

DRDGOLD Investor Brief

LETTER FROM MARK

Was I pushed or did I jump?

That was the media speculation surrounding the announcement of my retirement on 2 November. Let me share with you events as they unfolded.

Some poor results from Emperor Mines and some misunderstandings about why we decided to redeem our senior convertible financing in cash got in the way of a well-orchestrated succession debate. CEO succession does not happen overnight and actually occurs independently of results or any other timetables.

I signed a 12-month contract for 2006 because I could see the way the company's structure was going and I wanted to develop a management team that 'could do without me'. This is at the heart of responsible succession planning and was agreed by the Board.

In April, I recruited Brad Gordon to take over as CEO of Emperor Mines, and I came off Emperor's Board in June. In September, I appointed Niel Pretorius as CEO of DRDGOLD SA, and in October our BEE partners took up their option to acquire 26% of DRDGOLD SA, putting us on track to fulfil the requirements of the South African Mining Charter.

Now, can anyone see a pattern emerging here?

I have appointed two new CEOs over two new subsidiaries and restructured (in a corporate sense) both the South African and Australian legs of the business. One of these is now doing well: we will have to wait a while to see the other's results.

Now the job of running DRDGOLD is become simpler. In fact, at the top of the structure, although it still controls both 'legs', DRDGOLD Ltd is more of a strategic holding company than an operating mining company. In many ways, I have become redundant (or too expensive, depending on your view).

So why am I moving on?

First, we now have strength in depth with the existing team. Secondly, the key milestones have been achieved. And, finally, the generals who win the wars are not always the right politicians to manage the peace. It is time to let someone else have a go.

I hope their task will be easier than mine has been and that, now that DRDGOLD has become less prone to the 'banana skin' routine, our share price will soar.



I sincerely believe this can happen and bought some more shares last week to seal my conviction. Thank you all for your support and perseverance in the hard times, and let the good times now roll!

Yours,

Mark Wellesley-Wood

Chief Executive Officer
21 November 2006

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10 years on NASDAQ

DRDGOLD Limited recently celebrated the 10th anniversary of its listing on NASDAQ, the largest electronic stock market in the United States. On 2 November, Mark Wellesley-Wood, accompanied by Non-Executive Chairman Geoff Campbell and Group Strategic Development Officer Ilja Graulich presided over the market close.

"The US is the largest capital market in the world, and through NASDAQ we can access this capital efficiently," says Ilja. "We trade some 90% of our volume on NASDAQ every day – this in total is some 400% of our issued share capital per year."

DRDGOLD Limited is the seventh most traded stock by volume of all foreign companies listed in the USA.

MANAGING THE ENVIRONMENT at Blyvoor

As part of its comprehensive environmental management and rehabilitation programme, Blyvoor has embarked on a campaign to stop the spread of invasive alien trees in the open areas of the mine property.

Blue Gum (*Eucalyptus*) trees were extensively planted many years ago because they absorb water, and were an efficient means of taking up any seepage in the soil adjacent to the slimes dams. "The Department of Water Affairs and Forestry (DWAF) has now ruled that, in a country where water is a scarce resource, this is no longer appropriate," says Environmental Manager Doug Jenner. "These trees are being removed by a local contractor, and will be replaced with suitable indigenous *Acacia* species."

Good progress is also being made with vegetating tailings dams. "There are 10 tailings dams on the mine property," explains Metallurgical Manager Matt Stratton. Number 6 still has a planned life of some 15 years, but vegetation is in progress on the others.

"The soil is naturally very acid," says Matt "so we add lime to counteract this, and fertiliser to improve the soil's growth potential. We plant the sides of the slope with a cocktail of grass and groundcover seed, as recommended by DWAF." A number of plants,



Matt Stratton and Doug Jenner

such as *Carpobrotus* species, provide valuable information on the soil's composition, as they change colour according to its chemical content.

DRDGOLD Limited repays convertible bond

DRDGOLD Limited announced on 16 November that it had repaid in full its outstanding Senior Convertible Notes due 2006.

"We raised the money in November 2002 to fund our new acquisition and expansion programmes," says Group Strategic Development Officer Ilja Graulich. "The most significant of these were the initial purchase of a 19.9% stake in Emperor Mines, and

building the new surface plant at the Blyvooruitzicht mine in South Africa." DRDGOLD's stake in Emperor Mines, the third-largest gold producer listed on the Australian Stock Exchange, is now 78.72%.

The aggregate principal amount of the notes is US\$66 million, plus all accrued original issue discount and interest. DRDGOLD's obligations under the Notes have now been satisfied and discharged.



Mining resumes at Philip Shaft

Production at Philip Shaft, at Emperor Mines' Vatukoula Gold Mine in Fiji, recommenced on 14 November.

Production at the shaft was suspended following an incident in October, when a skip-cage fell down the shaft, along with some 900 metres of wire cable, following

routine shaft maintenance. Power and water services to the lower levels of the mine structure were damaged. "The team who worked on the shaft and conveyance repairs did an excellent job, and I am delighted that we have been able to resume mining earlier than anticipated," says Vatukoula General Manager Frazer Bouchier.

Meet Louisa Zondo

On 8 August, DRDGOLD SA announced the appointment of Advocate Louisa Zondo, the General Counsel for South African Airways, as a Non-Executive Director. Louisa was previously CEO of the National Nuclear Regulator, a post she assumed in 2001.

In addition to B Proc and LLB degrees, Louisa has a Master of Laws degree with a specialisation in public law from the London School of Economics and Political Science.

Louisa has previously worked in community organisations and practised as an advocate, as well as holding senior appointments in the Constitutional Assembly of South Africa and the South African Human Rights Commission.

"I look forward to my association with DRDGOLD SA. A non-executive's director's role is a challenging one; you need to be independent and knowledgeable, and contribute appropriately towards the achievement of the company's objectives. This includes giving fresh, objective input into the company's strategy, safeguarding the interests of shareholders and other stakeholders, as well as striving for sustained relevance of the company in a changing social, economic and political environment locally and globally."

"I am excited by the prospect of learning from and sharing knowledge with various people at DRDGOLD SA, and gaining exposure to some of their skills and knowledge."



John Sayers joins Emperor Mines Board

On 13 November, Emperor Mines announced that John Sayers, Chief Financial Officer of DRDGOLD Limited, had been appointed as a Non-executive Director and member of the Emperor Mines Limited Audit Committee.

Exploration continues in Papua New Guinea

Exploration at Tolukuma in Papua New Guinea (PNG) during the September quarter focused on the continued delineation of the Zine structure and drilling in the Fundoot area. Ridge and spur sampling and trenching has also been completed to generate targets to the south and west of the Degot/Fundoot area.

"Drilling has continued to intersect encouraging results from both the Fundoot and Zine areas," says Brad Gordon, CEO of Emperor Mines. "We continued our exploration efforts to define the lateral and vertical extent of mineralisation on the Zine Mid pod. Drilling is continuing on both the Zine North and Zine South pods, and these programmes are expected to continue into Q1 2007."

The upper Fundoot zone, which has been the target of drilling since July 2006, is located some 100m south of the Degot portal at the end of the current pit workings at Tolukuma. Trenching in the area has exposed several veins which have returned results up to 404g/t of gold

September quarter KEY FEATURES

Group gold production for the September quarter increased by 14% to 150 197oz.

The increase in Group gold production resulted from a 41% increase in attributable gold production from the 78.72% held Australasian operations of Emperor Mines. The increased production of 58 858oz was mainly attributable to the Vatukoula Mine in Fiji coming back on stream after a planned shutdown in the previous quarter.

Production from the South African operations was slightly higher at 91 339oz. The Crown surface operation reported a 16% increase in gold production while Blyvoor was stable at 40 477oz and ERP was 12% down, mainly as a result of an 8% drop in underground grade.

Revenue from the South African operations was 10% higher at R406.2 million, and after accounting for cash operating costs – 11% higher at R329 million – cash operating profit was 3% higher at R77.2 million. By contrast, revenue from the Australasian operations was 50% higher at R235.9 million but, after accounting for a 140% increase in cash operating costs to R236.9 million, a R1 million cash operating loss was recorded, compared with a cash operating profit of R58 million in the previous quarter.

from isolated rock chip samples. Sporadic high grades and visible gold have been commonly noted, and drilling during the quarter intersected encouraging grades of mineralisation in a number of holes.

Communications update

The DRDGOLD website has been revamped – check the new look on www.drdgold.com.

The DRDGOLD Limited Annual Report was published on 17 October 2006.

Also available on the website is the full text of the article entitled *I don't work for Crapco!* Mark Wellesley-Wood commissioned independent writer Kerry Swift to research and write about the events surrounding the closure of North West Operations. Read the result ...