



REVIEW OF OPERATIONS

Attributable equity gold production for the group as a whole declined by 31% to 527 401 oz due to the loss of North West Operations production (approx 200 000 oz) and lower production from Emperor Mines



The split of attributable gold production between the Australasian and South African operations was 211 425 oz and 315 976 oz respectively.

The three Australasian operations encountered their worst conditions in their respective mine histories. A new management team has been put in place to correct this, but the largest shortfall was at the Barrick-managed Porgera mine in PNG. Emperor Mines' share of production fell to 128 258 oz compared with 195 394 oz last year due to the programme to mitigate the failure of the west wall of the open pit.

DRDGOLD took operational control over Emperor's Vatukoula mine in Fiji in July 2005 and immediately implemented an investigative strategy to understand the value of the orebody and to combat the higher costs induced by the higher oil price. This culminated in the Accelerated Development and Training Programme which resulted in the closure of the mine on 20 April 2006. This planned closure provided for a reduction in the workforce, necessary repairs to Philip Shaft and the concentration on higher

grade mining without jeopardising the integrity of the orebody. The mine returned to production after year end and the ramp-up to the planned levels of 10 000 oz per month is on track.

In South Africa, the ERPM operation continued to perform well but Blyvoor was the focus of attention following a serious build-up in seismicity and the intrusion of the Alpha Dyke into planned mining areas. Production is being concentrated in other areas of the mine and the volume ramp-up to 70 000 tonnes (t) per month will be achieved in October 2006. This is following a production interruption at No 6 Shaft, which required limited refurbishment.

Some US\$39 million in capital was spent last year. Most was DRDGOLD's contribution to the west wall refurbishment at Porgera (approximately US\$17 million), while the installation of new mills at Crown's Knights Plant in South Africa accounted for approximately US\$3 million.

In the forthcoming year, the plan is to invest a further US\$60 million in capital, approximately half of which will be in Australasia to support the turnaround there.

Looking further ahead, South African production should stabilise at around 400 000 oz a year at cost of US\$500/oz, while Emperor is targeting production of 350 000 oz at a cost of US\$350/oz by the end of the first quarter of 2007.

REVIEW OF OPERATIONS SOUTH AFRICA

SOUTH AFRICA		
	FY06	FY05
Gold production* oz	315 976	251 902
Average cash operating costs US\$/oz	480	439
Capital expenditure US\$ million	14	9
Employees	7 693	6 390

* South African attributable gold production rose by 25% to 315 976 oz as a consequence both of operational improvements in the second half of the year and the 100% consolidation of ERPM and Crown from 1 December 2005. South African cash operating costs were 9% higher at US\$480/oz.

BLYVOOR

Total gold production was slightly lower at 159 693 oz, reflecting a 20% decline in overall yield to 1.15 grams per tonne (g/t). Total ore milled increased by 22% to 4 308 000 t.

Gold production from underground was 13% lower at 120 178 oz due to a 24% decline in yield to 5.55 g/t. Underground ore milled was 15% higher at 674 000 t.

Increasing levels of seismicity were experienced in the high-grade No 5 Shaft area in the first half of the year. Consequent concerns for employee safety prompted the development of a volume-driven mine plan involving less mining from the affected high-grade No 5 Shaft area and more from the lower-grade No 6 Shaft areas. By year end, implementation of the new plan was

under way with ore milled of 70 000 t per month targeted.

Earlier than expected interception of the Alpha Dyke in the high-grade No 5 Shaft area during the third quarter had a negative impact on production. Drilling to determine the extent of the dyke was under way at year end and early indications were that it is at least 30 metres thick.

BLYVOOR		
	FY06	FY05
Ore milled t'ooo		
Underground	674	587
Surface	3 634	2 932
Total	4 308	3 519
Yield g/t		
Underground	5.55	7.31
Surface	0.34	0.25
Total	1.15	1.43
Gold production oz		
Underground	120 178	137 958
Surface	39 515	23 920
Total	159 693	161 878
Average cash operating costs US\$/oz		
Underground	551	468
Surface	248	272
Total	476	439
Cash operating profit/(loss) US\$ million	7.9	(2.6)
Capital expenditure US\$ million	8.8	2.1
Employees	4 520	3 445

Surface gold production increased by 65% to 39 515 oz, reflecting a 24% increase in ore milled and a 36% increase in yield to 0.34 g/t. While rock dump material declined both in volume and grade as forecast, the slimes dam retreatment project showed improvement both in terms of volume and grade, notwithstanding setbacks due to higher than average summer rainfall.

Average cash operating costs for the year were 8% higher at US\$476/oz, reflecting lower gold production. Underground cash operating costs rose by 18% to US\$551/oz, while surface cash operating costs were 9% lower at US\$248/oz.

Cash operating profit was US\$7.9 million compared with a loss of US\$2.6 million in the previous year.

Phase 1 of the No 2 Sub-shaft Project – involving the re-establishment of access



to No 2 Shaft from No 5 Shaft and development and stoping of mining areas en route – was completed in the first half of the year, some three months ahead of schedule. Phase 2 – involving the re-equipping of the sub-shaft – was then reviewed. As a consequence of

this review, it has been decided, instead, to access the orebody between 27 and 35 levels from No 5 Shaft. This approach is expected to lower the capital cost of the project from R100 million to R40 million. Work on the revised Phase 2 began shortly after

the end of the financial year and is scheduled for completion in two years.

Capital expenditure, 319% higher at US\$8.8 million, was directed towards opening up and development related to implementation of the new mine plan.

ERPM

Results for the year under review reflect the 100% consolidation of ERPM from 1 December 2005 and are not directly comparable with those for the previous year when the operation was 40% owned.

Total attributable gold production was 80 324 oz (FY05: 44 600 oz). Total ore milled was 1 823 000 t.

Underground attributable gold production was 59 999 oz (FY05: 35 392 oz). Underground ore milled was 225 000 t (FY05: 145 000 t) and the average underground yield was 9% higher at 8.29 g/t.

Early in the second quarter a 16 metre, up-throw fault in the 70 East area of the mine was encountered and work to traverse this continued for the remainder of the year. Refurbishment of the Far East Vertical (FEV) Shaft decline and decline conveyor was another key focus of attention. Production build-up from newly opened-up, lower grade areas above 70 level – both to relieve pressure on the decline conveyor and as a safety response to increasing seismicity in higher grade areas below 70 level – began during the last quarter.

Surface attributable gold production was 20 325 oz (FY05: 9 208 oz). Surface ore milled was 1 823 000 t

(FY05: 897 000 t) and the average surface yield rose by 5% to 0.40 g/t. While treatment of Cason dump material was compromised somewhat during the year by breakdowns particularly in the ERPM plant, the commissioning of two additional mills at the Knights plant neared

completion by year end and these are expected to contribute towards significantly improved throughput and recoveries.

Average cash operating costs rose by 15% to US\$471/oz; those for underground were 21% higher at

ERPM		
100% consolidated from 1.12.05, previously 40% attributable	FY06	FY05
Ore milled t'ooo		
Underground	225	145
Surface	1 598	752
Total	1 823	897
Yield g/t		
Underground	8.29	7.59
Surface	0.40	0.38
Total	1.37	1.55
Gold production oz		
Underground	59 999	35 392
Surface	20 325	9 208
Total	80 324	44 600
Average cash operating costs US\$/oz		
Underground	461	381
Surface	499	527
Total	471	411
Cash operating profit US\$ million[#]	5.8	1.2
Capital expenditure US\$ million[#]	2.1	–
Employees[#]	2 202	2 020
<small># Represents total operation</small>		

REVIEW OF OPERATIONS: SOUTH AFRICA

US\$461/oz while those for surface were 5% lower at US\$499/oz.

Cash operating profit for the year was US\$5.8 million compared with US\$1.2 million in the previous year.

In the third quarter, a prospecting permit was obtained over a 1 252-hectare area of the adjacent Sallies Mine. The first prospect borehole of a four-year exploration drilling programme in this area, now known as ERP extension 1, was completed during the fourth quarter and preliminary results indicate that the reef is very well developed, with a channel width of 162 centimetres and a value of 26.7 g/t at that width, equating to 23.1 g/t over a mining width of 188 centimetres.

An application for a prospecting permit over a further 5 500 hectares, to be known as ERP extension 2, submitted to the Department of Minerals and Energy soon after year end, was accepted and a response is awaited. This area has an exploration target of some 7 to 11 Moz.

Capital expenditure for the year was US\$2.1 million, directed mainly towards infrastructural improvements.

ERP: CURRENT PUMPING INFRASTRUCTURE AND PLUG POSITIONS

Feasibility work on a mud-pumping project with gold revenue-generating potential was continuing at year end.

Phase 2 of the ambitious plugging project to isolate ERP's current underground workings from water ingress is on schedule and planning of Phase 3 has been completed. The total plugging project is scheduled for completion by June 2007.

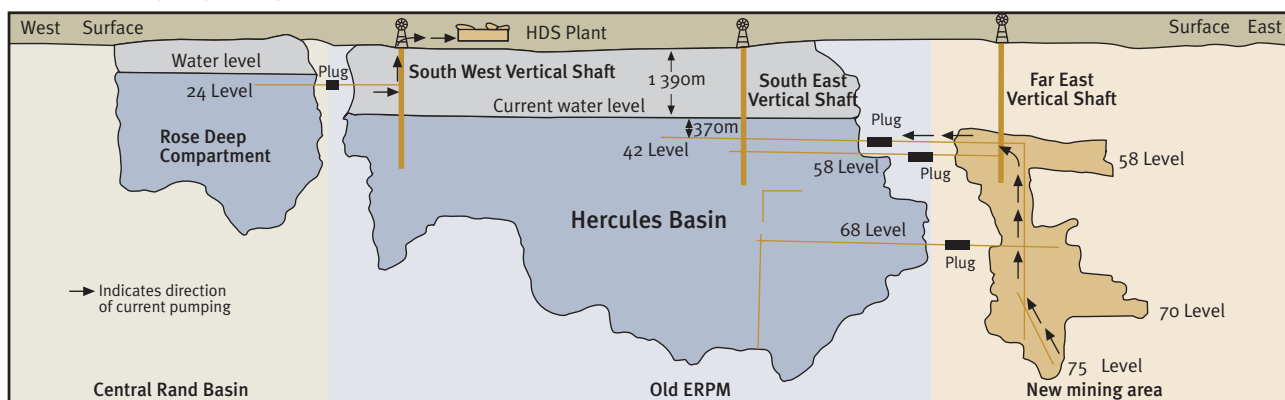
Pumping from the Rose Deep Compartment via ERP's South West Vertical (SWV) Shaft continues at a rate of 40 megalitres per day in order to maintain the water level and prevent a decant into ERP's Hercules Basin. The water is treated at the high density separation (HDS) plant and some is

used at the Cason reclamation site while the balance is discharged.

The rate of increase in the water level of the Hercules Basin (approximately 1.2 megalitres per day), means that it will equal the water level in the Rose Deep Compartment in September 2007. However, as the construction of the underground plugs is well advanced, pumping can probably cease early in January 2007 without this constituting any threat to the underground operations of ERP.

Should the pumping be required to continue, an upgrade of the pumping infrastructure at SWV Shaft will be required to manage the increased volume of water to be pumped both from the Rose Deep Compartment and the Hercules Basin. Discussions regarding this are currently in progress with the Department of Minerals and Energy's Mine Safety and Health Division.

ERP current pumping layout





CROWN

Results for the year under review reflect the 100% consolidation of Crown from 1 December 2005 and are not directly comparable with those for the previous year when the operations were 40% owned.

Attributable gold production was 75 959 oz (FY05: 45 424 oz). Ore milled was 6 165 000 t (FY05: 3 552 000 t) and yield 5% lower at 0.38 g/t.

The depletion of high-grade material from the Consolidated Main Reef (CMR) reclamation site and recovery of higher volumes of lower grade material from the Robinson Deep site had a negative impact on production during the year, as did pipeline failures and heavy summer rainfall.

Upgrades on both the CMR pipeline to the Crown plant and on the residue pipeline, scheduled for completion in the first quarter of the new financial year, and commissioning of two new mills at the Knights plant at the end of the year under review, are expected to benefit recoveries.

Average cash operating costs were 9% higher at US\$432/oz.

Cash operating profit was US\$9.4 million (FY05: US\$3.2 million).

Capital expenditure was US\$4.9 million (FY05: US\$1.5 million). This was directed mainly towards the installation of the new mills at the Knights plant and to infrastructural upgrades.

Subsequent to year-end, we acquired the Top Star dump, south of Johannesburg's central business district, and application procedures for a mining right are under way.

The dump has a Mineral Resource of 5.1 million tonnes at a grade of 0.755 g/t, and would increase Crown's Proved Ore Reserves by 0.125 Moz.

CROWN		
100% consolidated from 1.12.05, previously 40% attributable	FY06	FY05
Ore milled t'000	6 165	3 552
Yield g/t	0.38	0.40
Gold production oz	75 959	45 424
Average cash operating costs US\$/oz	432	395
Cash operating profit US\$ million [#]	9.4	3.2
Capital expenditure US\$ million [#]	4.9	1.5
Employees [#]	971	925

[#] Represents total operation



REVIEW OF OPERATIONS AUSTRALASIA

Australasian gold production declined by 33% to 211 425 oz, reflecting operational constraints at each of the three operations. Cash operating costs were 57% higher at US\$367/oz due to lower production



AUSTRALASIA		
	FY06	FY05
Gold production* oz	211 425	317 147
Average cash operating costs US\$/oz	367	231
Capital expenditure US\$ million	25	20
Employees	4 861	5 098

* Australasian attributable gold production decreased by 33% to 211 425 oz mainly as a result of remediation work on the west wall at Porgera, production problems at Tolukuma and a six-week shut down of operations at Vatukoula.

PORGERA

PORGERA		
20% share of Joint Venture	FY06	FY05
Ore milled t'ooo	1 097	1 200
Yield g/t	3.64	5.07
Gold production oz	128 238	195 394
Average cash operating costs US\$/oz	280	186
Cash operating profit US\$ million	29.2	46.6
Capital expenditure US\$ million	17.0	16.1
Employees*	2 389	2 432

* Represents total operation

Attributable gold production for the year was 34% lower at 128 238 oz, reflecting a 9% decrease in ore milled to 1 097 000 t and a 28% decline in average yield to 3.64 g/t.

Average cash operating costs were 50% higher at US\$280/oz mainly as a consequence of reduced production, and cash operating profit was 37% lower at US\$29.2 million.

Remediation work following the failure of the west wall in the previous financial year continued throughout the year under review, leading to a reliance on low-grade, long-term stockpile material as the primary ore feed. This – together with damage to access infrastructure caused by heavy rainfall, power failures and a strike related to a change of management from Placer Dome to Barrick – had a negative impact on production.

Work on the west wall cutback was 60% complete at year end and the joint venture expects mining of ore from the open pit to begin later in calendar 2006, leading to performance improvements in respect of both production and cash costs. Full Stage 5 production is expected in early 2007 and results of a recently completed exploration programme indicate that a Stage 6 open-pit extension is likely.

Capital expenditure for the year totalled US\$17.0 million, compared with US\$16.1 million in the previous year.

REVIEW OF OPERATIONS: AUSTRALASIA

TOLUKUMA

Gold production for the year was 28% lower at 54 790 oz, reflecting a 21% drop in the average yield to 8.83 g/t and, to a lesser degree, a 9% decline in ore milled to 193 000 t.

Average cash operating costs were 63% higher at US\$564/oz, and a cash operating loss of US\$0.7 million was recorded compared with a cash operating profit of US\$7.2 million in the previous year.

Production was adversely affected by a lack of available face in the first half of the year and the consequent treatment of low-grade underground stockpiles. Extensive underground development from the second half had begun to redress this issue by year end. In addition, improved flexibility is

expected as initial production areas along the newly discovered Zine structure are developed and brought into the mine plan.

Underground flooding caused by heavy rainfall led to an urgent upgrade of pumping infrastructure during the year. Inclement weather also affected logistics, in particular helicopter access to the mine. As a consequence, supplies of critical consumables such as diesel were disrupted. Going

forward, a second hydro plant will reduce the level of dependence on diesel as a power source and it is expected that less use of helicopter transport will result from a planned road upgrade and by increased use of the nearby Woitaïpe airstrip by fixed-wing aircraft.

Capital expenditure for the year was US\$4.3 million compared with US\$3.4 million in the previous year.

TOLUKUMA		
	FY06	FY05
Ore milled t'000	193	211
Yield g/t	8.83	11.24
Gold production oz	54 790	76 314
Average cash operating costs US\$/oz	564	346
Cash operating (loss)/profit US\$ million	(0.7)	7.2
Capital expenditure US\$ million	4.3	3.4
Employees	635	683



VATUKOULA

Results for the year under review reflect the 100% consolidation of Vatukoula from 6 April 2006 and are not directly comparable with those of the previous year when the operations were 45.33% owned.

Attributable gold production was 37% lower at 28 397 oz, reflecting a 24% decline in ore milled to 161 000 t and a 17% drop in yield to 5.49 g/t.

In the first half of the year production was adversely affected by an amalgam of factors including a lack of available face, shaft infrastructure problems, ageing underground equipment, inflows of hot water, high underground working temperatures and deteriorating ground conditions.

A six-week shut down of operations in the fourth quarter to implement an extensive new mine plan, known as the Accelerated Development and Training Programme (ACDTP), also contributed substantially to lower production for the year.

Average cash operating costs were 35% higher at US\$595/oz and the cash operating loss for the year was US\$9.7 million compared with a cash operating loss of US\$1.0 million in the previous year.

In terms of the new mine plan, production from the lower grade Smith Shaft areas has been discontinued in favour of a build-up in production from the higher grade Philip Shaft areas.

Other aspects of the plan – implementation of which were advancing by year end – include the upgrading of Philip Shaft infrastructure, the replacement of outdated underground equipment, improved underground environmental control, and workforce re-skilling and re-training.

Capital expenditure for the year was US\$11.1 million compared with US\$8.4 million in the previous year.

VATUKOULA		
100% consolidated from 06.04.06; previously 45.33% attributable	FY06	FY05
Ore milled t'ooo	161	213
Yield g/t	5.49	6.63
Gold production oz	28 397	45 426
Average cash operating costs US\$/oz	595	434
Cash operating loss US\$ million [#]	(9.7)	(1.0)
Capital expenditure US\$ million [#]	11.1	8.4
Employees [#]	1 837	1 983

[#] Represents total operation