



Chairman's letter to shareholders

Dear shareholder

It has been a tough year for DRDGOLD in spite of the favourable gold price. Our Australian subsidiary, Emperor, underwent a major restructuring and in South Africa we have had to contend with onerous cost inflation and the difficulties of mining from deep mines with ageing infrastructure.

The outlook in South Africa, however, is encouraging. Once again we have increased our gold resources; the challenge will be to bring these resources to account. Also, the considerable increase in the uranium price greatly improves the likelihood that we will be able to realise profits both from extracting uranium from our mine dumps and from producing it as a by-product of gold mining.

At Emperor a re-evaluation of the Vatukoula orebody concluded that it could not be mined economically and the operations in Fiji were sold for a nominal sum along with substantial liabilities. Emperor had to pay off the debt incurred in developing the Fijian operations and sold its 20% stake in the Porgera mine for \$250 million. The sale of Porgera cleared all the company's debt, including money owed to

DRDGOLD. It has left Emperor with cash, a small gold mine and exploration tenements, and the task of rebuilding the company.

Many things have changed at Emperor since our initial investment and in light of the many exciting opportunities in South Africa, the board has determined that it is in DRDGOLD's best interest to focus our efforts on South Africa.

Our surface and underground operations in South Africa have very different characteristics. The surface operations are profitable but have limited lives. The underground mines have very large resources, but are marginal. The goal for everyone at DRDGOLD SA is to extend the lives of the profitable surface operations and reduce the marginality of the underground mines.

The strategy is two-fold. We have extended the scope of our surface operations by purchasing mine dumps and deposition sites where possible and by entering into two joint ventures with Mintails SA. It is vitally important that we maintain sufficient operational cash flow to implement the second part of the strategy, which is to

create stability in the underground mines. Operating old, deep mines is extremely challenging and complex, and safety in these difficult working conditions must always be the number one priority. That established, we must continually strive for efficiency and productivity in all aspects of the operations in order to bring the 54.2 million ounces of gold resources to account. It must be said that the efforts and motivation of our workforce are paramount to achieving these improvements. With the company concentrating on South Africa we are confident that we can achieve the necessary operational stability to ensure that our underground mines are consistently cash flow positive.

It has been a difficult 12 months but DRDGOLD has emerged in good shape. We are focused on South Africa, we have a strong balance sheet and we have a clear strategy to take the company forward and increase the value of the South African assets. Dealing with the changing environment and difficulties that we have faced, required dedication and resilience on the part of our employees. I would like to thank them all for their commitment to the company and their hard work.

Geoffrey Campbell
Chairman

21 September 2007

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