



## Letter from Mark NEW OUNCES IN AUSTRALIA

The process to diversify our operations which began some years ago is coming to fruition and we are now finalising the transaction which will 'reverse' our Papua New Guinea assets into a controlling shareholding in ASX-listed Emperor Mines (87%) and give DRDGOLD some \$30 million in cash.

The deal has been some six months in the making and I am pleased that we have now been able to deliver on this part of our strategy. Our new Emperor Mines will shortly have some new clothes and a market capitalisation of \$0.5 billion.

The 'new Emperor' will have a 'new look'. With 9,000 square kilometres of exploration tenement in Papua New Guinea (around Tolukuma) and 500 square kilometres in Fiji (Vatukoula), a considerable amount of focus will be on exploration. We have now assembled a team of geologists and will be supporting them with substantial exploration budgets to create 'new ounces' in the ground.

We have also been applying our geological skills acquired from our experience at Tolukuma to the Vatukoula mine. This has resulted in the development of an entirely new geological model which should support a much higher grade 'new mine' in the future.

I believe that there is great potential for new discoveries in these areas, both of which are generally under-explored in terms of modern geological knowledge.

The Emperor share price has risen from below 30 cents to around 45 cents (Australian) since we announced the deal on 17 November 2005. Every 10 cent move in the share price is worth US\$50 million to DRDGOLD shareholders.

We have completed our strategic vision of creating two self-sufficient, focused gold companies – DRDGOLD and Emperor. Both are now capable of growing independently of each other and supporting their own strategies.

I think I can promise some exciting times ahead!

Regards,

**Mark Wellesley-Wood**  
Chief Executive Officer  
6 April 2006

## Emperor focuses on Vatukoula and launches \$15m Pacific gold hunt

With the acquisition of DRDGOLD's Papua New Guinean gold assets now finalised, Emperor Mines is moving fast to return Vatukoula, its Fijian gold mine, to profitability and to launch a substantial Pacific-focused exploration programme.

Vatukoula, which has been in operation for more than 70 years and produced some 7 million ounces of gold with another 5 million ounces in the ground, has been under cost and grade pressure.

The first stage of the new strategy involves targeting higher grade ore, which will lower the mill throughput, which in turn should decrease costs. The priority focus is the Philip Shaft, which is currently being upgraded.

"There is a lot more emphasis on bringing higher grade tonnes out of the Philip Shaft. We have been pumping a lot of hot water out of that region, which is exposing more resources available for mining at depth," says Mark Wellesley-Wood.

Additionally, Emperor, which is now the third largest gold producer on the Australian Stock Exchange (ASX), has embarked on one of the biggest exploration campaigns in the Pacific region.

Over the next two years A\$15 million will be spent exploring Fiji and Papua New Guinea (PNG) – considered to be the biggest programme conducted in either country for many years.

In Fiji, A\$4 million will be spent at Vataukoula and another A\$4 million is slated for exploration and remodelling to the south-west at Emperor's Tuvatu Gold Project.

The move is already paying dividends with the latest underground diamond drilling near the Philip Shaft providing confidence to continue drilling the area with the intention of incorporating it within the mining plan.

In PNG, where Emperor controls 9,000 square kilometres of near-mine and greenfields exploration tenements as well as an extensive database which includes more than 35 years of data, A\$7 million has been budgeted for exploration.

"Both countries are significantly under-explored yet exhibit highly prospective characteristics," says Mark. "This puts Emperor in the unique position of being able to become a powerful new mining force, both in the Pacific region and the ASX gold sector."



Fiji's Vatukoula gold mine, where A\$4 million will be spent in the next two years as part of Emperor's overall exploration campaign

## Highlights from DRDGOLD's half-year

Mark Wellesley-Wood comments on developments across DRDGOLD Limited for the half year ended 31 December 2005.

"We have achieved our objective of creating two stand-alone businesses, which can develop and grow independently. DRDGOLD SA Operations has major long-term prospects in Africa, both within South Africa and beyond.

"In South Africa, the contribution of gold from surface sources is notable. Surface production (including Crown, which became fully attributable during the period) rose by 14% to 80,763 ounces (2,512kg) compared with the previous six months. By contrast, total underground production from Blyvoor and ERPM was 5% down on the previous half year.

"Another exciting development is that DRDGOLD SA has been granted prospecting rights for two major projects, the Sallies lease area (next to ERPM in the Boksburg area), and the Argonaut project south of Johannesburg.

"Taken together, the two projects should enable us to mine 11 million ounces more gold in South Africa. In the Sallies lease area, if we obtain the good grades we are getting at ERPM, we could extend ERPM's life of mine to over 20 years from its current planned five-year life.

"The Argonaut project involves mining to depths as great as 5,000 metres in areas previously mined to half that depth. Naturally, mining at such depths poses major challenges if we are to mine both safely and profitably, and these have been the subject of intensive research."

## New appointments herald new direction for Emperor

Recent appointments to the Emperor board and executive herald the start of a new era as the company looks to meet new targets aimed at substantially boosting its overall production profile.

Former N. M. Rothschild & Sons (Australia) Managing Director, Robert McDonald, has been appointed as a non-executive director while ANZ Bank's former Global Head of Project and Structured Financing, Clyde Moore, has been appointed director and Chief Financial Officer of Emperor. Clyde will be responsible for Emperor's financial, legal and strategic business development matters.

Engineer and geologist Rod Huntley has joined Emperor as Senior Geologist. Rod was previously a business specialist with Rio Tinto.



Emperor's new Chief Financial Officer, Clyde Moore

# DRDGOLD Investor Brief

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## Meet Buti Biloane



Buti Biloane: Assistant HR Manager, ERP

Buti Biloane has been appointed Assistant Human Resources Manager, ERP.

"We've got a great team at ERP. The new, longer life-of-mine plan has given people renewed commitment and focus, and – a major step forward – we have recently concluded a health and safety agreement with the unions," says Buti.

He adds: "We will also be focusing on productivity improvement initiatives such as streamlining communications and industrial relations, introducing production-related courses and Adult Basic Education and Training."

Buti moved to Crown Gold Recoveries (CGR) in 1995, gaining experience in both training and human resources. Before this, he spent nearly 10 years at AngloGold Ashanti's Ergo operation, where he worked in production and training.

In 2003, Buti returned to metallurgy and was appointed Assistant Plant Superintendent responsible for the Crown plant, one of three plants making up CGR. "Last year, I decided I would like

to move back into HR, my field of expertise, and was very pleased when this opportunity came up."

Buti's early career was spent with 3M, a major international technology and manufacturing group. "I was in sales, which involved spending a lot of time on the road and became quite tiring, as I had a large area to cover. I was one of the first group of black sales reps in the company, and there were some challenging moments," recalls Buti. "I eventually decided that the constant travelling was taking its toll on family life – hence the move to Ergo."

One of Buti's career highlights was obtaining his degree (a BA in Industrial Psychology and Sociology through Unisa) in 2002, and he pays tribute to SA Operations' HR Manager Wayne Swanepoel for his encouragement. "Wayne is a great believer in life-long learning. Studying part-time means burning the midnight oil at times, but he kept me motivated."

Buti is currently busy with an Advanced Diploma in Labour Relations through the University of Johannesburg.

## On the safety front

Blyvoor won the West Rand Mine Managers' Inter-Mine Safety Competition in 2005 for the eighth year in a row with a lost-time injury frequency rate (LTIFR) of 8.579. Its nearest competitor scored 10.676.

In 2004, Blyvoor's average LTIFR for the year was 6.94. Only a mine's underground operations can be entered for the West Rand Mine Managers' Inter-Mine Safety competition. The performance of the LTIFR, which measures lost-time injuries per million man-hours, determines the winner.

"Although winning the trophy is a great achievement, that's not the main issue: safety is not about winning competitions, it's about keeping people safe and it's about total commitment from everyone on the mine," says Chief Safety Officer Willie Nelson.

## Opportunity for young talent

Identifying young people with talent and the potential to achieve senior positions is an important part of CGR's business improvement initiative.

On 30 November last year, five such people were given the opportunity of making a presentation to top management. Plant metallurgists Lebo Modise and Sandile Lamani, plant accountant Sibusiso Radebe and general engineering superintendent Willie Berhardt spoke about CGR's business improvement strategies, which focus on reducing costs and increasing profitability at each of the three plants

Lebo presented on behalf of City Deep, Sandile and Sibusiso on behalf of Knight's plant, and Willie on behalf of Crown. The presentations, attended by Mark Wellesley-Wood and the CGR Exco team, were followed by a lively question and answer session.

## Profile: Ben Nyirenda

"The formation of DRDGOLD SA Operations has provided us with enormous opportunities, both in diversifying geographic risk, through expansion into Africa, and in adopting new technologies and mining methods in higher margin assets," says Ben Nyirenda, DRDGOLD's SA's recently-appointed Head of New Business.

"DRDGOLD's traditional expertise has been turning around old, deep-level, high-cost projects; we're now going to be looking at expanding smaller operations as well as open-pit projects and greenfield exploration," he explains.

Ben's appointment follows a distinguished career in mining and consulting. Ben completed his first degree (in Mathematics) at the University of Malawi in 1986. This was followed by a BSc (Hons) in Mining Engineering at the Camborne School of Mines in the UK in 1991.

Ben's career began at Gold Fields' Kloof Mine in 1991. "I completed the learner officials' programme and was one of the first black shift bosses in Gold Fields," he recalls proudly. After obtaining his Mine Manager's ticket, and a stint in the Mineral Economics division at Gold Fields' head office, Ben moved to Anglovaal in 1995 as Project Engineer.

"The Target Project in the Free State was just starting up," he recalls, "and it was exciting being part of the project team." The Target Project was set up to develop gold resources north of Lorraine Gold Mine on the Welkom Goldfields, and made use of a level of mechanisation which was revolutionary at the time.

In 1997, Ben returned to full-time study, completing an MBA at Wits Business School in Johannesburg. He had previously obtained a Graduate Diploma in Engineering (GDE) at Wits on a part-time basis, which he converted to an MSc in Mining Engineering on completion of the required thesis. He has been registered as a Professional Engineer with the Engineering Council of South Africa (ECSA) since 1998.

Ben was recruited straight out of the Wits Business School in



Ben Nyirenda, DRDGOLD SA: Head of New Business

1998 for a spell in consultancy, first with Deloitte Consulting and then with Nedbank.

The mining industry still called, however, and Ben joined De Beers in early 2003, where he was part of a small strategic projects team dealing with governance issues related to a number of major new projects.

Ben moved to DRDGOLD in mid 2004, first as Technical Services Manager (Projects) at Blyvoor and then as Production Manager, North West Operations. With the formation of DRDGOLD SA Operations in January this year, Ben assumed his current position. "My career to date has given me an excellent grounding for this job," says Ben "as you need a combination of technical and financial skills, and the ability to operate in a multi-disciplinary environment."

## Record at Blyvoor

During February, 300,925 reclamation tonnes were treated at Blyvoor plant, the largest volume in the mine's history. A function to celebrate this achievement was held at the mine de-briefing session in mid-March.

**DRDGOLD**

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