

# DRDGOLD Investor Brief

DRDGOLD  
LIMITED

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## March quarter – KEY FEATURES

Commenting on the company's quarterly results, released on 26 April, DRDGOLD Ltd CEO John Sayers said that sign-off on the sale of 78.9%-owned Emperor's stake in the Porgera Joint Venture in Papua Guinea would contribute towards a strong foundation for DRDGOLD going forward.



Within DRDGOLD SA, Blyvoor, Crown and ERPM all reported lower gold production than in the previous quarter. "At Blyvoor and ERPM, the rate of return of employees after the Christmas break was poor, and, at Blyvoor, the five-day illegal strike had an additional impact," said John. "It is worth noting that – at both operations – surface production rose and helped offset the impact of lower underground production. At Crown, the effect on production of depleting high-grade material underlines the importance of bringing on stream new projects such as the new 3/L/2 site and the Top Star Dump."

Looking ahead, John stressed the importance of a strong focus on cost controls and volumes to ensure the improvement of margins.

## Recognition for ERPM

ERPM's contribution to local community development and upliftment was honoured at a gala event at Caesar's Palace in Kempton Park on 23 February, when the mine received the Professional Management Review (PMR) award for the Ekurhuleni Municipal District's leaders and achievers.

The awards are based on the results of surveys carried out among senior business leaders in the area by PMR's independent research unit. "ERPM was proud to achieve an 'excellent' rating in the mining category," says General Manager Manny da Silva. "Results were based on over 2 500 ratings and nominations, sourced from large- to medium-sized companies across the municipality, including senior local government representatives and Gauteng provincial department directors and deputy directors. We take our role as a corporate citizen seriously, and are proud that our commitment has been recognised through this award."



Left to right: Lynn Gough, Assistant Financial Manager; Paul Housler, Engineering Manager; Manny da Silva, General Manager; Johan Smit, Mineral Resources Manager; Louis Lamsley, DRDGOLD SA COO; and Buti Biloane, HR Manager.

## Update from Australasia

DRDGOLD Ltd subsidiary, Emperor Mines, will be free of debt after conclusion of an agreement to sell its 20% stake in the Porgera gold mine in Papua New Guinea to Barrick Gold, its partner in the joint venture. The value of Emperor's stake is US\$250 million, excluding an additional adjustment amount still to be confirmed.

"Following the completion of this transaction, Emperor will have no debt and will have cash resources of some A\$130 million," says DRDGOLD Ltd CEO John Sayers.

The sale of Vatukoula Gold Mine in Fiji to Westech Gold Limited was announced on 28 March.

## Crown – BEYOND 2010



A new initiative is under way at Crown Gold Recoveries, DRDGOLD SA's surface retreatment operation south of Johannesburg. The project's aims are to unlock potential and prolong the operating life of the operation's three plants, currently planned at three to four years. "Our vision is to extend this," says General Manager Henry Gouws, "by continually improving our game so as to be in a position to create or take advantage of value-adding opportunities, whether through variations in the gold price or currency exchange rates, new resources or joint ventures."

Overall, the objectives are improved, consistent throughput and reduced costs. "As we face ever-diminishing grades," says Henry, "we need to sustain high levels of production at minimum costs to seize opportunities as they arise. For example, we might look at alternative deposition sites or even relocating operations."

As Henry explains, the plan is not so much finding a new way of doing business as involving everyone in the organisation, so that the full potential of its 'people-power' is unleashed.

A transformation process is being followed, designed to build the team, guide the process and empower employees to deliver.



## ERPM on show

A group of five mining analysts visited ERPM on 21 March. Hosted by DRDGOLD SA CEO Niel Pretorius and General Manager Manny da Silva, the group visited the Far East Vertical (FEV) 66 level east lower-grade project area. Following a broad overview of DRDGOLD SA from Niel, Manny reviewed ERPM's past, present and future.

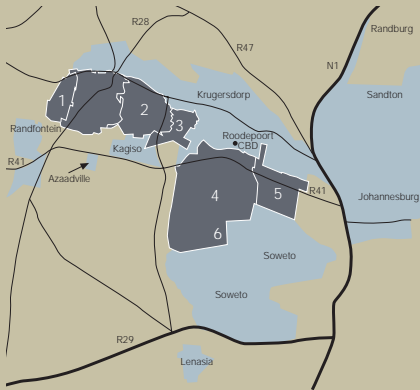
Incorporated in May 1893, ERPM's operations at one time comprised as many as 21 shafts. ERPM has a proud record of innovation in ultra-deep mining, ranging from shaft sinking to new ventilation and cooling techniques. After the falling Rand gold price, increased seismicity and withdrawal of the State pumping subsidy brought the mine to the point of closure in 2004, the operations were saved in a remarkable turnaround operation.

Manny went on to review infrastructure upgrades currently under way, as well as the exploration activities related to ERPM Extensions 1 and 2. During the second half of 2006, ERPM initiated an ambitious exploration programme into the adjacent Sallies lease area.

The first prospect borehole in the area known as ERPM Extension 1 was completed during the last quarter of the 2006 financial year, and preliminary results are encouraging. At a meeting with the Department of Minerals and Energy (DME) in September 2006, a revised prospecting works programme was presented, and permission to overstep the prospecting drive is awaited.

ERPM Extension 2 incorporates the southern sections of the Van Dyk leasing area and a small portion of Sallies. With a potential exploration target of some 7-11 million ounces, this has the potential to extend the planned life of mine by more than 15 years.

## DRDGOLD in new mining and exploration JV



- DRD, RL, RL, WW, WRC & EAST CHAM'DOR
- Urban Municipalities
- Freeways and National roads
- Main Roads
- 1 West Witwatersrand Gold Mine
- 2 West Rand Consolidated Gold Mine
- 3 East Champ D'Or Gold Mine
- 4 Durban Roodepoort Deep Gold Mine
- 5 Rand Leases Gold Mine
- 6 DRD

On 26 April, DRDGOLD Ltd (which holds 74% of DRDGOLD SA) and Australian-listed Mintails Limited announced the formation of a joint venture (JV) company in South Africa to explore, evaluate and potentially mine gold and uranium in the Western Rand Goldfield of the Witwatersrand Basin.

"The Wits Basin is one of the greatest gold- and uranium-producing regions ever discovered," says DRDGOLD SA CEO Niel Pretorius. "The area where the JV will operate covers some significant historical mines – which have produced both gold and uranium – over the western margin of the area. The current gold price, combined with the sharp rise in the uranium price this year, has made a number of old projects viable."

DRDGOLD Ltd and Mintails SA (wholly owned by Mintails Limited), will initially each hold 45% in the JV, with Mineral and Mining Reclamation Services (MMRS) holding the remaining 10%. Plans are in place to list the JV – to be called Kgosi Mining – first on the Australian Stock Exchange and later in Johannesburg.

The JV partners have agreed to consolidate their Western Rand Goldfield projects, which include Rand Leases, Durban Roodepoort Deep, East Champ D'Or, Luipaardsvlei and West Rand Consolidated.

The JV will initially explore and delineate gold and uranium resources on surface, and explore more deeply next year.

## MEET Phillip Tshiloane

Phillip joined DRDGOLD SA as General Manager: Exploration and Prospecting on 1 April. His enthusiasm for the new opportunities facing DRDGOLD SA is evident on first meeting him. "In the long term, expansion into Africa offers great possibilities; and, starting right now, we must exploit the gold on our doorstep. ERPM Extensions 1 and 2 provide us with a great opportunity. My role will be to co-ordinate the exploration programme for the entire ore body, and, ultimately, to ensure this is exploited efficiently," he says. "Looking ahead, ERPM has other resources, currently inaccessible because of the presence of underground water, which could be accessed through resumed pumping."

Phillip's previous experience covers virtually the complete spectrum of the South African resources industry, in mining, marketing, new business development and project management. After completing a B Sc (Mining Engineering) at Wits, Phillip rose steadily through the mining ranks at various gold, coal and platinum mines. A spell at the Department of Minerals and Energy (DME) provided useful insight into the

government's perspectives of the mining industry.

An invitation from Patrice Motsepe led to Phillip spending time with the African Rainbow Minerals group, in gold mining in the Klerksdorp area and the Assmang manganese mine (50% ARM-owned), near Kuruman in the Northern Cape. "The two highlights here," says Phillip "were exposure to highly mechanised mining, and to life in the remote mining community of Hotazel."

His next major move, which he recalls as a career highlight, was into a consulting role, covering the acquisition of prospecting licences in the PGM field for a number of companies, including liaison with the DME and local communities. "I've had the opportunity of guiding projects through their complete life, from greenfields prospect to detailed mine planning, which has been the perfect training for my new role here at DRDGOLD."



## Blyvoor: SAFETY EXCELLENCE RECOGNISED

Blyvoor's passionate commitment to safety has been rewarded by two major awards.

In January, the mine received the Department of Minerals and Energy (DME) safety flag. The competition, for ultra deep gold and platinum mines, is based on reduction in lost shifts and serious injuries (causing absence of 14 shifts or more) over a three-year period. Blyvoor's award covers the period 1 July 2003 to 30 June 2006. The DME safety flag will fly over Blyvoor for the twelve months ending 25 January 2008. "All injuries and fatalities are unacceptable," says Chief Safety Officer Willie Nelson "but we are moving in the right direction. Compared with the previous three-year period, our fatality rate decreased from 0.6 to 0.12, and our reportable injury rate from 3.92 to 2.43 per million man hours."

More recently, Blyvoor achieved the notable milestone of winning the West Rand Mine Managers' Inter-mine Safety competition for the ninth year in succession. "This is only the 10th year the competition has been held," says Willie. "We came second the first year, and have won ever since."

The competition rules changed in 2006. Previously based on lost time injuries only, it is now based on reportable injury frequency rates, with an additional penalty for any fatalities.



Phillip Tobias (left), Vice President of the Association of Mine Managers of SA (AMMSA) congratulates Blyvoor General Manager Collie Russouw at the function held at Kloof Country Club on 18 April.

## PEOPLE ON THE MOVE

### Promotions – February

Henriëtte Rossouw appointed Regional Manager, Occupational Hygiene and Radiation Protection for DRDGOLD SA.

Koos van Schalkwyk appointed SBU Manager at Crown, Crown City plant.

### Promotions – March

Buti Biloane appointed Human Resources Manager at ERPM.

Josiah Tshisebe appointed Plant Superintendent at Crown, Knights plant.

Leonard Nxumalo appointed Senior Geologist at ERPM.

### New engagements – February

Dirk Grobler joined the corporate office as Group Financial Accountant.

### New engagements – April

Phillip Tshiloane: General Manager Exploration and Prospecting SA Operations, DRDGOLD SA regional office

Jeevan Uren: Human Resources Manager at Crown Gold. Schalk Lubbe: Production Manager, ERPM.



DRDGOLD Building, 299 Pendoring Avenue,  
Blackheath, Randburg, South Africa  
PO Box 390, Maraisburg, 1700, South Africa  
Tel: +27 (11) 219-8700  
Fax: +27 (11) 476-2637

WANT A QUICK RESPONSE TO YOUR QUESTIONS ABOUT DRDGOLD?

Email: [ilja.graulich@za.drdgold.com](mailto:ilja.graulich@za.drdgold.com)