

# ECONOMIC PERFORMANCE



## KEY FEATURES

- Production from continuing operations of 308 005 ounces
- Dividends of R37.7 million paid to shareholders
- Revenue from continuing operations of R1 843.9 million
- Net profit from continuing operations of R154.4 million
- Strong balance sheet with cash equivalent to R2.25 per share
- Capital investment of R267.2 million
- R731.1 million spent with vendors with HDSA/BEE ownership

DRDGOLD is South Africa's fourth largest gold producer and, as such, it has an impact on many thousands of stakeholders: employees and their dependants, investors, suppliers and the members of surrounding communities.

The Annual Report contains detailed information relating to the financial performance of DRDGOLD in both operational and investment terms. The table on the opposite page shows the value generated by the group during the year as well as the value disbursed to employees, shareholders and providers of capital, to suppliers, to the state through taxes, and to communities through corporate social investment.

## BLACK ECONOMIC EMPOWERMENT

DRDGOLD's black economic empowerment (BEE) partner is Khumo Gold, which has a 20% holding in DRDGOLD SA. Khumo also facilitated the incorporation of a further 6% into an employees' trust. The group has thus already met the BEE equity target of 26%, set by South Africa's Broad-based Socio-economic Empowerment Charter (the Mining Charter) for 2014.

## PROCUREMENT

There is a procurement policy in place that gives HDSA suppliers preferred status.

DRDGOLD has made good progress in terms of procuring goods and services from historically disadvantaged South Africans (HDSAs). At the end of FY08, 63% (FY07: 54%) of total procurement spend had been placed with HDSA suppliers.

## MINING RIGHTS

South Africa's Mineral and Petroleum Resources Development Act (MPRDA) requires mining companies to convert their old order mining and prospecting rights to new order rights. These applications must be lodged by 30 April 2009. Before the Department of Minerals and Energy (DME) grants conversions, however, companies have to meet a number of conditions which are set down in the Mining Charter and its Scorecard.

Applications for conversions must be accompanied by Social and Labour Plans (SLPs), setting out the company's detailed proposals for meeting targets set out in the Charter within a five and a 10-year time frame from the date of submission.

Proof of the company's ability to manage and mitigate environmental degradation must also be provided. Applications for new mining rights and prospecting rights have to comply with the same conditions.

DRDGOLD SA submitted conversion applications for Blyvoor and ERPM in the first half of FY08 and for Crown in May 2008. The DME is currently considering these applications.

New mining rights applications have been submitted for the Benoni slimes dam – the first dam which will be treated through the Ergo plant – and for ERPM Extension 1.

An application for a mining right for the Top Star dump was granted after year-end – in August 2008.

## VALUE-ADDED STATEMENT

### for the year ended 30 June 2008

Value added is defined as the value created by the activities of a business and its employees and in the case of DRDGOLD it is determined as the sale of precious metals less the cost of materials and services. The value-added statement reports on the calculation of value added and its application among the stakeholders in the group. The statement shows the total value added and how it was distributed, taking into account the amounts retained and reinvested in the group for the replacement of assets and development of operations.

	2008		2007	
	Rm	%	Rm	%
<b>Value added</b>				
Sale of precious metals	1 933		2 210	
Less cost of materials and services	(1 080)		(1 473)	
Value added by operations	853	90	737	96
Income from investments	95	10	29	4
<b>Total value added</b>	<b>948</b>	<b>100</b>	<b>766</b>	<b>100</b>
<b>Value distributed</b>				
<b>Employees</b>				
Salaries, wages and other benefits	658	69	628	82
<b>Government</b>				
Current taxation	46	5	6	1
<b>Providers of capital</b>				
Dividends to shareholders	–	–	–	–
Interest on borrowings	36	4	99	13
<b>Total value distributed</b>	<b>740</b>	<b>78</b>	<b>733</b>	<b>96</b>
<b>Reinvested in the group</b>	<b>208</b>	<b>22</b>	<b>33</b>	<b>4</b>
Depreciation	70		179	
Reinvested in the group	138		(146)	
<b>Total value distributed</b>	<b>948</b>	<b>100</b>	<b>766</b>	<b>100</b>