

# Let's Talk Asikhulume

A QUARTERLY NEWSPAPER FOR THE PEOPLE OF DRDGOLD

DRDGOLD ▶

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## A strong balance sheet: Important for your company, your country and you

by Niël Pretorius, CEO, DRDGOLD

**W**hen I was in North America earlier this year visiting DRDGOLD shareholders, it became very apparent to me how important a strong balance sheet is to investors in helping them to decide whether or not to buy shares in a company. They see a company's balance sheet – laying out its assets and liabilities, its strengths and its weaknesses – as a clear indicator of the company's general state of health.

“Comments made recently by the CEO of a major South African gold mining company helped me to recognise that, in a similar way, a country's balance sheet – the way it demonstrates its assets and liabilities, its strengths and weaknesses – is very important for it and its people.

“The gold mining company CEO was very encouraging about our country's political stability and the general environment in which our economy functions. It seems to me that South Africa's balance sheet is relatively strong in a world marked at present by extreme economic turmoil.

“We are becoming, once again, an attractive investment destination for foreigners and if the strength of our currency is anything to go by, South Africa is certainly on the right path. I had not realised until someone pointed out to me that the Rand has been the world's strongest performing currency this year – this at a time when the major world currencies are all under enormous pressure.

“For those of us who have invested our future in this country, it is important that we do what we can – individually and collectively – to maintain an environment that will be attractive to our children and grandchildren, and make them want to continue to live here.

“Cast your mind back to the voting queues at the recent general election; I was struck by the enthusiasm evident on the faces of all of the voters in my queue, and by their large number. I am sure that, if I had asked them all, they would have confirmed they were casting their vote in the firm belief that, in doing so, they were making a definite contribution, a positive difference.

“The bottom line is that, in spite of the many challenges we still face as a nation, we live in a country where every single one of us has the freedom to make a difference. Increasingly, we are seeing how people are doing this; taking charge and bringing about change for the better. We are starting to recognise that it is not government's job to attend to our every need, to every debit entry, every 'negative' on the country's balance sheet.

“You know that I have long been talking about the importance and value of pushing 'thinking' as deeply into DRDGOLD as it can possibly go. And increasingly, as 'the DRDGOLD family', we are setting industry benchmarks for safety, efficiency and cost control. Here's my next challenge to you:

**“We live in a country where every single one of us has the freedom to make a difference. Increasingly, we are seeing how people are doing this.”**

think bigger, think wider, get involved and make a difference. Think how you can extend your best influence to make a positive difference beyond your job and workplace – into your community and your country. You will be pleasantly surprised how, in doing so, your own, personal 'balance sheet' will start to look stronger.”

## Ergo Gold achieves against set milestones



An aerial view of Ergo

**T**he development of the Elsburg JV (Phase 1 of the Ergo project), is progressing in line with the milestones set in place when DRDGOLD first entered into a 50:50 JV with former partner Mintails.

Following DRDGOLD's acquisition of the remaining 35% stake in the gold component of the Elsburg JV in December 2008, the project is now officially referred to as Ergo Gold. Despite the change of name, the objectives have remained unchanged.

Commissioning of the Brakpan plant's first carbon-in-leach (CIL) circuit began late in 2008. Ergo is currently processing 20 000 tonnes of material a day in line with the projected processing rate of 600 000 tonnes per

month from the L29 tailings dam with the first gold already having been produced in December of 2008.

Reclamation of the Elsburg Tailings Complex will start in June 2009 and will ramp up to 600 000 tonnes per month by September 2009. This, combined with the 600 000 tonnes per month from L29 will make up the planned 1.2 million tonnes per month treatment through the Ergo plant. Once the operation has reached steady state, it should produce 75 000 ounces of gold at a cost of around R23 per tonne.

Ergo is currently in the process of developing the Elsburg pipeline and reclamation station. Further developments will be reported in future editions of *Asikhulume*.

## Quarter wrap-up

DRDGOLD reported a 13% increase in gold revenue to R563 million, against 5%-lower net operating costs of R406 million. This was largely as a result of ERPM's closure which provided a 38% increase in operating profit of close to R130 million.

However, gold production was 2% lower at 58 997 ounces, mainly due to a drop of more than 50% in gold production from ERPM as a result of the suspension of underground mining activities during the December quarter.

Gold production from Blyvoor was 3% lower, primarily due to lower surface production resulting from heavy summer rainfall and pump and pipe failures. Crown staged an appreciable recovery from the previous quarter, increasing gold production by 17% on the back of a better average yield, driven by higher than expected recoveries from the Top Star site. The quarter also saw the first appreciable gold production from Ergo Gold – 1 736 ounces, or 50%, attributable to DRDGOLD.

“The recent conclusion of our acquisition of 100% of the Elsburg Joint Venture – now known as Ergo Gold – is part of our drive to ensure the future of our business.

“Looking ahead, we will be focusing on optimising synergies between Crown and Ergo; securing additional tailings deposition capacity for Crown; replacing the current dump truck ore haulage system at Blyvoor with an entirely more cost-effective railway/conveyor configuration; and determining a sustainable means of managing the rising water level of the Central Witwatersrand Basin from ERPM,” said Niël Pretorius, DRDGOLD CEO.

### Letters to the Editor

This is your newsletter and we want to hear from you.

Letters or questions can be sent to your HR manager or faxed to Memory Johnstone at (011) 880-3788.

# EBDA in full flight

The Ekurhuleni Business Development Academy (EBDA), located at the former Metallurgical and Engineering Training Centre at Ergo, opened its doors to the first batch of learners in February.

The centre presents ABET training ranging from level 1 to level 4 to all DRDGOLD operations and is currently offering courses to around 40 learners from the surrounding Ekurhuleni community.

In addition to ABET training, the centre also offers engineering and metallurgical training to around 90 people.

The Siyafunda centre, also located on the EBDA premises, is fully operational and is offering computer literacy training to around 29 learners. Plans are in motion to further expand the centre with an additional facility equipped with 10 workstations.

## Correction

A factual error in the article entitled *CREATING CAREER PATHS AT CROWN*, *Asikhulume issue 12*, was brought to our attention.

The article reported that a total number of 88 applications have been received and that six participants have already started their operatives training during February 2009.

Crown has, however, received 33 applications, with the short listing process having been postponed to the next quarter, after which training will begin.

*Asikhulume* will keep you posted on any further developments. Please contact human resources manager at Crown Jeevan Uren, if you have any further immediate queries.

## ERPMM keeps it in-house

The suspension of operations at ERPMM has resulted in a surplus of redundant equipment, ranging from consumables to pipes and underground mining equipment. In an effort to prevent waste and retain value within the company, an initiative has been launched to sell much of ERPMM's equipment to DRDGOLD's other operations, as well as to outside mining houses.

Financial manager Mark Burrell explains: "We have a definite purpose, in that we are not simply transferring ERPMM's redundant equipment between sites, but selling it internally at fair market value. This not only adds value, but also prevents money from leaving the company, as all equipment is being resold at book value and in some instances, replacement value. Onsite stock and supplies that

have yet to be used will be returned to the original suppliers."

The relocation of equipment also helps prevent occurrences of theft and is helping to reduce the burden of the cost of security. "Security has done a very good job of securing the unused equipment since the mine's closure. However, this relocation initiative is certainly a more prudent and viable option, particularly in the current economic climate," says Mark.

Disused equipment can also pose an environmental hazard if left unattended for prolonged periods of time. The redistribution of equipment helps contribute to DRDGOLD's Environmental Management Programmes (EMPs), which aim to mitigate environmental impact and reduce closure liability.

## ERPMM e dula e etsa dintho ka hara lelapa

Ho emiswa ha mesebetsi mane ERPMM ho entse hore ho be le disebediswa tse ngata tse seng di sa sebediswe, ho tloha ho dinthong tse rekwang nako le nako ho ya dipeiping le disebediswa tsa ka tlase merafong. Ka maiteko a ho thibela tshenyeho le ho boloka boleng ka hara khampani ho thakgotse mesebetsi wa ho rekisa tse ngata tsa disebediswa tsa ERPMM di rekisetswa tshebetso tse ding tsa DRDGOLD, ekasitana le dikhampani tse ding tsa merafo tsa ka ntle.

Motsamaisi wa ditjhelete, Mark Burrell o a hlalosa, "Re na le sepheo se hlakileng, hobane ha re fetisetse disebedisiwa tsena tse seng di sa sebediswe tsa ERPMM pakeng tsa ditsha feela, empa re di rekisa le ka hare ka boleng bo lokileng mmarakeng. Hona ha ho eketse boleng feela ho DRDGOLD empa hape ho thibela le hore tjhelete e se ke ya tswa khampaning, ka ha disebediswa tsohle di rekiswa botjha ka boleng ba tsona bo bukeng ha jwale, mme nqeng tse ding ka boleng ba ho fihlela disebediswa tseo hape."

# Blyvoor working towards solving the energy conundrum

In an effort to improve energy consumption at Blyvoor, the mine has entered into a 'load-shifting' project in conjunction with Eskom, an initiative known as the Demand Side Project. The capital requirement, a total of R22 million, was fully funded by Eskom and is aimed at minimising the consumption of electricity during peak consumption times (between 06:00 and 10:00, and between 18:00 and 20:00 in the evenings, when demand is greatest from domestic and retail users).

Thus far, the initiative and the monitoring of its implementation has proved to be successful; however, a lot more needs to be done to ensure that Blyvoor meets the reduction in energy consumption of between five and 10 percent on the overall baseline consumption estimated at an average of 34 million kilowatt hours per month as at September 2007.

If the mine does not comply with this mandate in the near future, heavy penalties may be imposed.

"This mandate from Eskom could prove to be challenging for our underground operations, especially when you take into consideration the increase in energy consumption, expected at almost every level of production, once the Way Ahead Project is running at full capacity," said engineering manager, Chris Sealy Fisher.

"We have identified four key high energy consumption areas. These include the pumping of water, ventilation fans, the refrigeration plant and compressors and we are currently investigating alternatives to increase efficiency in order to reduce our energy consumption in these areas," he concluded.

# A second chance for ERPMM employees



Students receiving business skills development tutoring at EBDA as part of the reskilling programme established by DRDGOLD, the NUM, UASA and the Department of Labour (DoL)

In an attempt to reduce the impact of the closure of ERPMM's underground operations on employees who lost their jobs as a result, DRDGOLD has, in close consultation with labour and the Department of Labour (DoL) established a 'Reskilling Programme' at the Ekurhuleni Business Development Academy (EBDA) which is situated at the old Ergo Training Centre in Brakpan.

The centre, which is in close proximity to ERPMM, has opened its doors to around 150 employees who indicated their interest in the programme.

Training started in February and will equip students with skills that will allow them to find jobs not only in the mining

sector, but also in other sector of the economy. Students are expected to be fully trained by the end of August.

Employees who participate in the programme will complete a two-week introduction to business skills course, after which they will be able to follow courses in practical welding, electrical, construction, motor mechanics or plumbing.

Buti Bilwane, human resources manager at ERPMM, said "I would like to thank Musa Vilakazi from the DoL and Hansond Nkaytshana from the NUM for their contributions towards the successful implementation of the programme."

## Abasebenzi base-ERPMM banikwa elinye ithuba

Ngenzame yokunciphisa uchaphazeleko lokuvalwa kwemisebenzi yaphantsi komgodi we-ERPMM, kubasebenzi abaphulukene nemisebenzi yabo ngenxa yoku kusalwa, i-DRDGOLD, ngokubonisana nqo ne-NUM, i-UASA kunye ne-DoL, iseke 'i-Ekurhuleni Business Development Academy (EBDA), lona eliphaya kwi Training Centre endala yase-Ergo e-Brakpan.

Uqeqesho lwabasebenzi abanomdla abali 150 luqale ngoFebhruwari kwaye luzakuxhobisa abafundi ngezakhono eziyakwenza ukuba bakwazi ukufumana imisebenzi, hayi nje kuphela kwicandelo lasemigodini, koko nakwamanye amacandelo wezoqoqosho kwaye abafundi balindeleke ukuba babe sebeqeqeshwe ngokupheleleyo ngasekupheleni kuka-Agasti.

# 'Collie se dam' weathers the summer storms

**F**or what feels like the first time ever, not one drop of Blyvoor slime and spillage water could be found on the road adjacent to no 4 and 5 shaft (R501), following the heavy summer rainfalls typical for this part of the country.

On previous occasions, water and slime overflowed from the catchment area next to the slime dams as a result of excess rain water exceeding the pumping capacity of the water drainage pumps. The overflow also occurred when the pumps tripped as a result of lightning during rain storms.

"In order to satisfy the Department of Water Affairs and Forestry (DWAF) and the National Nuclear Regulator (NNR) as well as to honour our environmental responsibilities, we agreed that these spills had to be stopped," said Collie Russouw, executive officer: underground operations.

In a resourceful attempt to stop spillage from seeping on to the road, four spillage paddocks measuring 50 by 20 metres each were constructed under the leadership of Collie and completed in May 2008, in good time for summer. The paddock walls were reinforced with rock and the foundation was excavated further to ensure that no contaminated water from the slimes dam would be discharged into the surrounding environment.

As a result of this endeavour, no new contamination occurred and the paddocks withstood the summer storms. The unveiling of the resilient paddocks took place during March 2009 in celebration of this remarkable feat.

The catchment area is now officially known as 'Collie se dam' in honour of the man responsible for finding an innovative solution to a complex challenge.



On the right, Collie Russouw receives a congratulatory handshake from Frazer Alexander representative, Fanie van Vuuren

## Crown plans ahead

In compliance with the Mining Charter, and as a joint effort between management and organised labour, Crown is in the process of establishing a Future Forum.

**"When considering these challenges, it is important that we recognise and plan for the eventual closure of mines," said human resources manager, Jeevan Uren.**

The Future Forum is a prerequisite worker/employer initiative aimed at mitigating the challenges faced by the mining industry.

"If we recognise the depleting nature of mineral resources, it enables us to become proactively involved in

preparations for certain inevitabilities faced by the mining sector as a whole, and the impact it will have on the entire workforce," said human resources manager, Jeevan Uren.

The Future Forum will promote ongoing communication between management and employees, providing a platform where all relevant parties can openly discuss and identify company-specific challenges and objectives. This process is crucial to developing measures such as turnaround and re-deployment strategies.

"These strategies should be communicated to Crown employees at every level by the relevant union representatives in order to ensure that each and every employee is prepared and informed to make appropriate decisions," concluded Jeevan.

Crown has been making contributions towards the social and labour account on a monthly basis to adequately provide for the funding and implementation of strategies identified by the Forum.

## I-Crown icwangcisa kwangaphambili

Ngokuhambisana noMqulu weMigodi (Mining Charter) nanjengeenzame ezidityanelweyo phakathi kwabaphathi nemibutho yabasebenzi, i-Crown ikwinkqubo yokuseka iQonga lokuBonisana ekuthiwa yi-Future Forum.

I-Future Forum iyakuphakamisa unxibelelwano oluqhubekayo phakathi kwabaphathi nabasebenzi kwaye iyakunika iqonga apho onke amaqela abandakanyekayo angaxoxa kwaye achonge ngokuphandle imicelimngeni neenjongo ezingqamene nqo nenkampani. Le nkqubo ingundoqo ekuphuhliseni kwamanyathelo afana nezicwangciso zokugqula izinto zibekwimo efanelekileyo kwanokuchonga ezinye iindawo ekungafakwa kuzo abantu.

I-Crown ibifaka isandla kwinxowa-mali ye-Future Forum ngenyanga njengenyathelo lokuqinisekisa ukusetyenziswa okunempumelelo kwezicwangciso ezichongwe kwaye zaphuhliswa ngokuhlangeneyo liqonga eli.

## Knights – the thick and thin of it

Historically, the Knights plant has experienced problems maintaining the density of thickener used. Almost every three months, lost thickener would result in the loss of anything between 7 and 12 kilograms of gold per month. In addition, the plant incurred lost production time while system reconfiguration took place. Josiah Tshisevhe, metallurgical plant superintendent explains: "This level of lost production was unacceptable, so we trained some of the plant operators to work within the protection areas in order to monitor, maintain and prevent further losses as well as installing warning systems.

"Since then we have managed to run for a full 12 months without any serious problems or delays.

I must commend all the people we have trained to keep an eye on the thickener. They've all played a huge role in preventing losses. We can proudly say we've reached another milestone."

The new thickener monitoring system at Knights has also reduced the strain on senior management and has helped make thickener related issues more manageable.

"In the past three years, we've processed 1 884 700 tonnes of slime and 3 988 761 tonnes of sand through the Knights plant – that's almost 17 520 hours of non-stop running," concluded Josiah.

## New lease on life for DRDGOLD's standards, policies and procedures

DRDGOLD, one of the oldest mining companies in South Africa, has recently embarked on a drive to revisit and update, where necessary, all standards, policies and procedures related to underground mining in order to comply with new legislation and requirements.

Says Phillip Watters, general manager: projects, who is heading up the project team: "Mining legislation has changed somewhat in recent

years. Where previously employers had merely to explain the mine standard or procedure and describe how to complete a task, now supervisors are expected to identify the risks associated with each of these procedures and tasks. The Mines Health and Safety Act is more comprehensive than ever before. We need to stay ahead of the game at all times and this is the primary goal of this project.

"We have set up a standards drafting committee, which goes through and revises current standards, policies and procedures on a daily basis. We envisage this revision to take around two months, after which we will embark on an intensive training campaign. Lesson plans and training

material is being drawn up or revised simultaneously. At first, production managers and mine overseers will be given a refresher course on the revisions thereafter, the training will be cascaded down to shift supervisors, miners and team leaders."

**DRDGOLD is undergoing an intensive revamp of all standards, policies and procedures, not only to ensure legal compliance, but to inject a breath of fresh air into a vital, but often overlooked, area of the business.**

According to Phillip, the success of such a project relies on the buy-in of every individual. "This can only work if every

single person at DRDGOLD buys into the concept – from the most senior employees to the person working at the rockface. Without discipline, commitment and adequate support, the process will falter; but I believe we have what it takes to make this a success," explains Phillip.

Initially, the project will focus on Blyvoor, with a view to repeating the process at the other operations once completed. "This process is to run hand in glove with the current behaviour-based safety campaign; both seek to empower employees so that we can truly embrace the concept that production cannot continue without a vigilant focus on safety," concludes Phillip.

## Ntjhafatso ya maemo, maano le mekgwatshebetso ya DRDGOLD

DRDGOLD, e nngwe ya dikhampani tsa kgale tsa merafo mona Afrika Borwa, e sa tswa kena mosebetsing wa ho ntjhafatso, moo ho hlokehang, maemo, maano le mekgwatshebetso e amanang le ho rafa ka tlasa lefatshe. Le ha maemo, maano le mekgwatshebetso e ntle e sebetsa ha jwale, yona e lokelwa ho ntjhafatso

nako le nako hore e tsamaelane le melao le ditlhoko tse ntjha.

Ka ho ya ka Phillip, katleho ya projeke e jwale e itshetlehle hodima tshetso ya bohle. "Hona ho ka sebetsa ha motho e mong le e mong wa DRDGOLD a ka dumellana le ho tshetso mohopolo ona – ho tloha

basebetsing ba maamong a phahameng haholo ho ya fihla ho basebetsi ba leng tlaselase. Ntle le boitshwaro, maikemisetso le tshetso e lekaneng, tshetso ena e ke ke ya atleha, empa ke dumela hore bohle re ka etsa hore e atlehe," ho rialo Phillip Watters, motsamaisi kakaretso: wa mesebetsi.

# Equipped for excellence

In May 2008, *Asikhulume* reported that six members of the DRDGOLD management team, who had been earmarked to participate in the Management Development Programme (MDP), were en route to completing the one year post-graduate course presented by the UNISA Business School.

The course comprised six programme modules including: strategy implementation, operations and supply chain management, marketing and information management, mobilisation of people, financial and management accounting as well as economics for business. For each module, participants were required to complete two group assignments (which counted towards a year-mark) which formed a part of the final evaluation of the participant. Each module concluded with a three-hour examination.

Nancy du Plessis, assistant financial manager at Blyvoor, was identified as the best achiever from DRDGOLD with a total average of 70%.

“Our study group consisted of four members, all from different backgrounds and different disciplines. We would meet every Tuesday for two hours to discuss what we had learnt and what work was to be completed. This was a very insightful exercise since I not only learnt more about the contents of the syllabus, but I also learnt to appreciate the various strengths and aptitudes of my fellow group members.

“After completing the programme, I feel I am better equipped to perform my duties. Having been exposed to various business disciplines, I now look beyond the obvious when I approach any work-related situation.

“Of course there were many challenges along the way, but if you really want to achieve something, you’ll plan around those challenges and just get on with it,” concluded Nancy.



Top-achiever MDP graduate Nancy du Plessis is ready to embrace the future and “just get on with things”

## Resourceful recovery at Blyvoor



Milling capacity at Blyvoor has been increased as a result of resourcefulness on the part of the metallurgical team under the leadership of metallurgical manager Juan Oosthuizen.

“Due to increased underground production as a result of progress made with the Way Ahead Project, we needed to expand the milling capacity in order to process the increased underground resource,” says Juan.

An additional rod mill was constructed by means of refurbishing components from previously decommissioned areas within the metallurgical plant at a total cost of R300 000. This innovative venture was completed at the end of March and has resulted in an increased capacity of 15 000 tonnes per month, enabling Blyvoor to process 125 000 tonnes per month.

## DRDGOLD takes Cape Argus by storm

On 8 March 2009, cycling enthusiasts from DRDGOLD, together with 26 000 cyclists from around the world, participated in what has gone down in history as the ‘Tour of Storms’.

This year’s event was riddled by challenges as a result of unusually strong wind conditions with wind speeds reaching up to 120 kilometres per hour which resulted in many contestants being blown off their bicycles. Despite these treacherous conditions, all Team DRDGOLD

members, which comprised Alwyn Hamman, Barry de Blocq, Charles Symons and Wayne Swanepoel, managed to complete the race without serious injury. Alwyn Hamman even managed to achieve the fastest time for DRDGOLD.

“The race was exceptionally challenging, but we are always up for a challenge, which is why we decided to participate in the first place,” said regional human resources manager Wayne Swanepoel.

### On 5 March, members of DRDGOLD participated in the annual JP Morgan Chase Corporate Challenge.

Proceeds generated from each entry has gone towards a donation made to Girls’ and Boys’ Town, a non-profit organisation that focuses on the development and strengthening of youth, families and communities in difficulty.



Pictured here standing from left to right are: Rhys Herbert, Shaun Rowe, Dirk Grobler, Faizel Arenze, Andrew Weir, Ben Nyirenda, Shawn Arter, Craig Barnes, Neville Lane; and in the front row from left to right: Andre Pretorius, Cherlene Bezuidenhout, Leonie Marupen, Amanda Hoosen, Stephanie Meyer, Reneiloe Masemene, Suzette Pretorius, Marlize van Zyl

### Copper cable theft corrodes income



The theft of copper cables at Crown, City Deep and Knights is a rising problem.

As a result of ongoing theft, the company has incurred losses of over R100 000 during 2009 alone.

Not only does copper cable theft corrode the income of the company, it also poses a very serious safety hazard.

It is the responsibility of each and every employee to prevent and report losses of company property.

Please contact your local security service to report any irregularities at the following toll free crime line:

**0800 205 315 or 011 896 1136**