



## DRDGOLD Investor Brief

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July 2008

### People on the move

Niel Pretorius has been appointed Managing Director (South Africa) for DRDGOLD Ltd.

Craig Barnes (see profile below) has been appointed Chief Financial Officer and an Executive Director of DRDGOLD Ltd.

Bruce Ebell has been appointed Manager Metallurgical and Technical Services of Ergo Mining.

### Profile – Craig Barnes



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 (Honours) degree from the University of South Africa (UNISA). Craig has over 10 years' financial experience; prior to joining DRDGOLD he was with Liberty Group Limited for almost seven years, most recently as Head of Financial Reporting. Craig was appointed as Chief Financial Officer of DRDGOLD SA in July 2006 and Chief Financial Officer of DRDGOLD in May 2008.

## The Ergo story...looking ahead

Work has begun on Phase 2 of Ergo Mining, the dump retreatment joint venture (JV) recently established between DRDGOLD SA and Mintails SA. This involves exploring the feasibility of recovering uranium and sulphuric acid from the gold-bearing dumps. The outcome of the feasibility study, if favourable, could lead to the commissioning of both uranium and acid plants in 2010. Bruce Ebell, formerly of engineering firm Bateman, recently joined Ergo Mining as Manager Metallurgical and Technical Services to head up this phase of the project.

"SGS Lakefield is currently busy with metallurgical test work to develop a flow sheet for recovery of the mineral content in the tailings. Bateman Engineering has been commissioned to conduct the prefeasibility study on the uranium content of the tailings and Outotec has been commissioned to carry out a prefeasibility study on recommissioning the acid plant," says Bruce. Bruce is no stranger to DRDGOLD, having previously worked at Crown Gold Recoveries for seven years. He left the company as Group Consulting Metallurgist in 2002. "It's good to be back, and Ergo



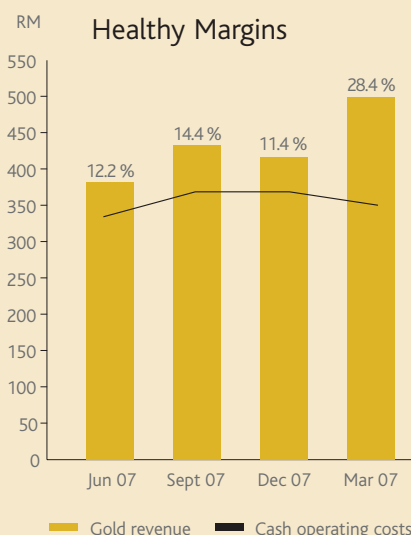
Mining offers a lot of exciting challenges and opportunities," he says.

## Safety milestone for Blyvoor

Blyvoor Gold Mine (Blyvoor) achieved one million fatality free shifts on 23 June. "This took us eight months and four days: the last fatality at Blyvoor occurred on 19 October 2007," says Blyvoor General Manager Collie Russouw. "This outstanding achievement is entirely attributable to the team's dedication and focus."

After the previous fatality, an extensive system of safety audits and cross-audits was implemented.

Various safety campaigns have been implemented throughout the year, focusing on all workplace processes as well as compliance with Sections 22 and 23 of the Mine Health and Safety Act. A behaviour-based safety initiative was also recently launched at Blyvoor (see previous issue of *Investor Brief*). "We achieved a great milestone on 23 June, but our focus must be towards achieving two million fatality free shifts – today we take the first step on that road," says Collie.



## Speaking to investors

Focus on the sustainability of existing operations is critical in the gold mining industry. This was the message John Sayers, CEO of DRDGOLD Ltd, conveyed to investors and analysts at the Africa Mining Congress 2008, held in Johannesburg on 10 June.

"The gold mining industry has largely fallen flat on its face as far as return on capital to shareholders is concerned," he said. "Gold mining's failure as an investment has been driven in major part by an urge to grow reserves and resources rather than to support existing operations. We don't believe that valuation parameter works particularly well."

DRDGOLD's strategy of focusing on its mix of underground and surface South African assets had paid off, John continued, and provided the perfect springboard for future growth.

The company's healthy margins and strong balance sheet mean that it is in a position to fund its near-term projects without needing to raise capital. Short-term projects include the Blyvoor Way Ahead Project (R36.7 million), the Top Star dump (R34.4 million) and Ergo Phase 1 (R192.2 million). Insofar as ERPM is concerned, a pre-feasibility study has been completed in respect of Phase 1 of the planned expansion programme. Phase 2 will be reviewed after the completion of the feasibility study, scheduled for 2010.



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## Opportunity favours the prepared mind

"Through achieving a balance between recruitment of employees and the development of skills we can grow to be a great company," said DRDGOLD Ltd's Managing Director Niel Pretorius at the opening of DRDGOLD SA's Junior Leadership Development Programme which took place on 10 June at the Ergo Training Centre in the East Rand.

The main objective of the programme is to develop talent and potential, readily available within DRDGOLD SA, into expertise.

The programme is based on the following four pillars: operational excellence, excellence in safety, development and dynamic diversity and is focused primarily on developing management skills amongst the many talented employees of DRDGOLD SA.

It comprises seven modules each requiring between three to seven months to complete. The course will also entail intensive practical training accompanied by comprehensive assessments. Candidates who have successfully completed the programme will receive a Junior Leadership Programme Certificate accredited by the Mining Qualifications Authority (MQA).

## Good prospects for African mining

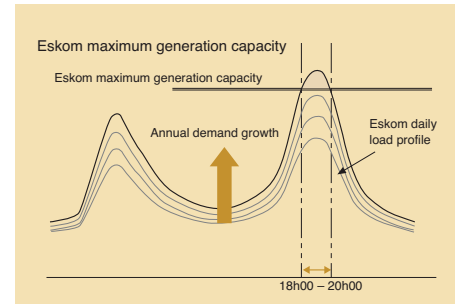
As part of the recent Africa Mining Congress, Niel Pretorius, DRDGOLD Ltd's Managing Director (South Africa) took part in a panel discussion to debate the issues that could hinder access to mineral resources in Africa. The panel agreed that the mineral resources available constituted an attractive incentive, and that new business models would have to be developed to deal with such issues as lack of infrastructure. Niel commented that, in politically unstable countries, mining companies would be likely to exploit shallow, quickly accessed deposits and move on. In more sophisticated, regulated environments, mining companies would invest more money in building long-life mines. All agreed that the continent was moving towards greater political stability which could potentially attract a significantly more mining investment in future.

## Coping with the energy crisis

In common with all South African mining companies, DRDGOLD SA has focused its attention on coping with the national electricity crisis.

'Load shifting' – a process which involves reducing operations' consumption of electricity during peak consumption times (between 06:00 and 10:00, and between 18:00 and 20:00 in the evenings, when demand is greatest from domestic and retail users) – is one of the strategies involved.

"An example of this is the 'intelligent pumping' introduced at Blyvoor," says Regional Engineering Manager Kevin Kruger. "Water is stored during peak periods and pumped during off-peak periods. This does not reduce total energy consumption, but helps Eskom



by reducing demand at peak times, and provides the mine with significant cost savings – some R100 000 per month – through the cheaper off peak tariff." The capital requirement of R22 million was fully funded by Eskom.

## Solving an environmental conundrum

DRDGOLD SA (together with Mogale Gold Mines Limited and Harmony Gold Mining) is one of the founding partners of the Western Basin Environmental Corporation (WBEC), a Section 21 (not for profit) company formed to manage the process of environmental water rehabilitation associated with acid mine drainage (AMD) in the Western Basin area surrounding Randfontein in Gauteng. (AMD is an acid solution generated when exposed ore comes into contact with water and air. Mining operations across the Witwatersrand have, over a century and more, left behind numerous shafts and cavities that have filled with water. This water requires treatment before it is discharged into the environment.)

"WBEC has been granted the right to register as a water services provider (WSP)," explains DRDGOLD SA Regional Engineering Manager Kevin Kruger. "This entitles it to remove water from the mining operations with which it is associated, treat this to a specified quality and sell it into the industrial market. None of the mining companies involved with WBEC will profit financially from the treatment and selling of this water, but all will benefit from its success by being able to implement closure strategies for their operations."

WBEC has entered into a management agreement with the Western Utilities Corporation (WUC), which will construct a state-of-the-art water treatment plant capable of processing 75 Megalitres of AMD per day to industrial quality. "The chemical precipitation treatment involves removing heavy metals and sulphates from the contaminated water," says Kevin.

"It also converts various by-products back into raw materials, which can be sold or re-used to reduce processing costs."

The key to the sustainability of this venture rests on the plant's ability to produce water of suitable quality for on-selling to high-volume industrial users, such as the expanding nearby platinum mines. Using this water to meet industrial demand will also have the benefit of improving availability of potable water for the surrounding communities.



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