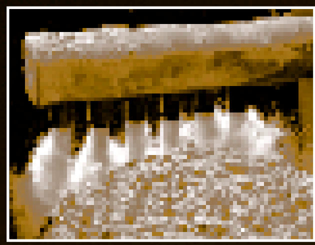



DRDGOLD LIMITED

Annual Report 2009

Contents

1 Profile
1 DRDGOLD structure
3 Financial highlights
4 Chairman's letter
6 CEO's review
10 Directors
12 Management
14 Review of operations
20 Reserves and resources
26 Corporate governance
35 Contents list for annual financial statements
105 Shareholders' information
106 Shareholders' diary
106 Conversion table
107 Glossary of terms
109 Notice to shareholders
115 Form of proxy
117 Notes to form of proxy
118 Administration and contact details
120 Forward-looking statements

Our strategy

DRDGOLD's strategy in the short and medium term is to enhance shareholders' value by:

- reducing risk;
- controlling costs;
- managing margins; and
- taking a disciplined approach to growth.

Increasingly, the focus is on the recovery of lower-risk, lower-cost, higher-margin underground and surface ounces.

Please note that dollar or $ refers to US dollars throughout this document.

Profile

DRDGOLD Limited (DRDGOLD) is a medium-sized, unhedged gold producer, South Africa's fourth-largest. In 2009, the company produced 247 690 ounces and declared Mineral Resources of 56.4 million ounces and Ore Reserves of 6.0 million ounces.

The company's 74%-owned operating subsidiary is DRDGOLD South African Operations (Pty) Limited (DRDGOLD SA). Black economic empowerment partner Khumo Gold SPV (Pty) Limited (Khumo Gold) holds 20% of DRDGOLD SA and the DRDSA Empowerment Trust, 6%.

After disposing of its entire interest in Australian gold miner Emperor Mines Limited in October 2007, DRDGOLD's new management has aimed at maintaining a healthy mix of assets. To this end, the focus has been on:

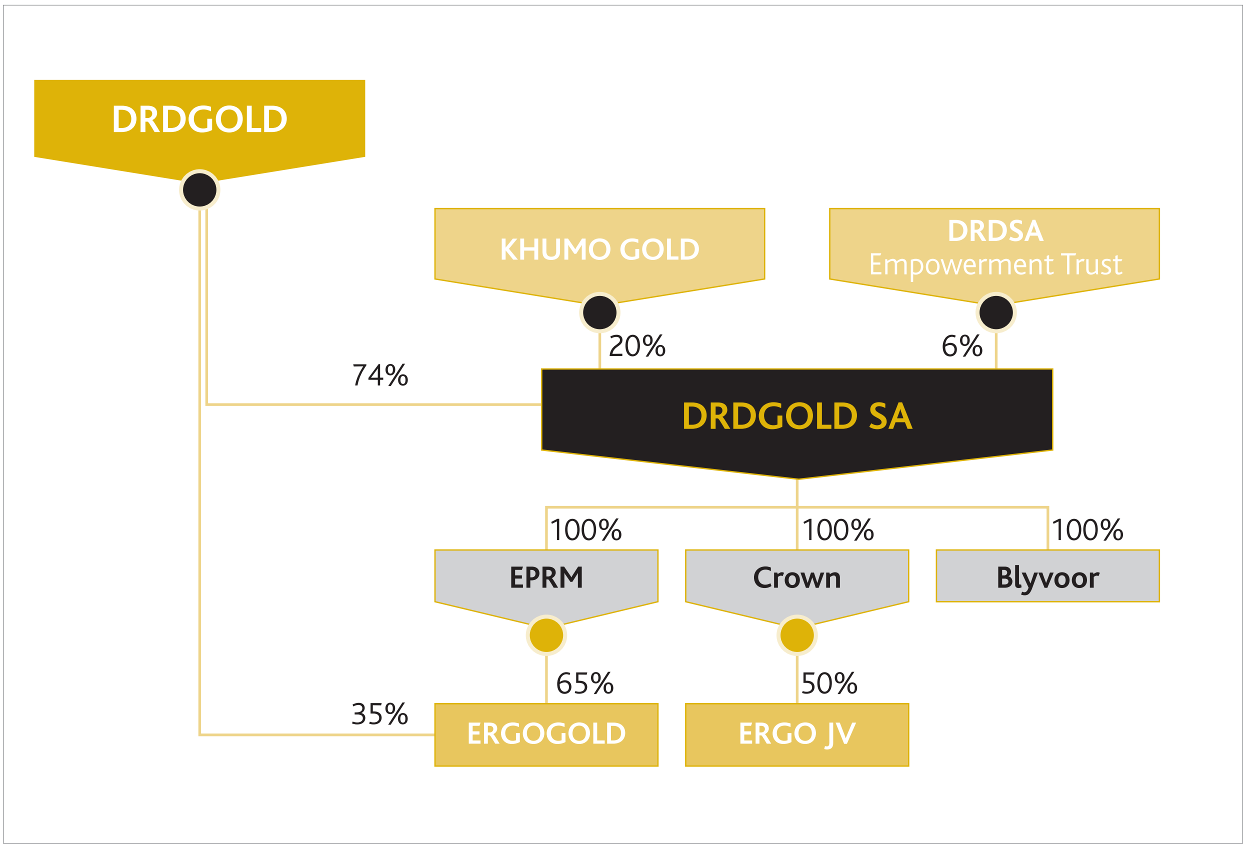
- improving the potential of existing South African underground and surface retreatment operations; and
- expanding surface retreatment activity.

Although management continues to be bullish about gold's prospects in the medium to longer term, the team has taken careful stock of current global economic difficulties and the growing challenges associated with deep-level gold mining. In view of this, DRDGOLD has opted to chart a conservative path forward.

The operations, which are owned and run through DRDGOLD SA, are Blyvooruitzicht Gold Mining Company Limited (Blyvoor), East Rand Proprietary Mines Limited (ERPM), Crown Gold Recoveries (Pty) Limited (Crown), Ergo Mining (Pty) Limited (Ergo) and ErgoGold (formerly Elsburg Gold Mining Joint Venture). At present, 56% of production comes from surface retreatment and this is set to increase.

With its head office in Johannesburg, DRDGOLD has its primary listing on the JSE Limited and its secondary listing on the Nasdaq Capital Market. At year-end, the company had 378 001 303 ordinary shares in issue and a market capitalisation of R2.3 billion ($286.9 million).

DRDGOLD structure



JSE: DRD   Nasdaq: DROOY

Financial highlights

			2009	2008	% change
Gold					
Attributable production	- total operations	(ounces)	**247 690**	321 432	(23)
	- continuing operations	(ounces)	**247 690**	308 005	(20)
Attributable production	- total operations	(kilograms)	**7 704**	9 997	(23)
	- continuing operations	(kilograms)	**7 704**	9 580	(20)
Average spot price		($ per ounce)	**873**	821	6
Average spot price		(R per kilogram)	**253 967**	193 012	32
Average price received		($ per ounce)	**861**	817	5
Average price received		(R per kilogram)	**250 589**	192 143	30
Average operating cost	- total operations	($ per ounce)	**753**	692	9
	- continuing operations	($ per ounce)	**753**	667	13
Average operating cost	- total operations	(R per kilogram)	**219 024**	162 794	35
	- continuing operations	(R per kilogram)	**219 024**	156 891	40
Financial					
Revenue	- total operations	($ million)	**211.2**	264.4	(20)
	- continuing operations	($ million)	**211.2**	252.2	(16)
Revenue	- total operations	(R million)	**1 910.7**	1 933.1	(1)
	- continuing operations	(R million)	**1 910.7**	1 843.9	4
Gross profit from operating activities	- total operations	($ million)	**8.5**	26.7	(68)
	- continuing operations	($ million)	**8.5**	33.6	(75)
Gross profit from operating activities	- total operations	(R million)	**76.7**	195.4	(61)
	- continuing operations	(R million)	**76.7**	245.5	(69)
Profit/(loss) before tax	- total operations	($ million)	**9.1**	(12.0)	176
	- continuing operations	($ million)	**9.1**	11.8	(23)
Profit/(loss) before tax	- total operations	(R million)	**82.2**	(87.9)	194
	- continuing operations	(R million)	**82.2**	86.1	(5)
Profit for the year	- total operations	($ million)	**12.2**	167.5	(93)
	- continuing operations	($ million)	**12.2**	21.1	(42)
Profit for the year	- total operations	(R million)	**110.7**	1 225.1	(91)
	- continuing operations	(R million)	**110.7**	154.4	(28)
Basic profit per share	- total operations	($ cents)	**4**	36	(90)
	- continuing operations	($ cents)	**4**	5	(19)
Basic profit per share	- total operations	(R cents)	**34**	265	(87)
	- continuing operations	(R cents)	**34**	34	–
Total assets		($ million)	**333.1**	284.1	17
Total assets		(R million)	**2 625.8**	2 262.5	16
Net asset value per share		($ cents)	**53**	44	22
Net asset value per share		(R cents)	**419**	347	21
Reserves and resources					
Attributable Ore Reserves		(million ounces)	**6.0**	7.9	(24)
Attributable Mineral Resources		(million ounces)	**56.4**	54.7	3
Share statistics					
Market price per share (1)		($)	**0.76**	0.77	(1)
Market price per share (1)		(R)	**6.03**	6.28	(4)
Ordinary shares in issue (1)			**378 001 303**	376 571 588	–
Market capitalisation (1)		($ million)	**287**	290	(1)
Market capitalisation (1)		(R million)	**2 279.3**	2 364.9	(4)
Exchange rates					
United States dollar	- Average rate	(R:$)	**9.0484**	7.3123	24
	- Closing rate	(R:$)	**7.8821**	7.9645	(1)
Australian dollar	- Average rate	(R:A$)	**6.6725**	6.5648	2
	- Closing rate	(R:A$)	**6.3433**	7.6579	(17)
Papua New Guinean kina	- Average rate	(R:K)	**3.4901**	2.6893	30
	- Closing rate	(R:K)	**3.0667**	3.1257	(2)

(1) At 30 June

Chairman's letter

Dear shareholder

A few months ago I was struck by an aerial photograph of our Top Star dump in downtown Johannesburg. It illustrates the changing nature of our business. Johannesburg has grown up around the Top Star dump and this pile of sand and crushed rock is now surrounded by industrial units, only a stone's throw from the centre of the city. The photograph shows the huge bite taken out of the dump where we have started surface mining operations. Over the coming months the dump material will be piped to our retreatment plants. Here the gold will be extracted and the material placed far away from the centre of the city. The ground on which the dump now rests will become available for development and serve the growing needs of the community. Where there was an unsightly dump with wind blown dust there will be clean land. It is the ultimate regeneration scheme.

This is a story that is being repeated all around Johannesburg. Our surface retreatment operations are removing dumps that have accumulated over the last 100 years or so. Our state-of-the-art processing facilities remove the residual gold and then the material is placed on our deposition facilities, far away from any built-up areas. The scale of these operations is staggering – 200 tonnes of material is needed to produce one ounce of gold. However, there is massive tonnage available to us and this is what makes our surface operations profitable. In reclaiming these dumps we are changing the environment for the better.

DRDGOLD is uniquely positioned to continue the growth of its surface operations. Not only do we have a very experienced team, we also have the dumps, processing plants, water, deposition sites and we have the right of way for our pipes. All of these are essential for a successful surface mining operation.

Surface production will make up around 70% of our output, partly as a result of growing surface operations and partly because of reduced underground production. In September 2008 while carrying out a routine check at ERPM, two of our employees died tragically as a result of an unexpected release of carbon dioxide. Since it is no longer possible to guarantee a safe working environment, we are now closing the underground operation.

Safety continues to be our primary concern at our operations and our efforts to bring about a cultural change in behaviour have helped improve the safety record. Blyvoor achieved one million fatality free shifts for the second consecutive year and recorded no fatalities in the second half of 2009. However, it is extremely distressing that there were three fatalities on the mine in the first half of the financial year.

There is no question that mining in the old, deep mines that we own is very challenging. Everyone at DRDGOLD is constantly striving to ensure that these assets are safe and profitable places to work. With so much gold still underground, we are looking for ways to preserve the viability of these mines so that we reap the benefit of a higher gold price when it comes along. Nevertheless, they must run as profitable entities; it is not in the long-term interest of the company to subsidise loss-making operations.

Our plan to reposition the company as a South African gold producer with a stable cash flow is working. The new ErgoGold operation is nearing full production and poised to start making a return on investment. Our surface operations are solidly profitable, and we will continue to build on these. We operate in a constantly changing environment and we must be both innovative and resourceful to ensure the long-term viability of our underground operations. The prosperity of the company depends on the efforts of all our employees, and I take this opportunity to thank them all for their hard work over the last year.

Geoffrey Campbell
Chairman
16 September 2009

CEO's review

It is an honour and a pleasure for me to report on my first year as CEO of DRDGOLD, a year with its share of challenges, but also a year in which significant strides were made in realising our vision for the company. Undoubtedly the most significant development was the progress we made in terms of shifting our company's operating balance increasingly towards surface retreatment operations, while managing our large underground orebody toward lower risk and smaller footprint but without sacrificing the options traditionally associated with these assets.

This strategy gained impetus at the beginning of the year when financial markets across the world were in turmoil and it became clear South Africa would not be spared. Given these realities, we continued with the approach adopted by my predecessor, John Sayers – a conservative, two-fold approach to risk management of increasing our exposure to surface retreatment operations, and proactively managing the volatility associated with underground mining.

A major step with respect to the first part of the strategy was our acquisition of the remaining 50% of ErgoGold from Mintails SA. This was a valuable acquisition for the group, which will benefit from 100% of the production, revenue and profits from Phase 1. Equally important, it affords us opportunities to explore, develop and, in time, exploit surface retreatment synergies between the Crown and ErgoGold operations. A further benefit is the contractual right which Crown has secured from Ergo Mining to deposit its entire tailings flow on to the Brakpan and Withok tailings facilities. This has the potential to extend the life of Crown by several years.

Following this acquisition, we made an offer to purchase the remainder of the South African surface assets of Mintails SA but this was rejected.

The year brought us a number of operational challenges. At ERPM, the combination of safety concerns and operational risk prompted us to close the underground mine. We also felt the brunt of a new approach by the Department of Minerals and Energy (now the Department of Mineral Resources) to suspend entire operations in the event of serious or fatal accidents at our Blyvoor underground operation due to fatalities in the first half of the year. While we hold the view that suspensions due to unsafe standards are entirely justifiable, suspensions due to unsafe conduct deserve a more site-specific approach. We also believe that the best way to avoid an unsafe 'leg-before-wicket' ruling, is to get 'bat on ball', hence our focus on safety practice and standards has been without compromise.

Blyvoor is still working its way through the loss of high-grade panels during the fourth quarter of 2009 at No 5 Shaft after seismic events, and will continue to feel the effects of this incident until at least the third quarter of the 2010 financial year. And at Ergo, as encouraged as we are by the quality of the engineering, the obvious ability to achieve the required volume flows, and notwithstanding the fact that we were working toward steady state by September 2009, we were disappointed by initial recoveries from ErgoGold's second-generation L29 dump.

Add to this the strengthening of the rand, pushing revenue per kilogram of gold down to approximately R50 000 less than it was in the third quarter, and the increase in power costs, and you understand why the six months prior to writing this report have been very challenging.

It is within this environment that we took a decision to bring about the final closure of ERPM, and abandon the care and maintenance programme. It is also because of this that Blyvoor is being right-sized, as we speak.

Safety, health and environment

It is with deep regret that I must advise that five people died in work-related incidents at DRDGOLD's operations during the 2009 financial year. Those who lost their lives were Aron Maqoma, Velelo Mshuwywa and Annanias Timbe of Blyvoor, and Pieter Jonker and Fernando Vate of ERPM. My deepest condolences go to their families, friends and colleagues.

These fatalities occurred during the first half of the year. It is encouraging to report that there was no loss of life at any of our operations during the second half of the year. We are very pleased and grateful that Blyvoor recorded its second one million fatality-free shift in two years.

This achievement is particularly noteworthy since it was during this period – in January 2009 – that the electrical sub-station at Blyvoor's No 5 Shaft was destroyed by a lightning strike while 275 employees were working underground. Their lives were saved by their self-rescuer packs, with which we had equipped them during the second quarter.

There can be no doubt that the various operation- and issues-specific safety campaigns as well as the regular hazard assessment audits conducted during the year played a part in this notable achievement.

We are hoping to report further advances in the next financial year through a major drive to change employees' behaviour, designed to create workplaces where every person is aware of safety and takes responsibility for it. The piloting of our group-wide, behaviour-based safety programme at Blyvoor's No 6 Shaft is taking place during August and September 2009. This will be followed by a roll-out to all the operations.

With respect to occupational hygiene, health codes of practice for airborne pollutants, noise and thermal stress have been signed off by all stakeholders and will be submitted to the Department of Mineral Resources. All full-time health and safety representatives at Blyvoor and Crown have underground risk assessment training.

At Blyvoor, quantitative risk assessments for airborne pollutants underground at each of the shafts are at varying stages of completion and a baseline quantitative risk assessment for noise in respect of surface working areas has begun. At this mine 95% of all rock drills and 90% of all fans have been silenced. Monitoring of airborne pollutants and noise at the other operations is ongoing.

The company spent a total of R29.2 million on environmental issues during the year under review. Slimes clean-up, vegetation of dumps, site rehabilitation and contributions to the operations' environmental rehabilitation trust funds were the main items.

For a full account of DRDGOLD's performance in the areas of safety, health and environment please refer to our Sustainable Development Report for 2009 which is available on our website *www.drdgold.com*.

Operating performance

DRDGOLD's total gold production for the year decreased by 23% to 247 690 ounces, while total operating costs for continuing operations were 40% higher at R219 024 per kilogram (R/kg).

One of the two major reasons for the lower gold production was the cessation of underground mining at ERPM in the second quarter. The other was the downward adjustment to volumes that had to be made at Crown from September 2008 when contractors expressed concern about diminishing capacity at the Crown Tailings Deposition Facility. This facility will be decommissioned and a R212-million pipeline is being considered to link the Crown plants to Ergo's tailings deposition site at Brakpan.

Volume flows from the first circuit at ErgoGold were encouraging but metallurgical performance was disappointing. It became clear that we had underestimated the complexity of the metallurgy of the second-generation L29 dump and this has necessitated a number of engineering modifications to the elution plant. However, ErgoGold's second feeder line, from the Elsburg Tailings Complex, started in early August 2009 and we expect to achieve steady state at ErgoGold in the near future.

Blyvoor's gold production was affected by the loss of high-grade panels referred to above and it will take six months to repair these. In the meantime, mining from No 4 Shaft has increased and Mine Reef development is continuing in order to improve flexibility. Higher volumes are being achieved on surface following the commissioning of a new pipeline to the plant from the slimes operation transfer pump.

Average cash costs for the year amounted to R274 066/kg for our underground operations and R164 549/kg for our surface operations.

Financial performance

Revenue from continuing operations for the year went up by 4% to R1 910.7 million, the result of a 30% increase in the average rand gold price received for the year to R250 589/kg from R192 143/kg in 2008. Operating profit, however, was down by 27% at R223.4 million after accounting for total operating costs, which rose by 4% to R1 687.4 million. Higher depreciation charges and retrenchment costs resulted in a 61% decline in gross profit from operating activities to R76.7 million. The negative effect of increased administration expenses and general costs was offset by a profit on financial liabilities measured at amortised cost, negative goodwill and higher finance income, leaving profit before tax from continuing operations 5% lower at R82.2 million. After deduction of tax of R46.2 million and deferred tax, net profit was R110.7 million. This compares with the previous year's profit of

CEO's review *(continued)*

R1 225.1 million, which reflected a profit on the sale of the company's Australasian assets.

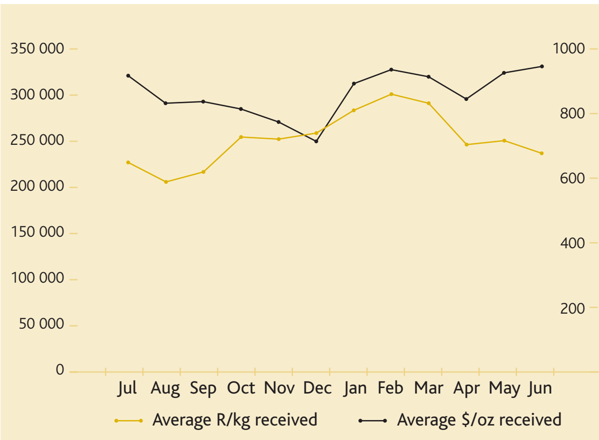
The directors declared a final dividend of 5 South African cents per share for the year, which amounts to a final dividend payout of R18.9 million.

Gold market

Gold performed well in the year under review, moving from an average spot price of $869 per ounce ($/oz) in the first quarter to an average spot price of $924/oz in the fourth quarter. Gold ended calendar 2008 with a positive 5.4% gain, outperforming every major equity and commodity in the world. The investment sector with Exchange Traded Funds (ETFs) performed strongly amidst market uncertainties. At their peak in 2008, holdings in these funds amounted to 29.7 million ounces, and by the end of 2009 these holdings had grown to 54.5 million ounces.

The first three quarters of the year were spectacular for DRDGOLD – the last quarter was a reminder of how exposed we are when the rand strengthens against the dollar, rand gold receipts fall, and operating costs rise. While the average rand gold price received for the third quarter was R292 369/kg, it fell to R244 927/kg in the fourth quarter. As a consequence, we aim to manage our business profitably at a gold price of R250 000/kg, and measure the extent to which we ought to expand resources towards the preservation of optimality against this measure.

Average R/kg and $/oz price received – 2009



Outlook

It goes without saying that, with the contribution of our underground assets diminishing, the success of Ergo has become essential for the success of our business. It is only off a stable and profitable platform that we believe DRDGOLD can focus on growing organically, and also on spreading its wings into neighbouring territories to pursue assets with a similar risk exposure.

Unit costs are the biggest challenge at our remaining underground operation, Blyvoor. A weakening of the rand could change things very quickly for the better but we cannot run an operation on possibilities, only on certainties, hence the drive towards right-sizing it now.

Our cautious management approach has seen us through a difficult year. We will continue to keep a tight rein on costs and to manage risks and margins so that our company remains stable and in the best shape possible to take up new opportunities when the tide turns.

Niël Pretorius
Chief Executive Officer
16 September 2009

Directors

Geoffrey Campbell (48)
BSc (Geology)
Independent non-executive chairman
Chairman: Nominations Committee
Member: Remuneration Committee
Member: Audit Committee
Member: Risk 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 a director of Oxford Abstracts. On 26 June 2006, he was appointed non-executive chairman of Emperor Mines Limited, resigning from this position on 1 November 2007.

Daniël (Niël) Pretorius (42)
BProc, LLB
Chief Executive Officer
Chairman: Risk Committee
Member: Transformation and Sustainable Development Committee

Niël Pretorius was appointed Chief Executive Officer Designate of DRDGOLD on 21 August 2008 and Chief Executive Officer on 1 January 2009. After joining the company on 1 May 2003 as Legal Adviser, he was promoted to the position of Group Legal Counsel on 1 September 2004 and General Manager: Corporate Services on 1 April 2005. Niël was appointed Chief Executive Officer of DRDGOLD SA on 1 July 2006, becoming Managing Director on 1 April 2008. A director of Rand Refinery Limited, he has 16 years of experience in the mining industry.

Craig Barnes (39)
BCom (Hons) CA (SA)
Chief Financial Officer
Member: Risk Committee
Member: Transformation and Sustainable Development Committee

Craig Barnes joined DRDGOLD in August 2004 as Group Financial Accountant. A chartered accountant, he has a Bachelor of Commerce degree from the University of the Witwatersrand and a Bachelor of Commerce (Hons) degree from the University of South Africa. Craig has over 15 years of financial experience. Prior to joining DRDGOLD, he was with Liberty Life Limited for almost seven years, most recently as Head of Financial Reporting for the group. Craig was appointed as Chief Financial Officer of DRDGOLD SA in July 2006 and Chief Financial Officer of DRDGOLD in May 2008.

Robert Hume (69)
CA (SA)
Independent non-executive director
Chairman: Audit Committee
Member: Risk Committee
Member: Remuneration Committee
Member: Nominations Committee

Robert Hume was appointed a non-executive director in 2001. He has 41 years of experience in the field of auditing which included 18 years as a partner in the East London (South Africa) office of KPMG. Since retiring from KPMG in 1999, he has spent nine years as Investment Manager at Invest Securities (Pty) Limited (formerly Sasfin Frankel Pollak) in East London. Robert is also a director of King Consolidated Holdings Limited.

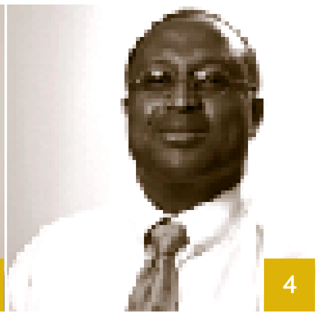
Edmund Jeneker (47)
Saipa, Fiac
Independent non-executive director
Chairman: Transformation and Sustainable Development Committee
Chairman: Remuneration Committee
Member: Audit Committee
Member: Risk Committee

Edmund Jeneker was appointed a non-executive director in November 2007. Trained as an accountant, he has specialised in business strategy and general management over the past 11 years. He currently holds the position of Regional Executive: Retail Bank at Absa Bank Limited.

James Turk (62)
BA (International Economics)
Non-executive director
Member: Risk Committee
Member: Remuneration Committee

James Turk was appointed a non-executive director in October 2004. According to the JSE Listings Requirements he is regarded as an independent director. He is the founder and a director of GoldMoney Network Limited (formerly GM Network Limited) also known as GoldMoney.com, the operator of a digital gold currency payment system. Since graduating in 1969, he has specialised in international banking, finance and investments. After starting his career with 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 in 1987, he has written The Freemarket Gold and Money Report, an investment newsletter, as well as several books on money and banking.

Management



Hannes Botes (52) 1
Dip Comm, HDip Tax
Group Risk Manager
Hannes Botes joined DRDGOLD on 7 September 1998 as Group Financial Manager. He was appointed Group Risk Manager on 1 February 2003. Hannes has 26 years of experience in financial management.

Ryno Botha (37) 2
M(Eng) in Mineral Resource Management, Graduate Dip in Engineering (MRM), National Higher Dip in Mineral Resource Management, National Dip in Mine Surveying
Mineral Resources Manager
Ryno joined DRDGOLD on 6 December 2004 and was promoted to his current position as Mineral Resources Manager on 1 November 2008. He was previously employed by JCI, Amplats, Anglo Platinum and has 17 years of mining experience. He holds a Mine Surveyor's Certificate of Competency.

Kobus Dissel (51) 3
BCom (Hons)
Group Financial Manager
Kobus Dissel joined DRDGOLD as Group Financial Manager in October 1999 from AngloGold, where he was Financial Manager responsible for financial systems. He has 26 years of experience in the mining industry.

Themba Gwebu (45) 4
B Iuris, LLB, LLM
Executive Officer: Compliance
Themba Gwebu, who is an admitted attorney of the High Court of South Africa, first joined DRDGOLD in April 2004 as Assistant Legal Adviser. He was appointed Company Secretary in April 2005 and Group Legal Counsel and Compliance Officer on 1 January 2007. He is currently Executive Officer: Compliance.

Henry Gouws (40) 5
HDip Extraction Metallurgy, MDP
General Manager: Crown
Henry Gouws joined DRDGOLD in January 1988. He was appointed Operations Manager of Crown in January 2006 and General Manager in July 2006. He has 22 years of experience in the mining industry.

Amanda Hoosen (31) 6
BSc (Accounting and International Business)
Manager: Internal Audit and Compliance
Amanda Hoosen joined DRDGOLD in her current position in October 2004. A graduate of 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.

Kevin Kruger (41) 7
BSc (Mechanical Engineering), MDP, PMB
Regional Engineering Manager
Kevin Kruger 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 (61) 8
Dip Metalliferous Mining
Head of Properties Division; General Manager: ERPM
Louis Lamsley, who holds a Mine Manager's Certificate of Competency, was appointed Head of Properties Division on 1 January 2008. He has 36 years of experience in the gold mining industry, 28 years of which have been spent in management. He was appointed General Manager at ERPM on 1 February 2009.

Charles Symons (55) 9
BCom, MBL, Dip Extractive Metallurgy
Executive Officer: Surface Operations

Charles Symons joined the mining industry on 14 February 1977 and transferred to Crown in January 1986. He was appointed General Manager of Crown in 1995 and Executive Officer: Surface Operations on 1 January 2008.

Collie Russouw (51) 10
BTech (Mining Engineering), Dip Metalliferous Mining, HDip Metalliferious Mining, MDP
Executive Officer: Underground Operations

Collie Russouw joined DRDGOLD as General Manager of Blyvoor on 4 September 2006. He was previously Mine Manager at Harmony Gold Mining Company Limited's Virginia operations and held various positions in Harmony and GenGold/Gold Fields during a career spanning 29 years. He was appointed Executive Officer: Underground Operations on 1 January 2008.

Andrew Weir (45) 11
BSoc Sci, Dip Advanced Labour Law, MDP
Executive Officer: Human Resources

Andrew Weir joined DRDGOLD on 1 October 2002. He was appointed Group Strategic Manager: Human Resources on 1 April 2006 and Executive Officer: Human Resources on 1 April 2008. Andrew has 21 years of experience in the mining industry.

Phillip Watters (53) 12
General Manager: Projects

Phillip Watters joined DRDGOLD in 2002 and took up his present position on 1 August 2005. He was previously General Manager at ERPM. Phillip, who obtained a Mine Manager's Certificate of Competency in May 1993, has a total of 34 years of 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.

Owen O'Brien (45) 13
General Manager: Blyvoor

Owen O'Brien joined DRDGOLD on 25 September 2008 as General Manager at Blyvoor. He was previously employed by Harmony Gold where he held various management positions. He has 25 years of experience in the mining industry and holds a Mine Manager's Certificate of Competency.

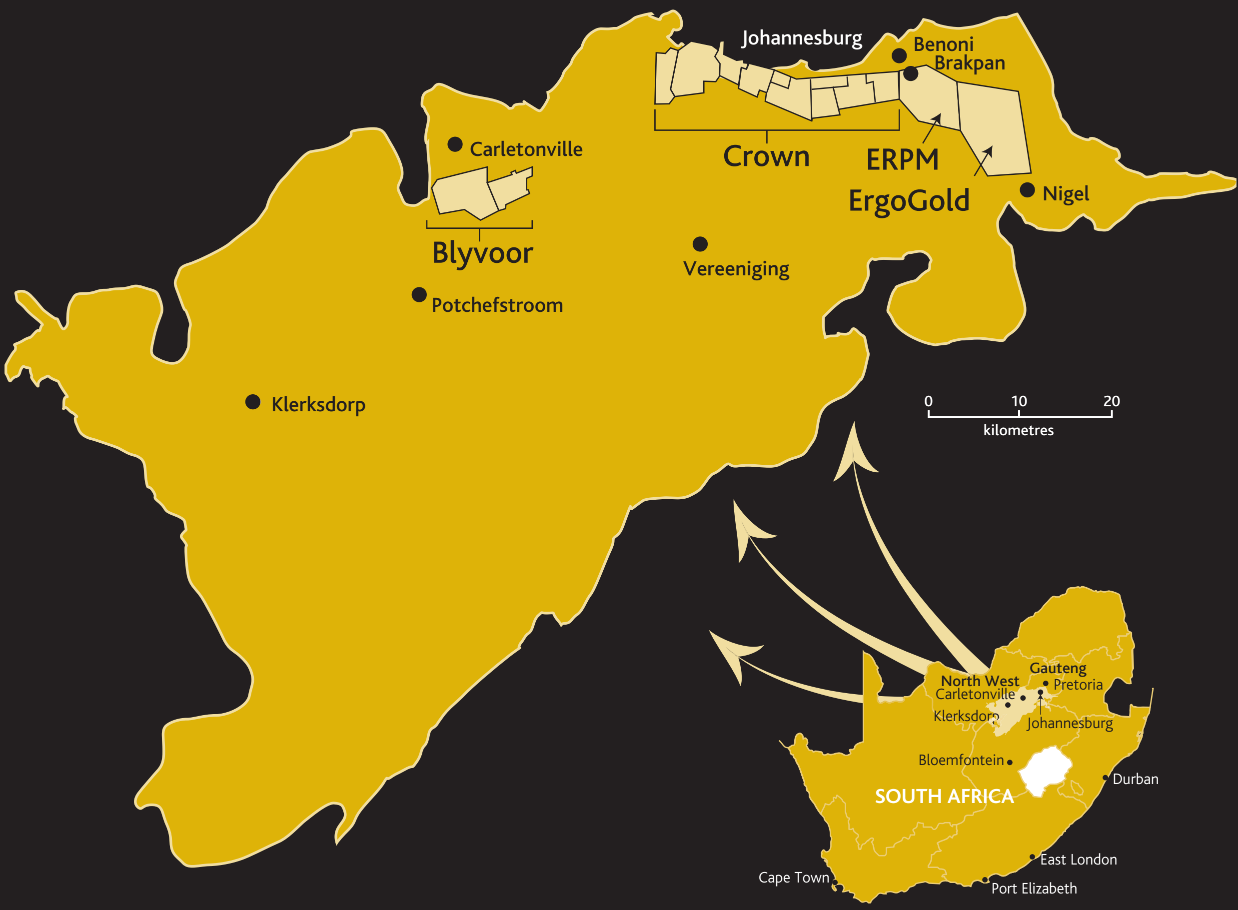
Bruce Ebell (51) 14
MEng (MEM) USA, BSc (Eng) Minerals Processing, BCom, MDP
Manager: Metallurgical Technical Services

Bruce joined DRDGOLD during 2008 as Manager: Metallurgical Technical Services. He was previously employed by Bateman Minerals and Metals, Alex Stewart Assayers, Dowding Reynard and Associates, Millsell/Henry Gould and Rand Mines, and has 29 years of experience in the field of extractive metallurgy in various managerial, consulting and project engineering positions. A registered professional engineer, Bruce is a member of SAIMM and MMMA.

Hurwa (Ben) Nyirenda (46) 15
BSc (Hons) (Pure Mathematics), BEng (Hons) (Mining Engineering), MSc (Mining Engineering), MBA
Executive Officer: New Business and Strategic Liaison

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 became Head of New Business for DRDGOLD SA from January 2006 and General Manager: New Business and Strategic Liaison on 1 April 2008. He was appointed Executive Officer: New Business and Strategic Liaison on 1 January 2009. A graduate of the Camborne School of Mines in England, Ben has 18 years of experience in the mining industry, in both the gold and diamond sectors, and holds a Mine Manager's Certificate of Competency. He has also worked in the fields of financial management and business consulting.

Review of operations



In 2009, DRDGOLD's gold production decreased by 23% to 247 690 ounces from 321 432 ounces in 2008. The main reasons for this decline in production were the suspension of underground mining at ERPM in the second quarter and the downward adjustment to throughput at Crown as part of the decommissioning of the Crown Tailings Deposition Facility. Also contributing to the lower production were several operational challenges experienced at Blyvoor, in particular the reduction in production days following two fatalities in the first half of the year as well as the loss – through seismicity – of high-grade panels during the fourth quarter at No 5 Shaft.

Total operating costs for continuing operations were 40% higher at R219 024/kg compared with R156 891/kg in 2008. Operating profit was 27% lower at R223.4 million (2008: R305.7 million). Capital expenditure amounted to R346.7 million compared with R371.4 million in 2008.

Blyvoor

Description

Blyvoor is situated on the north-western edge of the Witwatersrand Basin, to the south of the town of Carletonville and 70 kilometres south-west of Johannesburg, in North West Province. The mine has underground and surface operations and a gold plant. The first ore was raised in 1942.

Blyvoor has two main gold-bearing horizons: the Carbon Leader Reef (CLR), which is one of the principal orebodies of the Carletonville goldfield; and the Main Reef, which is some 75 metres above the CLR horizon. The reef formations have a thickness of between 5 and 20 centimetres. Recently there has been a shift in focus to mining the Main Reef.

Underground ore is mined by traditional drill, blast and scape narrow-reef mining methods. The operation is a combination of the workings of Blyvoor and Doornfontein mines and this allows several means of access, with four surface shafts still available and open.

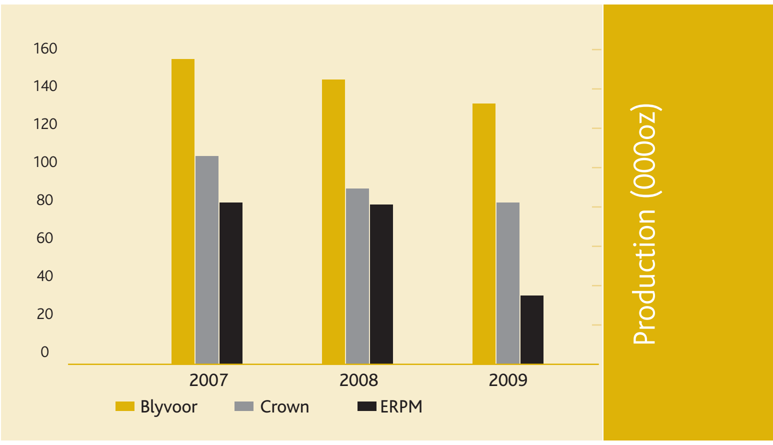
Apart from the underground operations, production comes from waste rock stockpiles and the retreatment of surface tailings with the latter accounting for approximately 30% of current gold production.

Blyvoor's carbon-in-leach (CIL) plant has a plant capacity of around 400 000 tonnes a month.

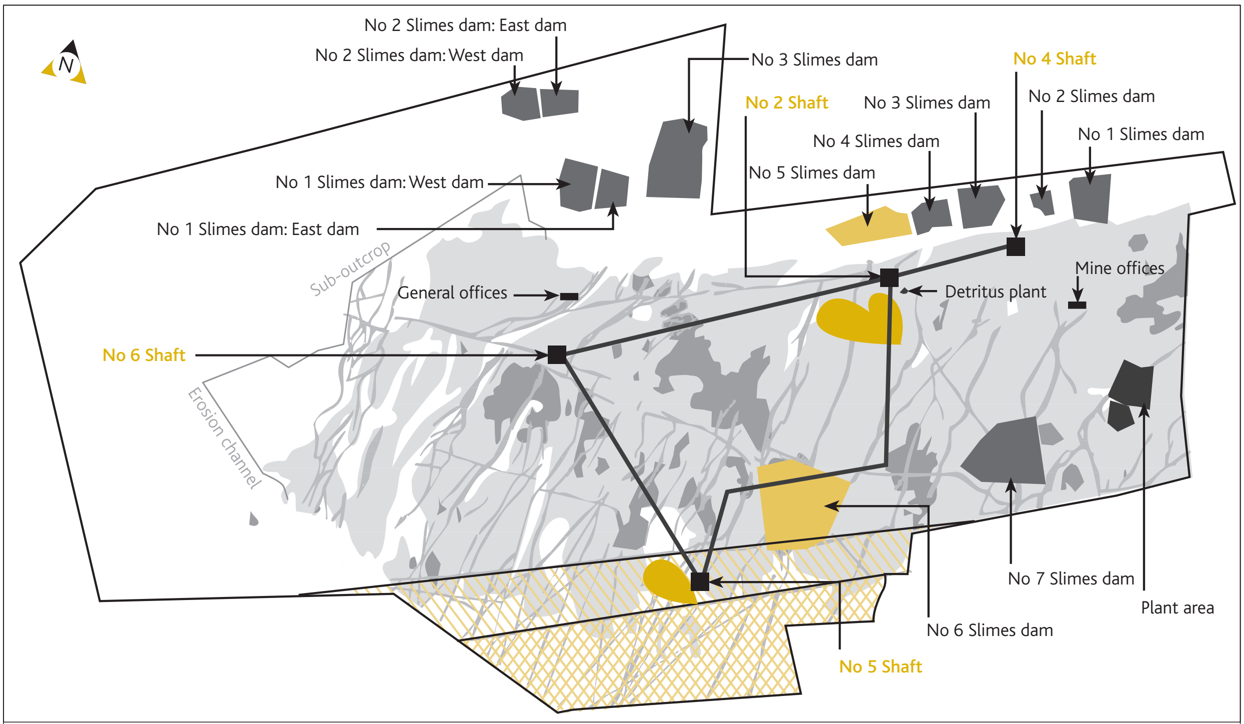
Life of mine is projected until 2030, but the resource at Blyvoor is so widespread that production could extend for many years beyond that, depending on the prevailing gold price and exchange rate.

Safety review

Regrettably there were three fatalities during the year (2008: two), two caused by rockfalls following seismic events and one through an accident during loading in a chute. The last incident took place



Blyvoor



Legend: Surface

- Shafts: 2, 4, 5, 6
- Tailings deposition sites
- Main and general offices
- Gold plant
- Rock dumps
- Slimes dams

Legend: Underground

- Carbon Leader Reef
- Main Reef
- Dykes
- Carbon Leader Reef – probable reserves
- Main Reef – probable reserves
- Mining licence area
- Ore conveyance

Review of operations *(continued)*

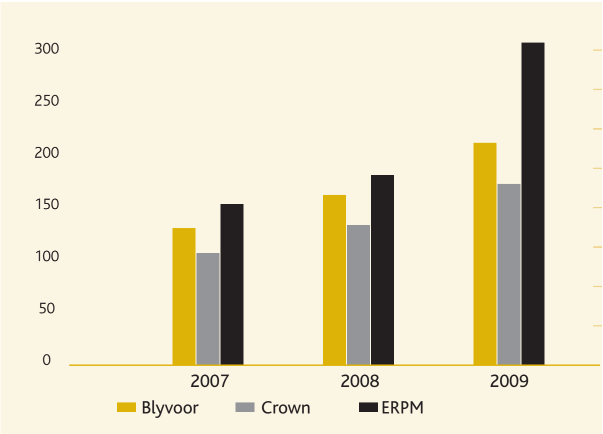
on 10 October 2008 and the mine achieved one million fatality-free shifts on 10 June 2009. The Lost Time Injury Frequency Rate (LTIFR) for the year was 11.84 per million man-hours worked compared with 8.67 in the previous year.

Operating review

Total gold production decreased by 8% to 129 473 ounces (2008: 141 172 ounces) reflecting an 8% drop in throughput to 4 036 000 tonnes (2008: 4 406 000 tonnes). Overall yield, however, held steady at 1.0 grams per tonne (g/t).

Gold production from underground was down by 14% to 88 898 ounces (2008: 103 813 ounces) in a challenging year for the operation. The mine lost 17 production days during the first half of the year because of Section 54 closures imposed by the Department of Minerals and Energy (now the Department of Mineral Resources) following the fatalities referred to above, and two days of mourning called by the National Union of Mineworkers. In the third quarter, six production shifts were lost at No 5 Shaft following the lightning strike at the shaft's electrical sub-station.

Cash operating costs (R/kg 000)



During the fourth quarter there was a significant decline in grade because of the loss of some high-grade panels at No 5 Shaft through seismicity and an increase in the mining of lower-grade panels at No 4 Shaft. Underground throughput for the year decreased by 12% to 603 000 tonnes from 687 000 tonnes in 2008 while yield declined by 2% to 4.59g/t (2008: 4.70g/t).

In spite of an 8% decrease in throughput to 3 433 000 tonnes (2008: 3 719 000 tonnes), gold from surface sources rose by 9% to 40 575 ounces (2008: 37 359 ounces). This was mainly because of a 19% improvement in grade to 0.37g/t (2008: 0.31g/t). Throughput went up in the fourth quarter following the successful commissioning of a new pipeline from the slimes operation transfer pump station to the plant.

Total operating costs went up by 32% to R209 170/kg from R158 798/kg in 2008. Lower production combined with the impact of power utility supplier Eskom's 20% tariff increase during 2008 and higher tariffs during the winter months were the main reasons for this. While underground operating costs rose by 41% to R255 517/kg (2008: R181 518/kg), the increase for the surface operations was 8%, from R90 971/kg in 2008 to R98 124/kg in the year under review.

Operating profit was 17% higher at R176.2 million (2008: R150.9 million), resulting from the stronger average rand gold price received for the year.

Capital expenditure increased by 30% to R97.5 million (2008: R74.8 million) with opening up and development, the Way Ahead Project, the surface pipeline referred to above and the purchase of additional self-contained self-rescuers being the main components.

Growth

Mining from the Way Ahead Project, to access the orebody between 27 and 35 levels from No 5 Shaft, began in the first week of October 2008. Production build-up continued according to plan during the year with the goal of 1 200 square metres for the end of financial year being exceeded.

Supplier delays had a negative impact on the 15/29 Incline Project at No 6 Shaft. The upper portion of this project is in production but overall build-up has been slower than anticipated. Deepening of the incline to facilitate smoother loading of reef is in progress.

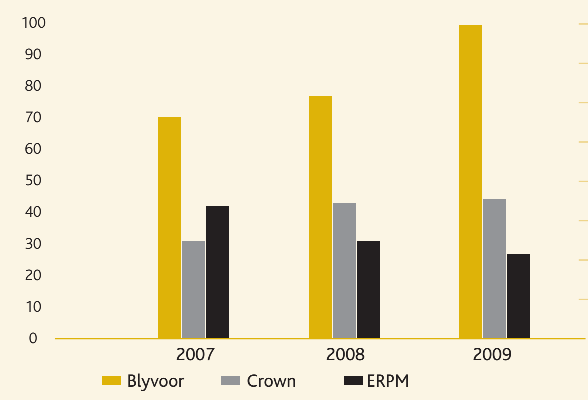
Crown

Description

Crown is the world's largest gold surface retreatment facility, reprocessing the large and numerous sand and slimes dumps along the reefs that stretch from east to west just to the south of Johannesburg's central business district (CBD). Most of these dumps hold waste from the stamp milling era of ore processing when plants treated the sand and slimes separately, unlike current milling methods which reduce all ore to slimes before the extraction of gold.

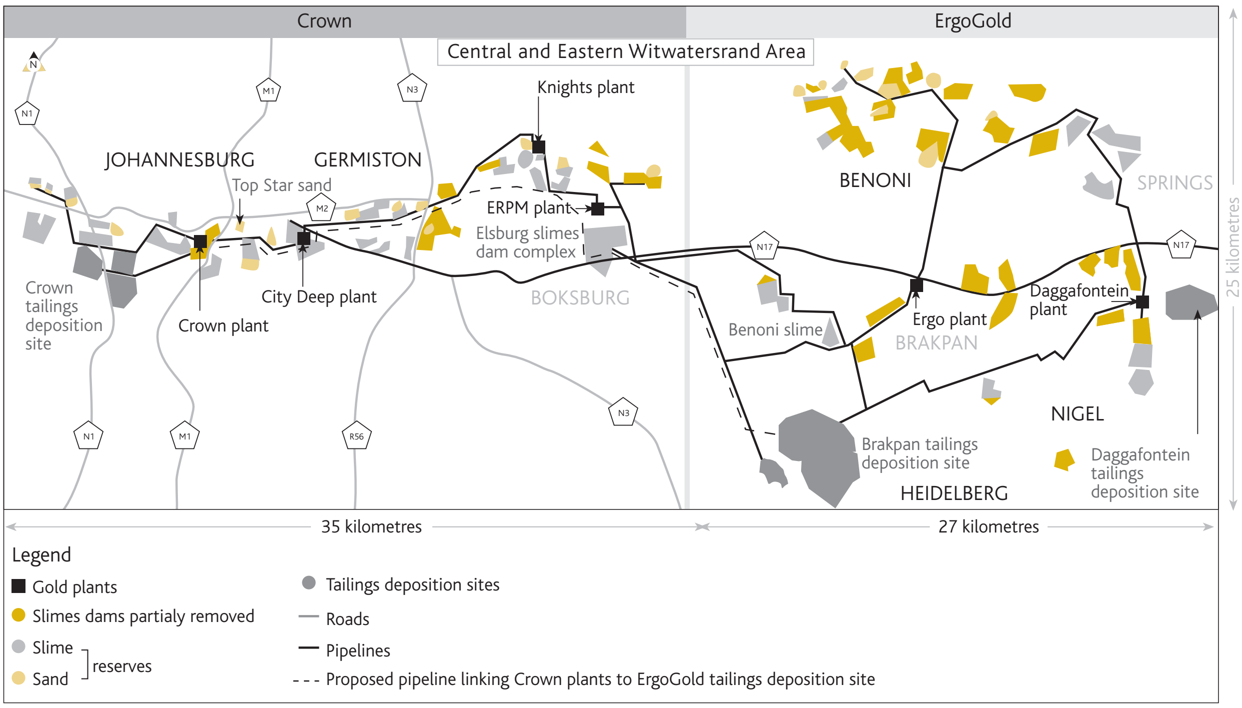
The dumps are reclaimed and mixed with water. The slurry is then pumped to one of Crown's three processing plants: Crown Mines, 3 kilometres to the south, City Deep, 6 kilometres to the south-east, and Knights, 20 kilometres to the east of Johannesburg's CBD. Using relatively modern milling methods and carbon-in-pulp (CIP) technology, these plants have the capacity to treat 11.76 million tonnes of sand and tailings a year, recovering much of the gold. The land that is uncovered through removing the tailings is reclaimed and developed mainly for light industrial activities.

Owing to the low head grades, this is a low-margin business that relies on high volumes to be treated. As old dams are depleted, others are brought on stream.



Capital expenditure (Rm)

Crown and ErgoGold layout plan



Review of operations *(continued)*

Crown's current major project is Top Star, a tailings dam to the south of Johannesburg's CBD. Production is continuing apace from this 126 000-ounce resource.

Safety review

The LTIFR for this operation improved significantly, from 6.24 per million man-hours worked in 2008 to 2.91 in 2009. There were no fatalities.

Operating review

Gold production decreased by 8% to 80 377 ounces (2008: 87 354 ounces) because of a 20% decline in throughput to 6 577 000 tonnes (2008: 8 235 000 tonnes). This reduction in throughput was intentional: it forms part of the closure plan for the Crown Tailings Deposition Facility. The goal is to lower throughput to 400 000 tonnes per month (4 800 000 tonnes per year) and this may be decreased further if the condition of this facility deteriorates.

Yield for this operation increased by 15% to 0.38g/t (2008: 0.33g/t) because of higher grade material from the Mennells site and higher grade remnants from the CMR and Robertson Deep sites in the first quarter, as well as higher grade material from the Top Star site in the third quarter and fourth quarter.

Operating costs rose by 37% to R182 482/kg (2008: R133 322/kg) as a result of the decrease in production. Operating profit was 2% lower at R163.9 million (2008: R166.4 million), reflecting the higher average gold price received over the year as a whole.

Capital expenditure was almost unchanged at R43.1 million (2008: R42.1 million). The major elements were the completion of the construction of Top Star and tailings deposition site maintenance, which included the building of buttresses at the Crown Tailings Deposition Facility.

Growth

Crown has secured the contractual right from jointly owned Ergo Mining (Pty) Limited to deposit its entire tailings flow on to the Brakpan and Withok tailings facilities. This has the potential to extend its life of mine by several years.

Work is under way on an environmental impact assessment for a proposed R212-million pipeline to link the Crown plants to ErgoGold's tailings deposition site at Brakpan.

ERPM

Description

ERPM is situated on the Witwatersrand Basin near the town of Boksburg, 25 kilometres to the east of Johannesburg. It was established as an underground mining operation more than 100 years ago. Underground mining was suspended in October 2008 following the cessation of the pumping of underground water for safety reasons.

ERPM continues as a surface retreatment operation. It holds 65% of ErgoGold through the contribution of its Elsburg Tailings Complex. ERPM's wholly owned Cason surface retreatment operation is managed by Crown which processes 1.9 million tonnes of surface material through the Knights plant.

Safety review

Regrettably there were two fatalities at ERPM during the year (2008: two). The employees were asphyxiated in a shaft conveyance while on their way to conduct routine water level measurements. The LTIFR improved to 8.05 per million man-hours worked from 10.94 recorded in the previous year.

Operating review

As expected with the closure of the underground operations for eight months of the year, there was a substantial drop in gold production – from 79 479 ounces in 2008 to 34 174 ounces during the year under review. While throughput was 2 162 000 tonnes in the previous year, it was 1 614 000 in 2009 and yield declined from 1.14g/t to 0.66g/t.

Surface gold production decreased by 33% to 15 239 ounces (2008: 22 667 ounces), the result of lower throughput, which went down by 23% to 1 430 000 tonnes (2008: 1 859 000 tonnes), and a 13% reduction in grade to 0.33g/t (2008: 0.38g/t).

Underground gold production declined by 67% to 18 935 ounces (2008: 56 812 ounces). Production included yield from continuing clean-up activities. Throughput for the year was 184 000 tonnes (2008: 303 000 tonnes) while yield was 3.20g/t (2008: 5.83g/t).

As a result of lower production and care and maintenance costs, total operating costs were 65% higher at R285 589/kg (2008: R173 242/kg), the combination of a 89% rise in underground operating costs to R361 141/kg and a 61% increase in surface operating costs to R222 430/kg.

ERPM ran at an operating loss of R55.7 million compared with an operating profit of R38.8 million in 2008.

Capital expenditure was R31.7 million, almost all incurred during the first half of the year when land was acquired as part of an overall plan to realise value for the company's property holdings.

Growth

All exploration activities have been suspended.

Ergo and ErgoGold

Description

The Ergo Joint Venture between DRDGOLD SA and Mintails South Africa was established in 2007 to exploit up to 1.7 billion tonnes of surface tailings for gold, uranium and sulphuric acid. The gold portion of the joint venture was initially known as the Elsburg Gold Mining Joint Venture and was renamed ErgoGold following DRDGOLD's acquisition of Mintails' share. ErgoGold is now wholly owned by the DRDGOLD group and it is managed by Crown.

The surface tailings are found near Benoni, Springs and Brakpan to the east of Johannesburg. There is one metallurgical plant – the Ergo plant near Brakpan – and three tailings deposition facilities.

Production from ErgoGold Phase 1 has begun and will rise to a planned 1.2 million tonnes per month at an average head grade of 0.32g/t and an unescalated cost of R30 per tonne for 12 years thereafter. ErgoGold has a resource of 1 670 000 ounces.

Safety review

ErgoGold is managed by Crown and the safety statistics for this operation form part of those reported by Crown.

Operating review

Gold production, which started at the end of the second quarter of 2009, amounted to 3 666 ounces for the year. Throughput was 2 296 000 tonnes at an average yield of 0.05g/t.

Work on the elution plant was completed in April 2009. While volume flows from the first circuit – from the L29 dump – were satisfactory, initial recoveries of 0.04g/t at the end of June were below project specifications. This required a number of engineering modifications to the plant.

The second circuit, linking the Elsburg Tailings Complex site with the Brakpan plant, came into production on 3 August 2009. With two lines now operational, steady state should be reached in September 2009.

Total operating costs for the year were R608 465/kg and, as anticipated since ErgoGold is in the start-up phase, the operation ran at a loss. The loss was R45.2 million.

Total capital expenditure was R157.1 million for ErgoGold and R17.0 million for the Ergo Joint Venture. The completion of the Elsburg reclamation site – where expenditure was accelerated to provide surge capacity on the Elsburg line and the ability to manipulate flow rates from both reclamation sites – and modifications to the elution plant were the main components.

Growth

Ergo Phase 2, which is at feasibility study stage, anticipates increased gold production and, possibly, the production of uranium and sulphuric acid. Potential synergies between Crown in the west and Ergo in the east are currently being investigated. This would create a seamless surface retreatment operation extending across the central Witwatersrand.

Reserves and resources

DRDGOLD's attributable Mineral Resources increased by 3% from 54.7 million ounces (Moz) in 2008 to 56.4Moz in 2009. Attributable Ore Reserves decreased by 24% from 7.9Moz in 2008 to 6.0Moz in 2009.

The rise in attributable Mineral Resources reflected the company's acquisition of the remaining 50% of ErgoGold which added 1.9Moz to the group's total. Ergo's Mineral Resources increased by 86%, from 2.2Moz in 2008 to 4.1Moz in 2009. Depletion and adjustments to geological models were the reasons for the minor changes recorded at DRDGOLD's other operations. Mineral Resources decreased at Blyvoor by 7% to 18.9Moz (2008: 20.4Moz) and at Crown by 3% to 3.0Moz (2008: 3.1Moz), while at ERPM they went up by 5% to 30.4Moz (2008: 29.0Moz).

The decrease in DRDGOLD's Ore Reserves was primarily because of ERPM's underground operations being placed on care and maintenance (as discussed in other sections of this report). Although various options are being considered for the future of this mine, as things stand at present its underground resources cannot be converted to reserves. The result is that Ore Reserves at ERPM declined by 42%, from 2.6Moz in 2008 to 1.5Moz in 2009. They also decreased by 10% at Blyvoor – from 4.8Moz in 2008 to 4.3Moz in 2009 – because of depletion and adjustments to geological models. Depletion is the reason for the 50% reduction in Crown's Ore Reserves, from 0.4Moz in 2008 to 0.2Moz in 2009.

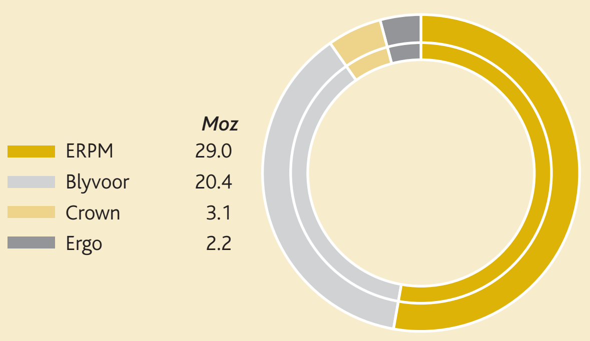
Refer to pages 23 to 25 for the company's Mineral Resources and Ore Reserves Statements.

Reporting code and procedure

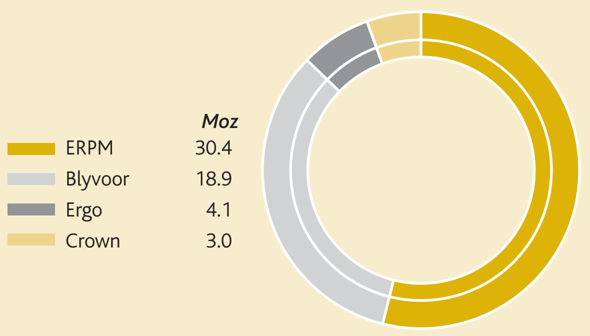
DRDGOLD's statements of its Mineral Resources and Ore Reserves were independently reviewed by Coffey Mining (formerly RSG Global) for the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC Code), the Australasian Code for Reporting of Exploration Results (JORC Code), the National Instrument 43-101 and the United States Securities and Exchange Commission (SEC) Industry Guide 7 compliance. Coffey Mining 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 operations was compiled by Mrs Kathleen Body, BS Arts and Sciences in Geology from the University of Massachusetts, Pr Nat Sci, SACNASP; Mr Frank Bainbridge, BSc (Eng) in Metallurgy from the University of the Witwatersrand, FSAIMM; and Mr Hans Combrink, NHD from Witwatersrand Technikon. They have the appropriate relevant qualifications, experience, competence and independence to be considered independent 'competent persons' or 'qualified persons' in terms of the definitions provided in the codes and instruments.

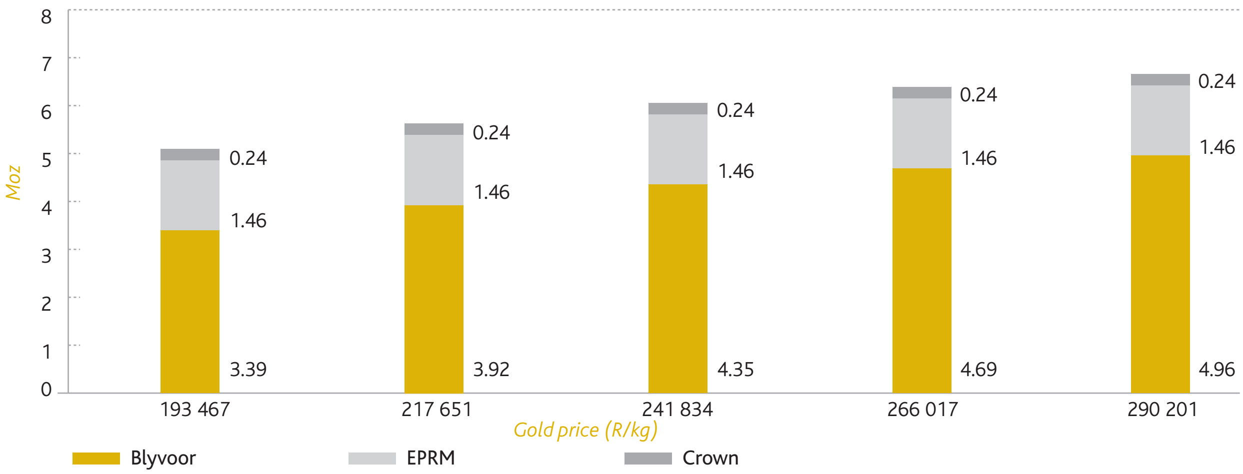
Mineral Resources 2008



Mineral Resources 2009

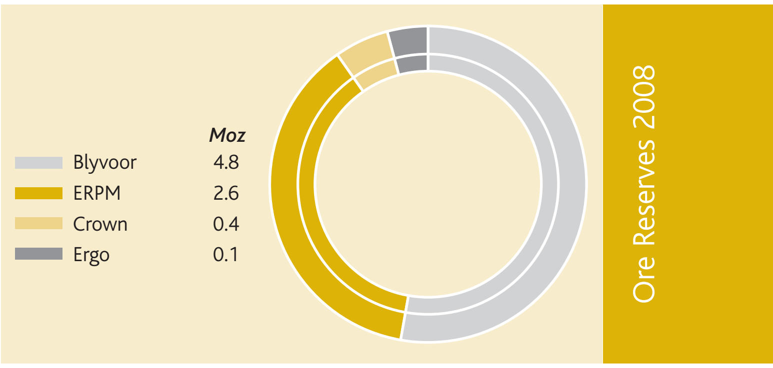


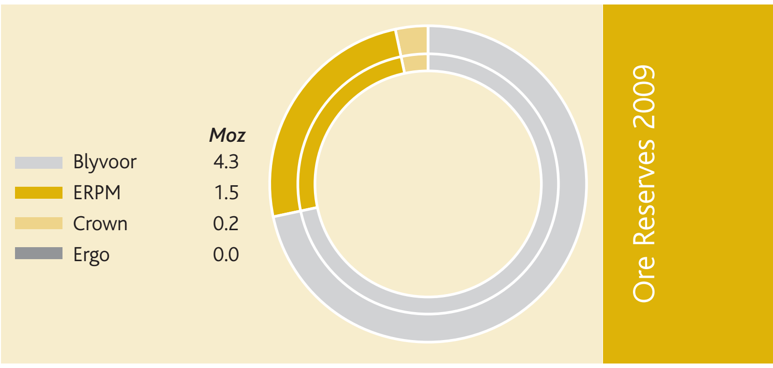
Total reserves vs gold price sensitivity year on year



Coffey Mining has carried out its review of the data, techniques, procedures and parameters used in the preparation of Mineral Resources and Ore Reserves Statements during site visits to the operations. The personnel concerned have verified that all Ore Reserves that have been included in the Ore Reserve table are included in the current life-of-mine plans.

Until 2005 DRDGOLD calculated its Ore Reserves using a three-year average gold price. Given the increase in the gold price since 2006, the company believes that the three-year average gold price is unrealistic for planning purposes and hence Ore Reserve calculations. In consultation with Coffey Mining it was decided to use the exchange rate and the gold price on the date – 1 May 2009 – when the process to determine the Ore Reserves and Mineral Resources started. At that date the dollar gold price was $885/oz, the exchange rate was R8.79/$ and the rand gold price was R241 834/kg. For compliance with the SEC, DRDGOLD's Form 20-F to be filed with the SEC will also quote the Ore Reserves using the three-year average gold price of $778/oz at an exchange rate of R8.24/$, which equates to R199 331/kg.





Reserves and resources *(continued)*

Competent persons

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

- Blyvoor – Ryno Botha (SAIMM);
- ERPM – Ryno Botha (SAIMM) and Gerard Evans (SACNASP);
- Crown – William John Laing (PLATO); and
- Ergo – William John Laing (PLATO).

Independent consultant Gerard Evans (SACNASP) was responsible for the resource models prepared for Blyvoor and ERPM.

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 person responsible for the compilation and reporting of DRDGOLD's Mineral Resources and Ore Reserves is Ryno Botha.

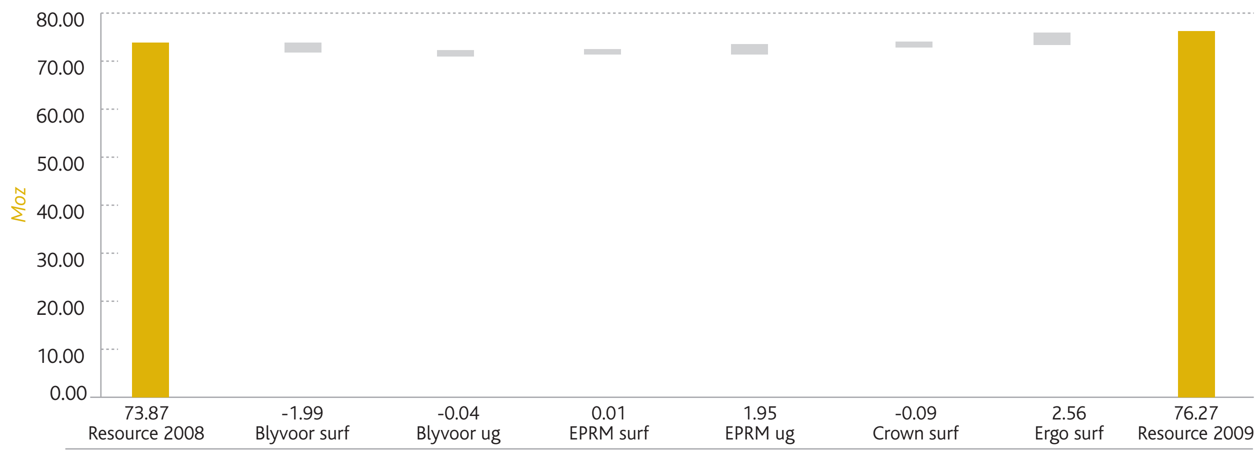
Evaluation methodology

Different methodologies are used for the evaluation of underground and surface Mineral Resources and Ore Reserves.

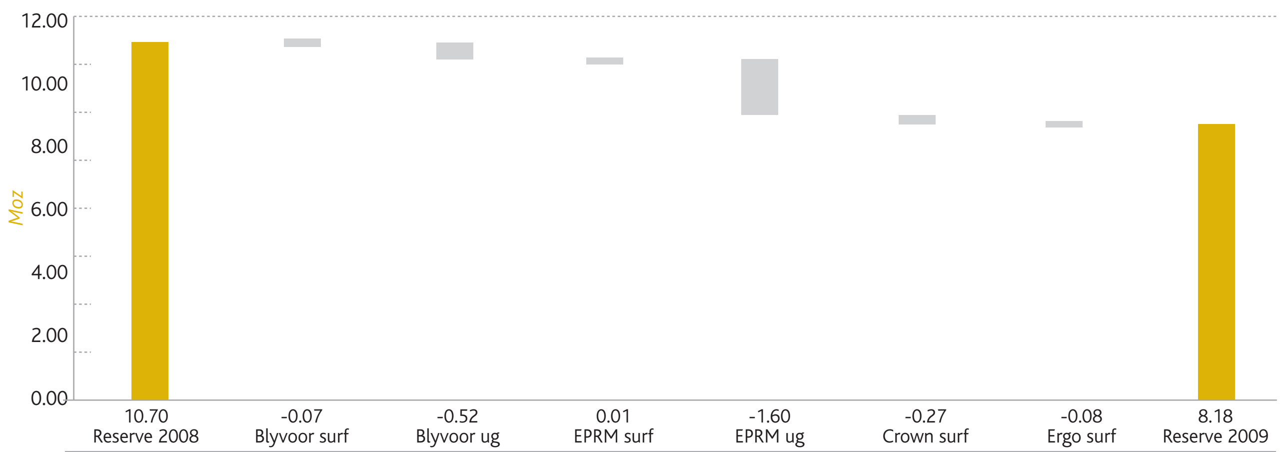
In the case of underground Mineral Resources and Ore Reserves, an independent consultant will take all the available information, verify statistics on the basis of the raw data, and then determine separate geological facies areas for the extent of the mining lease. A series of variogram models are then drawn up for each separate facies area. After this process, the areas are 'blocked' into the different resource categories – measured, indicated or inferred – according to the level of confidence.

With respect to surface Mineral Resources and Ore Reserves, drilling takes place on a special grid to determine the average grade and a model is prepared. As material is removed from the slimes dams for retreatment, the resources for that operation are adjusted accordingly. Continual surveys are conducted to confirm the rate of depletion.

Total resource variance year on year

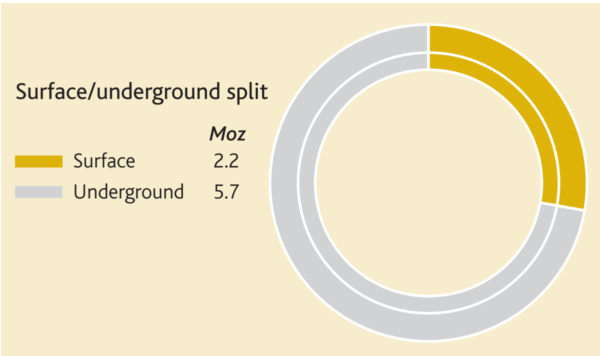


Total reserve variance year on year

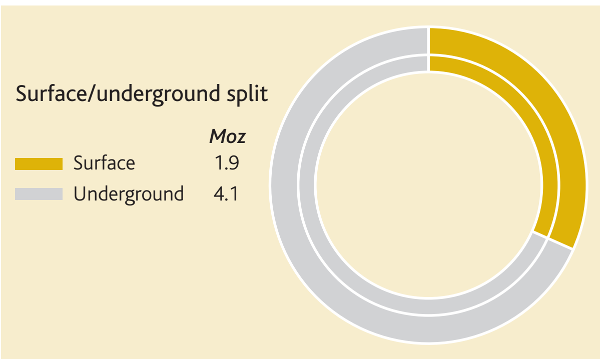


Attributable delivered gold reserves at 30 June 2009 (R241 834/kg)

	Proved				Probable				Total			
	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz
Blyvoor (74%)												
Underground	16.156	6.24	100.861	3.243	4.789	6.05	28.952	0.931	20.944	6.20	129.813	4.174
Surface	6.507	0.84	5.474	0.176	–	–	–	–	6.507	0.84	5.474	0.176
Total	**22.663**	**4.69**	**106.335**	**3.419**	**4.789**	**6.05**	**28.952**	**0.931**	**27.45**	**4.93**	**135.287**	**4.350**
ERPM (74%)												
Underground	–	–	–	–	–	–	–	–	–	–	–	–
Surface	143.499	0.32	45.411	1.460	–	–	–	–	143.499	0.32	45.411	1.460
Total	**143.499**	**0.32**	**45.411**	**1.460**	**–**	**–**	**–**	**–**	**143.499**	**0.32**	**45.411**	**1.460**
Crown (74%)												
Surface	4.034	0.56	2.263	0.073	10.960	0.48	5.216	0.168	14.995	0.50	7.479	0.240
Total	**4.034**	**0.56**	**2.263**	**0.073**	**10.960**	**0.48**	**5.216**	**0.168**	**14.995**	**0.50**	**7.479**	**0.240**
Total group												
Underground	16.156	6.24	100.861	3.243	4.789	6.05	28.952	0.931	20.944	6.20	129.813	4.174
Surface	154.040	0.35	53.148	1.709	10.960	0.48	5.216	0.168	165.001	0.35	58.364	1.876
Total	**170.196**	**0.90**	**154.009**	**4.952**	**15.749**	**2.17**	**34.168**	**1.099**	**185.945**	**1.01**	**188.177**	**6.050**



Ore Reserves 2008



Ore Reserves 2009

Reserves and resources *(continued)*

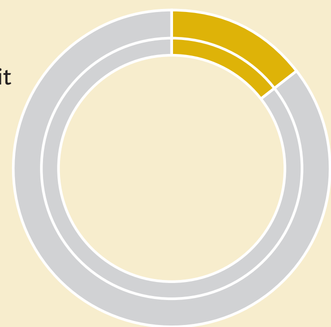
Attributable gold resources at 30 June 2009

	Measured				Indicated			
	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz
Blyvoor (74%)								
Underground	18.304	7.41	135.564	4.358	17.983	4.55	81.840	2.631
Surface	6.507	0.84	5.474	0.176	93.711	0.31	28.928	0.930
Total	**24.811**	**5.68**	**141.038**	**4.534**	**111.694**	**0.99**	**110.768**	**3.561**
ERPM (74%)								
Underground	3.814	6.92	26.384	0.848	10.041	7.47	75.050	2.413
Surface	143.499	0.32	45.411	1.460	–	–	–	–
Total	**147.313**	**0.49**	**71.795**	**2.308**	**10.041**	**7.47**	**75.050**	**2.413**
Crown (74%)								
Underground	–	–	–	–	–	–	–	–
Surface	65.504	0.40	25.968	0.835	275.822	0.25	68.347	2.197
Total	**65.504**	**0.40**	**25.968**	**0.835**	**275.822**	**0.25**	**68.347**	**2.197**
Total group								
Underground	22.118	7.32	161.947	5.206	28.024	5.60	156.890	5.044
Surface	215.510	0.36	76.853	2.471	369.533	0.26	97.275	3.127
Total	**237.628**	**1.00**	**238.800**	**7.677**	**397.557**	**0.64**	**254.165**	**8.171**

Mineral Resources 2008

Surface/underground split

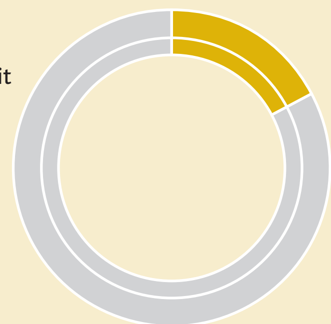
	Moz
Surface	8.0
Underground	46.7



Mineral Resources 2009

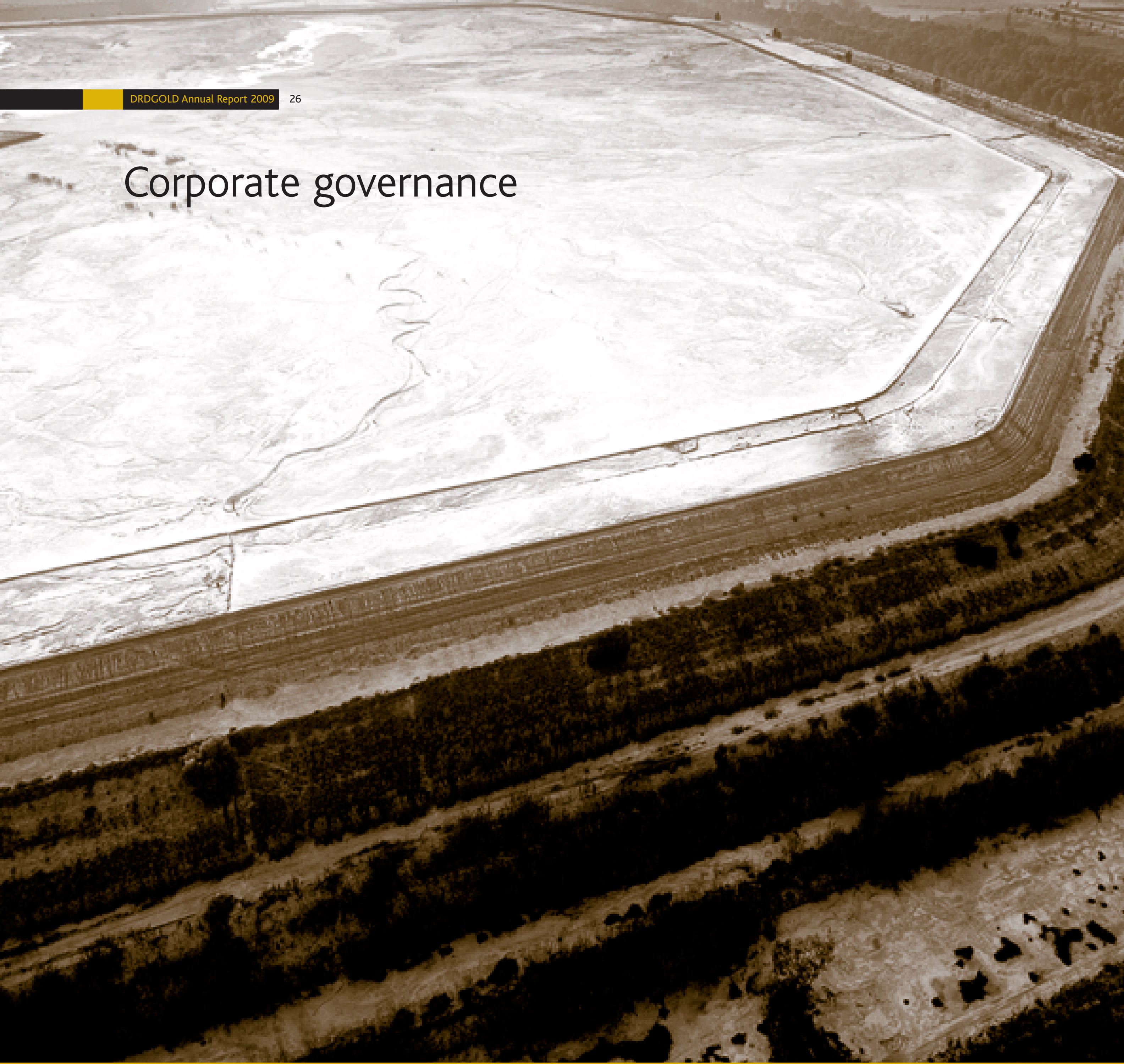
Surface/underground split

	Moz
Surface	9.8
Underground	46.7



	Inferred				Total			
	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz
	103.475	3.22	333.125	10.710	139.762	3.94	550.529	17.700
	6.303	0.25	1.576	0.051	106.521	0.34	35.978	1.157
	109.778	**3.05**	**334.701**	**10.761**	**246.283**	**2.38**	**586.507**	**18.857**
	118.859	6.73	799.381	25.701	132.714	6.79	900.815	28.962
	–	–	–	–	143.499	0.32	45.411	1.460
	118.859	**6.73**	**799.381**	**25.701**	**276.212**	**3.43**	**946.226**	**30.422**
	–	–	–	–	–	–	–	–
	–	–	–	–	341.326	0.28	94.315	3.032
	–	**–**	**–**	**–**	**341.326**	**0.28**	**94.315**	**3.032**
	222.334	5.09	1 132.506	36.411	272.476	5.33	1 451.344	46.662
	584.85	0.22	129.965	4.179	1 169.893	0.26	304.093	9.777
	807.185	**1.56**	**1 262.471**	**40.590**	**1 442.369**	**1.22**	**1 755.437**	**56.439**

Corporate governance



Introduction

DRDGOLD's Board of Directors continues to ensure that the principles of good corporate governance as recognised and practised throughout the world are upheld and implemented. 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 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 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 a guideline for the enhancement of high standards of corporate governance. DRDGOLD has formulated policies and implemented practices which are aimed at achieving compliance with the King II Report in as practical a manner as possible. These policies and practices were in place throughout the year under review. The Third King Report on Corporate Governance in South Africa was published in February 2009 for comment, and finally released on 1 September 2009. It will come into operation in March 2010.

DRDGOLD's shares are quoted on the JSE Limited (JSE), which is its primary listing. DRDGOLD is also 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 Mellon. Accordingly, DRDGOLD is subject to compliance with the Sarbanes-Oxley Act of 2002 (SOX), which is documented in our Form 20F filed annually with the SEC.

Board of Directors

The Board of Directors currently comprises two executive directors: the Chief Executive Officer, Mr Niël Pretorius, and the Chief Financial Officer, Mr Craig Barnes; and four non-executive directors, Messrs Geoffrey Campbell, Robert Hume, James Turk and Edmund Jeneker. The King II Report requires that the board be a unitary one with a balance between the executive and the non-executive directors, and 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 Nasdaq and JSE requirements, the Board of Directors has adopted a formal and transparent policy in terms of which the 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.

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 positions of chief executive officer and chairman as outlined below. On 29 August 2007, the board formally approved a Board Charter which sets out the directors' responsibilities and serves as a standing guideline for the benefit of directors. This is in line with the King II Report.

The chief executive officer must not hold the position of chairman of the board: Since February 2005 the board has continuously satisfied this requirement. The company continues to comply with this requirement as Mr Campbell is the independent non-executive chairman and Mr Pretorius, the Chief Executive Officer. 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 approaches the business of the company in an impartial and objective manner.

Appointment of committees: The board has Audit, Risk, Remuneration, Nominations and Transformation and Sustainable Development (Transco) committees as recommended by the King II Report, as 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 with respect to its composition, duties and responsibilities.

A brief CV of each director: This has been provided for in this report on pages 10 and 11.

Categorisation of each director's capacity: This has been provided for in this report on pages 10 and 11.

Majority of independent directors according to the JSE Listings Requirements: The majority of DRDGOLD's directors are independent in accordance with 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. DRDGOLD also complies with South Africa's Corporate Laws Amendment Act, 2006, which was promulgated on 14 December 2007, in terms of which all members of the Audit Committee must be non-executive directors who act independently. The Audit Charter of the committee deals with all the aspects relating to its functioning.

Regular board evaluation: In August 2009 the board invited an independent external facilitator to assess the performance of the directors, collectively and individually. The facilitator prepared questionnaires, which tested each director's understanding of the effectiveness of the board, its committees and individual directors. Aspects covered included directors, board structure and composition, board processes and accountabilities, strategy, relations with stakeholders, group structure, and overall effectiveness. The facilitator and the chairman of the board have also conducted interviews with each director.

Corporate governance *(continued)*

Appointment of Financial Director: The company appointed Craig Barnes as its Financial Director. The Audit Committee considered and satisfied itself that Mr Barnes has the appropriate expertise and experience required of a financial director. The factors which were taken into account when making the determinations include those set out at page 10.

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 judgement.

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. The board also approves 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.

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. However, the directors are continually provided with information which enables them to carry out their duties. To assist new directors, an induction programme has been established by DRDGOLD, which includes background materials, meetings with senior management, presentations by the group's advisers and visits to operations.

In accordance with DRDGOLD's Articles of Association, all directors are subject to retirement by rotation and re-election by shareholders. In addition, all directors are subject to 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 the company. A structured and efficient procedure has been incorporated into the Board Charter.

Board meetings and resolutions

All board meetings are held quarterly in South Africa. 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 generally the directors are afforded five days to apply their minds to the matter at hand before they approve the resolution.

Board committees

The board has established a number of standing committees to enable it to discharge its duties and responsibilities properly and to carry out its decision-making functions effectively. Each committee acts within written terms of reference which have been approved by the board and according to 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 information that follows reflects the composition and activities of these committees.

Details of attendance by directors at the board meetings held during the 2009 financial year

		2008						2009		
Director	Designation	19 Aug	22 Sep	20 Oct	28 Oct	19 Nov	4 Dec	3 Feb	20 Apr	30 June
J W C Sayers	Chief Executive Officer [1]	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A
D J Pretorius	Chief Executive Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
C C Barnes	Chief Financial Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
G C Campbell	Non-executive chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
D J M Blackmur	Senior Independent non-executive director [2]	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A
R P Hume	Independent non-executive director	✓	✓	✓	✓	✓	✓	✓	✓	✓
J Turk	Non- executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
E A Jeneker	Independent non-executive director	✓	✓	A	A	A	✓	✓	✓	A

A Apologies

N/A Not applicable

✓ Includes attendance through teleconference or videoconference facilities.

(1) Resigned on 31 December 2008.

(2) Directorship terminated on 28 November 2008.

Audit and risk committees

With effect from 11 February 2005, the Audit and Risk committees started to conduct joint quarterly meetings. The Audit Committee is chaired by Mr Hume and the Risk Committee by Mr Pretorius. The reason for the joint sitting is that there is a great deal of overlap between the financial risks discussed at Audit Committee level and at Risk Committee level. The joint sitting brings about better disclosure and ensures that DRDGOLD conforms more closely to the process prescribed by SOX.

Audit committee

The members are: R P Hume (chairman), G C Campbell and E A Jeneker.

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.

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 performed by in-house staff and Pro Optima Audit Services (Pty) Ltd. 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 and 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.

Corporate governance *(continued)*

Details of attendance by members at the audit committee meetings held during the 2009 financial year

	2008				2009	
	18 Aug	22 Sep	20 Oct	1 Dec	3 Feb	20 Apr
R P Hume	✓	✓	✓	✓	✓	✓
G C Campbell	✓	✓	✓	✓	✓	✓
E A Jeneker	✓	✓	A	A	✓	✓

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

Section 404 of SOX stipulates that management is required to assess the effectiveness of the internal controls surrounding the financial reporting process. The results of this assessment are reported in the form of a Management Attestation Report that has to be filed with the SEC as part of the Form 20-F. Additionally, the company's external auditors are required to express an opinion on management's assessment of the operating effectiveness of internal controls over financial reporting. During the third quarter of the 2005 financial year, the SEC granted a one-year extension to 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 of foreign private issuers meeting the definition of an 'accelerated filer'. DRDGOLD's externally audited Section 404 initiative was first reported as of 30 June 2008.

Compliance with the Corporate Laws Amendment Act

The Corporate Laws Amendment Act, 2006 was promulgated on 14 December 2007. In compliance with this legislation, the company has taken a number of steps as outlined below.

- The Audit Committee has nominated the firm KPMG Incorporated as its auditors and the registered auditor is Mr Riaan Davel.
- The Audit Committee is satisfied that the external auditors, KPMG, are independent.
- At its meeting on 20 April 2009, the Audit Committee discussed and approved the audit fees which were proposed by KPMG.
- All non-audit services are brought to the attention of the Audit Committee in the form of a round robin resolution. If the members of the committee are satisfied, that resolution is passed, an engagement letter signed, and KPMG renders the services.
- The company has an anonymous whistle-blower hotline to deal with complaints from within or outside the company and the Group Risk Manager provides the Audit Committee with a regular report on the whistle-blowing programme.
- The board appointed Rob Hume (chairman), Geoffrey Campbell and Edmund Jeneker to serve on the Audit Committee for the 2008-09 financial year.

Risk committee (Risco)

The members are: D J Pretorius (chairman), J Turk, G C Campbell, R P Hume, E A Jeneker and C C Barnes

The Risk Committee was established during January 2004 and currently comprises four non-executive directors and two executive directors. 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. Responsibility for the quality, integrity and reliability of the group's risk management is 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.

The board resolved to appoint Niël Pretorius, the Chief Executive Officer, as chairman of the Risk Committee because it believes that the risks prevailing in a mining company include those relating to safety and these can result in loss of life. By appointing the CEO as chairman, the Risk Committee has someone with hands-on involvement in the company to steer the meeting in the right direction in order to identify and address all the critical issues.

The Risk Committee ensures that:

- an effective risk management programme is implemented and maintained;
- risk management awareness is promoted among 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 that the safety and health of employees is ensured.

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 Group Risk Manager, the Group Financial Manager and the Group Legal Counsel.

Details of attendance by members at the risk committee meetings held during the 2009 financial year

	2008		2009	
	18 Aug	20 Oct	3 Feb	20 Apr
D J Pretorius (1)	N/A	N/A	✓	✓
G C Campbell (1)	N/A	N/A	✓	✓
D J M Blackmur (2)	✓	✓	N/A	N/A
R P Hume (1)	N/A	N/A	✓	✓
J Turk	✓	✓	✓	✓
J W C Sayers (3)	✓	✓	N/A	N/A
C C Barnes	✓	✓	✓	✓
E A Jeneker (1)	N/A	N/A	✓	✓

A Apologies
N/A Not applicable
✓ *Includes attendance through teleconference or videoconference facilities.*
(1) *Appointed as members of the Risk Committee on 3 February 2009.*
(2) *Termination of membership of Risk Committee on 28 November 2008.*
(3) *Resigned on 31 December 2008.*

The system to manage risk involves all significant business and operational risks which could undermine the achievement of business objectives and the preservation of shareholder value. The significant risks facing DRDGOLD, including those at an operational level, have been identified. People have been assigned 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 as well as 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. DRDGOLD's major assets and potential business interruption and liability claims are therefore covered by the group insurance policy, which encompasses all the operations. The majority of these policies are through insurance companies operating in Britain, Europe and the United States.

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

Remuneration committee (Remco)

The members are: E A Jeneker (chairman), R P Hume, G C Campbell and J Turk.

The Remuneration Committee, which comprises directors most of whom are 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. 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.

The committee's obligation 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

Details of attendance by members at the remuneration committee meetings held during the 2009 financial year

	2008			2009		
	9 Jun	19 Aug	20 Oct	3 Feb	9 Feb	20 Apr
E A Jeneker (1)	N/A	N/A	N/A	✓	✓	✓
D J M Blackmur (2)	✓	✓	✓	N/A	N/A	N/A
G C Campbell	✓	✓	✓	✓	✓	✓
J Turk (1)	N/A	N/A	N/A	✓	✓	✓
R P Hume	✓	✓	✓	✓	✓	✓

A Apologies
N/A Not applicable
✓ *Includes attendance through teleconference or videoconference facilities.*
(1) *Appointed members of the Remuneration Committee on 3 February 2009.*
(2) *Termination of membership of the Remuneration Committee on 28 November 2008.*

Corporate governance *(continued)*

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 Executive Officer: 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 is based on a reward system and has four principal elements:

- basic remuneration, as benchmarked 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. It is linked to the criticality of skills and strategic value.

These four elements interact in a matrix, which is designed to reward all employees for their effort and provide a transparent framework. It is reviewed and approved by the Remuneration Committee.

Transformation and sustainable development committee (Transco)

The members are: E A Jeneker (chairman), D J Pretorius and C C Barnes

The board took into account that all the group's operations are now based in South Africa. To achieve the triple bottom line espoused in the King II Report and in order to reach the empowerment goal to which it is committed, the board established this committee, the focus of which is transformation and sustainable development.

Transco's terms of reference were approved by the board at the August 2008 meeting. The objectives of this committee are to:

- promote transformation within the company and economic empowerment of previously disadvantaged communities, particularly within the areas where the company conducts business;
- strive towards achieving the goal of equality, as required by the South African constitution and other legislation and within the context of the demographics of the country, at all levels in the company and its subsidiaries; and
- conduct business in a manner that is conducive to the attainment of internationally acceptable environmental and sustainability standards.

Nominations committee (Nomco)

The members are: G C Campbell (chairman), R P Hume

This committee was established by the board in compliance with JSE Listings Requirements. The terms of reference were approved in August 2008. Its duties include:

- making recommendations to the board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the board generally, and the balance between executive and non-executive directors appointed to the board;
- regular reviewing of the board structure, size and composition and making recommendations to the board with regard to any adjustments that are deemed necessary;
- identifying and nominating candidates for the approval of the board to fill board vacancies as and when they arise, as well as putting in place plans for succession, in particular for the positions of chairman and chief executive officer; and
- making recommendations about re-election with regard to directors who are retiring by rotation.

Annual financial statements

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly present the state of affairs of the group at the end of the financial year, its operations' results and cash flows for the year, in conformity with International Financial Reporting Standards (IFRS) and the South African Companies Act referred to above. The directors are of the opinion that these financial statements, contained on pages 39 to 104 of this report, fairly present the financial position of the group as at 30 June 2009 and the results of its operations and the cash flow information for the year then ended.

The directors have reviewed the group's business plan and cash flow forecast for the year to 30 June 2010. 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.

Share option scheme

At its annual general meeting on 26 November 2004, DRDGOLD changed the option scheme name to that of the DRDGOLD (1996) Share Option Scheme.

Remuneration report

Executive directors' remuneration

The remuneration of the executive directors comprises a basic salary and an annual performance bonus. The full details of the total executive directors' remuneration for the year ended 30 June 2009 are provided in a table on page 40 of this report.

Basic salary

Each executive director receives a basic salary as recommended by the Remuneration Committee in accordance with the Remuneration Policy. All salaries are reviewed annually, with the salaries of executive directors being benchmarked to external market surveys.

Semi-annual performance bonus

Executive directors' service contracts make provision for the members of the executive to be eligible for a discretionary bonus based on agreed key performance indicators. This bonus is approved by the Remuneration Committee.

Share option scheme

At its annual general meeting on 26 November 2004, DRDGOLD changed the option scheme name to that of the 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 42 of this report.

Other benefits

All directors are members of the Group Life Scheme. All directors are reimbursed for any 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 3 February 2009, are as follows:

- chairman's annual fee, R981 000;
- senior independent non-executive director's annual fee, R490 500;
- non-executive director's annual fee, R436 000;
- Audit Committee chairman's annual fee, R43 600;
- Audit Committee member's annual fee, R21 800;
- Nominations Committee chairman's annual fee, R16 350;
- Nominations Committee member's annual fee, R8 175;
- chairmen of Remco, Risco and Transco, annual fee of R32 700 each;
- members of Remco, Risco and Transco, annual fee of R16 350 each;
- non-executive directors' fees to be adjusted annually on the basis of the consumer price index;
- half-day fee for participating by telephone in special board meetings;
- daily fee, R16 350; hourly rate, R2 180; and
- chairman of the board to receive committee fees.

Details of non-executive directors' remuneration can be found on page 40. Previously non-executive directors were granted share options over DRDGOLD's ordinary shares; details of the directors with unexercised options are shown on page 42.

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 41.

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, among 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 position or knowledge gained through their employment with the group for their private or personal advantage.

Outside employment and directorships

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.

Corporate governance *(continued)*

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 communication 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 Chief Executive Officer, Chief Financial Officer, 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 the 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 current listings and the regulatory environments in which it operates. The group's communication activities with its shareholders are premised on a clear understanding that shareholders wish to maximise returns on their investment in the group and that, in order to be able to do this, they and/or their investment advisers require equitable, timely access to operating, financial and other information.

Information defined or deemed to be influential to DRDGOLD's share price is released to the JSE in the first instance and thereafter to the public via the JSE's news dissemination mechanisms. As soon as possible after this, it is sent to all addressees on the group's extensive electronic database. These addressees include shareholders, fund managers, analysts and media representatives. 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 the two markets in which it is listed, and by teleconferences and webcasts. At the end of every other quarter, the results commentary is accessible via teleconferences and webcasts.

A primary channel for communication with 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 or 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, increasingly, much of this communication 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 of and support for management's 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 39 to 104, have been prepared in accordance with IFRS and include amounts based on judgements and estimates made by management.

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 IFRS. This report will be available from the Bank of New York Mellon and on the worldwide web at *www.sec.gov* to holders of DRDGOLD's securities listed in the form of American Depositary Receipts on Nasdaq.

Contents list for annual financial statements

36 Directors' responsibility for the annual financial statements

36 Company Secretary's report

37 Report of the Audit Committee

38 Report of the independent auditor

39 Directors' report

46 Group statement of comprehensive income

47 Company statement of comprehensive income

48 Statements of financial position

49 Statements of changes in equity

50 Statements of cash flow

51 Notes to the statements of cash flow

54 Notes to the annual financial statements

Directors' responsibility for the annual financial statements

The Board of Directors (board) is responsible for the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of the group and the company at the end of the financial year, the income and cash flow for that period and other related information included in this annual report.

In order for the board to discharge its responsibilities, management has developed and continues to maintain a system of internal 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 annual financial statements have been prepared in accordance with the provisions of the Companies Act of South Africa and comply with International Financial Reporting Standards (IFRS). 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.

It is the responsibility of the independent auditors to express an opinion on the annual financial statements. This report to the members of the company is set out on page 38.

The annual financial statements for the year ended 30 June 2009 set out on pages 39 to 104 were approved by the board on 16 September 2009 and are signed on its behalf by:

R P Hume
Chairman: Audit Committee

C C Barnes
Chief Financial Officer

Company Secretary's report

I certify, in accordance with Section 285G(d) of the Companies Act 61, 1973 as amended, that to the best of my knowledge and belief, the company has lodged with the Registrar of Companies for the financial year ended 30 June 2009 all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

T J Gwebu
Company Secretary

Report of the Audit Committee

The legal responsibilities of the DRDGOLD Limited group Audit Committee are set out in Section 270A (1)(F) of the Companies Act, 61 of 1973 (as amended by the Corporate Laws Amendment Act). These responsibilities, together with the requirements of the JSE and compliance with appropriate governance and international best practice, are incorporated in the Audit Committee's charter, which was reviewed and approved by the Board of Directors during 2009. The Audit Committee has regulated its affairs in compliance with this mandate, and has discharged all of the responsibilities set out therein.

The Audit Committee was formally appointed by the board during the period under review.

The biographical details of the members of the committee are set out on page 10 and 11 and the members' fees are included in the table of directors' remuneration on page 40.

Chief Financial Officer – As required by the JSE Listings Requirement 3.84(h), the Audit Committee has satisfied itself that the Group Financial Director has appropriate expertise and experience.

External auditors – The Audit Committee considered the matters set out in Section 270A (5) of the Companies Act, as amended by the Corporate Laws Amendment Act, and:

- is satisfied with the independence and objectivity of the external auditors;
- has approved the external auditors' fees for 2008 and budgeted fees for the 2009 financial year; and
- has approved the non-audit-related services performed by the external auditors' in the year in accordance with the policy established and approved by the board.

Internal auditors – The Audit Committee considered and confirmed the Internal Audit Charter and Audit Plan for the 2009 financial year as well as reviewed the results of the internal audits conducted during the 2009 year.

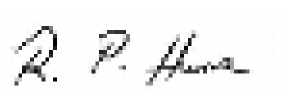
Separate meetings are held with management, external and internal audit representatives to discuss any problems and other matters that they wish to discuss.

To the best of their knowledge and on the basis of the information and explanations given by management and the group internal audit function as well as discussions with the independent external auditors on the results of their audits, the Audit Committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review.

The Audit Committee has evaluated the financial statements of DRDGOLD Limited for the year ended 30 June 2009 and based on the information provided to the audit committee, considers that the group complies, in all material respects, with the requirements of the South African Companies Act (61 of 1973), as amended, IFRS and the Listings Requirements of the JSE.

The Audit Committee has recommended the financial statements to the board for approval. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

The head of internal audit and risk and external auditors have unlimited access to the chairman of the Audit Committee. The chairman of the Audit Committee attends annual general meetings and is available to answer any questions.



R P Hume
Chairman: Audit Committee

16 September 2009

Report of the independent auditor

To the members of DRDGOLD Limited

We have audited the group annual financial statements and the annual financial statements of DRDGOLD Limited, which comprise the statements of financial position at 30 June 2009, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of DRDGOLD Limited at 30 June 2009, and its consolidated and separate financial performance and consolidated and separate 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 R Davel
Chartered Accountant (SA)
Registered Auditor
Director

16 September 2009

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Directors' report

Nature of business

DRDGOLD Limited, which was incorporated on 16 February 1895, has operating gold mines and exploration assets in South Africa. 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 listing on the Johannesburg Securities Exchange, the JSE Limited, and secondary listing on the Nasdaq Capital Market. 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.

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 2009 are set out in the notes to the financial statements on pages 79 to 80 of this report.

The control over the unissued shares of the company is vested in the directors, in specific terms with regard to allotments in terms of the DRDGOLD (1996) Share Option Scheme (as amended) and the allotment of shares for cash, and in general terms with respect to 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 27 November 2009. 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 1 429 715 new ordinary no par value shares were issued as a result of employees exercising their options under the DRDGOLD (1996) Share Option Scheme.

Shares issued

	2009			2008		
	Number of shares	R'000	Average issue price	Number of shares	R'000	Average issue price
At 1 July	**376 571 588**			370 341 981		
Repayment of loan from:						
Investec Bank Limited	–	–	–	5 800 000	27 976	4.82
Specific share issue to:						
DRDGOLD (1996) Share Option Scheme	**1 429 715**	**6 707**	**4.69**	429 607	2 353	5.48
At 30 June	378 001 303			376 571 588		

Directorate

The following changes have been made to the Board of Directors since 1 July 2008:

Appointments	Date
D J Pretorius	21 August 2008

Resignations	Date
J W C Sayers	31 December 2008
D J M Blackmur	28 November 2008

In accordance with the provisions of the company's Articles of Association, Mr R P Hume and Mr J Turk will retire at the forthcoming annual general meeting. They are eligible and have offered themselves for re-election.

Directors' report *(continued)*

Directors' interest in shares

The interests of the directors in the ordinary share capital of the company as at 30 June 2009 were as follows:

	30 June 2009			30 June 2008		
	Beneficial direct	Beneficial indirect	Non-beneficial	Beneficial direct	Beneficial indirect	Non-beneficial
EXECUTIVE DIRECTORS						
D J Pretorius [(1)]	–	–	–	–	–	–
C C Barnes	–	–	–	–	–	–
J W C Sayers [(2)]	–	–	–	–	–	–
	–	–	–	–	–	–
NON-EXECUTIVE DIRECTORS						
G C Campbell	60 000	–	–	60 000	–	–
R P Hume	25 000	75 000	–	15 000	50 000	–
D J M Blackmur [(3)]	–	–	–	20 000	–	–
J Turk	–	43 000	–	–	43 000	–
E A Jeneker	–	–	–	–	–	–
	85 000	118 000	–	95 000	93 000	–
ALTERNATE DIRECTORS						
J H Dissel [(4)]	–	–	–	1 500	–	–
Total	85 000	118 000	–	96 500	93 000	–

[(1)] *Appointed as Chief Executive Officer Designate on 21 August 2008 and Chief Executive Officer on 1 January 2009.*
[(2)] *Resigned as Chief Executive Officer on 31 December 2008.*
[(3)] *Non-executive directorship terminated on 28 November 2008.*
[(4)] *Resigned as an alternate director on 5 May 2008.*

Directors' emoluments – for the year ended 30 June 2009

	Board fees	Salary	Bonuses and performance related payments	Provisions/ Provident scheme contributions	End of contract payment	Total
	R	R	R	R	R	R
EXECUTIVE DIRECTORS						
D J Pretorius [(1)]	–	3 290 792	1 399 219	–	747 347	5 437 358
C C Barnes	–	2 472 181	705 094	–	–	3 177 275
J W C Sayers [(2)]	–	1 795 179	2 201 750	–	–	3 996 929
	–	7 558 152	4 306 063	–	747 347	12 611 562
NON-EXECUTIVE DIRECTORS						
G C Campbell	1 153 953	–	–	–	–	1 153 953
R P Hume	590 067	–	–	–	–	590 067
D J M Blackmur [(3)]	313 502	–	–	–	653 483	966 985
J Turk	530 850	–	–	–	–	530 850
E A Jeneker	545 523	–	–	–	–	545 523
	3 133 895	–	–	–	653 483	3 787 378
Total	3 133 895	7 558 152	4 306 063	–	1 400 830	16 398 940

[(1)] *Appointed as Chief Executive Officer Designate on 21 August 2008 and Chief Executive Officer on 1 January 2009.*
[(2)] *Resigned as Chief Executive Officer on 31 December 2008.*
[(3)] *Non-executive directorship terminated on 28 November 2008.*

Directors' emoluments – for the year ended 30 June 2008

	Board fees	Salary	Bonuses and performance related payments	Provisions/ Provident scheme contributions	End of contract payment	Total
	R	R	R	R	R	R
EXECUTIVE DIRECTORS						
J W C Sayers	–	3 605 408	1 655 168	–	–	5 260 576
C C Barnes (1)	–	388 514	–	–	–	388 514
	–	3 993 922	1 655 168	–	–	5 649 090
NON-EXECUTIVE DIRECTORS						
G C Campbell (2)	1 909 496	–	124 007	–	–	2 033 503
R P Hume	413 510	–	78 746	–	–	492 256
D J M Blackmur	584 679	–	78 746	–	–	663 425
J Turk	440 964	–	80 400	–	–	521 364
E A Jeneker (3)	237 522	–	–	–	–	237 522
	3 586 171	–	361 899	–	–	3 948 070
ALTERNATE DIRECTORS						
J H Dissel (4)	–	1 561 802	715 938	130 031	–	2 407 771
Total	3 586 171	5 555 724	2 733 005	130 031	–	12 004 931

(1) *Appointed as Chief Financial Officer on 5 May 2008.*

(2) *Board fees include R693 501 paid by Emperor Mines Limited to Mr Campbell as chairman of the board.*

(3) *Appointed as non-executive director on 1 November 2007.*

(4) *Resigned as an alternate director on 5 May 2008.*

Directors' service contracts

Service contracts have been concluded with the executive as well as non-executive directors. Details of the contracts are set out in the table below.

The directors had no conflicting interests during the year under review and up to the date of issue of the financial statements.

Director	Title	Date of appointment	Term	Unexpired term of service contract
D J Pretorius	Chief Executive Officer	1/1/2009	3 years	30 months
C C Barnes	Chief Financial Officer	5/5/2008	3 years	22 months
R P Hume	Non-executive director	1/10/2008	2 years	15 months
G C Campbell	Non-executive chairman	1/11/2007	2 years	4 months
J Turk	Non-executive director	1/11/2008	2 years	16 months
E A Jeneker	Non-executive director	1/11/2007	2 years	4 months

Directors' report *(continued)*

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 the options.

In the past financial year the directors have exercised nil (2008: nil) share options. Over the same period the directors' gains on share options exercised were Rnil compared with Rnil in the previous financial year. Details of share options held by directors are listed below.

The directors have granted 4 647 800 options in terms of the scheme in the current financial year compared with 4 581 800 options in the previous financial year.

Share options

	Executive		Non-executive						
	D J Pretorius	C C Barnes	G C Campbell	R P Hume	J Turk	D J M Blackmur	E A Jeneker	Other partici-pants	Total
Balance at 1 July 2008									
Number	992 434	362 381	57 994	77 907	–	–	–	14 444 903	15 935 619
Ave strike price	6.98	6.25	19.35	16.92	–	–	–	13.98	13.85
Granted during year									
Number	291 052	213 845	–	–	–	–	–	4 142 903	4 647 800
Ave strike price	3.50	3.50	–	–	–	–	–	3.50	3.50
Exercised during year									
Number	–	–	–	–	–	–	–	(1 429 715)	(1 429 715)
Ave strike price	–	–	–	–	–	–	–	4.69	4.69
Lapsed during year									
Number	–	–	–	–	–	–	–	(1 848 775)	(1 848 775)
Ave strike price	–	–	–	–	–	–	–	10.71	10.71
Balance at 30 June 2009									
Number	1 283 486	576 226	57 994	77 907	–	–	–	15 309 316	17 304 929
Ave strike price	6.19	5.23	19.35	16.92	–	–	–	12.41	11.75
Share gain for the year – R'000	–	–	–	–	–	–	–	4 957	4 957
Ave price exercised – R per share	–	–	–	–	–	–	–	8.16	8.16

Share options available for allocation

	2009	2008
Balance of options available for allocation as at the beginning of the financial year	**56 485 738**	55 551 297
Number of options granted during the current financial year	**(4 647 800)**	(4 581 800)
Number of options lapsed during the financial year	**1 848 775**	4 471 348
Number of options exercised during the current financial year and available for re-allotment	**1 429 715**	429 607
Additional options available as a result of an increase in issued share capital during the current financial year	**1 583 767**	615 286
Balance of options available for allocation as at the end of the financial year	**56 700 195**	56 485 738

Financial statements results and going concern

The group financial statements include the financial position, results and cash flows of the company, its subsidiaries and joint ventures from 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 manner required by the Companies Act of South Africa. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements 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 statements of financial position.

Review of operations

The performance of the various operations is comprehensively reviewed on pages 14 to 19. This information is unaudited.

Change in business

Ergo Mining (Pty) Ltd (Ergo JV) and ErgoGold (formerly Elsburg Gold Mining Joint Venture)

On 7 June 2007, DRDGOLD and Mintails announced the formation of ErgoGold whereby DRDGOLD SA, which is 74% owned by DRDGOLD and 26% by black economic empowerment shareholders, Khumo Gold SPV (Pty) Limited and the DRDSA Empowerment Trust. DRDGOLD contributed the Elsburg Tailings Complex (some 180 million tonnes) and Mintails, through its subsidiary Mintails SA, contributed the usage of one refurbished CIL gold circuit at its Brakpan plant to ErgoGold in order to commence the processing of tailings on the East Rand for the recovery of gold. ErgoGold was constituted through the structure of a 50:50 joint venture agreement between DRDGOLD SA, through ERPM, and Mintails SA, through Mogale Gold.

On 26 November 2007, DRDGOLD and Mintails announced a significant expansion of their joint activities through the planned refurbishment of infrastructure at the Brakpan plant and an increase in available tailings material for processing to approximately 1.7 billion tonnes, including the Elsburg Tailings Complex. This expansion was consummated through the creation of a 50:50 joint venture entity, namely the Ergo JV. The Ergo JV plans to explore, evaluate and process up to 1.7 billion tonnes of surface gold-, uranium- and sulphur-bearing tailings from the East and Central Rand goldfields of South Africa.

In October 2008, DRDGOLD announced that DRDGOLD SA would be acquiring, through its subsidiary ERPM, an additional 15% interest in ErgoGold from the Mintails group for a purchase consideration of R100 million and that ERPM had been granted an option to acquire a further 11.4% interest in ErgoGold.

In December 2008, DRDGOLD announced that it would be acquiring Mintails' remaining interest in ErgoGold, that is, by acquiring the remaining 23.6% interest if ERPM exercised its option prior to the implementation of the 35% acquisition, or the remaining 35% interest if ERPM did not exercise its option.

The option was not exercised by ERPM and therefore DRDGOLD acquired 35% of ErgoGold for a purchase consideration of R177 million.

The 50:50 interests of the DRDGOLD and Mintails groups in the Ergo JV were not affected by the transactions.

ERPM's underground operations halted

Underground mining at ERPM was halted on 31 October 2008 when pumping infrastructure could no longer cope with rising underground water levels. On 19 November 2008, DRDGOLD advised unions of its intention to place on care and maintenance the underground operations of ERPM and to proceed with a consultation process, in terms of Section 189A of the Labour Relations Act, to determine the future of the mine's 1 700 employees. On 20 January 2009, consultations, in terms of Section 189A of the Labour Relations Act, were concluded and 1 335 employees were retrenched. ERPM continues as a surface retreatment operation. On 27 August 2009 care and maintenance of the underground operations was also stopped.

Directors' report *(continued)*

Subsidiaries

The following information relates to the company's financial interest in its subsidiaries at 30 June 2009:

	Issued ordinary share capital				
	Number of shares	% held	Shares at cost less impairments R'000	Effective date of acquisition	Indebtedness less impairments R'000
SOUTH AFRICA					
Argonaut Financial Services (Pty) Limited	100	100	–	1 Oct 1997	18 945
Crown Consolidated Gold Recoveries Limited	51 300 000	100	–	14 Sep 1998	(245 316)
DRDGOLD South African Operations (Pty) Limited (1)	1 000 000	74	113 177	14 Nov 2005	1 122 891
East Champ d'Or Gold Mine Limited	7	100	–	1 Apr 1996	–
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	118 505 000	100	–	1 Jan 1996	(42 092)
Roodepoort Gold Mine (Pty) Limited	1	100	–	1 Jan 1996	–
West Witwatersrand Gold Holdings Limited	99 000 000	100	–	1 Apr 1996	(22 996)
Guardrisk Insurance Company Limited	20	100	100	1 Jul 2008	–
ErgoGold (1)	–	35	52 551	31 Mar 2009	204 985
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	5	100	–	4 Nov 2005	–
Total			165 828		1 036 417

(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, 100% of Crown Gold Recoveries (Pty) Limited, 50% of Ergo Mining (Pty) Limited and 65% of the Elsburg Gold Mining Joint Venture (ErgoGold) (unincorporated).*

Gold production – Metric

		Year ended June 2009 [1]			Year ended June 2008 [1]		
		Continuing operations	Discontinued operation [2]	Total group	Continuing operations	Discontinued operation [2]	Total group
SOUTH AFRICA							
Underground							
Ore milled	– t'000	**787**	–	**787**	990	–	990
Gold produced	– kg	**3 354**	–	**3 354**	4 996	–	4 996
Yield	– g/tonne	**4.26**	–	**4.26**	5.05	–	5.05
Surface treatment							
Ore milled	– t'000	**13 736**	–	**13 736**	13 813	–	13 813
Gold produced	– kg	**4 350**	–	**4 350**	4 584	–	4 584
Yield	– g/tonne	**0.32**	–	**0.32**	0.33	–	0.33
AUSTRALASIA							
Ore milled	– t'000	–	–	–	–	56	56
Gold produced	– kg	–	–	–	–	417	417
Yield	– g/tonne	–	–	–	–	7.45	7.45
Total attributable							
Ore milled	– t'000	**14 523**	–	**14 523**	14 803	56	14 859
Gold produced	– kg	**7 704**	–	**7 704**	9 580	417	9 997
Yield	– g/tonne	**0.53**	–	**0.53**	0.65	7.45	0.67

(1) *Unaudited.*

(2) *The discontinued operation relates to Emperor, which was sold on 22 October 2007.*

Gold production – Imperial

		Year ended June 2009 [1]			Year ended June 2008 [1]		
		Continuing operations	Discontinued operation [2]	Total group	Continuing operations	Discontinued operation [2]	Total group
SOUTH AFRICA							
Underground							
Ore milled	– t'000	**866**	–	**866**	1 089	–	1 089
Gold produced	– troy ounces	**107 833**	–	**107 833**	160 625	–	160 625
Yield	– ounces/tonne	**0.125**	–	**0.125**	0.147	–	0.147
Surface treatment							
Ore milled	– t'000	**15 142**	–	**15 142**	15 227	–	15 227
Gold produced	– troy ounces	**139 857**	–	**139 857**	147 380	–	147 380
Yield	– ounces/tonne	**0.009**	–	**0.009**	0.010	–	0.010
AUSTRALASIA							
Ore milled	– t'000	–	–	–	–	62	62
Gold produced	– troy ounces	–	–	–	–	13 427	13 427
Yield	– ounces/tonne	–	–	–	–	0.217	0.217
Total attributable							
Ore milled	– t'000	**16 008**	–	**16 008**	16 316	62	16 378
Gold produced	– troy ounces	**247 690**	–	**247 690**	308 005	13 427	321 432
Yield	– ounces/tonne	**0.015**	–	**0.015**	0.019	0.217	0.020

(1) *Unaudited.*

(2) *The discontinued operation relates to Emperor, which was sold on 22 October 2007.*

Group statement of comprehensive income

for the year ended 30 June 2009

		Continuing operations		Discontinued operations (1)		Total operations	
		2009	2008	2009	2008	2009	2008
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	2	**1 910 738**	1 843 912	–	89 235	**1 910 738**	1 933 147
Cost of sales		**(1 834 025)**	(1 598 364)	–	(139 369)	**(1 834 025)**	(1 737 733)
Operating costs		**(1 687 359)**	(1 503 015)	–	(124 437)	**(1 687 359)**	(1 627 452)
Depreciation	10	**(99 217)**	(69 077)	–	(854)	**(99 217)**	(69 931)
Retrenchment costs	3	**(34 922)**	(11 344)	–	–	**(34 922)**	(11 344)
Movement in provision for environmental rehabilitation	19	**(19 545)**	(30 171)	–	(4 019)	**(19 545)**	(34 190)
Movement in gold in progress		**7 018**	15 243	–	(10 059)	**7 018**	5 184
Gross profit/(loss) from operating activities		**76 713**	245 548	–	(50 134)	**76 713**	195 414
Loss on derivative financial instruments		**–**	–	–	(433)	**–**	(433)
Impairments	3	**(75 138)**	(63 915)	–	(46 718)	**(75 138)**	(110 633)
Administration expenses and general costs		**(83 583)**	(79 439)	–	(20 084)	**(83 583)**	(99 523)
Results from operating activities	3	**(82 008)**	102 194	–	(117 369)	**(82 008)**	(15 175)
Finance income	5	**205 991**	91 975	–	3 040	**205 991**	95 015
Finance expenses	6	**(41 743)**	(108 068)	–	(59 625)	**(41 743)**	(167 693)
Profit/(loss) before taxation		**82 240**	86 101	–	(173 954)	**82 240**	(87 853)
Income tax	7	**28 444**	68 303	–	75 408	**28 444**	143 711
Profit/(loss) after taxation		**110 684**	154 404	–	(98 546)	**110 684**	55 858
Profit on disposal of discontinued operations	8	**–**	–	–	1 169 210	**–**	1 169 210
Profit for the year		110 684	154 404	–	1 070 664	110 684	1 225 068
Attributable to:							
Equity owners of the parent		**129 124**	128 558	–	867 483	**129 124**	996 041
Non-controlling interest		**(18 440)**	25 846		203 181	**(18 440)**	229 027
Profit for the year		110 684	154 404	–	1 070 664	110 684	1 225 068
Other comprehensive income, net of tax:							
Fair value adjustment on available-for-sale investment		**(1 133)**	1 744	–	–	**(1 133)**	1 744
Foreign exchange (loss)/gain on translation		**(606)**	83 571	–	–	**(606)**	83 571
Transfer of reserve on disposal of subsidiaries		**–**	–	–	(184 079)	**–**	(184 079)
Non-controlling interest at acquisition of subsidiary		**12 892**	–	–	–	**12 892**	–
Revaluation of fixed assets through acquisition of subsidiary		**180 192**	–	–	–	**180 192**	–
Total comprehensive income for the year		302 029	239 719	–	886 585	302 029	1 126 304
Attributable to:							
Equity owners of the parent		**260 727**	199 902	–	867 483	**260 727**	1 067 385
Non-controlling interest		**41 302**	39 817	–	19 102	**41 302**	58 919
Total comprehensive income for the year		302 029	239 719	–	886 585	302 029	1 126 304
Earnings per share attributable to equity owners of the parent							
Basic and diluted earnings per share (cents)	9	**34**	34	–	231	**34**	265

(1) *The discontinued operations relate to the Porgera Joint Venture (disposed on 17 August 2007), Emperor (disposed on 22 October 2007) and Netgold (disposed on 13 March 2008).*

The accompanying notes are an integral part of these consolidated financial statements.

Company statement of comprehensive income

for the year ended 30 June 2009

	Note	2009 R'000	2008 R'000
Revenue	2	–	–
Cost of sales		(38 905)	(23 663)
Operating costs		(11 822)	(15 242)
Depreciation	10	(280)	(430)
Retrenchment costs	3	(4 241)	(4 961)
Movement in provision for environmental rehabilitation	19	(22 562)	(3 030)
Gross loss from operating activities		(38 905)	(23 663)
(Impairments)/reversal of impairments	3	(46 676)	809 227
Administration expenses and general costs		(26 080)	(21 765)
Results from operating activities	3	(111 661)	763 799
Finance income	5	93 196	72 155
Finance expenses	6	(15 191)	(109 222)
(Loss)/profit before taxation		(33 656)	726 732
Income tax	7	15 568	–
(Loss)/profit for the year		(18 088)	726 732
Other comprehensive income, net of tax:			
Fair value adjustment on available-for-sale investment		(168)	260
Total comprehensive income for the year		(18 256)	726 992

The accompanying notes are an integral part of these financial statements.

Statements of financial position

at 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		Note	COMPANY 2009 R'000	COMPANY 2008 R'000
		ASSETS			
1 073 290	**2 075 252**	**Non-current assets**		**1 276 790**	851 145
812 875	**1 733 219**	Property, plant and equipment	10	**196**	371
176 123	**172 680**	Non-current investments and other assets	11	**55 164**	74 450
		Investments in subsidiaries	12	**1 202 245**	776 324
2 717	**4 238**	Non-current inventories	15	**–**	–
81 575	**165 115**	Deferred tax asset	21	**19 185**	–
1 189 205	**550 520**	**Current assets**		**248 897**	699 460
62 857	**93 935**	Inventories	15	**264**	218
240 278	**87 960**	Trade and other receivables	16	**8 656**	26 770
210	**70**	Current tax asset		**–**	–
846 114	**353 555**	Cash and cash equivalents		**224 977**	657 472
39 746	**15 000**	Assets classified as held for sale	17	**15 000**	15 000
2 262 495	**2 625 772**	**Total assets**		**1 525 687**	1 550 605
		EQUITY AND LIABILITIES			
1 305 461	**1 583 979**	**Equity**		**1 416 784**	1 462 527
1 244 257	**1 481 473**	Equity of the owners of the parent	18	**1 416 784**	1 462 527
61 204	**102 506**	Non-controlling interest			
529 654	**715 799**	**Non-current liabilities**		**82 417**	59 364
381 252	**412 454**	Provision for environmental rehabilitation	19	**82 417**	59 364
22 740	**43 639**	Post-retirement and other employee benefits	20	**–**	–
–	**194 560**	Deferred tax liability	21	**–**	–
125 662	**65 146**	Loans and borrowings	22	**–**	–
427 380	**325 994**	**Current liabilities**		**26 486**	28 714
385 110	**322 138**	Trade and other payables		**25 662**	28 187
39 972	**2 101**	Loans and borrowings	22	**–**	–
1 771	**931**	Current tax liability		**–**	–
527	**824**	Bank overdraft		**824**	527
2 262 495	**2 625 772**	**Total equities and liabilities**		**1 525 687**	1 550 605

The accompanying notes are an integral part of these consolidated financial statements.

Statements of changes in equity

at 30 June 2009

	Number of ordinary shares	Number of cumulative preference shares	Share capital and share premium	Cumulative preference share capital	Revaluation and other reserves [(1)]	Accumulated loss	Equity of the owners of the parent	Non-controlling interest	Total equity
			R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP									
Balance at 30 June 2007	370 341 981	5 000 000	4 069 096	500	256 488	(4 184 913)	141 171	2 285	143 456
Issued shares for cash	5 800 000		27 976				27 976		27 976
Staff options exercised	429 607		2 353				2 353		2 353
Share issue expenses			(1 219)				(1 219)		(1 219)
Share-based payments					6 591		6 591		6 591
Total comprehensive income for the year					(55 145)	1 122 530	1 067 385	58 919	1 126 304
Fair value adjustment on available-for-sale investment					1 744		1 744		1 744
Transfer of reserve on disposal of subsidiaries					(126 489)	126 489	–	(184 079)	(184 079)
Foreign exchange gain on translation					69 600		69 600	13 971	83 571
Profit for the year						996 041	996 041	229 027	1 225 068
Balance at 30 June 2008	376 571 588	5 000 000	4 098 206	500	207 934	(3 062 383)	1 244 257	61 204	1 305 461
Staff options exercised	1 429 715		6 707				6 707		6 707
Share issue expenses			(433)				(433)		(433)
Share-based payments					7 873		7 873		7 873
Total comprehensive income for the year					131 603	129 124	260 727	41 302	302 029
Fair value adjustment on available-for-sale investment					(1 133)		(1 133)		(1 133)
Foreign exchange loss on translation					(606)		(606)		(606)
Non-controlling interest forming part of the acquisition of subsidiary								12 892	12 892
Revaluation of fixed assets through acquisition of subsidiary					133 342		133 342	46 850	180 192
Profit/(loss) for the year						129 124	129 124	(18 440)	110 684
Dividend on ordinary share capital						(37 658)	(37 658)		(37 658)
Balance at 30 June 2009	378 001 303	5 000 000	4 104 480	500	347 410	(2 970 917)	1 481 473	102 506	1 583 979
COMPANY									
Balance at 30 June 2007	370 341 981	5 000 000	4 069 096	500	24 120	(3 390 574)	703 142		703 142
Issued shares for cash	5 800 000		27 976				27 976		27 976
Staff options exercised	429 607		2 353				2 353		2 353
Share issue expenses			(1 219)				(1 219)		(1 219)
Share-based payments					3 283		3 283		3 283
Total comprehensive income for the year					260	726 732	726 992		726 992
Fair value adjustment on available-for- sale investment					260		260		260
Profit for the year						726 732	726 732		726 732
Balance at 30 June 2008	376 571 588	5 000 000	4 098 206	500	27 663	(2 663 842)	1 462 527		1 462 527
Staff options exercised	1 429 715		6 707				6 707		6 707
Share issue expenses			(433)				(433)		(433)
Share-based payments					3 897		3 897		3 897
Total comprehensive income for the year					(168)	(18 088)	(18 256)		(18 256)
Fair value adjustment on available-for-sale investment					(168)		(168)		(168)
Loss for the year						(18 088)	(18 088)		(18 088)
Dividend on ordinary share capital						(37 658)	(37 658)		(37 658)
Balance at 30 June 2009	378 001 303	5 000 000	4 104 480	500	31 392	(2 719 588)	1 416 784		1 416 784

[(1)] *Revaluation and other reserves comprise foreign exchange differences arising on translation of foreign subsidiaries, share-based payment reserves and asset revaluation reserves.*

The accompanying notes are an integral part of these consolidated financial statements.

Statements of cash flow

for the year ended 30 June 2009

GROUP				COMPANY	
2008 R'000	2009 R'000		Note	2009 R'000	2008 R'000
		Cash flows from operating activities			
1 933 147	**1 910 738**	Cash received from sales of precious metals		**–**	–
(1 728 030)	**(1 745 805)**	Cash paid to suppliers and employees		**(31 480)**	(40 885)
205 117	**164 933**	Cash generated by/(applied to) operations	A	**(31 480)**	(40 885)
46 859	**88 964**	Finance income		**72 163**	35 289
4 074	**4 829**	Dividends received		**1 338**	1 487
(35 528)	**(3 605)**	Finance expenses		**(41)**	(6 060)
(37 902)	**(46 889)**	Income tax paid		**(3 617)**	–
182 620	**208 232**	Net cash inflow/(outflow) from operating activities		**38 363**	(10 169)
		Cash flows from investing activities			
(26 539)	**(6 049)**	Purchase of investments		**–**	–
19 225	**47 467**	Proceeds on sale of investments		**21 226**	12 000
(286 664)	**(345 132)**	Additions to property, plant and equipment		**(105)**	(26)
10 054	**10 816**	Proceeds on disposal of property, plant and equipment		**–**	–
–	**–**	(Increase)/decrease in amounts owing by subsidiaries		**(280 121)**	645 364
(121 761)	**(277 821)**	Cash flow on acquisition/disposal of subsidiaries, net of cash	B	**(178 071)**	–
1 936 726	**(20 000)**	Cash flow on (acquisition)/disposal of joint ventures, net of cash	C	**–**	–
–	**(2 700)**	Cash flow on acquisition of associate	D	**(2 700)**	–
1 531 041	**(593 419)**	Net cash (outflow)/inflow from investing activities		**(439 771)**	657 338
		Cash flows from financing activities			
30 329	**6 707**	Proceeds from the issue of shares		**6 707**	30 329
24 864	**–**	Advances of loans and borrowings		**–**	–
(819 916)	**(54 438)**	Repayments of loans and borrowings		**–**	–
(1 219)	**(433)**	Share issue expenses		**(433)**	(1 219)
–	**(37 658)**	Dividends paid		**(37 658)**	–
(74 080)	**–**	Capital distribution to non-controlling interest		**–**	–
(840 022)	**(85 822)**	Net cash (outflow)/inflow from financing activities		**(31 384)**	29 110
873 639	**(471 009)**	**Net (decrease)/increase in cash and cash equivalents**		**(432 792)**	676 279
(12 429)	**845 587**	Cash and cash equivalents at the beginning of the year		**656 945**	(19 334)
(15 623)	**(21 847)**	Foreign exchange movements		**–**	–
845 587	**352 731**	**Cash and cash equivalents at the end of the year**	E	**224 153**	656 945

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the statements of cash flow

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		A CASH GENERATED BY/(APPLIED TO) OPERATIONS		
(87 853)	82 240	Profit/(loss) before taxation	(33 656)	726 732
		Adjusted for		
69 931	99 217	Depreciation	280	430
34 190	19 545	Movement in provision for environmental rehabilitation	22 562	3 030
(5 184)	(7 018)	Movement in gold in progress	–	–
433	–	Loss on derivative instruments	–	–
110 633	75 138	Impairments/(reversal of impairments)	46 676	(809 227)
(10 054)	(10 266)	Profit on sale of property, plant and equipment	–	–
6 591	7 873	Share-based payments	3 897	3 283
(5 227)	113	Impairment/(reversal of impairment) loss on trade receivables	196	(2 909)
–	18 226	Actuarial losses on post-retirement and other employee benefits	–	–
(95 015)	(205 991)	Finance income	(93 196)	(72 155)
167 693	41 743	Finance expenses	15 191	109 222
186 138	120 820	Operating cash flows before working capital changes	(38 050)	(41 594)
18 979	44 113	**Working capital changes**	6 570	709
(117 271)	156 042	Change in trade and other receivables	8 912	(411)
(3 310)	(16 648)	Change in inventories	(47)	(174)
142 815	(97 954)	Change in trade and other payables	(2 295)	1 294
(3 255)	2 673	Change in post-retirement and other employee benefits	–	–
205 117	164 933	**Cash generated by/(applied to) operations**	(31 480)	(40 885)
		B CASH FLOW ON ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH		
		Total net cash flow on acquisition/disposal of subsidiaries		
(21 878)	–	Netgold Limited	–	–
(99 883)	–	Emperor Mines Limited	–	–
–	(100)	DRDGOLD Limited (Cell No. 170)	(100)	–
–	(277 721)	ErgoGold	(177 971)	–
(121 761)	(277 821)		(178 071)	–
		Disposal of Netgold Limited		
		On 30 March 2008 DRDGOLD disposed of its 50.25% shareholding in NetGold Services Limited (NetGold) and, in exchange for its shareholding in NetGold, obtained a 12.3% stake in G M Networks Limited (GoldMoney).		
		The fair value of the net assets disposed were as follows:		
21 908	–	Inventories		
7 283	–	Trade and other receivables		
21 878	–	Cash and cash equivalents		
(37 446)	–	Trade and other payables		
13 623	–	Carrying value at time of disposal		
–	–	Total cash consideration		
(21 878)	–	Less: cash and cash equivalents of disposed entity		
(21 878)	–	**Cash flow on disposal of subsidiary, net of cash disposed**		

Notes to the statements of cash flow *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		B CASH FLOW ON ACQUISITION/DISPOSAL OF SUBSIDIARIES, NET OF CASH *(continued)*		
		Disposal of Emperor Mines Limited		
		DRDGOLD disposed of its 78.72% interest in Emperor in October 2007 for a total consideration of R355.8 million.		
		The fair value of the net assets disposed were as follows:		
13 469	–	Property, plant and equipment		
32 646	–	Inventories		
62 523	–	Trade and other receivables		
455 708	–	Cash and cash equivalents		
(15 535)	–	Provision for environmental rehabilitation		
(283)	–	Post-retirement and other employee benefits		
31	–	Amounts owing by group companies		
(138 189)	–	Trade and other payables		
(6 160)	–	Taxation payable		
404 210	–	Carrying value at time of disposal		
355 826	–	Total cash consideration		
(455 709)	–	Less: cash and cash equivalents of disposed entity		
(99 883)	–	**Cash flow on disposal of subsidiary, net of cash disposed**		
		Acquisition of DRDGOLD Limited (Cell No. 170)		
		On 1 July 2008, DRDGOLD acquired 100% of a separate class of share in Guardrisk Insurance Company Limited known as DRDGOLD Limited (Cell No. 170).		
–	(100)	**Cash flow on acquisition of subsidiary**	(100)	–
		Acquisition of ErgoGold (formerly Elsburg Gold Mining Joint Venture)		
		On 31 March 2009, East Rand Proprietary Mines Limited and DRDGOLD acquired 15% and 35% respectively from Mogale Gold (Pty) Limited.		
		The fair value of the net assets acquired net of non-controlling interest were as follows:		
–	409 118	Property, plant and equipment	276 001	–
–	8 236	Inventories	5 556	–
–	438	Trade and other receivables	295	–
–	13 975	Amounts owing by group companies	13 975	–
–	768	Cash and cash equivalents	518	–
–	(85 586)	Deferred tax liability	(57 738)	–
–	(15 389)	Trade and other payables	(10 381)	–
–	331 560	Carrying value at time of acquisition	228 226	–
	(833)	Less: cash and cash equivalents acquired	–	–
	(53 006)	Negative goodwill on acquisition	(50 255)	–
–	(277 721)	**Cash flow on acquisition of subsidiary, net of cash acquired**	(177 971)	–

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		C CASH FLOW ON ACQUISITION/DISPOSAL OF JOINT VENTURES, NET OF CASH		
		Acquisition of Witfontein Mining (Pty) Limited		
		On 28 February 2009, DRDGOLD through its subsidiary Argonaut Financial Services (Pty) Limited acquired a 50% interest in Witfontein Mining (Pty) Limited and entered into a joint venture agreement with Mintails SA (Pty) Limited owning the remaining 50%.		
–	(20 000)	Cash flow on acquisition of joint venture	–	–
		Disposal of Porgera Joint Venture		
		On 17 August 2007, Emperor Mines Limited disposed of its 20% interest in the Porgera Joint Venture.		
		The fair value of the net assets disposed of were as follows:		
500 698	–	Property, plant and equipment		
326 167	–	Inventories		
17 616	–	Trade and other receivables		
2 408	–	Cash and cash equivalents		
(48 133)	–	Trade and other payables		
(81 108)	–	Provisions		
717 648	–	Carrying value at time of disposal		
1 939 134	–	Total cash consideration		
(2 408)	–	Less: cash and cash equivalents of disposed entity		
1 936 726	–	Cash flow on disposal of joint venture		
		D CASH FLOW ON ACQUISITION OF ASSOCIATE		
		Acquisition of West Wits SA (Pty) Limited		
		In January 2009, DRDGOLD acquired a 28.33% interest in West Wits SA (Pty) Limited.		
–	(2 700)	Cash flow on investment in associate	(2 700)	–
		E CASH AND CASH EQUIVALENTS		
		Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with an original maturity of three months or less. Included in cash and cash equivalents is restricted cash in the form of a guarantee relating to the rehabilitation of the Brakpan tailings dump, given to AngloGold Ashanti Limited and amounting to R49.6 million.		
846 114	**353 555**	Cash and cash equivalents	**224 977**	657 472
(527)	**(824)**	Bank overdrafts	**(824)**	(527)
845 587	**352 731**		**224 153**	656 945
		CASH FLOWS FROM DISCONTINUED OPERATIONS		
(150 703)	–	Net cash from operating activities	–	–
1 080 541	–	Net cash from investing activities	–	–
(1 046 610)	–	Net cash from financing activities	–	–
		CASH FLOWS RELATING TO EXPLORATION ASSETS		
82 129	**27 401**	Cash flow from investing activities	–	–

Notes to the annual financial statements

for the year ended 30 June 2009

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 2009 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) and the Companies Act of South Africa, as amended.

The financial statements were approved by the Board of Directors on 16 September 2009.

Basis of measurement

The financial statements are prepared on the historical cost basis, unless otherwise stated.

Functional and presentation currency

The financial statements are presented in South African rands, which is the company's functional currency. All financial information presented in South African rands has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reporting 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. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. 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.

The judgements that management has applied in the application of accounting policies, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in note 28.

Significant accounting policies

The accounting policies set out below have been applied consistently by all entities in the group to all periods presented.

Changes in accounting policy

The group adopted the following new standards, amendments to standards and interpretations:

- IAS 1 – Presentation of Financial Statements
- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 14 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

The group early adopted IAS 1 – Presentation of Financial Statements as of 1 July 2009. This standard affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRS standards.

IFRIC 12 – Service Concession Arrangements

The group adopted IFRIC 12 – Service Concession Arrangements as of 30 June 2008. This interpretation deals with governments that have entered into contractual service arrangements to attract private sector participation in the development, financing, operation and maintenance of such infrastructure. The group has not entered into contractual service arrangements with the government. The adoption of the interpretation did not have any effect on the financial position or performance of the group.

IFRIC 13 – Customer Loyalty Programmes

The group adopted IFRIC 13 – Customer Loyalty Programmes as of 30 June 2008. This interpretation addresses customer loyalty programmes which are used by entities to provide customers with incentives to buy their goods or services. The group has not entered into customer loyalty transactions. The adoption of the interpretation did not have any effect on the financial position or performance of the group.

1 ACCOUNTING POLICIES *(continued)*

Significant accounting policies *(continued)*

IFRIC 14 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The group adopted IFRIC 14 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction as of 30 June 2008. This interpretation addresses paragraph 58 of IAS 19 which limits the measurement of a defined benefit asset to 'the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan' plus unrecognised gains and losses. The group has a defined contribution plan and does not have a defined benefit plan for employees. The adoption of the interpretation did not have any effect on the financial position or performance of the group.

IFRS 8 – Operating Segments

The group early adopted IFRS 8 – Operating Segments retrospectively as of 1 July 2009. This standard sets out requirements for disclosure of information about an entity's operating segments in a similar manner to reporting to the chief operating decision-maker, enabling him/her to allocate resources to the segments and to assess their performance and to report, in the same vein, about the entity's products and services, the geographical areas in which it operates, and its major customers. The standard replaced IAS 14 – Segment Reporting and the main differences are that IFRS 8 no longer requires disclosures of primary and secondary segments but rather operating segments (or aggregations thereof) together with information about the relevant products, services and geographical areas of the operating segments. Furthermore IFRS 8 allows an entity to disclose amounts by using different measurements from those used in the financial statements. The adoption of the standard did not have any effect on the financial position or performance of the group but does change the disclosures in the note on segmental reporting.

New accounting standards and IFRIC interpretations

Certain new accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations have been published that have various effective dates. 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
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Annual periods commencing on or after 1 October 2008 (1)
Various	Improvements to IFRS 2008 (excluding IFRS 5 amendment)	Annual periods commencing on or after 1 January 2009 (1)
IFRS 2 amendment	IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	Annual periods commencing on or after 1 January 2009 (1)
IAS 23	Borrowing Costs	Annual periods commencing on or after 1 January 2009 (1)
IAS 27 & IFRS 1 amendment	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Annual periods commencing on or after 1 January 2009 (1)
IAS 32 & IAS 1 amendment	IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	Annual periods commencing on or after 1 January 2009 (2)
IFRIC 15	Agreements for the Construction of Real Estate	Annual periods commencing on or after 1 January 2009 (2)
Amendments to IFRS 7	Improving Disclosures about Financial Instruments	Annual periods commencing on or after 1 January 2009 (1)
AC 503 revised	Accounting For Black Economic Empowerment (BEE) Transactions	Annual periods commencing on or after 1 January 2009 (1)
AC 504	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	Annual periods commencing on or after 1 April 2009 (1)
IFRS 3	Business Combinations	Annual periods commencing on or after 1 July 2009 (1)

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

1 ACCOUNTING POLICIES *(continued)*

Significant accounting policies *(continued)*

	Standard/interpretation	Effective date
IAS 27 amendment	Consolidated and Separate Financial Statements	Annual periods commencing on or after 1 July 2009 (1)
IAS 39 amendment	Eligible hedged items	Annual periods commencing on or after 1 July 2009 (1)
IFRS 1	First Time Adoption of International Financial Reporting Standards	Annual periods commencing on or after 1 July 2009 (1)
IFRS 5 amendment	Improvements to IFRS 2008 – IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Annual periods commencing on or after 1 July 2009 (1)
IFRIC 17	Distributions of Non-cash Assets to Owners	Annual periods commencing on or after 1 July 2009 (1)
Various	Improvements to IFRS 2009: IFRS 2 Share-based Payment; IAS 38 Intangible Assets – Additional consequential amendments arising from revised IFRS 3; IFRIC 9 Reassessment of Embedded Derivatives; IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Annual periods commencing on or after 1 July 2009 (1)
Various	Improvements to IFRS 2009 (**excluding** IFRS 2 Share-based Payment. IAS 38 Intangible Assets – Additional consequential amendments arising from revised IFRS 3; IFRIC 9 Reassessment of Embedded Derivatives; IFRIC 16 Hedges of a Net Investment in a Foreign Operation)	Annual periods commencing on or after 1 January 2010 (1)

(1) *Not yet assessed.*

(2) *Assessed: not applicable.*

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group 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 are currently 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 recent financial results with no more than a three-month difference if it is impracticable to prepare financial statements at the group reporting date. Adjustments are made for material transactions and events between the group and subsidiary in the intervening period.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the group.

Associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of another group. Associates are accounted for using the equity method and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition and is presented net of any accumulated impairment losses. The consolidated financial statements include the group's share of the total recognised income and expenses and equity movements of associates, after adjustments to align the accounting policies with those of the group, 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.

1 ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Joint ventures

Joint ventures are those entities over the activities of which the group has joint control. They are established by contractual agreement and require unanimous consent for strategic financial and operating decisions. 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 intra-group 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

The functional currency is the primary economic environment in which the entity operates. This is determined by all companies in the group after 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 the South African rand.

Foreign currency transactions

Transactions in foreign currencies undertaken by group entities are translated at the foreign exchange rates ruling at the dates of these transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency at the foreign exchange rate ruling at that date. 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, measured at fair value, are translated at foreign exchange rates ruling at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income, except for differences arising on the translation of available-for-sale equity, which are recognised directly in equity.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African rands at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated to South African 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, namely the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit and loss.

Net investment in foreign operations

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve in the consolidated financial statements.

Financial instruments

Financial instruments recognised on the statement of financial position include investments, derivative financial instruments, held-to-maturity financial instruments, available-for-sale financial instruments, trade and other receivables, cash and cash equivalents, long- and short-term interest-bearing borrowings, convertible loan notes, trade and other payables and bank overdrafts.

Financial instruments are initially recognised at fair value and include any directly attributable transaction costs, except those financial instruments measured at fair value through profit and loss. Subsequent to initial recognition, financial instruments are measured as described below.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

1 ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets at fair value through profit and loss

An instrument is classified at fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit and loss if doing so results in more relevant information because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the group manages and evaluates performance of such investments, and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy.

Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit and loss are measured at fair value, and changes therein are recognised in profit or loss.

Held-to-maturity investments

If the group has the positive intention and ability to hold debt securities to maturity, then they are classified as held to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables (which includes trade and other receivables) and other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid investments with an original maturity of three months or less. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their 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 (including preference share liabilities) are subsequently measured at amortised cost with any difference between the initial amount and the redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis. If the group revises its estimates of payments, the carrying amount of the liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the current value of the estimated future cash flows at the liability's original effective interest rate. The adjustment is recognised as income or expense in profit and loss.

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 as explained below.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. This fair value is determined as 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 equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit and loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

1 ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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 classified entirely as a liability.

Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost, using the effective interest method.

Property, plant and equipment

Owned assets

The group's property, plant and equipment consists mainly of mining assets which comprise mining properties (including mineral rights), mine development costs, mine plant facilities and equipment and vehicles.

Development costs which are capitalised consist primarily of expenditure that gives access to proved and probable ore reserves. Capitalised development costs include expenditure incurred to develop new orebodies, to define future mineralisation in existing orebodies and to expand the capacity of a mine. Mine development costs to maintain production and exploration costs, are expensed as incurred. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred (refer to accounting policy on finance costs capitalised). Mine development costs include acquired proved and probable Mineral Resources at cost at the acquisition date.

Exploration and evaluation costs, including the costs of acquiring licences, property and qualifying borrowing costs, are capitalised as exploration assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration assets according to the nature of the assets acquired. When a licence is relinquished or a project is abandoned, the related costs are recognised in the statement of comprehensive income immediately. Pre-licence costs are recognised in the statement of comprehensive income as incurred.

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing an asset to a working condition for its intended use, as well as the costs of dismantling and removing an asset and restoring the site on which it was located.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within 'other income' in profit or loss.

Leased assets

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset and liability are measured at amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned property, plant and equipment.

Subsequent to initial recognition, assets held under finance leases are accounted for in the same manner as owned property, plant and equipment.

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 within the part will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

1 ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation

Depreciation of mining properties (including mineral rights), mine development and mine plant facilities relating to underground operations are computed using the units-of-production method based on estimated proved and probable ore reserves. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. Exploration assets that are available for use are depreciated over their estimated useful lives.

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. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives, unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated.

The current estimated useful lives are:

- mining properties – life of mine for each operation, currently between two and 27 years;
- mine development – life of mine for each operation, currently between two and 27 years;
- mine plant facilities – life of mine for each operation, currently between two and 27 years; and
- equipment and vehicles – three to five years.

The residual values, estimated useful lives and depreciation method are re-assessed annually.

Intangible assets

Acquisitions and goodwill arising thereon

Where an investment in a subsidiary, joint venture or an associate is made, any excess of the cost of acquisition over the fair value of the attributable mineral assets including value beyond proved and probable Ore Reserves and Mineral Resources and exploration properties is recognised as goodwill. In the case of negative goodwill arising from an investment, the amount is recognised in the statement of comprehensive income immediately. Goodwill relating to equity accounted joint ventures and associates is included within the carrying value of the investment and tested for impairment when indicators exist.

Goodwill relating to subsidiaries is tested annually for impairment and measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purposes of impairment testing.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets measured at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate, that is, the effective interest rate computed at initial recognition of these financial assets.

Available-for-sale financial assets

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. 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 and loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit and loss.

Financial assets that are individually significant are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

1 ACCOUNTING POLICIES *(continued)*

Impairment *(continued)*

All impairment losses are recognised in profit and loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets
The carrying amounts of the group's assets, other than inventories and deferred tax assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets which generates cash flows from continuing use that is largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

An impairment loss is recognised directly against the carrying amount of the asset whenever the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated to the carrying amounts of the assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, if no impairment loss had been recognised.

Exploration assets
Exploration assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration assets are allocated to cash-generating units consistent with the determination of reportable segments.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved reserves are determined to exist. Upon determination of proved reserves, exploration assets attributable to those reserves are first tested for impairment and then reclassified from exploration assets to a separate category within tangible assets. Expenditure deemed to be unsuccessful is recognised in the statement of comprehensive income immediately.

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 as they are reliably measurable at that point. 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.

Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

1 ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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 statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred taxation is recognised using the statement of financial position 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. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences, based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, if, these relate to income taxes levied by the same tax authority on the same taxable entity, or if on different tax entities, and if the company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and 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 is recognised.

Share capital

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, 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 shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Dividends

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

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal constructive obligation to pay further amounts. Pension plans, which are multi-employer plans in the nature of defined benefit plans, are funded through monthly contributions to these defined contribution plans. Obligations for contributions are recognised as an employee benefit expense in the statement of comprehensive income 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's Long Service Award Scheme. The amount of the award is based on both the employee's skill level and years of service with gold mining companies that qualify for the scheme. The obligation is accrued over the service life of the employees and is calculated using a projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

1 ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

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 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 market conditions such as 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 and discounted using the projected unit credit method. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. 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. The fair value of any planned assets is deducted. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. When the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Provisions

A provision is recognised in the statement of financial position when the group has present legal or constructive obligations resulting from past events that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

Decommissioning liabilities

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced. Accordingly an asset is recognised and included within mining properties.

Decommissioning liabilities are measured at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in the statement of comprehensive income. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

Restoration liabilities

The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are charged to the statement of comprehensive income as a cost of production. Gross restoration liabilities are estimated at the present value of the expenditures expected to settle the obligation.

Rehabilitation trust fund

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. These contributions are recognised as a right to receive reimbursement from the fund and measured at the fair value of the fund assets. Changes in the carrying value of the fund assets, other than contributions to and payments from the fund, are recognised in profit or loss.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

1 ACCOUNTING POLICIES *(continued)*

Revenue recognition

Gold bullion and by-products

Revenue from the sale of gold bullion and by-products is measured at the fair value of the consideration received or receivable. Revenue is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Government grants

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grant will be received. Grants that compensate the group for expenses incurred are recognised in the statement of comprehensive income as a deduction against the related expense.

Finance income

Finance income includes dividends received, interest received, growth in the environmental rehabilitation trust funds, net gains on financial instruments measured at amortised cost, net of foreign exchange gains, and other profits and losses arising on disposal of investments.

Dividends are recognised when the group's 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.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income 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 method, unwinding of discounting of provision for environmental rehabilitation, net foreign exchange losses, net losses on financial instruments measured at amortised cost, and interest on finance leases.

Finance costs capitalised

Interest on borrowings relating to the financing of qualifying major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

Segment reporting

Operating segments are identified on the basis of internal reports that the group's chief operating decision-maker (CODM) reviews regularly in allocating resources to segments and in assessing their performance. The CODM for the group has been identified as the group's Executive Committee. Reportable segments are identified based on quantitative thresholds of revenue, profit and loss, and assets. The amounts disclosed for each reportable segment are the measures reported to the CODM, which are not necessarily based on the same accounting policies as the amounts recognised in the financial statements.

Aggregation of operating segments is implemented where disclosure of information enables users of the group's financial statements to evaluate the nature and effects of the business activities in which it engages and the economic environment in which it operates, where the operating segments have characteristics so similar that they can be expected to have essentially the same future prospects and if they are similar in the following requirements respects:

- the nature of the production processes;
- the type of class of customer for their products and services;
- the methods used to distribute their products or provide their services; and
- if applicable, the nature of the regulatory environment.

1 ACCOUNTING POLICIES *(continued)*

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 disposal group comprising assets and liabilities, that is expected to be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the group's accounting policies. Thereafter, in general, the non-current assets or disposal groups are measured 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. Gains are not recognised in excess of any cumulative impairment loss.

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

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated.

Earnings or loss per share

The group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings or loss per share are calculated based on the net profit or loss after taxation for the year attributable to ordinary shareholders of the company, 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 attributable to ordinary shareholders but before certain items of a capital nature. Diluted earnings or loss per share and diluted 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, which comprises share options granted to employees.

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 the absence of more specific guidance, the group consistently applies the book value measurement method to all common control transactions on the basis that an investment is simply being transferred from one part of the group to another. Any difference between the carrying amount of the net assets received and the consideration paid, if any, is recognised directly in equity as an excess arising from the common control transaction.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		2 REVENUE		
		Revenue consists of the following principal categories:		
1 897 723	**1 870 574**	Gold revenue	**–**	–
35 424	**40 164**	By-product revenue	**–**	–
1 933 147	**1 910 738**	**Total revenue**	**–**	–
		3 RESULTS FROM OPERATING ACTIVITIES INCLUDES THE FOLLOWING:		
(10 453)	**(10 520)**	**Auditors' remuneration**	**(6 882)**	(5 487)
(10 163)	**(10 246)**	Audit fees – current year	**(6 651)**	(5 641)
161	**(116)**	(Under)/over provision – prior year	**(73)**	154
(451)	**(158)**	Fees for other services	**(158)**	–
(15 760)	**(12 916)**	**Management, technical, administrative and secretarial service fees**	**(2 838)**	(3 532)
		Staff costs		
(652 168)	**(681 717)**	Included in staff costs are:	**(30 775)**	(28 098)
(598 160)	**(582 509)**	Salaries and wages	**(21 829)**	(19 470)
(6 591)	**(7 873)**	Share-based payments	**(3 897)**	(3 283)
(11 344)	**(34 922)**	Retrenchment and restructuring costs	**(4 241)**	(4 961)
(36 073)	**(56 413)**	Post-retirement and other employee benefit contributions	**(808)**	(384)
		Income from subsidiaries		
		Administration and management fees	**15 624**	23 440
10 054	**10 266**	**Profit on sale of property, plant and equipment**	**–**	–
(110 633)	**(75 138)**	**Impairments**	**(46 676)**	809 227
(116 522)	**(72 438)**	Property, plant and equipment	**–**	–
–	**–**	Investments in subsidiaries	**(43 976)**	803 338
–	**(2 700)**	Investments in associates	**(2 700)**	–
5 889	**–**	Other loans	**–**	5 889

During the year ended 30 June 2009, impairments in the group of R53.0 million and R19.4 million were recorded against ERPM's and Crown's property, plant and equipment respectively. The impairments were due to the recoverable amount of these assets being less than their carrying amount for ERPM due to closure of underground operations and for Crown due to restriction of deposition capacity. The Crown plant, City plant and ERPM's underground operations are separate cash-generating units. Furthermore an impairment relating to the investment in West Wits SA (Pty) Limited amounting to R2.7 million was recognised. The impairment was due to the recoverable amount of this asset being less than its carrying amount.

During the year ended 30 June 2009, impairments in the company of R1.4 million was recognised and R29.1 million was reversed, relating to the investment and loans in DRD (Offshore) Limited and DRD Australia Aps, respectively. The impairment reversal was due to the fact that the amount is now deemed to be recoverable and the amount impaired to be irrecoverable. An impairment relating to the loan to Crown amounting to R71.6 million was recognised. The impairment was due to the recoverable amount, represented by the value in use, being lower than its carrying amount. An impairment relating to the loan to West Wits SA (Pty) Limited amounting to R2.7 million was recognised. The impairment was due to the recoverable amount of this asset being less than its carrying amount.

GROUP 2008 R'000	GROUP 2009 R'000			COMPANY 2009 R'000	COMPANY 2008 R'000
		3	**RESULTS FROM OPERATING ACTIVITIES INCLUDES THE FOLLOWING:** *(continued)*		
			During the year ended 30 June 2008, an impairment in the group of R69.8 million was recorded against ERPM's property, plant and equipment due to unprofitable longwalls, and an impairment of R46.7 million was recorded against Empreror's property, plant and equipment. The impairments were due to the recoverable amount of these assets being less than their carrying amount.		
			During the year ended 30 June 2008, an impairment in the company of R155.6 million, R415.8 million, R88.6 million and R162.2 million relating to the investment in DRD (Offshore) Limited and loans to Blyvoor, ERPM and Crown respectively, was reversed. The impairment reversals were due to the recoverable amounts, represented by the value in use, being higher than their carrying amounts. Impairments of R0.1 million and R18.8 were recorded against loans to West Wits and DRD (Aus) (Pty) Limited respectively, as they were deemed irrecoverable.		
			An impairment in the group of R3.5 million recorded during the 2007 financial year against the preference shares held by the company in its black economic empowerment partner, Khumo Gold SPV (Pty) Limited, and a R2.4 million impairment which was raised against the loan to the DRDSA Empowerment Trust, were reversed during the prior financial year. The reversal of these impairments was due to the recoverable amount represented by the value in use of these assets being higher than their carrying amount.		
(2 635)	**(2 670)**		**Operating leases**	**(1 136)**	(1 039)
12 703	**9 000**		**Pumping subsidy received**	**–**	–
		4	**DIRECTORS' EMOLUMENTS**		
			Executive directors		
			Services rendered as directors of the company		
(3 994)	**(6 130)**		Salaries	**(6 130)**	(3 994)
(1 655)	**(2 907)**		Bonuses	**(2 907)**	(1 655)
			Services rendered by directors as directors of subsidiaries		
–	**(1 429)**		Salaries		
–	**(1 399)**		Bonuses		
–	**(747)**		End-of-contract payments		
			Non-executive directors		
			Services rendered as directors of the company		
(3 071)	**(3 787)**		Directors' fees and bonuses	**(3 787)**	(3 071)
			Services rendered by directors as directors of subsidiaries		
(877)	**–**		Directors' fees and bonuses		
			Alternate directors		
			Services rendered as directors of the company		
(1 562)	**–**		Salaries	**–**	(1 562)
(716)	**–**		Bonuses	**–**	(716)
(130)	**–**		Pension/provident fund contributions	**–**	(130)
			Services rendered by directors as directors of subsidiaries		
–	**–**		Salaries	**–**	–
–	**–**		Bonuses	**–**	–
(12 005)	**(16 399)**		**Included in administration and general costs**	**(12 824)**	(11 128)

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000			COMPANY 2009 R'000	COMPANY 2008 R'000
		5	**FINANCE INCOME**		
4 074	**4 829**		Dividends received	**1 338**	1 487
70 232	**75 035**		Interest received	**63 157**	50 478
			Interest received from subsidiaries	**26 593**	6 401
–	**62 000**		Net gain on financial liabilities measured at amortised cost (refer note 22)		
12 005	**(1 873)**		(Loss)/profit on realisation of investments	**–**	12 000
8 486	**12 867**		Growth in environmental rehabilitation trust funds	**2 108**	1 789
–	**53 006**		Recognition of negative goodwill on acquisition of subsidiary	**–**	–
218	**127**		Other investment income	**–**	–
95 015	**205 991**			**93 196**	72 155
		6	**FINANCE EXPENSES**		
(34 133)	**(2 219)**		Interest paid on bank loans and overdrafts	**(41)**	(6 060)
(787)	**(865)**		Interest paid on overdue accounts	**–**	–
(37 314)	**(10 318)**		Unrealised foreign exchange loss	**(14 659)**	(102 734)
(83 721)	**–**		Net loss on financial liabilities measured at amortised cost (refer note 22)	**–**	–
(4 735)	**(9 797)**		Unwinding of provision for environmental rehabilitation (refer note 19)	**(491)**	(428)
(6 394)	**(18 023)**		Unwinding of discount on financial liabilities measured at amortised cost	**–**	–
(609)	**(521)**		Other finance expenses	**–**	–
(167 693)	**(41 743)**			**(15 191)**	(109 222)
		7	**INCOME TAX**		
147 737	**20 729**		Mining tax	**5 824**	–
(4 026)	**11 332**		Non-mining tax	**13 361**	–
–	**(3 617)**		Secondary tax on companies	**(3 617)**	–
143 711	**28 444**			**15 568**	–
			Comprising:		
			South African		
(13 272)	**(43 321)**		Current tax – current year	**–**	–
–	**749**		– prior year	**–**	–
81 575	**74 633**		Deferred tax – current year	**19 185**	
–	**(3 617)**		Secondary tax on companies	**(3 617)**	
			Foreign		
(32 678)	**–**		Current tax – current year	**–**	–
–	**–**		– prior year	**–**	–
108 086	**–**		Deferred tax – current year	**–**	–
–	**–**		– prior year	**–**	–
143 711	**28 444**			**15 568**	–

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 28% (2008: 28%).

GROUP			COMPANY	
2008 R'000	2009 R'000		2009 R'000	2008 R'000
		7 INCOME TAX *(continued)*		
		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. At present, the STC tax rate is equal to 10% (2008: 10%) 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 2009 and 2008, the tax rates for taxable mining and non-mining income for companies that elected the STC exemption were 43% (2008: 43%) and 35% (2008: 35%), respectively. During those same years the tax rates for companies that did not elect the STC exemption were 34% (2008: 34%) and 28% (2008: 28%) for taxable mining and non-mining income, respectively.		
		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 43% for mining income and 35% for non-mining income. The company, having chosen not to be subject to the STC exemption, is subject to 34% (2008: 34%) tax on mining income and 28% (2008: 28%) for non-mining income. With the exception of Crown, all of the South African subsidiaries elected not to be exempt from STC. 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 34% or 43% (2008: 34% or 43%), while the Australian deferred tax is provided at the Australian statutory tax rate of 30% (2008: 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.		
1 395 736	**1 907 048**	Estimated unredeemed capital expenditure at year-end (available for deduction against future mining income)	**262 536**	131 504
963 940	**914 057**	Estimated tax losses at year-end (available to reduce future taxable income)	**598 727**	654 590
2 359 676	**2 821 105**	Estimated tax losses and unredeemed capital expenditure carried forward	**861 263**	786 094
748 071	**922 492**	**Estimated future tax relief at applicable statutory rates**	**257 382**	220 106

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP				COMPANY	
2008 R'000	2009 R'000			2009 R'000	2008 R'000
		7	**INCOME TAX** *(continued)*		
			Tax reconciliation		
			Major items causing the group's income tax provision to differ from the statutory rate were:		
27 987	**(25 660)**		Taxation (charge)/benefit on net profit/(loss) at applicable statutory rates		
(94 659)	**(22 986)**		Disallowable expenditure		
226 850	**32 372**		Exempt income		
–	**(1 373)**		Additional tax expense relating to the prior year		
5 678	**2 114**		Tax incentives		
–	**(3 617)**		Secondary tax on companies		
(22 145)	**45 047**		Temporary differences (including tax losses) for which deferred tax assets (not recognised) and previously unrecognised temporary differences recognised		
–	**2 547**		Other		
143 711	**28 444**		**Taxation relief**		
		8	**PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS**		
			The sale of Emperor's 20% interest in the Porgera Joint Venture to Barrick was completed on 17 August 2007 for a cash consideration of R1.9 billion ($255.0 million) and subsequently Emperor retired all its debt facilities, leaving the group debt- and hedge-free. Emperor's capital return to its shareholders amounting to R308.5 million ($43.9 million) was completed on 3 September 2007 and DRDGOLD received its portion of the capital return, amounting to R242.8 million ($37.7 million).		
			The sale of DRDGOLD's 78.72% interest in Emperor was concluded on 22 October 2007 for a total consideration of R355.8 million (A$56.0 million), drawing to a close the group's mining investment in Australasia.		
			On 30 March 2008 DRDGOLD disposed of its 50.25% shareholding in NetGold Services Limited (NetGold) and in exchange for its shareholding in NetGold obtained a 12.3% stake in G M Networks Limited (GoldMoney), which was sold during the current year.		
1 052 393	**–**		Profit on disposal of Porgera		
103 403	**–**		Profit on disposal of Emperor		
13 414	**–**		Profit on disposal of NetGold		
1 169 210	**–**		**Profit on disposal of discontinued operations**	**–**	–

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		9 EARNINGS PER SHARE		
		Basic		
		The calculation of earnings per ordinary share is based on the following:		
996 041	**129 124**	Basic earnings attributable to equity owners of the parent		
128 558	**129 124**	Basic earnings from continuing operations attributable to equity owners of the parent		
376 023 344	**376 678 974**	Weighted average number of ordinary shares in issue		
		Headline		
		The basic earnings has been adjusted by the following to arrive at headline earnings:		
996 041	**129 124**	Basic earnings attributable to equity owners of the parent		
110 633	**75 138**	Impairments		
(6 158)	**(10 266)**	Profit on sale of property, plant and equipment		
(8 645)	**1 873**	Loss/(profit) on sale of investment		
(1 169 210)	**–**	Profit on sale of discontinued operations		
–	**(53 006)**	Recognised goodwill on acquisition		
(28 091)	**(18 834)**	Non-controlling interest in impairments		
2 614	**2 669**	Non-controlling interest in sale of property, plant and equipment		
223 950	**–**	Non-controlling interest in profit on disposal of discontinued operations		
–	**715**	Non-controlling interest in recognised goodwill on acquisition		
(3 896)	**–**	Taxation on sale of property, plant and equipment		
(3 360)	**–**	Taxation on sale of investments		
113 878	**127 413**	**Headline earnings attributable to ordinary shareholders**		
		Diluted		
996 041	**129 124**	Basic earnings attributable to equity owners of parent		
–	**–**	Dilutive effect on earnings		
996 041	**129 124**	Diluted basic earnings		
(882 163)	**(1 711)**	Headline earnings adjustments		
113 878	**127 413**	**Diluted headline earnings**		
		Reconciliation of weighted average ordinary shares to diluted weighted average ordinary shares		
376 023 344	**376 678 974**	Weighted average number of ordinary shares in issue		
22 813	**223 547**	Number of staff options allocated		
376 046 157	**376 902 521**	**Diluted weighted average number of ordinary shares**		
265	**34**	Basic earnings per ordinary share (cents)		
265	**34**	Basic diluted earnings per share (cents)		
34	**34**	Basic earnings from continuing operations per ordinary share (cents)		
34	**34**	Diluted earnings from continuing operations per ordinary share (cents)		
30	**34**	Headline earnings per ordinary share (cents)		
30	**34**	Diluted headline earnings per ordinary share (cents)		
41	**34**	Headline earnings from continuing operations per ordinary share (cents)		
41	**34**	Diluted headline earnings from continuing operations per ordinary share (cents)		

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		10 PROPERTY, PLANT AND EQUIPMENT		
		Total		
1 809 606	2 901 436	Cost	2 798	2 693
2 783 736	1 809 606	Opening balance	2 693	2 667
–	740 874	Acquired through purchase of subsidiaries	–	–
371 389	346 668	Additions	105	26
2 613	5 154	Borrowing costs capitalised	–	–
–	(866)	Disposals	–	–
(1 391 555)	–	Disposed through disposal of subsidiary	–	–
43 423	–	Foreign exchange movement	–	–
(996 731)	(1 168 217)	Accumulated depreciation, amortisation and impairment losses	(2 602)	(2 322)
(2 133 966)	(996 731)	Opening balance	(2 322)	(1 892)
(69 931)	(99 217)	Current depreciation	(280)	(430)
(116 522)	(72 438)	Impairment	–	–
–	169	Disposals	–	–
1 366 295	–	Disposed through disposal of subsidiary	–	–
(42 607)	–	Foreign exchange movement	–	–
812 875	1 733 219	**Net book value**	196	371
		Mining property		
259 313	284 800	Cost	–	–
935 223	259 313	Opening balance	–	–
105 691	22 367	Additions (b)	–	–
2 613	3 298	Borrowing costs capitalised	–	–
–	(178)	Disposals	–	–
(808 809)	–	Disposed through disposal of subsidiary	–	–
24 595	–	Foreign exchange movement	–	–
(145 574)	(151 527)	Accumulated depreciation, amortisation and impairment losses	–	–
(873 143)	(145 574)	Opening balance	–	–
(9 927)	(5 746)	Current depreciation	–	–
(46 718)	(207)	Impairment	–	–
808 809	–	Disposed through disposal of subsidiary	–	–
(24 595)	–	Foreign exchange movement	–	–
113 739	133 273	**Net book value**	–	–
		Mine development		
902 845	1 806 500	Cost	–	–
901 907	902 845	Opening balance	–	–
–	672 140	Acquired through purchase of subsidiaries	–	–
124 194	231 715	Additions	–	–
–	(200)	Disposals	–	–
(127 371)	–	Disposed through disposal of subsidiary		
4 115	–	Foreign exchange movement	–	–
(513 450)	(614 272)	Accumulated depreciation, amortisation and impairment losses	–	–
(531 574)	(513 450)	Opening balance	–	–
(34 452)	(54 254)	Current depreciation	–	–
(69 804)	(46 568)	Impairment	–	–
126 466	–	Disposed through disposal of subsidiary	–	–
(4 086)	–	Foreign exchange movement	–	–
389 395	1 192 228	**Net book value**	–	–

GROUP			COMPANY	
2008 R'000	2009 R'000		2009 R'000	2008 R'000
		10 PROPERTY, PLANT AND EQUIPMENT *(continued)*		
		Mine plant facilities		
547 018	679 049	Cost	–	–
726 579	547 018	Opening balance	–	–
–	39 925	Acquired through purchase of subsidiaries	–	–
56 416	92 253	Additions	–	–
–	(147)	Disposals	–	–
(243 856)	–	Disposed through disposal of subsidiary	–	–
7 879	–	Foreign exchange movement	–	–
(324 383)	(386 457)	Accumulated depreciation, amortisation and impairment losses	–	–
(537 084)	(324 383)	Opening balance	–	–
(23 276)	(37 401)	Current depreciation	–	–
–	(24 673)	Impairment	–	–
243 856	–	Disposed through the disposal of subsidiary	–	–
(7 879)	–	Foreign exchange movement	–	–
222 635	292 592	**Net book value**	–	–
		Equipment and vehicles		
18 301	21 557	Cost	2 798	2 693
220 027	18 301	Opening balance	2 693	2 666
2 959	3 597	Additions	105	27
–	(341)	Disposals	–	–
(211 519)	–	Disposed through disposal of subsidiary	–	–
6 834	–	Foreign exchange movement	–	–
(13 324)	(15 961)	Accumulated depreciation, amortisation and impairment losses	(2 602)	(2 322)
(192 165)	(13 324)	Opening balance	(2 322)	(1 892)
(2 276)	(1 816)	Current depreciation	(280)	(430)
–	(990)	Impairment	–	–
–	169	Disposals	–	–
187 164	–	Disposed through disposal of subsidiary	–	–
(6 047)	–	Foreign exchange movement	–	–
4 977	5 596	**Net book value**	196	371
		Exploration assets (a)		
82 129	109 530	Cost	–	–
–	82 129	Opening balance	–	–
–	28 809	Acquired through purchase of subsidiaries	–	–
82 129	(3 264)	Additions (b)	–	–
–	1 856	Borrowing costs capitalised	–	–
–	–	Disposals	–	–
82 129	109 530	**Net book value**	–	–

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		10 PROPERTY, PLANT AND EQUIPMENT *(continued)*		

Certain assets have been encumbered as security for specified liabilities (refer note 22).

Borrowing costs are capitalised at the prime lending rate.

At year-end, a reclassification took place to disclose exploration assets as a separate asset class together with the early adoption of IFRS 8 – Operating Segments to provide better information. For comparative purposes the numbers for 2008 are the only numbers affected by this reclassification and have been amended accordingly.

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

- life of mine based proved and probable ore reserves;
- gold price estimates are based on a gold price of R270 000 per kilogram of gold (US$885 per ounce) in year one, escalating at an average of 7.42% per annum, and a base exchange rate of R8.50 = 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 2009, escalated for expected South African inflationary increases of approximately 5.5% per annum; and
- capital cost estimates are based on current estimates of future development costs to mine the current proved and probable Ore Reserves, escalated for expected South African inflationary increases of approximately 5.5% per annum.

(a) Exploration assets relate to Phase 2 of the Ergo project and include property, plant and the tailings complex. The group's proportionate share of the Witfontein Mining (Pty) Limited Joint Venture's properties are also included in exploration assets (refer note 13).

(b) Included in additions are rehabilitation adjustments amounting to R5.8 million and (R3.9 million) relating to mining property and exploration assets, respectively.

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		11 NON-CURRENT INVESTMENTS AND OTHER ASSETS		
–	–	**Listed investments (see below)**	–	–
2 042	–	Opening balance	–	–
191	–	Foreign exchange movement	–	–
27	–	Additions	–	–
(1 402)	–	Disposals	–	–
(858)	–	Fair value adjustment	–	–
10 689	**9 556**	**Unlisted investments**	**1 426**	1 594
13 628	**10 078**	**Loan to DRDSA Empowerment Trust**	**10 078**	13 628
41 040	**23 364**	**Loan to Khumo Gold SPV (Pty) Ltd**	**23 364**	41 040
110 766	**129 682**	**Investments in environmental rehabilitation trust funds**	**20 296**	18 188
75 770	**110 766**	Opening balance	**18 188**	16 399
26 510	**6 049**	Contributions	**–**	–
8 486	**12 867**	Growth in environmental rehabilitation trust funds	**2 108**	1 789
176 123	**172 680**	**Total non-current investments and other assets**	**55 164**	74 450
10 689	**9 556**	**Directors' valuation of unlisted investments**	**1 426**	1 594

11 NON-CURRENT INVESTMENTS AND OTHER ASSETS *(continued)*

	% held	Number of shares	Market Value 2009 R'000	Carrying Value 2009 R'000	Carrying Value 2008 R'000
Unlisted investments consist of:					
Rand Mutual Assurance Company	#	370	7	7	9
Rand Refinery Limited	4	16 157	9 549	9 549	10 680
			9 556	9 556	10 689

 # Represents a less than 1% shareholding

Unlisted investments comprise investments in unlisted companies in South Africa. The valuations, which are done on an annual basis, are based on the net asset value of these investments. During the previous year the group disposed of all its listed investments.

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

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		12 INVESTMENTS IN SUBSIDIARIES		
		Shares at cost, less impairment loss	165 828	1 121 105
		Net indebtedness, less impairment loss	1 036 417	(344 781)
		Amounts owing by subsidiaries	1 622 795	997 185
		Impairments	(275 974)	(233 412)
		Amounts owing to subsidiaries	(310 404)	(1 108 554)
		Net investment in subsidiaries	1 202 245	776 324

The non-operational entities' loans are interest free and the operational entities' loans bear interest at prime minus four.

The loans are unsecured and without any fixed re-payment arrangements. The company has off-set its investment in DRD (Offshore) Limited against its loan account.

The interest of the company in the (loss)/profit after taxation of its subsidiaries is:

	COMPANY 2009 R'000	COMPANY 2008 R'000
Aggregate losses	(163 271)	(84 397)
Aggregate profits	270 175	255 164

A schedule showing the company's financial interest in each subsidiary is given in the directors' report on page 44.

Acquisition of subsidiary during the year

ErgoGold (formerly Elsburg Gold Mining Joint Venture)

The group entered into a 50:50 joint venture agreement through the East Rand Proprietary Mines Limited (ERPM) subsidiary, together with one of Mintails SA (Pty) Limited subsidiaries called Mogale Gold (Pty) Limited on 15 August 2008. The joint venture is called ErgoGold. On 31 March 2009 the group acquired the remaining 50% interest in ErgoGold through ERPM acquiring 15% and DRDGOLD Limited acquiring 35% for a cash consideration of R100 million and R177 million respectively.

The fair value of the assets acquired at the date of acquisition, exceeded the cost of the acquisition, therefore resulting in a bargain purchase. The bargain purchase is a direct result of the favourable change in the gold price since the period the purchase price was fixed and the higher gold price on the date all the requirements were met for the acquisition to be recognised, which is the date the fair value of the assets and liabilities was determined. The resulting negative goodwill arising amounted to R53 million and was recognised in the statement of comprehensive income, under finance income.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		12 INVESTMENTS IN SUBSIDIARIES *(continued)*		
		The most significant fair value determined related to mining rights included in property, plant and equipment, and amounted to R583 million. The Multi Period Excess Earnings Method (MEEM) was used to calculate the fair value, incorporating the following assumptions on acquisition date: gold price of R288 665/kg, average escalation of gold price of 6.4%, working cost per tonne of R30, life of mine (period) of 13 years, average yield of 0.14g/t and a discount rate of 22.5%.		
		The statement of comprehensive income since acquisition relating to ErgoGold which has been consolidated is set out below:		
		Statement of comprehensive income		
–	8 713	Revenue		
–	(54 614)	Cost of sales		
–	(45 901)	Gross loss from operating activities		
	(1 250)	Other income, administration and general costs		
–	(47 151)	**Loss before taxation**		
		The statement of comprehensive income for the full eight months trading period of ErgoGold has been set out below:		
		Statement of comprehensive income		
–	39 643	Revenue		
–	(105 058)	Cost of sales		
–	(65 415)	Gross loss from operating activities		
–	(1 251)	Other income, administration and general costs		
–	(66 666)	**Loss before taxation**		
		The statement of financial position at acquisition of ErgoGold has been set out below:		
		Statement of financial position (as at 1 April 2009)		
		Non-current assets		
–	887 462	Property, plant and equipment		
		Current assets		
–	17 866	Inventory		
–	950	Trade and other receivables		
–	1 666	Cash and cash equivalents		
–	907 944	**Total fair value of assets**		
		Non-current liabilities		
–	(185 653)	Deferred tax liability		
		Current liabilities		
–	(33 381)	Trade and other payables		
–	(219 034)	**Total fair value of liabilities**		
–	688 910	**Fair value of net assets on date of acquisition**		
–	55 866	**Non-controlling interest in fair value of net assets**		
–	344 455	**Acquisition date fair value on 50% initial equity interest**		

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		13 INVESTMENT IN JOINT VENTURES		
		The joint ventures for which the statement of comprehensive income and statement of financial position have been proportionately consolidated were as follows:		
–	**50%**	Witfontein Mining (Pty) Limited – percentage held		
50%	**50%**	Ergo Mining (Pty) Limited – percentage held		
		The group acquired a 50% interest in the Witfontein Mining (Pty) Limited (Witfontein) on 28 February 2009 for a cash consideration of R20 million. The group has the option to dispose of its interest at a consideration equal to the acquisition price if Witfontein is unsuccessful in obtaining the required approvals for a deposition facility. Witfontein had no capital commitments at year-end.		
		The group acquired a 50% interest in Ergo Mining (Pty) Ltd (Ergo) with effect from 6 May 2008. Ergo is jointly controlled by the group and Mintails Limited. Ergo has contracted commitments which have not been provided for in the financial statements amounting to R4.8 million (2008: R133.7 million), and commitments authorised by the directors but not contracted for amounting to R30.9 million (2008: R146.1 million). The group's proportionate share in these amounts is 50%.		
		The group's effective share of income, expenses, assets, liabilities and cash flows of the joint ventures, which is included in the consolidated financial statements, is as follows:		
		Statement of comprehensive income		
–	**–**	Revenue		
–	**(5 162)**	Cost of sales		
–	**(5 162)**	Gross loss from operating activities		
(42)	**(3 967)**	Other income, administration and general costs		
(42)	**(9 129)**	**Loss before taxation**		
		Statement of financial position		
94 408	**69 876**	Non-current assets		
51 318	**34 269**	Current assets		
145 726	**104 145**	**Total assets**		
(30)	**10 830**	Shareholders' equity		
78 329	**70 840**	Non-current liabilities		
67 427	**22 475**	Current liabilities		
145 726	**104 145**	**Total equity and liabilities**		
		14 INVESTMENT IN ASSOCIATES		
		The associate has been equity accounted for in the statement of comprehensive income and statement of financial position. An impairment has been provided against this investment.		
–	**28.33%**	West Wits SA (Pty) Limited – percentage held	**28.33%**	–
–	**2 700**	Investment in associate – at cost	**2 700**	–
–	**(2 700)**	Impairment of investment in associate	**(2 700)**	–
–	**–**	**Carrying value of investment in associate**	**–**	–
		15 INVENTORIES		
		Current		
30 398	**42 861**	Gold in process	**–**	–
32 459	**51 074**	Consumable stores	**264**	218
62 857	**93 935**		**264**	218
		Non-current		
2 717	**4 238**	Consumable stores	**–**	–
65 574	**98 173**	**Total inventories**	**264**	218

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP			COMPANY	
2008 R'000	2009 R'000		2009 R'000	2008 R'000
		16 TRADE AND OTHER RECEIVABLES		
58 650	30 966	Trade receivables (gold)	–	–
32 357	27 494	Value added tax	423	–
285	386	Prepayments	–	–
515	86	Receivables from related parties	23	14
19 983	6 181	Interest receivable	6 181	15 187
136 689	31 161	Other receivables	8 842	18 186
(8 201)	(8 314)	Allowance for impairment	(6 813)	(6 617)
240 278	87 960		8 656	26 770

17 ASSETS CLASSIFIED AS HELD FOR SALE

Mining property of R15.0 million, 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 was expected by 30 June 2009, however due to circumstances beyond the company's control the sale has been postponed and is expected to be completed by 30 June 2010. The company remains committed to its plan to sell this disposal group.

On 30 March 2008 DRDGOLD disposed of its 50,25% shareholding in NetGold and, in exchange for its shareholding in NetGold, acquired a 12.3% stake in GoldMoney. DRDGOLD recognised the sale at a fair value of R22.1 million ($2.7 million) with a subsequent remeasurement to fair value at 30 June 2008 to R24.7 million ($3.1 million). On 12 September 2008 DRDGOLD disposed of its 12.3% stake in GoldMoney for R26.2 million ($2.9 million).

The disposal groups are carried at the lower of carrying amount or fair value less costs to sell.

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		Assets classified as held for sale		
15 000	15 000	Property, plant and equipment	15 000	15 000
24 746	–	Non-current investments and other assets	–	–
39 746	15 000		15 000	15 000

GROUP			COMPANY	
2008 R'000	2009 R'000		2009 R'000	2008 R'000
		18 EQUITY OF THE OWNERS OF THE PARENT		
		Details of equity of the owners of the parent are provided in the statements of changes in equity on page 49.		
		Authorised share capital		
		600 000 000 (2008: 600 000 000) ordinary shares of no par value		
500	**500**	5 000 000 (2008: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
		Issued share capital		
4 098 206	**4 104 480**	378 001 303 (2008: 376 571 588) ordinary shares of no par value	**4 104 480**	4 098 206
500	**500**	5 000 000 (2008: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
4 098 706	**4 104 980**		**4 104 980**	4 098 706

Share capital

Unissued shares

The company operates a share option scheme as an incentive tool for its 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.

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 and 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 Mineral and Petroleum Resources Development Act (MPRDA).

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP			COMPANY	
2008 R'000	2009 R'000		2009 R'000	2008 R'000
		18 EQUITY OF THE OWNERS OF THE PARENT *(continued)*		
		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		
157 144	**156 538**	Foreign exchange translation reserve (a)	**–**	–
6 744	**138 953**	Asset revaluation reserve (b)	**92**	260
44 046	**51 919**	Share-based payments reserve (c)	**31 300**	27 403
207 934	**347 410**		**31 392**	27 663

(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.

(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. A revaluation adjustment of R5.0 million has been recognised in the asset revaluation reserve.

The reserve also includes a R0.6 million (2008: R1.7 million) fair value adjustment on available-for-sale financial instruments.

On the acquisition of ErgoGold, an amount of R133.3 million was taken to the asset revaluation reserve. This amount represented the increase in the fair value of ErgoGold's 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 2009, a deferred share-based compensation expense of R7.9 million (2008: R6.6 million) was charged to the statement of comprehensive income (refer to note 3).

GROUP 2008	GROUP 2009		COMPANY 2009	COMPANY 2008
		Dividends		
		The following dividends were declared and paid by the group:		
–	**(37 658)**	10.0 cents per qualifying ordinary share (2008: nil)	**(37 658)**	–

After 30 June 2009 a dividend of 5 cents per qualifying share (R18.9 million) was proposed by the directors for 2010. The dividend has not been provided for and the secondary tax on companies (STC) is charged at 10% of the dividend which is declared and is estimated to amount to R1.9 million.

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		19 PROVISION FOR ENVIRONMENTAL REHABILITATION		
282 580	381 252	Opening balance	59 364	55 906
59 747	–	Acquired through purchase of subsidiaries	–	–
–	1 860	Increase in provision	–	–
4 735	9 797	Unwinding of discount (refer note 6)	491	428
34 190	19 545	Charge to the statement of comprehensive income	22 562	3 030
381 252	412 454	**Closing balance**	82 417	59 364

Amounts have been contributed to irrevocable trusts (refer to note 11)

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 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		20 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS		
21 504	42 498	Liability for post-retirement medical benefits	–	–
1 236	1 141	Liability for long service awards	–	–
22 740	43 639		–	–

Contribution 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.

The group pays fixed contributions to external institutions and will have no legal or constructive obligation to pay further amounts. 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 employee benefit expense in the statement of comprehensive income as incurred.

Amounts recognised in the statement of comprehensive income are as follows:

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
(33 578)	(35 419)	**Contribution payments**	(808)	(384)

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 2009. Post-retirement medical benefits are actuarially valued every three years. The obligation is unfunded.

Amounts recognised in the statement of financial position are as follows:

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
19 009	21 504	Opening balance	–	–
1 021	1 101	Current service cost	–	–
–	18 226	Actuarial losses	–	–
1 474	1 667	Interest costs	–	–
21 504	42 498	**Closing balance**	–	–

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		20 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS *(continued)*		
		Amounts recognised in the statement of comprehensive income are as follows:		
(1 021)	**(1 101)**	Current service cost and interest	–	–
–	**(18 226)**	Net actuarial losses	–	–
(1 474)	**(1 667)**	Interest costs	–	–
(2 495)	**(20 994)**		–	–
		Principal actuarial assumptions at the statement of financial position date:		
5.8%	**7.3%**	Health care cost inflation		
7.8%	**8.3%**	Discount rate		
1.9%	**0.9%**	Real discount rate		
50.0%	**60.0%**	Income at retirement (as % of final salary)		
62.5/63/65	**60/65**	Normal retirement age		
61.6/62.0/63.5	**59.9/64.1**	Expected average retirement age		
3 years	**3 years**	Spouse age gap		
100%	**100%**	Continuation at retirement		
85%	**85%**	Proportion married at retirement		

Historical information:

	2009 R'000	2008 R'000	2007 R'000
Unfunded liability	42 498	21 504	19 009

There are currently no long-term assets set aside in respect of post-employment medical care liabilities.

Assuming all other variables remain constant, a 1% change in health care costs would have the following effects:

Sensitivity analysis:

	Variation %	Health care cost inflation R'000	Mortality R'000	Resignation rate R'000
Effect on the aggregate service and interest cost	+ 1%	626	(437)	(224)
	– 1%	(493)	529	249
Effect on past-service contractual liability	+ 1%	9 562	(6 715)	(3 400)
	– 1%	(7 522)	8 075	3 782

The group expects to pay contributions to the amount of R4.5 million during 2010.

GROUP			COMPANY	
2008 R'000	2009 R'000		2009 R'000	2008 R'000
		20 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS *(continued)*		
		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 gold mining companies that qualify for the scheme.		
		Amounts recognised in the statement of financial position are as follows:		
1 322	**1 236**	Opening balance	**–**	–
–	**–**	Actuarial gain	**–**	–
(86)	**(95)**	Benefits paid	**–**	–
1 236	**1 141**	**Closing balance**	**–**	–
		Amounts recognised in the statement of comprehensive income are as follows:		
–	**–**	**Actuarial gain/(loss)**	**–**	–

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 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 10 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%	six months
25%	one year
25%	two years
25%	three years

Any options not exercised within 10 years from the original date of the option will expire and may not thereafter be exercised.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

20 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS (CONTINUED)

b) Share options activity in respect of the DRDGOLD (1996) Share Scheme was as follows:

	Outstanding		Vested	
	Number of shares	Average price per share R	Number of shares	Average price per share R
Balance at 1 July 2007	16 254 774	12.48	12 163 058	14.18
Granted	4 581 800	3.88		
Exercised	(429 607)	5.48		
Forfeited/lapsed	(4 471 348)	14.34		
Balance at 30 June 2008	15 935 619	13.85	11 257 594	11.58
Granted	4 647 800	3.50		
Exercised	(1 429 715)	4.69		
Forfeited/lapsed	(1 848 775)	10.71		
Balance at 30 June 2009	17 304 929	11.75	11 611 308	10.43

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.

Analysis of share options:

	Vested	Unvested		
	30 June	30 June 2010	30 June 2011	30 June 2012
R5 <	2 554 676	2 113 006	2 081 962	1 110 828
R5 > R10	4 343 111	387 825		
R10 > R15	1 232 700			
R15 > R20	3 006 421			
R20 > R30	474 400			
	11 611 308	2 500 831	2 081 962	1 110 828

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		c) The fair value of the options determined using the Black-Scholes option valuation model.		
		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**	5.94
		30 October 2006 option grant	**9.93**	9.93
		29 October 2007 option grant	**5.50**	5.50
		20 October 2008 option grant	**4.70**	
		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**	3
		30 October 2006 option grant	**3**	3
		29 October 2007 option grant	**3**	3
		20 October 2008 option grant	**3**	

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		20 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS *(continued)*		
		c) The fair value of the options determined using the Black-Scholes option valuation model. (continued)		
		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	8.78
		30 October 2006 option grant	9.08	9.08
		29 October 2007 option grant	3.88	3.88
		20 October 2008 option grant	3.50	
		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%	7.94%
		30 October 2006 option grant	8.39%	8.39%
		29 October 2007 option grant	8.79%	8.79%
		20 October 2008 option grant	9.55%	
		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%	36%
		30 October 2006 option grant	44%	44%
		29 October 2007 option grant	28%	28%
		20 October 2008 option grant	31%	

** 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.*

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		21 DEFERRED TAX		
		Balances arose from the following temporary differences:		
		Deferred tax asset		
194 445	**282 940**	Property, plant and equipment	**47 567**	36 821
271 178	**132 704**	Provisions, including rehabilitation provision	**(199 350)**	648
140 724	**114 998**	Estimated assessed losses	**16 056**	36 335
–	**–**	Impairment of investments in subsidiaries	**220 066**	181 002
151 983	**152 063**	Other temporary differences	**152 063**	151 983
(676 755)	**(517 590)**	Deferred tax asset not recognised	**(217 217)**	(406 789)
81 575	**165 115**		**19 185**	–
		Deferred tax liability		
–	**(211 633)**	Property, plant and equipment	**–**	–
–	**10 162**	Provisions, including rehabilitation provision	**–**	–
–	**6 911**	Other temporary differences	**–**	–
–	**(194 560)**		**–**	–
81 575	**(29 445)**	**Net deferred mining and income tax (liability)/asset**	**19 185**	–
		Reconciliation between deferred taxation opening and closing balances		
(104 334)	**81 575**	Opening balance	**–**	–
(3 752)	**–**	Foreign exchange movement	**–**	–
–	**(185 653)**	Subsidiary acquired	**–**	–
189 661	**74 633**	Statement of comprehensive income credit	**19 185**	–
81 575	**(29 445)**	**Closing balance**	**19 185**	–
		22 LOANS AND BORROWINGS		
		Secured		
24 734	**2 101**	AngloGold Ashanti Limited (a)	**–**	–
		Unsecured		
140 900	**65 146**	Preference shares held by Khumo Gold SPV (Pty) Limited and the DRDSA Empowerment Trust (b)	**–**	–
165 634	**67 247**		**–**	–
(39 972)	**(2 101)**	Less: payable within one year included under current liabilities	**–**	–
125 662	**65 146**		**–**	–
		Loans and borrowings expected repayment schedule for capital amounts payable in the 12 months to:		
39 972	**–**	30 June 2009	**–**	–
23 776	**2 101**	30 June 2010	**–**	–
–	**12 591**	30 June 2011	**–**	–
101 886	**52 555**	Thereafter	**–**	–
165 634	**67 247**		**–**	–
		Analysis of gross loans and borrowings by currency:		
165 634	**67 247**	South African rand	**–**	–

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
		22 LOANS AND BORROWINGS *(continued)*		
		Effective interest rates:		
		Secured liabilities		
15.5%	**11.0%**	AngloGold Ashanti Limited		
		Undrawn committed borrowing facilities:		
–	**250 000**	Investec Bank Limited	**250 000**	–

(a) On 31 July 2007 and on 1 March 2008 Ergo Mining (Pty) Limited entered into two separate loan facilities, amounting to R85.3 million, with AngloGold Ashanti Limited for the purchase of the remaining moveable and immoveable assets of Ergo. These assets had a carrying value of R87.8 million (2008: R87.8 million) at year-end. The facilities are repayable in equal monthly instalments over 23 and 19 months, respectively. The loans bear interest at the prime lending rate, which was 11% at 30 June 2009 (2008: 15.5%). The loans are secured over the assets that were purchased from AngloGold Ashanti Limited.

(b) On 18 November 2005, the group issued Class A cumulative participating preference shares to Khumo Gold SPV (Pty) Limited (Khumo Gold), for a subscription price of R10.6 million. Class B and Class C cumulative participating preference shares, for a subscription price of R7.1 million and R8.6 million were issued to Khumo Gold and the DRDSA Empowerment Trust, respectively, on 30 November 2006. The preference shares entitle Khumo Gold and the employee trust to receive a dividend of R0.26 for every R0.74 paid by Crown, ERPM and Blyvoor to the company towards capital and interest on their outstanding intra-group loans as at 30 November 2005. Crown repaid its loan owing to DRDGOLD during the year and a preference dividend of R31.8 million was paid to Khumo Gold and the employee trust. There are no further obligations pursuant to the Crown preference shares and they will be cancelled. The preference shares are measured at amortised cost. The extension of the repayment periods of Blyvoor and ERPM resulted in a net gain of R36.1 million and R27.2 million, respectively, and a net loss at Crown of R1.3 million.

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.

GROUP 2008 R'000	GROUP 2009 R'000		COMPANY 2009 R'000	COMPANY 2008 R'000
4 098 206	**4 104 480**	Issued and paid-up share capital		
27 663	**31 392**	Non-distributable reserves in credit balance		
4 125 869	**4 135 872**			
(2 663 842)	**(2 719 588)**	Accumulated loss		
165 634	**67 247**	**Currently utilised**		

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

GROUP			COMPANY	
2008 R'000	2009 R'000		2009 R'000	2008 R'000
		23 COMMITMENTS AND CONTINGENT LIABILITIES		
		Capital commitments		
79 366	**33 063**	Contracted for but not provided for in the annual financial statements	**–**	–
143 074	**79 333**	Authorised by the directors but not contracted for	**–**	–
222 440	**112 396**		**–**	–
		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.		
		Crown leases its vehicles under various operating leases. There is an average escalation of 2.5% per annum imposed by these lease agreements.		
		The future minimum lease payments under non-cancellable operating leases are as follows:		
4 589	**1 874**	Not later than one year	**1 227**	1 115
2 246	**307**	Between one and five years	**–**	1 227
–	**–**	Later than five years	**–**	–

Contingent liabilities and uncertainties

Environmental

At **Durban Roodepoort Deep** mine, rehabilitation of the surface has continued throughout the year. The management of the 2L24 tailings complex has been taken over by Mintails which plans to reprocess it. Rehabilitation of the No 7 Shaft pit is 90% complete, rehabilitation of the No 8 Shaft pit is 40% complete and rehabilitation of the Great Britain pit is 75% complete. Rehabilitation of all these pits will be completed in the 2010 financial year. A full closure plan update is currently being undertaken.

At **West Wits** mine, the pit is being filled with tailings from the Mogale plant.

Management of the West Rand Consolidated Mines' tailings dams has been taken over by Mintails which plans to reprocess them. Various shafts still need to be capped and closed. The closure plan for the area will be updated this year.

The Western Basin Environmental Corporation (WBEC), a section 21 company, was formed by Mintails, West Wits and Harmony to manage the underground water decant. Pilot plants were constructed and the results are very promising. The feasibility study for the full-scale plant is complete. Approvals and permission from the various regulators is now awaited so that construction can begin. The plant will be sited at the High Density Separation (HDS) plant at ERPM and will treat Western, Central and Eastern basin water. The treatment plant will take 12 months to construct. A water pipeline connecting the Western and Central basins has been proposed to stop any discharge and hence potential pollution. Regulator approval is awaited.

Blyvoor continues to pump water from underground and discharges approximately 8 million litres (Ml) per day into the Wonderfontein Spruit. Regular monthly quality meetings continue to take place with the Potchefstroom Municipality and Blyvoor is fully compliant with the requirements of the agreement with Potchefstroom City Council. Blyvoor also participates in the Mining Interest Group, a sub group of the Wonderfontein Spruit Forum, which determines strategies regarding potential pollution and remedial action to do with the Wonderfontein Spruit and eventual regional closure. The regulators have produced a remediation report for the spuit which identifies certain areas requiring attention. Implementation task teams will now be set up to do the necessary studies and remediation where required. Blyvoor has also commissioned a water treatment plant that will treat approximately 6Ml per day of the discharged water to potable standard for their own consumption.

Blyvoor has embarked on a surface clean-up project where slime from historic run-off and pipe bursts is picked up and the area rehabilitated.

Crown has continued to engage proactively with the local community in terms of dust and other environmental issues. Since the upgrading of pipelines there have been very limited slime spills. Dust is very well managed.

These initiatives are continuing with rehabilitation being an integral part of operational management.

ERPM has updated its Environmental Management Programme (EMP) to meet the requirements of the Mineral and Petroleum Resources Development Act (MPRDA) and submitted it to the Department of Mineral Resources for approval.

The concurrent rehabilitation of redundant structures and holdings continued throughout the year.

23 COMMITMENTS AND CONTINGENT LIABILITIES *(continued)*

Water pumping at South West Vertical Shaft was stopped on 6 October 2008 after two fatalities in September due to CO_2 gas emissions. The water level in the Central Basin has equalised with the Hercules Basin and is currently flooding at a rate of 0.7m per day. The level was 800m below surface in July 2009. This water will need to be pumped from 150m below surface to prevent pollution of ground water. Central Rand Gold may pump from deeper to preserve their resource. The water will be pumped to the proposed Western Utilities Corporation (WUC) treatment plant to be purified to potable standards and supplied to Rand Water Board pending regulatory approval. The cost of the 150m pumping option is approximately R66 million of which ERPM may have a 17% apportionment.

ERPM's mining area is completely isolated from the Central Basin.

Ergo has restarted depositing on to the Brakpan tailings facility. Cladding of the side slopes of the dam to prevent dust progressed very well throughout the year.

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 all of the company's Mineral Reserves and deposits are located in South Africa.

On 1 May 2004, the 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 common law or by statute. With effect from 1 May 2004, 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 with 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 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 and ERPM has been granted a prospecting right over the Sallies area. The company has submitted applications for conversions in respect of the group's mining rights, however, as at year-end the Department of Mineral Resources had not yet finalised the applications.

Royalty Bill

The South African government has enacted the details of the new legislation, whereby the old and new order rights will be subject to a state royalty. The Mineral and Petroleum Resources Royalty Act was published on 11 October 2006 for public comment. The Mineral and Petroleum Resources Royalty Act, No.28 of 2008 was enacted on 21 November 2008 and was published in the Government Gazette on 24 November 2008 and Mineral and the Petroleum Resources Royalty Act (Administration), No.29 of 2008 on 26 November 2008. These acts provide for the payment of a royalty, calculated through a royalty rate formula (using rates of between 0.5% and 5.0%) applied against gross revenue per year, payable half yearly with a third and final payment thereafter. The royalty is tax deductible and the cost after tax amounts to a rate of between 0.33% and 3.3% at the prevailing marginal tax rates applicable to the group. The registration process is to commence 1 November 2009 and the payment of royalties will commence on 1 March 2010.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

23 COMMITMENTS AND CONTINGENT LIABILITIES *(continued)*

Merafong Local Council

According to legislation, Merafong City Council has been appointed by Rand Water as the water services authority in the area. The council is charging water at a premium of 53% for domestic water consumption. This premium over the rate that was previously charged by Rand Water does not compel the council to take over the current reticulation maintenance and monitoring.

It is the opinion of our legal advisers that the amount levied is excessive because there is no value that can be enforced until an agreement has been signed regarding the rate and the entity that will maintain the infrastructure between Blyvoor and the Merafong City Council. The potential liability could amount to R18.5 million. We are currently awaiting a court date.

Litigation

A summary of legal proceedings is provided under Annexure 2 of the notice to shareholders on pages 113 to 114.

24 FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

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 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 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 operations, on the bullion market. The gold is usually sold by Rand Refinery on the same day as it is delivered and settlement is made within two days. The group does not hedge against fluctuations in the bullion market.

The following represents the maximum exposure to credit risk for all financial assets at 30 June:

	Carrying value 2009 R'000	Fair value 2009 R'000	Carrying value 2008 R'000	Fair value 2008 R'000
GROUP				
Financial assets				
Unlisted investments (refer note 11)	**9 556**	**9 556**	10 689	10 689
Loans to black empowerment entities (refer note 11)	**33 442**	**33 442**	54 668	54 668
Investments in environmental rehabilitation trust funds (refer note 11)	**129 682**	**129 682**	110 766	110 766
Trade and other receivables (refer note 16)	**60 080**	**60 080**	207 636	207 636
Cash and cash equivalents	**353 555**	**353 555**	846 114	846 114
	586 315	**586 315**	1 229 873	1 229 873
COMPANY				
Financial assets				
Unlisted investments (refer note 11)	**1 426**	**1 426**	1 594	1 594
Loans to subsidiaries (refer note 12)	**1 346 821**	**1 346 821**	763 773	763 773
Loans to black empowerment entities (refer note 11)	**33 442**	**33 442**	54 668	54 668
Investments in environmental rehabilitation trust funds (refer note 11)	**20 296**	**20 296**	18 188	18 188
Trade and other receivables (refer note 16)	**8 233**	**8 233**	26 770	26 770
Cash and cash equivalents	**224 977**	**224 977**	657 472	657 472
	1 635 195	**1 635 195**	1 522 465	1 522 465

24 FINANCIAL INSTRUMENTS *(continued)*

The following represents the maximum exposure to credit risk for trade and other receivables at 30 June:

GROUP

	Carrying value 2009 R'000	Fair value 2009 R'000	Carrying value 2008 R'000	Fair value 2008 R'000
Trade receivables (refer note 16)	**30 966**	**30 966**	58 650	58 650
Receivables from related parties (refer note 16)	**86**	**86**	515	515
Other receivables (refer note 16)	**29 028**	**29 028**	148 471	148 471
	60 080	**60 080**	207 636	207 636

The ageing of trade and other receivables at 30 June:

	Gross value 2009 R'000	Impairment 2009 R'000	Gross value 2008 R'000	Impairment 2008 R'000
Not past due	**48 868**	**(105)**	167 832	(94)
Past due – 30 days	**4 202**	**(75)**	20 300	(22)
Past due 31–120 days	**6 067**	**(260)**	15 236	(104)
More than 120 days	**9 257**	**(7 874)**	12 469	(7 981)
	68 394	**(8 314)**	215 837	(8 201)

Impairments were raised due to the uncertainty of the timing of the cash flows.

Movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Impairment 2009 R'000	Impairment 2008 R'000
Balance at 1 July	**(8 201)**	(13 428)
Provision (recognised)/reversed	**(113)**	5 227
Balance at 30 June	**(8 314)**	(8 201)

The group has no significant credit risk as the majority of the group's receivables are from debtors with a good track record.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

24 FINANCIAL INSTRUMENTS *(continued)*

The following represents the maximum exposure to credit risk for trade and other receivables at 30 June: *(continued)*

COMPANY

	Carrying value 2009 R'000	Fair value 2009 R'000	Carrying value 2008 R'000	Fair value 2008 R'000
Receivables from related parties (refer note 16)	23	23	14	14
Other receivables (refer note 16)	8 210	8 210	26 756	26 756
	8 233	8 233	26 770	26 770

The ageing of trade and other receivables at 30 June:

	Gross value 2009 R'000	Impairment 2009 R'000	Gross value 2008 R'000	Impairment 2008 R'000
Not past due	7 784	–	9 046	–
Past due 0–30 days	392	–	13 241	–
Past due 31–120 days	1	–	2 483	–
More than 120 days	6 869	(6 813)	8 617	(6 617)
	15 046	(6 813)	33 387	(6 617)

Movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Impairment 2009 R'000	Impairment 2008 R'000
Balance at 1 July	(6 617)	(9 526)
Provision (recognised)/reversed	(196)	2 909
Balance at 30 June	(6 813)	(6 617)

Based on historic default rates, the company believes that no impairment allowance is necessary in respect of trade and other receivables not past due 120 days.

Interest rate and liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

24 FINANCIAL INSTRUMENTS *(continued)*

Interest rate and liquidity risk *(continued)*

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.

Unless otherwise stated, the following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

GROUP

30 June 2009	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6–12 months R'000	2–5 years R'000	More than 5 years R'000
Secured						
AngloGold Ashanti Limited	2 101	(2 373)	(2 373)	–	–	–
Unsecured						
Preference shares held by Khumo Gold SPV (Pty) Limited and the DRDSA Empowerment Trust (expected repayment)	65 146	(197 803)	–	–	(109 015)	(88 788)
Trade and other payables	322 138	(322 138)	(322 138)	–	–	–
Bank overdraft	824	(824)	(824)	–	–	–
	390 209	(523 138)	(325 335)	–	(109 015)	(88 788)

30 June 2008	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6–2 months R'000	2–5 years R'000	More than 5 years R'000
Secured						
AngloGold Ashanti Limited	24 734	(28 488)	(13 972)	(12 123)	(2 393)	–
Unsecured						
Preference shares held by Khumo Gold SPV (Pty) Limited and the DRDSA Empowerment Trust (expected repayment)	140 900	(237 065)	–	(60 577)	(147 044)	(29 444)
Trade and other payables	385 110	(385 110)	(385 110)	–	–	–
Bank overdraft	527	(527)	(527)	–	–	–
	551 271	(651 190)	(399 609)	(72 700)	(149 437)	(29 444)

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

24 FINANCIAL INSTRUMENTS *(continued)*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements: (continued)

COMPANY

30 June 2009	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000
Trade and other payables	25 662	(25 662)	(25 662)
Bank overdraft	824	(824)	(824)
	26 486	(26 486)	(26 486)

30 June 2008	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000
Trade and other payables	28 187	(28 187)	(28 187)
Bank overdraft	527	(527)	(527)
	28 714	(28 714)	(28 714)

The following represents the interest rate risk profile for the group's interest-bearing financial instruments:

GROUP

	Carrying amount 2009 R'000	Carrying amount 2008 R'000
Variable interest rate instruments		
Financial assets	483 237	956 880
Financial liabilities	(2 925)	(25 261)
	480 312	931 619

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

30 June	2009 Profit or (loss) 100bp increase R'000	2009 Profit or (loss) 100bp decrease R'000	2008 Profit or (loss) 100bp increase R'000	2008 Profit or (loss) 100bp decrease R'000
Variable interest rate instruments	4 803	(4 803)	9 316	(9 316)
Cash flow sensitivity	4 803	(4 803)	9 316	(9 316)

COMPANY

	Carrying amount 2009 R'000	Carrying amount 2008 R'000
Variable interest rate instruments		
Financial assets	245 273	675 660
Financial liabilities	(824)	(527)
	244 449	675 133

24 FINANCIAL INSTRUMENTS *(continued)*

Cash flow sensitivity analysis for variable rate instruments: *(continued)*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

30 June	2009 Profit or (loss)		2008 Profit or (loss)	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	R'000	R'000	R'000	R'000
Variable interest rate instruments	2 444	(2 444)	6 751	(6 751)
Cash flow sensitivity	2 444	(2 444)	6 751	(6 751)

Fair value of financial instruments

The following table represents the carrying amounts and fair values of the group's financial instruments at 30 June:

GROUP

	Carrying value	Fair value	Carrying value	Fair value
	2009	2009	2008	2008
	R'000	R'000	R'000	R'000
Financial assets				
Unlisted investments (refer note 11)	9 556	9 556	10 689	10 689
Loans to black empowerment entities (refer note 11)	33 442	33 442	54 668	54 668
Investments in environmental trust funds (refer note 11)	129 682	129 682	110 766	110 766
Trade and other receivables (refer note 16)	60 080	60 080	207 636	207 636
Cash and cash equivalents	353 555	353 555	846 114	846 114
	586 315	586 315	1 229 873	1 229 873
Financial liabilities				
Loans and borrowings (refer note 22)				
– long-term	65 146	65 146	125 662	113 382
– short-term	2 101	2 101	39 972	39 972
Trade and other payables	322 138	322 138	385 110	385 110
Bank overdrafts	824	824	527	527
	390 209	390 209	551 271	538 991

COMPANY

	Carrying value	Fair value	Carrying value	Fair value
	2009	2009	2008	2008
	R'000	R'000	R'000	R'000
Financial assets				
Unlisted investments (refer note 11)	1 426	1 426	1 594	1 594
Loans to subsidiaries (refer note 12)	1 346 821	1 346 821	763 773	763 773
Loans to black empowerment entities (refer note 11)	33 442	33 442	54 668	54 668
Investments in environmental trust funds (refer note 11)	20 296	20 296	18 188	18 188
Trade and other receivables (refer note 16)	8 233	8 233	26 770	26 770
Cash and cash equivalents	224 977	224 977	657 472	657 472
	1 635 195	1 635 195	1 522 465	1 522 465
Financial liabilities				
Loans from subsidiaries (refer to note 12)	310 404	310 404	1 108 554	1 108 554
Trade and other payables	25 662	25 662	28 187	28 187
Bank overdrafts	824	824	527	527
	336 890	336 890	1 137 268	1 137 268

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.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

24 FINANCIAL INSTRUMENTS *(continued)*

Fair values

Trade and other receivables

The fair value approximates the carrying value due to their short-term maturities.

Loans to black empowerment entities

The fair value of these loans cannot be reliably estimated and are reflected at their carrying value.

Preference shares held by Khumo Gold SPV (Pty) Limited and the DRDSA Empowerment Trust

Preference shares are measured at amortised cost based on expected future discounted cash flows. The original risk adjusted discount rate of 13% is used when estimating the possible future liability and are re-measured on an annual basis.

Loans from AngloGold Ashanti Limited

Loans from AngloGold Ashanti are measured at amortised cost using the market interest rate. The loans bears interest at the prime lending rate.

Cash and cash equivalents and investments in environmental trust funds

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these deposits. The carrying value of investments in environmental trust funds approximate their fair value due to these investments being cash in nature.

Listed investments

Fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges.

Trade and other payables

The fair value approximates the carrying value due to their short-term maturities.

Unlisted investments

The valuations are based on the net asset values of these investments which approximates the investments' fair value.

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. The company conducted its operations in South Africa during the current year. 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. The company's results are positively affected when the US dollar strengthens against the rand and adversely affected when the US dollar weakens against the rand. The group does not hedge against foreign currency fluctuations. The company's cash and cash equivalent balances are held in US dollars, Australian dollars and South African rands ; holdings denominated in other currencies are relatively insignificant.

The following represents the exposure to foreign currency risk:

GROUP

	2009		2008	
	USD	AUD	USD	AUD
Cash and cash equivalents	**3**	**1 373**	1 191	2 787
Trade and other receivables	**3 929**	**–**	7 365	12 981
Trade and other payables	**(8)**	**(137)**	(75)	(123)
Net statement of financial position exposure	3 924	1 236	8 481	15 645

The following significant exchange rates applied during the year:

	Spot rate at year-end		Average rate	
	2009	2008	2009	2008
1 US dollar	**7.8821**	7.9645	**9.0484**	7.3123
1 Australian dollar	**6.3433**	7.6579	**6.6725**	6.5648

Sensitivity analysis

A 10% strengthening of the rand against the currencies mentioned at 30 June would have increased (decreased) equity and profit or (loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	2009		2008	
	USD	AUD	USD	AUD
	R'000	R'000	R'000	R'000
Equity	**4**	**(784)**	(889)	(11 981)
Loss	**(3 097)**	**–**	(5 862)	–

A 10% weakening of the rand against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24 FINANCIAL INSTRUMENTS *(continued)*

The following table represents the carrying amounts and fair values per category of financial instruments at 30 June:

GROUP

	Carrying value 2009 R'000	Fair value 2009 R'000	Carrying value 2008 R'000	Fair value 2008 R'000
Financial assets				
Available-for-sale financial assets	9 556	9 556	10 689	10 689
Loans and receivables	576 759	576 759	1 219 184	1 219 184
	586 315	586 315	1 229 873	1 229 873
Financial liabilities				
Financial liabilities measured at amortised cost	390 209	390 209	551 271	538 991
	390 209	390 209	551 271	538 991

COMPANY

	Carrying value 2009 R'000	Fair value 2009 R'000	Carrying value 2008 R'000	Fair value 2008 R'000
Financial assets				
Available-for-sale financial assets	1 426	1 426	1 594	1 594
Loans and receivables	1 633 769	1 633 769	1 520 871	1 520 871
	1 635 195	1 635 195	1 522 465	1 522 465
Financial liabilities				
Financial liabilities measured at amortised cost	336 890	336 890	1 137 268	1 137 268
	336 890	336 890	1 137 268	1 137 268

25 CAPITAL MANAGEMENT

The primary objective of the board in managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the group remains in a sound financial position. There were no changes to the group's overall capital management approach during the current year. The group manages and makes adjustments to the capital structure as opportunities arise in the market place, as and when borrowings mature, or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof.

The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and non-controlling interest from continued operations, and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board of Directors also monitors the level of dividends to ordinary shareholders.

26 OPERATING SEGMENTS

During the year the group changed its accounting policy regarding segmental reporting by early adopting IFRS 8 – Operating Segments which supersedes IAS 14 – Segment Reporting. The comparative numbers have been updated to reflect these changes and the effect thereof is clear from the disclosures due to the fact that previously only one business segment was disclosed.

The following summary describes the operations in each of the group's reportable business segments:

- **Blyvoor:** incorporates the Doornfontein mine, situated on the north-western edge of the Witwatersrand Basin. The mine has underground and surface operations.
- **Crown:** is a surface retreatment operation and treats old slime and sand dumps to the south of Johannesburg's CBD. The facility consists of three plants known as Crown, City Deep and Knights.
- **ERPM:** is an underground and surface mining operation, which is situated near the town of Boksburg. The underground mining operations were placed on care and maintenance during the year. ERPM continues as a surface retreatment operation.
- **ErgoGold:** ErgoGold consists of Phase 1 of the Ergo Project which was initially known as the Elsburg Gold Mining Joint Venture and has been renamed ErgoGold following the DRDGOLD group's acquisition of Mintails' share. ErgoGold is now wholly owned by the DRDGOLD group. Phase 1 has been established as a surface retreatment operation to retreat the Elsburg dump owned by ERPM and the L29 dump.
- **Ergo JV:** Ergo Mining (Pty) Ltd is a joint venture between DRDGOLD SA and Mintails SA – known as the Ergo JV. The Ergo JV consists of Phase 2 of the Ergo Project, which is to explore, evaluate and process surface uranium- and sulphur-bearing tailings on the East and Central Rand goldfields of South Africa.
- **Offshore:** represents the group's operations in Australasia and includes Tolukuma. The Australasian operations were disposed of during the financial year ended 30 June 2008.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

26 OPERATING SEGMENTS *(continued)*

2009			Blyvoor R'000	Crown R'000	ERPM R'000	ErgoGold [2] R'000	Ergo JV R'000	Offshore R'000	Corporate office and all other offices [3] R'000	Total R'000
FINANCIAL PERFORMANCE										
Segmental revenue			1 018 527	620 125	247 908	24 178	–	–	–	1 910 738
Operating costs			(842 329)	(456 205)	(303 581)	(69 365)	(4 057)	–	(11 822)	(1 687 359)
Operating profit/(loss)			176 198	163 920	(55 673)	(45 187)	(4 057)	–	(11 822)	223 379
Interest and other investment income			3 185	2 347	1 409	2	3	1 031	72 014	79 991
Interest expense			(521)	(5)	(860)	(1)	–	–	(2 218)	(3 605)
Retrenchment costs			–	–	(30 681)	–	–	–	(4 241)	(34 922)
Administration expenses and general costs			(1 719)	(4 980)	(1 592)	(1 256)	(1 554)	(756)	(71 726)	(83 583)
Taxation charge [1]			–	(41 529)	–	–	–	–	(4 660)	(46 189)
Working profit/(loss) before capital expenditure			177 143	119 753	(87 397)	(46 442)	(5 608)	275	(22 653)	135 071
Capital expenditure			(97 537)	(43 115)	(31 736)	(157 129)	(17 025)	–	(126)	(346 668)
Working profit/(loss) after capital expenditure			79 606	76 638	(119 133)	(203 571)	(22 633)	275	(22 779)	(211 597)

[1] The taxation charge excludes deferred tax.

[2] With effect from 1 April 2009, ErgoGold represents DRDGOLD's 100% share in the Elsburg Gold Mining Joint Venture.

[3] Corporate head office expenses are taken into consideration in the strategical decision-making process of the CODM and are therefore included in the disclosure here, even though they do not earn revenue.

OPERATING RESULTS [4]										
Ore milled	– underground	t'000	603	–	184	–	–	–	–	787
	– surface	t'000	3 433	6 577	1 430	2 296	–	–	–	13 736
	– total	t'000	4 036	6 577	1 614	2 296	–	–	–	14 523
Average yield	– underground	g/t	4.59	–	3.20	–	–	–	–	4.26
	– surface	g/t	0.37	0.38	0.33	0.05	–	–	–	0.32
	– total	g/t	1.00	0.38	0.66	0.05	–	–	–	0.53
Gold dispatched	– underground	kg	2 765	–	589	–	–	–	–	3 354
	– surface	kg	1 262	2 500	474	114	–	–	–	4 350
	– total	kg	4 027	2 500	1 063	114	–	–	–	7 704
	– underground	oz	88 898	–	18 935	–	–	–	–	107 833
	– surface	oz	40 575	80 377	15 239	3 666	–	–	–	139 857
	– total	oz	129 473	80 377	34 174	3 666	–	–	–	247 690
Operating cost	– underground	R/kg	255 517	–	361 141	–	–	–	–	274 066
	– surface	R/kg	98 124	182 482	222 430	608 465	–	–	–	164 549
	– total	R/kg	209 170	182 482	285 589	608 465	–	–	–	219 024
	– underground	$/oz	878	–	1 287	–	–	–	–	942
	– surface	$/oz	337	578	778	2 077	–	–	–	566
	– total	$/oz	709	578	1 060	2 077	–	–	–	753
RECONCILIATION OF ASSETS										
Reportable segment assets			463 947	150 947	49 422	888 876	150 791	–	29 236	1 733 219
Other assets			96 536	183 235	155 240	61 007	34 268	25	362 242	892 553
Total assets			560 483	334 182	204 662	949 883	185 059	25	391 478	2 625 772

[4] Unaudited.

26 OPERATING SEGMENTS *(continued)*

2009	Blyvoor R'000	Crown R'000	ERPM R'000	ErgoGold (2) R'000	Ergo JV R'000	Offshore R'000	Corporate office and all other offices R'000	Total R'000
RECONCILIATION OF LIABILITIES								
Reportable segment liabilities	182 783	297 498	87 877	66 092	84 454	60	127 538	846 302
Taxation and deferred taxation	12 403	650	–	182 150	–	–	288	195 491
Total liabilities	195 186	298 148	87 877	248 242	84 454	60	127 826	1 041 793
OTHER MATERIAL INFORMATION								
Depreciation and amortisation	(29 273)	(35 532)	(3 187)	(26 854)	(3 930)	–	(441)	(99 217)
Impairment of assets	–	(19 426)	(53 012)	–	–	–	(2 700)	(75 138)
RECONCILIATION OF REVENUES								
Total revenues for reportable segments	1 018 527	620 125	247 908	24 178	–	–	–	1 910 738
– Continuing operations	1 018 527	620 125	247 908	24 178	–	–	–	1 910 738
– Discontinued operations	–	–	–	–	–	–	–	–
Group's revenue	1 018 527	620 125	247 908	24 178	–	–	–	1 910 738
RECONCILIATION OF PROFIT/(LOSS)								
Segment working profit/(loss) before capital expenditure	177 143	119 753	(87 397)	(46 442)	(5 608)	275	(22 653)	135 071
– Depreciation	(29 273)	(35 532)	(3 187)	(26 854)	(3 930)	–	(441)	(99 217)
– Movement in provision for environmental rehabilitation	426	(11 002)	11 023	–	2 825	–	(22 817)	(19 545)
– Movement in gold in progress	(9 445)	3 658	1 573	11 232	–	–	–	7 018
– Impairments and reversal of impairments	–	(19 426)	(53 012)	–	–	–	(2 700)	(75 138)
– Recognition of goodwill on acquisition	–	–	–	–	–	–	53 006	53 006
– Net gain on financial liabilities measured at amortised cost	36 141	(1 403)	27 234	–	–	–	28	62 000
– (Loss)/profit on realisation of investments	–	–	–	–	–	(1 873)	–	(1 873)
– Growth in environmental rehabilitation trust funds	2 929	4 441	1 597	–	–	–	3 900	12 867
– Unrealised foreign exchange loss	–	–	–	–	–	(10 549)	231	(10 318)
– Unwinding of provision for environmental rehabilitation	(1 119)	(4 137)	(1 648)	–	(2 365)	–	(528)	(9 797)
– Unwinding of discount on financial liabilities measured at amortised cost	(10 388)	(3 237)	(4 398)	–	–	–	–	(18 023)
– Deferred tax per the statement of comprehensive income	(43 154)	25 593	69 525	3 503	(12)	–	19 178	74 633
Profit/(loss) after taxation	123 260	78 708	(38 690)	(58 561)	(9 090)	(12 147)	27 204	110 684

Geographical information	Revenues	Non-current assets
South Africa	1 910 738	1 733 219
Australia	–	–
Total	1 910 738	1 733 219

Information about major customers

The group has only one major customer regarding the sale of gold ore in each geographical area due to regulatory authority.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

26 OPERATING SEGMENTS *(continued)*

2008	Blyvoor R'000	Crown R'000	ERPM R'000	Ergo JV R'000	Offshore R'000	Corporate office and all other offices (2) R'000	Total R'000
FINANCIAL PERFORMANCE							
Segmental revenue	848 230	528 625	467 057	–	89 235	–	1 933 147
Operating costs	(697 281)	(362 237)	(428 255)	–	(124 437)	(15 242)	(1 627 452)
Operating profit/(loss)	150 949	166 388	38 802	–	(35 202)	(15 242)	305 695
Interest and other investment income	3 296	1 081	1 608	–	10 067	58 472	74 524
Interest expense	(498)	(9)	(778)	–	(26 505)	(7 739)	(35 529)
Retrenchment costs	–	–	(5 528)	–	–	(5 816)	(11 344)
Administration expenses and general costs	(3 005)	2 034	(3 294)	(41)	(18 102)	(77 115)	(99 523)
Taxation charge (1)	–	(13 272)	–	–	(32 678)	–	(45 950)
Working profit/(loss) before capital expenditure	150 742	156 222	30 810	(41)	(102 420)	(47 440)	187 873
Capital expenditure	(74 847)	(42 077)	(30 082)	(176 785)	(47 572)	(26)	(371 389)
Working profit/(loss) after capital expenditure	**75 895**	**114 145**	**728**	**(176 826)**	**(149 992)**	**(47 466)**	**(183 516)**

(1) *The taxation charge excludes deferred tax.*

(2) *Corporate head office expenses are taken into consideration in the strategical decision-making process of the CODM and are therefore included in the disclosure here, even though they do not earn revenue.*

OPERATING RESULTS (3)			Blyvoor	Crown	ERPM	Ergo JV	Offshore	Corporate office and all other offices	Total
Ore milled	– underground	t'000	687	–	303	–	56	–	1 046
	– surface	t'000	3 719	8 235	1 859	–	–	–	13 813
	– total	t'000	4 406	8 235	2 162	–	56	–	14 859
Average yield	– underground	g/t	4.70	–	5.83	–	7.45	–	5.17
	– surface	g/t	0.31	0.33	0.38	–	–	–	0.33
	– total	g/t	1.00	0.33	1.14	–	7.45	–	0.67
Gold dispatched	– underground	kg	3 229	–	1 767	–	417	–	5 413
	– surface	kg	1 162	2 717	705	–	–	–	4 584
	– total	kg	4 391	2 717	2 472	–	417	–	9 997
	– underground	oz	103 813	–	56 812	–	13 427	–	174 052
	– surface	oz	37 359	87 354	22 667	–	–	–	147 380
	– total	oz	141 172	87 354	79 479	–	13 427	–	321 432
Operating cost	– underground	R/kg	181 518	–	190 938	–	298 410	–	190 967
	– surface	R/kg	90 971	133 322	138 350	–	–	–	121 321
	– total	R/kg	158 798	133 322	173 242	–	298 410	–	162 794
	– underground	$/oz	772	–	812	–	1 098	–	810
	– surface	$/oz	387	553	588	–	–	–	516
	– total	$/oz	670	553	748	–	1 098	–	692

RECONCILIATION OF ASSETS	Blyvoor	Crown	ERPM	Ergo JV	Offshore	Corporate office and all other offices	Total
Reportable segment assets	396 060	162 790	73 885	179 399	–	741	812 875
Other assets	131 598	180 736	107 748	41 657	133 550	854 331	1 449 620
Total assets	**527 658**	**343 526**	**181 633**	**221 056**	**133 550**	**855 072**	**2 262 495**

(3) *Unaudited.*

26 OPERATING SEGMENTS *(continued)*

2008	Blyvoor R'000	Crown R'000	ERPM R'000	Ergo JV R'000	Offshore R'000	Corporate office and all other offices R'000	Total R'000
RECONCILIATION OF LIABILITIES							
Reportable segment liabilities	218 984	330 393	168 109	136 083	599	101 095	955 263
Taxation and deferred taxation	–	1 771	–	–	–	–	1 771
Total liabilities	218 984	332 164	168 109	136 083	599	101 095	957 034
OTHER MATERIAL INFORMATION							
Depreciation and amortisation	(22 671)	(20 548)	(25 269)	–	(854)	(589)	(69 931)
Impairment of assets	–	–	(69 804)	–	(46 718)	5 889	(110 633)
RECONCILIATION OF REVENUES							
Total revenues for reportable segments	848 230	528 625	467 057	–	89 235	–	1 933 147
– Continuing operations	848 230	528 625	467 057	–	–		1 843 912
– Discontinued operations	–	–	–	–	89 235	–	89 235
Group's revenue	848 230	528 625	467 057	–	89 235	–	1 933 147
RECONCILIATION OF PROFIT/(LOSS)							
Segment working profit/(loss) before capital expenditure	150 742	156 222	30 810	(41)	(102 420)	(47 440)	187 873
– Depreciation	(22 671)	(20 548)	(25 269)	–	(854)	(589)	(69 931)
– Movement in provision for environmental rehabilitation	(958)	(20 334)	(10 976)	–	(4 019)	2 097	(34 190)
– Movement in gold in progress	14 373	1 354	(484)	–	(10 059)	–	5 184
– Loss on derivative financial instruments	–	–	–	–	(433)	–	(433)
– Impairments and reversal of impairments	–	–	(69 804)	–	(46 718)	5 889	(110 633)
– Net gain on financial liabilities measured at amortised cost	(64 644)	(22 169)	1 492	–	2 457	(857)	(83 721)
– (Loss)/profit on realisation of investments	–	–	–	–	5	12 000	12 005
– Growth in environmental rehabilitation trust funds	2 586	1 449	1 107	–	–	3 344	8 486
– Unrealised foreign exchange loss	–	–	–	–	(27 153)	(10 161)	(37 314)
– Unwinding of provision for environmental rehabilitation	(49)	(3 174)	(1 011)	–	–	(501)	(4 735)
– Unwinding of discount on financial liabilities measured at amortised cost	(1 757)	(574)	(4 063)	–	–	–	(6 394)
– Deferred tax per the statement of comprehensive income	30 752	18 299	32 512	12	108 086	–	189 661
Profit/(loss) after taxation	108 374	110 525	(45 686)	(29)	(81 108)	(36 218)	55 858

Geographical information	Revenues	Non-current assets
South Africa	1 843 912	812 875
Australia	89 235	–
Total	1 933 147	812 875

Information about major customers

The group has only one major customer regarding the sale of gold ore in each geographical area due to regulatory authority.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

27 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 40 to 42. 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 ended 30 June 2009, total directors' remuneration short-term benefits amounted to R16.4 million which includes end-of-contract payments amounting to R1.4 million (company: R12.8 million which includes an end-of-contract payment amounting to R0.7 million) and key management personnel remuneration (short-term benefits) to R58.6 million (company: R9.4 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, joint ventures and subsidiary companies

During the year ended 30 June 2009, the company earned management fees from DRDGOLD South African Operations (Pty) Ltd (DRDGOLD SA) amounting to R15.6 million (2008: R17.5 million). Transactions with associates are priced on an arm's length basis.

Balances outstanding at 30 June 2009:

– Subsidiaries – refer to note 12 and page 44
– Joint ventures – refer to note 13
– Associates – refer to note 14

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 usually 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, is also a director of Rand Refinery and is a member of its Audit Committee. The group currently owns 4.0% of Rand Refinery (which is jointly owned by South African mining companies). Trade receivables to the amount of R31.0 million (2008: R58.7 million) relate to metals sold. The group received a dividend of R4.1 million (2008: R1.5 million) from Rand Refinery.

Consultancy agreement

On 23 June 2008, DRDGOLD SA approved a consultancy agreement with Khumo Gold, which owns 20% of DRDGOLD SA. The agreement provides for a monthly retainer of R200 000.

28 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 in 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) Recoverable amount of mining assets

The recoverable amount 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 the country risk in determining the recoverable amount. During the year under review, the group calculated recoverable amount based on updated life-of-mine plans, a gold price of R270 000 per kilogram in year one escalating at an average of 7.42% per annum, and a discount rate of 12.5%. At a 10% lower gold price received of R243 000 per kilogram, or a 4% increase in the discount rate to 16.5%, no further impairment would have been raised (refer note 10).

The calculation of units-of-production rate of amortisation could be effected to the extent that actual production in the future is different from current forecast production based on proved and probable Ore Reserves. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating Mineral Reserves. Factors could include:

– changes in proved and probable Ore Reserves;
– the grade of Ore Reserves may vary significantly from time to time;
– differences between actual commodity prices and commodity price assumptions;
– unforeseen operational issues at mine sites;
– changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates; and
– changes in Ore Reserves could similarly effect the useful lives of assets depreciated on straight-line basis, where those lives are limited to the life of the mine.

28 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(b) Valuation of financial instruments

If the value of the financial instrument cannot 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.

An average discount rate of 8.25%, average inflation rate of 5.7% 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 (2008: discount rate of 11.0% and inflation rate of 8.9%).

(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 20).

(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 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 pricing model. The significant inputs into the model are: vested period and conditions, risk-free interest rate, volatility and price of grant. (Refer to note 20 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 estimates

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.

Ore Reserves are estimates of the amount of product that can be economically and legally extracted from the group's properties. In order to calculate Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of Ore Reserves requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

The group is required to determine and report Ore Reserves in accordance with the SAMREC code.

Because the economic assumptions used to estimate Ore Reserves change from period to period and because additional geological data is generated during the course of operations, estimates of Ore Reserves may change from period to period. Changes in reported Ore Reserves may affect the group's financial results and financial position in a number of ways and including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation, depletion and amortisation charges in the statement of comprehensive income may change where such charges are determined by the units-of-production method, or where the useful economic lives of assets change;
- decommissioning site restoration and environmental provisions may change where changes in estimated Ore Reserves affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

These adjustments are made prospectively where relevant.

Notes to the annual financial statements *(continued)*

for the year ended 30 June 2009

28 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(j) Estimate of deferred tax asset

The amount recognised as a deferred tax asset is generally determined utilising discounted future cash flows similar to estimates used in the calculation of depreciation and rehabilitation liabilities. Management considers all factors that could possibly affect the probability that future taxable profit will be available against which unused tax credits can be utilised. These factors included profitability of the operations and a higher gold price. The amount recognised as a deferred tax asset is sensitive to the current gold spot price. The amount recognised at 30 June 2009 is based on a future gold price received of R270 000 per kilogram (2008: R235 000 per kilogram) in year one, escalating at an average of 7.42% (2008: 11%) per year. At a 10% lower gold price received of R243 000 per kilogram (2008: R211 500 per kilogram), the deferred tax asset will reduce by R140.8 million (2008: R32.5 million). ErgoGold is still a new project, with no profit history and still faces some metallurgical challenges which it must overcome to achieve the forecasted recovery grade. Should these challenges not be overcome, the deferred tax asset raised will be impacted in the future.

29 SUBSEQUENT EVENTS

Offer for Mintails Limited's South African business assets

On 29 June 2009, DRDGOLD made an offer to Mintails Limited (Mintails) to acquire all of Mintails' South African business assets except its interest in underground explorer West Wits Mining Limited (West Wits). The purchase consideration under the offer was to be determined by the 30-day Volume Weighted Average Price (VWAP) of Mintails shares over the 30 trading days terminating on 24 June 2009, less the value of Mintails' holding in West Wits based on the West Wits trading VWAP for the same 30 trading days to 24 June 2009. DRDGOLD proposed an issue of its shares in payment for the acquisition, also calculated by a 30-trading-day VWAP to 24 June 2009.

Mintails initially conditionally accepted the offer by DRDGOLD, however the offer was rejected by the Mintails board on 22 July 2009.

Dividend

On 20 August 2009, DRDGOLD declared a dividend of 5 cents per share, which amounts to R18.9 million. Secondary tax on companies of R1.9 million is payable on the dividend. The last day to trade ordinary shares cum dividend is 2 October 2009.

Blyvoor right-sizing

On 26 August 2009, DRDGOLD announced that it had advised unions of its intention to right-size the Blyvoor operation. Blyvoor will proceed with a 60-day facilitated consultation process in terms of Section 189A of the South African Labour Relations Act to determine the future of affected employees. This had been brought about by a drop in underground production due mainly to seismic damage to high-grade panels, a significant drop in the average rand gold price received due to rand strength and an increase in underground cash operating costs.

The damaged panels will take up to six months to rehabilitate, during which time monthly production from the affected areas will be reduced from 2 500m per month to 200m per month. This extended, negative impact on underground production, combined with dim prospects for a substantial rand gold price recovery in the short term, a 32% power price increase from power utility Eskom with effect from 1 July and the prospect of paying at least the 6% wage increase currently on the table with unions, makes right-sizing at Blyvoor inevitable.

Shareholders' information

as at 30 June 2009

	No of share-holders	% of total share-holders	No of shares held	% of issued shares
1. BREAKDOWN OF SHAREHOLDING				
Range				
1 – 5 000	5 427	83.41	4 910 445	1.30
5 001 – 10 000	433	6.65	3 373 732	0.89
10 001 – 50 000	479	7.36	11 246 153	2.98
50 001 – 100 000	71	1.09	5 109 274	1.35
100 001 – 1 000 000	74	1.14	22 813 028	6.04
1 000 001 and more	23	0.35	330 548 671	87.44
Totals	6 507	100.00	378 001 303	100.00
2. BREAKDOWN BY CLASSIFICATION				
Individuals	5 784	88.89	24 150 281	6.39
Institutions and bodies corporate	723	11.11	353 851 022	93.61
Totals	6 507	100.00	378 001 303	100.00
3. SHAREHOLDERS HOLDING 1% OR MORE OF THE SHARES IN ISSUE				
Bank of New York			234 061 418	61.92
J P Morgan			25 418 056	6.72
Soges Fiducem SA (Brussels)			21 930 368	5.80
Clearstream Banking Sa Luxembourg			6 510 372	1.72
PIC Investec			6 257 982	1.66
Oryx Investment Management			4 649 294	1.23
State Street			4 451 219	1.18
Industrial Development Corporation			4 451 219	1.18
4. SHAREHOLDER SPREAD				
Public	6 503	99.94	377 804 015	99.95
Non-public:	4	0.06	197 288	0.05
Directors	3	0.05	159 902	0.04
Share option scheme	1	0.01	37 386	0.01
Totals	6 507	100.00	378 001 303	100.00

5. SHARE PERFORMANCE	JSE	Nasdaq
Number of shares traded ('000)	243 488	486 961
% of total issued shares	64	129
Price quoted (ZAR/US cents per share)		
Highest	955	106
Lowest	286	29
Closing	603	76
Market capitalisation at year-end (R'000/$'000)	2 279 348	286 903

Shareholders' diary

Annual general meeting

Date	27 November 2009
Time	09:00
Place	EBSCO House 4 299 Pendoring Avenue Blackheath Randburg 2195 South Africa

Quarterly reports

1st Quarter	October 2009
2nd Quarter	February 2010
3rd Quarter	April 2010
4th Quarter	August 2010
Interim Financial Report	February 2010
Preliminary Annual Financial Report	August 2010

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 factors have been used in this document.

Currency: Average exchange rate during year $1 = R9.0484
Closing exchange rate at 30 June 2009 $1 = R7.8821

Metric	Imperial	Imperial	Metric
1 tonne	1.10229 short ton	1 short ton	0.9072 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 acres	0.4047 hectares
1 centimetre	0.3937 inches	1 inch	2.54 centimetres
1 gram/tonne	0.0292 ounce/tonne	1 ounce/tonne	34.28 grams/tonne

Glossary of terms

By-product	Any products that arise from the core process of producing gold including silver
Capital expenditure	Total capital expenditure on mining assets to both expand and maintain operations
CODM	Chief operating decision-maker relates to a function, rather than an individual
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 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
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 required to enable the conversion of mineralised material to reserves
Elution	Process of re-dissolving gold from activated carbon
EMP	Environmental Management Programme
Exploration	Activities associated with ascertaining the existence, location, extent or quality of mineralised material, including economic and technical evaluation of mineralised material
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
JORC	Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves
JSE	JSE Limited, South Africa
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
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
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

Glossary of terms *(continued)*

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
Mineralisation	The presence of a target mineral in a mass of host rock
Mining Charter	Broad-Based Socio-Economic Empowerment Charter for the South African mining industry
MMMA	Mine Metallurgical Managers' Association
MPRDA	Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect in South Africa on 11 May 2004. Regulates the granting of mining authorisations and prospecting permits
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
PLATO	The South African Council for Professional Land Surveyors and Technical Surveys
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
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 Mineral Resources and address ground and surface water, topsoil, final slope gradients, waste handling and re-vegetation issues
SACNASP	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
SEC	United States Securities and Exchange Commission
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
STC	Secondary tax on companies
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
Weighted average number of ordinary shares	The number of ordinary shares in issue at the beginning of the year increased by the shares issued of ordinary shares 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, 27 November 2009 at 09:00 (South African time) for the following business:

Ordinary business

1. To receive and consider the audited annual financial statements of the group and the company for the financial year ended 30 June 2009, including the reports of the directors and auditors respectively.

2. To re-appoint KPMG Inc. with the designated auditor currently being Mr R Davel as the independent external auditors of the company for the ensuing period terminating on the conclusion of the next annual general meeting of the company, and to authorise the directors to fix the auditors' remuneration for the past year.

3. To re-elect as directors Messrs R P Hume and J Turk who, in terms of the company's Articles of Association, retire by rotation at this meeting but, being eligible, offer themselves for re-election.

Curricula vitae of the directors standing for re-election are provided on page 11 of this annual report.

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 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 such 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) shares in the capital of DRDGOLD which currently comprise no par value ordinary shares (DRDGOLD securities) (including, without limitation, those allotted and issued 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 securities (options), or to allot and issue instruments that are convertible to DRDGOLD securities (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 therefore, but subject to:

- the 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) on which the DRDGOLD securities 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 securities issued, the average discount to the weighted average traded price of DRDGOLD securities over 30 business days prior to the date that the price of the issue is agreed in writing between DRDGOLD and the subscribing parties, 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 securities pursuant to this general authority representing, on a cumulative basis within one financial year, 5% or more of the number of DRDGOLD securities in issue prior to the issue;

3. that the issues of DRDGOLD securities may not in any one financial year in the aggregate exceed 15% of the number of issued DRDGOLD securities. The number of DRDGOLD securities that may be issued [or sold], as the case may be, shall be determined in accordance with sub-paragraph 5.52 (c) of the Listings Requirements of the JSE; and

4. in determining the price at which an issue of DRDGOLD securities will be made in terms of this general authority, the maximum discount at which the DRDGOLD securities will be issued is 10% of the weighted average trading price of DRDGOLD securities 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. that issues of options or convertible instruments are subject to the same or similar requirements as those set out above."

Whenever the company wishes to use DRDGOLD securities 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 securities.

According to the Listings Requirements of the JSE, the approval of Ordinary Resolution No 2 requires a 75% majority vote cast 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 the director of the company referred to below, no par value ordinary shares in respect of the options set out opposite his name insofar as he exercises those options in terms of the DRDGOLD (1996) Share Option Scheme.

Notice to shareholders *(continued)*

Name of director	Number of options vesting until November 2010
D J Pretorius	159 013
C C Barnes	89 536

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 the resolutions to be approved at the annual general meeting of the company convened to consider such resolutions."

Special Resolution No 1

"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 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 1 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 Share 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 2

"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 (the company) be and are hereby authorised to approve the acquisition by the company or by its subsidiaries of securities in the company (DRDGOLD securities). 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 relevant class of the company's issued 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 securities on the JSE for the five business 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 relevant class of the entire issued share capital of the company;
- acquisitions of DRDGOLD securities will not take place within a prohibited period as described in the Listings Requirements of the JSE from time to time unless a repurchase programme is in place where the dates and quantities of DRDGOLD securities to be traded during the relevant period are fixed and have been announced on SENS prior to the commencement of the prohibited period;
- 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 counterparty;
- 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 2 is to enable the directors of the company to approve the acquisition by the company and its subsidiaries of securities 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 securities, 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 relevant class of issued 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 the group would be in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of the notice of this annual general meeting (the next year);
- the assets of the company and the group would be in excess of the liabilities of the company and the group for the next year where assets and liabilities are measured and recognised in accordance with the accounting policies used in the latest audited consolidated financial statements;
- the share capital and reserves of the company and the group for the next year will be adequate for ordinary business purposes; and
- the working capital of the company and the group 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 securities in terms of this Special Resolution No 2 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 2 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 or she holds or represents and, in 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 Central Securities Depositary Participant (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, to 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to reach them by no later than 09:00 (South African time) on 25 November 2009; 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 25 November 2009; 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 25 November 2009.

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/her share warrant at the bearer reception office of Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom, or must deposit his share warrant at the office of the French agents, Caceis Corporate Trust, 14 rue Rouget de Lisle, 92862, Issy-les-Moulineaux, Cedex 9, 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

16 September 2009

Registered office and postal address:

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

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

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 4TU

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 2 (the general authority to repurchase shares) are set out in terms of the Listings Requirements of the JSE Limited (the JSE).

Directors and management

Details of the directors and management of the company are set out on pages 10 to 13 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 105 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 20 August 2009.

Directors' interest in securities

The interests of the directors in the share capital of the company are set out on page 40 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 105 of the Annual Report that accompanies this notice of annual general meeting.

Directors' responsibility statement

The directors, whose names are given on pages 10 and 11 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 in this Annexure 2 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement in this Annexure 2 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 12 months preceding the date of this notice of annual general meeting, the following legal proceedings arose or remain pending which may still have a material effect on the financial position of the company and its subsidiaries:

1. **Competition Tribunal case**
   On 23 September 2002, DRDGOLD and Harmony Gold Mining Company Limited, another South African gold mining company, filed a complaint with the South African Competition Commission against Mittal Steel South Africa Limited (Mittal), a South African steel producer. The complainants alleged that Mittal was abusing its dominant position by charging excessive prices for its local flat steel products and providing inducements for steel purchasers to refrain from importing competing steel products. The Competition Commission dismissed the claim, and the matter was referred to the Competition Tribunal (the Tribunal), which has the authority to overrule the determination of the Competition Commission. Evidence by a number of witnesses was adduced during March and April 2006 and, on 27 March 2007, the Tribunal delivered its judgement in terms of which the following findings were made:
   - that Mittal has abused its dominant position by engaging in excessive pricing; and
   - that Mittal did not induce customers not to deal with its competitors.

   On 27 July 2007 the parties presented submissions to the Tribunal on the penalty or penalties which the Tribunal may impose against Mittal. On 6 August 2007 the Competition Tribunal imposed an administrative penalty of R691.8 million against Mittal. Mittal lodged an appeal in the Competition Appeal Court against the decision of the Tribunal. On 29 May 2009 the Court delivered its judgement in terms of which the case was remitted to the Tribunal for hearing of oral evidence in relation to the matters canvassed in the affidavit of one Leon Price, and whether Mittal contravened Section 8 (a) of the Competition Act 89 of 1998 by charging excessive prices for flat steel products to the detriment of its consumers. On 14 September 2009 DRDGOLD and Harmony announced the withdrawal of the complaint following a settlement agreement signed with Mittal. The terms of the settlement agreement are confidential and will not be made public.

2. **Litigation regarding environmental issues**
   On 2 August 2006 and 4 September 2006, two virtually identical applications were brought against DRDGOLD and its directors for relief under the Mineral and Petroleum Resources Development Act (MPRDA) by the Legal Resources Centre on behalf of the residents of two communities, Davidsonville and Kagiso, who reside adjacent to tailings deposition sites of the now dormant Durban Roodepoort Deep mine and of West Witwatersrand mine, respectively. While no financial compensation is sought, the communities are seeking orders for the revision of the Environmental Management Programmes of both sites, and for the sites to be rehabilitated and closed in accordance with standards of the MPRDA. DRDGOLD has filed its Appearance to Defend and Answering Affidavits in respect of both matters in the High Court.

3. **Application to reverse the granting of a mining right**
   In June 2008, DRDGOLD and Durban Roodepoort Deep (Pty) Limited (DRD) brought an application in the High Court of South Africa against Main Reef Crushers CC (MRC) and the Minister of Minerals and Energy because, *inter alia*, the latter granted MRC a mining right:
   - in respect of an old waste rock dump which is not regulated by the MPRDA and therefore the right was unlawfully granted;
   - over an area on which DRD had already been granted a prospecting right which gives DRD the exclusive right to apply for a mining right in terms of the MPRDA; and

Annexure 2 *(continued)*

- in respect of which the Environmental Impact Assessment and the Environmental Management Programme submitted by MRC are fatally defective.

This case was heard by the High Court on 3 September 2009 and postponed *sine die*.

4. **Lawsuit by French shareholders**

In August 2008, the company received by post a summons issued in the Tribunal De Grande Instance [District Court] of Paris by the Association for the Defence of the Shareholders of East Rand (the association) against DRDGOLD SA.

The claim is based on the following allegations:

- that the members of the association were shareholders of East Rand Proprietary Mines Limited (ERPM);
- that the non-audited ERPM results of the six-month period from July to December 1998 were misleading regarding the 'healthiness' of ERPM prior to its winding up in 1999;
- that the 1999 liquidation of ERPM was fraudulently approved by 15% of shareholders who were representatives of the South African state against the interests of French shareholders; and
- that the subsequent scheme of arrangement to remove ERPM from liquidation in 1999 was approved by 15% of shareholders without consultation with French shareholders.

On the basis of these allegations, the association is claiming a payment of 5 million euros for damages, 10 000 euros for costs and costs of suit. DRDGOLD SA has lodged an application to the court for an order dismissing the claim on the basis that the French courts lack jurisdiction to hear the matter.

5. **Dispute at the DRD Village**

Dino Properties (Pty) Ltd has instituted action against DRDGOLD, seeking to enforce an agreement of sale of the DRD Village entered into on 20 September 2005 or, alternatively, payment of R195 million which is alleged to represent the market value of the property. DRDGOLD is defending this action.

6. **Claim for alleged damages at Blyvoor**

Duffuel (Pty) Ltd and Paul Frederick Potgieter are suing DRDGOLD, DRDGOLD SA, Blyvoor and the latter's directors for alleged pollution of peat reserves which they claim to sell to the mushroom industry. The following amounts are claimed against DRDGOLD, DRDGOLD SA, Blyvoor and the latter's directors:

- R48 952 000 for loss of peat reserves;
- R52 006 720 for removal of polluted peat, sealing of water inflow and importation of unpolluted peat; and
- R96 000 for importation of clean water for domestic use.

The defendants are defending this action.

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

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 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 to be held in the boardroom, EBSCO House 4, 299 Pendoring Avenue, Blackheath, Randburg on Friday, 27 November 2009 at 09:00 (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 resolutions and/or abstain from voting in respect of the DRDGOLD shares registered in my/our name as follows (see note 2 overleaf):

Form of proxy *(continued)*

	For	Against	Abstain
Ordinary business			
1. To receive and consider the audited annual financial statements for the 12 months ended 30 June 2009, including the reports of the directors and auditors respectively.			
2. To re-appoint KPMG Inc. as independent auditors of the company for ensuing period terminating on the conclusion of the next annual general meeting of the company and to authorise the directors to fix the auditors' remuneration for the past year.			
3A. To re-elect Mr R P Hume as a director of the company			
3B. To re-elect Mr J Turk as a director of the company			
Special business			
Ordinary Resolution No 1 To place all unissued shares in the capital of the company under the control of the directors of the company			
Ordinary Resolution No 2 To authorise the allotment and issue of ordinary shares for cash			
Ordinary Resolution No 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 No 4 To authorise the directors to implement resolutions passed at the annual general meeting			
Special Resolution No 1 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 2 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 2009

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/she deems fit.

Please read the notes on the following page.

Notes

1. A DRDGOLD shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting 'the chairman of the annual general meeting of DRDGOLD shareholders', but any such deletion must be initialled by the shareholder. The person whose name appears 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/her proxy to cast his/her votes.

3. Should there be no indication in the appropriate box as to how the shareholder wishes his/her votes to be cast by his/her 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 and the United Kingdom 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, and 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 initialled 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 were 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/her share warrant at the bearer reception office of Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom or must deposit his share warrant at the office of the French agents, CACEIS Corporate Trust 14 rue Rouget de Lisle 92862 Issy-les-Moulineaux Cedex 9, 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

Niël Pretorius
Chief Executive Officer

Craig Barnes
Chief Financial Officer

Rob Hume
Independent Non-executive

Edmund Jeneker
Independent Non-executive

James Turk
Non-executive

Audit committee

Rob Hume (Chairman)
Geoff Campbell
Edmund Jeneker

Remuneration committee

Edmund Jeneker (Chairman)
Geoff Campbell
Rob Hume
James Turk

Nominations committee

Geoff Campbell (Chairman)
Rob Hume

Risk committee

Niël Pretorius (Chairman)
Craig Barnes
James Turk
Geoff Campbell
Edmund Jeneker
Rob Hume

Transformation and sustainable development committee

Edmund Jeneker (Chairman)
Niël Pretorius
Craig Barnes

Company secretary

Themba Gwebu

Auditors

KPMG Inc

Attorneys

Feinsteins Attorneys
Bowman Gilfillan Inc
Allens Arthur Robinson
Skadden, Arps, Slate, Meagher and Flom (UK) LLP
Edward Nathan Sonnebergs Inc

Bankers

The Standard Bank of South Africa Limited
Duncan Lawrie Private Bankers (DRD Offshore)

Offices

Registered and Corporate
DRDGOLD Limited
EBSCO House 4
299 Pendoring Avenue
Blackheath
Randburg
2195
South Africa

PO Box 390
Maraisburg
1700
South Africa

Tel: +27 11 219 8700
Fax: +27 11 476 2637

DRD (Offshore) Limited
14/15 Mount Havelock
Douglas
IM1 2QG
Isle of Man

Statutory and listing information

DRDGOLD Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1895/000926/06
ARBN number: 086 277 616
JSE trading symbol: DRD
ISIN code: ZAE 000058723
Issuer code: DUSM
Nasdaq trading symbol: DROOY
('DRDGOLD' or 'the company')

DRDGOLD's ordinary shares are currently listed on the JSE Limited and on the Nasdaq Capital Market in the form of American Depositary Receipts (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

James Duncan
Email: james@rair.co.za

Website

www.drdgold.com

Share transfer secretaries

Link Market Service South Africa (Pty) Limited
11 Diagonal Street
Johannesburg
2001
Republic of South Africa

Tel: +27 630 0800
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

CACEIS Corporate Trust
14 rue Rouget de Lisle
92862 Issy-les-Moulineaux
Cedex 9, France

Tel: +33 1 5530 5900
Fax: +33 1 5530 5910

Australian corporate registry

Computershare Investor Service (Pty) Limited
Level 2, 45 St George's Terrace
Perth
Western Australia 6000
Australia

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 Mellon
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 (Pty) 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

Forward-looking statements

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 2008, which we filed with the United States Securities and Exchange Commission on 12 December 2008 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 the occurrence of unanticipated events.

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

www.drdgold.com