors for an order identical to the one discussed in above.

4. **Other Matters pending**
   4.1 Lawsuits in respect of invalid issuance of ordinary shares in connection with the acquisition of a mine in Indonesia referred to as the Rawas transaction:
      4.1.1 an action instituted in the High Court of South Africa during 2003 against Messrs RAR Kebble, M Prinsloo, J Stratton, HC Buitendag and JCI Limited to recover approximately R77 million and A$6.1 million relating to the Rawas transaction; and
      4.1.2 a separate action instituted in the Supreme Court of Western Australia during 1999 against Messrs C Mostert, J Stratton, Continental Goldfields Limited, CAM Australia (Pty) Ltd, Weston Investments (Pty) Ltd, CAM Jersey Ltd and JCI (Isle of Man) Limited to recover approximately R82 million in respect of the Rawas transaction.
   4.2 An action instituted by Messrs RAR Kebble and B Kebble ("the Kebbles") in the High Court of South Africa during 2003 against DRDGOLD and others relating to an alleged infringement of privacy rights. The Kebbles are claiming punitive damages of R7 million against DRDGOLD.
   4.3 An action instituted in the Supreme court of Western Australia during 2002 against Messrs C Mostert, J Stratton and companies belonging to Mr T Lebbon to recover approximately A$5 million in respect of the unauthorised purchase of Continental Goldfields Ltd shares.
   4.4 An action in the Supreme court of Western Australia during 2002 against Mr J Stratton to recover approximately A$2.8 million in respect of assisting Mr C Mostert to make dishonest payments and self receiving part of the proceeds.

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) 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
(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

For use **only by** DRDGOLD shareholders on 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, 08 December 2006 at 11:00 (South African time) ("the annual general meeting of DRDGOLD shareholders").

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 see notes below):

FORM OF PROXY

	For	Against	Abstain
ORDINARY BUSINESS 1. To receive and consider the audited annual financial statements for the twelve months ended June 30, 2006			
2. To re-appoint the auditors in accordance with the company's articles of association			
3. To elect Mr JWC Sayers as a director of the company			
4a To re-elect Mr GC Campbell as a director of the company			
4b To re-elect Mr DJM Blackmur as a director of the company			
SPECIAL BUSINESS **Ordinary resolution number 1** To place all unissued shares in the capital of the company under the control of the directors of the company			
Ordinary resolution number 2 To authorise the allotment and issue of ordinary shares for cash			
Ordinary resolution number 3 To approve the allotment and issue of shares to directors in terms of the DRDGOLD (1996) Share Option Scheme pursuant to the exercise of options already granted			
Ordinary resolution number 4 To authorise the directors to implement resolutions passed at the annual general meeting			
Special Resolution no 1 To increase the authorised share capital of the company			
Special Resolution no 2 To approve and ratify the allotment and issue of share options to non-executive directors in terms of the DRDGOLD (1996) Share Option Scheme.			
Special Resolution no 3 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			
Special Resolution no 4 To amend the Articles of Association			
Special Resolution no 5 To authorise the directors to approve the acquisition by the company or 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. **(see note 2 overleaf)**

Signed at on 2006

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 TO PROXY

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 to 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.

ADMINISTRATION
AND CONTACT DETAILS

DIRECTORS
Geoff Campbell
Non-executive Chairman

Mark Wellesley-Wood
Chief Executive Officer

John Sayers
Chief Financial Officer

Douglas Blackmur
Senior Independent Non-executive

Rob Hume
Independent Non-executive

James Turk
Non-executive

AUDIT COMMITTEE
Rob Hume
Chairman
Douglas Blackmur
Geoff Campbell

REMUNERATION & NOMINATIONS COMMITTEE
Douglas Blackmur
Chairman
Geoff Campbell

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 Ltd
Duncan Lawrie Private Bankers (DRD Offshore)
ANZ Banking Group Limited (Emperor Mines)

OFFICES
DRDGOLD Limited
EBSCO House 4
299 Pendoring Avenue
Blackheath
Randburg
2195
South Africa

PO Box 390
Maraisburg
1700
South Africa
Tel: +2 7 11 219 8700
Fax + 27 11 476 2637

Emperor Mines Limited
Level 1
490 Upper Edward Street
Spring Hill Brisbane
Queensland 4004
Australia
Tel: +61 7 3007 8000
Fax: +61 7 3007 8080

DRD (Offshore) Limited
14/15 Mount Havelock
Douglas
IM1 2QG
Isle of Man

LISTING INFORMATION
DRDGOLD ordinary shares are currently listed on the JSE Limited, the London Stock Exchange and on the NASDAQ Capital Market in the form of ADRs.

The company's shares are also traded on the Marché Libre in Paris, the Regulated Unofficial Market on the Frankfurt Stock Exchange, the Berlin and Stuttgart OTC markets, as well as on the Euronext Brussels, in the form of International Depositary Receipts.

INVESTOR RELATIONS
Ilja Graulich
E-mail: ilja.graulich@za.drdgold.com

WEBSITE
www.drdgold.com

SHARE TRANSFER SECRETARIES
Link Market Services South Africa (Pty) Ltd
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) Ltd
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
Australia
Tel: +61 8 9323 2000
Fax: +61 8 9323 2033

DEPOSITARY BANK

The Bank of New York
101 Barclay Street
New York 10286
United States of America
Tel: +1 212 815 8223
Fax:+1 212 571 3050

OPERATIONS

Blyvooruitzicht Gold Mining Company Limited
PO Box 7001
Blyvooruitzicht
2504
South Africa
Tel: + 27 18 789 9030
Fax: + 27 18 789 9166

Crown Gold Recoveries Limited
Private Bag X9
Crown Mines
2025
South Africa
Tel: + 27 11 248 9000
Fax: + 27 11 835 2922

East Rand Proprietary Mines Limited
PO Box 2227
Boksburg
1460
South Africa
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'Brien's Lawyers
PO Box 389
Port Moresby
Papua New Guinea
Tel: +675 308 8300
Fax: +675 308 8399

DRDGOLD LIMITED

www.drdgold.com

EBSCO House 4
299 Pendoring Avenue
Blackheath
2195
Randburg
PO Box 390
Maraisburg 1700
Republic of South Africa

Tel: +27 (0)11 219-8700
Fax: +27 (0)11 476-2637