

Reserves and resources

SOUTH AFRICA

During the year under review, Khumo Gold increased its stake in DRDGOLD SA from 15% to 20% and facilitated the incorporation of a further 6% into an employee trust. This means that DRDGOLD's holding in DRDGOLD SA has decreased from 85% to 74%.

Nevertheless, DRDGOLD's attributable Mineral Resources from its South African operations increased by 33% to 53.9 million ounces (Moz) in FY07. Of this total, 6.2Moz resulted from the granting of the ERPM Extension 2 prospecting right while 12.4Moz related to ERPM's Southern Lease area.

Despite the 11% reduction in the holding in DRDGOLD SA, DRDGOLD's attributable Ore Reserves from its South African operations decreased by only 0.5Moz to 6.2Moz in FY07.

Refer to pages 17 to 20 for the company's statement on its Mineral Resources and Ore Reserves.

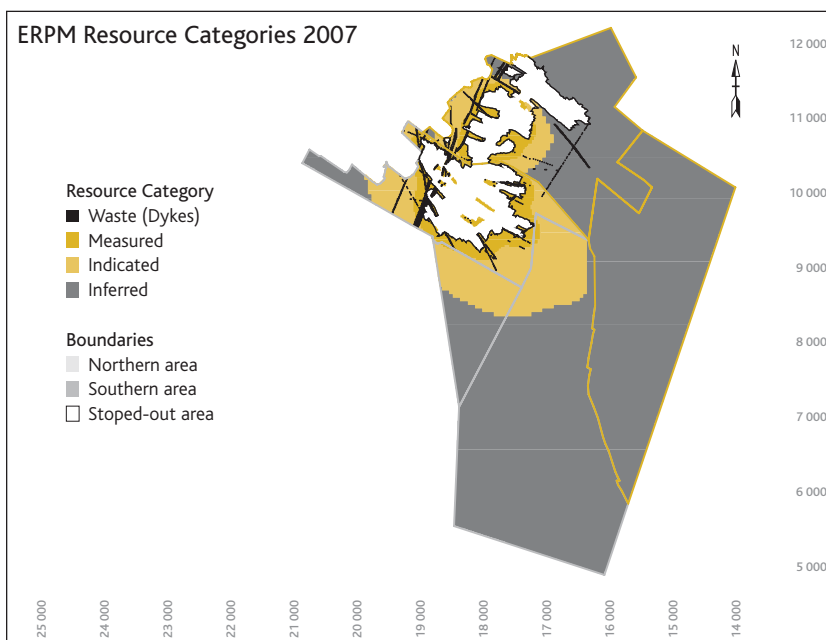
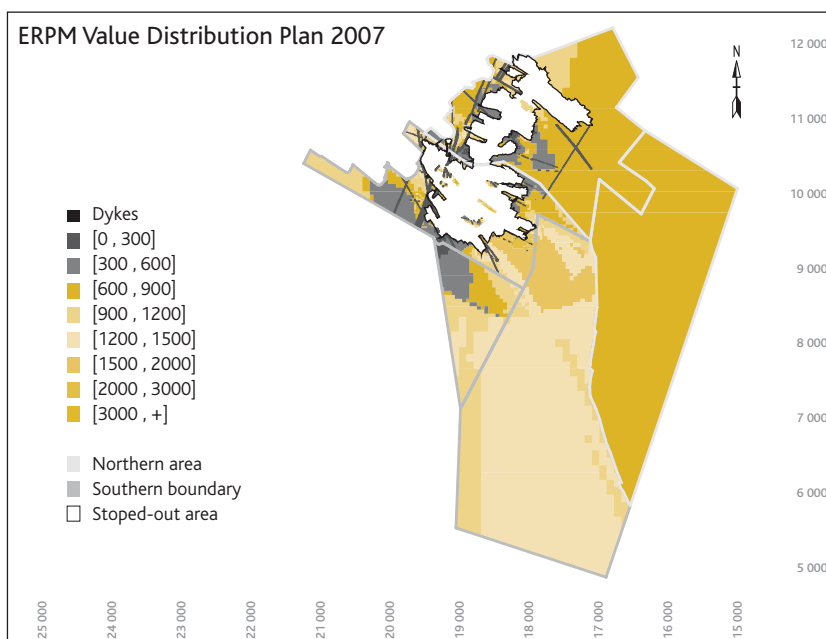
BLYVOOR

DRDGOLD's attributable Mineral Resources from Blyvoor declined by 13% to 20.1Moz, mainly because of the lower stake in DRDGOLD SA. The decrease in attributable Ore Reserves from Blyvoor was slight from 5.3Moz in the previous year to 5.1Moz in the current year – in spite of DRDGOLD's reduced holding in DRDGOLD SA.

ERPM

DRDGOLD's attributable Mineral Resources from ERPM increased by 117%, from 14.1Moz in FY06 to 30.6Moz in FY07. This resulted from the extension of ERPM's prospecting right eastwards into the Rooikraal/Withok area, referred to as ERPM Extension 2, which has an attributable Inferred Mineral Resource of 6.2Moz. In addition, an attributable Inferred Mineral Resource of 12.4Moz was declared south of the historical ERPM workings to a depth of 4300m below surface. The escalation in the gold price was the reason for the opening up and starting of mining operations from the Cason shaft, raising ERPM's

In FY07, DRDGOLD's attributable Mineral Resources increased by 14% to 54.2Moz and its Ore Reserves decreased by 28% to 6.3Moz.



Measured and Indicated Mineral Resources by a further 0.2Moz.

DRDGOLD's attributable Ore Reserves from ERPM decreased by 0.3Moz, from 1.0Moz in FY06 to 0.7Moz in FY07, because of increased working costs, the company's reduced shareholding in DRDGOLD SA and depletion. Upon successful conversion of the ERPM Extension 1 prospecting right to a mining right, additional Ore Reserves will be declared.

CROWN

DRDGOLD's reduced equity in DRDGOLD SA had the effect of decreasing its attributable Mineral Resources from Crown by 10%, from 3.5Moz in FY06 to 3.1 Moz in FY07.

DRDGOLD's attributable Ore Reserves from Crown remained constant at 0.4Moz because of the inclusion of the Top Star dump. The Top Star dump (remains of Erf 1 Park Central Township) in the Johannesburg central business district was purchased from AngloGold Ashanti Limited on 28 August 2006. An application for a

mining right, submitted to the Department of Minerals and Energy (DME) on 1 February 2007, is pending. The mining of the Top Star dump is included in the current life-of-mine plans.

AUSTRALASIA

On 5 December 2006, after an extensive three-month review of Vatukoula, Emperor determined that mining operations were no longer economically viable and that the mine would therefore cease production. After completion of a strategic review to optimise the value of Vatukoula and other Fijian landholdings, the mine was placed on a care and maintenance programme. On 28 March 2007 Emperor completed an agreement to sell all its Fijian assets, including the Vatukoula mine, to Westech Gold (Pty) Limited, a private company incorporated in Australia.

At a general meeting held on 27 July 2007, DRDGOLD shareholders approved the disposal by Emperor of its indirect 20% interest in the Porgera Joint Venture to a

subsidiary of Barrick Gold Corporation for a purchase consideration of R1.8 billion (\$250.0 million). The transaction was completed on 17 August 2007.

DRDGOLD's attributable Mineral Resources from its Australasian operations decreased by 95%, from 7.0Moz in 2006 to 0.3Moz in 2007, primarily as a result of the disposal of the Porgera and Vatukoula mines.

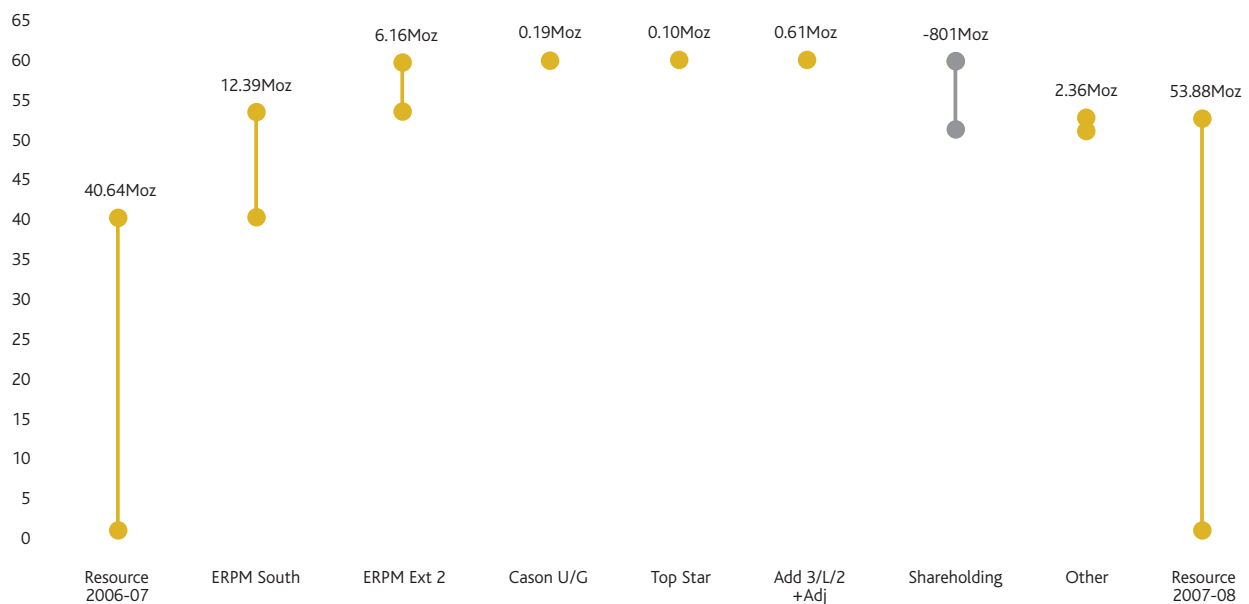
For the same reason DRDGOLD's attributable Ore Reserves from its Australasian operations declined by 95%, from 2.2Moz in 2006 to 0.1Moz in 2007.

TOLUKUMA

DRDGOLD's attributable Mineral Resources from Tolumkuma decreased from 0.4Moz in 2006 to 0.3Moz in 2007, mainly because of a reduction in grade.

DRDGOLD's attributable Ore Reserves from Tolumkuma declined from 0.2Moz in 2006 to 0.1Moz in 2006, primarily as a result of depletion.

DRDGOLD's Attributable Resource Variance: DRDGOLD SA 2006 vs 2007



Reserves and resources *continued*

SENSITIVITY OF ORE RESERVES AT VARIOUS GOLD PRICES

The Ore Reserves quoted are sensitive to operating costs and the gold price. The official Ore Reserves are quoted at \$660/oz, at an exchange rate of R7.28/\$, or R154 437 per kilogram.

REPORTING CODE AND PROCEDURE

DRDGOLD's statements of its Mineral Resources and Ore Reserves, with the exception of Tolukuma, were independently reviewed by RSG Global for the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC Code), the Australasian Code for Reporting of Exploration Results (JORC Code), the National Instrument 43-101 and the United States Securities and Exchange Commission (SEC) Industry Guide 7 compliance. RSG is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions since 1987.

The review report for the South African operations was compiled by Mrs Kathleen Body (SACNASP), Mr Ken Lomberg (SACNASP) and Dr Steven Rupprecht (Pr.Eng). The review

report for Tolukuma was compiled by Mr Brad Sampson and Mr Roger Cooper (MAusIMM and MAIG). They have the appropriate relevant qualifications, experience, competence and independence to be considered independent 'competent persons' or 'qualified persons' under the definitions provided in the codes and instruments.

RSG has carried out its review of the data, techniques, procedures and parameters used in the preparation of Mineral Resources and Ore Reserves statements during site visits to the operations. They have verified that all reserves that have been included in the reserve tabulation are included in the current life-of-mine plans.

Up to 2005 DRDGOLD calculated its Ore Reserves using a three-year average gold price. Given the increase in the gold price since 2006, DRDGOLD believes that the three-year average gold price is unrealistic for planning purposes and hence Ore Reserve calculations. In consultation with RSG it was decided to use the exchange rate and the gold price as at the final day of the quarter prior to the declaration of the Ore Reserves. At 31 March 2007, the dollar gold price was \$660/oz, the exchange rate was R7.28/\$ and the rand gold price was R154 437/kg. For compliance with the United States Securities and Exchange Commission (SEC), in

DRDGOLD's Form 20-F to be filed with the SEC, the Ore Reserves will also be quoted using the three-year average gold price of \$533/oz at an the exchange rate of R6.67/\$ which equates to R115 437/kg.

COMPETENT PERSONS

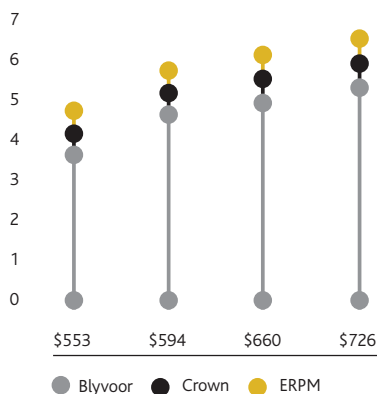
The information in this annual report that relates to Mineral Resource, Ore Reserve or exploration results is based on information compiled by the competent persons at each operation as listed below:

- Blyvoor: David Edwin James Whittaker (SACNASP);
- ERPM: Johan Smit (PLATO);
- Crown: William John Laing (PLATO); and
- Tolukuma: Brad Sampson and Roger Cooper (MAusIMM and MAIG).

These individuals have extensive (more than five years) relevant experience in the mining industry and the type of deposits mined. They are the designated competent persons, in terms of the SAMREC and JORC codes and are registered members of the recognised statutory organisations.

The competent persons responsible for the compilation and reporting of the DRDGOLD Mineral Resources and Ore Reserves were David Edwin, James Whittaker (South African operations) and Brad Sampson and Roger Cooper (Australasian operations).

DRDGOLD Attributed Reserves for DRDGOLD SA: Sensitivity to Gold Price



IDENTIFIED ATTRIBUTABLE ORE RESERVES (DELIVERED) AT 30 JUNE 2007

	Proved				Probable				Total			
	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
Blyvoor (74%)												
Underground	16.856	5.87	98.870	3.179	10.051	5.26	52.835	1.699	26.907	5.64	151.705	4.878
Surface	12.872	0.59	7.555	0.243	–	–	–	–	12.872	0.59	7.555	0.243
Total	29.728	3.58	106.425	3.422	10.051	5.26	52.835	1.699	39.779	4.00	159.260	5.121
ERPM (74%)												
Underground	0.870	8.20	7.134	0.229	0.968	7.11	6.885	0.221	1.838	7.63	14.019	0.450
Surface	10.681	0.64	6.818	0.219	–	–	–	–	10.681	0.64	6.818	0.219
Total	11.551	1.21	13.952	0.448	0.968	7.11	6.885	0.221	12.519	1.66	20.837	0.669
Crown (74%)*												
Underground	–	–	–	–	–	–	–	–	–	–	–	–
Surface	11.135	0.50	5.599	0.180	12.426	0.58	7.220	0.232	23.561	0.54	12.819	0.412
Total	11.135	0.50	5.599	0.180	12.426	0.58	7.220	0.232	23.561	0.54	12.819	0.412
TOTAL SOUTH AFRICAN OPERATIONS												
Underground	17.726	5.98	106.004	3.408	11.019	5.42	59.720	1.920	28.745	5.77	165.724	5.328
Surface	34.688	0.58	19.972	0.642	12.426	0.58	7.220	0.232	47.114	0.58	27.192	0.874
Total	52.414	2.40	125.976	4.050	23.445	2.86	66.940	2.152	75.859	2.54	192.916	6.202
Tolukuma (79%)												
Underground	–	–	–	–	0.163	20.58	3.354	0.108	0.163	20.58	3.354	0.108
Surface	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	0.163	20.58	3.354	0.108	0.163	20.58	3.354	0.108
TOTAL AUSTRALASIAN OPERATIONS												
Underground	–	–	–	–	0.163	20.58	3.354	0.108	0.163	20.58	3.354	0.108
Surface	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	0.163	20.58	3.354	0.108	0.163	20.58	3.354	0.108
Total group												
Underground	17.726	5.98	106.004	3.408	11.182	5.64	63.074	2.028	28.908	5.85	169.078	5.436
Surface	34.688	0.58	19.972	0.642	12.426	0.58	7.220	0.232	47.114	0.58	27.192	0.874
Total	52.414	2.40	125.976	4.050	23.608	2.98	70.294	2.260	76.022	2.58	196.270	6.310

* The Top Star dump is included within Crown's Ore Reserve and life-of-mine plans. Application for a mining right is pending.

Reserves and resources *continued*

IDENTIFIED ATTRIBUTABLE MINERAL RESOURCE AT 30 JUNE 2006

	Measured				Indicated			
	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
Blyvoor (74%)								
Underground	16.852	8.26	139.164	4.474	20.451	5.40	110.436	3.551
Surface	12.872	0.59	7.555	0.243	-	-	-	-
Total	29.724	4.94	146.719	4.717	20.451	5.40	110.436	3.551
ERPM (74%)								
Underground	2.398	7.38	17.684	0.568	6.901	7.74	53.388	1.717
Surface	10.681	0.64	6.818	0.219	138.972	0.31	43.388	1.395
Total	13.079	1.87	24.502	0.787	145.873	0.66	96.776	3.112
Crown (74%)								
Underground	-	-	-	-	-	-	-	-
Surface	79.660	0.40	32.190	1.035	261.998	0.25	65.374	2.102
Total	79.660	0.40	32.190	1.035	261.998	0.25	65.374	2.102
TOTAL SOUTH AFRICAN OPERATIONS								
Underground	19.250	8.15	156.848	5.042	27.352	5.99	163.824	5.268
Surface	103.213	0.45	46.563	1.497	400.970	0.27	108.762	3.497
Total	122.463	1.66	203.411	6.539	428.322	0.64	272.586	8.765
Tolukuma (79%)								
Underground	-	-	-	-	0.179	21.75	3.893	0.125
Surface	-	-	-	-	-	-	-	-
Total	-	-	-	-	0.179	21.75	3.893	0.125
TOTAL AUSTRALASIAN OPERATIONS								
Underground	-	-	-	-	0.179	21.75	3.893	0.125
Surface	-	-	-	-	-	-	-	-
Total	-	-	-	-	0.179	21.75	3.893	0.125
Total group								
Underground	19.250	8.15	156.848	5.042	27.531	6.09	167.717	5.393
Surface	103.213	0.45	46.563	1.497	400.970	0.27	108.762	3.497
Total	122.463	1.66	203.411	6.539	428.501	0.65	276.479	8.890

Inferred				Total			
Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz	Tonnes Mt	Grade g/t	Contents Gold t	Contents Gold Moz
109.056	3.30	359.997	11.574	146.359	4.17	609.597	19.599
26.576	0.33	8.863	0.285	39.448	0.42	16.418	0.528
135.632	2.72	368.860	11.859	185.807	3.37	626.015	20.127
122.633	6.78	830.958	26.716	131.932	6.84	902.030	29.001
-	-	-	-	149.653	0.34	50.206	1.614
122.633	6.78	830.958	26.716	281.585	3.38	952.236	30.615
-	-	-	-	-	-	-	-
-	-	-	-	341.658	0.29	97.564	3.137
-	-	-	-	341.658	0.29	97.564	3.137
231.689	5.14	1 190.955	38.290	278.291	5.43	1 511.627	48.600
26.576	0.33	8.863	0.285	530.759	0.31	164.188	5.279
258.265	4.65	1 199.818	38.575	809.050	2.07	1 675.815	53.879
0.357	17.15	6.121	0.197	0.536	18.68	10.014	0.322
-	-	-	-	-	-	-	-
0.357	17.15	6.121	0.197	0.536	18.68	10.014	0.322
0.357	17.15	6.121	0.197	0.536	18.68	10.014	0.322
-	-	-	-	-	-	-	-
0.357	17.15	6.121	0.197	0.536	18.68	10.014	0.322
232.046	5.16	1 197.076	38.487	278.827	5.46	1 521.641	48.922
26.576	0.33	8.863	0.285	530.759	0.31	164.188	5.279
258.622	4.66	1 205.939	38.772	809.586	2.08	1 685.829	54.201

Reserves and resources *continued*

ORE RESERVE PARAMETERS UTILISED – SOUTH AFRICA

		Blyvoor	ERPM	Crown
Underground				
Working cost	R/t	800.81	988.64	
Gold price	R/kg	154 437	154 437	
Plant recovery	%	95.8	94	
Mine call factor	%	83.8	87	
Mining factors:				
Sundries	%	14	9	
Discrepancies	%	8	12	
Required yield	g/t	5.19	6.40	
Head grade	g/t	5.42	6.81	
Broken grade	g/t	8.21	9.65	
Stope width	cm	109	125	
Surface				
Working cost	R/t	15.08	53.99	43.44
Gold price	R/kg	154 437	154 437	154 437
Plant recovery	%	48	66.00	64.04
Mine call factor	%	100	100	100
Mining factors:				
Reclamation	%	100	100	100
Required yield	g/t	0.098	0.351	0.282
Head grade	g/t	0.203	0.531	0.440
Broken grade	g/t	0.203	0.531	0.440

Note:

Ore Reserves for the South African operations are calculated using a total working cost pay limit, the previous three years' mining efficiencies and the current life-of-mine plan. The working cost pay limit is calculated per individual shaft or costing areas using area costing figures, and then combined to formulate the total pay limit.

ORE RESERVE PARAMETERS UTILISED – AUSTRALASIA

		Tolukuma
Underground		
Working cost	US\$/t	224
Gold price	US\$/oz	533
Plant recovery	%	92
Mine call factor	%	N/A
Mining factors:		
Sundries	%	–
Discrepancies	%	–
Required yield	g/t	11.0
Head grade	g/t	20.6
Broken grade	g/t	N/A
Stope width	cm	200

Note:

Ore Reserves for the Australasian operation are calculated using a total working cost pay limit, the previous three years' mining efficiencies and the current life-of-mine plan. The working cost pay limit is calculated per individual shaft or costing area using area costing figures, and then combined to formulate the total pay limit.

GROWTH POTENTIAL

DRDGOLD's strategy remains that of growth and diversification through the discovery and/or acquisition of new Mineral Resources and Ore Reserves. DRDGOLD has established specific objectives that will ensure sustainable, profitable growth within acceptable risk parameters. Acquisitions will be considered at any stage on the development curve, ranging from greenfields projects to mature operating mines. Of paramount importance in the growth strategy is the search for quality assets.

Growth opportunities within South Africa have been largely confined to organic expansion from existing operations. The Mineral and Petroleum Resources Development Act with the unused old order rights reverting back to the state as at 30 April 2005, continues to provide DRDGOLD with the opportunity to acquire and exploit additional areas which were sterilised under the old order rights.

DRDGOLD will continue to build on its position as a leading gold producer and will strive to establish and entrench itself as one of the world's premier international gold mining companies.

EXPLORATION AND PROJECT DEVELOPMENT

Exploration and project development during the year continued to enhance DRDGOLD's

growth strategy by extending and replacing existing production ounces.

MINE EXPLORATION BLYVOOR

For FY08 an exploration drilling programme linked to opening up and development has been scheduled to evaluate the south-west down-dip extension of the orebody south of the Boulder Dyke. An initial 1 000m of exploration drilling to locate and define pay shoots is planned to start in September 2007. If encouraging results are obtained, various mining options will be investigated to exploit the orebody, including the possibility of a trackless decline.

ERPM

ERPM Extension 1

DRDGOLD SA has a prospecting right covering an area of 1 252ha of the adjacent Sallies mine, referred to as ERPM Extension 1. When this is converted into a mining right, it will enable the high-grade Composite Reef pay shoot, currently being exploited at ERPM, to be pursued through the existing mine boundary.

The regional geology of the area indicates that there will be a strike change due to faulting associated with an east-west trending sinistral tear fault. In order to confirm the anticipated change in the geological structure and hence pay shoot orientation, it is envisaged that prospecting will take place through development situated 50m in the footwall. Owing to high induced

stress experienced at depth, there will be concurrent over-stopping on the reef plane. Although this is the safest option, permission has been sought from the Department of Minerals and Energy (DME) and the mine is awaiting a response.

The development will be supplemented by exploration diamond drilling, conducted from exploration cross-cut drilling platforms.

In FY07 four exploration boreholes were drilled from current mining areas into ERPM Extension 1. The results are summarised below.

The area covered by the prospecting right was evaluated in the current reserve and resource estimation. As a consequence of Measured and Indicated Mineral Resources being defined by grade extrapolation, an application to convert the prospecting right to a mining right will be submitted by the end of 2007. On approval, the Measured and Indicated Resources will be upgraded to a reserve.

ERPM Extension 2

An application to extend ERPM's existing prospecting right eastwards into the Rooikraal/Withok area, incorporating the southern section of the old Van Dyk mining lease area and a small portion of Sallies, was granted by the DME in the current year. Known as ERPM Extension 2, the additional area is 5 500ha.

The resource for ERPM Extension 2 was estimated by independent consultants

EXPLORATION BORE HOLES – ERPM EXTENSION 1

Hole No	g/t	Channel Width (cm)	Cmgt	Comment
Bh No 1	26.7	162	4 324	
Bh No 2	11.1	64	715	
Bh No 3	2.5	227	556	
Bh No 4	7.5	246	1 829	
Bh No 4	13.1	126	1 659	mining cut

Reserves and resources **continued**

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Camden Geoserve and Minxcon and audited by RSG. An Inferred Resource of 28.6Mt at 9.06g/t (8.3Moz) at a stope width of 125cm was declared. The pay shoot area equates to 17% of the prospecting right after applying 4% geological losses. The evaluation methodology applied was a global Sichel 't' estimate based on five historical surface boreholes with grades ranging from 107cmgt to 3 346cmgt. A sixth hole drilled from underground and reportedly assaying at 2 479cmgt was excluded from the estimate as it could not be verified.

Subsequent due diligence exercises will be conducted which could eventually culminate in a deep-level mine with a life in excess of 15 years.

CROWN TOP STAR

The Top Star dump has been evaluated geostatically and has a probable reserve of 5.1Mt, at a grade of 0.755g/t. The dump has been incorporated into Crown's mining plan.

ELSBURG SLIMES DAMS

On 7 July 2007 DRDGOLD SA and Mintails SA announced the formation a joint venture consolidating certain of their assets on the East Rand. In addition, the joint venture has acquired significant gold-bearing tailings material from AngloGold Ashanti. Each party will own 50% of the joint venture which will be managed by Crown.

In terms of the agreement Mintails SA will contribute one fully refurbished carbon-in-leach (CIL) circuit and DRDGOLD SA will contribute the Elsburg slimes dams which have an indicated resource of 187.8Mt at 0.31 g/t (1.89Moz) for treatment. Upon the compilation of a mining plan the Elsburg resource will be upgraded to a reserve.

TOLUKUMA

Exploration was focused on the continued delineation of the Zine Structure and drilling in the Fundoot and Kagam areas to the south of current mine activities.

Exploration at Zine continued in an effort to define the lateral and vertical extent of mineralisation on the Zine Mid Zone and Zine South Zone. Drilling was completed from both surface and underground and returned a range of positive results.

The most encouraging result was in hole ZN093 (as reported on 27 March 2007) where a bonanza grade intersection of 1.66m @ 204.08g/t Au and 63.2g/t Ag was returned. This was followed up with hole ZN094, which intersected the Zine Structure approximately 70m above hole ZN093, and 30m below current development drives, and returned 1.66m @ 63.58g/t Au and 257.3g/t Ag. Compilation of data from adjacent drill holes has defined an irregular zone of high-grade intercepts of approximately 150m by 100m. These are very encouraging results and are consistent with high-grade assays from development drives above the drill-hole intercepts. Further drilling is continuing in this area.

Drilling is also being undertaken on the deeper sections of the Tinabar and Zine structures.

REGIONAL EXPLORATION

SOUTH AFRICA ARGONAUT

The Argonaut project represents the southern down-dip extension of the Central Rand Goldfields. It relates to the possible exploitation of part of the potential resource at 3 000m to 4 500m below surface, situated south of the Robinson Deep mine and extending eastwards to the Simmer and Jack mine.

On 6 February 2006, a prospecting right covering an area of 969ha over part of the project was obtained. As the area covered by the current prospecting right is not large enough to sustain an ultra-deep mining operation, an application for an extension to the current prospecting right by an additional 4 002ha was submitted to the DME. The



application was rejected on the grounds that prospecting would take place within a residential township. As no additional drilling to that approved in the granted prospecting right is planned an appeal will be lodged.

URANIUM EXPLORATION

The escalation in the U308 price prompted DRD GOLD to embark on an exploration programme to determine the uranium potential of its extensive surface dumps.

Owing to its historical production, Blyvoor, which up until 1979 produced 5 260t of U308 at a yield grade 0.12 kg/t, was deemed to be the best exploration target. In the March quarter, 36 boreholes with a total meterage of 908m were drilled on Blyvoor's seven slimes dams and sampled for gold, uranium and sulphur. The sampling interval was 1.5m with quality control samples (duplicate, blank and two references) inserted per batch of 16 samples. The dumps were surveyed and the resultant tonnage equates to 107.7Mt.

A geological valuation model per slimes dam was generated and an externally audited SAMREC-compliant resource declared.

The same process will be applied to the surface dumps of the other South African operations in the coming year.

AUSTRALASIA PAPUA NEW GUINEA

Emperor maintains 11 exploration licences. A major technical review of all exploration tenements was completed in the current year. The review has highlighted and ranked over 30 separate prospects with several key prospects at an advanced stage requiring further exploration and drilling.

Fieldwork was completed in several areas during the period although weather problems and the unavailability of helicopters restricted the scope of work in the latter part of the year.

On ELs 580, 683 and 894, all of which surround the Tolukuma mine, geological mapping, stream-sediment sampling, and soil-sampling programmes were completed on several prospects. Most results are still pending, however, on EL 894 work was undertaken to further define the area of confluence of the Tolukuma-Saki-Ijav faults. This area is situated approximately 13km south-east of the mine, and 10km south of the Hoyu prospect. Structures consistent with the Tolukuma-Saki-Ijav faults were confirmed on the ground and maximum rock-chip assays were 0.6g/t Au and 20g/t Ag (assays completed at the mine's on-site laboratory). These results are considered anomalous, and together with the identification of the key structures, justifies further work in this area.

Considerable work has been completed at the Saki prospect. Saki is located approximately 3km east of the Tolukuma mine and displays many features comparable with the Tolukuma vein array. Previous drilling in the area has returned positive results, including 1.59m @ 26g/t Au and 2.25m @ 7.1g/t Au in diamond drill holes. All historical data has been compiled, additional stream-sediment sampling completed (results not yet available), and geological mapping and rock-chip sampling completed. This work has resulted in a proposal to drill eight holes to test the deeper portions of the Saki system with the goal of delivering intersections comparable to those at Tolukuma.

Exploration on the cluster of tenements located approximately 60km north-east of the Tolukuma mine, and on the north side of the Owen Stanley Range, was completed. On EL 1327 a three-week programme of mapping and rock-chip sampling was completed at the Aikora prospect and 73 samples were collected. Results have not yet been returned. Results have been received from sampling undertaken last quarter on EL 1366. Of 21 samples, the highest gold grade was 1.16g/t (float sample) and, separately,

the highest silver grade was 69.1g/t (rock-chip sample). These assays were completed at the mine's on-site laboratory.

Assay results have also been received, compiled and interpreted from the Ipi River area on EL 1352. The Ipi River prospect is situated 60km north-west of the Tolukuma mine and was explored for copper-gold porphyry systems in the 1970s by CRA and again in the 1970s and 1990s by BHP. During the year Emperor undertook a follow-up programme comprising 458 soil samples and 312 rock-chip samples and the results support historical findings. A propylitic and phyllic altered diorite containing multiple-vein arrays and breccia veins has been mapped over an area of 1.5km by 1.5km. Soil samples contain up to 1.51g/t Au, and 938ppm Cu, with anomalous molybdenum, silver, and arsenic. Rock-chip samples returned maximum values of 3.75g/t Au and 10.16% Cu from veins containing chalcopyrite, chalcocite and pyrite.

These rock-chip samples were also anomalous for silver, zinc and arsenic. A follow-up programme at Ipi River is currently being planned for in late 2007.