CEO'S REVIEW OF OPERATIONS

Much of the 2005 financial year (FY05) was characterised by enormous trials and tribulations in respect of our South African operations, much of which were induced by the continuing strength of the Rand and consequent lower average Rand gold price received, about which I have more to say under the Gold Market section of this review. Nor were our Australasian interests without challenges of their own of varying degrees of significance. Nevertheless, we reached year-end considerably better off as a Group due to the various corrective actions that were taken.

SAFETY AND HEALTH

It is encouraging that, in a year marked by so many operating and financial difficulties, the Company as a whole has continued to strive towards improved safety. Nevertheless, 10 employees died in work-related accidents which, of course, is 10 too many. Those who died were:

NWO
Malixole Danti
Mluleki Mazomba
Abraham Mabe
Teftang Matsoele

Blyvoor
Mncedisi Tsemese
Benjamin Muiambo

ERPM
Joseph Tsiane
Jetros Zwane
Charles John Chandler

Crown
Mandla Nkosi

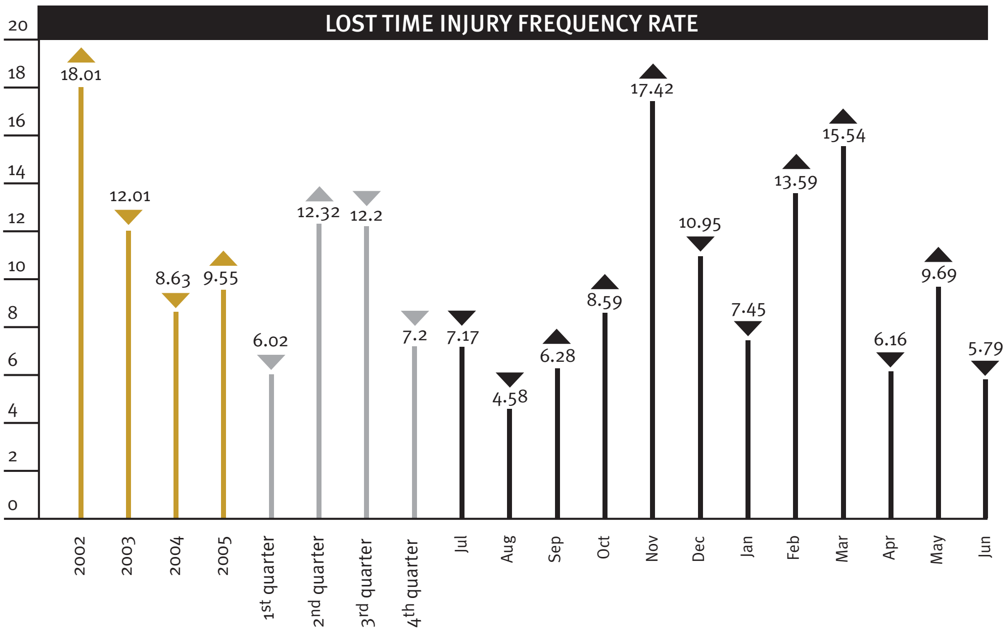
We are deeply saddened by their deaths and extend our condolences to their families, colleagues and friends. It is incumbent upon all of us in DRDGOLD to do all that we can, individually and collectively, to better manage the risks that lead to this kind of tragic and unnecessary loss.

While acknowledging that, so long as people continue to die in the course of their work for us there remains much for us to do in respect of safety in our operations. The year under review has been marked by several achievements detailed under SAFETY AND HEALTH on page 22 of this annual report.

These achievements point, in considerable part, to continued, application across the DRDGOLD Group of various programmes designed to achieve positive change in human behaviour related to workplace safety. I am grateful to employees at all levels for their contribution towards our continuing success in this area.

In respect of employee health – in particular, occupational disease, including noise-induced hearing loss and tuberculosis (TB) – our focus continues to be on prevention, detection, treatment and, where applicable, compensation. Education, orientation and the provision of appropriate protective equipment underpin our obligations in respect of prevention, and medical surveillance in respect of detection, treatment and compensation.
It is pleasing to report that our South African operations report a decline in TB rates in 2005. This is all the more creditable, given the established link between TB and HIV/AIDS.

With regard to addressing the potential and actual impacts of the HIV/AIDS pandemic on our workforce,



"By the end of the 2005 financial year, a significant turnaround had been achieved"

we continue with our various education initiatives, voluntary testing and counselling programmes and treatment of opportunistic infections. Where appropriate, in South Africa, we facilitate access to anti-retroviral therapy (ART) through the State-funded programme and the Company's own fund, in terms of which R10 per employee per month is budgeted. Through close co-operation with non-governmental organisations, we are able to extend some of our services to the communities in which we operate.

GOLD MARKET

The end of the European and North American summer in 2004 proved once again that the gold market tends to run higher in the second half of each calendar year.

While gold had seen the $400/oz mark in the early half of 2004, the first time since 1996, the rally did not have the momentum it needed to maintain this higher level. However, by the end of the northern hemisphere's summer of 2004, continued investor dissatisfaction with the state of global economies and currency markets finally saw the US Dollar gold price breach the psychological $400/oz mark, where it has stayed since.

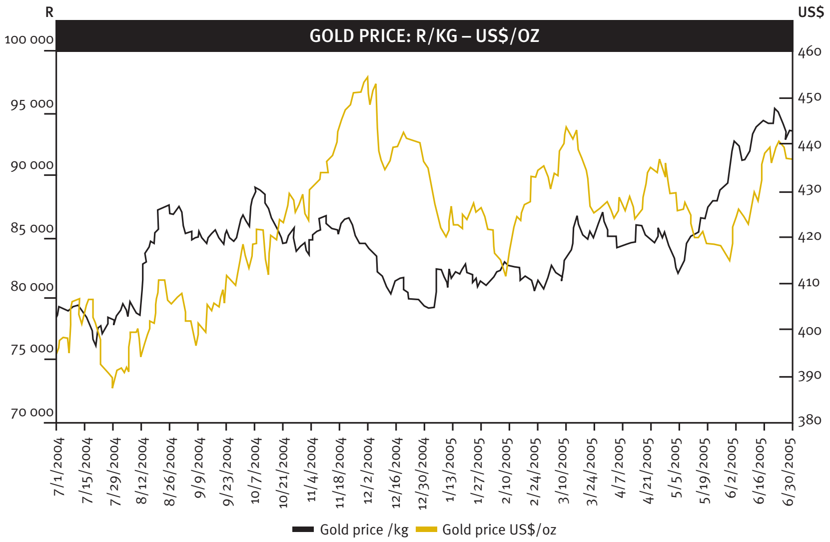
This new base for gold's US Dollar price, refreshing as it is, has not been entirely good for DRDGOLD. While our offshore operations have received the full benefit of the higher US Dollar gold price for the year, our South African operations suffered due to the continued strength of the South African Rand against major currencies. Indeed, the Rand has been one of the best performing currencies against the US Dollar for the last two years.

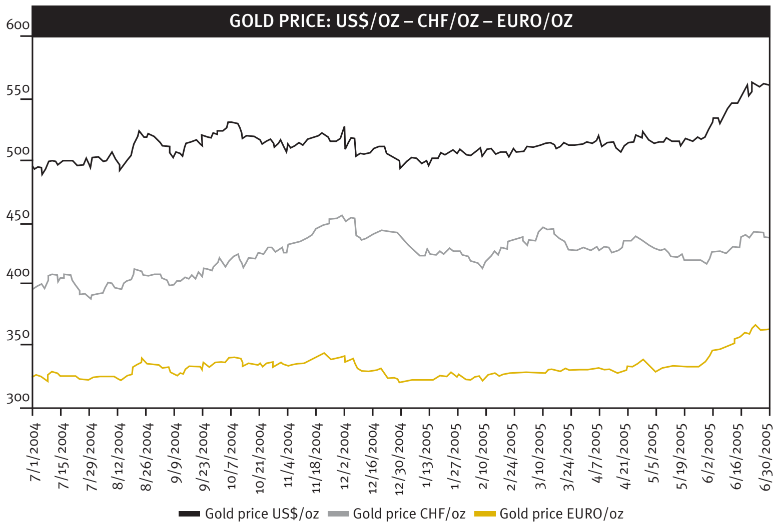
Only towards the end of the last quarter of FY05 did we see some benefit from a Rand weakened by interest rate cuts in South Africa and interest rate rises in the US that closed the yield differential. As I write, gold is comfortably above the magical R90 000/kg barrier.

It is not so much the rally in the US Dollar gold price that has excited gold producers such as ourselves and made us quietly optimistic that it may continue for some time to come. While the US Dollar gold price is still seen as currency-driven, with the US economic twin-deficit and the weak US Dollar as the major drivers, the gold price measured in other currencies has slowly but surely made some headway.

Those of you who remember the gold market as far back as I do, will appreciate the value we derive in measuring the gold price in terms of the Swiss Franc and other European currencies, now lumped together in the Euro. The graph below shows that, while we saw little movement in the gold price when measured in Swiss Francs and Euros, the picture over the last quarter of FY05 saw some strong gains in these two currencies.

Gold has played and will continue to play an important role in the global financial markets. While much has been made of the pure supply/demand fundamentals of the metal, we believe the recognition of these fundamentals will come through strongly in the months and years ahead, as the gold industry struggles with finding replacement ounces, while higher cost producing countries,





CEO'S REVIEW OF OPERATIONS

such as South Africa, struggle to reach production levels of the past. These, together with the growing interest in Exchange Traded Funds (ETF), which has seen gold in the ETF hit over 8 million ounces, ensures our continued belief in the gold market.

As producers, we are proud of our product and will continue to engage with shareholders and stakeholders in ensuring that our product receives the support it deserves. As I said last year in my review, "We have a marvellous product, the potential of which will come to be appreciated by a broader constituency of investors in years to come," and I continue to support this view.

PRODUCTION

A 15% decline in Group gold production in FY05, from 905 023 ounces to 768 886 ounces, reflects the provisional liquidation of the North West Operations (NWO) in South Africa and consequent discontinuation of mining during March 2005.

South African gold production for the year, including attributable gold production from the 40% owned CGR and excluding production of 199 850 (2004: 341 861) ounces from the discontinued NWO, was 24% lower at 251 902 ounces.

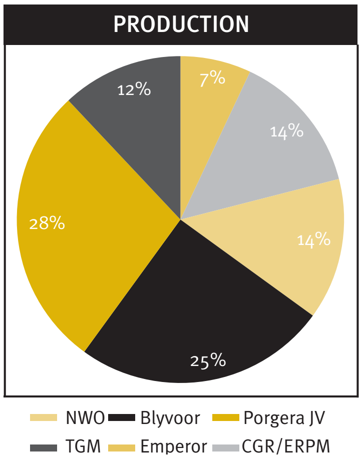
Gold production from our Australasian operations, in comparison, rose by 36% to 317 134 ounces. Australasia, therefore, now accounts for approximately 41% of our total current production, compared with 26% in 2004.

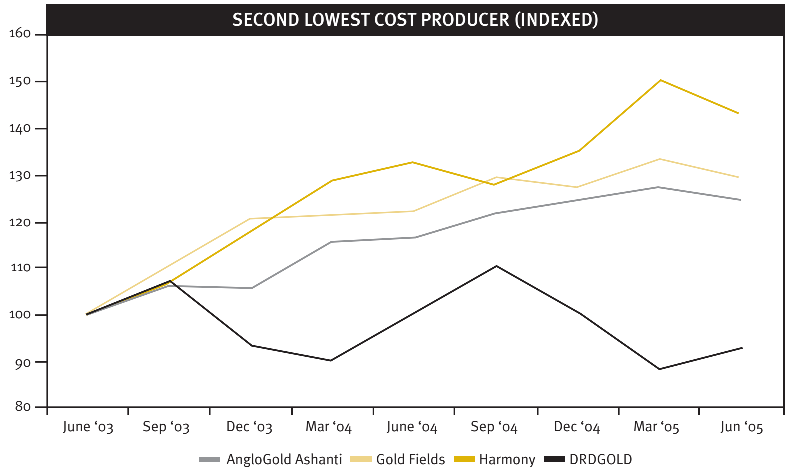
COST TRENDS

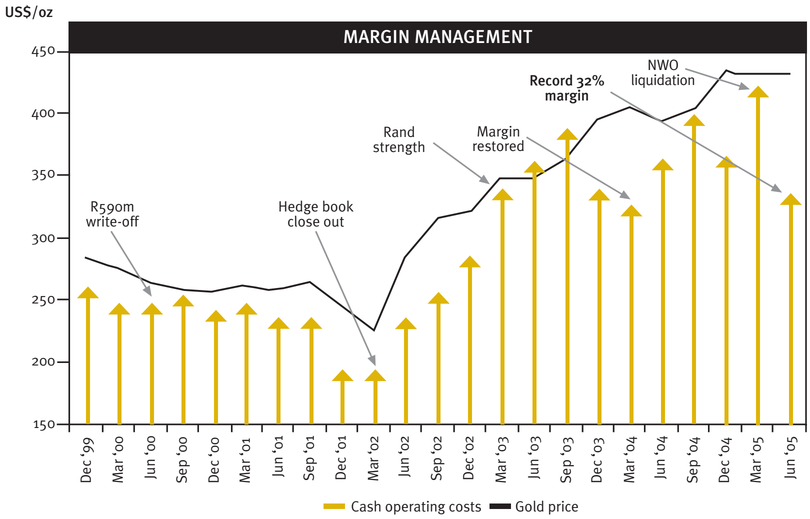
While Group average cash costs year on year were 9% higher at US$379 per ounce, the benefits of radical restructuring within the South African operations became apparent from the containment of the cash operating cost increase in the second half to little more than 1% compared with the first half. We now rank second-lowest in terms of costs amongst our South African peers.

At the South African operations, cost containment initiatives continue, given persisting uncertainty regarding the local currency. We are still lobbying suppliers of key consumables such as steel, water and power for more favourable pricing structures, with varying degrees of success.

At the Australasian operations, greater focus is being applied to costs, given a 5% increase in cash operating costs to US$231 per ounce, year on year. Emperor Mines is receiving particular attention in this regard (see page 19). Fuel price increases have been a common challenge to the Australasian operations in FY05; in response, various options are being investigated both to improve logistics relating to fuel delivery to site and to reduce dependence on fuel for power generation.







"Our vision for the medium term is of a Tolukuma with 'big-mine' status"

PROFITS AND MARGIN MANAGEMENT

Group cash operating profit from continuing operations in FY05 was 3% higher at R304.5 million compared with FY04, reflecting a halt to the bleeding at the South African operations from the second half and the robustness of the Australasian operations – Porgera in particular – during the first half.

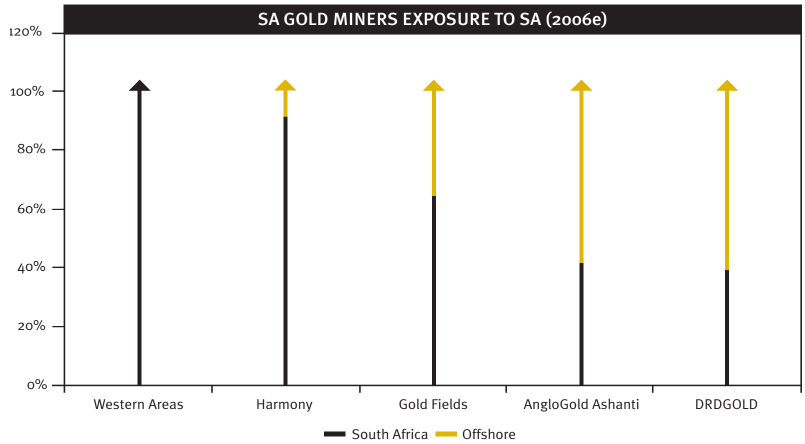
In spite of our difficulties, we managed our margins effectively and stayed in positive territory throughout FY05; most notably, in the final quarter of FY05, the margin was a record 32%.

RESERVE AND RESOURCE MANAGEMENT

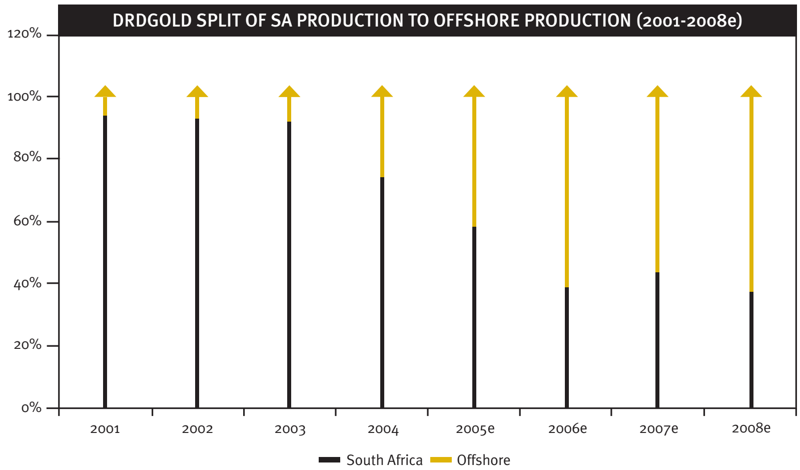
In 2005, DRDGOLD's attributed Mineral Resource decreased from 57.7 million ounces to 36.2 million ounces, a reduction of 21.5 million ounces, of which 12.2 million ounces is due to the closure of NWO and 8.9 million ounces as a result of Argonaut's Mineral Rights reverting back to the State as of 1 May 2005. The attributed Ore Reserve has decreased from 11.7 million ounces to 6.6 million ounces. The year-on-year decline in ore reserves of 5.1 million ounces was primarily due to the closure of NWO.

OPERATIONAL PERFORMANCE

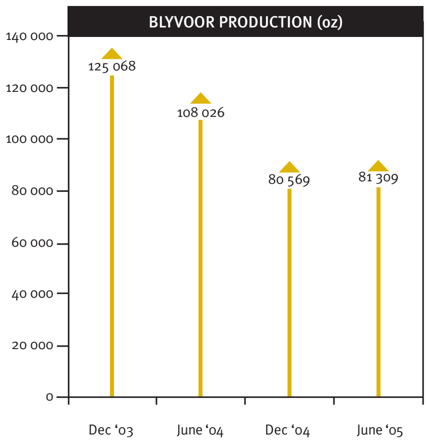
Blyvoor ended the previous financial year facing considerable restructuring necessitated by the combined effect of a range of issues – the low Rand gold price, price increases in key consumables, operational difficulties, increased lock-up in the plant due to the ending of surface rock dump feed to the mill and poor initial recoveries from the Slimes Dam Project.

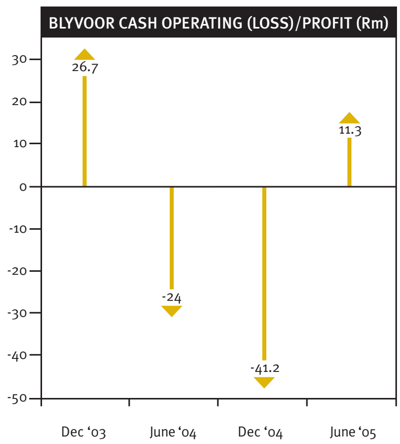


Source: Company data; Deutsche Securities estimates



Source: Company data; Deutsche Securities estimates





CEO'S REVIEW OF OPERATIONS

DRDGOLD Champions

NAME	OCCUPATION
IAN WHITE	GENERAL ENGINEERING SUPERVISOR, ERPM

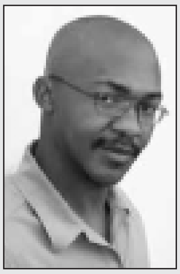
RELEVANT EXPERIENCE

Ian has worked at ERPM for 25 years now. He started out as a fitter and turner, working his way up to his current position. In this, he assists the engineer; is responsible for all plant installation; and oversees the work of the junior foreman and other workers.

The 2005 financial year has been extremely challenging for ERPM; the mine's underground operations were staring closure in the face but, against the odds, they have survived, in no small part due to stakeholders – shareholders, employees and their representatives, and government – going the extra mile.

Ian's particular contribution during FY05 has been through his involvement with the new 42 level winder installation and the upgrading of the 70 level decline winder at Far East Vertical Shaft.

This has required his switching from day shift to night shift so that the work to be done does not interfere with production. It has also meant his being on permanent standby in the event of breakdowns. And he does it, he says, because he 'loves this mine'.



NAME	OCCUPATION
MOLEBOGENG MODISE	PLANT METALLURGIST, CROWN SURFACE OPERATIONS

RELEVANT EXPERIENCE

Molebogeng – Lebo for short – started experiential training at the Crown surface operations of CGR in 2002, after which he was employed as a junior metallurgist.

Since then, he has shown considerable initiative and drive, successfully completing a junior leadership programme, as well as passing a skills assessors' qualification course, accredited by the Mining Qualifications Authority (MQA). He has also undergone management training provided jointly by CGR and the University of the Witwatersrand (Wits), and is now studying for his B.Com degree.

Lebo was promoted to plant metallurgist in the middle of 2004 after successfully qualifying as a plant metallurgist; at just 24, he is the youngest member of Crown's management team and has some 50 people reporting to him.

Currently, he is focused on a number of cost-saving exercises at Crown's three plants. He is particularly proud of the water project at the City Deep plant which is saving R200 000 a month, using water from the Rosherville Dam.

"Instilling a culture of safety is proving effective in reducing the number of accidents and fatalities"

I am delighted to report that, by the end of FY05, a significant turnaround had been achieved. While agreement was reached with organised labour to retrench up to 2 000 of the mine's 4 400 employees, the final retrenchment figure was contained to 1 619. No shafts were closed but non-contributing business units such as No. 4 Shaft were placed on care and maintenance.

Mining of the lower grade Main Reef at No. 6 Shaft was cut by 50% in favour of increased mining of the higher grade Carbon Leader Reef at No. 5 Shaft. Accelerated development, however, has ensured that the mine is well positioned to restore Main Reef mining to appropriate levels at No. 5 and No. 6 Shafts in response to gold price rallies.

While gold production from underground continuing operations declined by approximately 30% to 137 958 ounces year on year, productivity improved by 32% to 125 grams per total employee costed. While the cash operating cost target of R80 000 per kilogram (US$400 per ounce) remained elusive, it moved to within striking distance during the second half of FY05 at R81 575 per kilogram (US$ 407 per ounce). This compares with R99 590 per kilogram (US$498 per ounce) in the first half.

The Blyvoor plant received considerable attention in the year under review. A Knelsen concentrator and Acacia reactor were installed at a cost of R2.5 million in order to prevent lock-ups, improve recoveries by lowering residue grades and reduce costs. While the full benefits have yet to be realised, performance during commissioning has been very promising.

A range of initiatives, both at the slimes recovery stage and in the plant, contributed to a welcome turnaround in the fortunes of the Slimes Dam Project. Slimes recovery was switched from the No. 4 Dam to the No. 5 Dam to achieve a 0.05 grams increase in grade and volumes were increased to 265 000 tons a month – well in excess of the planned 240 000 tons – partly through a substantial increase in the water pressure to the monitoring guns and in the size of the orifices on the guns themselves. Greater flexibility in respect of monitoring has been achieved by reducing the number of water guns monitoring at any one time from three to one.

At the plant, oxygen addition to the pulp in process has been improved through the installation of three Filblast units and pre-conditioning extended from two to 10 hours, leading to a 12% improvement in recoveries to 45%. Costs dropped from R19 per ton to R12.50 per ton.

At year-end, the DRDGOLD Board was sufficiently confident in the sustainability of Blyvoor's recovery to approve both a project to re-establish mining operations from the No. 2 Sub-Shaft in two phases at a total capital cost of R80.5 million and a R2.3 million expansion of the Slimes Dam Project.

There were a number of compelling arguments for proceeding with the No. 2 Sub-Shaft Project, not least of which was the need for replacement reserve tonnage in the face of the steady decline in the No. 5 Shaft grade profile, the 'use it or lose it' imperative contained in the Mineral and Petroleum Resources Development Act and Blyvoor's proven ability to mine previously abandoned ore reserves.

In total, the No. 2 Sub-Shaft Project is expected to yield some 770 491 oz (24 772 kg) of gold from 2.4 million tons of ore with an average delivered grade of 8.18 g/t, restoring Blyvoor's life to 17 years. The project, the first phase of which has been modelled on a gold price of R84 056 per kilogram – is cost-sensitive, however, and could be jeopardised by excessive increases in major items such as wages, which alone account for 49% of total working costs.

Decommissioned in 1993 by the previous owners, the No. 2 Main Shaft has deteriorated beyond repair but the No. 2 Sub-Shaft is accessible from both No. 5 and No. 6 Shafts on 15 and 33 levels. Phase one of the project, costing R23.1 million, began in June 2005 and involves re-equipping 15 level. Main Reef and Carbon Leader ore reserves accessed en route to the No. 2 Sub-Shaft will be mined to offset the cost of the first phase.

In Phase 2, scheduled to begin in March 2006, the sub-shaft winders, ropes and conveyances will be repaired and refurbished, and mine levels 17 to 31 equipped at a cost of R53.6 million.

The Slimes Dam Project expansion – scheduled for completion by the end of the September 2005 quarter, involves the installation of an additional pump and wider gauge pipes on the residue pipeline from the plant in order to ease congestion and further improve plant efficiency, together with the implementation of a number of in-plant process upgrades to ease maintenance demands.

A 24% increase in volume, to approximately 330 000 tons per month, a 12% increase in gold production to 74 kilograms a month, a slight reduction in operating costs to R12.50 per ton, and an additional contribution of R450 000 a month are expected. The capital cost of the expansion was minimised by acquiring pipes, pumps and valves second-hand from AngloGold Ashanti's Ergo surface reclamation operation which closed earlier in the year.

Looking ahead, without losing sight of the challenges posed by continuing Rand and Rand gold price uncertainty and costs, Blyvoor is able once again to consider further brownfields underground and surface opportunities to extend its life.

A net loss of R279 million for the six months ended 31 December 2004, compounded by the collective negative

CEO'S REVIEW OF OPERATIONS

DRDGOLD Champions

NAME	OCCUPATION
SADDIQ BHAYAT	ACTING ASSISTANT FINANCIAL MANAGER, CROWN SURFACE OPERATIONS

RELEVANT EXPERIENCE

When Saddiq joined Crown (Rand Mines Milling and Mining as it was then) in 1989, little did he expect that he would fill a management position in the organisation one day.

He had dropped out of university a year into his studies and worked for two years at another company before joining Crown's four-year learnership programme. In his first year as a learner official he obtained his management certificate from Wits Technikon and then the next three years were a combination of study at the Technikon and practical training at Crown.

He went on to become involved in all administration functions of the Company including buying, creditors, payroll and accounts. From there he progressed to Plant and Management Accountant, before starting a B.Com degree, majoring in financial management.

Now in the final year of study for his degree, Saddiq was appointed Acting Assistant Financial Manager in February 2005. Major challenges in his new job, he says, included learning the budgeting process and overseeing a staff of 16 people in the preparation of financial information at Crown's three main divisions.

NAME	OCCUPATION
MEGAN NAUDE	ACTING ASSISTANT HUMAN RESOURCES MANAGER, CROWN SURFACE OPERATIONS

RELEVANT EXPERIENCE

Megan modestly ascribes her rise from Junior Human Resources Officer to her current position to "doors opening up", but her manager, Wayne Swanepoel, says it is due to her having demonstrated her ability to run a department on her own.

Responsible for a staff of 400 permanent employees and some 30 fixed-term contractors, her duties include compiling monthly employment equity reports, overseeing training and development programmes, co-ordinating and supervising adult basic education and training classes, and the administration of engagements, promotions, terminations and transfers.

Megan believes her completion of a junior leadership programme at the beginning of 2004 stood her in good stead for what has followed. Of 14 people picked to do the course, only six passed. Megan was the only woman to succeed. She is keenly, now, to complete a management development programme (MDP) within the next two years.

As a woman making strides in a traditionally male-dominated environment, Megan is pleased to report that the number of women amongst CGR's employees is rising monthly. As an HR practitioner, she is keenly aware of the Mining Charter Scorecard's 10% target for women in mining within the next four years.

impact of a series of events that culminated in a devastating earthquake, prompted the provisional liquidation of Buffelsfontein Gold Mines Limited, a wholly owned subsidiary of DRDGOLD and owner of the Buffelsfontein and Hartebeestfontein mines – better known as the **NWO** of DRDGOLD – on 22 March 2005.

All operations were suspended on that date and the NWO was placed under the control of three provisional liquidators appointed by the High Court. Subsequent to year-end, DRDGOLD concluded an agreement with Simmer and Jack Limited for the sale of its shareholding in Buffelsfontein Gold Mines Limited subject to certain conditions. These include indemnification of DRDGOLD against any liabilities or obligations that could arise relating to environmental rehabilitation and the management and pumping of underground water.

CGR, in which we have a 40% stake and its wholly-owned operation of **ERPM**, which we manage, had an eventful year to say the least.

CGR, which is now the world's largest surface retreatment operation following the closure of AngloGold Ashanti's Ergo, milled 11% less ore, and while the average grade remained unchanged at 0.40 grams per ton, gold production was 13% lower at 45 424 ounces.

While the City Deep plant maintained a steady-state performance and the Knights plant's absorption of tonnage from ERPM's Cason surface retreatment operation was relatively smooth, the CGR plant did not meet expectations largely due to a general decrease in grade, less reclamation site flexibility and pipeline failures. The successful commissioning of the 3L17 reclamation site, the new CMR (2/A/1) reclamation site and completion of a project to replace the pipeline are expected to resolve the CGR plant's difficulties.

Capital expenditure of R9.6 million was spent in the year under review, most of which was directed to upgrading and maintenance of the CGR tailings dam.

A challenge to CGR moving forward is the acquisition of additional economic reserves to extend its current life of three years. A number of options are being pursued.

The salvation of **ERPM's** underground operations in the face of seemingly overwhelming odds was undoubtedly a highlight of DRDGOLD's 2005 financial year. While it exemplifies once again this Company's operational ability to revive gold mining operations in their death throes, it is a tribute also to what can be achieved through stakeholder support, specifically that of labour and government.

In the course of the year all mining activity moved to the Far East Vertical (FEV) Shaft lease area, the South East Vertical Shaft infrastructure was maintained for hoisting and pumping, Central Shaft was placed on care and maintenance and Hercules Shaft was decommissioned. While, in the process, 804 jobs were lost, more than 2 000 have been preserved.

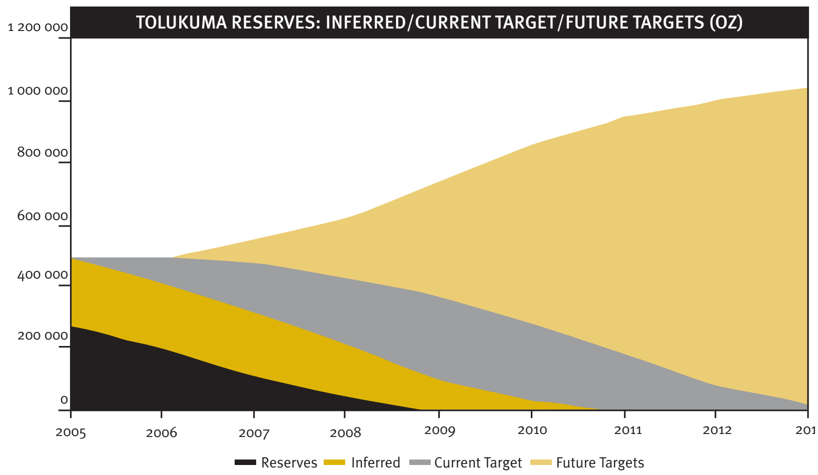
At FEV, there has been a drive on development and a focus on effective grade control, both delivering pleasing results. Remarkable improvements in production, efficient cost controls, a better Rand gold price received and the re-institution of State assistance with pumping have all contributed to restoring the mine's underground operations to profitability.

The second phase of a three-phase plugging programme to isolate FEV from rising underground water has begun, again with invaluable financial assistance from the State. A three-year programme to upgrade pumping facilities is under way and will be financed from working costs.

Looking ahead, it will be necessary to extend the FEV decline from 75 to 78 level to replace face length. Most excitingly, there is the prospect of extending ERPM's ore reserve into the neighbouring Sallies lease area and significantly increasing the life of the mine's underground operations. An application has been made to the Department of Minerals and Energy (DME) for a prospecting licence.

At ERPM's Cason surface retreatment operation, gold production has increased during the year, due more to a better head grade than higher volumes.

Tolukuma, our wholly-owned operation in Papua New Guinea, has had various operational challenges to address during the year, not least of which was generally less efficient mining. Lower grade, due partly to diminishment of high-grade Tinnebar



CEO'S REVIEW OF OPERATIONS

DRDGOLD Champions

NAME	OCCUPATION
MUSO METSING	SHIFT BOSS, BLYVOORUITZICHT

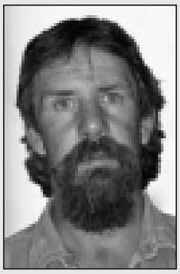
RELEVANT EXPERIENCE

Muso, who comes from Lesotho, has 20 years of underground mining experience in South Africa, two of them at Blyvoor where he works as a shift boss.

He is no stranger to the risks that must be managed in his working environment. Seven years ago, while working at a mine in the Free State, Muso survived an underground accident and decided then that he should volunteer to become a proto team member, experienced mining men who are specially trained to deal with all major underground mishaps.

Until very recently, proto teams were the preserve of white mining men but Muso was undeterred and applied to join the proto team at Blyvoor. He was accepted with open arms, began intensive training, and in January 2005 became a fully-fledged member of the mine's seven-man proto team.

One of Muso's first rescue missions was to DRDGOLD's North West Operations where a massive earthquake struck on 9 March 2005. Here, he assisted with the task of bringing more than 3 000 mine workers safely to surface. Many had to be rescued from very dangerous situations but Muso is phlegmatic about the risks involved in proto team work: "There is tremendous camaraderie and this helps to get the job done; where the lives of fellow mining men are at risk, it is simply the right thing to do."



NAME	OCCUPATION
MICK MOLLROSS	MOBILE MAINTENANCE SUPERINTENDENT, TOLUKUMA

RELEVANT EXPERIENCE

This has been a busy year for Mick. He managed to fill a number of key positions – Technical Trainer for first-year apprentices (who went on to prove themselves among the best in the country), Trainee Mobile Maintenance Supervisor, Maintenance Planner and Capital Projects Manager.

He has also been at the forefront of the development of various innovations to contain costs: the introduction of tyre vulcanising on-mine, for example. He is also looking into tyre fill, which could be a major cost-saver in FY06.

Maintaining underground haul roads in good condition is a constant challenge at Tolukuma, and Mick's modification of a haulage vehicle to accommodate a "quick hitch" grader attachment has been a major breakthrough.

Larger underground haul trucks are to be introduced at the mine in the new financial year. Preparatory to this, Mick visited manufacturers and Placer Dome's Campbell Mine in Canada at Red Lake, comparing equipment and exchanging ideas on maintenance techniques.

stope ore, was a significant contributor to higher costs; others were the higher cost of fuel, more of which was consumed on longer haulage distances and to deal with underground flooding associated with deeper mining; and of logistics involved in keeping the mine supplied with consumables and services.

A number of initiatives are in progress to improve efficiencies: a planned maintenance programme to reduce breakdowns; tyre re-vulcanising on-mine; construction of a de-watering tunnel at a cost of A$1.3 million to reduce underground flooding and thus power consumption; and the installation of an Acacia reactor in the plant, to increase recoveries by a planned 3%. Construction of an access road has progressed well and is now within 27 kilometres of the mine. Completion will substantially ease logistics and reduce the associated costs.

Epithermal exploration remains a key priority for Tolukuma, both within the existing lease area and regionally (see Note on epithermal deposits below). In respect of the latter, a programme to identify targets and consolidate is in place. Joint venture activity with suitable partners in this regard is thus a consideration. During the year, there has been a massive increase in the exploration programme, five rigs having completed 33 600 metres of drilling. The result has been a 14% increase in resources to 546 152 ounces and a 10 000 ounce increase in reserves after depletion. A new structure, Fundoot, has been identified with 72 000 inferred ounces, mining of which should begin during the year. More drilling is scheduled, at least 16 high-priority drill targets having been identified on-mine.

Our vision for the medium-term is of a Tolukuma with 'big-mine' status, changing mining from the current portal approach, creating additional mill capacity on the valley floor, with conventional tailings dam deposition then becoming a distinct possibility. At the **Porgera** mine in Papua New Guinea, in which we have a 20% interest, production was buoyant in the first two quarters of our financial year, reflecting higher grades and the installation of a secondary crusher. Cost performance was commendable and profits very satisfactory.

Placer Dome, 75% owner of the mine – and its very competent operator – predicted lower production in calendar 2005 due to a shift of operations from Stage 4 to Stage 5 of the open pit, which has harder ore and lower grades. Performance in the first six months of calendar 2005 has been negatively affected, however, by the impact of heavy rains on the stability of the pit's West Wall.

Studies to determine a long-term solution to the stability problems indicate that a cutback of near-surface material in the central part of the West Wall is necessary; subject to final design and approvals, the work is expected to be completed by the end of 2006. No impact on the mine's reserve position is expected.

Emperor, in which DRDGOLD holds 45.3%, and which owns and operates the Vatukoula Mine in Fiji, was beset by operating and financial problems during the year. The Philip Shaft winder failed, halting production for some weeks and causing the Shaft Deepening Project to fall further behind schedule; grades were lower than expected; delays in the supply of components held up the heavy vehicle re-build programme.

Anticipated substantial financial losses for the year prompted Emperor to finalise a recovery plan envisaging production of some 650 000 tons of ore at an average grade of 8.0 grams per ton, delivering 145 000 ounces of gold for the 2006 financial year. After year-end DRDGOLD announced a financing and operating package to assist Emperor with implementation of the plan, including a A$10 million Convertible Loan Facility.

A key objective of the recovery plan, to be driven by recently appointed Chief Operating Officer Michael Marriott and General Manager Sean O'Connor – both from DRDGOLD and whose services have been supplied in terms of an operating support agreement – is to drive development and reduce dilution, largely through workplace change, which has already begun.

Note on epithermal deposits

The term epithermal deposits is used to cover mineralisation formed at low to moderate temperatures (up to approx. 300°C) in the near surface environment. The typically gold and/or silver deposits form in magmatic arc environments (including rifts) at elevated crustal settings (less than 2 km). They are usually associated with large volcanic and subvolcanic complexes.

Mineral deposits may be formed proximal (close) or distal (far) to a magmatic source and depending on chemistry may be classified as low or high sulphidation type. The geometry and form of individual deposits is highly variable, and is governed by the stratigraphical, structural and physio-chemical conditions of metal deposition. Deposits can be low grade but very large tonnage or lower tonnage with spectacularly high or bonanza grades.

Some of the largest deposits of the epithermal type can be found in the Cainozoic volcanic arcs of the western Pacific, notable examples being Lihir in Papua New Guinea, the Vatukoula mine in Fiji and the Martha mine at Waihi in New Zealand. Tolukuma also occurs in this same mineralised volcanic arc and is classified as a low sulphidation, distal epithermal deposit, of very high grade.

BENEFICIATION

Throughout this difficult year, our continued faith in the long-term value of our product has sustained us. It is not

CEO'S REVIEW OF OPERATIONS

DRDGOLD Champions

NAME	OCCUPATION
GEORGE WAII	MOBILE MAINTENANCE SUPERVISOR, TOLUKUMA

RELEVANT EXPERIENCE

George joined Tolukuma in November 2000. This year he was promoted from Relief Supervisor to Mobile Maintenance Supervisor in the Mobile Maintenance Department.

In his current position, George is responsible for the maintenance of mobile and plant equipment and mechanical maintenance work on diesel generating sets and compressors.

His promotion was a result of his clear ability to run the Mobile Maintenance Department, and with his open commitment to Tolukuma.

Among his major achievements in FY05 were cost reductions and improving the availability of equipment through the smooth running of his department.

NAME	OCCUPATION
GAVIN BURGESS	PURCHASING AND LOGISTICS MANAGER, TOLUKUMA

RELEVANT EXPERIENCE

Tolukuma's remoteness makes logistics - getting people and materials to the mine, and people and product out - a major challenge. So, too, is purchasing because of the implications of getting goods and services to the mine. The management of both functions falls to Gavin, who has been at Tolukuma for seven years now.

Logistics and purchasing both have far-reaching ramifications for costs and margins of an isolated mine like Tolukuma. These have been a key focus for Gavin in FY05.

On the logistics front, there has been an increase in the demand for aircraft by the mine and Gavin has led the process of meeting this at reduced operating cost. He has also been at the forefront of a complete overhaul of the supply chain during the year, leading to improved efficiencies.

An exciting prospect for Tolukuma is the construction of a road through the Goilala region that will pass close to the mine. An access road to this from the mine is a priority for Gavin in the year ahead.

blind faith; it is based on an understanding of the cyclical nature of gold's value; of people's unerring resort to it in times of uncertainty; of their enduring cultural and religious affinities with it; and their appreciation of the power of its instant convertibility to cash.

We are mindful, nevertheless, that the product cannot be left to sell itself; that we have obligations – to the countries and communities whose natural resource we mine, and to our shareholders whose investment makes it possible to do what we do – to grow gold's markets.

We are pleased with the progress made during the year by the internet-based gold marketing company GoldMoney.com, and its subsidiary Net-Gold Services Limited, in which we own a 50.2% stake. In its continuing quest to grow private ownership of gold internationally, GoldMoney.com grew its account-holders by 59% in the year under review to 21 762, spread throughout 102 countries.

Gold held in storage for GoldMoney.com customers increased by 110% to 3 738 910 grams.

The number of London Bullion Market Association (LBMA) good delivery bars held in London vaults increased from 142 to 298.

Of the 156 additional bars, 146 (or 94%) were sourced from South Africa's Rand Refinery Limited (RRL), in which DRDGOLD is a 3% shareholder. RRL, of course, was not immune to the Rand-induced difficulties of its South African gold producing clients but has been enormously energetic – and successful – in securing gold for refining from new clients in other African countries. It recently became the first refinery worldwide to secure Dubai Good Delivery accreditation, thus gaining invaluable access for one of the largest retail gold and jewellery markets in the world.

LOOKING AHEAD

Some of the corrective action associated with the restructuring of the South African operations required tough, unpopular decisions to be made, that proved very hard on our stakeholders. None of our South African employees – either at our corporate office or at the operations – was untouched. While this is regrettable – and, of course regretted – a consequence is that key elements within the South African operations have been granted a new lease on life, albeit in a macro environment that continues to be characterised by uncertainties related to the Rand and the Rand gold price.

Our Australasian interests – additionally resourced where necessary at site and from our Brisbane office, all ably overseen by Ian Murray, who has assumed responsibility for international growth – are well placed to weather their current challenges.

The 2006 financial year will not be without difficulties, but the way ahead is now infinitely clearer.

Mark Wellesley-Wood
Chief Executive Officer