



TRANSFORMATION

— SOUTH AFRICA

MINING CHARTER

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

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

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

HUMAN RESOURCES DEVELOPMENT

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



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

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

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

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

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

programme. ABET levels are defined by the National Qualifications Forum (NQF). The programme is marketed to employees on a regular basis.

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

At Crown, the ABET programme, which is offered on a full-time basis, takes between three and four months. Employees continue to receive full pay while on the

course. The programme is held twice a year, with some 10 students per intake.

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

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

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

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

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

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

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

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

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

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

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

Each operation has in place a formal programme – known as the Talent Pool – to identify and fast track all employees with potential, with specific emphasis on HDSA employees. A number of candidates have been selected from each of the principal technical disciplines (mining, engineering, metallurgy and mineral resources)

and placed in a two-year learnership programme, offering a balance of theoretical and practical learning. The programme started in the fourth quarter of the year under review. Three students in mining and related fields, sponsored by the Lesedi Trust initiative, established by Khumo Bathong Holdings, gained practical experience at ERPM during the year.

At Blyvoor, the HDSA career development programme was formerly referred to as the Titans' programme. Eight of the original 10

programme members have been placed in full-time employment, while two are still in training (one pupil engineer and one human resources trainee).

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

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

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

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

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



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

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

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

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

MIGRANT LABOUR

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

Migrant employees (defined as non-South African rather than non-local) comprise 43% and 33% of the total workforce at Blyvoor and ERPM, respectively. Crown does not have migrant employees. DRDGOLD adheres to the various international agreements that are in place, and does not discriminate

in any way against foreign migrant labour. An amount of R2 million was spent on re-training retrenched mineworkers, including those from neighbouring countries, after the closure of the North West Operations in 2005. The company sponsored the cost of accommodation and transport, and supplied a midday meal, for the duration of the training programme.

COMMUNITY AND RURAL DEVELOPMENT

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

DRDGOLD recognises its responsibility to contribute to local communities.

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

Municipal elections were held during the year, and Blyvoor offered the use of its premises to the Merafong City Council.

A member of the Blyvoor NUM structure was elected as a councillor representing Ward 5. This is expected to facilitate Blyvoor's participation in a number of community projects.

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

HOUSING AND LIVING CONDITIONS

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

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

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

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

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

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

PROCUREMENT

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

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

The company has continued to make good progress in meeting targets in this area. At the end of the year under review, 48% of total

procurement spend had been placed with suppliers with some degree of HDSA ownership, compared with 26% in FY04.

OWNERSHIP AND JOINT VENTURES

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

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

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

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

BENEFICIATION

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

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

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

REPORTING

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