

Letter from the CEO



Dear stakeholder

At DRDGOLD, we are deeply conscious that our activities affect myriad stakeholders: employees, unions, communities, investors, government and regulators, non-governmental organisations, suppliers, contractors and members of the general public. We also acknowledge that, as a South African company, we need to play a role in transforming the economy and society to redress the imbalances of the past. This ranges from developing employees from the ranks of the previously disadvantaged to supporting community projects that will create sustainable livelihoods.

This was a challenging year for the mining industry in South Africa in general and at DRDGOLD, we experienced some serious operational difficulties. Safety and risk considerations meant that we had no choice but to stop underground mining at ERPM, while the loss of high-grade panels at Blyvoor combined with the strengthening of the rand and an increase in the cost of electricity of 33%, resulted in our starting the process of right-sizing Blyvoor shortly after year-end. These decisions were not taken either lightly or easily. We know only too acutely that each of our employees supports a number of dependants and that job losses have a knock-on effect in the surrounding communities. However, had we not acted as we did, we would have put lives in danger and the company's future in jeopardy with, potentially, far greater negative results.

Certainly it is at times like these that sustainability assumes even greater significance. It demonstrates the value of people gaining the skills to ensure lifelong employment and the importance of the development and diversification of the local economy so that communities can continue and prosper when mining activities decrease or stop completely. In this respect we are proud of the Ekurhuleni Business Development Academy (EBDA) which we have

established in partnership with our Ergo Mining joint venture partner, Mintails. We are confident that this educational facility will set many an individual on the road to successful entrepreneurship and play a major part in starting small and medium enterprises throughout Ekurhuleni. More details about EBDA can be found in the Community section of this report.

Safety issues

Of all the aspects of sustainability that we cover in this report, safety is the most important. It is with deep regret that we must advise that five people died in work-related incidents at DRDGOLD operations during the 2009 financial year. We extend our condolences to the families, friends and colleagues of those who lost their lives: Aron Maqoma (16 August 2008), Velelo Mshuwya (4 September 2008) and Annanias Timbe (8 October 2008) at Blyvoor, and Pieter Jonker and Fernando Vate, both on 19 September 2008, at ERPM.

Of some encouragement is the fact that no fatalities occurred at any of our operations during the second half of the year and that, apart from the Fatal Injury Frequency Rate, which rose from 0.128 in the previous year to 0.178, there were improvements recorded in all the other safety indicators. The Reportable Injury Frequency Rate went down from 3.61 to 2.62, the Lost Time Injury Frequency Rate from 8.67 to 7.60 and the Dressing Station Injury Frequency Rate from 39.59 to 24.55.

There is no complacency on our part, however, and we will continue with operation- and issues-specific safety campaigns. Fundamental to safety is to bring about a change in the sort of behaviour that places employees at risk and to encourage safe work practices at all times. For this reason we launched a behaviour-based safety intervention during 2009. No 6 Shaft is the pilot site for this process, which will then be rolled out to the rest of Blyvoor,



followed by the other DRDGOLD operations. We trust that this will lead to further improvements in our safety performance in the 2010 financial year.

Progress with transformation

We are pleased to have made further progress in terms of meeting the requirements of the Mining Charter. At Blyvoor, the percentage of historically disadvantaged South Africans (HDSAs) in management rose from 18% to 25%; Crown reached 33% in 2009. At 9.3%, Crown is close to meeting the Mining Charter's target of women making up 10% of the workforce while at Blyvoor women comprise 7.5% of the employee complement, up from 6.5% last year.

We are committed to nurturing talent within the company through learnerships, internships and tertiary education programmes. During 2009 we ran a very successful group-wide pilot Junior Leadership Programme which combined theoretical with practical study.

Environmental challenges

Acid mine drainage (AMD) in the Witwatersrand Basin poses an environmental threat and it is a challenge that DRDGOLD is facing together with several other mining companies. Cost-effective, sustainable solutions need to be found. Together with those players, DRDGOLD participates in two Section 21 companies, the Western Basin Environmental Corporation and the Central Basin Environmental Corporation. We are hopeful that this consultative approach will find long-term, workable solutions. These companies have commissioned Western Utilities Corporation, a wholly owned subsidiary of AIM-listed Watermark Global plc, to develop a holistic, integrated plan. Progress is being made towards the establishment of large-scale water treatment plants with the right technology to

treat AMD to produce both drinking and industrial water. More detailed information on this can be found in the Environment section of this report.

Towards sustainability

This is DRDGOLD's second Sustainability Report which we have aligned with the requirements of the Global Reporting Initiative's G3 guidelines. We have declared a C level of reporting for the 2009 financial year.

We acknowledge that we still have a long way to go before we meet many of the GRI requirements. What is important, however, is that we have set these goals for ourselves and are moving in the right direction. The board's establishment of the Transformation and Sustainable Development Committee towards the end of the last financial year is further evidence of our commitment. With an independent, non-executive chairman at its helm, this committee is charged with ensuring that DRDGOLD conducts its business in a manner conducive to the attainment of internationally acceptable sustainability standards and with promoting transformation.

There is a feedback form at the back of this report and we would appreciate hearing from our stakeholders. Let us know what you think about this report and where we can improve.

Niël Pretorius
Chief Executive Officer
16 September 2009