DRDGOLD LIMITED

Annual Report 2010

Scope of the report

This report covers all aspects of the operating and financial performance of DRDGOLD Limited (DRDGOLD) and of its subsidiaries for the financial year ended 30 June 2010 (FY2010).

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. They have been prepared in accordance with the provisions of the Companies Act of South Africa, as amended by the Corporate Laws Amendment Act, and comply with International Financial Reporting Standards (IFRS) and the AC 500 standards as issued by the Accounting Practices Board. They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

To comply with requirements for reporting by non-US companies registered with the United States Securities and Exchange Commission (SEC), DRDGOLD also 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 internet at www.sec.gov to holders of DRDGOLD securities listed in the form of American Depositary Receipts.

In the statements of DRDGOLD's Mineral Resources and Mineral Reserves, the information presented was compiled and reported by competent persons as defined in the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC Code). They have been reviewed independently by Coffey Mining for compliance with the SAMREC Code, the National Instrument 43-101 and the SEC Industry Guide 7. The gold price used for declaration is R306 081/kg (US$1 244/oz and ZAR/US$ 7.6529). For compliance with the SEC, DRDGOLD's Form 20-F to be filed with the SEC will also quote the Mineral Reserves using the three-year average gold price of R236 752/kg (US$926/oz and R7.9523/US$).

All Mineral Resources declared in this report are inclusive of Mineral Reserves.

DRDGOLD's performance in the areas of safety, health, the environment and community development during the year under review is covered in a separate document, the DRDGOLD Sustainable Development Report for 2010 which is available on our website www.drdgold.com. A summary of this report appears on page 28 of this document.

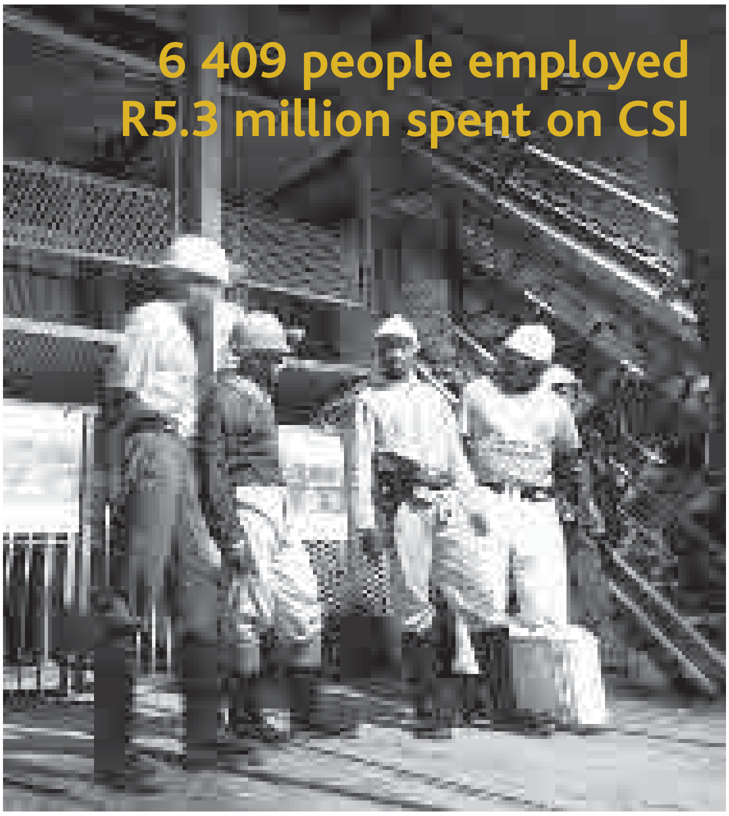
Contents

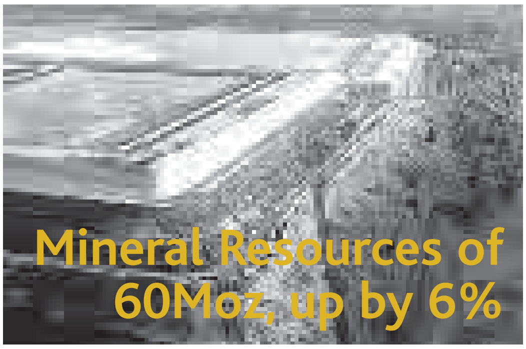
Forward-looking statements

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 2009, which we filed with the United States Securities and Exchange Commission on 27 November 2009 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. Any forward-looking statement included in this report has not been reviewed or reported on by DRDGOLD's auditors.

Highlights – de-risking delivers results





Highlights – financial

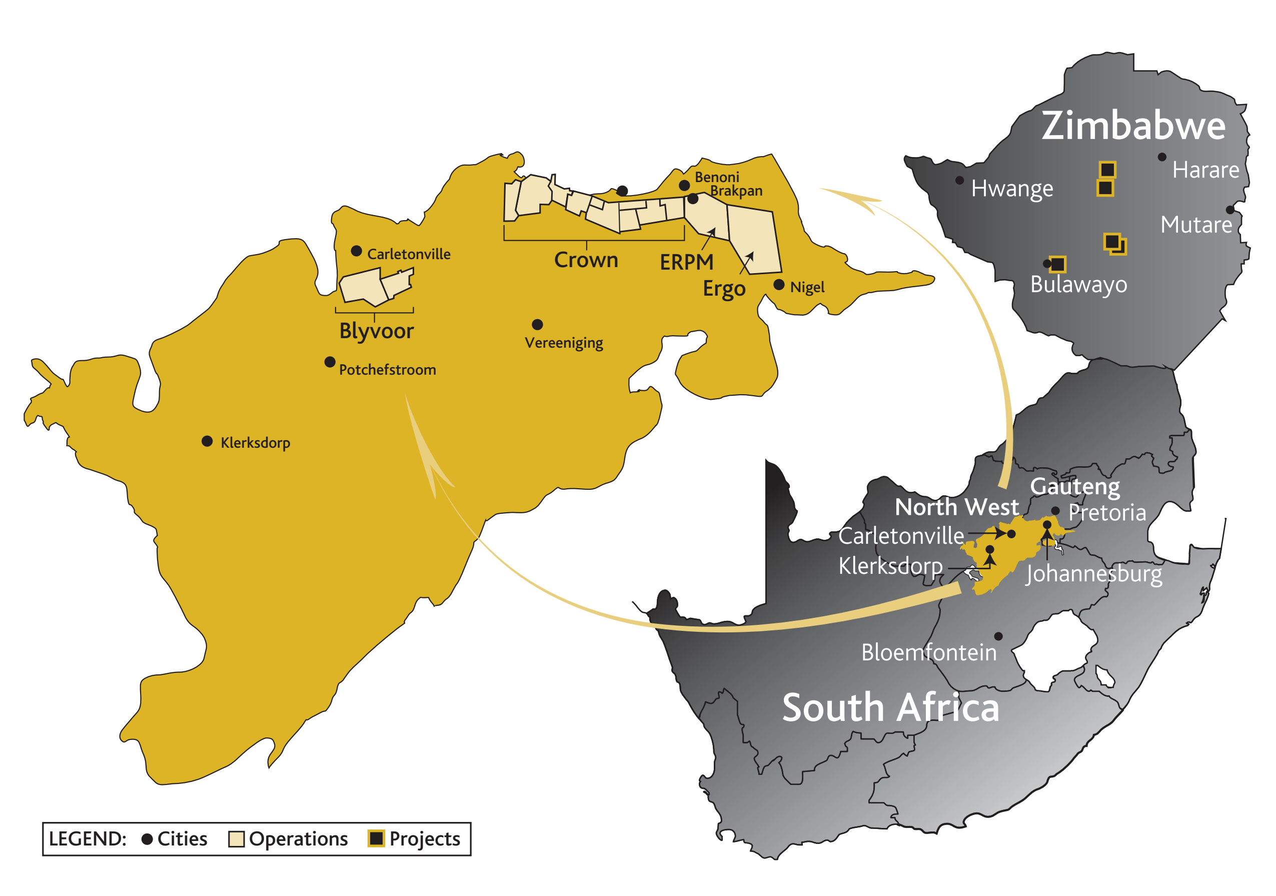
		Metric/R			Imperial/US$		
		2010	2009	% change	2010	2009	% change
Gold							
Production	(kilograms)/(ounces)	7 502	7 704	(3)	241 194	247 690	(3)
Average spot price	(R per kilogram)/(US$ per ounce)	266 611	253 967	5	1 089	873	25
Average price received	(R per kilogram)/(US$ per ounce)	267 292	250 589	7	1 092	861	27
Average operating cost	(R per kilogram)/(US$ per ounce)	239 785	219 024	9	980	753	30
Financial							
Revenue	(R million)/(US$ million)	1 990.5	1 910.7	4	261.5	211.2	24
Gross profit from operating activities	(R million)/(US$ million)	98.7	76.7	29	13.0	8.5	53
Profit before tax	(R million)/(US$ million)	211.6	82.2	157	27.8	9.1	205
Profit for the year	(R million)/(US$ million)	203.4	110.7	84	26.7	12.2	119
Basic earnings per share	(cents)	55	34	62	7	4	75
Total assets	(R million)/(US$ million)	2 580.3	2 625.8	(2)	337.2	333.1	1
Net asset value per share	(cents)	429	419	2	56	53	6
Reserves and Resources							
Attributable Mineral Reserves	(tonnes)/(million ounces)	227.19	188.18	21	7.30	6.05	21
Attributable Mineral Resources	(tonnes)/(million ounces)	1 866.99	1 755.44	6	60.03	56.44	6
Share statistics							
Market price per share[1]	(cents)	341	603	(43)	44	76	(43)
Ordinary shares in issue[1]		384 884 379	378 001 303	2	384 884 379	378 001 303	2
Market capitalisation[1]	(R million/US$ million)	1 312.5	2 279.3	(42)	167.4	286.9	(42)
Exchange rates							
United States Dollar	(R:US$ average)				7.6117	9.0484	(16)
	(R:US$ closing)				7.6529	7.8821	(3)
Australian Dollar	(R:A$ average)				6.7076	6.6725	1
	(R:A$ closing)				6.5559	6.3433	3

[1] *At 30 June*

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

Corporate profile and structure

DRDGOLD location of operations



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 ounces.

DRDGOLD Limited (DRDGOLD) is a mid-tier, unhedged gold producer, and the fourth largest gold company in South Africa.

In 2010, the company produced 241 194 ounces and declared attributable Mineral Resources of 60.0 million ounces and attributable Mineral Reserves of 7.3 million ounces.

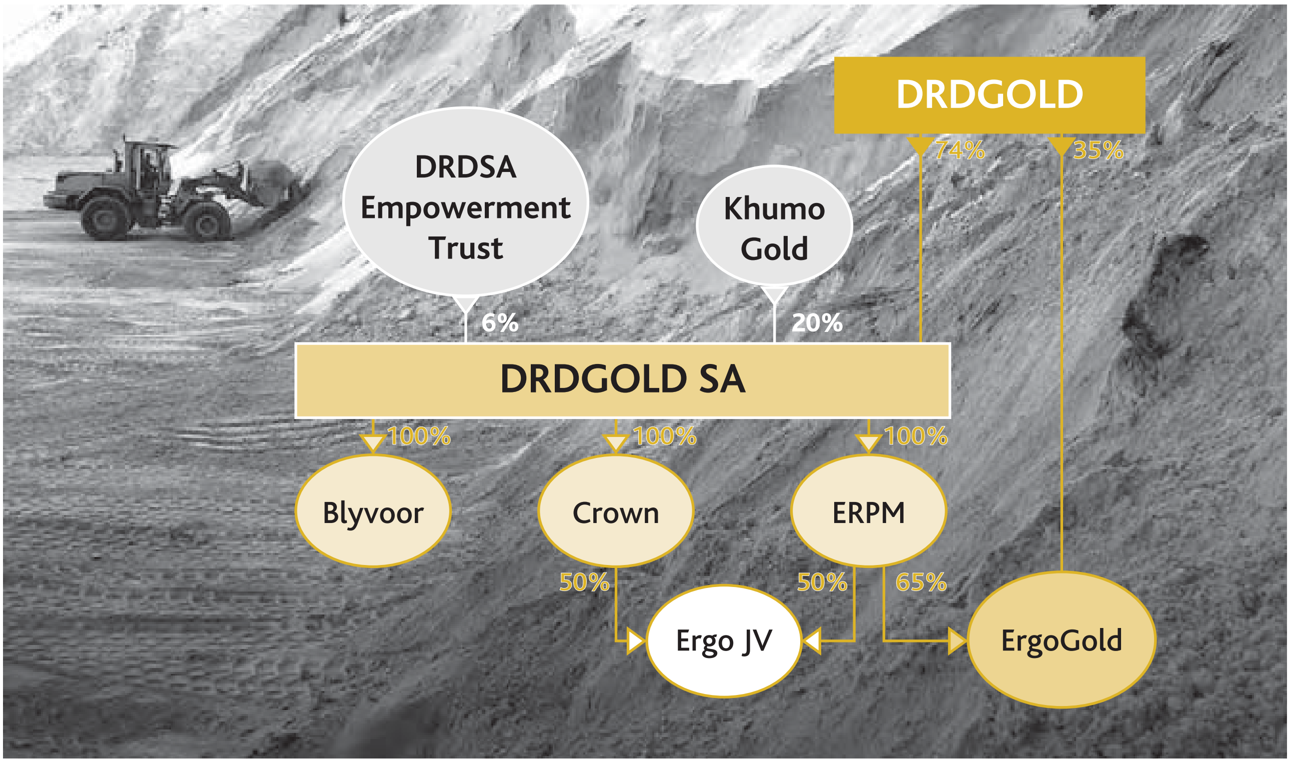
The company holds a 74% interest in operating subsidiary DRDGOLD South African Operations (Pty) Limited (DRDGOLD SA). The balance is held by black economic empowerment (BEE) partner Khumo Gold SPV (Pty) Limited (Khumo Gold) (20%) and the DRDSA Empowerment Trust (6%).

The operations, which are owned and run by 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 JV) and ErgoGold (formerly the Elsburg Gold Mining Joint Venture) – the Ergo JV and ErgoGold are jointly referred to as Ergo. At present, 68% 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 384 884 379 ordinary shares in issue and a market capitalisation of R1.3 billion (US$167.4 million).

Ergo plant

DRDGOLD group structure



Letter from the chairman

Dear Shareholder

During the last year we faced significant challenges at both our surface and underground operations. These challenges came about as a result of different factors but in both cases we have addressed the issues and we have a viable plan to take the operations forward. At the same time we continue to focus on getting full value out of our assets and building for the future in a responsible, safe and environmentally sensitive way.

The financial position of Blyvoor's operations was put under extreme pressure as a result of the low rand gold price, the earthquake in May 2009 which damaged higher-grade underground production areas, price increases in electricity of 32% in July 2009 and 25% in March 2010, and the strike by the National Union of Mineworkers. In order to save the Blyvoor mine from possible liquidation and to protect the DRDGOLD shareholders we put the mine into provisional judicial management in November of last year. This gave the operation a measure of protection from creditors and gave it the necessary breathing space to get the mine back into profitable territory. Five months later we were able to take the operations out of provisional judicial management, a very clear demonstration of the determination and resourcefulness of our employees.

Blyvoor is not out of the woods yet and faces a tough time with gold at its current price of R290 000 per kilogram. However, it is important to remember that this mine has reported reserves of 5.3 million ounces, a 23% increase as a result of the higher gold price. Such a large reserve base is potentially an extremely valuable asset at a higher gold price. We will continue to do everything we can to preserve this value and keep the mine viable through these marginal times. Against this we have to consider the financial well-being of the company as a whole and we will not allow cash constraints at Blyvoor to jeopardise the company.

Ergo, our newly developed dump treatment operation, is now our most profitable division but here the challenge that we face is that the gold recovery is below that forecasted in the original plan. A higher recovery is being achieved in the pilot plant and we continue to investigate ways to get the recovery closer to the original forecast. We believe that we will improve the gold recovery at this operation. Given the huge throughput of tonnage, a small increase in the grams per tonne recovered will have a significant impact on the bottom line. There is an enormous amount of dump material on the surface in and around Johannesburg and this, along with the appealing profit margins and our specialist knowledge in dump retreatment technology, makes it a very attractive business for us and one that we are working to expand.

In January of this year we purchased the balance of the Ergo JV from Mintails for R82 million. This will allow us to expand our tailings reclamation activities and effectively double the volume capacity at the Ergo operations. We are also embarking on an ambitious pipe-

Geoffrey Campbell

laying project. The 50km pipeline will take 11 months to complete and cost R200 million. When completed, it will allow us to pump mine tailings from the west side of Johannesburg all the way out to our Ergo treatment plant in the east. It will also strengthen our strategic position as a miner of surface dumps across Johannesburg.

I am pleased to report that DRDGOLD declared a five cents dividend for the year. This is our third successive dividend and an important demonstration of our commitment to return money to shareholders. Assuming that we can grow the cash flow from our operations, we hope to increase the dividend payout in future years.

It has been a challenging but also an exciting year. The employees at Blyvoor have shown extraordinary resolve in getting the operation through the provisional judicial management process. The operation will continue to support and sustain itself through the marginal times so that the benefits are preserved for when the dollar gold price strengthens or the rand weakens.

Our position as one of the key players in the retreatment of surface dumps continues to strengthen and we look forward to growing this sustainable and profitable business. Lastly, I would like to take this opportunity to thank everyone at DRDGOLD for their endeavour during the last year. I look forward to the year ahead.

Geoffrey Campbell
Chairman DRDGOLD
16 September 2010

Review by the Chief Executive Officer

Niël Pretorius

At the close of my review of the year in the 2009 report, I wrote: "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".

That view remains relevant today, and I hope – in the pages that follow – to share with you some of the progress that we have made in the past year towards establishing this platform.

Pursuing our strategy

Our strategy remains as we have articulated it over the past two years – to enhance shareholders' value by:

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

Key to this strategy has been the establishment of the sound platform from which we can sustain and grow our business, both internally and externally. The golden thread that weaves itself through our strategic intent and its implementation is the fundamental 'de-risking' of the business. With respect to this, we made considerable progress during the year as highlighted below.

- A substantial strengthening of our statement of financial position, which has an impact on the way in which the market perceives our company. Among the initiatives we have taken this year are: rationalisation of offshore structures and extraneous provisions; and removal of environmental liabilities, especially those associated with older mines, whose ownership has moved into new hands.
- A review and rationalisation of our approach to the historical liabilities for underground water. We have undertaken a very careful assessment of the legal situation, balanced our responsibilities as a good corporate citizen with the inherent liability of the company, and have a very definite and clear understanding of the full extent of our exposure.
- A new approach to operational and corporate risk management. The reality of being a gold miner in South Africa in a constrained economic environment is that we understand that we do not have unlimited access to capital, and that we need to manage our financial risks so as to minimise the exposure of the business as a whole. A very practical example of this approach was the placing of Blyvoor into provisional judicial management during the year under review. While this was never a perfect remedy, it was the nearest to bankruptcy protection that we could achieve. In this way, we ensured that the Blyvoor risk remained just that, a Blyvoor risk, and that it did not become a risk to DRDGOLD. We would do this again if it became necessary. All of our operating subsidiaries are separate legal entities; we have very clear internal parameters as to how much exposure we will accept as a group, and at what point we will avail ourselves of the legal remedies necessary to make sure that an operational risk does not become a corporate risk.
- The addressing of two significant operating risks relating to recovery efficiencies at, and the life of a significant portion of, our surface operations. To tackle the former we have developed a deeper understanding of what we can expect to recover and, while we have to temper some of our expectations from what they were when we initially launched the Ergo project, we know that we can generate a margin of between US$400 and US$450 an ounce at the current gold price. A substantial part of our surface resource is to be found at Crown and City Deep. To minimise the risk associated with recovering these ounces, we have now begun the construction of the pipeline between Crown's City Deep and Crown plants and Ergo that will, in the near term, provide an additional five years of life to the Crown circuits. Our commercial justification for the construction of this pipeline is based on a five-year life. Any life beyond that is blue sky.

Controlling costs:

- Our FY2010 wage increase was the only single digit increase in the SA gold sector.
- Corporate costs have decreased by 23% p/a. for the past three years.
- Operating costs for FY2010 increased by 7%, not withstanding significant cost pressures such as the increase in electrical costs.

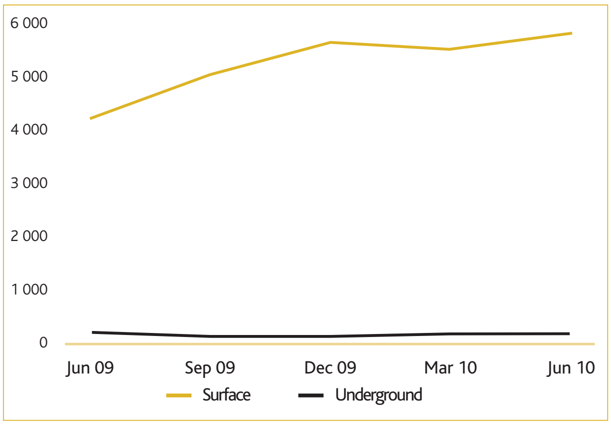
Managing margins:

- The operating margin at our surface retreatment plants was 29% for the year.

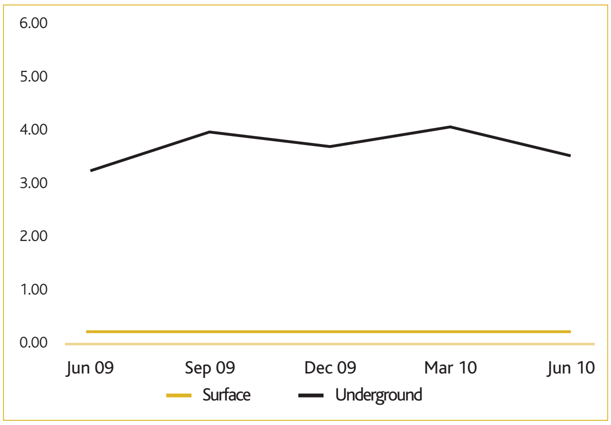
Review by the Chief Executive Officer *(continued)*

Our approach to growth remains cautious and disciplined. In South Africa, we will seek to optimise the capacity of our existing circuits, develop and exploit existing synergies, and increase recoveries through research and development. As far as growth outside of South Africa is concerned, our approach is to discover a resource that is near surface and to undertake exploration directly so as to limit costs. This is dealt with in more detail below.

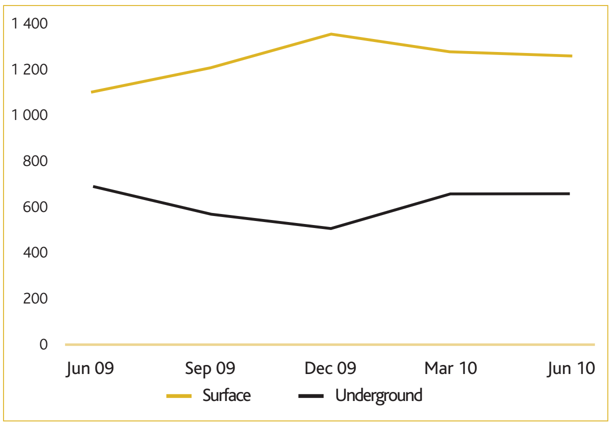
Tonnes milled ('000)



Yield (g/t)



Gold produced (kg)



Because of the cocktail of minerals that we have at Ergo and initial indications of significant by-products in Zimbabwe, we expect to start producing minerals other than gold and for this to increase over time. Although gold will remain core, there are significant quantities of uranium in our surface dumps in South Africa. Technology – and more particularly, extraction efficiency – is currently the only barrier to improved recoveries.

The gold market

The performance of the gold price has been favourable, and I believe that it will remain so.

The average dollar gold price increased by 25% in FY2010, however the rand strengthened by 16% against the US dollar.

I have mixed views on the rand, however. I have never been a proponent of a weak rand – at too weak a level, local buying power dissolves, resulting in huge profits for a short period of time followed by hardship for a large part of the population, among them our employees and their communities. But a weaker level than we have experienced in the current year would be helpful and a direct benefit to our bottom line.

Safety, health, environment and community

Our safety performance has been encouraging, and reflects the continual reduction of risk in our business. It is with great regret that we record two fatalities for the year (2009: 5). Mr Talent Ndlangamandla, a fitter, died in an accident at Crown and Mr Respeito Manhica, a rockdriller, died in an accident at Blyvoor. The board and management of DRDGOLD extend their condolences to the families and colleagues of these men.

We know that we can operate without fatalities. In terms of key statistics, we continue to report progress: there was a 58% improvement during the year in the Fatal Injury Frequency Rate (FIFR) per million hours worked, from 0.178 to 0.075. The Dressing Station Injury Frequency Rate (DSIFR) dropped by 27%, from 24.55 to 17.8 per million hours worked, while the Reportable Injury Frequency Rate (RIFR), measured per million hours worked, also went down, from 3.61 to 3.22. The only safety indicator to deteriorate was the Lost Time Injury Frequency Rate (LTIFR), which went up by 8% from 7.6 to 8.2 per million hours worked.

As an operator, we manage safety through adequate training and the provision of a safe working environment. A good indicator of whether a company is achieving this is the number of injuries or fatalities associated with a poor working environment. And our systems do seem to be working – we have not had a fall of rock or seismicity-related fatality since October 2007. We have a very focused approach that incorporates solid technology with disciplined action. The sophisticated seismicity monitoring programmes we have in place provide us with a very good idea of where build-up of pressure is occurring and we respond to the warning signs by moving people out of these areas. Every unit manager knows that I would much rather receive a report on lower production than a report on a serious injury. We always put safety ahead of profit and production.

We report more extensively on our safety and health objectives and performance, and indeed on broader social, economic and environmental issues, in our Sustainability Report, which is published concurrently with this Annual Report and is available on our website. In line with good practice in governance and reporting, we have adopted the Global Reporting Initiative's G3 guidelines as the basis for our sustainability reporting. While this report addresses these issues in some detail, we recognise the need to integrate the management and reporting of environmental, social and governance (ESG) issues into the mainstream of our business. Accordingly, in each of our quarterly reports and in this Annual Report, our most material ESG issues are also reported. I refer readers to the Sustainable development review on page 28 of this report, and draw their special attention to:

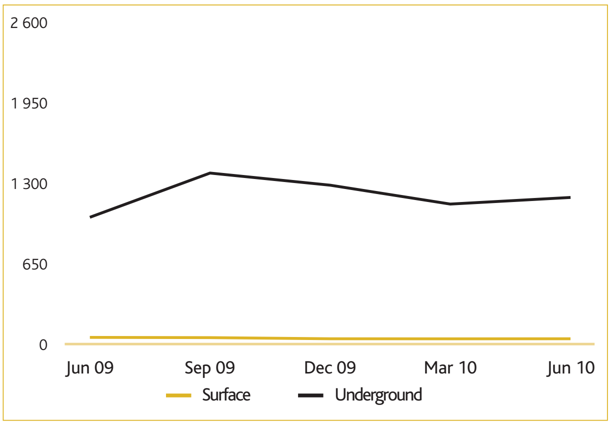
- the extensive environmental rehabilitation programmes in place at our operations. In total, DRDGOLD spent R31.5 million on environmental rehabilitation in 2010. Substantial provisions have been made for closure and Environmental Management Plans are in place at Ergo, Crown and Blyvoor;
- the contentious matter of acid mine drainage, about which there has been much local debate in recent months. We have seriously considered and addressed DRDGOLD's legal, ethical and commercial responsibilities in this regard;
- the challenges presented by occupational illnesses in the workplace, from noise-induced hearing loss and occupational lung disease, to HIV & AIDS and tuberculosis, which take a toll on our employees and their families alike;
- rising and competing demands on natural resources and particularly on energy and water; and
- the management and use of cyanide at our operations.

Operating and financial performance

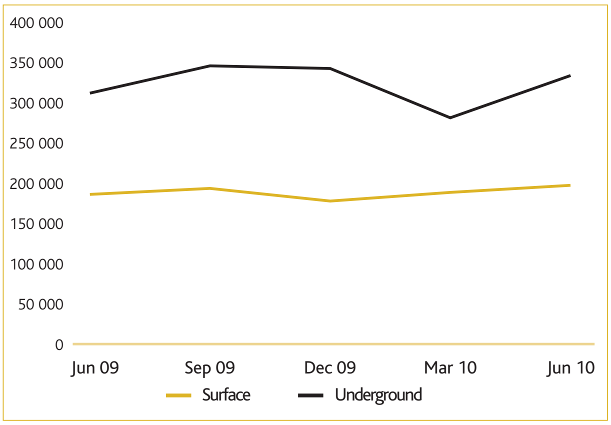
Gold production in 2010 was in line with expectations, and declined by 3% to 241 194 ounces. This was primarily as a result of the continuing negative impact of the seismic damage caused to high-grade production areas at Blyvoor in calendar year 2009 and the nearly month-long wage strike which started in mid-September.

Total revenue for the year was 4% higher than the previous year, at R1 990.5 million (US$261.5 million), a consequence of the 7% rise in the average gold price received for the year, at R267 292 per kilogram.

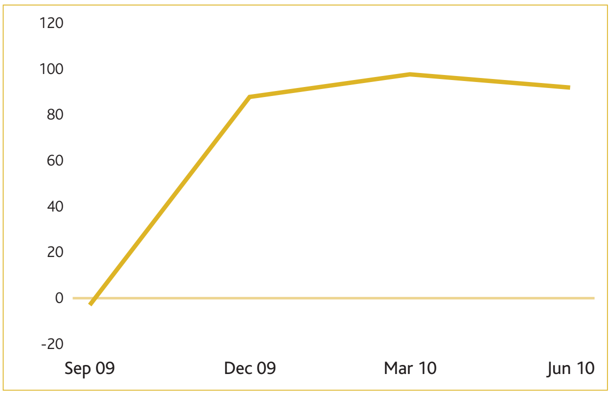
Cash operating cost (R/t)



Cash operating cost (R/kg)



Cash operating profit (Rm)



Total operating costs rose to R1 798.9 million, primarily because of lower production and tariff increases totalling 32% in July 2009 and 25% in March 2010 by power utility Eskom. As a result, total operating profit declined by 14% to R191.7 million. Nonetheless, after accounting for a higher depreciation expense, an environmental rehabilitation provision and lower retrenchment costs, gross profits from operating activities rose by 29% to R98.7 million. Pleasingly, administration and general costs continued to decline and, combined with the sale of certain non-operating offshore subsidiaries and joint ventures in the fourth quarter, this contributed to a 157% increase in profit before tax to R211.6 million. Net profit after tax rose by 84%, to R203.4 million.

Mineral Reserves and Resources

Attributable Mineral Reserves increased by 21% in FY2010 to 7.3 million ounces as a result of the higher gold price used in the Mineral Reserve calculation, combined with the expected increase in Crown's deposition capacity as a consequence of the construction of the Crown/Ergo pipeline linking Crown to Ergo's Brakpan deposition site.

Mineral Resources attributable to DRDGOLD increased by 6% to 60.0 million ounces.

Importantly, an analysis of our reserves and resources indicates that some 30% of our attributable reserves and 16% of our attributable resources are on surface.

Taking a closer look at the operations

Crown and Ergo

A significant milestone during the year was the full integration of Ergo into DRDGOLD. We have been very pleased to report that recovery trends at Ergo have been improving, settling at about 0.10 grams per tonne (g/t) and may still rise to a steady 0.12g/t. The efficiency measure at Ergo is ultimately the gold content of the residue tailings coming out of the circuit.

Our pilot plant has provided a very good indication as to the capabilities of the materials we are pumping into that plant. Although our pilot plant uses the same metallurgical process as the main plant, it allows us to study the extraction characteristics of our source material under more controlled circumstances and at a reduced scale. We have found that our source material is capable of a recovery yield that is consistent with our current project estimates. This indicates, significantly, that the materials we process do not present an absolute barrier to higher gold extraction. The challenge for us now is primarily one of engineering, and how to replicate the functioning of the pilot plant within our current engineering processes. I am hopeful that we can achieve this.

We have also made strides in recent months in understanding the make-up and location of that part of the gold in our tailings material which does not respond to our metallurgical process, and we will continue to focus on research and development in this area. The result of any breakthrough on this front will be significant because it will go straight into the bottom line.

As far as the engineering is concerned, significant progress has also been made during the year, with the second line to the principal resource – the Elsburg Tailings Complex – having been completed. This means that we can cover the entire volume capacity of the Ergo plant with materials from Elsburg and have thus created optionality in terms of source and mix.

Crown's performance remained solid and predictable. This unit has processed in excess of 240 million tonnes of tailings material since its inception in the 1980's. The level of excellence that the Crown team has achieved is probably demonstrated most aptly by the fact that South Africa was able to host the World Cup Final right next to its largest tailings deposition facility, without objection.

We are very excited about the fact that Crown is now provided with the opportunity to extend its life of mine, and continue the steady contributions that it has been making over the years, through the construction of a new pipeline to the Ergo tailings deposition facility. Since its tailings dams at Nasrec are now reaching saturation, Crown would have had to be phased out over the next few years, were it not for this exciting project.

Blyvoor

While the market is fully aware that DRDGOLD is increasingly moving away from deep level mining, this operation continues to surprise, due mainly to its own endeavours. Blyvoor's financial and operational risks are well-controlled and it continues to represent value to DRDGOLD, with potential for significant upside. The operation managed to regain normal trading status without financial assistance from DRDGOLD's central treasury and, during this entire period, no development was sacrificed. Due to its marginality and gearing to gold price, it will always have the potential to generate significant free cash flows in a high enough gold price environment.

As far as Blyvoor's underground operation is concerned, we are back on track to becoming a high-volume, lower-grade mine, which means a larger footprint from which we can cover our unit costs. In my view, high grading is high risk and the only route to sustainability is to continue to increase the volume capacity of this circuit.

Ergo plant

Exploration and development

Our foray into Zimbabwe has been interesting and, for me personally, exciting. More so than ever before, Africa presents opportunities, and Zimbabwe is certainly one of the more promising of these – a country where mines may be developed at a relatively low cost per ounce. Essentially, the costs are limited to capital put into the venture and, while we may never end up with more than a 50% holding, ultimately 50% of a US$800 margin is better than 100% of a US$300 or US$200 margin and the risk associated therewith. What I like about Zimbabwe is that most of the mining is done by natural light, which is the way we work at our surface operations in South Africa. In addition, it is a hugely underdeveloped jurisdiction with a familiar geology; it has solid infrastructure – roads, air transport, skills; and its resources are rarely farther away than the height of a single-storey house.

What we have done in recent months in Zimbabwe is – at very low cost – doubled the size of our footprint. The site is just about established; we have undertaken an induced polarisation survey and have found some really interesting anomalies. A drilling programme will start in this coming year.

Important corporate events

As referred to above, Blyvoor was placed under provisional judicial management for a period of five months. This became necessary because of the damage to high-grade panels caused by the seismic event late in FY2009 and the effect of the lower rand gold price on the mine's profitability. As a result this operation came under financial stress, which, if left unchecked could have spilled over into the group.

Review by the Chief Executive Officer *(continued)*

Therefore it became necessary for us both to ring-fence the risk, and to place Blyvoor in a position of protection against hostile creditor action.

Other important corporate events were:

- the conclusion of the agreement with Mintails SA to acquire Mintails' 50% stake in the Ergo JV for R82 million (R62 million in cash and the balance in shares in the Witfontein Mining (Pty) Limited site on the Far West Rand, valued at R20 million); and
- a proposed transaction with Aurora Empowerment Systems to acquire a 60% interest in Blyvoor, which was later cancelled by mutual consent.

Doing business in South Africa

In recent months we have experienced a resurgence of interest in the sovereign risk attached to a South African mining company. The matter presents an interesting debate. In reality, our country is well run, the legislature and fiscus operate effectively and our infrastructure is world-class. Yet, recent events in other sectors of our industry – much of which has reached the international stage – is cause for concern. There are five significant issues.

- The first is mining stoppages imposed by the Department of Mineral Resources (DMR), with much being made of safety-related stoppages. With respect to DRDGOLD, the DMR in the past year has not taken any administrative action in respect of safety which we thought was inappropriate. It is important to remember that the DMR is an official body which has certain functions to perform and the job of its Safety Inspectorate is to make sure that the mines that fall under its jurisdiction comply with safety standards. It is critical to manage relationships with the DMR, not only in times of crisis but throughout the year, and that is something that I believe our managers are doing.
- A revised Mining Charter has been released and come into effect. This has been a negotiated document, in which the industry was allowed to participate. In my view the new charter is likely to provide greater clarity as to the expectations of our regulator and the standards to which our industry will have to adhere. The absence of ambiguity is always preferable to uncertainty and administrative discretion, and better enables one to manage one's business clearly toward such standards and expectations.
- Media attention has focused on the debate of nationalisation. Both our president and our minister of minerals have been clear and unambiguous in stating the current government's position on this issue. In my respectful opinion, it is simply being given too much airtime by the media.
- Rising electricity costs are posing a serious threat to the sustainability of deep-level mines. However, as far as DRDGOLD is concerned, the company has been positioned in such a way that this is an operational and not a corporate risk.

Funding

Our share price continues to be a disappointment to me. But share price performance has not affected my views on the strategic direction of this company. As the CEO and as a board member – and on a personal level as a shareholder – I firmly believe that the measures and steps that we are taking are the best for the company at this time.

That said, we do not believe that the share price fully values the company, which is why we are funding our pipeline development with debt rather than equity.

Thanks

My thanks are extended to my committed and resilient management team, to the 4 660 employees across our operations, and to our partners and communities.

Looking forward

Our outlook for gold remains robust. Global economic recovery remains slow and there is little evidence to suggest that investor interest in this most precious of metals will wane. At the same time the South African currency remains strong, thus we will not be relying on stronger gold receipts to support our business.

We hope to complete our Crown/Ergo consolidation during the year ahead, which would mean an increase in surface production to around 175 000 ounces. While we see a further decrease in corporate costs, we expect inflationary pressures – and particularly rising electricity tariffs and labour costs – to continue to put margins under pressure.

Blyvoor should continue to improve and present opportunity on the upside. We may also see some progress at Ergo following improved recovery efficiencies and perhaps even a step change in technology.

We are contemplating an increase in the tempo of our Zimbabwe initiative and expect to see our first gold coming out of that country in the next year.

We realise that our two asset classes – deep-level Blyvoor and the low-risk surface operations – appeal to different types of investors. The surface assets present less risk and they are also less geared to the gold price than Blyvoor. The significant gearing to gold price that large resource underground mines offer still remains a compelling investment option. Therefore, as and when the opportunity presents itself, I foresee that our surface operations and our underground operations will fall under two separate corporate entities. However this is a process that we will consider only through responsible and disciplined corporate activity.

Going forward, we will continue to seek to contain risks and lower costs. We will also be looking for a full consolidation of the management structure of our surface operations – Crown, Ergo and ERPM – in order to further exploit synergies and to reduce costs.

Niël Pretorius
Chief Executive Officer DRDGOLD
16 September 2010

Directors, officers and executives

Geoffrey Campbell (49)

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.

Daniël (Niël) Pretorius (43)

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. An alternate director of Rand Refinery Limited, he has 17 years of experience in the mining industry.

Craig Barnes (40)

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 16 years of financial experience, with six years of experience in the mining industry. 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 (70)

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 include 18 years as a partner in the East London (South Africa) office of KPMG. Since retiring from KPMG in 1999, he has spent 10 years as Investment Manager at Nvest Securities (Pty) Limited (formerly Sasfin Frankel Pollak) in East London.

Edmund Jeneker (48)

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. Formerly Regional Executive: Retail Bank, he has recently been promoted to the position of Head of Entry Level Markets at Absa Bank Limited.

James Turk (63)

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 Listing 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 frequently on money and banking.

Directors, officers and executives *(continued)*

Charles Symons (56)

BCom, MBL, Dip Extractive Metallurgy

Executive Officer: 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 and as Executive Officer: Operations on 11 May 2010.

Themba Gwebu (46)

BIuris, LLB, LLM

Executive Officer: Legal, Compliance and Cosec

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: Legal, Compliance and Cosec.

Thulo Mogotsi (42)

BA, LLB

Director, DRDGOLD SA

Thulo Mogotsi is an executive director of Khumo Bathong Holdings (Pty) Limited and a director of Khumo Mining and Investments (Pty) Limited. He has also completed an executive programme (EPP) offered by the Mining Qualifications Authority (MQA). He was appointed as a director of DRDGOLD SA in August 2010.

Review of operations

DRDGOLD reported two fatalities in FY2010 compared with five in the previous year, translating into a 58% improvement in the Fatal Injury Frequency Rate (FIFR) from 0.178 per million hours worked to 0.075. The Dressing Station Injury Frequency Rate (DSIFR) improved by 27%, from 24.55 to 17.8 and the Reportable Injury Frequency Rate (RIFR) by 11%, from 3.61 to 3.22. The Lost Time Injury Frequency Rate (LTIFR) deteriorated by 8%, from 7.6 to 8.2.

Total gold production in FY2010 was 3% lower at 241 194oz. This was as a consequence of lower total gold production from Blyvoor, reflecting continuing volume recovery from the seismic damage caused to high-grade underground production areas towards the end of the previous financial year.

After accounting for total operating costs, 7% higher at R1 798.9 million, total operating profit for the year was 14% lower at R191.7 million.

Blyvoor

Description

Blyvoor, which mined its first ore in 1942, is on the north-western edge of South Africa's Witwatersrand Basin, to the south of Carletonville and 70km south-west of Johannesburg, in North West Province. The mine has both underground mining and surface tailings retreatment operations, and a gold plant with the capacity to treat some 400 000tpm.

Blyvoor has two main gold-bearing horizons: the Carbon Leader Reef (CLR) and the Main Reef, the latter located some 75m above the former. The reefs vary in thickness from five to 20cm. Recently, there has been a shift in focus to mining the Main Reef. Ore is mined from three underground shaft systems using the traditional, narrow-reef drill, blast and scrape method.

Gold production from surface tailings retreatment accounts for approximately 27% of Blyvoor's total production.

While Blyvoor's life of mine is projected to 2030, its resource is widespread and production could extend for many years beyond this, depending on gold price and exchange rate performance among other factors.

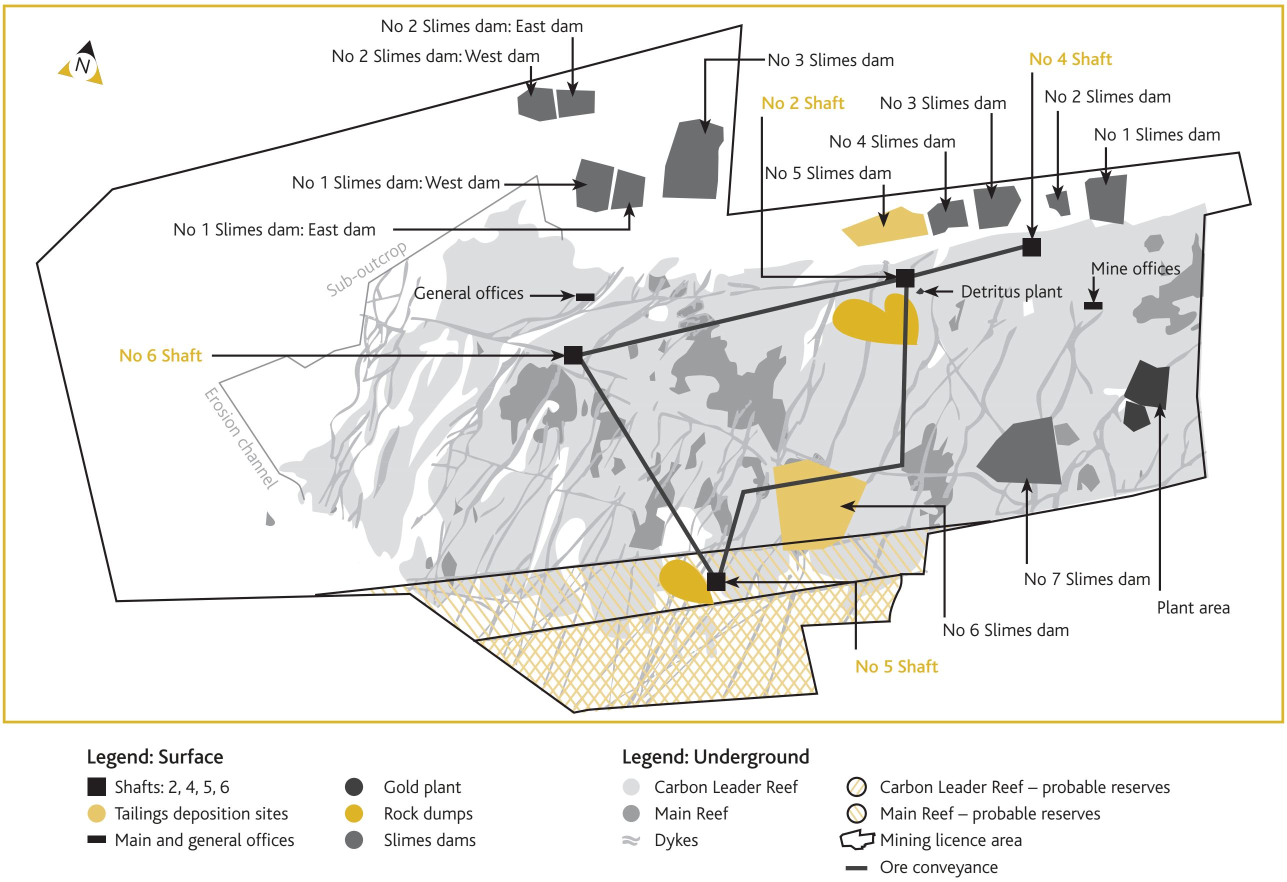
Safety review

Blyvoor recorded one fatality in FY2010 compared with three in the previous year. Consequently, the FIFR improved by 67.5%, from 0.200 to 0.065. The DSIFR improved by 33%, from 29.26 to 19.59, while the LTIFR deteriorated by 15%, from 11.84 to 13.57, and the RIFR by 3%, from 4.46 to 4.61.

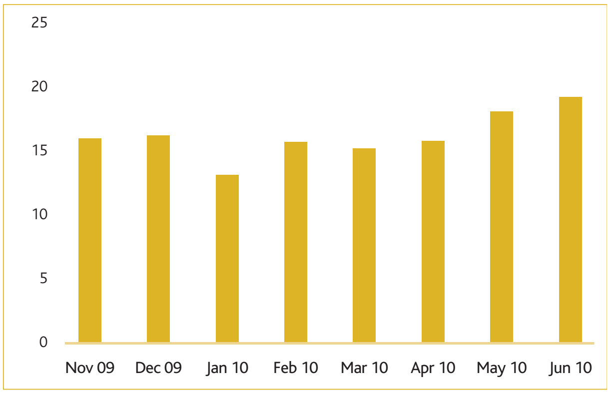
Operating and financial review

Total gold production was 18% lower at 106 452oz. This reflects the combination of a 13% decline in underground gold production to 77 226oz and a 28% decline in surface gold production to 29 226oz. Underground production declined due to the impact on yield of seismic damage caused to high-grade mining areas in the last

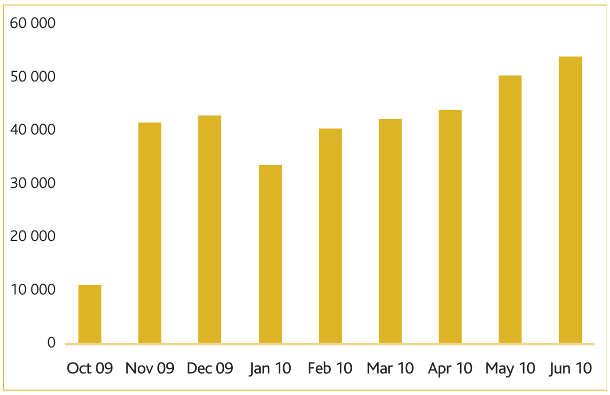
Blyvoor layout plan



Blyvoor: m²/in-stope employee



Blyvoor: reef tonnes broken



quarter of FY2009, and a month-long, wage-related strike in the first quarter of FY2010. The decline in surface gold production can be attributed to lower volumes recovered from lower grade tailings material available, and to the discontinuation of the treatment of uneconomic rock dump material.

While underground throughput increased by 5% to 633 000t, underground yield was 17% lower at 3.79g/t. Surface throughput was 14% lower at 2 968 000t and surface yield 16% lower at 0.31g/t.

Total operating costs increased by 28% to R268 251/kg, reflecting the impact of lower gold production, wage increases and higher electricity tariffs. Underground operating costs were 27% higher at R324 736/kg and surface operating costs, 11% higher at R108 771/kg.

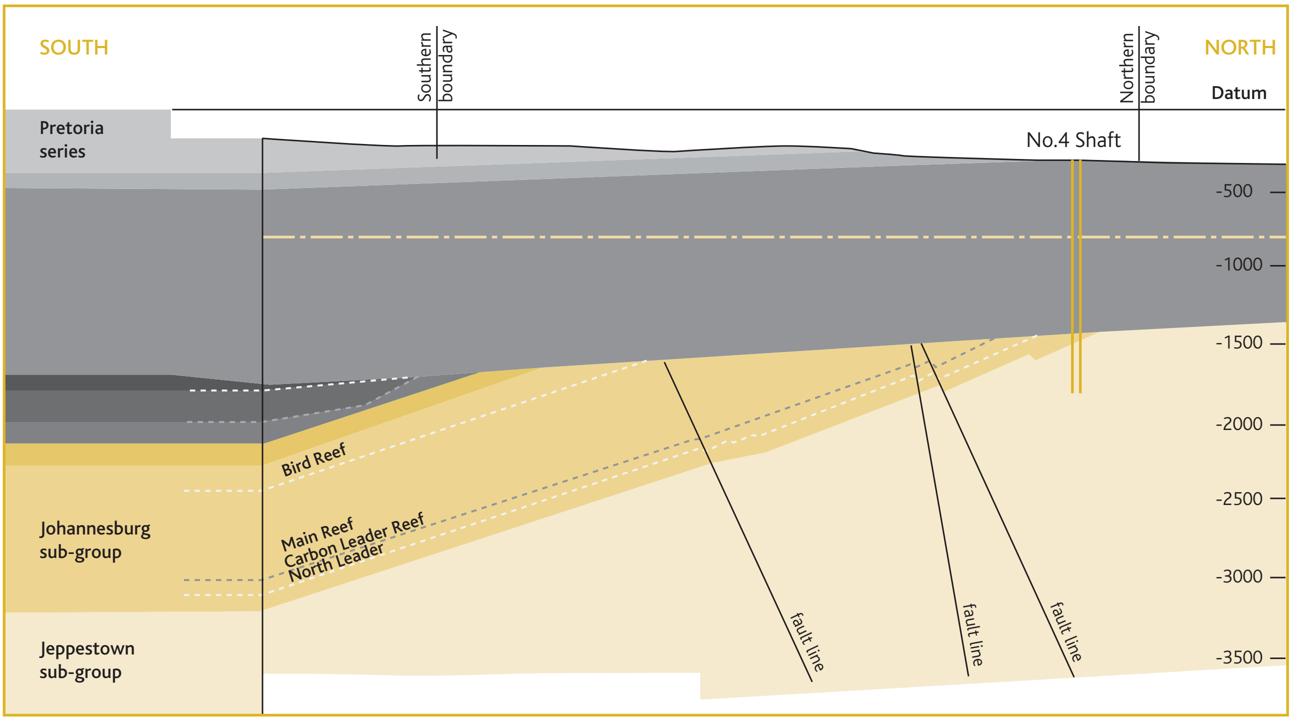
Operating loss was substantially lower at R26.8 million (FY2009: R176.2 million profit) due to lower gold production and higher costs, and notwithstanding a higher average rand gold price received.

Capital expenditure for the year was 18% lower at R79.6 million, reflecting the elimination of all unnecessary capital expenditure during Blyvoor's judicial management process.

During the year, mining ramp-up continued towards the 2 500m²/pm targeted at the Way Ahead Project (WAP), and by year-end had reached some 1 750 m²/pm.

Looking ahead, there will be continued focus on Blyvoor's key sustainability drivers: face length, face advance, productivity (m²/tec), and 'mix' management.

Blyvoor: geological section



Review of operations *(continued)*

Crown

Description

Crown is the world's largest gold surface tailings retreatment facility. Its three metallurgical plants – Crown, City Deep and Knights, located in the central Witwatersrand – have a total retreatment capacity of 950 000tpm. All utilise carbon-in-pulp (CIP) technology.

Safety review

Crown reported one fatality during FY2010 compared with none in the previous financial year. Consequently, its FIFR deteriorated from 0 to 0.16. While the DSIFR improved by 50% from 13.13 to 6.6, the LTIFR deteriorated by 57% from 2.91 to 4.58, and the RIFR by 84% from 0.97 to 1.78.

Operating and financial review

During the fourth quarter of FY2010, the surface circuit of East Rand Proprietary Mines Limited (ERPM) was incorporated into Crown. Crown's operating and financial results for FY2009 and FY2010 have been restated for comparative purposes.

Gold production was 4% higher at 99 410oz, reflecting a 16% increase in yield to 0.43g/t. Throughput was 11% lower at 7 122 000t, reflecting the continued impact of deposition constraint at Crown's Nasrec deposition facility. From FY2009, Crown's throughput was reduced in order to limit its deposition rate to 400 000tpm (previously 600 000tpm).

Operating costs were 6% higher at R199 137/kg due to wage increases and higher electricity tariffs, and as a result of a higher average rand gold price received, operating profit was 26% higher at R219.1 million.

Capital expenditure, 7% higher at R45.9 million, was directed mainly towards long-lead items for the new 50km pipeline linking Crown's City Deep and Crown plants with Ergo.

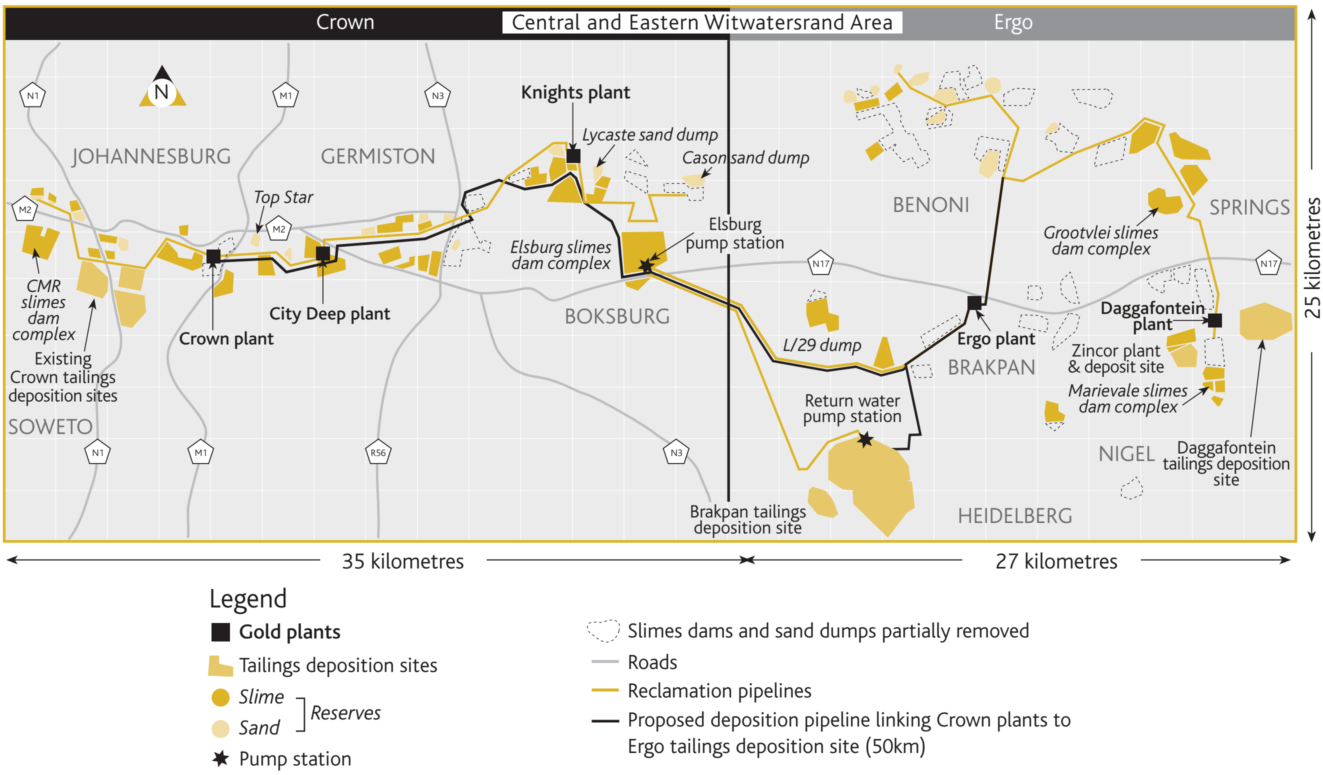
The pipeline, construction of which is under way and scheduled for completion in August 2011, will allow Crown to restore its deposition capacity to 600 000tpm. Restored deposition capacity provides the operation with the opportunity to bring to account potential new resources on the western and central Witwatersrand, thus increasing production and extending their lives.

Ergo

Description

Ergo was established in 2007 as a joint venture between DRDGOLD and Mintails Limited, primarily to recover and treat – over a period of 12 years – some 186Mt of surface tailings contained in the Elsburg Tailings Complex for gold. Now wholly owned by the DRDGOLD Group, Ergo has a network of surface rights that provide access to a further 600Mt of surface tailings deposited across the western, central and eastern Witwatersrand. As a second-phase development, in conjunction with the Crown/Ergo pipeline currently under construction, the Ergo plant's second carbon-in-leach (CIL) circuit will be refurbished to increase capacity from 1.2Mtpm to

Crown and Ergo layout plan

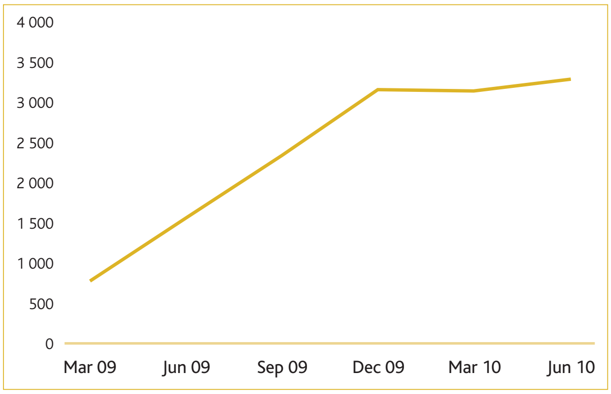


1.8Mtpm. Ergo is licensed to produce uranium and sulphuric acid, and a feasibility study to assess the potential of these by-products from the Ergo resource is ongoing.

Safety review

Ergo's safety statistics form part of those reported under Crown.

Ergo: volume ('000t)



Operating and financial review

In its first full year of operation, Ergo continued ramp-up towards full production. Gold produced totalled 35 332oz, from throughput of 11 867 000t at an average yield of 0.09g/t.

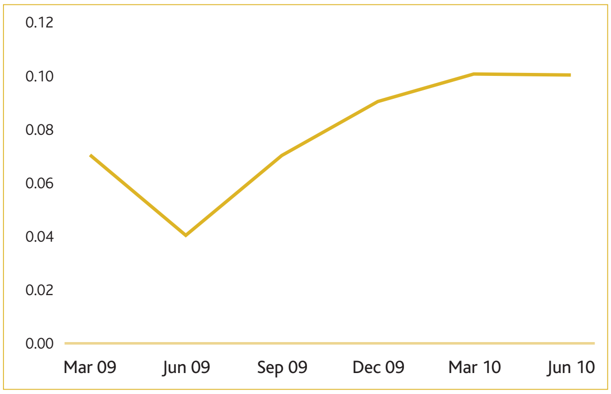
Operating costs were R235 642/kg, and an operating profit for the year of R35.4 million was recorded.

Capital expenditure of R68.6 million was directed mainly towards construction and commissioning of the second feeder pipeline from the Elsburg Tailings Complex to the Brakpan plant, and its associated infrastructure.

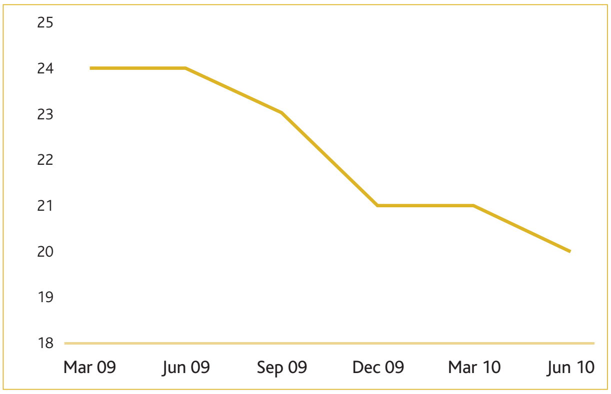
Ergo's results for Q4 of FY2010 indicate excellent progress made towards Phase 1 steady state. Throughput for the quarter was 3 269 000t – close to the targeted 1.2Mtpm. Cash operating costs in terms of R/t were R20 – already substantially below the targeted R30/t, and the margin was US$386/oz.

Continuing volume increase and cost reduction are expected in FY2011, with consequent margin improvement. It is anticipated that ongoing metallurgical research and development initiatives will deliver improved recoveries in the medium term.

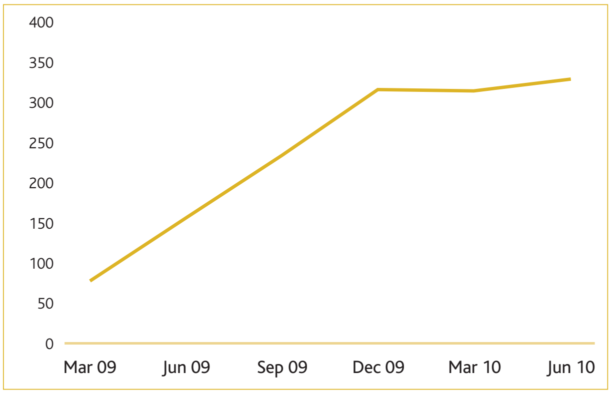
Ergo: yield (g/t)



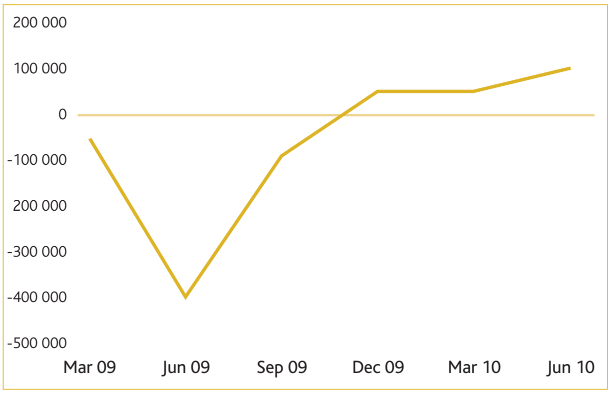
Ergo: costs (R/t)



Ergo: gold produced (kg)



Ergo: margin (R/kg)



Mineral Resources and Mineral Reserves

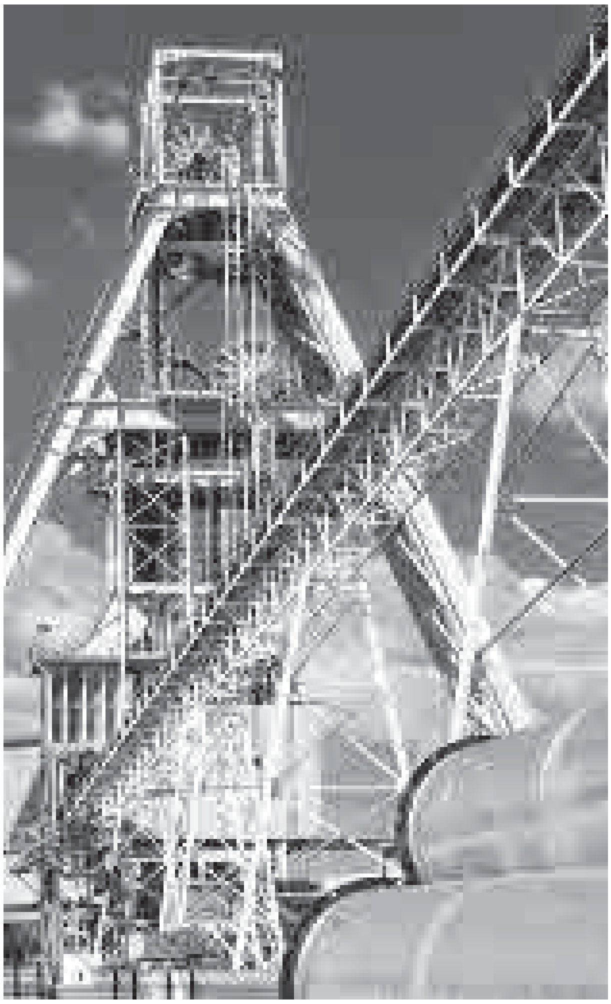
DRDGOLD's attributable Mineral Resources increased by 6% from 56.4 million ounces (Moz) in FY2009 to 60.0Moz in FY2010. Attributable Mineral Reserves increased by 21% from 6.0Moz in FY2009 to 7.3Moz in FY2010.

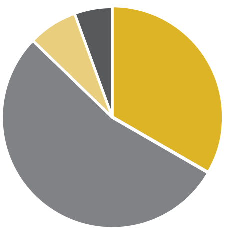
The rise in attributable Mineral Resources can mainly be ascribed to the underground operations at Blyvoor. The underground block modelling process benefited from a good deal of attention and areas available for future mining were all scrutinised and changed where required. The other operations all had lesser amounts of movement due to normal depletions and reconciliations.

The increase in DRDGOLD's Mineral Reserves was because of a more favourable gold price used for declaration compared to the previous year. 15.7% of total reserve increase was due to the higher gold price, which resulted in a more favourable pay limit and thus in a larger portion of the underground resource becoming available to be mined at Blyvoor. This, along with new solutions to past deposition challenges, also contributed to a 7.8% increase of reserves at Crown. Normal monthly depletions and reconciliations attributed to the negative portion in growth of the reserves at the operations.

Evaluation methodology

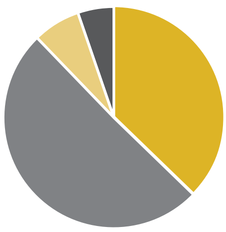
Different methodologies are used for the evaluation of underground and surface Mineral Resources and Mineral Reserves. In the case of underground Mineral Resources, the sampling database is continuously updated with verified sampling results. From the database it goes through the normal statistical and then the geostatistical process per facies area. Thereafter a block model is





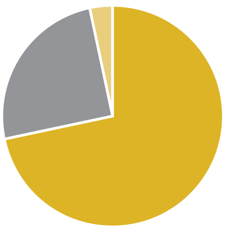
Attributable Resources 2009 (56.4Moz)

Blyvoor	18.9
ERPM	30.4
Ergo	4.1
Crown	3.0



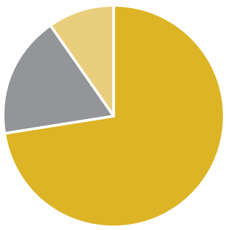
Attributable Resources 2010 (60.0Moz)

Blyvoor	22.4
ERPM	30.3
Ergo	4.2
Crown	3.1



Attributable Reserves 2009 (6.0Moz)

Blyvoor	4.3
ERPM	1.5
Crown	0.2



Attributable Reserves 2010 (7.3Moz)

Blyvoor	5.3
ERPM	1.3
Crown	0.7

generated and used to overlay the potential mining areas. These potential mining areas are then evaluated accordingly. This results in a resource per different resource category. From here the applicable modifying factors are applied and the appropriate portion converted to reserves. The whole process gets reviewed by independent consultants to ensure that industry and deposit-type accepted norms and procedures were followed.

With respect to surface Mineral Resources and Mineral Reserves, drilling takes place on a pre-determined grid to determine the average grade (grade model), density, moisture, mineral composition, expected extraction factors and ultimate financial viability before any mining starts. As material is removed from the slimes dams for retreatment, the resources and reserves for that operation are adjusted accordingly. Continual checks on modifying factors and ongoing surveys are conducted to monitor the rate of depletion and the accuracy of factors used for conversion.

Independent review

DRDGOLD's statements of its Mineral Resources and Mineral Reserves were independently reviewed by Coffey Mining (formerly RSG Global) for compliance with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC Code), the National Instrument 43-101 and the United States Securities and Exchange Commission (SEC) Industry Guide 7. Coffey Mining is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and to various financial institutions since 1987.

The review report for the operations was compiled by Alan Goldschmidt, BSc (Hons) from the University of Cape Town, GDE from Wits University; Mrs Kathleen Body, BS Arts and Sciences in Geology from the University of Massachusetts, GDE from Wits University, Pr Nat Sci, SACNASP; 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.

Coffey Mining carried out their quality control analysis of the data during numerous site visits to the different surface and underground operations, along with their reviews of the geological models, grade estimation techniques, the conversion from resources to reserves, underground operations and transport systems and of the procedures and parameters used in the preparation of these Mineral Resources and Mineral Reserves statements.

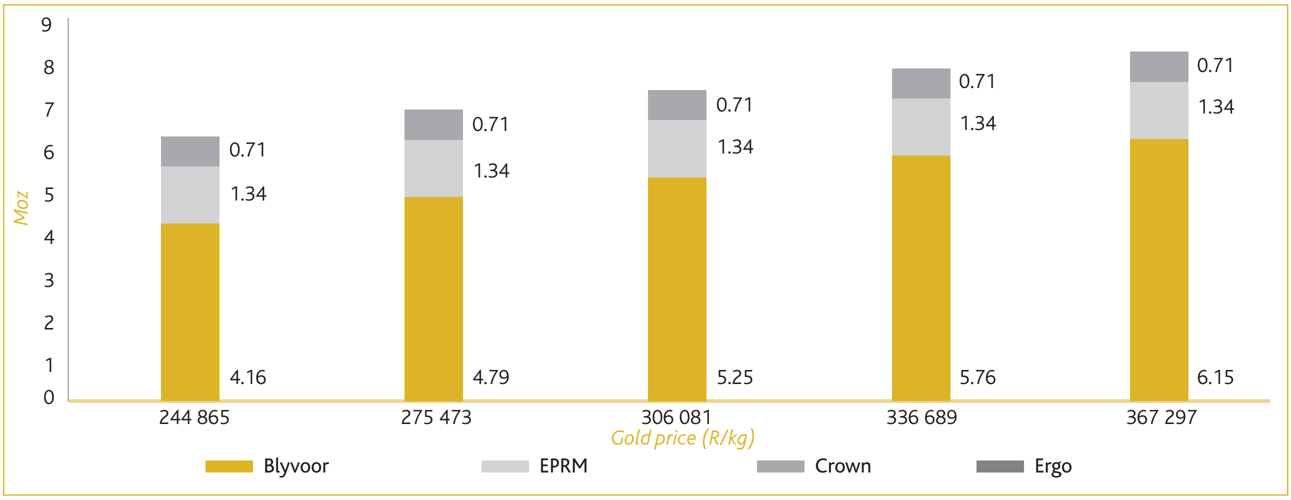
Competent persons

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

Blyvoor/ERPM	– Ryno Botha (SAIMM)
	– Gerard Evans (SACNASP)
Crown/Ergo /ERPM	– Vivian Labuschagne

Independent consultant Gerard Evans (Datamine) (SACNASP) was responsible for the preparation of the underground resource models for Blyvoor and ERPM. The competent person responsible for the compilation and reporting of DRDGOLD's Mineral Resources and Mineral Reserves was Ryno Botha.

Attributable Reserve ounces (2010-11) vs gold price sensitivity



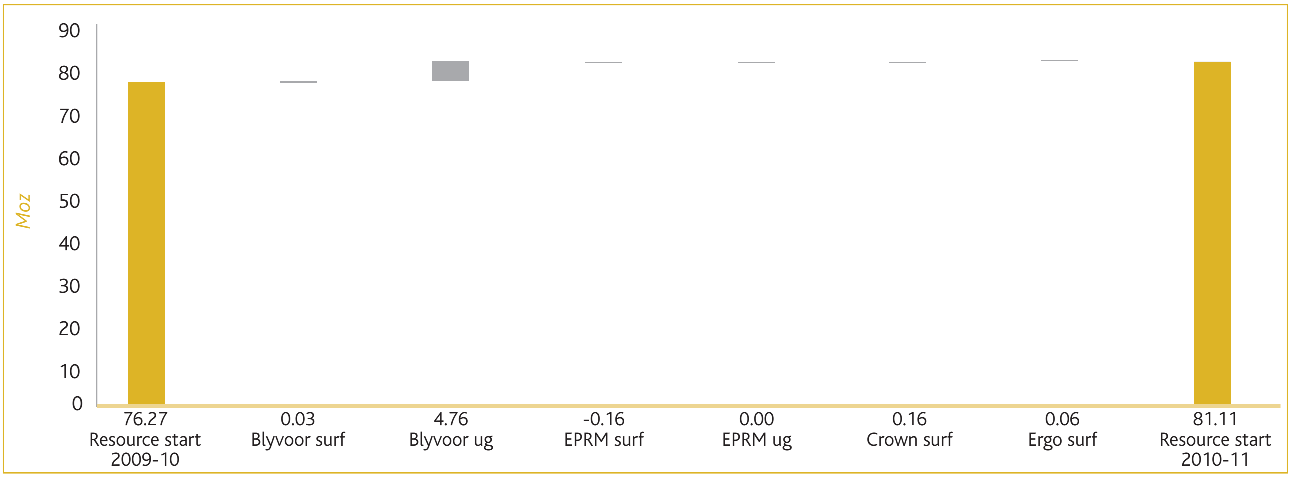
These individuals have extensive (more than five years) relevant experience in the mining industry and the type of deposits mined. They are the designated competent persons in terms of the SAMREC Code, and are registered members of the recognised statutory organisations.

Declaration

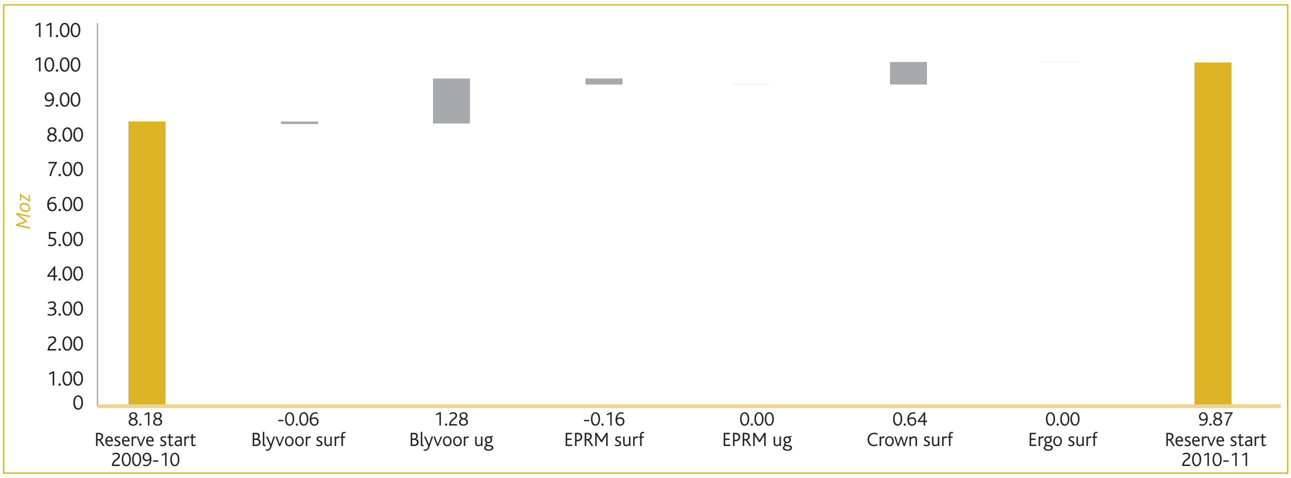
The gold price used for declaration is R306 081/kg (US$1 244/oz and ZAR/US$7.6529). For compliance with the SEC, DRDGOLD's Form 20-F to be filed with the SEC will also quote the Mineral Reserves using the three-year average gold price of R236 752/kg (US$926/oz and R7.9523/US$).

All Mineral Resources declared in this report are inclusive of Mineral Reserves.

Total resource variance year on year



Total reserve variance year on year



Attributable delivered gold reserves as at 30 June 2010 (R306 081/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%)												
Undergound	22.137	5.11	113.119	3.637	9.898	4.67	46.209	1.486	32.035	4.97	159.328	5.123
Surface	4.523	0.88	4.002	0.129	0.000	0.00	0.000	0.000	4.523	0.88	4.002	0.129
Total	**26.660**	**4.39**	**117.121**	**3.766**	**9.898**	**4.67**	**46.209**	**1.486**	**36.558**	**4.47**	**163.330**	**5.252**
ERPM (74%)												
Undergound	0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000
Surface (1)	133.402	0.31	41.684	1.340	0.000	0.00	0.000	0.000	133.402	0.31	41.684	1.340
Total	**133.402**	**0.31**	**41.684**	**1.340**	**0.000**	**0.00**	**0.000**	**0.000**	**133.402**	**0.31**	**41.684**	**1.340**
Crown (74%)												
Undergound	0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000	0.000
Surface	10.095	0.46	4.620	0.148	45.941	0.38	17.555	0.564	56.036	0.40	22.175	0.712
Total	**10.095**	**0.46**	**4.620**	**0.148**	**45.941**	**0.38**	**17.555**	**0.564**	**56.036**	**0.40**	**22.175**	**0.712**
Total group (74%)												
Undergound	22.137	5.11	113.119	3.637	9.898	4.67	46.209	1.486	32.035	4.97	159.328	5.123
Surface	148.020	0.34	50.306	1.617	45.941	0.38	17.555	0.564	193.961	0.35	67.861	2.181
Total	**170.157**	**0.96**	**163.425**	**5.254**	**55.839**	**1.14**	**63.764**	**2.050**	**225.996**	**1.01**	**227.189**	**7.304**

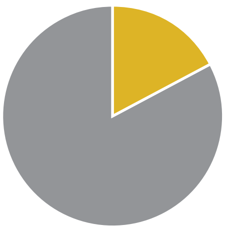
(1) *ERPM's surface reserves include the Elsburg and Benoni tailings complexes which are being processed by Ergo. The mining rights for these tailings are owned by ERPM and are therefore reported as ERPM reserves.*

Mineral Resources and Mineral Reserves *(continued)*

Attributable gold resources as at 30 June 2010 (including reserves)

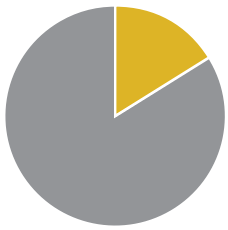
	Measured				Indicated			
	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz
Blyvoor (74%)								
Undergound	20.392	7.20	146.796	4.720	24.803	4.79	118.881	3.822
Surface	4.523	0.88	4.002	0.129	101.190	0.31	31.120	1.001
Total	**24.915**	**6.05**	**150.798**	**4.849**	**125.993**	**1.19**	**150.001**	**4.823**
ERPM (74%)								
Undergound	3.814	6.92	26.384	0.848	10.041	7.47	75.050	2.413
Surface [(1)]	133.401	0.31	41.684	1.340	0.000	0.00	0.000	0.000
Total	**137.215**	**0.50**	**68.068**	**2.188**	**10.041**	**7.47**	**75.050**	**2.413**
Crown (74%)								
Undergound	0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000
Surface	72.030	0.40	28.890	0.929	279.516	0.25	69.214	2.225
Total	**72.030**	**0.40**	**28.890**	**0.929**	**279.516**	**0.25**	**69.214**	**2.225**
Ergo (74%)								
Undergound	0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000
Surface	0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000
Total	**0.000**	**0.00**	**0.000**	**0.000**	**0.000**	**0.00**	**0.000**	**0.000**
Total group (74%)								
Undergound	24.206	7.15	173.180	5.568	34.844	5.57	193.931	6.235
Surface	209.954	0.36	74.576	2.398	380.706	0.26	100.334	3.226
Total	**234.160**	**1.06**	**247.756**	**7.966**	**415.550**	**0.71**	**294.265**	**9.461**

[(1)] *ERPM's surface resources include the Elsburg and Benoni tailings complexes which are being processed by Ergo. The mining right for these tailings are owned by ERPM and are therefore reported as ERPM resources.*



Mineral Resources 2009
Moz (Au)

Surface 9.8
Underground 46.7



Mineral Resources 2010
Moz (Au)

Surface 9.8
Underground 50.2

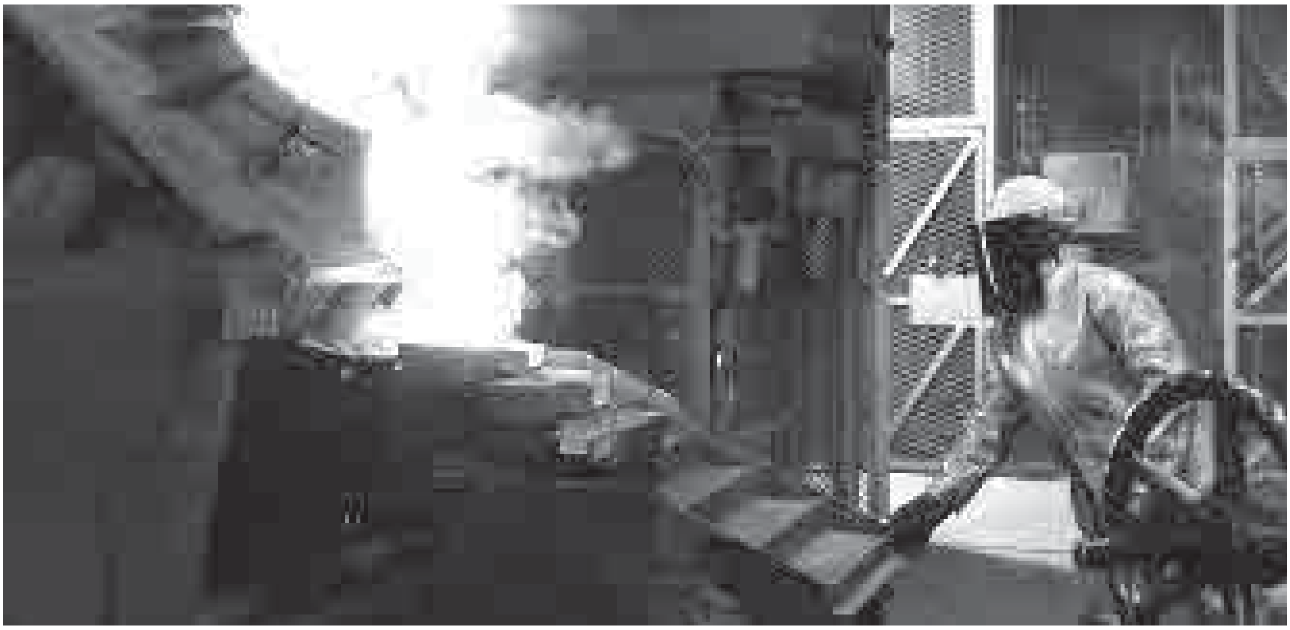
Mineral Reserves 2009
Moz (Au)

Surface 1.9
Underground 4.2

Mineral Reserves 2010
Moz (Au)

Surface 2.2
Underground 5.1

Inferred				Total			
Tonnes Mt	Grade g/t	Content Au t	Content Au Moz	Tonnes Mt	Grade g/t	Content Au t	Content Au Moz
97.209	4.06	394.300	12.677	142.404	4.63	659.977	21.219
6.463	0.25	1.616	0.052	112.176	0.33	36.738	1.182
103.672	**3.82**	**395.916**	**12.729**	**254.580**	**2.74**	**696.715**	**22.401**
118.860	6.73	799.381	25.701	132.715	6.79	900.815	28.962
0.000	0.00	0.000	0.000	133.401	0.31	41.684	1.340
118.860	**6.73**	**799.381**	**25.701**	**266.116**	**3.54**	**942.499**	**30.302**
0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000
0.000	0.00	0.000	0.000	351.546	0.28	98.104	3.154
0.000	**0.00**	**0.000**	**0.000**	**351.546**	**0.28**	**98.104**	**3.154**
0.000	0.00	0.000	0.000	0.000	0.00	0.000	0.000
589.392	0.22	129.667	4.169	589.392	0.22	129.667	4.169
589.392	**0.22**	**129.667**	**4.169**	**589.392**	**0.22**	**129.667**	**4.169**
216.069	5.52	1,193.681	38.378	275.119	5.67	1,560.792	50.181
595.855	0.22	131.283	4.221	1,186.515	0.26	306.193	9.845
811.924	**1.63**	**1,324.964**	**42.599**	**1,461.634**	**1.28**	**1,866.985**	**60.026**



Sustainable development review

DRDGOLD's Sustainable Development Report, which is available on the website at www.drdgold.com, is aligned with the requirements of the Global Reporting Initiative's G3 guidelines. The report looks at the company's economic, social and environmental performance and how this affects its various stakeholders. This section summarises key aspects of DRDGOLD's performance in 2010 with respect to safety and health, the environment, community development and labour relations.

Safety

There was an overall improvement in safety at DRDGOLD in 2010 compared with the previous year as illustrated by three safety indicators:

- the Fatal Injury Frequency Rate (FIFR) per million hours worked dropped by 58%, from 0.178 in 2009 to 0.075;
- the Dressing Station Injury Frequency Rate (DSIFR) declined by 27%, from 24.55 in 2009 to 17.8 per million hours worked; and
- the Reportable Injury Frequency Rate (RIFR), measured per million hours worked, decreased from 3.61 to 3.22.

The only safety indicator to deteriorate, but only by 8%, was the Lost Time Injury Frequency Rate (LTIFR), which went up from 7.6 to 8.2 per million hours worked.

There was a marked drop in the number of fall of ground (FOG) incidents, to 76 from 122 in 2009. A notable achievement was Blyvoor's completion of three million shifts without a fatality caused by a gravity-related FOG in December 2009 – the last such fatality being recorded in October 2007.

Safety awareness campaigns, together with training programmes and regular assessments and audits, are integral to the safety and health function across the group.

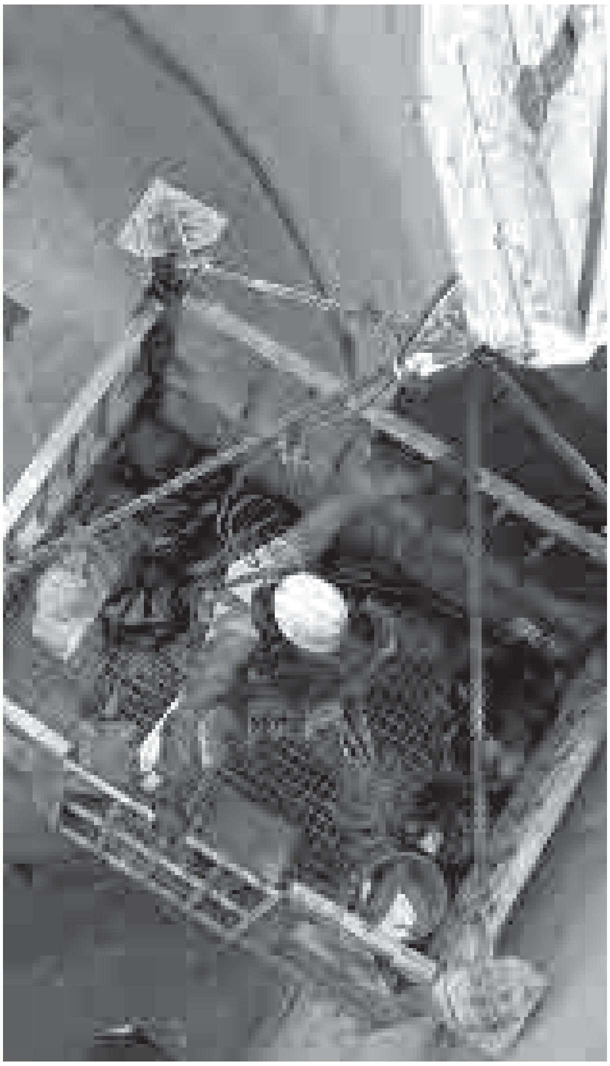
As part of the group's drive to change employees' behaviour and attitudes towards safety, all DRDGOLD operations launched campaigns to make employees aware of their rights and duties – as set out in Sections 22 and 23 of the Mine Health and Safety Act. These campaigns ranged from the handling of explosives and rolling stock at Blyvoor, to the prevention of hand and finger injuries and 'good housekeeping' at the surface operations.

Blyvoor will be launching an industry-driven initiative to prevent FOG accidents in the first half of 2011.

Health

The most significant occupational health diseases at DRDGOLD's operations are occupational lung disease (OLD), comprising silicosis and chronic obstructive airway disease; pulmonary tuberculosis (TB); and noise-induced hearing loss (NIHL).

Employees undergo initial, periodic and exit medical surveillance examinations – a total of 9 623 examinations were carried out in 2010 – and they are screened for heat tolerance, NIHL and TB.



In 2010, 92 audiograms (2009: 151) were conducted on employees and 48 cases (2009: 84) were submitted to the Medical Bureau for Occupational Diseases (MBOD) for possible compensation. A total of 95 new cases of TB were diagnosed compared with 137 in 2009, while 82 cases of OLD (2009: 117) were submitted to the MBOD.

In terms of addressing the causes of occupational health problems, procedures around the use of hearing protection devices were reinforced during 2010. The programme to reduce the sound level of equipment progressed relatively well at Blyvoor where all rock drills are now muffled. This reduces the sound levels by approximately 10 decibels. In addition, 90% of all fan installations have been silenced. The introduction of Sulzer rock drills has started at the mine as these machines are quieter than the muffled S215 drills and they use less air.

There is a major drive under way to prevent silicosis by eliminating dust at all the main sources. To this end, Blyvoor has introduced its first 'fogger' on 38 level in the sub-shaft of No. 5 Shaft and will be installing this system at all its main tipping areas.

DRDGOLD's HIV and AIDS programme focuses on prevention measures and on providing or facilitating treatment when employees are found to be HIV-positive. Prevention measures include awareness campaigns, the distribution of condoms and the development of wellness programmes. Employees are encouraged to go for voluntary counselling and testing (VCT). When medically indicated, anti-retroviral therapy (ART) is made available.

Environment

Environmental Management Plans (EMPs) are in place at all of DRDGOLD's operations. No fines were imposed on any of the group's operations during 2010 in respect of environmental management.

In spite of heavy rains during summer, no reportable slimes spillages occurred at Blyvoor. This was the result of a concerted effort to reduce spills through the construction of two containment dams to capture slimes spillage and the replacement of 3 kilometres of steel piping, which had been prone to leaking and bursting, with high density polyethylene piping.

DRDGOLD had only one reportable environmental incident during the year. This happened on 7 October 2009 at Crown where vandals removed the bolts of a pipe flange, resulting in approximately 1 500 tonnes of slimes spillage. The spill was reported and the area cleaned up. No watercourse was affected.

The major environmental risks and concerns for DRDGOLD are discussed below.

Air pollution

As DRDGOLD's surface reserves and resources are contained in tailings dams, many of them situated in built-up areas, dust is an issue that the company deals with on a daily basis. It is addressed through ongoing environmental management and remediation measures.

Dust is monitored, sampled and analysed at 1 546 monitoring points at DRDGOLD's operations (including closed mines) against the South African National Standards (SANS). There was a 20% decrease – to 115 (2009: 143) – in the number of instances where the levels of dust exceeded the SANS standard.

Mitigating measures to reduce dust include the use of vegetation where this is possible, watering down of active faces and areas, and rock cladding where necessary. During the year under review Crown completed 13.7 hectares and Blyvoor 1.4 hectares of side slope vegetation, while 70 hectares of profiling and cladding were completed at Ergo. In total, DRDGOLD spent R31.5 million on mitigation measures.

Water management

As water is a scarce resource, DRDGOLD endeavours to minimise its water usage. In 2010 the company reduced this by 21%, to 10 million cubic metres of potable water (2009: 12.6 million cubic metres) supplied by the Rand Water Board.

Blyvoor pumps 25 megalitres (ML) a day of fissure water from underground to surface and uses a substantial amount of this water, mostly for cooling and processing purposes. However, between 8ML and 11ML of underground water a day is discharged into the

Wonderfontein Spruit. Within the next few months, when the operation's newly constructed water treatment plant is commissioned, this discharge will be reduced by around 175ML a month. As the plant will treat about 5ML of underground water a day to potable standards for use on mine property, the quantity of water that Blyvoor purchases from the Rand Water Board will also decrease.

Acid mine drainage

DRDGOLD has seriously considered and addressed the company's legal, ethical and commercial responsibilities in respect of acid mine drainage (AMD) from the Western Basin of the Witwatersrand goldfields. In its actions the company has tried to find a balance between its duties as the custodian of the collective interest of its stakeholders and its responsibility to be a good corporate citizen.

DRDGOLD's involvement relates to mining leases it secured in the late 1990s over an area belonging to defunct mines. During the following years, DRDGOLD's subsidiary, West Wits Mining Limited, was engaged in underground mining in this area.

DRDGOLD later sold the surface operations, which were subsequently acquired by Mintails Limited. The underground section of the mine was transferred to Australian Stock Exchange-listed West Wits Mines in 2007.

On the basis of the amount of rock removed from underground as a percentage of the total amount of rock removed over the life of the operations, DRDGOLD has calculated that its subsidiary contributed to approximately 1.5% of the problem and that, consequently, the company's contribution to the costs of treating AMD should not exceed this percentage.

In August 2005, DRDGOLD, in collaboration with Harmony and Mintails Limited, established the entities which ultimately became Western Basin Environmental Corporation (WBEC) and Western Utilities Corporation (WUC) to investigate a sustainable solution to AMD.

To allow time for WUC to do this, DRDGOLD, Harmony and Mintails co-funded the costs of treating AMD before its discharge into the Tweelopies Spruit for a period of two years.

WUC raised more than R75 million on the capital markets and a bankable feasibility study was conducted. This indicated that treating the Western Basin water, amounting to 15ML a day, would not be sustainable and that a minimum quantity of 75ML a day would be required to achieve the economies of scale required. However, by combining this water with that of the Central (60ML per day) and Eastern (75ML per day) basins of the Witwatersrand goldfields, which have similar water problems, an economically viable water treatment plant could be established.

Studies indicated the best site for the plant would be the currently disused High Density Separation (HDS) water treatment plant at ERPM, which has an approximate capacity of 80ML a day. A pipeline would connect the Western and Central basins to stop the discharge of any polluted water into the Tweelopies Spruit.

In late 2009, a complete self-sustaining solution was presented to the Department of Water and Environmental Affairs (DWEA). It could operate independently of any further financial assistance from the mines and survive the ultimate closure of the few remaining mines in the area. The proposal was rejected.

Following this, DRDGOLD and its WUC founding partners put together a revamped proposal in which the companies would contribute a portion (with DRDGOLD providing approximately R13.4 million) of the funding requirement, along with a contribution from government, to cover the ownerless and derelict mines. This was submitted to DWEA for approval and a response is awaited.

In terms of both proposals, DRDGOLD allows WUC access to underground water via a fully serviced underground shaft and the use of ERPM's HDS plant. The estimated cost of constructing these facilities (excluding the cost of actually sinking a shaft deep enough to gain access to the water) is in excess of R500 million.

DRDGOLD has also established a trust and dedicated to it the entire income of a waste rock dump situated on its West Wits mine with an estimated commercial value of R45 million. However, to date, the regulator has not cleared these materials for sale.

Resource utilisation

DRDGOLD is committed to using natural resources carefully and to reducing waste wherever possible.

The group uses a substantial amount of cyanide in the gold recovery process – 4 896 tonnes in 2010 (2009: 4 380 tonnes) – and recognises that its use poses a significant risk. Energy and chemicals company Sasol supplies cyanide to the operations and DRDGOLD follows its special procedures for the handling of cyanide once it has taken delivery of a consignment.

In 2010, DRDGOLD reduced its consumption of petrol to 52 330 litres (2009: 73 124 litres) and of diesel to 2 079 311 litres (2009: 3 323 724 litres). To bring its consumption of direct energy down further, Blyvoor is moving from using diesel locomotives to more energy efficient battery operated locomotives. Also planned for implementation is the use of mechanical agitation rather than compressed air in the sewage plants on site.

DRDGOLD, which purchases electricity from state utility Eskom, has implemented several projects to reduce its consumption of indirect energy. These include a control system that switches geysers off during peak times at all houses in the mine villages at Blyvoor and buying new energy efficient motors instead of rewinding motors under 22 kilowatts. During 2010, DRDGOLD reduced its electricity consumption by 27%, to 2 358 301 gigajoules (2009: 3 217 025 gigajoules).

Projects that are currently being undertaken include installing prepaid electricity meters in all houses in the Blyvoor mine villages and investigating an alternative to the use of compressed air generation, which is one of the biggest consumers of electricity.

Greenhouse gas emissions

DRDGOLD recognises that climate change presents a risk to its operations because of regulatory compliance and the costs associated with increased taxes, usage caps and tariff increases. While South Africa has not been a signatory to the Kyoto Protocol and does not have any specific legislation in place relating to greenhouse gas (GHG) emissions, it is likely that the country's policies (and potentially legislation) will be guided by ongoing international climate change talks and that, post-2012, regulations will be imposed.

As was the case last year, DRDGOLD engaged an external consultant to undertake a GHG emissions survey in FY2010. Compared with the previous year, there was a decline in emissions because of a reduction in the company's activities, in particular the cessation of underground mining at ERPM. Direct and indirect emissions of GHG amounted to 792 924 tonnes in FY2010 – a decrease of 13% compared with FY2009 when there were 906 901 tonnes of emissions.

Land management, rehabilitation and closure

DRDGOLD manages a total of 7 917 hectares of land. In FY2010, total rehabilitation costs amounted to R31.5 million.

Blyvoor faces the risk of sinkhole formation because of the dewatered dolomites underlying its significant landholdings. The situation is closely monitored. There were six sinkholes in 2010 (2009: nine), all of which were filled and rehabilitated.

Closure

All the operations have closure plans and closure liabilities are assessed every year. Undiscounted closure liabilities for all the operations in 2010 came to R606.9 million (2009: R648.8 million).

The operations have trust funds to meet their liabilities and DRDGOLD makes annual contributions to these funds. The total amount in these funds in 2010 was R126.1 million (2009: R129.7 million). All the operations have shortfalls in terms of meeting their liabilities and DRDGOLD has proposed to the DMR that, apart from Blyvoor, these are covered through a financial guarantee. In Blyvoor's case, the proposal is that revenue from the No. 2 Shaft rock dump be ring-fenced. This would result in this operation's liabilities being fully funded. To date, the DMR has not approved either of these funding proposals.

Community

DRDGOLD is committed to making a difference to the communities in which it operates. Our community development projects are divided into two broad categories: local economic development (LED) and corporate social responsibility (CSI). In 2010, DRDGOLD spent R5.3 million (2009: R2.4 million) on LED and CSI projects.

Local economic development (LED) projects form part of the operations' Social and Labour Plans – the plans that are required in terms of the Mineral and Petroleum Development Act (MPRDA) as a prerequisite for the granting of mining or production rights. DRDGOLD's LED programmes aim to promote development that:

- is based on resources that are locally available;
- is based on priorities and needs identified by the municipality concerned;
- uses resources economically and sustainably;
- is feasible for the operation, given its size and profitability;
- includes as many economic sectors as possible;
- provides for a diverse labour market; and
- devolves ownership of the development process to local people.

Projects for consideration are identified through formal, regular contact with local authorities: Blyvoor with the Merafong City Council; ERPM and Ergo with the Ekurhuleni Metropolitan Municipality; and Crown with the Johannesburg and Ekurhuleni metropolitan municipalities. The projects selected are in alignment with the municipalities' Independent Development Programmes.

The guidelines that are followed with respect to corporate social investment projects are that these should:

- be located within the communities affected by DRDGOLD's operations and/or from which the company draws its labour; and
- contribute to the general upliftment of those communities or specific individuals within them.

Financial backing may be given or goods donated but support is not confined to these aspects. It may take the form of managerial time and expertise (assistance with the drawing up of a business plan, for example) or allowing access to mine infrastructure or transport.

With respect to both LED and CSI projects, DRDGOLD consults with community leaders and organised labour. The chief areas of focus are education, sustainable job creation, health (particularly HIV and AIDS) and housing.

Labour practices and human rights

The company's vision is to be 'the employer of choice' in the South African gold mining industry and its policy is to seek to recruit and select the best talent available to fill vacancies and to ensure that the engagement of successful applicants and their induction as new employees takes place smoothly.

At the end of FY2010, DRDGOLD employed 6 409 people (2009: 6 715), of whom 1 749 were contractors (27% of the workforce). The turnover rates for the three operations were as follows:

- Blyvoor, 9%;
- Crown, 4%; and
- Ergo, 4%.

In line with the requirements of South Africa's Mineral and Petroleum Resources and Development Act (MPRDA) and the Mining Charter, priority is given to the attraction, retention and development of historically disadvantaged South Africans (HDSAs) and women. DRDGOLD ensures that any contractors who undertake work for the company are compliant with legislation.

The Board of Directors' Transformation and sustainable development Committee monitors progress on employment equity and transformation issues at all levels in the company and its subsidiaries. The forums referred to above make provision for employees to have input in this area.

Labour relations

Relations with employees and organised labour at DRDGOLD are regulated by legislation and recognition agreements covering the prescribed minimum levels of compensation and benefits; trade union access and membership; the right to strike; mandatory compensation in the event of termination for operational reasons; employment equity practices; compensation for occupational illness or injury on duty; and the provision and financing of training programmes.

DRDGOLD endorses employees' rights to freedom of association and supports the process of collective bargaining. Wages and conditions of employment are negotiated on a bi-annual basis for each operation.

DRDGOLD regards its relationship with the unions as well-developed and mature, as was demonstrated by their close co-operation in the turnaround of Blyvoor subsequent to the industrial action that took place there during the first quarter of FY2010 (for further details, please refer to the Labour practices and human rights section of the Sustainable Development Report 2010).

Human rights

As a company domiciled in South Africa, DRDGOLD is bound by the country's constitution in which human rights are enshrined, as well as by South Africa's endorsement of various principles of the International Labour Organisation prohibiting the use of forced, compulsory or child labour. No contraventions of these principles were alleged or reported during the year and no operations are deemed to be at risk in this regard.

Training and development

Significant resources are invested in the training and development of current and potential employees. In 2010, expenditure on training and development, both internal and external, amounted to R9.1 million (2009: R2.7 million).

Talent is fostered through learnerships, internships and tertiary education programmes. All employees have access to Adult Basic Education and Training (ABET).

Corporate governance

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.

During the year under review DRDGOLD complied substantially with the King II Code (however the board elected that the CEO be the chairman of the Risk Committee as explained on page 38 of this report) and the board identified areas in the King III Report to improve upon. Further changes in line with the King III Report will be included in the next financial year.

On 1 March 2010 the King Report on Corporate Governance for South Africa (the King III Report) was put into operation. It replaces the King II Report as a codified body of principles which is intended to serve as a guideline for the enhancement of high standards of corporate governance. DRDGOLD commits itself to observe the provisions of the King III Report and enforce it to the extent possible within the context of the 'apply or explain' principle of the King III Report.

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 20-F filed annually with the SEC.

The 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 III Report requires a unitary board structure 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 III Report have been adopted in the JSE Listings Requirements and, as a foreign listed company on Nasdaq since 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.

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 III 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 committees, as recommended by the King III 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 14 and 15.

Categorisation of each director's capacity: This has been provided for in this report on pages 14 and 15.

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: A board evaluation exercise was conducted by a new independent facilitator on 25 August 2010. This exercise took the form of a workshop at which all the directors exchanged views on a variety of relevant aspects of board effectiveness and also tracked the progress of previous evaluations. The facilitator made observations on how the directors interacted during the discussion. All the directors found that the board evaluation workshop was fruitful.

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 on page 14.

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 professional 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 to be in the best interests of the company. A structured and efficient procedure has been incorporated into the Board Charter.

Corporate governance *(continued)*

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 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 of 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.

Audit and Risk committees

The Audit and Risk committees 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 Manager: Risk and Internal Audit, 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

Details of attendance by directors at the board meetings held during the 2010 financial year

Director	Designation	19 Aug 2009	28 Aug 2009	4 Sep 2009	16 Sep 2009	20 Oct 2009	28 Oct 2009	3 Nov 2009	2 Feb 2010	20 Apr 2010
D J Pretorius	Chief Executive Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
C C Barnes	Chief Financial Officer	✓	✓	✓	✓	✓	✓	✓	✓	✓
G C Campbell	Non-executive chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓
R P Hume	Independent non-executive	✓	A	✓	✓	✓	✓	✓	✓	✓
J Turk	Non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓
E A Jeneker	Independent non-executive	A	A	✓	A	✓	✓	✓	✓	✓

✓ *Includes attendance through teleconference or videoconference facilities.*

A *Apologies*

Details of attendance by members at the Audit Committee meetings held during the 2010 financial year

	3 Aug 2009	18 Aug 2009	16 Sep 2009	19 Oct 2009	24 Nov 2009	1 Feb 2010	19 Apr 2010
R P Hume	✓	✓	✓	✓	✓	✓	✓
G C Campbell	✓	✓	✓	✓	✓	✓	✓
E A Jeneker	✓	A	A	✓	✓	✓	✓

✓ *Includes attendance through teleconference or videoconference facilities.*

A *Apologies*

by in-house staff and Pro Optima Audit Services (Pty) Ltd. Internal audits are performed at all of DRDGOLD's operating units and the corporate office 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.

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, which is also contained in our Form 20-F.

In compliance with the Corporate Laws Amendment Act, the company has taken a number of steps as outlined below.

- The Audit Committee has nominated the firm KPMG 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 19 April 2010, the Audit Committee discussed and approved the audit fees which were proposed by KPMG.
- In terms of a written policy, 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 2010 financial year.

Details of attendance by members at the Risk Committee meetings held during the 2010 financial year

	17 Aug 2009	19 Oct 2009	1 Feb 2010	19 Apr 2010
D J Pretorius	✓	✓	✓	✓
G C Campbell	✓	✓	✓	✓
R P Hume	✓	✓	✓	✓
J Turk	✓	✓	✓	✓
C C Barnes	✓	✓	✓	✓
E A Jeneker	A	✓	✓	✓

✓ *Includes attendance through teleconference or videoconference facilities.*

A Apologies

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 meetings 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.

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 and more than 300 different mining companies worldwide.

An important aspect of risk management is the transfer of risk to third parties to protect the company from any major disaster. 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.

Details of attendance by members at the Remuneration Committee meetings held during the 2010 financial year

	17 Aug 2009	19 Oct 2009	1 Feb 2010	20 Apr 2010	24 May 2010
E A Jeneker	A	✓	✓	✓	✓
G C Campbell	✓	✓	✓	✓	✓
J Turk	✓	✓	✓	✓	✓
R P Hume	✓	✓	✓	✓	✓

✓ *Includes attendance through teleconference or videoconference facilities.*

A *Apologies*

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 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 General Manager: Corporate Services 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.

The Remuneration Policy of DRDGOLD was approved by the board on 21 October 2004 and has been updated following the release of the King III Report which emphasises fair and responsible remuneration. 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 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 as and when it becomes necessary.

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 III Report and in order to reach the empowerment goal to which it is committed, the board established this committee, the focus of which will be 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.

Details of attendance by members at the Transformation and Sustainable Development Committee meetings held during the 2010 financial year

	22 June 2009	19 Oct 2009	1 Feb 2010	19 Apr 2010
E A Jeneker	✓	✓	✓	✓
D J Pretorius	✓	✓	✓	✓
C C Barnes	✓	✓	✓	✓

✓ *Includes attendance through teleconference or videoconference facilities.*

Nominations Committee (Nomco)

The members are: G C Campbell (chairman) and 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 47 to 113 of this report, fairly present the financial position of the group as at 30 June 2010 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 2011. 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.

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 2010 are provided in a table on pages 48 and 49 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.

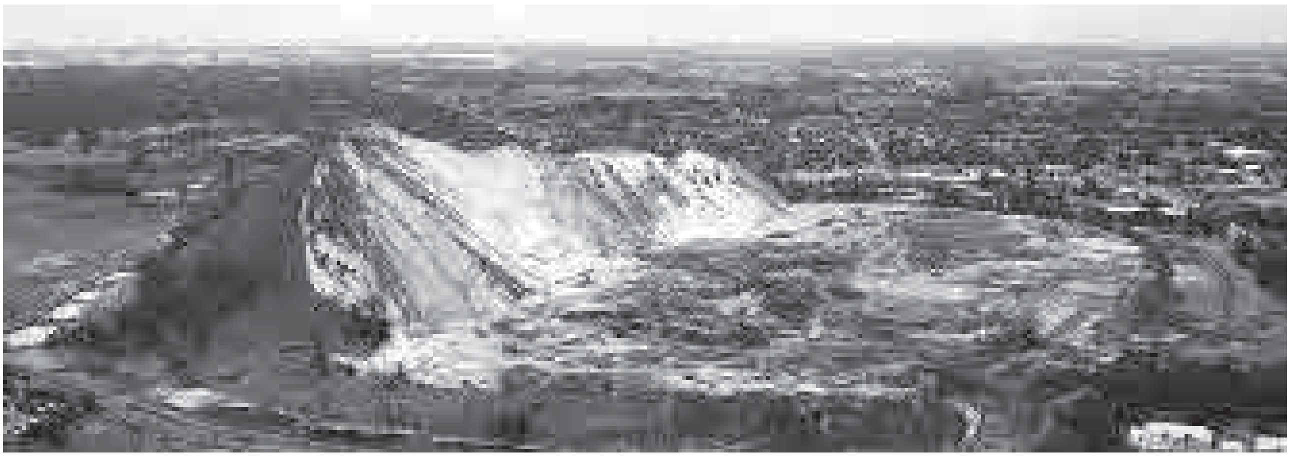
Annual performance bonus

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, as set out on pages 49 to 50 of this report, and in compliance with JSE Listings Requirements, DRDGOLD has amended the terms of the Share Option Scheme which will be tabled for approval at the annual general meeting to be held on 26 November 2010. According to the JSE Listings Requirements, options awarded to an individual employee are subject to a cumulative upper limit of two million options which is lower than the current limit of 2% of the company's issued share capital.

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. Details of options held by directors are contained in a table on page 50 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 1 January 2010, are as follows:

- chairman's annual fee, R1 059 480;
- non-executive director's annual fee, R470 880;
- Audit Committee chairman's annual fee, R47 088;
- Audit Committee member's annual fee, R23 544;
- Nominations Committee chairman's annual fee, R17 658;
- Nominations Committee member's annual fee, R8 829;
- chairmen of Remco, Risco and Transco, annual fee of R35 316 each;
- members of Remco, Risco and Transco, annual fee of R17 658 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, R17 658; hourly rate, R2 354; and
- chairman of the board to receive committee fees.

Details of non-executive directors' remuneration can be found on pages 48 and 49. Previously non-executive directors were granted share options over DRDGOLD's ordinary shares; details of the directors with unexercised options are shown on page 50.

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 49.

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 this at the quarterly board meetings.

Relationships with clients, customers and suppliers

Employees should ensure that they are independent of any business organisation having a contractual relationship with the group or providing goods or services to the group.

Gifts, hospitality and favours

An employee should neither accept nor solicit any non-minor gifts, hospitalities or other favours from suppliers of goods or services.

Personal investments in shares and share dealings

While directors and employees are encouraged to invest in and own shares in the group, such investment decisions must not contravene the conflict of interest provisions of this code, any applicable legislation, or any policies and procedures established by the various operating areas of the group, and must not be based on material non-public information acquired by reason of an employee's connection with the group.

Confidential information and external communication

Directors and employees are expected to treat all information pertaining to the group, which is not in the public domain, in the strictest confidence and may not divulge such information to any third party without permission, even after the termination of their services with the group.

The group strives to achieve timely and effective 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 47 to 113, 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.

Annual financial statements contents

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, shareholder information 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 46.

The annual financial statements for the year ended 30 June 2010 set out on pages 47 to 113 were approved by the board on 16 September 2010 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 by the Corporate Laws Amendment Act, 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 2010 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
16 September 2010

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 Limited 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 2010. The Audit Committee has regulated its affairs in compliance with this mandate, and has discharged all of the responsibilities set out therein.

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

The biographical details of the committee are set out on pages 14 and 15 and the members' fees are included in the table of directors' remuneration on pages 48 and 49.

Chief Financial Officer – As required by the JSE Listings Requirement 3.84(h), the Audit Committee has satisfied itself that the Chief Financial Officer has the 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;
- approved the external auditors' fees for 2009 and budgeted fees for the 2010 financial year; and
- 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 2010 financial year as well as reviewed the results of the internal audits conducted during the 2010 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 2010 and based on the information provided to the Audit Committee, considers that the group complies, in all material respects, with the requirements of the Companies Act (61 of 1973), as amended, IFRS and 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 2010

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 2010, 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 2010, 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 2010

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Directors' report

Nature of business

DRDGOLD, which was incorporated on 16 February 1895, has operating gold mines 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 JSE Limited and secondary listing on the Nasdaq Capital Market. The company's shares are also traded on the Marché Libre in Paris, the Regulated Unofficial Market of the Frankfurt Stock Exchange, 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 2010 are set out in the notes to the financial statements on pages 88 and 89 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 26 November 2010. 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 262 663 new ordinary no par value shares were issued as a result of employees exercising their options under the DRDGOLD (1996) Share Option Scheme. During the year the company issued 6 620 413 shares to Investec Bank Limited to repay a loan facility.

Shares issued

	2010			2009		
	Number of shares	R'000	Average issue price R per share	Number of shares	R'000	Average issue price R per share
At 1 July	378 001 303			376 571 588		
Shares issued for cash:						
Investec Bank Limited	6 620 413	29 877	4.51	–	–	–
Specific share issue to:						
DRDGOLD (1996)						
Share Option Scheme	262 663	1 004	3.83	1 429 715	6 707	4.69
At 30 June	384 884 379	30 881		378 001 303	6 707	

Directorate

In accordance with the provisions of the company's Articles of Association, Mr C C Barnes and Mr E A Jeneker will retire at the forthcoming annual general meeting. They are eligible and have offered themselves for re-election.

Directors' interests in shares

The interests of the directors in the ordinary share capital of the company as at 30 June 2010 were as follows:

	30 June 2010			30 June 2009		
	Beneficial direct	Beneficial indirect	Non-beneficial	Beneficial direct	Beneficial indirect	Non-beneficial
Executive directors						
D J Pretorius	29 667	–	–	–	–	–
C C Barnes	–	–	–	–	–	–
	29 667	–	–	–	–	–
Non-executive directors						
G C Campbell	80 000	–	–	60 000	–	–
R P Hume	25 000	75 000	–	25 000	75 000	–
J Turk	–	43 000	–	–	43 000	–
E A Jeneker	–	–	–	–	–	–
	105 000	118 000	–	85 000	118 000	–
Total	134 667	118 000		85 000	118 000	–

There were no changes in the directors' interests in shares from year end to the date of signature of the financial statements.

Directors' emoluments

for the year ended 30 June 2010	Board fees R	Salary R	Bonuses & performance related payments R	Pension/ Provident scheme contributions R	Total R
Executive directors					
D J Pretorius	–	3 940 424	2 255 040	–	6 195 464
C C Barnes	–	2 695 315	1 847 383	–	4 542 698
	–	6 635 739	4 102 423	–	10 738 162
Non-executive directors					
G C Campbell	1 275 335	–	–	–	1 275 335
R P Hume	623 771	–	–	–	623 771
J Turk	546 115	–	–	–	546 115
E A Jeneker	578 102	–	–	–	578 102
	3 023 323	–	–	–	3 023 323
Total	3 023 323	6 635 739	4 102 423	–	13 761 485

Directors' emoluments

for the year ended 30 June 2009	Board fees R	Salary R	Bonuses & performance related payments R	Pension/ Provident scheme contributions R	End of contract payment R	Total 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' 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 director's service contract
D J Pretorius	Chief Executive Officer	1/1/2009	3 years	18 months
C C Barnes	Chief Financial Officer	5/5/2008	3 years	10 months
R P Hume	Non-executive director	1/10/2008	2 years	3 months
G C Campbell	Non-executive chairman	1/11/2009	2 years	16 months
J Turk	Non-executive director	1/11/2008	2 years	4 months
E A Jeneker	Non-executive director	1/11/2009	2 years	16 months

Share Option Scheme

The DRDGOLD (1996) Share Option Scheme (the scheme) is used as an incentive tool for executive and senior employees whose skills and experience are recognised as being essential to the company's performance. The number of issued and exercisable share options is 5.1% of the issued ordinary share capital, which is near the international accepted guideline of 3% to 5% for such schemes.

In addition, the participants in the scheme are fully taxed at the rate obtained via a tax directive from the Receiver of Revenue on any gains realised on the exercise of the options.

In the past financial year the directors have exercised nil (2009: 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 3 654 307 options in terms of the scheme in the current financial year compared with 4 647 800 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	E A Jeneker	Other partici-pants	Total
Balance at 1 July 2009								
Number	1 283 486	576 226	57 994	77 907	–	–	15 309 316	17 304 929
Ave strike price – R per share	6.19	5.23	19.35	16.92	–	–	12.41	11.75
Granted during year								
Number	–	225 000	–	–	–	–	3 429 307	3 654 307
Ave strike price – R per share	–	5.35	–	–	–	–	5.35	5.35
Exercised during year								
Number	–	–	–	–	–	–	(262 663)	(262 663)
Ave strike price – R per share	–	–	–	–	–	–	3.83	3.83
Lapsed during year								
Number	–	–	–	–	–	–	(1 202 172)	(1 202 172)
Ave strike price – R per share	–	–	–	–	–	–	6.88	6.88
Balance at 30 June 2010								
Number	1 283 486	801 226	57 994	77 907	–	–	17 273 788	19 494 401
Ave strike price – R per share	6.19	5.26	19.35	16.92	–	–	11.52	10.96
Share gain for the year – R'000	–	–	–	–	–	–	497	497
Ave price exercised – R per share	–	–	–	–	–	–	3.83	3.83

Share options available for allocation

	2010	2009
Balance of options available for allocation as at the beginning of the financial year	**56 700 195**	56 485 738
Number of options granted during the current financial year	**(3 654 307)**	(4 647 800)
Number of options exercised during the current financial year and available for re-allotment	**262 663**	1 429 715
Number of options lapsed during the current financial year	**1 202 172**	1 848 775
Additional options available as a result of an increase in issued share capital during the current financial year	**3 221 934**	1 583 767
Balance of options available for allocation as at the end of the financial year	**57 732 657**	56 700 195

Review of operations

The performance of the various operations is comprehensively reviewed on pages 18 to 21. This information is unaudited.

Significant events during the year under review

Offer to purchase Mintails 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 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.

Blyvoor right-sizing

On 26 August 2009, DRDGOLD announced that it had advised unions of its intention to right-size the Blyvoor operation. Blyvoor proceeded 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 Section 189A process was completed on 26 October 2009 and resulted in the retrenchment of 330 employees at a cost of R10.9 million.

Blyvoor's provisional judicial management

On 9 November 2009 DRDGOLD announced that in a bid to save the Blyvoor mine from liquidation, the company intended applying to the High Court of South Africa for a provisional judicial management order over the operation. A provisional judicial management order was granted by the High Court of South Africa on 10 November 2009.

The application, in terms of the provisions of Section 427 of the South African Companies Act, was prompted by Blyvoor's inability to continue to sustain losses incurred since April 2009, which were brought about by the following circumstances:

- a drop in the Rand gold price received between 1 April 2009 and 30 September 2009, due to the strengthening of the Rand against the US Dollar;
- extensive damage caused during May 2009 to higher-grade underground production areas at Blyvoor's No. 5 Shaft by seismic activity, restoration of which was expected to take until March 2010 to complete;
- power utility Eskom's higher winter tariffs, compounded by a 32% price increase effective from 1 July 2009, and the likelihood of further increases in coming months; and
- the wage strike by the National Union of Mineworkers, which lasted for almost a month and resulted in the loss of approximately 8 000 ounces of production.

In terms of a provisional judicial management order, the court appoints a judicial manager who has a wide range of powers at his disposal to take such actions he deems necessary to save the business. These could include giving certain creditors temporary preference over others and agreeing compromises with creditors without the risk of committing an act of insolvency and thereby exposing the mine to liquidation. Management believed that provisional judicial management offered the best possible prospect of preventing Blyvoor's liquidation and of restoring the operation to profitability, while protecting the interests of all stakeholders of both Blyvoor and DRDGOLD.

On 13 April 2010 the High Court of South Africa agreed to lift the provisional judicial management order. The reasons for the lifting of the provisional judicial management order were as follows:

- Blyvoor's return to profitability;
- the return of Blyvoor's trade creditors to normal payment terms;
- an increase in Blyvoor's monthly production; and
- an increase in the Rand gold price.

Offer by Aurora Empowerment Systems (Pty) Limited (Aurora) to purchase a 60% interest in Blyvoor

On 2 December 2009 Aurora offered to purchase a 60% interest in Blyvoor for a cash consideration of R295 million, which was payable by 29 June 2010, and to provide an R80 million loan facility to Blyvoor over a six-month period. On 1 April 2010, by mutual agreement between DRDGOLD and Aurora, the offer was withdrawn.

Acquisition of Mintails' remaining 50% interest in Ergo Mining (Pty) Limited (Ergo JV)

On 21 January 2010 DRDGOLD signed an agreement to acquire, subject to certain suspensive conditions including Competition Commission approval, Mintails' remaining 50% interest in the Ergo JV for a total consideration of R82.1 million; R62.1 million to be settled in cash and the balance in shares in the Witfontein Mining (Pty) Limited tailings deposition site on the Far West Rand valued at R20 million. On 15 April 2010 Competition Commission approval was obtained.

Ergo was created as a 50:50 joint venture between DRDGOLD and Mintails in November 2007 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.

This transaction was the next step in the company's strategy to expand DRDGOLD's surface tailings reclamation footprint and exploit synergies with the Crown surface retreatment operations. Gaining access to the second CIL circuit at Ergo's Brakpan plant provides an opportunity for DRDGOLD to double the volume capacity to which it has access, and provides options in respect of resources controlled in and around central Johannesburg and Boksburg. DRDGOLD will also continue to explore prospects for uranium and sulphur production through the Brakpan plant.

Disposal of ERPM's prospecting and mining rights over ERPM Extensions 1 and 2

On 30 June 2010 DRDGOLD signed heads of agreement with White Water Resources Limited (White Water Resources), in terms of which White Water Resources will acquire the prospecting rights over ERPM Extensions 1 and 2 and the mining right over ERPM Extension 1 from ERPM. ERPM's mining right application over ERPM Extension 1 is pending. Both extensions are contiguous to the ERPM mining lease area. Underground mining at ERPM was discontinued in November 2008.

The purchase consideration for the prospecting and mining rights is R18.5 million and will be settled through the issue to ERPM of 74 million ordinary shares in White Water Resources and 26 shares in a special purpose vehicle (SPV) to be created, which will hold the assets acquired by White Water Resources from ERPM in terms of the transaction.

In the event that the Department of Mineral Resources (DMR) does not approve transfer of one or other of the prospecting or mining rights, the consideration will be reduced to R9.3 million to be settled through the issue to ERPM of 37 million ordinary shares in White Water Resources and 26 ordinary shares in the SPV.

The transaction was subject to the successful conclusion of various conditions precedent, including its approval by White Water Resources shareholders and the DRDGOLD Board of Directors. As a result of the non-fulfilment of a condition precedent, being the approval of the disposal by the Board of Directors of DRDGOLD, the disposal shall no longer proceed.

Zimbabwe exploration

DRDGOLD made an initial modest investment to establish a prospecting project in Zimbabwe's highly prospective greenstone gold mining belt, in collaboration with a local partner. In Zimbabwe, the number of claims at Leny has been increased from 16 (covering 253ha) to 46 (covering 454ha). A magnetic survey has been completed in a 50mx50m grid and an induced polarisation survey is underway across the entire area of the claim. Anomalies from these surveys will be used to plan a drilling programme. So far, three target areas have been identified and a drill rig is on site to start the first phase of core drilling. Some plant and equipment for gold recovery during the exploration phase has been delivered and regulatory approval of a site of works plan, an environmental plan and water rights are pending. At 30 June 2010, we have spent R5.2 million on the project.

Dividends

Dividends are proposed by, and approved by the Board of Directors of DRDGOLD, based on the year-end financial statements. Dividends are recognised when declared by the Board of Directors of DRDGOLD. The payments of future dividends will depend upon the board's ongoing assessment of DRDGOLD's earnings, after providing for long-term growth, cash and funding resources, and the amount of reserves available for a dividend based on the going-concern assessment.

Dividends declared since 1 July 2009:	Final dividend number 2	Final dividend number 3
Declaration date	20 August 2009	25 August 2010
Last date to trade ordinary shares cum dividend	2 October 2009	1 October 2010
Record date	9 October 2009	8 October 2010
Amount per ordinary share – South African cents	5	5
Payment date	12 October 2009	11 October 2010
Amount per ADS – United States cents [1]	6.14	6.82
Payment date	26 October 2009	25 October 2010

[1] *Each American Depository Share (ADS) represents 10 ordinary shares. The actual payment amount will depend on the exchange rate on the date for currency conversion.*

Gold production – metric

		Year ended June 2010 [1]	Year ended June 2009 [1]
Underground			
Ore milled	– t'000	**633**	787
Gold produced	– kg	**2 402**	3 354
Yield	– g/tonne	**3.79**	4.26
Surface treatment			
Ore milled	– t'000	**21 957**	13 736
Gold produced	– kg	**5 100**	4 350
Yield	– g/tonne	**0.23**	0.32
Total			
Ore milled	– t'000	**22 590**	14 523
Gold produced	– kg	**7 502**	7 704
Yield	– g/tonne	**0.33**	0.53

[1] *Unaudited.*

Gold production – imperial

		Year ended June 2010 [1]	Year ended June 2009 [1]
Underground			
Ore milled	– t'000	**699**	866
Gold produced	– troy ounces	**77 226**	107 833
Yield	– ounces/ton	**0.110**	0.125
Surface treatment			
Ore milled	– t'000	**24 204**	15 142
Gold produced	– troy ounces	**163 968**	139 857
Yield	– ounces/ton	**0.007**	0.009
Total			
Ore milled	– t'000	**24 903**	16 008
Gold produced	– troy ounces	**241 194**	247 690
Yield	– ounces/ton	**0.010**	0.015

[1] *Unaudited.*

Subsidiaries

The following information relates to the company's financial interest in its subsidiaries at 30 June 2010:

	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	(1 055)
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	1 352 200
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	–	35	52 551	31 Mar 2009	205 362
Total			**165 828**		**1 246 103**

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

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 in South Africa. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgement and estimates. The annual financial statements have been prepared on a going-concern basis and the directors are of the opinion that the company's and group's assets will realise at least the values at which they are stated in the statement of financial position, not withstanding the fact that as at 30 June 2010 the group's net asset value exceeded its market capitalisation.

Statements of comprehensive income

for the year ended 30 June 2010

Group 2009 R'000	Group 2010 R'000		Note	Company 2010 R'000	Company 2009 R'000
1 910 738	1 990 522	Revenue	2	–	–
(1 834 025)	(1 891 787)	Cost of sales		54 813	(38 905)
(1 687 359)	(1 798 866)	Operating costs		(5 196)	(11 822)
(99 217)	(190 769)	Depreciation	9	(117)	(280)
(34 922)	(20 127)	Retrenchment costs	3	(3 308)	(4 241)
(19 545)	88 034	Movement in provision for environmental rehabilitation	18	63 434	(22 562)
7 018	29 941	Movement in gold in progress		–	–
76 713	98 735	Gross profit/(loss) from operating activities		54 813	(38 905)
(75 138)	(6 224)	(Impairments)/reversal of impairments	3	75 024	(46 676)
(83 583)	(57 026)	Administration expenses and general costs		(20 757)	(26 080)
(82 008)	35 485	Results from operating activities	3	109 080	(111 661)
205 991	200 273	Finance income	5	47 438	93 196
(41 743)	(24 132)	Finance expenses	6	(3 023)	(15 191)
82 240	211 626	Profit/(loss) before taxation		153 495	(33 656)
28 444	(8 263)	Income tax	7	(6 723)	15 568
110 684	203 363	Profit/(loss) for the year		146 772	(18 088)
		Attributable to:			
129 124	207 815	Equity owners of the parent			
(18 440)	(4 452)	Non-controlling interest			
110 684	203 363	Profit for the year			
		Other comprehensive income, net of tax:			
(606)	(156 534)	Net foreign exchange translation reserve	11		
–	(156 534)	– Transfer of reserve on disposal of foreign subsidiaries			
(606)	–	– Foreign exchange loss on translation			
–	–	– Deferred taxation thereon			
(1 133)	5 154	Net fair value adjustment on available-for-sale investment		769	(168)
(1 133)	5 154	– Fair value adjustment on available-for-sale investment		769	(168)
–	–	– Deferred taxation thereon		–	–
193 084	–	Net effect of acquisition of subsidiary			
237 853	–	– Revaluation of fixed assets through acquisition of subsidiary			
12 892	–	– Non-controlling interest forming part of the acquisition of subsidiary			
(57 661)	–	– Deferred taxation thereon			
302 029	51 983	**Total comprehensive income for the year**		147 541	(18 256)
		Attributable to:			
260 727	55 159	Equity owners of the parent			
41 302	(3 176)	Non-controlling interest			
302 029	51 983	**Total comprehensive income for the year**			
		Earnings per share attributable to equity owners of the parent			
34	55	Basic and diluted earnings per share (cents)	8		

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

Statements of financial position

at 30 June 2010

Group 2009 R'000	Group 2010 R'000		Note	Company 2010 R'000	Company 2009 R'000
		Assets			
2 075 252	**2 178 190**	**Non-current assets**		**1 488 984**	1 276 790
1 733 219	**1 857 646**	Property, plant and equipment	9	**5 391**	196
172 680	**174 223**	Non-current investments and other assets	10	**57 438**	55 164
		Investments in subsidiaries	11	**1 411 931**	1 202 245
4 238	**5 579**	Non-current inventories	14	**–**	–
165 115	**140 742**	Deferred tax asset	20	**14 224**	19 185
550 520	**402 102**	**Current assets**		**134 572**	248 897
93 935	**132 636**	Inventories	14	**135**	264
87 960	**64 521**	Trade and other receivables	15	**7 665**	8 656
70	**1 793**	Current tax asset		**–**	–
353 555	**188 152**	Cash and cash equivalents		**111 772**	224 977
15 000	**15 000**	Assets classified as held for sale	16	**15 000**	15 000
2 625 772	**2 580 292**	**Total assets**		**1 623 556**	1 525 687
		Equity and liabilities			
1 583 979	**1 649 961**	**Equity**		**1 577 009**	1 416 784
1 481 473	**1 550 631**	Equity of the owners of the parent	17	**1 577 009**	1 416 784
102 506	**99 330**	Non-controlling interest			
715 799	**661 088**	**Non-current liabilities**		**19 531**	82 417
412 454	**420 604**	Provision for environmental rehabilitation	18	**19 531**	82 417
43 639	**13 365**	Post-retirement and other employee benefits	19	**–**	–
194 560	**168 142**	Deferred tax liability	20	**–**	–
65 146	**58 977**	Loans and borrowings	21	**–**	–
325 994	**269 243**	**Current liabilities**		**27 016**	26 486
322 138	**268 833**	Trade and other payables		**27 016**	25 662
2 101	**–**	Loans and borrowings	21	**–**	–
931	**410**	Current tax liability		**–**	–
824	**–**	Bank overdraft		**–**	824
2 625 772	**2 580 292**	**Total equity and liabilities**		**1 623 556**	1 525 687

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

Group statement of changes in equity

at 30 June 2010

	Number of ordinary shares	Number of cumulative preference shares	Share capital and share premium R'000	Cumulative preference share capital R'000	Revaluation and other reserves [1] R'000	Accumulated loss R'000	Equity of the owners of the parent R'000	Non-controlling interest R'000	Total equity R'000
Group									
Balance at 30 June 2008	376 571 588	5 000 000	4 098 206	500	207 934	(3 062 383)	1244 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 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
Issued shares for cash	6 620 413		29 877				29 877		29 877
Staff options exercised	262 663		1 004				1 004		1 004
Share issue expenses			(2 043)				(2 043)		(2 043)
Share-based payments					4 115		4 115		4 115
Total comprehensive income for the year					(152 656)	207 815	55 159	(3 176)	51 983
Fair value adjustment on available-for-sale investment					3 878		3 878	1 276	5 154
Foreign exchange gain on disposal of foreign subsidiaries recognised in profit or loss (refer note 11)					(156 534)		(156 534)		(156 534)
Profit for the year						207 815	207 815	(4 452)	203 363
Dividend on ordinary share capital						(18 954)	(18 954)		(18 954)
Balance at 30 June 2010	**384 884 379**	**5 000 000**	**4 133 318**	**500**	**198 869**	**(2 782 056)**	**1 550 631**	**99 330**	**1 649 961**

[1] *Revaluation and other reserves comprise share-based payment reserves and asset revaluation reserves. The foreign exchange differences arising on translation of foreign subsidiaries have been transferred to profit or loss during the current year.*

Company statement of changes in equity

at 30 June 2010

	Number of ordinary shares	Number of cumulative preference shares	Share capital and share premium R'000	Cumulative preference share capital R'000	Revaluation and other reserves [1] R'000	Accumulated loss R'000	Equity of the owners of the parent R'000	Total equity R'000
Company								
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
Issued shares for cash	6 620 413		29 877				29 877	29 877
Staff options exercised	262 663		1 004				1 004	1 004
Share issue expenses			(2 043)				(2 043)	(2 043)
Share-based payments					2 800		2 800	2 800
Total comprehensive income for the year					769	146 772	147 541	147 541
Fair value adjustment on available-for-sale investment					769		769	769
Profit for the year						146 772	146 772	146 772
Dividend on ordinary share capital						(18 954)	(18 954)	(18 954)
Balance at 30 June 2010	**384 884 379**	**5 000 000**	**4 133 318**	**500**	**34 961**	**(2 591 770)**	**1 577 009**	**1 577 009**

[1] *Revaluation and other reserves comprise 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 2010

Group 2009 R'000	Group 2010 R'000		Note	Company 2010 R'000	Company 2009 R'000
		Cash flows from operating activities			
1 910 738	1 990 522	Cash received from sales of precious metals		–	–
(1 745 805)	(1 942 786)	Cash paid to suppliers and employees		(29 544)	(31 480)
164 933	47 736	Cash generated by/(applied to) operations	A	(29 544)	(31 480)
88 964	23 436	Finance income		16 064	72 163
4 829	–	Dividends received		14	1 338
(3 605)	(4 862)	Finance expenses		(2 475)	(41)
(46 889)	(12 698)	Income tax paid		(1 762)	(3 617)
208 232	53 612	Net cash inflow/(outflow) from operating activities		(17 703)	38 363
		Cash flows from investing activities			
(6 049)	(5 674)	Purchase of investments		–	–
47 467	–	Proceeds on sale of investments		–	21 226
(345 132)	(194 018)	Additions to property, plant and equipment		(5 312)	(105)
10 816	13 873	Proceeds on disposal of property, plant and equipment		38	–
		Increase in amounts owing by subsidiaries		(99 288)	(280 121)
(277 821)	(40 396)	Cash flow on acquisition of subsidiaries, net of cash acquired	B	–	(178 071)
(20 000)	(166)	Cash flow on acquisition/disposal of joint venture, net of cash disposed	C	–	–
(2 700)	–	Cash flow on acquisition of associate	D	–	(2 700)
(593 419)	(226 381)	Net cash outflow from investing activities		(104 562)	(439 771)
		Cash flows from financing activities			
6 707	30 881	Proceeds from the issue of shares		30 881	6 707
(433)	(2 043)	Share issue expenses		(2 043)	(433)
(54 438)	(2 101)	Repayments of loans and borrowings		–	–
(37 658)	(18 954)	Dividends paid		(18 954)	(37 658)
(85 822)	7 783	Net cash inflow/(outflow) from financing activities		9 884	(31 384)
(471 009)	(164 986)	**Net decrease in cash and cash equivalents**		(112 381)	(432 792)
845 587	352 731	Cash and cash equivalents at the beginning of the year		224 153	656 945
(21 847)	407	Foreign exchange movements		–	–
352 731	188 152	**Cash and cash equivalents at the end of the year**	E	111 772	224 153

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 2010

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		A Cash generated by/(applied to) operations		
82 240	211 626	Profit/(loss) before taxation	153 495	(33 656)
		Adjusted for		
99 217	190 769	Depreciation	117	280
19 545	(88 034)	Movement in provision for environmental rehabilitation	(63 434)	22 562
(7 018)	(29 941)	Movement in gold in progress	–	–
75 138	6 224	Impairments/(reversal of impairments)	(75 024)	46 676
(10 266)	(13 722)	Profit on sale of property, plant and equipment	(38)	–
7 873	4 115	Share-based payments	2 800	3 897
113	4 568	Impairment loss on trade receivables	1 338	196
18 226	(35 290)	Actuarial (gains)/losses on post-retirement and other employee benefits	–	–
2 673	5 015	Post-retirement and other employee benefits	–	–
(205 991)	(200 273)	Finance income	(47 438)	(93 196)
41 743	24 132	Finance expenses	3 023	15 191
123 493	79 189	Operating cash flows before working capital changes	(25 161)	(38 050)
41 440	(31 453)	**Working capital changes**	(4 383)	6 570
156 042	19 650	Change in trade and other receivables	(5 861)	8 912
(16 648)	(10 070)	Change in inventories	129	(47)
(97 954)	(41 033)	Change in trade and other payables	1 349	(2 295)
164 933	47 736	Cash generated by/(applied to) operations	(29 544)	(31 480)
		B Cash flow on acquisition of subsidiaries, net of cash acquired		
		Total net cash flow on acquisition of subsidiaries		
	(40 396)	Ergo Mining (Pty) Limited	–	–
(100)	–	DRDGOLD Limited (Cell No. 170)	–	(100)
(277 721)	–	ErgoGold	–	(177 971)
(277 821)	(40 396)		–	(178 071)

Acquisition of Ergo Mining (Pty) Limited

On 30 April 2010 DRDGOLD acquired the remaining 50% interest in Ergo Mining (Pty) Limited (Ergo JV) from Ergo Uranium (Pty) Limited for a total consideration of R82.1 million, R62.1 million settled in cash and the balance in shares in Witfontein Mining (Pty) Limited. A further R0.3 million transaction cost has been incurred. DRDGOLD has consolidated 100% of the Ergo JV from 1 May 2010. Prior to the acquisition, the Ergo JV was accounted for as a joint venture (refer note 12).

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
	(62 438)	Total cash consideration paid		
	22 042	Add: Cash and cash equivalents of acquired entity		
	(40 396)	Cash flow on acquisition of subsidiary, net of cash acquired		

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		B Cash flow on acquisition of subsidiaries, net of cash acquired *(continued)*		
		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, of ErgoGold from Mogale Gold (Proprietary) Limited.		
		The fair value of the net assets acquired 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)
		C Cash flow on acquisition/disposal of joint venture, net of cash disposed		
		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 which owns the remaining 50%.		
(20 000)		Cash flow on acquisition of joint venture		
		Disposal of Witfontein Mining (Pty) Limited		
		On 30 April 2010, Argonaut Financial Services (Pty) Limited disposed of its 50% interest in the Witfontein Mining (Pty) Limited joint venture for R20.0 million. No cash consideration was received as this disposal formed part of the purchase consideration paid (value of R20 million) for the acquisition of the remaining 50% interest in the Ergo JV.		

Group 2009 R'000	Group 2010 R'000		Note	Company 2010 R'000	Company 2009 R'000
		C Cash flow on acquisition/disposal of joint venture, net of cash disposed ***(continued)***			
		Disposal of Witfontein Mining (Pty) Limited ***(continued)***			
		The carrying value of the net assets disposed of were as follows:			
	28 809	Property, plant and equipment			
	47	Trade and other receivables			
	166	Cash and cash equivalents			
	(10 522)	Trade and other payables			
	18 500	Carrying value at time of disposal			
	–	Total cash consideration received			
	(166)	Less: Cash and cash equivalents of disposed entity			
	(166)	Cash flow on disposal of joint venture			
		D Cash flow on acquisition of associate			
		Acquisition of West Wits SA (Proprietary) Limited			
		In January 2009, DRDGOLD acquired a 28.33% interest in West Wits SA (Proprietary) 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 dam, given to AngloGold Ashanti Limited, amounting to R43.0 million (2009: R49.6 million).			
353 555	188 152	Cash and cash equivalents		111 772	224 977
(824)	–	Bank overdrafts		–	(824)
352 731	188 152			111 772	224 153
		Cash flows relating to exploration assets			
27 401	57 993	Investing cash flow		5 220	–

Notes to the annual financial statements

for the year ended 30 June 2010

1. Accounting policies

DRDGOLD Limited ("the company") is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 30 June 2010 comprise the company and its subsidiaries, (together referred to as "the group") and the group's 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), AC 500 standards as issued by the Accounting Practices Board and the Companies' Act of South Africa, as amended.

The financial statements were approved by the Board of Directors on 16 September 2010.

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 reporting date 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 below:

(a) Recoverable amount of mining assets and depreciation

The recoverable amounts 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 R311 636 per kilogram (2009: R270 000 per kilogram) in year one escalating at an average of 5.8% (2009: 7.42%) per annum, and a discount rate of 13.7% (2009: 12.5%). At a 10% lower gold price received of R280 472 per kilogram, an impairment of R731.6 million would be raised and at a 0.6 percentage point (4%) increase in the discount rate to 14.3%, the group would start impairment of the mining assets (refer note 9).

The calculation of the units-of-production rate of depreciation could be effected to the extent that actual production in the future is different from current forecast production based on proved and probable Mineral 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 Mineral Reserves;
- the grade of Mineral 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 Mineral Reserves could similarly effect the useful lives of assets depreciated on the straight-line basis, where those lives are limited to the life of the mine.

(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.

1. Accounting policies *(continued)*

(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 8.95%, average inflation rate of 5.76% 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 (2009: discount rate of 8.25% and inflation rate of 5.7%) (refer note 18).

(d) Estimate of post-retirement medical liability

An 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, retirement age, spouse age gap, continuation at retirement and proportion married at retirement (refer note 19).

(e) Estimate of taxation

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the 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: vesting period and conditions, risk-free interest rate, volatility and price of grant. (Refer to notes 17 and 19 for detail on the share option scheme.)

(g) Gold in lock-up

Gold in lock-up in certain plants is estimated based on the best estimate of the metallurgist of the gold content and grade thereof.

(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) Mineral Reserves estimates

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

Mineral Reserves are estimates of the amount of product that can be economically and legally extracted from the group's properties. In order to calculate Mineral 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 Mineral Reserves requires the size, shape and depth of ore bodies 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 Mineral Reserves in accordance with the SAMREC code.

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

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation, depletion and amortisation charged in profit or loss 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 Mineral 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.

1. Accounting policies *(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 include profitability of 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 2010 is based on a future gold price received of R311 636 per kilogram (2009: R270 000 per kilogram) in year one, escalating at an average of 5.8% (2009: 7.42%) per year. At a 10% lower gold price received of R280 472 per kilogram (2009: R243 000 per kilogram), the deferred tax asset of the group will reduce by Rnil (2009: R140.8 million). Ergo is still a new project, however its performance for the current year has improved from the prior year and is expected to be sustainable in the foreseeable future. Should Ergo's performance not be sustainable, it could impact the relating deferred tax asset negatively.

The group provides for deferred tax at the maximum tax rates which are expected to apply for temporary differences. The group applies the maximum statutory rate, however if the effective tax rates, resulting from the income tax formula for mining income, were used based on forecasts per individual entity, the net deferred tax liability would be R20.8 million (2009: R35.4 million).

If the effective tax rates were used based on forecasts per individual entity the deferred tax movement in profit or loss would amount to R14.6 million benefit (2009: R85.7 million expense).

Significant accounting policies

The accounting policies set out below have been applied consistently by all entities in the group to all periods presented, except as explained below under "New standards, interpretations and amendments to standards and interpretations adopted."

New standards, interpretations and amendments to standards and interpretations adopted

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

- IFRS 2 amendment – Share-based Payments: Vesting Conditions and Cancellations
- IAS 23 – Borrowing Costs
- IFRS 7 amendment – Improving Disclosure about Financial Instruments
- IFRS 3 – Business Combinations
- IAS 27 amendment – Consolidated and Separate Financial Statements
- IFRS 5 amendment – Non-current Assets Held for Sale and Discontinued Operations
- IFRIC 17 – Distribution of Non-cash Assets to Owners

IFRS 2 – Share-based Payments amendment: Vesting Conditions and Cancellations

The group adopted IFRS 2 amendment – Share-based Payments: Vesting Conditions and Cancellations as of 1 July 2009. The amendment to the standard requires that in determining the grant date fair value of the equity instrument all non-vesting conditions should be taken into account. Vesting conditions are limited to service and performance conditions. All other conditions are considered non-vesting. Where the company or counter party can choose to meet a non-vesting condition, failure to meet such condition is treated as a cancellation. These are clarifying amendments which did not have any effect on the financial position or performance of the group.

IAS 23 – Borrowing Costs

The group adopted IAS 23 – Borrowing Costs as of 1 July 2009. The amendment to the standard requires that borrowing costs relating to qualifying assets be capitalised. The amendment did not have any effect on the financial position or performance of the group, as the policy in the past was also to capitalise borrowing costs.

IFRS 7 amendment – Improving Disclosure about Financial Instruments

The group adopted IFRS 7 amendment – Improving Disclosure about Financial Instruments as of 1 July 2009. These amendments enhanced disclosures about fair value measurements and liquidity risk. These have been made to address application issues and provide useful information to users. These amendments did not have any effect on the financial position or performance of the group, however, additional disclosures have been made in the financial instruments note 23 in accordance with the additional disclosure requirements.

IFRS 3 – Business Combinations

The group adopted IFRS 3 – Business Combinations as of 1 July 2009. The revised standard supersedes the previous standard and provides guidance for applying the acquisition method, for example recognition of the non-controlling interest, and is to be applied prospectively. Due to the changes only being required prospectively, these amendments did not have any effect on the financial position or performance of the group relating to comparative numbers.

1. Accounting policies *(continued)*

IAS 27 amendment – Consolidated and Separate Financial Statements

The group adopted IAS 27 amendment – Consolidated and Separate Financial Statements as of 1 July 2009. These amendments require losses to be allocated to non-controlling interests. It introduces the term non-controlling interest and states that changes in a parent's interest in a subsidiary which doesn't lead to the loss of control is recorded as a transaction with equity owners in their capacity as equity owners and no profit or loss is recognised. When control is lost the gain or loss is recognised in profit or loss and any remaining interest is recorded at the fair value on the transaction date. The standard requires retrospective application of the amendments with certain exceptions. These amendments did not have any effect on the financial position or performance of the group due to the group qualifying for the exceptions for transactions attributable to the period before 1 July 2009. The exemptions being for allocation of losses to non-controlling interest resulting in a deficit, accounting for changes in ownership interests after control has been obtained and for restating the carrying amounts of subsidiaries after loss of control. Therefore, transactions included in the ambit of the standard, entered into from 1 July 2009 onwards, have been recognised in-line with the new requirements.

IFRS 5 amendment – Non-current Assets Held for Sale and Discontinued Operations

The group adopted IFRS 5 amendment – Non-current Assets Held for Sale and Discontinued Operations as of 1 July 2009. The amendment requires an entity which is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liabilities of that subsidiary as held for sale when the criteria for classification as held for sale are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. These amendments did not have any effect on the financial position or performance of the group.

IFRIC 17 – Distribution of Non-cash Assets to Owners

The group adopted IFRIC 17 – Distribution of Non-cash Assets to Owners as of 1 July 2009. The interpretation addresses the following issues when a non-current asset is distributed to shareholders: the timing and the recognition of the liability, the value of the liability and how any difference between the carrying amount of the non-current asset distributed and the value of the distribution should be treated. The interpretation did not have any effect on the financial position or performance of the group.

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 such that they could have bearing on the group and the group expects to adopt the standards and interpretations when effective:

Standard/interpretation	Effective date	
Various	Improvements to IFRSs (SA GAAP) 2009 (excluding IFRS 2 Share-based Payment; IAS 38 Intangible Assets – Additional consequential amendments arising from revised IFRS 3 and measuring the fair value of an intangible asset acquired in a business combination; 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]
IFRS 2 amendment	Group Cash-settled Share-based Payment Transactions (withdrawal of IFRIC 8 and IFRIC 1)	Annual periods commencing on or after 1 January 2010 (1)
IAS 32 amendment	IAS 32 Financial Instruments: Presentation: Classification of Rights Issues	Annual periods commencing on or after 1 February 2010 (1)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Annual periods commencing on or after 1 July 2010 (1)
Revised IAS 24	Related Party Disclosures	Annual periods commencing on or after 1 January 2011 (1)
IFRIC 14 amendment	Prepayments of a Minimum Funding Requirement	Annual periods commencing on or after 1 January 2011 (1)
IFRS 9	Financial Instruments	Annual periods commencing on or after 1 January 2013 (1)

(1) *The impact is not known or estimable.*

1. Accounting policies *(continued)*

Each of these standards and interpretations is described briefly below:

IFRS 2 amendment – Group Cash-settled Share-based Payment Transactions

IFRIC 8 and IFRIC 11 are incorporated into IFRS 2 and withdrawn. The amendments modify the definitions of a share-based payment arrangement, share-based payment transaction, equity-settled share-based payment transaction and cash-settled share-based payment transaction.

An entity receiving goods or services ("receiving entity") in either an equity-settled or a cash-settled share-based payment transaction is required to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction ("settling entity") and the receiving entity has no obligation to settle the payment. Previously IFRS 2 had explicit requirements to attribute transactions settled by a parent or shareholder only if those transactions were equity-settled.

IAS 32 – Financial Instruments: Presentation: Classification of Rights Issues

IAS 32 states that a derivative instrument relating to an entity's own equity instruments is classified as equity only if it results in the exchange of a fixed number of equity instruments for a fixed amount of cash or another financial asset. In 2005, the IFRIC concluded that if an equity conversion option in a convertible bond was denominated in a foreign currency, the amount of cash receivable in the functional currency on conversion would be variable. Consequently, the conversion option was a derivative liability that should be measured at its fair value with changes in fair value included in profit or loss.

The amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

The interpretation applies to the accounting by the debtor in a debt for equity swap transaction, except for:

- Transactions where the creditor is a shareholder and acting in that capacity;
- Transactions where the two entities are under common control before and after the transaction and the substance of the transaction includes an equity contribution/distribution; and
- The debt for equity swap is in accordance with the original terms of the financial liability.

IAS 39, paragraph 41, requires that an entity recognise in profit or loss the difference between the carrying amount of the financial liability extinguished and the consideration paid. The interpretation clarifies that equity instruments issued to a creditor to extinguish all or part of a financial liability in a debt for equity swap would be "consideration paid" in accordance with IAS 39 paragraph 41.

Revised IAS 24 – Related party disclosures

The changes introduced in the revised IAS 24 include amendments to the definition of a related party and related party disclosure requirements for government-related entities.

IFRIC 14 – Prepayments of a Minimum Funding Requirement

The amendment is intended to address the accounting treatment for prepayments made when there is also a minimum funding requirement (MFR). Currently IFRIC 14 states that a surplus in a plan is not regarded as an economic benefit available as a reduction in future contributions if the future minimum funding contribution required, in respect of future accrual of benefits, exceeds the future service costs. Therefore, under the current IFRIC 14, a prepayment would be recognised as an expense.

Under the amended IFRIC 14 such a prepayment would be recognised as an asset, on the basis that the entity has a future economic benefit from the prepayment in the form of reduced cash outflows in future years in which MFR contributions would be required.

IFRS 9 – Financial Instruments

IFRS 9 deals with classification and measurement of financial assets and will replace the relevant sections of IAS 39.

Classification

The standard requires that financial assets be classified as either measured at;

- amortised cost; or
- fair value.

A financial asset is measured at amortised cost if

- the objective of the business model is to hold assets in order to collect contractual cash flows, and
- the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

1. Accounting policies *(continued)*

All other financial assets are measured at fair value, with fair value changes recognised in profit or loss. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. Classification takes place on initial recognition and subsequent changes are expected to be rare and subject to certain conditions. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. Instead, the entire hybrid contract is assessed for classification using the principles above. IAS 39 continues to apply to derivatives embedded in financial liabilities.

Fair value option

An entity may designate a financial instrument on initial recognition as measured at fair value through profit or loss only if it eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch").

Investments in equity instruments

Investments in equity instruments are generally measured at fair value with gains and losses recognised in profit or loss. For an investment in an equity instrument that is not held for trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income (OCI). No amount recognised in OCI is ever reclassified to profit or loss at a later date. Dividends on such investments are recognised in profit or loss, rather than OCI, in accordance with IAS 18 Revenue unless they clearly represent a recovery of the cost of the investment.

IFRS 9 eliminates the exception in IAS 39 that allows investments in unquoted equity instruments and related derivatives, for which a fair value cannot be determined reliably, to be measured at cost. These instruments are now measured at fair value although the standard notes that in some limited circumstances cost may be an appropriate estimate of fair value. The guidance in IAS 39 on impairments of financial assets and on hedge accounting continues to apply. However, as a result of the simplified classification requirements, the numerous impairment methods in IAS 39 have been reduced to a single impairment method.

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.

Changes in the group's interest in a subsidiary which does not lead to loss of control are recorded as a transaction with equity owners in their capacity as equity owners and no profit or loss is recognised. Subsequent changes to an exercise price of an option or forward price forming part of the aforementioned transaction is recognised in profit or loss. When control is lost, the gain or loss is recognised in profit or loss and any remaining interest is recorded at the fair value on the transaction date, which is deemed to be the cost price, and depending on the nature of the remaining investment is either recognised as an associate, joint venture or as a financial instrument.

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.

Special purpose entities

The group has established a special purpose entity for investment purposes. The group has a direct shareholding in the entity. A special purpose entity is consolidated if, based on evaluation of the substance of its relationship with the group and the special purpose entity's risks and rewards, the group concludes that it controls the special purpose entity. The special purpose entity controlled by the group was established under terms that impose strict limitations on the decision-making powers of the special purpose entity's management and that result in the group receiving the majority of the benefits related to the special purpose entity's operations and net assets, being exposed to the majority of risks incident to the special purpose entity's activities, and retaining the majority of the residual or ownership risks relating to the special purpose entity or its assets.

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 entity. 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.

1. Accounting policies *(continued)*

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. Associates are recognised at cost less impairment losses in the company's separate accounts.

Joint ventures

Joint ventures (jointly controlled entities) are those entities for which the group has joint control over their activities. 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, transactions 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 currency of 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 reporting 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 profit or loss, except for differences arising on the translation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation, which are recognised directly in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to South African rands at foreign exchange rates ruling at the reporting 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 in other comprehensive income, and presented within equity in the foreign currency translation reserve. When a foreign operation is disposed of, the relevant amount in the foreign exchange translation reserve is transferred to profit or loss as part of the profit or loss on disposal. On partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interests.

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 in other comprehensive income and presented within equity in the foreign currency translation reserve in the consolidated financial statements.

1. Accounting policies *(continued)*

Financial instruments

Financial instruments recognised in the statement of financial position include investments, available-for-sale financial instruments, trade and other receivables, cash and cash equivalents, long- and short-term interest-bearing borrowings, 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 or loss. Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets and liabilities are off-set and the net amount presented in the statement of financial position when, and only when, the company has the legal right to off-set the amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Loans and receivables

Loans and receivables (which includes trade and other receivables) 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 in other comprehensive income and presented within equity in the revaluation and other reserves. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or 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 flow.

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 profit or loss 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 or loss.

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, exploration assets and equipment and vehicles.

Development costs which are capitalised consist primarily of expenditure that gives access to proved and probable Mineral 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 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 Reserves at the acquisition date.

1. Accounting policies *(continued)*

Exploration and evaluation costs, including the costs of acquiring licenses, 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 tangible assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognised in profit or loss immediately. Pre-licence costs are recognised in profit or loss 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 in profit or loss. When assets are sold which have been revalued on acquisition for consolidation purposes, the amounts included in the revaluation reserve are transferred to retained earnings.

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 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 profit or loss as an expense as incurred.

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 Mineral Reserves, which are calculated using our life of mine business plans and a gold price at the end of each financial year. Proved and probable Mineral 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. Changes in management's estimates of the quantities of the economically recoverable reserves impact depreciation on a prospective basis.

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 for the current and comparative periods are:

- mining properties – life of mine for each operation, currently between five (2009: two) and 27 (2009: 27) years;
- mine development – life of mine for each operation, currently between five (2009: two) and 27 (2009: 27) years;
- mine plant facilities – life of mine for each operation, currently between five (2009: two) and 27 (2009: 27) years; and
- equipment and vehicles – three to five years.

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

1. Accounting policies *(continued)*

Intangible assets

Acquisitions and goodwill arising thereon

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. In the case of a bargain purchase, the resulting gain is recognised in profit or loss on the acquisition date. Goodwill relating to equity accounted investments is included within the carrying value of the investment and tested for impairment when indicators exist.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

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 other comprehensive income, and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

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.

All impairment losses are recognised in profit or 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 in other comprehensive income.

Non-financial assets

The carrying amounts of the group's assets, other than inventories and deferred tax assets are reviewed at each reporting 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 profit or loss.

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.

1. Accounting policies *(continued)*

Impairment losses recognised in prior periods are assessed at each reporting date for any indications 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 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 proven reserves are determined to exist. Upon determination of proven 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 profit or loss immediately.

Inventories

Gold in process is stated at the lower of cost and net realisable value. Costs are assigned to gold in process on a weighted 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 profit or loss except to the extent that it relates to a business combination, or to items recognised directly in equity or other comprehensive income.

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 reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred taxation is recognised in respect of 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, 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.

1. Accounting policies *(continued)*

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 profit or loss as incurred.

Long-service benefits

The group makes long-service bonus payments (long-service awards) to 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.

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 pricing 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 and over the remaining life expectancies of retirees. 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 plan assets is deducted. Actuarial gains and losses are recognised immediately in profit or loss. 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.

Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

1. Accounting policies *(continued)*

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 profit or loss. 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 profit or loss 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.

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 profit or loss 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 profit or loss 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 costs and net 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 profit or loss 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.

1. Accounting policies *(continued)*

Finance expenses

Finance expenses comprise interest payable on borrowings calculated using the effective interest method, unwinding of the discount of the 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 or 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 where they are similar in the following respects:

- the nature of products and services;
- the nature of the production processes;
- the type or 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.

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 as if the operation had been discontinued from the start of the comparative period.

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 is 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 is calculated based on the profit or loss after taxation attributable to ordinary shareholders but before certain items as determined in IAS 33, excluding separately identifiable remeasurements (as defined), net of related tax (both current and deferred) and related non-cash items, other than remeasurements specifically included in headline earnings. 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, which comprises share options granted to employees, has a dilutive effect on earnings or loss per share and headline earnings or loss per share.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		2 Revenue		
		Revenue consists of the following principal categories:		
1 870 574	1 976 778	Gold revenue	–	–
40 164	13 744	By-product revenue	–	–
1 910 738	1 990 522	Total revenue	–	–

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		3 Results from operating activities includes the following:		
(10 520)	(9 859)	**Auditors' remuneration**	(4 701)	(6 882)
(10 246)	(9 581)	Audit fees – current year	(5 104)	(6 651)
(116)	(278)	(Under)/over provision – prior year	403	(73)
(158)	–	Fees for other services	–	(158)
(12 916)	(8 283)	**Management, technical, administrative and secretarial service fees**	(1 939)	(2 838)
		Staff costs		
(681 717)	(633 301)	Included in staff costs are:	(31 729)	(30 775)
(582 509)	(603 210)	Salaries and wages	(24 493)	(21 829)
(7 873)	(4 115)	Share-based payments	(2 800)	(3 897)
(34 922)	(20 127)	Retrenchment and restructuring costs	(3 308)	(4 241)
(56 413)	(5 849)	Post-retirement and other employee benefit contributions	(1 128)	(808)
		Income from subsidiaries		
		Administration and management fees	34 584	15 624
10 266	13 722	**Profit on sale of property, plant and equipment**	38	–
(75 138)	(6 224)	**(Impairments)/reversal of impairments**	75 024	(46 676)
(72 438)	12 514	Property, plant and equipment	–	–
–	–	Investments in and loans to subsidiaries	75 024	(43 976)
(2 700)	–	Investments in and loans to associates	–	(2 700)
–	(18 738)	Rehabilitation trust fund	–	–

During the year ended 30 June 2010, the group reversed an impairment of R12.5 million against Crown's property, plant and equipment. The reversal of impairment was due to the recoverable amount (value in use) of these assets being higher than their carrying amount due to the extension of the Knights life-of-mine plan. The group recorded an impairment of R18.7 million against the West Witwatersrand Gold Mines (Pty) Limited's rehabilitation trust fund due to the transfer of the relating mining rights over the West Wits mining lease area (refer note 10).

During the year ended 30 June 2010, impairments in the company of R71.6 million and R3.4 million were reversed, relating to the loans of Crown and DRD Australasia (Pty) Limited, respectively. The impairments were reversed because Crown's loan is deemed to be recoverable based on its value in use and supported by the discounted cash flows of the related life-of-mine plan. The amount relating to DRD Australasia has been recovered as part of DRD Australasia's liquidation.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000

3 Results from operating activities includes the following: *(continued)*

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 were recognised and R29.1 million was reversed, relating to the investment and loans in DRD (Offshore) Limited and DRD Australasia 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 the carrying amount. 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.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
(2 670)	**(1 243)**	**Operating leases**	**(561)**	(1 136)
–	**(1 240)**	**Mining royalty**	**–**	–
9 000	**–**	**Pumping subsidy received**	**–**	–

4 Directors' emoluments

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		Executive directors		
		Services rendered as directors of the company		
(6 130)	**(6 636)**	Salaries	**(6 636)**	(6 130)
(2 907)	**(4 102)**	Bonuses	**(4 102)**	(2 907)
		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		
(3 787)	**(3 023)**	Directors' fees and bonuses	**(3 023)**	(3 787)
(16 399)	**(13 761)**	Included in administration and general costs	**(13 761)**	(12 824)

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		5 Finance income		
4 829	–	Dividends received	14	1 338
75 035	17 704	Interest received	10 551	63 157
		Interest received from subsidiaries	33 343	26 593
62 000	14 643	Net gain on financial liabilities measured at amortised cost (refer note 21)	–	–
(1 873)	–	Loss on realisation of investments	–	–
–	–	Realised foreign exchange gains	2 025	–
–	156 749	Profit on disposal of subsidiaries (refer note 11)		
–	1 500	Profit on disposal of joint venture		
12 867	9 452	Growth in environmental rehabilitation trust funds (refer note 10)	1 505	2 108
53 006	–	Recognition of negative goodwill on acquisition of subsidiary		
127	225	Other finance income	–	–
205 991	200 273		47 438	93 196
		6 Finance expenses		
(2 219)	(3 687)	Interest paid on bank loans and overdrafts	(2 475)	(41)
(865)	(848)	Interest paid on overdue accounts	–	–
(10 318)	(5)	Realised and unrealised foreign exchange loss	–	(14 659)
(9 797)	(10 797)	Unwinding of provision for environmental rehabilitation (refer note 18)	(548)	(491)
(18 023)	(8 468)	Unwinding of discount on financial liabilities measured at amortised cost	–	–
(521)	(327)	Other finance expenses	–	–
(41 743)	(24 132)		(3 023)	(15 191)
		7 Income tax		
20 729	471	Mining tax	448	5 824
11 332	(6 972)	Non-mining tax	(5 409)	13 361
(3 617)	(1 762)	Secondary tax on companies	(1 762)	(3 617)
28 444	(8 263)		(6 723)	15 568
		Comprising:		
		South African		
(43 321)	(8 476)	Current tax – current year	–	–
749	(70)	– prior year	–	–
74 633	2 045	Deferred tax	(4 961)	19 185
(3 617)	(1 762)	Secondary tax on companies	(1 762)	(3 617)
28 444	(8 263)		(6 723)	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% (2009: 28%).

The tax rates applicable to mining and non-mining income of a gold mining company depend on whether the company has elected to be exempt from Secondary Tax on Companies (STC). STC is a tax on dividends declared, which is payable by the company declaring the dividend, and at present, the STC tax rate is equal to 10.0% (2009: 10.0%) 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.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		7 Income tax *(continued)*		
		In 2010 and 2009, the tax rates for taxable mining and non-mining income for companies that elected the STC exemption were 43% (2009: 43%) and 35% (2009: 35%), respectively. During those same years the tax rates for companies that did not elect the STC exemption were 34% (2009: 34%) and 28% (2009: 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% (2009: 34%) tax on mining income and 28% (2009: 28%) for non-mining income. With the exception of Crown, all of the South African subsidiaries elected not to be exempt from STC.		
		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% (2009: 34% or 43%).		
		The formulae for determining the South African gold mining tax rates for both the current and prior years are: Y = 43 – 215/X (elect not to pay STC) Y = 34 – 170/X (elect to pay STC)		
		where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to mining incomes derived, expressed as a percentage.		
		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.		
1 907 048	**2 171 299**	Estimated unredeemed capital expenditure at year-end (available for deduction against future mining income)	**270 982**	262 536
914 057	**844 903**	Estimated tax losses at year-end (available to reduce future taxable income)	**569 292**	598 727
2 821 105	**3 016 202**	Estimated tax losses and unredeemed capital expenditure carried forward	**840 274**	861 263
922 492	**991 082**	Estimated future tax relief at applicable statutory rates	**251 536**	257 382
		Tax reconciliation		
		Major items causing the group's income tax provision to differ from the statutory rate were:		
(25 660)	**(66 105)**	Taxation charge on net (profit)/loss before tax at applicable statutory rates	**(42 979)**	9 425
(22 986)	**(6 344)**	Disallowable expenditure	**(2 660)**	(17 762)
32 372	**47 967**	Exempt income	**39 194**	(3 798)
(1 373)	**(70)**	Additional tax expense relating to the prior year	**–**	4 122
2 114	**2 410**	Tax incentives	**–**	–
(3 617)	**(1 762)**	Secondary tax on companies	**(1 762)**	(3 617)
45 047	**15 745**	Temporary difference including tax losses recognised for which deferred tax assets were previously unrecognised	**1 484**	27 198
2 547	**(104)**	Other	**–**	–
28 444	**(8 263)**	**Taxation (charge)/relief**	**(6 723)**	15 568

8 Earnings per share

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		Basic		
		The calculation of earnings per ordinary share is based on the following:		
129 124	207 815	Basic earnings attributable to equity owners of the parent		
376 678 974	380 407 239	Weighted average number of ordinary shares in issue		
		Headline		
		The basic earnings has been adjusted by the following to arrive at headline earnings:		
129 124	207 815	Basic earnings attributable to equity owners of the parent		
56 304	9 478	Net impairments		
75 138	6 224	– Gross impairment		
(18 834)	3 254	– Non-controlling interest		
–	–	– Taxation thereon		
(7 597)	(10 152)	Net profit on disposal of property, plant and equipment		
(10 266)	(13 722)	– Gross profit on disposal of property, plant and equipment		
2 669	3 558	– Non-controlling interest		
–	12	– Taxation thereon		
1 873	–	Net loss on disposal of investment		
1 873	–	– Gross loss on disposal of investment		
–	–	– Non-controlling interest		
–	–	– Taxation thereon		
–	(1 500)	Net profit on disposal of joint venture		
–	(1 500)	– Gross profit on disposal of joint venture		
–	–	– Non-controlling interest		
–	–	– Taxation thereon		
–	(156 749)	Net profit on disposal of subsidiaries		
–	(156 749)	– Gross profit on disposal of subsidiaries		
–	–	– Non-controlling interest		
–	–	– Taxation thereon		
(52 291)	–	Net recognised negative goodwill on acquisition of subsidiary		
(53 006)	–	– Gross recognised negative goodwill on acquisition of subsidiary		
715	–	– Non-controlling interest		
–	–	– Taxation thereon		
127 413	48 892	Headline earnings attributable to ordinary shareholders		
		Diluted		
129 124	207 815	Basic earnings attributable to equity owners of the parent		
–	–	Dilutive effect on earnings		
129 124	207 815	Diluted basic earnings		
(1 711)	(158 923)	Headline earnings adjustments		
127 413	48 892	Diluted headline earnings		
		Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares		
376 678 974	380 407 239	Weighted average number of ordinary shares in issue		
223 547	221	Number of staff options allocated		
376 902 521	380 407 460	Diluted weighted average number of ordinary shares		
34	55	Basic earnings per ordinary share (cents)		
34	55	Basic diluted earnings per share (cents)		
34	13	Headline earnings per ordinary share (cents)		
34	13	Diluted headline earnings per ordinary share (cents)		

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		9 Property, plant and equipment		
		Total		
2 901 436	**3 191 996**	Cost	**8 110**	2 798
1 809 606	**2 901 436**	Opening balance	**2 798**	2 693
740 874	**131 205**	Acquired through purchase of subsidiaries	**–**	–
346 668	**200 405**	Additions	**5 312**	105
5 154	**32**	Borrowing costs capitalised	**–**	–
(866)	**(41 082)**	Disposals	**–**	–
(1 168 217)	**(1 334 350)**	Accumulated depreciation and impairment	**(2 719)**	(2 602)
(996 731)	**(1 168 217)**	Opening balance	**(2 602)**	(2 322)
(99 217)	**(190 769)**	Current depreciation	**(117)**	(280)
(72 438)	**12 514**	Impairment reversal/(impairment)	**–**	–
169	**12 122**	Disposals	**–**	–
1 733 219	**1 857 646**	Carrying value	**5 391**	196
		Mining property		
284 800	**314 309**	Cost	**–**	–
259 313	**284 800**	Opening balance	**–**	–
–	**21 656**	Acquired through purchase of subsidiaries	**–**	–
22 367	**7 853**	Additions (b)	**–**	–
3 298	**–**	Borrowing costs capitalised	**–**	–
(178)	**–**	Disposals	**–**	–
(151 527)	**(159 179)**	Accumulated depreciation and impairment	**–**	–
(145 574)	**(151 527)**	Opening balance	**–**	–
(5 746)	**(7 652)**	Current depreciation	**–**	–
(207)	**–**	Impairment	**–**	–
133 273	**155 130**	Carrying value	**–**	–
		Mine development		
1 806 500	**1 970 999**	Cost	**–**	–
902 845	**1 806 500**	Opening balance	**–**	–
672 140	**54 384**	Acquired through purchase of subsidiaries	**–**	–
231 715	**122 174**	Additions	**–**	–
(200)	**(12 059)**	Disposals	**–**	–
(614 272)	**(717 586)**	Accumulated depreciation and impairment	**–**	–
(513 450)	**(614 272)**	Opening balance	**–**	–
(54 254)	**(115 373)**	Current depreciation	**–**	–
(46 568)	**–**	Impairment	**–**	–
–	**12 059**	Disposals	**–**	–
1 192 228	**1 253 413**	Carrying value	**–**	–
		Mine plant facilities		
679 049	**734 422**	Cost	**–**	–
547 018	**679 049**	Opening balance	**–**	–
39 925	**1 243**	Acquired through purchase of subsidiaries	**–**	–
92 253	**54 130**	Additions	**–**	–
(147)	**–**	Disposals	**–**	–
(386 457)	**(439 227)**	Accumulated depreciation and impairment	**–**	–
(324 383)	**(386 457)**	Opening balance	**–**	–
(37 401)	**(65 284)**	Current depreciation	**–**	–
(24 673)	**12 514**	Impairment reversal/(impairment)	**–**	–
292 592	**295 195**	Carrying value	**–**	–

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		9 Property, plant and equipment *(continued)*		
		Equipment and vehicles		
21 557	27 131	Cost	2 890	2 798
18 301	21 557	Opening balance	2 798	2 693
–	1 181	Acquired through purchase of subsidiaries	–	–
3 597	4 607	Additions	92	105
(341)	(214)	Disposals	–	–
(15 961)	(18 358)	Accumulated depreciation and impairment	(2 719)	(2 602)
(13 324)	(15 961)	Opening balance	(2 602)	(2 322)
(1 816)	(2 460)	Current depreciation	(117)	(280)
(990)	–	Impairment	–	–
169	63	Disposals	–	–
5 596	8 773	Carrying value	171	196
		Exploration assets (a)		
109 530	145 135	Cost	5 220	–
82 129	109 530	Opening balance	–	–
28 809	52 741	Acquired through purchase of subsidiaries and joint venture	–	–
(3 264)	11 641	Additions (b)	5 220	–
1 856	32	Borrowing costs capitalised		
–	(28 809)	Disposals of interest in joint venture	–	–
109 530	145 135	Carrying value	5 220	–

Certain assets were encumbered as security for specified liabilities (refer note 21).

Borrowing costs are capitalised at the prime lending rate.

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:

- recoverable proved and probable Mineral Reserves;
- gold price estimates are based on a gold price of R311 636 per kilogram of gold (US$1 204 per ounce) in year one, escalating at an average of 5.8% per annum, and a base exchange rate of R8.05 = 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 2010, escalated for expected South African inflationary increases of approximately 5.8% per annum; and
- capital cost estimates are based on current estimates of future development costs to mine the current proved and probable Mineral Reserves, escalated for expected South African inflationary increases of approximately 5.7% per annum.

(a) For the group, exploration assets relate to phase two of the Ergo project and include property, plant, borrowing costs and the tailings complex as well as exploration costs incurred in the feasibility studies conducted in Zimbabwe.

For the company, exploration assets relate to exploration costs incurred in the feasibility studies conducted in Zimbabwe.

(b) Included in additions is a rehabilitation adjustment amounting to Rnil (2009: R5.8 million) and R6.4 million (2009: credit of R3.9 million) relating to mining property and exploration assets, respectively.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		10 Non-current investments and other assets		
9 556	**14 712**	**Unlisted investments**	**2 195**	1 426
10 078	**10 078**	**Loan to DRDSA Empowerment Trust**	**10 078**	10 078
23 364	**23 364**	**Loan to Khumo Gold SPV (Pty) Ltd**	**23 364**	23 364
129 682	**126 069**	**Investments in environmental rehabilitation trust funds**	**21 801**	20 296
110 766	**129 682**	Opening balance	**20 296**	18 188
–	**(18 738)**	Impairment	**–**	–
6 049	**5 673**	Contributions	**–**	–
12 867	**9 452**	Growth in environmental rehabilitation trust funds	**1 505**	2 108
172 680	**174 223**	Total non-current investments and other assets	**57 438**	55 164
9 556	**14 712**	Directors' valuation of unlisted investments	**2 195**	1 426

Unlisted investments consist of:

	% held	Number of shares	Fair Value 2010 R'000	Carrying Value 2010 R'000	Carrying Value 2009 R'000
Rand Mutual Assurance Company	#	42 468	**8**	**8**	7
Rand Refinery Limited	4	16 157	**14 704**	**14 704**	9 549
			14 712	**14 712**	9 556

 # Represents a less than 1% shareholding

Unlisted investments comprise investments in unlisted companies in South Africa. The valuations are based on the net asset value of these investments which approximates the instruments' fair value.

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 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		11 Investments in subsidiaries		
		Shares at cost, less impairment loss	**165 828**	165 828
		Net indebtedness, less impairment loss	**1 246 103**	1 036 417
		Amounts owing by subsidiaries	**1 701 478**	1 622 795
		Impairments	**(143 916)**	(275 974)
		Amounts owing to subsidiaries	**(311 459)**	(310 404)
		The non-operational entity loans are interest free and the operational entity loans bear interest at prime minus four. The loans are unsecured and without any fixed repayment arrangements. The company has off-set their investment in DRD (Offshore) Limited against their loan account for the year ended 30 June 2009.		
		Net investment in subsidiaries	**1 411 931**	1 202 245
		The interest of the company in the (loss)/profit after taxation of its subsidiaries is:		
		Aggregate losses	**(84 845)**	(163 271)
		Aggregate profits	**151 004**	270 175
		A schedule showing the company's financial interest in each subsidiary is given in the directors' report on page 53.		

11 Investments in subsidiaries *(continued)*

Acquisition of subsidiaries

ErgoGold (formerly Elsburg Gold Mining Joint Venture)

In the year ended 30 June 2009 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's 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 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 were determined. The resulting negative goodwill arising amounted to R53 million and was recognised in profit or loss.

The most significant fair value determined related to the mining rights included in property, plant and equipment, amounting 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 (Rand per kilogram) R288 665, average escalation of gold price 6.40%, working cost per ton R30, life of mine (period) 13 years, average yield 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:

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		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 8 months trading period of ErgoGold has been set out below:

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		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		

11 Investments in subsidiaries *(continued)*

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		The statement of financial position at acquisition of ErgoGold has been set out below:		
		Statement of financial position (as at 31 March 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		

Ergo Mining (Pty) Limited (Ergo JV)

On 21 January 2010 DRDGOLD signed an agreement to acquire, subject to certain suspensive conditions including Competition Commission approval, Mintails' remaining 50% interest in the Ergo JV for a total consideration of R82.1 million; R62.1 million to be settled in cash and the balance in shares in the Witfontein Mining (Pty) Limited tailings deposition site on the Far West Rand valued at R20 million (refer note 12). On 15 April 2010 Competition Commission approval was obtained and the Ergo JV has been consolidated effective 1 May 2010.

The acquisition was recorded as an asset acquisition due to the Ergo JV not being capable of operating as a business. IFRS 3 Business combinations, was therefore not applied.

The relative fair values of the assets and liabilities on the statement of financial position at acquisition of the Ergo JV have been set out below:

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		Statement of financial position (as at 30 April 2010)		
		Non-current assets		
	290 420	Property, plant and equipment		
		Current assets		
	59	Inventory		
	12 611	Trade and other receivables		
	44 084	Cash and cash equivalents		
	347 174	Total relative fair value of assets		

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		11 Investments in subsidiaries *(continued)*		
		Non-current liabilities		
	(157 935)	Rehabilitation provision		
	(261 128)	Loans and borrowings		
		Current liabilities		
	(4 252)	Trade and other payables		
	(423 315)	Total relative fair value of liabilities		
	82 438	Purchase consideration of 50% of the net assets on date of acquisition		
	(3 886)	Non-controlling interest in relative fair value of net assets		
		Disposal of subsidiaries		
		All DRDGOLD's foreign subsidiaries, which were holding companies of DRDGOLD's foreign operations, have been placed into voluntary liquidation as at 30 June 2010. A foreign currency translation reserve has accumulated over the life of these foreign subsidiaries. The voluntary liquidation constitutes a disposal, therefore any accumulated foreign currency translation reserves have been realised in profit or loss.		
	130 022	DRD (Offshore) Limited		
	(30 035)	DRD International APS		
	111 409	DRD Australia APS		
	(103 472)	DRD Australia (Pty) Limited		
	48 825	Dome Resources (Pty) Limited		
	156 749	Total profit on disposal of foreign subsidiaries		
		12 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%	100%	Ergo Mining (Pty) Limited – percentage held (refer note 11)		

In the year ended 30 June 2009 the group acquired a 50% interest in Witfontein Mining (Pty) Limited (Witfontein) on 28 February 2009 for a cash consideration of R20 million. The group had the option to dispose of its interest at a consideration equal to the acquisition price if Witfontein was unsuccessful in obtaining the required approvals for a deposition facility. In the year ended 30 June 2010 the group exercised this option and disposed of their 50% interest in Witfontein on 30 April 2010, at an price equal to the original acquisition price. Witfontein had no capital commitments for the year 30 June 2009.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000

12 Investment in joint ventures *(continued)*

In the year ended 30 June 2009 the group acquired a 50% interest in Ergo Mining (Pty) Limited (Ergo JV) with effect from 6 May 2008. The Ergo JV was jointly controlled by the group and Mintails Limited. In the year ended 30 June 2010 the group acquired the remaining 50% interest in the Ergo JV on 15 April 2010. This transaction was accounted for as an asset acquisition for a total consideration of R82.1 million and the Ergo JV has subsequently been consolidated as a subsidiary from 1 May 2010 (refer note 11).

The Ergo JV has contracted commitments which have not been provided for in the financial statements amounting to Rnil million (2009: R4.8 million) and commitments authorised by the directors but not contracted for amounting to R73.0 million (2009: 30.9 million). The group's proportionate share in these amounts is 50% for the year ended 30 June 2009 and 100% for the year ended 30 June 2010.

The group's effective share of income, expenses, assets and liabilities of the joint ventures, which are included in the consolidated financial statements are as follows:

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		Statement of comprehensive income		
–	–	Revenue		
(5 162)	(11 825)	Cost of sales		
(5 162)	(11 825)	Gross loss from operating activities		
(3 967)	(4 568)	Other income, administration and general costs		
(9 129)	(16 393)	Loss before taxation		
		Statement of financial position		
69 876		Non-current assets		
34 269		Current assets		
104 145		Total assets		
10 830		Shareholders' equity		
70 840		Non-current liabilities		
22 475		Current liabilities		
104 145		Total equity and liabilities		

13 Investment in associate

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.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
28.33%	28.33%	West Wits SA (Pty) Limited – percentage held	28.33%	28.33%
2 700	2 700	Investment in associate – at cost	2 700	2 700
(2 700)	(2 700)	Impairment of investment in associate	(2 700)	(2 700)
–	–	Carrying value of investment in associate	–	–

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		14 Inventories		
		Current		
42 861	**36 402**	Gold in process	**–**	–
51 074	**59 834**	Consumable stores	**135**	264
–	**36 400**	Finished stock – bullion	**–**	–
93 935	**132 636**		**135**	264
		Non-current		
4 238	**5 579**	Consumable stores	**–**	–
98 173	**138 215**	**Total inventories**	**135**	264
		Inventory includes gold in process carried at net realisable value amounting to R14.0 million (2009: 25.7 million) and finished stock – bullion amounting to R27.6 million (2009: Rnil).		
		15 Trade and other receivables		
30 966	**12 430**	Trade receivables (gold)	**–**	–
27 494	**23 028**	Value added tax	**–**	423
386	**–**	Prepayments	**–**	–
86	**60**	Receivables from related parties	**16**	23
6 181	**692**	Interest receivable	**668**	6 181
31 161	**41 193**	Other receivables	**15 132**	8 842
(8 314)	**(12 882)**	Allowance for impairment	**(8 151)**	(6 813)
87 960	**64 521**		**7 665**	8 656
		16 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 2010, however due to circumstances beyond the company's control, the sale has been postponed and is expected to be completed by 30 June 2011. The company remains committed to its plan to sell this disposal group.		
		The disposal groups are carried at the lower of carrying amount or fair value less costs to sell and are included within 'Corporate head office and all other' for operating segmental reporting purposes (refer note 25).		
		Assets classified as held for sale		
15 000	**15 000**	Property, plant and equipment	**15 000**	15 000
15 000	**15 000**		**15 000**	15 000
		17 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 pages 56 and 57.		
		Authorised share capital		
		600 000 000 (2009: 600 000 000) ordinary shares of no par value		
500	**500**	5 000 000 (2009: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
		Issued share capital		
4 104 480	**4 133 318**	384 884 379 (2009: 378 001 303) ordinary shares of no par value	**4 133 318**	4 104 480
500	**500**	5 000 000 (2009: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
4 104 980	**4 133 818**		**4 133 818**	4 104 980

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000

17 Equity of the owners of the parent *(continued)*

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 5.1% of the issued ordinary share capital, which is near 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 were 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 Resource Development Act (MPRDA).

Option instruments

The company currently has one class of options authorised but not issued, namely Durban Deep "C" options. There are 10 000 000 authorised option instruments at year-end which entitle the holder to subscribe for one ordinary share per option instrument at a subscription price of R15 per ordinary share. These 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

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
156 538	–	Foreign exchange translation reserve (a)	–	–
138 953	**142 835**	Asset revaluation reserve (b)	**862**	92
51 919	**56 034**	Share-based payments reserve (c)	**34 099**	31 300
347 410	**198 869**		**34 961**	31 392

(a) The foreign exchange translation reserve represented the cumulative translation effect arising on the translation of the financial statements of the company's foreign operations. During the year ended 30 June 2010, the company disposed (placed into voluntary liquidation) all of its foreign subsidiaries and the foreign currency translation reserve relating thereto has been transferred to profit or loss (refer note 11).

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		17 Equity of the owners of the parent *(continued)*		

(b) Certain items of property, plant and equipment that were revalued to fair value on or prior to 1 July 2004, the date of transition to IFRS, were measured on the basis of deemed cost, being the revalued amount at the date of the revaluation. A revaluation adjustment of R5.0 million was recognised in the asset revaluation reserve.

The reserve also includes a R3.9 million (2009: R0.6 million) fair value adjustment on available for sale financial instruments.

On the acquisition of ErgoGold in the year ended 30 June 2009, 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. A deferred share-based compensation expense of R4.1 million (2009: R7.9 million) was charged to profit or loss (refer to note 3).

Dividends

The following dividends were declared and paid by the group:

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
(37 658)	**(18 954)**	5 cents per qualifying ordinary share (2009: 10 cents)	**(18 954)**	(37 658)

After 30 June 2010 a dividend of 5 cents per qualifying share (R19.2 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 R1.7 million.

18 Provision for environmental rehabilitation

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
381 252	**412 454**	Opening balance	**82 417**	59 364
–	**78 968**	Acquired through purchase of subsidiary	**–**	–
1 860	**6 419**	Increase in provision	**–**	–
9 797	**10 797**	Unwinding of provision to profit or loss (refer note 6)	**548**	491
19 545	**(88 034)**	(Credit)/charge to profit or loss	**(63 434)**	22 562
412 454	**420 604**	Closing balance	**19 531**	82 417

Amounts have been contributed to irrevocable trusts (refer to Note 10)

The company intends to fund the ultimate rehabilitation costs from the money invested with the trust funds as well as, at the time of mine closure, the proceeds on sale of remaining assets and gold from plant clean-up. The rehabilitation is expected to occur progressively towards the end of life of the respective mines.

The credit to profit or loss includes credits of R63.4 million and R4.8 million relating to the derecognition of the provisions of Durban Roodepoort Deep and West Witwatersrand Gold Mines (Pty) Ltd, respectively (refer to note 22).

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		19 Post-retirement and other employee benefits		
42 498	12 507	Liability for post-retirement medical benefits	–	–
1 141	858	Liability for long service awards	–	–
43 639	13 365		–	–
		Contribution funds 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 profit or loss as incurred. Amount recognised in profit or loss as follows:		
(35 419)	(35 557)	Contribution payments	(1 128)	(808)
		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 2010. Post-retirement medical benefits are actuarially valued every three years. The obligation is unfunded. As a result of a project initiated during the year ended 30 June 2010 to optimise the synergies of the company's surface retreatment operations, and the resulting possibility of a settlement of existing post-retirement medical benefits, management has revised the assumptions used in the calculation of this provision. The resulting decrease in the provision for post-retirement medical benefits of approximately R30 million has been treated, for accounting purposes, as a change in estimate and is included in cost of sales. Amounts recognised on the statement of financial position are as follows:		
21 504	42 498	Opening balance	–	–
1 101	2 075	Current service cost	–	–
18 226	(35 290)	Actuarial (gain)/loss	–	–
–	(283)	Benefits paid	–	–
1 667	3 507	Interest costs	–	–
42 498	12 507	Closing balance	–	–
		Amounts recognised in profit or loss are as follows:		
(1 101)	(2 075)	Current service cost and interest		
(18 226)	35 290	Net actuarial gain/(loss)		
(1 667)	(3 507)	Interest costs		
(20 994)	29 708		–	–
		Principal actuarial assumptions at the reporting date:		
7.3%	7.8%	Health care cost inflation		
8.3%	9.3%	Discount rate		
0.9%	1.4%	Real discount rate		
60/65	60	Normal retirement age		
59.9/64.1	59.8	Expected average retirement age		
3 years	3 years	Spouse age gap		
100%	100%	Continuation at retirement		
85%	85%	Proportion married at retirement		

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000

19 Post-retirement and other employee benefits *(continued)*

Historical information:

	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Unfunded liability	12 507	42 498	21 504	19 009	16 762
Actuarial (gain)/loss	(35 290)	18 226	–	–	2 923

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

Assuming all other variables remain constant, a one percent 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	+ 1%	927	(709)	(212)
and interest cost	– 1%	(759)	832	234
Effect in past-service	+ 1%	1 939	(1 513)	(400)
contractual liability	– 1%	(1 588)	1 776	438

The group expects to pay contributions in the amount of R0.4 million during 2011.

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:

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
1 236	**1 141**	Opening balance		
(95)	**(283)**	Benefits paid		
1 141	**858**	Closing balance		

19 Post-retirement and other employee benefits *(continued)*

Share Option Scheme

a) Details of the scheme

The company operates a Share Option Scheme, DRDGOLD (1996) Share Scheme, (the scheme), as an incentive tool for its executive directors 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 5.1% of the issued ordinary share capital which is near 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.

The price at which an option may be exercised is the lowest seven day trailing average of the closing market prices of an ordinary share on the JSE Limited, as confirmed by the company's directors, during the three months preceding the day on which the employee is granted the option. Each option remains in force for ten years after the date of grant, subject to the terms of the option plan. Options granted under a plan vest at the discretion of the company's directors, but primarily according to the following schedule over a maximum of a three year period.

Percentage vested in each period grant:	Period after the original date of the option:
25%	six months
25%	one year
25%	two years
25%	three years

Any options not exercised within a period of 5 years (issued prior to 2009: 10 years) from the original date of the option will expire and may not thereafter be exercised.

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

	Outstanding		Vested	
	Number of shares	Average price per share R	Number of shares	Average price per share R
Balance at 1 July 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
Granted	3 654 307	5.35		
Exercised	(262 663)	3.83		
Forfeited/lapsed	(1 202 172)	6.88		
Balance at 30 June 2010	**19 494 401**	**10.96**	**14 110 206**	**13.45**

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 revaluation and other reserves, 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		
	Years to expiry	30 June 2010	30 June 2011	30 June 2012	30 June 2013
R5<	7-8	4 303 284	1 930 862	917 859	
R5 > R10	4-7	5 306 272	884 698	825 352	825 424
R10 > R15	4	1 150 000			
R15 > R20	2-4	2 893 450			
R20 > R30	2	457 200			
		14 110 206	2 815 560	1 743 211	825 424

19 Post-retirement and other employee benefits *(continued)*

c) The fair value of the options determined using the Black-Scholes option valuation model.

Significant inputs into the model were:

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		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**	4.70
		20 October 2009 option grant	**5.30**	
		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**	3
		20 October 2009 option grant	**3**	
		Option strike price (Rand per share)		
		1 November 2004 option grant	**11.70**	11.70
		15 April 2005 option grant	**4.84**	4.84
		17 June 2005 option grant	**7.10**	7.10
		25 October 2005 option grant	**8.78**	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**	3.50
		20 October 2009 option grant	**5.35**	
		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%**	9.55%
		20 October 2009 option grant	**8.72%**	
		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%**	31%
		20 October 2009 option grant	**25%**	

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

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		20 Deferred tax		
		Balances arose from the following temporary differences:		
		Deferred tax asset		
282 940	**256 710**	Property, plant and equipment	**50 581**	47 567
132 704	**169 583**	Provisions, including rehabilitation provision	**(214)**	(199 350)
114 998	**91 886**	Estimated assessed losses	**7 952**	16 056
		Impairment of investments in subsidiaries	**39 085**	220 066
152 063	**151 450**	Capital losses	**151 450**	152 063
–	**27 329**	Other temporary differences	**–**	–
(517 590)	**(556 216)**	Deferred tax asset not recognised	**(234 630)**	(217 217)
165 115	**140 742**		**14 224**	19 185
		Deferred tax liability		
(211 633)	**(168 138)**	Property, plant and equipment	**–**	–
10 162	**–**	Provisions, including rehabilitation provision	**–**	–
6 911	**(4)**	Other temporary differences	**–**	–
(194 560)	**(168 142)**		**–**	–
(29 445)	**(27 400)**	Net deferred mining and income tax (liability)/asset	**14 224**	19 185
		Reconciliation between deferred taxation opening and closing balances		
81 575	**(29 445)**	Opening balance	**19 185**	–
(185 653)	**–**	Acquisition of subsidiary		
74 633	**2 045**	Profit or loss credit/(expense)	**(4 961)**	19 185
(29 445)	**(27 400)**	Closing balance	**14 224**	19 185

The deferred tax relating to the company's investment in subsidiaries, joint venture and associate is Rnil (2009: Rnil) resulting from the fact that these investments are to be realised through dividend distributions which are exempt under current tax legislation.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		21 Loans and borrowings		
		Secured		
2 101	**–**	AngloGold Ashanti Limited (a)	**–**	–
		Unsecured		
65 146	**58 977**	Preference shares held by Khumo Gold SPV (Pty) Limited and the DRDSA Empowerment Trust (b)	**–**	–
67 247	**58 977**		**–**	–
(2 101)	**–**	Less: payable within one year included under current liabilities	**–**	–
65 146	**58 977**		**–**	–
		Loans and borrowings repayment schedule for capital amounts payable in the twelve months to:		
2 101	**–**	30 June 2010	**–**	–
12 591	**–**	30 June 2011	**–**	–
20 354	**–**	30 June 2012		
32 201	**58 977**	Thereafter	**–**	–
67 247	**58 977**		**–**	–

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		21 Loans and borrowings *(continued)*		
		Analysis of gross loans and borrowings by currency:		
67 247	**58 977**	South African Rand	**–**	–
		Effective interest rates:		
		Secured liabilities		
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 immovable assets of Ergo. The facilities were repayable in equal monthly instalments over 23 and 19 months respectively of which the final installment was paid during the year ended 30 June 2010. The loans bore interest at the prime lending rate, which was 11% at 30 June 2009. The loan was 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 intragroup loans as at 30 November 2005. Crown repaid its loan to DRDGOLD during the year ended 30 June 2009 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 were cancelled. The preference shares are measured at amortised cost based on the effective interest rate method. As these financial instruments do not have fixed terms, the repayment schedules for the loans are based on an estimated repayment schedule, calculated using the available profits of the relevant operations with reference to their respective life-of-mine plans ("LOM plans"). The extension of the repayment period at Blyvoor resulted in a positive adjustment of R33.9 million (2009: R36.1 million) and the reduction of the repayment period at ERPM resulted in a negative adjustment of R19.3 million (2009: extension of repayment period resulted in a positive adjustment amounting to R27.2 million) and a net loss at Crown during 2009 of R1.3 million.

Group 2009 R'000	Group 2010 R'000		Company 2010 R'000	Company 2009 R'000
		21 Loans and borrowings *(continued)*		
		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.		
4 104 480	**4 133 318**	Issued and paid-up share capital		
31 392	**34 961**	Non-distributable reserves in credit balance		
4 135 872	**4 168 279**			
(2 719 588)	**(2 591 770)**	Accumulated loss		
67 247	**58 977**	Currently utilised		
		22 Commitments and contingent liabilities		
		Capital commitments		
33 063	**36 744**	Contracted for but not provided for in the annual financial statements	**–**	–
79 333	**176 744**	Authorised by the directors but not contracted for	**–**	–
112 396	**213 488**		**–**	–
		This capital expenditure will be financed from existing cash resources, cash generated from operations and negotiated funding facilities.		
		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 8% 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:		
1 874	**1 058**	Not later than 1 year	**781**	1 227
307	**3 815**	Between 1 and 5 years	**3 737**	–
–	**–**	Later than 5 years	**–**	–

Environmental

At **Durban Roodepoort Deep** mine, rehabilitation and other responsibilities like the National Nuclear Regulator Certificate of Registration requirements have been taken over by DRD (Pty) Ltd or Mintails. An official liability transfer in terms of section 58 of the Mineral and Petroleum Resources Development Act (MRPDA) has been submitted to the Department of Mineral Resources (DMR). DRDGOLD retains only the village that has no assessed liability associated with it. The legal transfer thereof would be dependant on the DMR's assessment of Mintail's financial capability. DRDGOLD therefore still has a contingent liability until such legal transfer is affected.

At **West Witwatersrand Gold Mine (Pty) Limited** mine, responsibility for the mine, including the environmental rehabilitation liability, has been taken over contractually by Mintails although the legal transfer thereof would be dependant on the DMR's assessement of Mintail's financial capability. DRDGOLD therefore still has a contingent liability until such legal transfer is affected.

Management of the West Rand Consolidated Mines' tailings dams have been taken over by Mintails which plans to reprocess them. An Environmental Management Programme (EMP) for the balance of the area has been submitted to the DMR as part of the conversion process of ML9/2000. The execution of the conversion is immanent.

In terms of Acid Mine Drainage (AMD) from the Western Basin, a proposal has been submitted to the regulators for an interim solution whereby the Western Basin water is pumped into the Central Basin. Water from the Central Basin is then pumped from 400m below surface and partly treated in the ERPM High Density Separation (HDS) plant before being released. The proposal is based on a Public Private Partnership and will prevent untreated water from polluting the environment until the final sustainable solution is put in place. In terms of this proposal DRDGOLD will contribute approximately R13.4 million towards the R218 million capital required. Final approval is awaited.

22 Commitments and contingent liabilities *(continued)*

Environmental (continued)

With regards to AMD, DRDGOLD's subsidiaries' contributed approximately 1.5% of the AMD problem, which is based on calculating the total amount of rock removed from underground and calculating this as a percentage of the total. This, DRDGOLD believe, is the best available method of determining how much rock bearing pollutants had been exposed by our activities.

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 the Tlokwe (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 of the Wonderfontein Spruit and eventual regional closure. The regulators have produced a remediation report for the spruit that 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 authorised a water treatment plant that will treat approximately 6Ml per day of the discharged water to potable standard for their own consumption. The commissioning of the plant will be finalised within the next few months.

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 the operational management.

ERPM has updated its EMP to meet the requirements of the MPRDA and submitted it to the DMR for approval.

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

A proposal whereby water from the Central Basin as well as water from the Western Basin is pumped and treated at the HDS plant before being discharged has been submitted to the regulators for approval. This proposal will prevent AMD from contaminating ground water and decanting uncontrolled into the environment (see above).

Ergo has restarted depositing onto 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 new MPRDA was enacted, which places all mineral and petroleum resources under the custodianship of the state. Private title and ownership in minerals, or the "old order rights," are to be converted to "new order rights," essentially the right to mine. The MPRDA allows the existing holders of mineral rights a period of five years to apply for the conversion of used old order rights, and one year for the conversion of unused old order rights. Once these periods have lapsed, the holders may have to compete to acquire the right to mine minerals previously held under old order rights. The company has submitted the respective applications in order to comply with the requirements of the Mining Charter as described below. To the extent that the company is unable to convert some of our old order rights, the company may have a claim for compensation based on expropriation. It is not possible to forecast with any degree of certainty whether a claim will be enforceable against the state, and if enforceable, the level of compensation the company will receive, if any. Factors that are taken into account include market value, proof of actual loss, proof of ownership, nature of property, current use of the property and history of the acquisition.

Where new order rights are obtained under the MPRDA, these rights will not be equivalent to existing property rights. The area covered by the new order rights may be reduced by the state if it finds that the prospecting or mining work programme submitted by an applicant does not substantiate the need to retain the area covered by the old order rights. The duration of the new order rights will no longer be perpetual but rather, in the case of new order mining rights, for a maximum of 30 years with renewals of up to 30 years each and in the case of prospecting rights, up to five years with one renewal of up to three years. In addition, the new order rights will only be transferable subject to the approval of the Minister of Minerals and Resources (formerly Minister of Minerals and Energy). Mining or prospecting must commence within one year or 120 days, respectively, of the mining right or prospecting right becoming effective, and must be conducted continuously and actively thereafter. The new rights can be suspended or cancelled by the Minister of Minerals and Resources in the event of a breach or, in the case of mining rights, non-optimal mining in accordance with the mining work programme.

The implementation of the MPRDA will result in significant adjustments to the company's property ownership structure. The company has lodged applications to convert all of our old order rights, however, to the extent that the company is unable to convert some of the old order rights to new order rights, and that the exclusive rights to minerals the company enjoyed under the previous statutory regime are diminished, the operations of the MPRDA may result in significant adjustments to the company's property ownership structure, which in turn could have a material adverse effect on the underlying value of our operations. West Wits and West Rand Consolidated Mines's application for conversion has been approved. Benoni and ERPM's applications for conversion have received preliminary approval but are still awaiting dates of execution from the DMR. The MPRDA states that the conversions must be granted by the minister if all requirements are completed but it does not stipulate any time frame. The MPRDA also provides for holders of old order rights to continue to operate under the terms and conditions of such rights until conversions under the MPRDA have been completed.

22 Commitments and contingent liabilities *(continued)*

Environmental *(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 them to take over current water reticulation maintenance and monitoring. It is the opinion of our legal advisors that the amount levied is excessive and unjustifiable 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 Merafong City Council. The potential liability could amount to R31.1 million. The case between Blyvoor and Merafong City Council has been set down for hearing by the High Court on 20 and 21 September 2010.

Litigation

The group is subject to litigation in the normal course of business. A summary of legal proceedings is provided under Annexure 2 of the Notice to Shareholders on page 123.

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

	Carrying Value 2010 R'000	Carrying Value 2009 R'000
Group		
Financial assets		
Unlisted investments (refer note 10)	**14 712**	9 556
Loans to black empowerment entities (refer note 10)	**33 442**	33 442
Investments in environmental rehabilitation trust funds (refer note 10)	**126 069**	129 682
Trade and other receivables (refer note 15)	**41 493**	60 080
Cash and cash equivalents	**188 152**	353 555
	403 868	586 315
Company		
Financial assets		
Unlisted investments (refer note 10)	**2 195**	1 426
Loans to subsidiaries (refer note 11)	**1 557 562**	1 346 821
Loans to black empowerment entities (refer note 10)	**33 442**	33 442
Investments in environmental rehabilitation trust funds (refer note 10)	**21 801**	20 296
Trade and other receivables (refer note 15)	**7 665**	8 233
Cash and cash equivalents	**111 772**	224 977
	1 734 437	1 635 195

23 Financial instruments *(continued)*

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

	Carrying Value 2010 R'000	Carrying Value 2009 R'000
Group		
Trade receivables (refer note 15)	12 430	30 966
Receivables from related parties (refer note 15)	60	86
Other receivables (refer note 15)	29 003	29 028
	41 493	60 080

The ageing of trade and other receivables at 30 June:

	Gross Value 2010 R'000	Impairment 2010 R'000	Gross Value 2009 R'000	Impairment 2009 R'000
Group				
Not past due	28 562	(315)	48 868	(105)
Past due 0-30 days	3 385	(345)	4 202	(75)
Past due 31-120 days	2 594	(1 490)	6 067	(260)
More than 120 days	19 834	(10 732)	9 257	(7 874)
	54 375	(12 882)	68 394	(8 314)

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 2010 R'000	Impairment 2009 R'000
Group		
Balance at 1 July	(8 314)	(8 201)
Impairments recognised	(4 568)	(113)
Balance at 30 June	(12 882)	(8 314)

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

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

	Carrying Value 2010 R'000	Carrying Value 2009 R'000
Company		
Receivables from related parties (refer note 15)	16	23
Other receivables (refer note 15)	7 649	8 210
	7 665	8 233

The ageing of trade and other receivables at 30 June:

	Gross Value 2010 R'000	Impairment 2010 R'000	Gross Value 2009 R'000	Impairment 2009 R'000
Company				
Not past due	6 350	–	7 784	–
Past due 0-30 days	140	–	392	–
Past due 31-120 days	–	–	1	–
More than 120 days	9 326	(8 151)	6 869	(6 813)
	15 816	(8 151)	15 046	(6 813)

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

23 Financial instruments *(continued)*

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

	Impairment 2010 R'000	Impairment 2009 R'000
Company		
Balance at 1 July	**(6 813)**	(6 617)
Impairments recognised	**(1 338)**	(196)
Balance at 30 June	**(8 151)**	(6 813)

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.

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:

30 June 2010	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
Group						
Unsecured						
Preference shares held by Khumo Gold SPV (Pty) Limited and the DRDSA Empowerment Trust (expected repayments)	**58 977**	**(197 803)**	**–**	**–**	**(34 722)**	**(163 081)**
Trade and other payables	**268 833**	**(268 833)**	**(268 833)**	**–**	**–**	**–**
	327 810	**(466 636)**	**(268 833)**	**–**	**(34 722)**	**(163 081)**

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
Group						
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 repayments)	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)

23 Financial instruments *(continued)*

30 June 2010	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000
Company			
Trade and other payables	**27 016**	**(27 016)**	**(27 016)**
	27 016	**(27 016)**	**(27 016)**

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

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

	Carrying value 2010 R'000	Carrying value 2009 R'000
Group		
Variable interest rate instruments		
Financial assets	**314 221**	483 237
Financial liabilities	**–**	(2 925)
	314 221	480 312

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 was performed on the same basis for 2009.

	2010 Profit or (loss)		2009 Profit or (loss)	
30 June	100bp increase R'000	100bp decrease R'000	100bp increase R'000	100bp decrease R'000
Group				
Variable interest rate instruments	**3 142**	**(3 142)**	4 803	(4 803)
Cash flow sensitivity	**3 142**	**(3 142)**	4 803	(4 803)

	Carrying value 2010 R'000	Carrying value 2009 R'000
Company		
Variable interest rate instruments		
Financial assets	**857 740**	804 756
Financial liabilities	**–**	(824)
	857 740	803 932

23 Financial instruments *(continued)*

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) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2009.

	2010		2009	
	Profit or (loss)		Profit or (loss)	
30 June	100bp increase R'000	100bp decrease R'000	100bp increase R'000	100bp decrease R'000
Company				
Variable interest rate instruments	**8 577**	**(8 577)**	8 039	(8 039)
Cash flow sensitivity	**8 577**	**(8 577)**	8 039	(8 039)

Fair value of financial instruments

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

	Carrying Value 2010 R'000	Fair Value 2010 R'000	Carrying Value 2009 R'000	Fair Value 2009 R'000
Group				
Financial assets				
Unlisted investments (refer note 10)	**14 712**	**14 712**	9 556	9 556
Loans to black empowerment entities (refer note 10)	**33 442**	**33 442**	33 442	33 442
Investments in environmental rehabilitation trust funds (refer note 10)	**126 069**	**126 069**	129 682	129 682
Trade and other receivables (refer note 15)	**41 493**	**41 493**	60 080	60 080
Cash and cash equivalents	**188 152**	**188 152**	353 555	353 555
	403 868	**403 868**	586 315	586 315
Financial liabilities				
Loans and borrowings (refer note 21)				
– long-term	**58 977**	**55 953**	65 146	62 168
– short-term	**–**	**–**	2 101	2 101
Trade and other payables	**268 833**	**268 833**	322 138	322 138
Bank overdrafts	**–**	**–**	824	824
	327 810	**324 786**	390 209	387 231
Company				
Financial assets				
Unlisted investments (refer note 10)	**2 195**	**2 195**	1 426	1 426
Loans to subsidiaries (refer note 11)	**1 557 562**	**1 557 562**	1 346 821	1 346 821
Loans to black empowerment entities (refer note 10)	**33 442**	**33 442**	33 442	33 442
Investments in environmental rehabilitation trust funds (refer note 10)	**21 801**	**21 801**	20 296	20 296
Trade and other receivables (refer note 15)	**7 665**	**7 665**	8 233	8 233
Cash and cash equivalents	**111 772**	**111 772**	224 977	224 977
	1 734 437	**1 734 437**	1 635 195	1 635 195
Financial liabilities				
Loans from subsidiaries (refer note 11)	**311 459**	**311 459**	310 404	310 404
Trade and other payables	**27 016**	**27 016**	25 662	25 662
Bank overdrafts	**–**	**–**	824	824
	338 475	**338 475**	336 890	336 890

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.

23 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 due to the unavailability of market information.

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. This original risk adjusted discount rate is replaced with a risk adjusted market rate to determine a fair value on an annual basis.

Loans from AngloGold Ashanti

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

Cash and cash equivalents and 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 the environmental trust funds approximate their fair value due to these investments being cash in nature.

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 Rands. 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 and considers the risk to be low due to foreign currency normally being disposed of on the same day. 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 risks:

	Carrying value		Carrying value	
	2010 USD '000	2010 AUD '000	2009 USD '000	2009 AUD '000
Group				
Cash and cash equivalents	–	–	3	1 373
Trade and other receivables	**1 624**	–	3 929	–
Trade and other payables	–	–	(8)	(137)
Net statement of financial position exposure	**1 624**	–	3 924	1 236

The following significant exchange rates applied during the year:

	Spot rate at year end		Average rate	
	2010	2009	2010	2009
Group				
1 US Dollar	**7.6529**	7.8821	**7.6117**	9.0484
1 Australian Dollar	**6.5559**	6.3433	**6.7076**	6.6725

23 Financial instruments *(continued)*

Sensitivity analysis

A 10 percent 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 2009.

	Carrying value		Carrying value	
	USD 2010 R'000	AUD 2010 R'000	USD 2009 R'000	AUD 2009 R'000
Group				
Equity	–	–	4	(784)
Loss	**(1 243)**	–	(3 097)	–

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.

The following table represents the carrying amounts and net gain/(loss), finance income and finance expense per category of financial instruments at 30 June:

	Carrying Value 2010 R'000	Net gain/(loss) finance income and (finance expense) 2010 R'000	Carrying Value 2009 R'000	Net gain/(loss) finance income and (finance expense) 2009 R'000
Group				
Financial assets				
Available-for-sale financial assets	**14 712**	–	9 556	–
Loans and receivables	**389 156**	**22 519**	576 759	84 424
	403 868	**22 519**	586 315	84 424
Financial liabilities				
Financial liabilities measured at amortised cost	**327 810**	**6 175**	390 209	43 977
	327 810	**6 175**	390 209	43 977
Company				
Financial assets				
Available-for-sale financial assets	**2 195**	–	1 426	–
Loans and receivables	**1 732 242**	**42 924**	1 633 769	91 817
	1 734 437	**42 924**	1 635 195	91 817
Financial liabilities				
Financial liabilities measured at amortised cost	**338 475**	–	336 890	–
	338 475	–	336 890	–

23 Financial instruments *(continued)*

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
– Level 2: inputs other than quoted prices included within Level 1 that are observed for the asset or liability, either directly(i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3: inputs for the asset or liability that are not based on observed market data (unobserved inputs).

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group				
30 June 2010				
Available-for-sale financial assets	–	–	14 712	14 712
	–	–	14 712	14 712
30 June 2009				
Available-for-sale financial assets	–	–	9 556	9 556
	–	–	9 556	9 556

There have been no transfers in either direction between the different levels (2009: no transfers in either direction).

Reconciliation of fair value measurements in Level 3 during the year:

	2010	2009
Available-for-sale financial assets	**Level 3 R'000**	**Level 3 R'000**
Balance at beginning of the year	9 556	10 688
Purchases during the year	2	–
Disposals/settlements during the year	–	(1)
Profit/(loss) on fair value adjustment	5 154	(1 131)
Transfers in/(out) of Level 3	–	–
Balance at end of year	14 712	9 556
Gains/(losses) recognised in profit or loss	–	–
Gains/(losses) recognised in other comprehensive income	5 154	(1 133)
	5 154	(1 133)

The gain or losses on the fair value adjustment is recognised in other comprehensive income net of deferred tax.

The available-for-sale financial assets comprises investments in unlisted shares for which no reasonable alternative measure for fair value is deemed appropriate therefore no sensitivity analysis have been prepared. The fair value of the Rand Refinery Limited's unlisted shares is a director's valuation which was made by using the net asset value of the company. The increase in the fair value in 2010 was due to Rand Refinery Limited not declaring a dividend for their 2009 financial year. The Rand Mutual Assurance Company's fair value is also based on a directors's valuation of which the value per share is fixed at R0.20 between shareholders.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Company				
30 June 2010				
Available-for-sale financial assets	–	–	2 195	2 195
	–	–	2 195	2 195
30 June 2009				
Available-for-sale financial assets	–	–	1 426	1 426
	–	–	1 426	1 426

There have been no transfers in either direction between the different levels (2009: no transfers in either direction).

23 Financial instruments *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements in Level 3 during the year:

	2010	2009
	Level 3	Level 3
Available-for-sale financial assets	R'000	R'000
Balance at beginning of the year	1 426	1 594
Profit/(loss) on fair value adjustment	769	(168)
Balance at end of year	2 195	1 426
Gains/(losses) recognised in other comprehensive income	769	(168)
	769	(168)

The gain or loss on the fair value adjustment is recognised in other comprehensive income net of deferred tax.

The available-for-sale financial assets comprises investments in unlisted shares for which no reasonable alternative measure for fair value is deemed appropriate therefore no sensitivity analysis have been prepared. The fair value of the Rand Refinery Limited's unlisted shares is a director's valuation which was made by using the net asset value of the company. The increase in the fair value in 2010 was due to Rand Refinery Limited not declaring a dividend for their 2009 financial year. The Rand Mutual Assurance Company's fair value is also based on a directors' valuation of which the value per share is fixed at R0.20 between shareholders.

24 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.

25 Operating segments

During the year the group changed its operating segments by reporting the financial and operating results of the surface operations of ERPM under Crown. The processing of the Cason dump, which is owned by ERPM, takes place at Crown's Knights plant. The financial and operating results of the Ergo JV have been combined with ErgoGold and the Ergo JV is now called Ergo due to the group acquiring the remaining 50% interest from Mintails SA (Pty) Limited during the year ended 30 June 2010 of the Ergo JV. The underground operations of ERPM, which had been placed under care and maintenance during the year ended 30 June 2009, is included in the 'Corporate head office and all other' segment. The financial and operating results of our foreign subsidiaries, which were voluntarily liquidated during the year ended 30 June 2010 (refer note 11), is also included in this segment. The comparative numbers have been restated to reflect these changes and the effect thereof is clear from the disclosures. Transactions between reportable segments are at arms length in accordance with the group's transfer pricing agreement.

The following summary describes the operations in each of the group's reportable operating 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. Included in the Crown segment is the surface operation of ERPM consisting of the Cason dump.
- Ergo: Consists of Phase one of the Ergo Project known as ErgoGold (formerly known as the Elsburg Gold Mining Joint Venture) and is a surface retreatment operation which is currently treating ERPM's old slime dumps. The facility consists of one plant known as the Brakpan plant together with the Brakpan tailings facility. Phase one has been established as a surface retreatment operation to retreat the Elsburg Dump owned by ERPM. Phase two of the Ergo Project is to explore, evaluate and process surface uranium- and sulphur bearing tailings on the East and Central Rand goldfields of South Africa.

25 Operating segments *(continued)*

2010	Blyvoor R'000	Crown[(2)] R'000	Ergo[(3)] R'000	Corporate head office[(4)] and all other R'000	Total R'000
Financial performance					
Segmental revenue	861 409	834 788	294 325	–	1 990 522
Operating costs	(888 180)	(615 731)	(258 971)	(35 984)	(1 798 866)
Operating profit/(loss)	(26 771)	219 057	35 354	(35 984)	191 656
Interest and other investment income	412	901	814	15 802	17 929
Interest expense	(1 064)	(66)	(2)	(3 730)	(4 862)
Retrenchment costs	(10 925)	–	–	(9 202)	(20 127)
Administration expenses and general costs	12 007	(2 136)	(6 169)	(60 728)	(57 026)
Taxation charge [(1)]	–	(7 509)	–	(2 799)	(10 308)
Working profit/(loss) before capital expenditure	(26 341)	210 247	29 997	(96 641)	117 262
Capital expenditure	(79 552)	(45 949)	(68 584)	(6 320)	(200 405)
Working profit/(loss) after capital expenditure	(105 893)	164 298	(38 587)	(102 961)	(83 143)

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

[(2)] *Crown includes ERPM's Cason surface retreatment operations.*

[(3)] *With effect from 1 May 2010, Ergo represents 100% of the ErgoGold and the Ergo JV.*

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

Operating results [(5)]			Blyvoor	Crown	Ergo	Corporate head office and all other	Total
Ore milled	– underground	'000t	633	–	–	–	633
	– surface	'000t	2 968	7 122	11 867	–	21 957
	– total	'000t	3 601	7 122	11 867	–	22 590
Average yield	– underground	g/t	3.79	–	–	–	3.79
	– surface	g/t	0.31	0.43	0.09	–	0.23
	– total	g/t	0.92	0.43	0.09	–	0.33
Gold produced	– underground	kg	2 402	–	–	–	2 402
	– surface	kg	909	3 092	1 099	–	5 100
	– total	kg	3 311	3 092	1 099	–	7 502
	– underground	oz	77 226	–	–	–	77 226
	– surface	oz	29 226	99 410	35 332	–	163 968
	– total	oz	106 452	99 410	35 332	–	241 194
Operating cost	– underground	R/kg	324 736	–	–	–	324 736
	– surface	R/kg	108 771	199 137	235 642	–	189 959
	– total	R/kg	268 251	199 137	235 642	–	239 785
	– underground	$/oz	1 327	–	–	–	1 327
	– surface	$/oz	444	814	945	–	776
	– total	$/oz	1 085	814	945	–	953

[(5)] *Unaudited*

25 Operating segments *(continued)*

2010	Blyvoor R'000	Crown [(1)] R'000	Ergo[(2)] R'000	Corporate head office[(3)] and all other R'000	Total R'000
Reconciliation of assets					
Reportable segment assets	510 883	171 390	1 144 036	31 337	1 857 646
Other assets	120 838	136 396	96 508	368 904	722 646
Total assets	631 721	307 786	1 240 544	400 241	2 580 292
Reconciliation of liabilities					
Reportable segment liabilities	144 160	276 881	207 542	133 195	761 778
Taxation and deferred taxation	–	–	168 138	414	168 552
Total liabilities	144 160	276 881	375 680	133 609	930 330
Other material information					
Depreciation	(32 616)	(61 005)	(95 418)	(1 730)	(190 769)
Impairment of assets	–	12 514	–	(18 738)	(6 224)
Reconciliation of revenues					
Total revenues for reportable segments	861 409	834 788	294 325	–	1 990 522
Reconciliation of profit/(loss)					
Segment working profit/(loss) before capital expenditure	(26 341)	210 247	29 997	(96 641)	117 262
– Depreciation	(32 616)	(61 005)	(95 418)	(1 730)	(190 769)
– Movement in provision for environmental rehabilitation	(1 246)	16 994	(578)	72 864	88 034
– Movement in gold in progress	33 766	(9 040)	5 215	–	29 941
– Impairments and reversal of impairments	–	12 514	–	(18 738)	(6 224)
– Net gain on financial liabilities measured at amortised cost	33 887	–	–	(19 244)	14 643
– Growth in environmental rehabilitation trust funds	2 011	3 384	–	4 057	9 452
– Profit on disposal of subsidiaries	–	–	–	156 749	156 749
– Profit on disposal of joint venture	–	–	–	1 500	1 500
– Unrealised foreign exchange loss	–	–	–	(5)	(5)
– Unwinding of provision for environmental rehabilitation	(1 139)	(5 050)	(2 573)	(2 035)	(10 797)
– Unwinding of discount on financial liabilities measured at amortised cost	(7 039)	–	–	(1 429)	(8 468)
– Deferred tax	14 934	(33 108)	14 012	6 207	2 045
Profit/(loss) for the year	16 217	134 936	(49 345)	101 555	203 363

[(1)] *Crown includes ERPM's Cason surface retreatment operations.*

[(2)] *With effect from 1 May 2010, Ergo represents 100% of the ErgoGold and the Ergo JV.*

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

Geographical information	Revenues R'000	Non-current assets R'000
South Africa	1 990 522	1 858 005
Zimbabwe	–	5 220
Total	1 990 522	1 863 225

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.

25 Operating segments *(continued)*

	Blyvoor R'000	Crown[(2)] R'000	Ergo[(3)] R'000	Corporate head office[(4)] and all other R'000	Total R'000
Financial performance					
Segmental revenue	1 018 527	733 990	24 178	134 043	1 910 738
Operating costs	(842 329)	(560 064)	(73 422)	(211 544)	(1 687 359)
Operating profit/(loss)	176 198	173 926	(49 244)	(77 501)	223 379
Interest and other investment income	3 185	2 347	5	74 454	79 991
Interest expense	(521)	(5)	(1)	(3 078)	(3 605)
Retrenchment costs	–	–	–	(34 922)	(34 922)
Administration expenses and general costs	(1 719)	(4 980)	(2 810)	(74 074)	(83 583)
Taxation charge [(1)]	–	(41 529)	–	(4 660)	(46 189)
Working profit/(loss) before capital expenditure	177 143	129 759	(52 050)	(119 781)	135 071
Capital expenditure	(97 537)	(43 115)	(174 154)	(31 862)	(346 668)
Working profit/(loss) after capital expenditure	79 606	86 644	(226 204)	(151 643)	(211 597)

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

[(2)] *Crown includes ERPM's Cason surface retreatment operations.*

[(3)] *Includes 50% of the Ergo JV and with effect from 1 April 2009, 100% of ErgoGold.*

[(4)] *Corporate head office expenses are taken into consideration in the strategic decision-making process of the CODM and are therefore included in the disclosure here, even though they do not earn revenue. The underground operations of ERPM, which were placed under care and maintenance during the year ended 30 June 2009, are also included in this segment.*

			Blyvoor	Crown	Ergo	Corporate head office and all other	Total
Operating results[(5)]							
Ore milled	– underground	'000t	603	–	–	184	787
	– surface	'000t	3 433	8 007	2 296	–	13 736
	– total	'000t	4 036	8 007	2 296	184	14 523
Average yield	– underground	g/t	4.59	–	–	3.20	4.26
	– surface	g/t	0.37	0.37	0.05	–	0.32
	– total	g/t	1.00	0.37	0.05	3.20	0.53
Gold produced	– underground	kg	2 765	–	–	589	3 354
	– surface	kg	1 262	2 974	114	–	4 350
	– total	kg	4 027	2 974	114	589	7 704
	– underground	oz	88 898	–	–	18 935	107 833
	– surface	oz	40 575	95 616	3 666	–	139 857
	– total	oz	129 473	95 616	3 666	18 935	247 690
Operating cost	– underground	R/kg	255 517	–	–	361 141	274 066
	– surface	R/kg	98 124	188 320	644 053	–	164 549
	– total	R/kg	209 170	188 320	644 053	361 141	219 024
	– underground	$/oz	878	–	–	1 287	842
	– surface	$/oz	337	647	2 077	–	566
	– total	$/oz	709	647	2 077	1 287	753

[(5)] *Unaudited*

25 Operating segments *(continued)*

2009	Blyvoor R'000	Crown [1] R'000	Ergo[2] R'000	Corporate head office[3] and all other R'000	Total R'000
Reconciliation of assets					
Reportable segment assets	463 947	150 947	1 039 667	78 658	1 733 219
Other assets	96 536	183 235	95 275	517 507	892 553
Total assets	560 483	334 182	1 134 942	596 165	2 625 772
Reconciliation of liabilities					
Reportable segment liabilities	182 783	297 498	150 546	215 475	846 302
Taxation and deferred taxation	12 403	650	182 150	288	195 491
Total liabilities	195 186	298 148	332 696	215 763	1 041 793
Other material information					
Depreciation	(29 273)	(38 112)	(30 784)	(1 048)	(99 217)
Impairment of assets	–	(19 426)	–	(55 712)	(75 138)
Reconciliation of revenues					
Total revenues for reportable segments	1 018 527	733 990	24 178	134 043	1 910 738
Reconciliation of profit/(loss)					
Segment working profit/(loss) before capital expenditure	177 143	129 759	(52 050)	(119 781)	135 071
– Depreciation	(29 273)	(38 112)	(30 784)	(1 048)	(99 217)
– Movement in provision for environmental rehabilitation	426	(11 002)	2 825	(11 794)	(19 545)
– Movement in gold in progress	(9 445)	5 231	11 232	–	7 018
– Impairments and reversal of impairments	–	(19 426)	–	(55 712)	(75 138)
– Recognition of negative goodwill on acquisition	–	–	–	53 006	53 006
– Net gain on financial liabilities measured at amortised cost	36 141	(1 403)	–	27 262	62 000
– Loss on realisation of investments	–	–	–	(1 873)	(1 873)
– Growth in environmental rehabilitation trust funds	2 929	4 441	–	5 497	12 867
– Unrealised foreign exchange loss	–	–	–	(10 318)	(10 318)
– Unwinding of provision for environmental rehabilitation	(1 119)	(4 137)	(2 365)	(2 176)	(9 797)
– Unwinding of discount on financial liabilities measured at amortised cost	(10 388)	(3 237)	–	(4 398)	(18 023)
– Deferred tax	(43 154)	25 594	3 491	88 702	74 633
Profit/(loss) for the year	123 260	87 708	(67 651)	(32 633)	110 684

[1] *Crown includes ERPM's Cason surface retreatment operations.*

[2] *Includes 50% of the Ergo JV and with effect from 1 April 2009, 100% of ErgoGold.*

[3] *Corporate head office expenses are taken into consideration in the strategic decision-making process of the CODM and are therefore included in the disclosure here, even though they do not earn revenue. The underground operations of ERPM, which were placed under care and maintenance during the year ended 30 June 2009, are also included in this segment.*

Geographical information	Revenues R'000	Non-current assets R'000
South Africa	1 910 738	1 737 457
Total	1 910 738	1 737 457

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.

26 Related party transactions

The group has related party relationships with its associates, subsidiaries, and with its directors and key management personnel. Details of transactions with directors are set out on pages 48 to 50. 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 2010, long-service awards consist of the share-base payment expense amounting to R0.4 million (2009: R0.8 million), (company: R0.4 million and 2009: R0.8 million) as well as the post-retirement medical benefit liability of Rnil (2009: Rnil) (company: Rnil and 2009: Rnil). Total directors' remuneration (short-term benefits) amounts to R13.8 million (2009: R16.4 million) which includes no end of contract payments (2009: R1.4 million) (company: R13.8 million which includes no end of contract payment and 2009: R12.8 million and R0.7 million respectively) and key management personnel remuneration (short-term benefits) to R58.8 million (2009: R58.6 million), (company: R14.2 million and 2009 R9.4 million). For key management long-service awards consist of the share-based payment expense amounting to R3.7 million (2009: R7.0 million), (company: R3.5 million and 2009 R2.0 million) as well as the post-retirement medical benefit liability of R12.5 million (2009: R6.8 million), (company: Rnil and 2009 Rnil).

Prior to the awarding of a contract to a related party for the supply of goods and services, the group procurement 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 2010, the company earned management fees from DRDGOLD South African Operations (Pty) Ltd (DRDGOLD SA) amounting to R34.6 million (2009: R15.6 million). Transactions with associates are priced on an arm's length basis.

Balances outstanding and interest at 30 June 2010:

- Subsidiaries – refer to note 11 on page 83 and directors' report page 53.
- Joint ventures – refer to note 12 on page 86.
- Associates – refer to note 13 on page 87.

Rand Refinery agreement

The group has entered into an agreement with Rand Refinery Limited (Rand Refinery), for the refining and sale of all of its gold produced in South Africa. Under the agreement, Rand Refinery performs the final refining of the group's gold and casts it into troy ounce bars. Rand Refinery then sells the gold on the same day as delivery, for the London afternoon fixed price on the day the gold is sold. In exchange for this service, the group pays Rand Refinery a variable refining fee plus fixed marketing, loan and administration fees. Mr Pretorius, CEO of DRDGOLD SA, is also a director of Rand Refinery and is a member of their 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 R12.4 million (2009: R31.0 million) relate to metals sold. The group received a dividend of Rnil million (2009: R4.1 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.

27 Subsequent events

Non-fulfilment of conditions precedent on disposal of ERPM's prospecting and mining rights over ERPM Extensions 1 and 2

The transaction was subject to the successful conclusion of various conditions precedent, including its approval by White Water Resources shareholders. As a result of the non-fulfilment of a condition precedent, being the approval of the disposal by the board of directors of DRDGOLD, the disposal shall no longer proceed.

Shareholder information

as at 30 June 2010

	No. of shareholders	% of total shareholders	No. of shares held	% of total issued shares
1. Breakdown of shareholding				
Range				
1 – 5 000	5 941	81.39	5 168 073	1.34
5 001 – 10 000	526	7.21	4 139 780	1.08
10 001 – 50 000	624	8.55	14 945 827	3.88
50 001 – 100 000	96	1.32	7 002 975	1.82
100 001 – 1 000 000	85	1.16	25 222 198	6.55
1 000 001 and more	27	0.37	328 405 526	85.33
Totals	7 299	100.00	384 884 379	100.00
2. Breakdown by classification				
Individuals	6 955	95.29	33 808 920	8.78
Institutions and bodies corporate	344	4.71	351 075 459	91.22
Totals	7 299	100.00	384 884 379	100.00
3. Shareholders holding 1% or more of the shares in issue				
Bank of New York			223 997 607	58.20
Soges Fiducem SA (Brussels)			31 699 872	8.24
Investec			30 997 617	8.05
Clearstream Banking Sa Luxembourg			7 661 852	1.99
PIC			7 335 018	1.91
ABAX Investments			7 100 000	1.84
Capital Alliance Index Plus			5 186 600	1.35
State Street Bank			4 697 734	1.22
Industrial Development Corporation			4 451 219	1.16
METC Metlife Main Account			4 258 821	1.11
4. Shareholder spread				
Public	7 295	99.95	384 631 712	99.93
Non-public:				
Directors	4	0.05	252 667	0.07
Totals	7 299	100.00	384 884 379	100.00

5. Share performance	**JSE**	**Nasdaq**
Number of shares traded ('000)	173 505	526 899
% of total issued shares	45	137
Price quoted (ZAR/US cents per share)		
highest	698	90
lowest	320	41
closing	341	44
Market capitalisation at year-end (R'000/$'000)	1 312 456	167 425

Shareholders' diary

Annual general meeting

Date	26 November 2010
Time	09:00
Place	Quadrum Office Park
	1st Floor, Building 1
	50 Constantia Boulevard
	Constantia Kloof Ext 28
	1709
	South Africa

Quarterly reports

1st Quarter	October 2010
2nd Quarter	February 2011
3rd Quarter	April 2011
4th Quarter	August 2011
Interim Financial Report	February 2011
Preliminary Annual Financial Report	August 2011

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 = R7.6117

Closing exchange rate at 30 June 2010 $1 = R7.6529

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	0.292 ounce/tonne	1 ounce/tonne	34.28 grams/tonne

Glossary of terms

Assay	To determine the mineral content
By-product	Any products that arise from the core process of producing gold including silver
Cash costs	Measurement that represents the full costs incurred inclusive of royalties and production taxes. Depreciation, rehabilitation, corporate administration and retrenchment are excluded.
Capital expenditure	Total capital expenditure on mining assets to both expand and maintain operations
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
Cut-off grade	The grade at which the orebody is mined with no profit or loss, that is, the break-even grade
Debt	Borrowings, including short-term borrowings
Depletion	The decrease in quantity of ore in a deposit or property resulting from extraction or production
Development	Activities (including shaft sinking and on-reef tunnelling) required to prepare for mining activities and to maintain a planned production level, and those costs required to enable the conversion of mineralised material to reserves
Dilution	Waste which is mined with ore in the mining process
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
Faulting	The process of fracturing that produces a displacement of rock
Footwall	The underlying side of a fault, orebody or stope
g	Gram
g/t	Gram per tonne
Grade	The quantity of metal per unit mass or ore expressed as a percentage in terms of ounces or grams per tonne of ore
Head grade	The grade of the ore as delivered to the metallurgical plant
In situ	In place, that is, within unbroken rock
Indicated Mineral Resource	An 'Indicated Mineral Resource' is the part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and has assumed, but not verified, geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability
JSE	JSE Limited, South Africa

Glossary of terms *(continued)*

Kg	Kilogram
Level	The workings or tunnels of an underground mine which are on the same horizontal plane
Life of mine (LOM)	Number of years that the operation is planning to mine and treat ore, taken from the current mine plan
m	Metre
Market capitalisation	The number of ordinary shares in issue multiplied by the closing price of the share as quoted on stock exchanges
Measured Mineral Resource	A 'Measured Mineral Resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological continuity
Metallurgical plant	Processing plant used to treat ore and extract the contained metals
Mill/milling	The comminution of the ore, although the terms have come to cover the broad range of machinery inside the treatment plant where the mineral is separated from the ore
Mineable	That portion if a mineralised deposit for which extraction is technically and economically feasible
Mineral Reserve	A 'Mineral Reserve' is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral Reserves are sub-divided in order of increasing confidence into probable Mineral Reserves and proved Mineral Reserves
Mineral Resource	A 'Mineral Resource' is a concentration (or occurrence) of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral Resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated and Measured categories
Mine call factor (MCF)	The ratio of the produced gold at the mill to the gold content of the ore calculated by sampling in stopes
Mineralisation	The presence of a target mineral in a mass of host rock
Mining Charter	The Broad-based Socio-economic Empowerment Charter for the South African Mining Industry developed in terms of Section 100 of the Mineral and Petroleum Resources Development Act of 2002, to set the framework, targets and timetable for effecting the entry of historically disadvantaged South Africans (HDSAs) into the mining industry
Mt	Million tonnes
Ore	A mixture of mineralised material from which at least one of the contained minerals can be mined and processed at an economic profit
Ounce	One troy ounce which equals 32.1507 grams
Pay limit	The break-even grade at which the orebody can be mined without profit or loss, calculated using forecast commodity prices, working costs and recovery factors, the cut-off grade
Payshoot	Linear to sub-linear zone within a reed for which gold grades or accumulations are predominately above the cut-off grade
PLATO	The South African Council for Professional Land Surveyors and Technical Surveys

Probable Mineral Reserve	A 'Probable Mineral Reserve' is the mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral reserve. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. The assessments demonstrate at the time of reporting that extraction is reasonably justified
Production	The day-to-day activities directed to obtaining saleable product from the mineral resource on a commercial scale. It includes extraction and other processing prior to sale
Proved Mineral Reserve	A 'Proved Mineral Reserve' is the economically mineable material derived from a Measured Mineral Reserve. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration 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
Recovery grade	The actual grade of ore realised after the mining and treatment process
Reef	A mineralised horizon containing economic levels of metal
Rehabilitation	The process of restoring mined land to allow appropriate post-mining use. Rehabilitation standards are determined and audited by the South African Department of 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 people, 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
Tpa	Tonnes per annum
Tpm	Tonnes per month
t/m^3	Tonnes per cubic metre
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 Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof Ext 28, Roodepoort,1709 on Friday, 26 November 2010 at 09:00 (South African time) to conduct the following business:

Ordinary business

1. To receive, consider and adopt the audited annual financial statements of the group and the company for the financial year ended 30 June 2010, 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 C C Barnes and E A Jeneker 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 pages 14 and 15 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 (shares) (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 (options), or to allot and issue instruments that are convertible to DRDGOLD securities (convertible instruments), (shares, options and convertible instruments collectively referred to as securities) for cash to such person or persons [defined as 'public', and who are not 'related parties', in terms of the JSE Limited (JSE) Listings Requirements 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 JSE Listings Requirements;

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 JSE Listings Requirements, 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.

Name of director	Number of options vesting until November 2011
DJ Pretorius	72 763
C C Barnes	222 212

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."

Ordinary resolution no 5

Amendment to the DRDGOLD (1996) Share Option Scheme

"Resolved as an ordinary resolution that the amendments to the DRDGOLD (1996) Share Option Scheme ("the scheme"), which have been incorporated into the revised scheme, a copy of which has been tabled at the annual general meeting and initialled by the chairman of the meeting for purposes of identification, be and are hereby approved"

Ordinary resolution no 5 is required, under the JSE Limited (JSE) Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of this resolution by all members present or represented by proxy and entitled to vote at the annual general meeting.

The revised scheme which reflects the proposed amendments will be available for inspection during normal business hours from 01 October 2010 to 23 November 2010 at the Company's registered address being Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof Extension 28, Roodepoort.

In order to comply with schedule 14 to the JSE Listings Requirements, the salient features of the proposed amendments to the scheme are set out as follows:

(i) The scheme has been amended to provide that amendments to matters specified in the JSE Listings Requirements must be approved by a majority of 75%.

(ii) The definitions of "employee" and "participant" have been amended to clarify which categories of employees qualify to participate in the scheme.

(iii) A new definition of "retrenched employee" has been inserted.

(iv) The basis upon which share options will be awarded has been specified, namely the critical nature and scarcity of an employee's particular skill and knowledge, as well as the strategic value of an individual's position to the company.

(v) No employee may be allocated more than 2 000 000 share options. If approved by shareholders this amendment will have the effect of reducing the aggregate number of shares which an individual employee is currently allowed to hold.

(vi) The fixed number of shares available for utilisation under the scheme will now be limited to 40 000 000. If approved by shareholders, this amendment will reduce the number of shares currently available for utilisation under the scheme.

(vii) The determination of the option price has been fixed in such a way that on the allocation date only the preceding seven trading days are considered.

(viii) A proposed amendment of the scheme provides that unexercised share options lapse after a period of 5 (five) years from the date of allocation. Currently share options lapse after a period of 10 (ten) years.

(ix) Prohibition of re-pricing and back-dating of share options is included.

(x) Clarification of how share options will be treated in instances of mergers, takeovers or corporate actions has been inserted to the scheme.

A proposed amendment gives the company directors the discretion to re-purchase unexercised options under certain strict conditions inter alia the liquidity test and solvency test must be satisfied, on the basis of the generally accepted method in terms of international accounting standards, like the Black Scholes valuation model.

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 JSE Limited (JSE) Listings Requirements 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 ordinary shares and convertible instruments and options where applicable in the company (DRDGOLD securities). The JSE Listings Requirements and the Act 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 JSE Listings Requirements 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;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% an aggregate of the initial number of the class acquired thereafter, a paid press announcement in compliance with the JSE Listing Requirements will be made;
- acquisitions are effected through the order book operated by the trading system of the JSE, without prior understanding or arrangement between the company and the counter party; 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 from the date of the company first acquiring securities under this general authority;
- the assets of the company and the group would be in excess of the liabilities of the company and the group for a period of 12 months from the date of the company first acquiring securities under this general authority, 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 will be adequate for ordinary business purposes for a period of 12 months from the date of the company first acquiring securities under this general authority; and
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months from the date of the company first acquiring securities under this general authority.

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 complied with its responsibilities set out in Schedule 25 of the JSE Listing Requirements.

Further disclosures relating to special resolution no. 2 required in terms of the JSE Listings Requirements are set out in Annexure 2.

Voting and proxies

On a show of hands, every DRDGOLD shareholder present in person or by proxy or represented shall have only one vote irrespective of the number of shares he holds or represents and, 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 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 [yellow] to be used for this purpose is attached to this notice of annual general meeting. Duly completed forms of proxy must be lodged 48 hours prior to the start of the annual general meeting (excluding Saturdays, Sundays and public holidays), as follows:

- DRDGOLD shareholders registered on the South African register, to Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to reach them by no later than 09:00 (South African time) on Wednesday, 24 November 2010; or
- DRDGOLD shareholders holding DRDGOLD ordinary shares in the form of American Depositary Receipts, to The Bank of New York, Proxy Services Department, 101 Barclay Street, New York, NY 10286 to reach them by no later than 02:00 (Eastern Standard Time) on Wednesday, 24 November 2010; or
- DRDGOLD shareholders registered on the United Kingdom register, to Capita IRG Plc, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU to reach them by no later than 09:00 (GMT) on Wednesday, 24 November 2010.

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

In respect of dematerialised shares, it is important to ensure that the person or entity (such as a nominee) whose name has been entered into the relevant sub-register maintained by a CSDP completes the form of proxy in terms of which he appoints a proxy to vote at the annual general meeting of DRDGOLD shareholders.

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

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

By order of the board

T J Gwebu
Company Secretary
16 September 2010

Registered office and postal address

In South Africa
Quadrum Office Park
Building 1
50 Constantia Boulevard
Constantia Kloof Ext 28
1709
(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
Capita Registrars PXS 34 Beckenham Road
Beckenham
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 JSE Listings Requirements 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 JSE Limited (JSE) Listings Requirements.

Directors and management

Details of the directors and management of the company are set out on pages 14 to 17 of the Annual Report that accompanies this notice of annual general meeting.

Major shareholders

Details of the major shareholders of the company are set out on page 113 of the Annual Report that accompanies this notice of annual general meeting.

Material change

Other than the facts and developments as reported in the Annual Report, of which this notice forms part, there have been no material changes in the affairs or trading position of the company and its subsidiaries from 30 June 2010 to the date of the audit report forming part of the annual financial statements.

Directors' interest in securities

The interests of the directors in the share capital of the company are set out on page 48 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 113 of the Annual Report that accompanies this notice of annual general meeting.

Directors' responsibility statement

The directors, whose names are given on pages 14 and 15 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 pertaining to Special Resolution No 1 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 JSE Listings Requirements.

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. 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. The responsibility rests with the respondent's attorneys to either apply to Court for a date of hearing or file replying affidavits.

2. 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 & 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;
- 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. The parties are discussing possible settlement of the mater.

3. 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 raised the point that the French Courts lack jurisdiction to hear the matter and also filed its defences on the merits of the case.

4. Dispute at the DRD Village

Dino Properties (Pty) 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 R 195 million which is alleged to represent the market value of the property. DRDGOLD is defending this action, however the parties have suspended the pleadings with the possibility of pursuing a settlement of the case.

5. 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:

- R 48 952 000 for loss of peat reserves;
- R 52 006 720 for removal of polluted peat, sealing of water in-flow & importation of unpolluted peat; and
- R 96 000 for importation of clean water for domestic use.

The defendants are defending this action and have also raised an exception on the basis that the claim is vague and embarrassing, and does not disclose a cause of action, however the parties have suspended the pleadings with the possibility of pursuing a settlement of the case.

Documents available for inspection

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

Form of proxy

DRDGOLD LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1895/000926/06)
Nasdaq trading symbol: DROOY
ARBN number: 086 277 616
Share code: DUR
ISIN: ZAE 000015079
(DRDGOLD or the company)

Form of proxy for DRDGOLD shareholders

For use only by DRDGOLD shareholders on the United Kingdom registers and with regard to the South African 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, Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof, Roodepoort on Friday, 26 November 2010 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):

	For	Against	Abstain
Ordinary business			
1. To receive and consider the audited annual financial statements for the 12 months ended 30 June 2010, 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.			
3. A: To re-elect Mr C C Barnes as a director of the company			
3. B: To re-elect Mr E A Jeneker 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			
Ordinary resolution no 5 To approve the amendment of the (1996) Share Options Scheme			
Special Resolution no1 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   2010

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 deems fit.

Please read the notes on the reverse side hereof.

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 proxy to cast his votes.

3. Should there be no indication in the appropriate box as to how the shareholder wishes his votes to be cast by his proxy then the proxy will be deemed to have been authorised to vote or abstain from voting at the annual general meeting as the proxy deems fit.

4. A DRDGOLD shareholder may instruct the proxy to vote in respect of less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A DRDGOLD shareholder who gives no indication as to the number of shares in respect of which the proxy is entitled to vote will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the shareholder's votes exercisable at the annual general meeting.

5. A complete form of proxy, to be effective, must reach the transfer secretaries in South Africa 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 who wish to attend the annual general meeting of DRDGOLD shareholders must instruct their CSDP or broker to issue them with the necessary authority to attend.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as power of attorney or other written authority) must be attached to this form of proxy unless previously recorded by DRDGOLD.

8. Any alteration or correction made to this form of proxy must be 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 share warrant at the bearer reception office of Capita IRG Plc, Capita Registrars, PXS, 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
Skadden, Arps, Slate, Meagher and Flom (UK) LLP
Edward Nathan Sonnenbergs Inc

Bankers

The Standard Bank of South Africa Limited

Offices

Registered and Corporate
Quadrum Office Park
1st Floor, Building 1
50 Constantia Boulevard
Constantia Kloof Ext 28
1709
South Africa

PO Box 390
Maraisburg
1700
South Africa

Tel: +27 11 470 2600
Fax: +27 11 470 2618

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

Administration and contact details *(continued)*

Share transfer secretaries

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

Tel: +27 11 630 0800
Fax: +27 11 834 4398

United Kingdom registrars and bearer office

Capita IRG Plc
Capita Registrars, PXS
34 Beckenham Road
Beckenham
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

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 11 742 1003
Fax: +27 11 743 1544

Ergo Mining (Pty) Limited
PO Box 390
Maraisburg
1700
South Africa

Tel: +27 11 742 1003
Fax: +27 11 743 1544

ErgoGold (formerly Elsburg Gold Mining Joint Venture)
PO Box 390
Maraisburg
1700
South Africa

Tel: +27 11 742 1003
Fax: +27 11 743 1544

DRDGOLD
LIMITED

www.drdgold.com