

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2009

Commission file number 0-28800

**DRDGOLD LIMITED**

(Exact name of Registrant as specified in its charter and translation of Registrant's name into English)

**REPUBLIC OF SOUTH AFRICA**

(Jurisdiction of incorporation or organization)

**299 PENDORING AVENUE, BLACKHEATH, RANDBURG, 2195, SOUTH AFRICA**

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act

**Title of each class:**

Ordinary shares (traded in the form of American Depositary Shares, each American Depositary Share representing ten underlying ordinary shares.)

**Name of each exchange on which registered:**

The NASDAQ Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act

**None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

**None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**As of June 30, 2009 the Registrant had outstanding 378,001,303 ordinary shares, of no par value.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing. U.S. GAAP  International Financial Reporting Standards as issued by the IASB  Other

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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## Preparation of Financial Information

We are a South African company and currently all of our operations, as measured in production ounces, are located there. Accordingly, our books of account are maintained in South African Rand. Our financial statements included in our corporate filings in South Africa were prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the International Accounting Standards Board (IASB) for the financial years ended June 30, 2007, 2008 and 2009. All references to “dollars” or “\$” herein are to United States Dollars, references to “rand” or “R” are to South African Rands and references to “A\$” are to Australian Dollars.

Prior to fiscal year ended June 30, 2008, our annual financial statements (translated into dollars) were prepared and filed with the U.S. Securities and Exchange Commission (“SEC”) in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). On December 21, 2007, the SEC adopted rules allowing foreign private issuers that file Annual Reports on Form 20-F to file financial statements with the SEC in accordance with IFRS as issued by the IASB without reconciliation to U.S. GAAP. As per these new rules, we changed our basis of presentation and included in this Annual Report our consolidated financial statements prepared in accordance with IFRS as issued by the IASB. All financial information, except as otherwise noted, are stated in accordance with IFRS as issued by the IASB.

We present our financial information in rand, which is our presentation currency. Solely for your convenience, this Form 20-F contains translations of certain rand amounts into dollars at specified rates. These rand amounts do not represent actual dollar amounts, nor could they necessarily have been converted into dollars at the rates indicated. Unless otherwise indicated, rand amounts have been translated into dollars at the rate of R7.77 per \$1.00, which was the noon buying rate in New York City on October 31, 2009.

In this Annual Report on Form 20-F, we present the financial items “cash costs per kilogram” and “total costs per kilogram” which have been determined using industry guidelines promulgated by the Gold Institute and are not IFRS financial measures. An investor should not consider these items in isolation or as alternatives to cash and cash equivalents, operating costs, profit/(loss) attributable to equity owners of the parent, profit/(loss) before taxation and other items or any other measure of financial performance presented in accordance with IFRS or as an indicator of our performance. While the Gold Institute has provided definitions for the calculation of cash costs, the calculation of cash costs per kilogram, total costs and total costs per kilogram may vary significantly among gold mining companies, and these definitions by themselves do not necessarily provide a basis for comparison with other gold mining companies. See “Glossary of Terms and Explanations” and Item 5A.: “Operating and Financial Review and Prospects – Cash costs and total costs per kilogram- Reconciliation of cash costs per kilogram, total costs and total costs per kilogram.”

## DRDGOLD Limited

When used in this Annual Report, the term the “Company” refers to DRDGOLD Limited and the terms “we,” “our,” “us” or “the Group” refer to the Company and its subsidiaries, associates and joint ventures, as appropriate in the context.

## Special Note Regarding Forward-Looking Statements

This Annual Report contains certain “forward-looking” statements within the meaning of Section 21E of the Exchange Act, regarding future events or other future financial performance and information relating to us that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management. Some of these forward-looking statements include phrases such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “should,” or “will continue,” or similar expressions or the negatives thereof or other variations on these expressions, or similar terminology, or discussions of strategy, plans or intentions. These statements also include descriptions in connection with, among other things:

- estimates regarding future production and throughput capacity;
- our anticipated commitments;
- our ability to fund our operations in the next 12 months; and
- estimated production costs, cash costs per ounce and total costs per ounce.

Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- adverse changes or uncertainties in general economic conditions in the markets we serve;
- regulatory developments adverse to us or difficulties in maintaining necessary licenses or other governmental approvals;
- changes in our competitive position;
- changes in business strategy;
- any major disruption in production at our key facilities; or
- adverse changes in foreign exchange rates and various other factors.

For a discussion of such risks, see Item 3D.: “Risk Factors.” The risk factors described in Item 3D. could affect our future results, causing these results to differ materially from those expressed in any forward-looking statements. These factors are not necessarily all of the important factors that could cause our results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

### **Imperial units of measure and metric equivalents**

Units stated in this Annual Report are measured in Imperial and Metric.

<u>Metric</u>	<u>Imperial</u>	<u>Imperial</u>	<u>Metric</u>
1 metric tonne	1.10229 short tons	1 short ton	0.9072 metric tonnes
1 kilogram	2.20458 pounds	1 pound	0.4536 kilograms
1 gram	0.03215 troy ounces	1 troy ounce	31.10353 grams
1 kilometer	0.62150 miles	1 mile	1.609 kilometres
1 meter	3.28084 feet	1 foot	0.3048 metres
1 liter	0.26420 gallons	1 gallon	3.785 liters
1 hectare	2.47097 acres	1 acre	0.4047 hectares
1 centimeter	0.39370 inches	1 inch	2.54 centimetres
1 gram/tonne	0.0292 ounces/ton	1 ounce/ton	34.28 grams/tonnes
0 degree Celsius	32 degrees Fahrenheit	0 degrees Fahrenheit	- 18 degrees Celsius

## Glossary of Terms and Explanations

Adularia .....	A transparent or translucent variety of common feldspar.
Archaean.....	A period of the geological time scale between 2.5 and 4.6 billion years ago, the earliest part of the Precambrian.
Assaying .....	The chemical testing process of rock samples to determine mineral content.
Auriferous.....	Containing gold.
Bonanza .....	Unexpected high-grade occurrences.
Care and maintenance .....	Cease active mining activity at a shaft, but continue to incur costs to ensure that the Ore Reserves are open, serviceable and legally compliant.
Cash costs per kilogram .....	Cash costs are operating costs incurred directly in the production of gold and include labor costs, contractor and other related costs, inventory costs and electricity costs. Cash costs per kilogram are calculated by dividing cash costs by kilograms of gold produced. Cash costs per kilogram have been calculated on a consistent basis for all periods presented. This is a non-IFRS financial measure and should not be considered a substitute measure of costs and expenses reported by us in accordance with IFRS.
Caving.....	A type of mining in which the ore is blasted and drawn in a manner causing the overhead rock to cave in.
Conglomerate .....	A coarse-grained sedimentary rock consisting of rounded or sub-rounded pebbles.
Cut-and-fill .....	A mining method in which a slice of rock is removed after blasting and replaced with a slice of fill material to provide workers with a platform to mine the next slice of rock.
Cut-off grade .....	The minimum in-situ grade of ore blocks for which the cash costs per ounce, excluding overhead costs, are equal to a projected gold price per ounce.
Depletion .....	The decrease in the quantity of ore in a deposit or property resulting from extraction or production.
Dilution.....	Broken rock entering the ore flow at zero or minimal grade and therefore diluting the gold content per ton.
Diorite .....	An igneous rock formed by the solidification of molten material.
Doré .....	Unrefined gold and silver bullion bars consisting of approximately 90% precious metals which will be further refined to almost pure metal.
Electrowinning .....	The process of recovering metal from ore by means of electro-chemical processes.
Grade.....	The amount of gold contained within auriferous material generally expressed in ounces per ton or grams per ton of ore.
g/t .....	Grams per ton.
Horizon .....	A plane indicating a particular position in a stratigraphic sequence. This may be a theoretical surface with no thickness or a distinctive bed.
Igneous rock .....	Rock which is magmatic in origin.
Intrusive .....	Rock which while molten, penetrated into or between other rocks, but solidified before reaching the surface.
Life of mine .....	Projected life of a mining operation based on the Proven and Probable Ore Reserves.
Metallurgical plant .....	A processing plant (mill) erected to treat ore and extract the contained gold.
Mine call factor.....	This is the gold content recovered expressed as a percentage of the gold content called.
Mill .....	Material passed through the metallurgical plant for processing.
Mt.....	Million tons.
Opening up .....	The potential that previously abandoned shafts have to be reopened and mined.
Ore .....	A mixture of valuable and worthless minerals from which the extraction of at least one mineral is technically and economically viable.
Ore Reserves.....	Attributable total Ore Reserves of subsidiaries.
Pay-limit .....	The minimum in-situ grade of ore blocks for which cash costs, including all overhead costs, are equal to a projected gold price per ounce.
Proven Ore Reserves .....	Reserves for which (a) the quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of Ore Reserves are well-established.
Probable Ore Reserves .....	Reserves for which quantity and grade and/or quality are computed from information similar to that used for Proven Ore Reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Proven Ore Reserves, is high enough to assume continuity between points of observation.

oz/t .....	Ounces per ton.
Reef.....	A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold.
Refining .....	The final purification process of a metal or mineral.
Rehabilitation .....	The process of restoring mined land to a condition approximating its original state.
Reserves.....	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Sedimentary.....	Formed by the deposition of solid fragmental material that originated from weathering of rocks and was transported from a source to a site of deposition.
Shaft.....	An opening cut downwards for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a hoist system that lowers and raises a cage in the shaft, transporting equipment, personnel, materials, ore and waste. A shaft generally has more than one compartment.
Shrinkage stoping .....	A mining method in which a small percentage of the broken ore is drawn as mining progresses to make room for subsequent mining activities. Most of the blasted ore is left to accumulate in the stope and is drawn after the stope is completely mined.
Slimes .....	The fraction of tailings discharged from a processing plant after the valuable minerals have been recovered.
Sloughing.....	The localized failure of part of the slimes dam wall caused by a build up of water within the dam.
Stope .....	Underground production working area on the Ore Horizon.
Sub-level stoping .....	A method of mining in which the ore is blasted, on multiple levels in one stope, and drawn off as it is blasted, leaving an open stope.
Tailings .....	Finely ground rock from which valuable minerals have been extracted by milling, or any waste rock, slimes or residue derived from any mining operation or processing of any minerals.
Tailings dam .....	A dam created from waste material of processed ore after the economically recoverable gold has been extracted.
Tonnage/Tons.....	Quantities where the metric ton is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in-situ or quantities of ore and waste material mined, transported or milled.
Total costs per kilogram.....	Total costs per kilogram represent the full amount of costs incurred and represents the difference between revenues from gold bullion and profits or losses before taxation. Total costs per kilogram are calculated by dividing total costs by kilograms of gold produced. Total costs per kilogram have been calculated on a consistent basis for all periods presented. This is a non-IFRS financial measure and should not be considered a substitute measure of costs and expenses reported by us in accordance with IFRS.
Tpm.....	Tons per month.
Up-dip mining .....	A mining method in which the drilled and blasted ore gravitates into slushers or gullies leaving an open space. This is normally used in narrow stopes.
Waste rock .....	Non-auriferous rock.
Yield .....	The amount of recovered gold from production generally expressed in ounces or grams per ton of ore.

## **PART I**

### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

### **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

### **ITEM 3. KEY INFORMATION**

#### ***3A. SELECTED FINANCIAL DATA***

The following selected consolidated financial data as at June 30, 2009, 2008 and 2007 and for the years ended June 30, 2009, 2008 and 2007 are derived from our consolidated financial statements set forth elsewhere in this Annual Report, which have been prepared in accordance with IFRS, as issued by the IASB. These consolidated financial statements have been audited by KPMG Inc. as at June 30, 2009, 2008 and 2007 and for the years ended June 30, 2009, 2008 and 2007. Prior to fiscal year ended June 30, 2008, our annual financial statements (translated into dollars) were prepared and filed with the SEC in accordance with U.S. GAAP. On December 21, 2007, the SEC, adopted rules allowing foreign private issuers that file Annual Reports on Form 20-F to file with the SEC financial statements in accordance with IFRS as issued by the IASB without reconciliation to U.S. GAAP. As per these new rules, we changed our basis of presentation and have included in this Annual Report our consolidated financial statements prepared in accordance with IFRS as issued by the IASB. The selected consolidated financial data as at June 30, 2006 and 2005 and for the years ended June 30, 2006 and 2005 are derived from audited consolidated financial statements not appearing in this Annual Report which have been prepared in accordance with IFRS as issued by the IASB. The selected consolidated financial data set forth below should be read in conjunction with Item 5.: "Operating and Financial Review and Prospects" and with the consolidated financial statements and the notes thereto and the other financial information appearing elsewhere in this Annual Report.



**Selected Consolidated Financial Data**  
(in thousands, except share, per share and ounce data)

	<u>Year ended June 30,</u>					
	2009 <sup>1</sup>	2009	2008	2007 <sup>2</sup>	2006 <sup>2</sup>	2005 <sup>2</sup>
	\$'000	R'000	R'000	R'000	R'000	R'000
<b>Profit or loss Data</b>						
Revenue .....	245,912	1,910,738	1,933,147	2,209,705	1,599,994	1,668,562
Results from operating activities.....	(10,554)	(82,008)	(15,175)	(1,173,375)	(105,110)	(528,043)
Results from operating activities from continuing operations.....	(10,554)	(82,008)	102,194	22,541	7,641	(129,585)
Profit/(loss) for the year attributable to equity owners of the parent .....	16,618	129,124	996,041	(924,466)	(110,089)	(544,792)
Profit/(loss) for the year attributable to equity owners of the parent from continuing operations.	16,618	129,124	128,558	(2,674)	(71,478)	(180,666)
<b>Per Share Data</b>						
Basic earnings/(loss) per share (cents).....	4	34	265	(271)	(35)	(211)
Basic earnings/(loss) per share - continuing operations (cents).....	4	34	34	(1)	(23)	(61)
Diluted earnings/(loss) per share (cents).....	4	34	265	(271)	(35)	(211)
Diluted earnings/(loss) per share - continuing operations (cents).....	4	34	34	(1)	(23)	(61)
Dividends per share (cents).....	1	5	10	-	-	-
Number of shares issued as at June 30.....	378,001,303	378,001,303	376,571,588	370,341,981	320,035,078	296,206,048
<b>Statement of financial position Data</b>						
Total assets .....	337,937	2,625,772	2,262,495	1,947,163	3,010,074	1,499,432
Equity (Net assets).....	203,858	1,583,979	1,305,461	143,456	1,015,272	483,094
Ordinary share capital .....	528,247	4,104,480	4,098,206	4,069,096	3,761,368	3,564,974

**3B. CAPITALIZATION AND INDEBTEDNESS**

Not applicable.

**3C. REASONS FOR THE OFFER AND USE OF PROCEEDS**

Not applicable.

<sup>1</sup> Translations into Dollars in this table are for convenience only and are computed at the noon buying rate in New York City at October 31, 2009 of R7.77 per \$1.00. You should not view such translations as a representation that such amounts represent actual Dollar amounts.

<sup>2</sup> Comparatives have been restated for the reclassification of the Australasian operations as discontinued operations. The discontinued operations relate to the Porgera Joint Venture (disposed on August 17, 2007), Emperor (disposed on October 22, 2007), Netgold (disposed on March 13, 2008) and Buffelsfontein Gold Mines Limited (liquidated on March 22, 2005).

### **3D. RISK FACTORS**

In conducting our business, we face many risks that may interfere with our business objectives. Some of these risks relate to our operational processes, while others relate to our business environment. It is important to understand the nature of these risks and the impact they may have on our business, financial condition and operating results.

Some of the most relevant risks are summarized below and have been organized into the following categories:

- Risks related to our business and operations;
- Risks related to the gold mining industry;
- Risks related to doing business in South Africa; and
- Risks related to ownership in our ordinary shares or American Depositary Shares, or ADSs.

#### **Risks related to our business and operations**

##### ***Changes in the market price for gold, which in the past has fluctuated widely, and exchange rate fluctuations affect the profitability of our operations and the cash flows generated by those operations***

As the majority of our production costs are in rands, while gold is generally sold in dollars, our financial condition has been and could be materially harmed in the future by an appreciation in the value of the rand. Due to the marginal nature of our underground mines, any sustained decline in the market price of gold below the cost of production, could result in the closure of our mines which would result in significant costs and expenditure, for example, incurring retrenchment costs earlier than expected, that would negatively and adversely affect our business, operating results and financial condition.

We do not enter into forward contracts to reduce our exposure to market fluctuations in the dollar gold price or the exchange rate movements of the rand. We sell our gold and trade our foreign currency at the spot price in the market on the date of trade. If the dollar gold price should fall and the regional functional currencies should strengthen against the dollar, resulting in revenue below our cost of production and remain at such levels for any sustained period, we may experience losses and may be forced to curtail or suspend some or all of our operations. In addition, we might not be able to recover any losses we may incur during that period or maintain adequate gold reserves for future exploitation.

Exchange rates are influenced by global economic trends which are beyond our control. In fiscal 2009 and fiscal 2008 the rand strengthened against the dollar by 1.0% and 1.3% respectively (based on exchange rates at June 30 of each year). From December 2001, when it reached R13.44 = \$1.00, the rand has appreciated by 41.4% against the dollar to R7.88 = \$1.00 at June 30, 2009 (based on closing rates). At October 31, 2009 the Rand traded at R7.77 = \$1.00, a 1.4% strengthening relative to the Dollar from June 30, 2009.

A decrease in the dollar gold price and a strengthening of the foreign exchange rate of the rand could result in a decrease in our profitability. In fiscal 2009 and 2008, 100% and 96% of production respectively, was from our South African mines providing significant exposure to the strengthening of the rand and a decrease in profitability. As a result of disposing of our Australasian operations, we are more exposed to the rand/dollar exchange rate as all our operations are now located in South Africa. If the rand were to continue to appreciate against the dollar, our operations could experience a reduction in cash flow and profitability and this would negatively and adversely affect our business, operating results and financial condition.

##### ***Inflation may have a material adverse effect on our results of operations***

South Africa has experienced high rates of inflation recently. Because we are unable to control the market price at which we sell the gold we produce, it is possible that significantly higher future inflation in South Africa may result in an increase in our future operational costs in rand, without a concurrent devaluation of the operational costs in rand against the dollar or an increase in the dollar price of gold. This could have a material adverse effect upon our results of operations and our financial condition. Significantly higher and sustained inflation in the future, with a consequent increase in operational costs, could result in operations being discontinued or reduced or rationalized at higher cost mines.

##### ***We have a history of losses and may incur losses in the future.***

We achieved net profits of R110.7 million and R1.1 billion for fiscal 2009 and 2008, respectively however, in fiscal 2007 we incurred a loss of R1.2 billion. Since fiscal 2007 we have disposed of our loss making Australasian operations and refocused on our profitable South African operations, however, we may incur losses in the future. Our profits and cash flows of our operations are directly exposed to the strength of the Rand and higher input costs as we do not hedge. Our underground mines are also regarded as older, higher cost and lower grade gold producers. In addition our ability to identify Ore Reserves that have reasonable prospects for economic extraction while maintaining sufficient controls on production and other costs, will have a material influence on the future viability of our mines.

***We may not be able to meet our cash requirements because of a number of factors, many of which are beyond our control.***

Management's estimates on future cash flows are subject to risks and uncertainties, such as the gold price, production volumes, costs and seismicity. If we are unable to meet our cash requirements out of cash flows generated from our operations, we would need to fund our cash requirements from alternative financing and we cannot guarantee that any such financing would be on acceptable terms, or would be permitted under the terms of our existing financing arrangements, or would be available at any terms. In the absence of sufficient cash flows or adequate financing, our ability to respond to changing business and economic conditions, make future acquisitions, react to adverse operating results, meet our debt service obligations and fund required capital expenditures or increased working capital requirements may be adversely affected.

***The failure to discover or acquire new Ore Reserves could negatively affect our cash flow, results of operations and financial condition.***

Our future cash flow, results of operations and financial condition are directly related to the success of our exploration and acquisition efforts in the regions in which we operate and any new regions that we identify for future growth opportunities. Our Ore Reserves for fiscal 2009 increased by 16%, primarily due to the inclusion of the Elsburg tailings at ERPM. In fiscal 2008, our Ore Reserves decreased by 7% primarily due to the disposal of our interest in Emperor Mines Limited, or Emperor. In fiscal 2007, our Ore Reserves decreased by 35% primarily as a consequence of the closure and subsequent disposal of the Vatukoula mine and our interest in the Porgera Joint Venture. Mining higher grade reserves in our underground mines is likely to be more difficult in the future, due to the age of these mines and safety concerns and could result in increased production costs and reduced profitability. We can make no assurances that any new or ongoing exploration programs will result in new mineral producing operations that will sustain or increase our Ore Reserves. A failure to discover or acquire new Ore Reserves in sufficient quantities to maintain or grow the current level of our reserves will negatively affect our future cash flow, results of operations and financial condition.

***To the extent that we seek to expand and grow through acquisitions we may experience difficulty in managing these acquisitions and integrating them with our existing operations.***

Our objective is to grow our business by improving efficiency at our existing operations as well as through acquisitions. From time to time we consider the acquisition of mining assets including ore reserves, development properties, operating mines or mining companies. Our expansion through acquisitions of new gold mining operations involves a number of risks including:

- maintaining our financial and strategic focus while integrating the acquired business;
- implementing uniform standards, controls, procedures and policies at the acquired business;
- assimilating the operations of an acquired business in a timely and efficient manner;
- unifying our periodic and year-end financial audit processes;
- increasing pressures on existing management to oversee an expanding company;
- to the extent that we make an acquisition outside of markets in which we have previously operated, conducting and managing operations in a new operating environment;
- the market for acquisitions is competitive and we may not always be successful in identifying and purchasing assets that fit our strategy;
- the ability to conduct a comprehensive due diligence analysis could be restricted due to unavailable information;
- we may need to use a combination of historical and projected data in order to evaluate the financial and operational feasibility of the target assets. These analyses are based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, metal prices and projected economic returns and evaluations of existing or potential liabilities associated with the property and its operations. Other than historical operating results, all of these parameters could differ significantly from the estimates and assumptions used in the evaluation process, which could result in an incorrect evaluation of the quality of the assets to be acquired;
- our inability to make suitable acquisitions at an appropriate price could adversely affect our ongoing business and financial position, particularly if the rand strengthens against the dollar;
- we may experience difficulty in negotiating acceptable terms with the seller of the business to be acquired;
- we may not be able to obtain the financing necessary to complete future acquisitions;
- we may not be able to obtain necessary approvals from regulatory authorities;
- acquisitions financed through the issue of shares may result in a dilution in the value of our shares if the value of the business acquired is not realized; and
- we could experience financial loss through costs incurred in evaluating and pursuing failed acquisitions or overpaying for an acquisition.

Any problems experienced in achieving successful integration or in connection with an acquisition as a result of one or more of these factors could have an adverse effect on our business, operating results and financial condition.

*We may need to improve our internal controls over financial reporting and our independent auditors may not be able to attest to their effectiveness.*

We have evaluated our internal controls over financial reporting for the current fiscal period so that management can attest to the effectiveness of these controls, as required by Section 404 of the United States Sarbanes-Oxley Act of 2002. Although management has determined that these controls are effective for the current fiscal year, we identified in fiscal 2008 two material weaknesses within our internal controls surrounding the financial reporting process and as a result, implemented appropriate remediation steps to address these deficiencies during fiscal 2009. These remediation steps may not be sufficient to prevent significant deficiencies or material weaknesses in the future, and we may also identify other conditions that could result in significant deficiencies or material weaknesses. In this event, we could experience a negative reaction in the financial markets and incur additional costs in improving the condition of our internal controls. For a detailed discussion of controls and procedures, see Item 15.: "Controls and Procedures."

*Increased production costs could have an adverse effect on our results of operations.*

Our historical production costs have varied significantly and we may not be able to accurately predict and adequately provide for an increase in our production costs. Production costs are affected by, amongst other things:

- labor stability, lack of productivity and increases in labor costs;
- increases in crude oil, steel, electricity and water prices;
- unforeseen changes in ore grades and recoveries;
- unexpected changes in the quality or quantity of reserves;
- unstable or unexpected ground conditions and seismic activity;
- technical production issues;
- environmental and industrial accidents;
- gold theft;
- environmental factors; and
- pollution.

The majority of our production costs consist of labor, steel, electricity, water, fuels, lubricants and other oil and petroleum based products. The production costs incurred at our operations have, and could in the future, increase at rates in excess of our annual expected inflationary increase and result in the restructuring of these operations at substantial cost. The majority of our South African labor force is unionized and their wage increase demands are usually above the then prevailing rates of inflation. In September 2009, at Blyvoor, Crown and ERPM we entered into a new two-year wage agreement with the United Association of South Africa, or UASA, which took effect from October 1, 2009. Under the agreement, employees at Blyvoor received a 6.5% increase, employees at Crown received a 6% increase and employees at ERPM received a 4.0% increase. In addition, the UASA employees are eligible for a gold price/profit linked incentive scheme. The National Union of Mine Workers, or NUM, however, rejected a similar offer and commenced strike action on September 15, 2009. The NUM strike ended on October 11, 2009 and the following wage agreements were reached; a two year wage agreement at Crown with effect from October 1, 2009 pursuant to which an 8% wage increase was agreed, along with another increase of 8% with effect from July 1, 2010; a one year wage agreement at ERPM with effect from October 1, 2009 pursuant to which a 4% wage increase was agreed; and a two year wage agreement at Blyvoor with effect from July 1, 2009 pursuant to which an 8% wage increase was agreed for the first year, along with another increase of 8% for the second year. Between September 15, 2009 and October 11, 2009, our average daily gold production loss due to the strike actions was 320 ounces, almost entirely from Blyvoor's deep-level underground mining operation. In addition, in the past, we have been impacted by large price increases imposed by our South African steel suppliers and parastatal entities which supply us with electricity and water. These, combined with the increases in labor costs, could result in our costs of production increasing above the gold price received. Discussions with steel suppliers and parastatal entities to moderate price increases have been unsuccessful in the past.

The costs of fuels, lubricants and other oil and petroleum based products have decreased in fiscal 2009 as a result of the general decrease in the cost of crude oil in global markets. During fiscal 2008, the average Brent crude oil price was approximately \$96 per barrel and in fiscal 2009, the average Brent crude oil price was approximately \$70 per barrel. In the event that crude oil prices increase again, this could have a significant impact on our production costs.

Our initiatives to reduce costs, such as reducing our labor force, negotiating lower price increases for consumables and stringent cost controls, may not be sufficient to offset the increases imposed on our operations and could negatively affect our business, operating results and financial condition.

***Our operations are subject to extensive environmental regulations which could impose significant costs and liabilities.***

Our operations are subject to increasingly extensive laws and regulations governing the protection of the environment, under various state, provincial and local laws, which regulate air and water quality, hazardous waste management and environmental rehabilitation and reclamation. Our mining and related activities impact the environment, including land, habitat, streams and environment near the mining sites. Delays in obtaining, or failures to obtain government permits and approvals may adversely impact our operations. In addition, the regulatory environment in which we operate could change in ways that could substantially increase costs to achieve compliance, therefore having a material adverse effect on our profitability.

We have made, and expect to make in the future, expenditures to comply with these environmental laws and regulations. We have estimated our aggregate Group Rehabilitation, Reclamation and Closure cost provision at R412.5 million included on our statement of financial position as at June 30, 2009. However, the ultimate amount of rehabilitation costs may in the future exceed the current estimates due to influences beyond our control, such as changing legislation, higher than expected cost increases, or unidentified rehabilitation costs. The closure of mining operations, without sufficient financial provision for the funding of rehabilitation liabilities, or unacceptable damage to the environment, including pollution or environmental degradation, may expose us and our directors to litigation and potentially significant liabilities.

***Seismicity and other natural disasters could impact the going concern of our operations.***

We run the inherent risk that seismic activity and/or other natural disasters could cripple our operations and affect their ability to continue production. Seismic activity has had, and may continue to have, a harmful effect on our business, operating results and financial condition. For example, on May 29, 2009, the Blyvoor operations suffered the effects of a seismic event which knocked out a number of its high grade panels in the 38/29 section at No. 5 Shaft. This resulted in gold production being approximately 151kg lower than expected for the four month period ending October 31, 2009 (this excludes the impact of the strike action by our NUM employees during the months of September and October 2009).

***Flooding at our operations may cause us to incur liabilities for environmental damage.***

Flooding of underground mining areas is an inherent risk at our underground operations. If the rate of rise of water is not controlled, water from underground mining areas could potentially rise to the surface or decant into surrounding underground mining areas or natural underground water sources. Due to the withdrawal of government pumping subsidies at Durban Deep and West Wits, we have ceased active pumping of underground water at these mines. We also stopped pumping of underground water at our ERPM underground operation on August 20, 2009. Progressive flooding where these operations are located could eventually cause the discharge of polluted water to the surface and to local water sources.

Estimates of the probable rate of rise of water in those mines are contradictory and lack scientific support, however, should underground water levels not reach a natural subterranean equilibrium, and in the event that underground water rises to the surface, we may face claims relating to environmental damage as a result of pollution of ground water, streams and wetlands. These claims may have a material adverse effect on our business, operating results and financial condition.

***We have ageing assets, which exposes us to greater risk of our infrastructure failing, higher maintenance costs and potentially greater health, safety and environmental liabilities.***

Our assets are made up predominantly of mature assets, which we acquired after they had reached the end of the planned production cycle under their previous owners, and our strategy has been to revive these assets through specialist planning and mining techniques. The ageing infrastructure and installations typical of these operations require constant maintenance and continuing capital expenditure. This materially increases our operational costs. In addition, the technology applied in many of our installations was not regularly updated and accordingly has become obsolete compared to the technology used in more modern mines. As a result the risk of technology failure is high, and the maintenance of these installations, costly.

Due to the nature of the business and because our marginal underground mines predominantly are comprised of aged infrastructures, we inherently run the risk of exposure to greater health, safety and environmental liabilities which we closely monitor but are unable to fully mitigate.

***Limited tailings dam capacity at Crown exposes us to greater risk of financial loss due to lower production and health, safety and environmental liabilities.***

Our ageing tailings facilities at Crown are exposed to numerous risks and events, the occurrence of which may result in the failure or breach of such a facility. These may include sabotage, failure to adhere to the codes of practice and natural disasters such as excessive rainfall and seismicity. In the event that we are limited on how much treated ore, sand or slime we can deposit at Crown's deposition sites, we could be forced to stop or limit operations, the dams could overflow and the health and safety of our employees and communities living around these dams could be jeopardized. In the event that this occurs, our Crown operations will be adversely affected and this in turn could have a material adverse effect on our business, operating result and financial condition.

The Ergo Joint Venture also has tailings facilities that are exposed to the same risks as described above, but as at October 31, 2009 these tailings facilities had sufficient capacity.

***Due to the nature of our business, our Company faces extensive health and safety risks.***

Regrettably five people died in work-related incidents during the first half of fiscal 2009, compared to four fatalities in fiscal 2008. Two of these fatalities were attributable to seismicity-related rock falls, two fatalities were as a result of asphyxiation in a shaft conveyance and one fatality as a result of an accident during loading in a chute. Subsequent to December 31, 2008 and up to October 31, 2009 it is encouraging to report that there was no loss of life at any of our operations. According to section 54 of the Mine, Health and Safety Act of 1996, if an inspector believes that any occurrence, practice or condition at a mine endangers or may endanger the health or safety of any person at the mine, the inspector may give any instruction necessary to protect the health or safety of persons at the mine. These instructions could include the suspension of operations at the whole or part of the mine. While seismic monitoring continues to be an invaluable tool in the management of seismicity, there is still risk of seismic induced fatalities occurring which we may not be able to prevent. These incidents could lead to mine operations being halted and that will increase our unit costs due to loss of production. This could have a material adverse effect on our business, operating results and financial condition.

***Events may occur for which we are not insured which could affect our cash flows and profitability.***

Because of the nature of our business, we may become subject to liability for pollution or other hazards against which we are unable to insure, including those in respect of past mining activities. Our existing property, business interruption and other insurance contains certain exclusions and limitations on coverage. We have insured property, including loss of profits due to business interruption in the amount of about R9.0 billion. Claims for each and every event are limited by the insurers to R1.0 billion. Business interruption is only covered from the time the loss actually occurs and is subject to time and amount deductibles that vary between categories. General liability, fidelity, directors and officers, and other insurance cover are also in place.

Future insurance coverage may not cover the extent of claims brought against us, including claims for environmental, industrial or pollution related accidents, for which coverage is not available. If we are required to meet the costs of claims which exceed our insurance coverage, our costs may increase which could have a material adverse effect on our business, operating results and financial condition.

***If we are unable to attract and retain key personnel our business may be harmed.***

The success of our business will depend, in large part, upon the skills and efforts of a small group of management and technical personnel including our Chief Executive Officer and our Chief Financial Officer. In addition, we compete with mining and other companies on a global basis to attract and retain key human resources at all levels with appropriate technical skills and operating and managerial experience necessary to operate the business. Factors critical to retaining our present staff and attracting additional highly qualified personnel include our ability to provide these individuals with competitive compensation arrangements, equity participation and other benefits. If we are not successful in retaining or attracting highly qualified individuals in key management positions, our business may be harmed. We do not maintain "key man" life insurance policies on any members of our executive team. The loss of any of our key personnel could prevent us from executing our business plans, which may result in decreased production, increased costs and decreased profitability.

***ErgoGold is a start-up operation with no operational history and forecasts may not be achieved.***

ErgoGold began operations in fiscal 2009 and initial difficulties are being experienced in achieving the planned production and extraction targets due to certain metallurgical challenges. Costs may also be higher than indicated by initial feasibility studies for the ErgoGold project. The quality of the engineering has proven itself and improvements in the volume flows and extraction efficiencies, although not yet at planned levels, have been achieved as at October 31, 2009. As a result of the short period since commissioning it is not yet possible to predict if the current improvements will continue, if the forecasted results will be achieved, or whether all the metallurgical challenges faced will be resolved. If we are not able to resolve these problems and achieve our planned project forecasts it could have a material adverse effect on our business, operating results and financial condition.

***Provisional judicial management order granted by the High Court of South Africa for Blyvoor.***

On November 10, 2009, the High Court of South Africa granted a provisional judicial management order over our Blyvoor operation. The provisional judicial management order has been granted in terms of the provisions of Section 427 of the South African Companies Act. In fiscal 2009, Blyvoor accounted for 129,473 ounces of gold, or 52% of our total production from continuing operations. Under the terms of a provisional judicial management order, the court appoints a judicial manager who has a wide range of powers at his disposal to take such actions he deems necessary to save the business. These could include giving certain creditors temporary preference over others and agreeing compromises with creditors without the risk of committing an act of insolvency and thereby exposing the mine to liquidation. We anticipate that the mine will remain under judicial management until access is re-established at Blyvoor's No. 5 Shaft, see 'Seismicity and other actual disasters could impact the going concern of our operations'. However, should the judicial manager be unable to restore Blyvoor as a profitable operation, the judicial manager could apply to the High Court of South Africa for a provisional liquidation order. If the judicial manager is unable to reach agreements with creditors of our Blyvoor operation, obtain additional funding or otherwise effectively manage the mining operation, or the mine is liquidated, our business, financial condition and results of operations would be materially, adversely affected.

**Risks related to the gold mining industry**

***A change in the price of gold, which in the past has fluctuated widely, is beyond our control.***

Historically, the gold price has fluctuated widely and is affected by numerous industry factors, over which we have no control, including:

- the physical supply of gold from world-wide production and scrap sales, and the purchase, sale or divestment by central banks of their gold holdings;
- the demand for gold for investment purposes, industrial and commercial use, and in the manufacturing of jewellery;
- speculative trading activities in gold;
- the overall level of forward sales by other gold producers;
- the overall level and cost of production of other gold producers;
- international or regional political and economic events or trends;
- the strength of the dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- gold hedging and de-hedging by gold producers; and
- actual or expected gold sales by central banks and the International Monetary Fund.

Our Company's profitability may be negatively impacted if revenue from gold sales drops below the cost of production for an extended period.

***Current economic conditions may adversely affect the profitability of the Group's operations.***

The global economy is currently undergoing a period of prolonged recession and, despite recent signs of stabilization, the future economic environment is likely to be less favorable than that of recent years. Since September 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions resulting in major financial institutions consolidating or going out of business, tightened credit markets, reduced liquidity, and extreme volatility in fixed income, credit, currency and equity markets. These conditions may adversely affect the Group's business. For example, tightening credit conditions may make it more difficult for the Group to obtain financing on commercially acceptable terms or make it more likely that one or more of our key suppliers may become insolvent and lead to a supply chain breakdown. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment, declining economic growth and uncertainty regarding corporate earnings. To the extent the current economic downturn worsens or the economic environment in which the Group operates does not recover, the Group could experience a material adverse effect on its business, results of operations and financial condition.

***The exploration of mineral properties is highly speculative in nature, involves substantial expenditures, and is frequently unproductive.***

We must continually replace Ore Reserves that are depleted by production. Notably, with the disposal of the Vatuloula mine during fiscal 2007 and of our remaining interest in Emperor in fiscal 2008, we have lost access to our Australasian operations' Ore Reserves. Underground operations at ERPM have been suspended since October 2008 and a decision was reached at the end of August 2009 to halt underground production at ERPM. Our future growth and profitability will depend, in part, on our ability to identify and acquire additional mineral rights, and on the costs and results of our continued exploration and development programs. Gold mining companies may undertake exploration activities to discover gold mineralization, which in turn may give rise to new gold bearing ore bodies. Exploration is highly speculative in nature and requires substantial expenditure for drilling, sampling and analysis of ore bodies in order to quantify the extent of the gold reserve. Many exploration programs, including some of ours, do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be mined profitably. If we discover a viable deposit, it usually takes several years from the initial phases of exploration until production is possible.

During this time, the economic feasibility of production may change. Moreover, we rely on the evaluations of professional geologists, geophysicists, and engineers for estimates in determining whether to commence or continue mining. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined with any degree of accuracy whether or not the deposit contains economically recoverable mineralization. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining on the basis of available technology. As a result of these uncertainties, we may not successfully acquire additional mineral rights, or identify new Proven and Probable Ore Reserves in sufficient quantities to justify commercial operations in any of our properties. Our mineral exploration rights may also not contain commercially exploitable reserves of gold. The costs incurred on unsuccessful exploration activities are, as a result, not likely to be recovered and we could incur a write-down on our investment in that interest or the irrecoverable loss of funds spent.

***There is uncertainty with our Ore Reserve estimates.***

Our Ore Reserve figures described in this document are the best estimates of our current management as of the dates stated and are reported in accordance with the requirements of Industry Guide 7 of the SEC. These estimates may be imprecise and may not reflect actual reserves or future production.

Should we encounter mineralization or formations different from those predicted by past drilling, sampling and similar examinations, reserve estimates may have to be adjusted and mining plans may have to be altered in a way that might ultimately cause our results of operations and financial condition to decline. Moreover, if the price of gold declines, or stabilizes at a price that is lower than recent levels, or if our production costs, and in particular our labor costs, increase or recovery rates decrease, it may become uneconomical to recover Ore Reserves containing relatively lower grades of mineralization. Under these circumstances, we would be required to re-evaluate our Ore Reserves. Short-term operating factors relating to the Ore Reserves, such as the need for sequential development of ore bodies and the processing of new or different grades, may increase our production costs and decrease our profitability during any given period. These factors have and could result in reductions in our Ore Reserve estimates, which could in turn adversely impact upon the total value of our mining asset base and our business, operating results and financial condition.



***Gold mining is susceptible to numerous events that could have an adverse impact on a gold mining business.***

The business of gold mining takes place in underground mines, open pit mines and surface operations for the retreatment of rock dumps and tailings dams. These operations are exposed to numerous risks and events, the occurrence of which may result in the death of, or personal injury to, employees, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage, loss of the license to mine and potential legal claims. The risks and events associated with the business of gold mining include, but are not limited to:

- environmental hazards and pollution, including the discharge of gases, toxic chemicals, pollutants, radioactive materials and other hazardous material into the air and water;
- seismic activity which could lead to rock bursts, cave-ins, pit slope failures or, in the event of a significant event, total closure of sections or an entire underground mine;
- unexpected geological formations which reduce or prevent mining from taking place;
- flooding, landslides, sinkhole formation, ground subsidence, ground and surface water pollution, and waterway contamination;
- underground fires and explosions, including those caused by flammable gas;
- accidents caused from and related to drilling, blasting, removing, transporting and processing material, and the collapse of pit walls and tailings dams; and
- a decrease in labor productivity due to labor disruptions, work stoppages, disease, slowdowns or labor strikes.

In addition, deep level underground mines in South Africa, as compared to other gold mining countries, involve significant risks and hazards not associated with open pit or surface rock dump and tailings dam retreatment operations. These risks and hazards include underground fires, encountering unexpected geological formations, unanticipated ground and water conditions, fall-of-ground accidents and seismic activity. The level of seismic activity in a deep level gold mine varies based on the rock formation and geological structures in the mine. The occurrence of any of these hazards could delay production, increase production costs and may result in significant legal claims.

**Risks related to doing business in South Africa**

***Political or economic instability in South Africa may reduce our production and profitability.***

We are incorporated and own operations in South Africa. As a result, political and economic risks relating to South Africa could reduce our production and profitability. Large parts of the South African population are unemployed and do not have access to adequate education, health care, housing and other services, including water and electricity. Government policies aimed at alleviating and redressing the disadvantages suffered by the majority of citizens under previous governments may increase our costs and reduce our profitability. In recent years, South Africa has experienced high levels of crime. These problems have impeded fixed inward investment into South Africa and have prompted emigration of skilled workers. As a result, we may have difficulties attracting and retaining qualified employees.

Recently, the South African economy has been growing at a relatively slow rate, inflation and unemployment have been high by comparison with developed countries, and foreign currency reserves have been low relative to other emerging market countries. In the late 1980s and early 1990s, inflation in South Africa reached highs of 20.6%. This increase in inflation resulted in considerable year on year increases in operational costs. The inflation rate in South Africa still remains relatively high, as of June 2009, the Consumer Price Inflation Index, or CPI, stood at 6.9%, down from 12.2% in June 2008, and 7.1% in June 2007. The relatively high inflation rate continued at 6.1% as at October 31, 2009. Continuing high levels of inflation in South Africa for prolonged periods, without a concurrent devaluation of the rand or increase in the price of gold, could result in an increase in our costs which could reduce our profitability. In January 2009, the South African Reserve Bank changed the way inflation is measured by expanding the range of consumer goods used and changing the benchmark measure from CPIX (CPI minus mortgage costs) to CPI. Mortgage costs have been replaced by owners' equivalent rental (OER) to capture housing costs, making CPIX redundant. The closest measure to CPIX is CPI minus OER.

***Power stoppages or increases in the cost of power could negatively affect our results and financial condition.***

Our mining operations are dependent on electrical power supplied by Eskom, South Africa's state owned utility company. As a result of a substantial increase in demand and insufficient generating capacity, Eskom has warned that the country could face disruptions in electrical power supply. The available generating capacity of electricity was constrained mainly as a result of unplanned maintenance at some of Eskom's power stations, insufficient supply of coal to the coal fired plants and skills shortages. On January 25, 2008, Eskom announced that they could no longer guarantee the supply of electricity to the South African mining industry. Eskom subsequently cut off power supply to the mining industry for five days and a number of power outages followed over several months thereafter. Eskom did manage to contain electricity stoppages but the fact remains that the country's current reserve capacity is insufficient and the risk of electricity stoppages is expected to continue through 2013. Apart from the five-day closure, our production has not been affected, however further power supply stoppages or power cost increases could have an adverse effect on our operating results and financial condition. From July 1, 2009, Eskom's average tariff increased by 31.3% and has adversely affected our production costs particularly at our Blyvoor operation. Eskom have indicated that they do not have sufficient funding required for planned infrastructure development, and have applied for a 45% tariff increase in 2010, 2011 and 2012. As at October 31, 2009, Eskom's application for these increases had not yet been accepted, but if the proposed increases are implemented by Eskom over the next three years, they could have a material adverse effect on our business, operating results and financial condition.

***AIDS poses risks to us in terms of productivity and costs.***

Acquired Immune Deficiency Syndrome, or AIDS, and tuberculosis which is closely associated with the onset of the disease and is exacerbated in the presence of HIV/AIDS, represents a very serious health care challenge in the mining industry. Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS and South Africa has one of the highest HIV infection rates in the world. It is estimated that approximately 35% - 40% of the mining industry workforce in South Africa are HIV positive. The exact extent to which our mining workforce within South Africa is infected with HIV/AIDS is unknown at this stage. The existence of the disease poses a risk to us in terms of the potential reduction in productivity and increase in medical costs.

***The treatment of occupational health diseases and the potential liabilities related to occupational health diseases may have an adverse effect on the results of our operations and our financial condition.***

The primary area of focus in respect of occupational health within our operations is noise-induced hearing loss (NIHL), occupational lung diseases (OLD) and tuberculosis (TB). We provide occupational health services to our employees at our occupational health centers and continue to improve preventive occupational hygiene initiatives. If the costs associated with providing such occupational health services increase, such increase could have an adverse effect on the results of our operations and our financial condition.

Furthermore, the South African Government, by way of a cabinet resolution in 1999, proposed a possible combination and alignment of benefits of the Occupational Diseases in Mines and Works Act (ODMWA) that provides for compensation to miners who have OLD, TB and combinations thereof, and the Compensation for Occupational Injuries and Diseases Act (COIDA) that provides for compensation to non-miners who have OLD. If the outlined combination of ODMWA and COIDA were to occur, the level of compensation claims we could be subject to could increase and consequently have an adverse effect on our financial condition.

***Increased theft at our work sites, particularly of copper, may result in greater risks to employees or interruptions in production.***

Statistics available in South Africa indicate an increase in theft. This together with price increases for copper as a commodity has resulted in the number of thefts of copper cable increasing. All of our operations experience high incidents of copper cable theft despite the implementation of security measures. In addition to the general risk to employees in an area where theft occurs, we may suffer production losses and incur additional costs as a result of power interruptions caused by cable theft.

***Possible scarcity of water may negatively affect our results and financial condition.***

National studies conducted by the Water Research Commission found that water resources were 4% lower than estimated in 1995 which may lead to the revision of water usage strategies by several sectors in the South African economy, including electricity generation and municipalities. This may result in rationing or increased water costs in the future. Such changes would adversely impact all of our operations, which require water to operate. In particular our surface retreatment operations, which use water to transport the slimes or sand from reclaimed areas to the processing plant and to the tailings facilities, would be adversely impacted. In addition, as our gold plants and piping infrastructure were designed to carry certain minimum throughputs, any reductions in the volumes of available water may require us to halt production at these operations. We are currently considering a project which envisages the pumping of underground water at ERPM for use by our surface retreatment operations.

## ***Government policies in South Africa may adversely impact our operations and profits.***

### **Government Regulation**

The mining industry in South Africa is extensively regulated through legislation and regulations issued through the government's administrative bodies. These involve directives in respect of health and safety, the mining and exploration of minerals, and managing the impact of mining operations on the environment. A variety of permits and authorities are required to mine lawfully, and the government enforces its regulations through the various government departments.

### **The Mineral and Petroleum Resources Development Act, 2002**

On May 1, 2004, the new Minerals and Petroleum Resources Development Act, or the MPRD Act, was enacted, which places all mineral and petroleum resources under the custodianship of the state. Private title and ownership in minerals, or the "old order rights," are to be converted to "new order rights," essentially the right to mine. The MPRD Act allows the existing holders of mineral rights a period of five years to apply for the conversion of used old order rights, and one year for the conversion of unused old order rights. Once these periods have lapsed, the holders may have to compete to acquire the right to mine minerals previously held under old order rights. We have submitted the respective applications in order to comply with the requirements of the Mining Charter as described below. To the extent that we are unable to convert some of our old order rights, we may have a claim for compensation based on expropriation. It is not possible to forecast with any degree of certainty whether a claim will be enforceable against the State, and if enforceable, the level of compensation we will receive, if any. Factors that are taken into account include market value, proof of actual loss, proof of ownership, nature of property, current use of the property and history of the acquisition.

Where new order rights are obtained under the MPRD Act, these rights will not be equivalent to our existing property rights. The area covered by the new order rights may be reduced by the State if it finds that the prospecting or mining work program submitted by an applicant does not substantiate the need to retain the area covered by the old order rights. The duration of the new order rights will no longer be perpetual but rather, in the case of new order mining rights, for a maximum of 30 years with renewals of up to 30 years each and, in the case of prospecting rights, up to five years with one renewal of up to three years. In addition, the new order rights will only be transferable subject to the approval of the Minister of Minerals and Resources (formerly Minister of Minerals and Energy). Mining or prospecting must commence within one year or 120 days, respectively, of the mining right or prospecting right becoming effective, and must be conducted continuously and actively thereafter. The new rights can be suspended or cancelled by the Minister of Minerals and Resources in the event of a breach or, in the case of mining rights, non-optimal mining in accordance with the mining work program.

The implementation of the MPRD Act will result in significant adjustments to our property ownership structure. We have lodged applications to convert all of our old order rights, however, to the extent that we are unable to convert some of our old order rights to new order rights, and that the exclusive rights to minerals we enjoyed under the previous statutory regime are diminished, the operations of the MPRD Act may result in significant adjustments to our property ownership structure, which in turn could have a material adverse effect on the underlying value of our operations. As at October 31, 2009 none of our old order mining rights had been converted to new order mining rights. The MPRD Act states that the conversions must be granted by the minister if all requirements are completed but it does not stipulate any time frame. The MPRD Act also provides for holders of old order rights to continue to operate under the terms and conditions of such rights until conversions under the MPRD Act have been completed.

### **Taxation reform and mining royalties**

The South African government has declared its intention to revisit the taxation regime of South African gold mining companies. The South African gold mining industry is taxed under the gold taxation formula which recognizes the high level of capital expenditure required to sustain a mining operation over the life of the mine. This results in an additional tax benefit not afforded to other commercial companies. In addition, the South African Government initially indicated that it was looking at a revenue based royalty for mining companies, as outlined in the draft Mineral and Petroleum Royalty Bill, 2003, or Royalty Bill, which was released in March 2003 for comment. Two more drafts of the Royalty Bill were subsequently released on October 11, 2006 and December 6, 2007 after going through several revisions. The Royalty Bill was promulgated by government on August 14, 2008. The Mineral and Petroleum Resources Royalty Act was published on October 11, 2006 for public comment. The Mineral and Petroleum Resources Royalty Act, No.28 of 2008 was enacted on November 21, 2008 and was published in the South African Government Gazette on November 24, 2008 and Mineral and the Petroleum Resources Royalty Act (Administration), No.29 of 2008 on November 26, 2008. These acts provide for the payment of a royalty, calculated through a royalty rate formula (using rates of between 0.5% and 5.0%) applied against gross revenue per year, payable half yearly with a third and final payment thereafter. The royalty is tax deductible and the cost after tax amounts to a rate of between 0.33% and 3.3% at the prevailing marginal tax rates applicable to the group. The registration process commenced on November 1, 2009 and the payment of royalties will commence on March 1, 2010. The royalty is payable on old unconverted mining rights and new converted mining rights. As at October 31, 2009, none of our old order mining rights had been converted to new order mining rights. Introduction of similar revenue based royalties or any future tax reforms would have an adverse effect on the business, operating results and financial condition of our operations.

## **The Broad Based Socio-Economic Empowerment Charter**

The Broad Based Socio-Economic Empowerment Charter for the South African Mining Industry, or Mining Charter (effective from May 1, 2004), establishes certain numerical goals and timeframes to transform equity participation in the mining industry in South Africa.

The goals set by the Mining Charter include that each mining company must achieve 15 percent ownership by historically disadvantaged South Africans of its South African mining assets within five years and 26 percent ownership within ten years from May 1, 2004. This is to be achieved by, among other methods, the sale of assets to historically disadvantaged persons on a willing seller/willing buyer basis at fair market value. When considering applications for the conversion of existing rights, the State will take a “scorecard” approach, evaluating the commitments of each company to the different facets of promoting the objectives of the Mining Charter. Failure on our part to comply with the requirements of the Mining Charter and the “scorecard” could subject us to negative consequences. We may incur expenses in giving additional effect to the Mining Charter and the “scorecard”, including costs which we may incur in facilitating the financing of initiatives towards ownership by historically disadvantaged persons. There is also no guarantee that any steps we might take to comply with the Mining Charter would ensure that we could successfully acquire new order mining rights in place of our existing rights. In addition, the terms of such new order rights may not be as favorable to us as the terms applicable to our existing rights. We run the risk of losing our mining rights if we do not comply with the requirements stipulated in the Mining Charter. This could have an adverse affect on our business, operating results and financial condition.

### **Land claims**

Our privately held land and mineral rights in South Africa could be subject to land restitution claims under the Restitution of Land Rights Act, 1994 (as amended), or Land Rights Act. Under the Land Rights Act, any person who was dispossessed of rights to land in South Africa as a result of past racially discriminatory laws or practices is granted certain remedies, including the restoration of the land. The initial deadline for such claims was December 31, 1998. We have not been notified of any land claims, but it is possible that administrative delays in the processing of claims could have delayed such notification. Any claims of which we are notified in the future could have a material adverse effect on our right to the properties to which the claims relate and prevent us using that land and exploiting any Ore Reserves located there. This could have an adverse affect on our business, operating results and financial condition.

*Since our South African labor force has substantial trade union participation, we face the risk of disruption from labor disputes and new South African labor laws.*

Labor costs constitute 39% of our production costs for fiscal 2009, 41% for fiscal 2008 and 39% for fiscal 2007. As of June 30, 2009, we employ and contract 6,715 people, of whom; approximately 78% are members of trade unions or employee associations. We have entered into various agreements regulating wages and working conditions at our mines. Unreasonable wage demands could increase production costs to levels where our operations are no longer profitable. This could lead to accelerated mine closures and labor disruptions. In addition, we are subject to strikes by workers from time to time, which result in disruptions to our mining operations. For example, from September 15, 2009 until October 11, 2009, a strike by members of the NUM union in connection with a dispute over new wage agreements resulted in an average daily gold production loss of 320 ounces, almost entirely from Blyvoor’s deep-level underground mining operations.

In recent years, labor laws in South Africa have changed in ways that significantly affect our operations. In particular, laws that provide for mandatory compensation in the event of termination of employment for operational reasons and that impose large monetary penalties for non-compliance with the administrative and reporting requirements of affirmative action policies could result in significant costs to us. In addition, future South African legislation and regulations relating to labor may further increase our costs or alter our relationship with our employees. Labor cost increases could have an adverse effect on our business, operating results and financial condition.

*Labor unrest and xenophobia could affect production.*

We may experience labor unrest at our operations. In particular, during October and November 2002, ERPM experienced some labor unrest during which several striking contract workers were wounded and two workers were killed by employees of a private security company. Furthermore, during fiscal 2008, South Africa fell victim to a slew of xenophobic attacks when a series of riots started in the township of Alexandria. This violence of locals attacking migrants from other African countries had a direct impact on our operations at ERPM. Three employees died and attendance was down at the operation for several days. Although these attacks have been contained, the challenge for the South African Government is to come up with a long-term and judicious immigration policy.

A repeat of such events could have an adverse effect on our business, operating results and financial condition.

***Our financial flexibility could be materially constrained by South African currency restrictions.***

South African law provides for exchange control regulations, which restrict the export of capital from the Common Monetary Area, including South Africa. The Exchange Control Department of the South African Reserve Bank, or SARB, is responsible for the administration of exchange control regulations. In particular, South African companies:

- are generally not permitted to export capital from South Africa or to hold foreign currency without the approval of SARB;
- are generally required to repatriate, to South Africa, profits of foreign operations; and
- are limited in their ability to utilize profits of one foreign business to finance operations of a different foreign business.

While the South African Government has relaxed exchange controls in recent years, it is difficult to predict whether or how it will further relax or abolish exchange control measures in the future. For further information see Item 10D.: “Exchange Controls.”

**Risks related to ownership of our ordinary shares or ADSs**

***Your ability to sell a substantial number of ordinary shares may be restricted by the limited liquidity of ordinary shares traded on JSE Limited, or JSE.***

In July 2006, we delisted from the Australian Stock Exchange and currently our primary listing for our ordinary shares is only the JSE. The principal trading market for our ADSs is the Nasdaq Capital Market, or Nasdaq. On a historical basis, the trading volumes and liquidity of shares listed on the JSE have been low in comparison with the Nasdaq. For the 12 months ended June 30, 2009, only 33% of the ordinary shares publicly traded were traded on the JSE. The limited liquidity of the ordinary shares traded on the JSE could limit your ability to sell a substantial number of ordinary shares on the JSE in a timely manner, especially by means of a large block trade.

***Sales of large volumes of our ordinary shares or ADSs or the perception that these sales may occur, could adversely affect the prevailing market price of such securities.***

The market price of our ordinary shares or ADSs could fall if substantial amounts of ordinary shares or ADSs are sold by our stockholders, or there is the perception in the marketplace that such sales could occur. Current holders of our ordinary shares or ADSs may decide to sell them at any time. Sales of our ordinary shares or ADSs, if substantial, or the perception that these sales may occur to be substantial, could exert downward pressure on the prevailing market prices for our ordinary shares or ADSs, causing their market prices to decline. Trading activity of hedge funds and the ability to borrow script in the market place will increase trading volumes and may place our share price under pressure.

***Your rights as a shareholder are governed by South African law, which differs in material respects from the rights of shareholders under the laws of other jurisdictions.***

Our Company is a public limited liability company incorporated under the laws of the Republic of South Africa. The rights of holders of our ordinary shares, and therefore many of the rights of our ADS holders, are governed by our memorandum and articles of association and by South African law. These rights differ in material respects from the rights of shareholders in companies incorporated elsewhere, such as in the United States. In particular, South African law significantly limits the circumstances under which shareholders of South African companies may institute litigation on behalf of a company.

***We may be subject to an increase in compliance costs with our continued efforts to increase the transparency of our reporting requirements and changing corporate governance initiatives.***

As a result of our listings on the Nasdaq Capital Market and JSE, we are required to comply with new and changing reporting requirements that have over recent years emphasized an increase in the transparency of public disclosure. The associated regulatory standards set forth by the exchanges’ governing bodies may change over time and may be subject to interpretation. As a result we may not execute the application of these standards properly and will congruently experience an increase in the cost of our compliance efforts. For example, management’s required assessment of our internal controls over the financial reporting process stipulated by Section 404 of the Sarbanes-Oxley Act of 2002 commands the need for resources from management in addition to our external auditors who are required to attest to our internal control over financial reporting. Maintaining high standards of corporate governance and public disclosure is highly prioritized in our organization and with our continued efforts to comply with these laws currently effective and any future legislative introductions or changes, we will continue to incur the related costs.

***It may not be possible for you to effect service of legal process, enforce judgments of courts outside of South Africa or bring actions based on securities laws of jurisdictions other than South Africa against us or against members of our board.***

Our Company, certain members of our board of directors and executive officers are residents of South Africa. In addition, our cash producing assets are located outside the United States and a major portion of the assets of members of our board of directors and executive officers are either wholly or substantially located outside the United States. As a result, it may not be possible for you to effect service of legal process, within the United States or elsewhere outside South Africa, upon most of our directors or officers, including matters arising under United States federal securities laws or applicable United States state securities laws.

Moreover, it may not be possible for you to enforce against us or the members of our board of directors and executive officers judgments obtained in courts outside South Africa, including the United States, based on the civil liability provisions of the securities laws of those countries, including those of the United States. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that no award is enforceable unless the defendant was duly served with documents initiating proceedings, that he was given a fair opportunity to be heard and that he enjoyed the right to be legally represented in a free and fair trial before an impartial tribunal;
- the judgment was not obtained by fraudulent means;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Business Act, 1978 (as amended), of South Africa.

It is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system that does not mean that such awards are necessarily contrary to public policy. Whether a judgment was contrary to public policy depends on the facts of each case. Exorbitant, unconscionable, or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over the foreign court. South African courts will usually implement their own procedural laws and, where an action based on an international contract is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on United States federal securities laws may be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore, the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South African courts. It is not possible therefore for an investor to seek to impose criminal liability on us in a South African court arising from a violation of United States federal securities laws.

## ITEM 4. INFORMATION ON THE COMPANY

### 4A. HISTORY AND DEVELOPMENT OF THE COMPANY

#### Introduction

DRDGOLD Limited is a South African gold mining company engaged in underground and surface gold mining including exploration, extraction, processing and smelting. We have a 74% interest in DRDGOLD South African Operations (Pty) Limited, or DRDGOLD SA. Of the remaining 26%, 20% is held by our Black Economic Empowerment, or BEE, partner Khumo Gold SPV (Pty) Limited, or Khumo Gold and 6% is held by an employee trust (known as DRDSA Empowerment Trust). DRDGOLD SA wholly owns and operates Blyvooruitzicht Gold Mining Company Limited, or Blyvoor, East Rand Proprietary Mines Limited, or ERPM, and Crown Gold Recoveries (Pty) Limited, or Crown. DRDGOLD SA is also in a 50:50 joint venture known as Ergo Mining (Pty) Limited, or the Ergo Joint Venture, with Mintails SA (Pty) Limited, or Mintails SA, a subsidiary of Mintails Limited of Australia. Phase 1 of the Ergo Joint Venture, was subsequently established under the Elsburg Gold Mining Joint Venture, or ErgoGold. On March 31, 2009, DRDGOLD obtained control over ErgoGold, formerly a 50:50 joint venture with Mintails SA.

We are a public company, incorporated on February 16, 1895, as Durban Roodepoort Deep, Limited, and our shares were listed on the JSE in that same year. In 1898, our milling operations commenced with 30 stamp mills and in that year we treated 38,728 tons of ore and produced 22,958 ounces of gold. In South Africa, we have focused our operations on the West Witwatersrand Basin which has been a gold producing region for over 100 years.

To facilitate access to global capital markets our shares and/or related instruments trade on the JSE, Nasdaq, the Marche Libre on the Paris Bourse, the Brussels Bourse in the form of International Depository Receipts, the Over The Counter, or OTC, market in Berlin and Stuttgart and the Regulated Unofficial Market on the Frankfurt Stock Exchange.

Our registered office and business address is 299 Pendoring Avenue, Blackheath, Randburg, South Africa, 2195. The postal address is P.O. Box 390, Maraisburg 1700, South Africa. Our telephone number is (+27 11) 219-8700 and our facsimile number is (+27 11) 476-2637. We are registered under the South African Companies Act, 1973 (as amended) under registration number 1895/000926/06. For our ADSs, The Bank of New York, at 101 Barclay Street, New York, NY 10286, United States, has been appointed as agent.

#### South African Operations

- **Blyvoor**, acquired on September 15, 1997, in exchange for 12,693,279 of our ordinary shares, is a predominantly underground operating mine located within the Witwatersrand Basin, exploiting gently to moderately dipping gold bearing quartz pebble conglomerates in addition to certain surface sources.
- **Crown**, acquired on September 14, 1998, in exchange for 5,925,139 of our ordinary shares, also located within the Witwatersrand Basin, exploits various surface sources, including sand and slime tailings deposited as part of previous mining operations.
- **ERPM** which consists of an underground mine and the Cason Dump surface retreatment operation was acquired on October 10, 2002, by Crown. Underground mining at ERPM was halted in October 2008.
- The **Ergo Joint Venture** was formed in June 2007 to explore and evaluate the possibility of processing up to 1.7 billion tons of gold, uranium and sulphur-bearing tailings on the East and Central Rand goldfields of South Africa.
- **ErgoGold**, which is now owned by us, will process approximately 180.0 Mt of gold bearing tailings deposited as part of historical underground mining operations at ERPM.

#### Australasian Operations (discontinued operations)

- **Tolukuma** (various stakes acquired between September 1999 to June 2001, in exchange for a total of 8,125,082 shares and \$3.3 million in cash), an underground mine in Papua New Guinea (PNG), provided an initial base in the Australasian region and led to the acquisition of a 20% interest in the unincorporated Porgera Joint Venture.
- **Porgera**, an open pit and underground mining operation in PNG, was acquired in October 2003 in exchange for 6,643,902 of our ordinary shares and \$60.3 million in cash.

On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick and on October 22, 2007, we sold our entire shareholding in Emperor to various institutional investors.

## Important Events in Our Development Generally and in the Current Year

### *Top Star Dump*

On August 28, 2006, we concluded an agreement with AngloGold Ashanti Limited, or AngloGold Ashanti, to purchase the remaining extent of Erf 1 Park Central Township, better known as “The Top Star Dump”, in central Johannesburg for an amount of R8.0 million. In addition, a further R28.4 million was spent on the infrastructure required to process the dump. The Top Star Dump was evaluated geostatistically by us and reviewed independently by Coffey Mining (an exploration, mining and resource consulting firm) and had a probable reserve of 5.2 Mt, at a grade of 0.775 g/t.

On August 30, 2006, the Provincial Heritage Resources Authority of Gauteng, or PHRAG, published a notice in the Gauteng Provincial Gazette in terms of which the dump was provisionally protected for a period of two years. We lodged an appeal against the decision to issue the protection order, and on October 30, 2007 the PHRAG withdrew the protection order.

On August 21, 2008 a Mining Right was granted for gold recovery over the Top Star Dump, in favor of Crown by the Department of Mineral Resources with effect from August 21, 2008. The mining right for the Top Star Dump has been granted until August 20, 2013.

### *Ergo Joint Venture and ErgoGold (formerly the Elsburg Gold Mining Joint Venture)*

On June 7, 2007, we and Mintails announced the formation of the Ergo Joint Venture between Mintails SA and DRDGOLD SA. Following discussions initiated in the first quarter of 2007, the Ergo Joint Venture parties agreed to pursue a strategy to consolidate certain of their assets on the East Rand. Mintails SA contributed one fully refurbished carbon-in-leach, or CIL, circuit at the Brakpan plant and DRDGOLD SA contributed the Elsburg tailings complex, comprising approximately 180 Mt of tailings. This part of the project, previously referred to as Phase 1 of the Ergo Joint Venture, was subsequently established under the Elsburg Gold Mining Joint Venture, or ErgoGold. Mintails SA and DRDGOLD SA, through their subsidiaries, initially owned 50% each of ErgoGold and the Ergo Joint Venture.

On August 6, 2007, the parties to the Ergo Joint Venture entered into a sale of assets agreement with AngloGold Ashanti pursuant to which it acquired the remaining moveable and immovable assets of the Ergo plant for a consideration of R42.8 million. These assets will be operated by the Ergo Joint Venture for its own account, under the AngloGold Ashanti authorizations, until new order mining rights have been obtained. These assets consist of servitudes (access agreements), infrastructure, piping, equipment, old order mining rights and the right to an additional 15 Mt of tailings material.

On November 26, 2007, we announced that DRDGOLD SA signed a binding term sheet with Mintails SA, which provided for significant expansion of the joint venture through:

- the planned refurbishment of all infrastructure at the Brakpan plant, to increase capacity from one CIL gold recovery circuit to a plant capable of processing tailings for the recovery of gold, uranium and sulphuric acid; and
- substantially increasing available tailings material from 180 Mt to up to 1,700 Mt, by securing rights over tailings dumps and slimes dams in the region.

Additional agreements were concluded on November 14, 2007 for:

- the acquisition by the Ergo Joint Venture of additional tailings properties and the Withok deposition complex from AngloGold Ashanti for a payment of R45.0 million and assumption of rehabilitation obligations; and
- the acquisition by Mintails SA of an option to acquire tailings properties (the Grootvlei Properties), comprising some 105 Mt, from Pamodzi Gold Limited. The Grootvlei properties form part of the Mintails SA contribution to the expanded Ergo Joint Venture.

Phase 1 of the expanded Ergo Joint Venture (ErgoGold) involves the refurbishment of one CIL circuit at the Brakpan plant with the capacity to treat an estimated 15Mt of tailings a year, for the recovery of approximately 75,000 ounces of gold a year. The Phase 2 feasibility study which has been put on hold, envisages the expansion of the gold plant by refurbishing the second CIL circuit and developing uranium and acid plants. The expanded Ergo Joint Venture is managed by Crown.

On September 29, 2008, DRDGOLD SA acquired a further 15% interest in ErgoGold from Mintails SA resulting in DRDGOLD SA, which holds its interest through its subsidiary, ERPM, holding a 65% interest and Mintails SA a 35% interest in the joint venture. On December 8, 2008, DRDGOLD agreed to acquire Mintails SA's remaining interest in ErgoGold, as well as all of the shareholder's loans owed by ErgoGold to the Mintails group. The acquisition, which was completed on March 31, 2009, resulted in the Group acquiring 100% of ErgoGold. The purchase consideration was paid in cash and amounted to R100.0 million for the 15% interest and R177.0 million for the 35% interest.



## ***Emperor***

On July 27, 2007, DRDGOLD shareholders at a general meeting approved the disposal by Emperor of its 20% interest in the Porgera Joint Venture to a subsidiary of Barrick for a purchase consideration of \$250.0 million and the grant of an option to Barrick or its nominee to subscribe for 153,325,943 shares in Emperor. Emperor shareholders also approved the disposal and a capital distribution of A\$0.05 per Emperor share to Emperor shareholders by way of a capital return out of the surplus cash realized from the disposal, at a general meeting held on July 30, 2007. The sale transaction was completed on August 17, 2007, for a final cash consideration of R1.9 billion (\$255.0 million), which included interest, and subsequently Emperor retired all its debt facilities. The capital distribution was completed on September 3, 2007.

On October 22, 2007, we sold our entire interest in Emperor for R355.8 million (A\$55.9 million) to 26 institutional investors with each acquiring between 0.4% and 21.6% of the shares.

## ***ERPM***

On October 6, 2008 we ceased pumping at ERPM's South West Vertical Shaft for safety reasons following the death of two employees underground. Post mortems suggested that the two men, who had been conducting routine water level measurements, died of asphyxiation. The South West Vertical Shaft had been used only for water pumping purposes for several years.

The Department of Mineral Resources issued a Section 54 notice under the Mine Health and Safety Act, subjecting access into the area to certain restrictions and conditions relating to ventilation. On October 23, 2008, drilling and blasting operations were suspended in all shafts after the cessation of pumping of underground water at South West Vertical shaft on October 6, 2008 for safety reasons.

On November 19, 2008, we announced our intention to place on care and maintenance the underground operations of ERPM, and to proceed with a consultation process in terms of Section 189A of the Labour Relations Act to determine the future of the mine's 1,700 employees. The consultation process was completed on January 20, 2009 and 1,335 employees were retrenched. On August 20, 2009, we discontinued care and maintenance and closed the underground operations.

## ***Blyvoor***

On November 9, 2009, we announced that, in a bid to save our Blyvoor mine from liquidation, we intended applying to the High Court of South Africa for a provisional judicial management order over the operation. A provisional judicial management order was granted by the High Court of South Africa on November 10, 2009.

The application, in terms of the provisions of Section 427 of the South African Companies Act, was prompted by Blyvoor's inability to continue to sustain losses incurred since April 2009, which were brought about by the following circumstances:

- a drop in the rand gold price received between April 1, 2009 and September 30, 2009, due to the strengthening of the Rand against the US dollar;
- extensive damage caused during May 2009 to higher-grade underground production areas at Blyvoor's No. 5 Shaft by seismic activity, restoration of which is expected to take until March 2010 to complete;
- power utility Eskom's higher winter tariffs, compounded by a 32% price increase effective from July 1, 2009, and the likelihood of further increases in coming months; and
- the wage strike by the National Union of Mineworkers, which lasted for almost a month and resulted in the loss of approximately 8,000 ounces of production.

In terms of a provisional judicial management order, the court appoints a judicial manager who has a wide range of powers at his disposal to take such actions he deems necessary to save the business. These could include giving certain creditors temporary preference over others and agreeing compromises with creditors without the risk of committing an act of insolvency and thereby exposing the mine to liquidation.

DRDGOLD expects that Blyvoor will remain under judicial management until after access to the seismicity-damaged, higher-grade areas at its No 5 Shaft had been regained, which is expected to be in March 2010.

## *Other*

We concluded an agreement with M5 Developments (Pty) Limited, or M5, on July 21, 2005, under which M5, against payment of a non-refundable fee of R1.5 million, was granted an option to acquire Durban Deep's mine village for R15.0 million. On the exercise of the option, the option fee would be deemed part payment of the purchase consideration.

On November 18, 2005, M5 exercised the option and provided a guarantee for payment. Prior to the registration of transfer occurring, we were notified by Rand Leases Properties Limited (formerly JCI Properties Limited) of an alleged pre-emptive right in respect of the property in terms of an agreement dated December 1996, pursuant to which the property should be first offered to be sold to them on similar terms. We subsequently repudiated our agreement with M5 and notified Rand Leases Properties Limited that we did not intend offering the property to them. Both parties indicated to us their intentions to institute legal proceedings for the sale and transfer of the property. On December 12, 2006, Rand Leases Properties Limited issued a summons against us and we filed an appearance to defend. A trial date was allocated by the High Court of South Africa for April 25, 2008 but was postponed. A new date has not yet been set.

On September 17, 2008, our wholly-owned subsidiary, DRD (Offshore) Limited, sold all of its shares in G.M. Network Limited, or GoldMoney, to other GoldMoney shareholders. The cash consideration in respect of the disposal amounted to R23.8 million (\$2.9 million). GoldMoney is a company that holds the rights, patents and other intellectual property of GoldMoney.com, which is a product specializing in digital gold currency. We previously held a 50.25% shareholding in Net-Gold Services Limited, which was converted on March 30, 2008, into a 12.3% shareholding in GoldMoney.

In January 2009 we completed the acquisition of 28.33% of the shares in West Wits SA (Pty) Limited a subsidiary of West Wits Mining Limited, an Australian based listed company. The formation of the company was to explore, evaluate and potentially extract gold and uranium from the West Rand Goldfield of South Africa's Witwatersrand Basin.

On December 9, 2008, Argonaut Financial Services (Pty) Ltd, Mintails SA (Pty) Ltd and Witfontein Mining (Pty) Ltd, entered into a share purchase agreement (SPA) which resulted in Argonaut Financial Services (Pty) Limited (a wholly owned subsidiary of DRDGOLD) and Mintails SA each owning 50% of the shareholding of Witfontein as well as being authorised to each appoint 50% of the board. Previously Mintails SA owned 100% of the issued share capital of Witfontein. Witfontein is to be used as a future deposition establishment facility (ie slime deposition).

On July 22, 2009, the Company announced the rejection by the Mintails board of the offer by DRDGOLD SA to purchase the South African business assets of Mintails after its announcement dated June 29, 2009, which set out information relating to Mintails having conditionally accepted an offer by DRDGOLD SA, to acquire all of its South African business assets, excluding its interest in West Wits Mining Limited.

For further information on other capital investments, divestures, capital expenditure and capital commitments, see Item 4D.: "Property, Plant and Equipment," and Item 5B.: "Liquidity and Capital Resources."

## 4B. BUSINESS OVERVIEW

### Description of Our Mining Business

#### Exploration

Exploration activities are focused on the extension of existing ore bodies and identification of new ore bodies both at existing sites and at undeveloped sites. Once a potential ore body has been discovered, exploration is extended and intensified in order to enable clearer definition of the ore body and the portions with the potential to be mined. Geological techniques are constantly refined to improve the economic viability of exploration and exploitation.

#### Mining

Our operations comprise relatively mature assets and the principal mining method used is the extraction of previously abandoned Ore Reserves, which require a high degree of opening up and retreatment of these previously abandoned Ore Reserves.

### Our Metallurgical Plants and Processes

A detailed review of the metallurgical plants and processes for each of the mining operations is provided under Item 4D: "Property, Plant and Equipment."

### Market

The gold market is relatively liquid compared to other commodity markets, with the price of gold generally quoted in dollars. Physical demand for gold is primarily for manufacturing purposes, and gold is traded on a world-wide basis. Refined gold has a variety of uses, including jewelry, electronics, dentistry, decorations, medals and official coins. In addition, central banks, financial institutions and private individuals buy, sell and hold gold bullion as an investment and as a store of value (due to the tendency of gold to retain its value in relative terms against basic goods and in times of inflation and monetary crises).

The use of gold as a store of value and the large quantities of gold held for this purpose in relation to annual mine production have meant that historically the potential total supply of gold has been far greater than demand. Thus, while current supply and demand play some part in determining the price of gold, this does not occur to the same extent as in the case of other commodities. Instead, the gold price has from time to time been significantly affected by macro-economic factors such as expectations of inflation, interest rates, exchange rates, changes in reserve policy by central banks, and global or regional political and economic crises. In times of inflation and currency devaluation, gold is often seen as a safe haven, leading to increased purchases of gold and support for its price.

The gold market was strong but remained volatile in fiscal 2009, trading between a low of \$712 per ounce and a high of \$986 per ounce. The average spot price was 6% higher than in the previous fiscal year, at \$873 per ounce. Amid continuing global economic uncertainty, investors turned once more to gold (notably to safe-haven products such as Exchange Traded Funds) and this, together with more de-hedging activity and a slowdown in new mine supply, particularly from South Africa, saw demand exceed supply. The average gold price received by us for the year was R250,589 per kilogram which was 30% higher than the previous year at R192,143 per kilogram.

Looking ahead, we believe that the global economic environment, including economic uncertainty and other factors, will continue to make gold attractive to investors. The supply side shortfall is likely to continue because of circumstances including operational challenges and delays in opening new mines and the challenge, particularly to South African producers such as ourselves, of maintaining profitable production in the face of increasing mining depths and rising costs.

Our total revenue by geographic market was as follows:

	<b>Year ended June 30,</b>		
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
	<b><u>R'000</u></b>	<b><u>R'000</u></b>	<b><u>R'000</u></b>
South Africa.....	1,910,738	1,843,912	1,534,777
Australasia .....	-	89,235	674,928
	<u>1,910,738</u>	<u>1,933,147</u>	<u>2,209,705</u>

All gold produced by our South African Operations is sold on our behalf by the Rand Refinery Limited, or RRL, in accordance with a refining agreement entered into in October 2001. At our various operations the gold bars which are produced consist of approximately 85% gold, 7-8% silver and the balance comprises copper and other common elements. The gold bars are sent to the RRL for assaying and final refining where the gold is purified to 99.9% and cast into troy ounce bars of varying weights. RRL then usually sells the gold on the same day as delivery, for the London afternoon fixed Dollar price, with the proceeds remitted to us in rand within two days. In exchange for this service, we pay RRL a variable refining fee plus fixed marketing, loan and administration fees. We currently own 4.0% (Fiscal 2008: 4.0%) of RRL (which is jointly owned by South African mining companies). Mr. D.J. Pretorius, our Chief Executive Officer, is a director of RRL.

## Ore Reserves

The tables below set out the Proven and Probable Ore Reserves that are the Group's Ore Reserves as of June 30, 2009, and 2008, in both imperial and metric units. Our Ore Reserves are comprised of our attributable Ore Reserves.

Ore Reserve estimates in this Annual Report are reported in accordance with the requirements of the SEC's Industry Guide 7. Accordingly, as of the date of reporting, all reserves are planned to be mined out under the life of mine business plans within the period of our existing rights to mine, or within the time period of assured renewal periods of our rights to mine. In addition, as of the date of reporting, all reserves are covered by required permits and governmental approvals. See Item 4D.: "Property, Plant and Equipment" for a description of the rights in relation to each mine.

In South Africa, we are legally required to publicly report Ore Reserves and Mineral Resources in compliance with the South African Code for the Reporting of Mineral Resources and Ore Reserves, or SAMREC Code. The SEC's Industry Guide 7 does not recognize Mineral Resources. Accordingly, we do not include estimates of Mineral Resources in this Annual Report.

Ore Reserve calculations are subject to a review conducted in accordance with SEC Industry Guide 7. Components of the calculations included in the geological models and input parameters of the reserve estimation procedures, were checked. In addition, visual inspection of the planning to deliver an individual block to the metallurgical plant, and the recovery, and deposition of the tails, took place. A check is also made of the financial input into the costs and revenue to affirm that they are within reasonable limits.

The Ore Reserves are inclusive of diluting materials and allow for losses that may occur when the material is mined. Ore Reserve tons, grade and content are quoted as delivered to the gold plant. There are two types of methods available to select ore for mining. The first is pay-limit, which includes cash costs, including overhead costs, to calculate the pay-limit grade. The second is the cut-off grade which includes cash costs, excluding fixed overhead costs, to calculate the cut-off grade, resulting in a lower figure than the full pay-limit grade. The cut-off grade is based upon direct costs from the mining plan, taking into consideration production levels, production efficiencies and the expected costs. We use the pay-limit to determine which areas to mine, as an overhead inclusive amount that is indicative of the break-even position, especially for marginal mining operations.

The pay-limit approach is based on the minimum in-situ grade of ore blocks, for which the production costs, which includes all overhead costs, including head office charges, are equal to a three-year historical average gold price per ounce for that year. This calculation also considers the previous three years' mining and milling efficiencies, which includes metallurgical and other mining factors and the production plan for the next twelve months. Only blocks above the pay-limit grade are considered for mining. The pay-limit grade is higher than the cut-off grade, because this includes overhead costs, which indicates the break-even position of the operation, especially significant for marginal mines.

When delineating the economic limits to the ore bodies we adhere to the following guidelines:

- The potential ore to be mined is well defined by an externally verified and approved geological model created using our mining software;
- The potential ore, which is legally allowed to be mined, is also confined by the mine's lease boundaries; and
- A full life of mine business plan (physical 5 year plan) is constructed to mine the ore from existing infrastructure.

Our Ore Reserves figures are estimates, which may not reflect actual reserves or future production. We have prepared these figures in accordance with industry practice, converting mineral deposits to an Ore Reserve through the preparation of a mining plan. The Ore Reserve estimates contained herein inherently include a degree of uncertainty and depend to some extent on statistical inferences which may ultimately prove to have been unreliable.

Reserve estimates require revisions based on actual production experience or new information. Should we encounter mineralization or formations different from those predicted by past drilling, sampling and similar examinations, reserve estimates may have to be adjusted and mining plans may have to be altered in a way that might adversely affect our operations. Moreover, if the price of gold declines, or stabilizes at a price that is lower than recent levels, or if our production costs increase or recovery rates decrease, it may become uneconomical to recover Ore Reserves containing relatively lower grades of mineralization.

Our Ore Reserves are prepared using three year average gold prices at the time of reserve determination. In light of the significant increase in gold prices, since fiscal 2006 the Company prepares its life of mine business plans using the prevailing gold price at the time of the reserve determination, which is at the end of the fiscal year.

Gold prices and exchange rates used for Ore Reserves and for our business plan are outlined in the following table.

	<u>2009</u>		<u>2008</u>	
	<u>Three-year average</u>	<u>Business Plan</u>	<u>Three-year average</u>	<u>Business Plan</u>
Reserve gold price –\$/oz	778	885	664	853
Reserve gold price –R/kg	199,331	241,834	150,622	208,287
Exchange rate –R/\$	7.97	8.50	7.06	7.59

In fiscal 2009, our attributable Ore Reserves increased by 16% from 4.5 million ounces at June 30, 2008, to 5.2 million ounces at June 30, 2009, primarily as a consequence of the inclusion of the Elsburg surface Ore Reserves at ERPM.

Based on the life of mine business plans, the life of mine for each of our operations at June 30, 2009, were as follows:

<u>Mine</u>	<u>Underground</u>		<u>Surface</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Blyvoor <sup>1</sup> .....	20 years	20 years	5 years	9 years
Crown <sup>1</sup> .....	Not applicable	Not applicable	8 years	9 years
ERPM <sup>1</sup> .....	Not applicable	8 years	7 years	7 years
Ergo Joint Venture <sup>2</sup> .....	Not applicable	Not applicable	Not applicable	2 years

Our Ore Reserves as of June 30, 2009 and 2008 are set forth in the table below.

<sup>1</sup> We have a 74% interest in DRDGOLD SA which in turn has a 100% interest in Blyvoor, Crown and ERPM.

<sup>2</sup> We have a 37% attributable interest in the Ergo Joint Venture.

Ore Reserves: Imperial

	At June 30, 2009						At June 30, 2008					
	Proven Ore Reserves			Probable Ore Reserves			Proven Ore Reserves			Probable Ore Reserves		
	Tons (mill)	Grade (oz/ton)	Gold Content ('000 ozs)	Tons (mill)	Grade (oz/ton)	Gold Content ('000 ozs)	Tons (mill)	Grade (oz/ton)	Gold Content ('000 ozs)	Tons (mill)	Grade (oz/ton)	Gold Content ('000 ozs)
Blyvoor <sup>1</sup>												
Underground.....	12.50	0.22	2,721	2.91	0.21	622	11.36	0.21	2,439	3.04	0.22	665
Surface.....	7.17	0.02	176	-	-	-	10.70	0.02	228	-	-	-
<b>Total Blyvoor</b> .....	<b>19.67</b>	<b>0.15</b>	<b>2,897</b>	<b>2.91</b>	<b>0.21</b>	<b>622</b>	<b>22.06</b>	<b>0.12</b>	<b>2,667</b>	<b>3.04</b>	<b>0.22</b>	<b>665</b>
ERPM <sup>1</sup>												
Underground.....	-	-	-	-	-	-	0.58	0.22	129	2.24	0.20	453
Surface.....	158.18	0.01	1,460	-	-	-	10.19	0.02	185	-	-	-
<b>Total ERPM</b> .....	<b>158.18</b>	<b>0.01</b>	<b>1,460</b>	-	-	-	<b>10.77</b>	<b>0.03</b>	<b>314</b>	<b>2.24</b>	<b>0.20</b>	<b>453</b>
Crown <sup>1</sup>												
Surface.....	4.45	0.02	73	12.08	0.01	168	9.22	0.01	123	15.98	0.01	227
<b>Total Crown</b> .....	<b>4.45</b>	<b>0.02</b>	<b>73</b>	<b>12.08</b>	<b>0.01</b>	<b>168</b>	<b>9.22</b>	<b>0.01</b>	<b>123</b>	<b>15.98</b>	<b>0.01</b>	<b>227</b>
Ergo Joint Venture <sup>2</sup>												
Surface.....	-	-	-	-	-	-	5.83	0.01	61	-	-	-
<b>Total Ergo Joint Venture</b> .....	-	-	-	-	-	-	<b>5.83</b>	<b>0.01</b>	<b>61</b>	-	-	-
<b>Total Group</b>												
Underground.....	12.50	0.22	2,721	2.91	0.21	622	11.94	0.22	2,568	5.28	0.21	1,118
Surface.....	169.80	0.01	1,709	12.08	0.01	168	35.94	0.02	597	15.98	0.01	227
<b>Total<sup>3</sup></b> .....	<b>182.30</b>	<b>0.02</b>	<b>4,430</b>	<b>14.99</b>	<b>0.05</b>	<b>790</b>	<b>47.88</b>	<b>0.07</b>	<b>3,165</b>	<b>21.26</b>	<b>0.06</b>	<b>1,345</b>

<sup>1</sup> Proven and Probable Ore reserves for fiscal 2009 and 2008 reflect our attributable 74% interest in Blyvoor, ERPM and Crown.

<sup>2</sup> Proven and Probable Ore reserves for fiscal 2009 and 2008 reflect our attributable 37% interest in the Ergo Joint Venture.

<sup>3</sup> The Ore reserves listed in the above table are estimates of what can be legally and economically recovered from operations, and, as stated, are estimates of mill delivered in tons.

Ore Reserves: Metric

	At June 30, 2009						At June 30, 2008					
	Proven Ore Reserves			Probable Ore Reserves			Proven Ore Reserves			Probable Ore Reserves		
	Tonnes (mill)	Grade (g/tonne)	Gold Content (tonnes)	Tonnes (mill)	Grade (g/tonne)	Gold Content (tonnes)	Tonnes (mill)	Grade (g/tonne)	Gold Content (tonnes)	Tonnes (mill)	Grade (g/tonne)	Gold Content (tonnes)
Blyvoor <sup>1</sup>												
Underground .....	11.34	7.46	84.63	2.64	7.33	19.36	10.30	7.36	75.87	2.76	7.51	20.70
Surface .....	6.51	0.84	5.47	-	-	-	9.71	0.73	7.08	-	-	-
<b>Total Blyvoor</b> .....	<b>17.85</b>	<b>5.05</b>	<b>90.10</b>	<b>2.64</b>	<b>7.33</b>	<b>19.36</b>	<b>20.01</b>	<b>4.15</b>	<b>82.95</b>	<b>2.76</b>	<b>7.51</b>	<b>20.70</b>
ERPM <sup>1</sup>												
Underground .....	-	-	-	-	-	-	0.53	7.61	4.02	2.03	6.93	14.08
Surface .....	143.50	0.32	45.41	-	-	-	9.24	0.62	5.76	-	-	-
<b>Total ERPM</b> .....	<b>143.50</b>	<b>0.32</b>	<b>45.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.77</b>	<b>1.00</b>	<b>9.78</b>	<b>2.03</b>	<b>6.93</b>	<b>14.08</b>
Crown <sup>1</sup>												
Surface .....	4.03	0.56	2.26	10.96	0.48	5.22	8.37	0.46	3.81	14.49	0.49	7.07
<b>Total Crown</b> .....	<b>4.03</b>	<b>0.56</b>	<b>2.26</b>	<b>10.96</b>	<b>0.48</b>	<b>5.22</b>	<b>8.37</b>	<b>0.46</b>	<b>3.81</b>	<b>14.49</b>	<b>0.49</b>	<b>7.07</b>
Ergo Joint Venture <sup>2</sup>												
Surface .....	-	-	-	-	-	-	5.29	0.36	1.91	-	-	-
<b>Total Ergo Joint Venture</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.29</b>	<b>0.36</b>	<b>1.91</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Group</b>												
Underground .....	11.34	7.46	84.63	2.64	7.33	19.36	10.83	7.38	79.89	4.79	7.27	34.78
Surface .....	154.04	0.35	53.14	10.96	0.48	5.22	32.61	0.57	18.56	14.49	0.49	7.07
<b>Total</b> <sup>3</sup> .....	<b>165.38</b>	<b>0.83</b>	<b>137.77</b>	<b>13.60</b>	<b>1.81</b>	<b>24.58</b>	<b>43.44</b>	<b>2.27</b>	<b>98.45</b>	<b>19.28</b>	<b>2.17</b>	<b>41.85</b>

<sup>1</sup> Proven and Probable Ore reserves for fiscal 2009 and 2008 reflect our attributable 74% interest in Blyvoor, ERPM and Crown.

<sup>2</sup> Proven and Probable Ore reserves for fiscal 2009 and 2008 reflect our attributable 37% interest in the Ergo Joint Venture.

<sup>3</sup> The Ore reserves listed in the above table are estimates of what can be legally and economically recovered from operations, and, as stated, are estimates of mill delivered in tons.

The measurement and classification of our Proven and Probable Ore Reserves are sensitive to the fluctuation of the gold price. If we had used different gold prices than the three-year average prices at the time of reserve determination as of June 30, 2009, 2008 and 2007 respectively, we would have had significantly different reserves as of those dates. Using the same methodology and assumptions as were used to estimate Ore Reserves but with different gold prices, our attributable ore reserves as of June 30, 2009, 2008 and 2007 would be as follows:

<b>Year ending June 30, 2009</b>	<b><u>Three-year average price</u></b>	<b><u>Business Plan at prevailing price</u></b>	<b><u>10% Below prevailing price</u></b>	<b><u>10% Above prevailing price</u></b>
Rand gold price per kilogram.....	199,331	241,834	217,651	266,017
Dollar gold price per ounce.....	778	885	796	973
Attributable ore reserves (million ounces) .....	5.2	6.1	5.6	6.4
<b>Year ending June 30, 2008</b>	<b><u>Three-year average price</u></b>	<b><u>Business Plan at prevailing price</u></b>	<b><u>10% Below prevailing price</u></b>	<b><u>10% Above prevailing price</u></b>
Rand gold price per kilogram.....	150,622	208,287	187,458	229,115
Dollar gold price per ounce.....	664	853	768	938
Attributable ore reserves (million ounces) .....	4.5	7.9	7.4	8.4
<b>Year ending June 30, 2007</b>	<b><u>Three-year average price</u></b>	<b><u>Business Plan at prevailing price</u></b>	<b><u>10% Below prevailing price</u></b>	<b><u>10% Above prevailing price</u></b>
Rand gold price per kilogram.....	115,314	154,437	138,994	169,881
Dollar gold price per ounce.....	553	660	594	726
Attributable ore reserves (million ounces) .....	4.8	6.3	5.9	6.8

The approximate mining recovery factors for the 2009 ore reserves shown in the above table are as follows:

<b><u>Mine</u></b>	<b><u>Dilution (Sundries, Shortfall and Development) (%)</u></b>	<b><u>Underground</u></b>		<b><u>Surface</u></b>	
		<b><u>Mine Call Factor (%)</u></b>	<b><u>Metallurgical and recovery factor (%)</u></b>	<b><u>Mine Call Factor (%)</u></b>	<b><u>Metallurgical and recovery factor (%)</u></b>
Blyvoor .....	22.8	78.7	94.0	100.0	48.3
Crown .....	Not applicable	Not applicable	Not applicable	100.0	64.0
ERPM .....	Not applicable	Not applicable	Not applicable	100.0	66.0
Ergo Joint Venture ....	Not applicable	Not applicable	Not applicable	100.0	43.0

The approximate mining recovery factors for the 2008 ore reserves shown in the above table are as follows:

<b><u>Mine</u></b>	<b><u>Dilution (Sundries, Shortfall and Development) (%)</u></b>	<b><u>Underground</u></b>		<b><u>Surface</u></b>	
		<b><u>Mine Call Factor (%)</u></b>	<b><u>Metallurgical and recovery factor (%)</u></b>	<b><u>Mine Call Factor (%)</u></b>	<b><u>Metallurgical and recovery factor (%)</u></b>
Blyvoor .....	22.8	86.8	94.7	100.0	50.3
Crown .....	Not applicable	Not applicable	Not applicable	100.0	64.0
ERPM .....	21.0	85.0	94.0	100.0	66.0
Ergo Joint Venture ....	Not applicable	Not applicable	Not applicable	100.0	49.3



The following table shows the average drill/sample spacing (rounded to the nearest foot), as at June 30, 2009, for each category of Ore Reserves at our mines calculated based on a three year average dollar price of gold.

<u>Mine</u>	<u>Proven Reserves</u>	<u>Probable Reserves</u>
Blyvoor.....	16 ft. by 24 ft.	Nil
Crown.....	328 ft. by 328 ft.	328 ft. by 328 ft.
ERPM.....	16 ft. by 19 ft.	Nil
Ergo Joint Venture .....	328 ft. by 328 ft.	328 ft. by 328 ft.

The pay-limit grades based on the three year average dollar price for gold and costs used to determine reserves as of June 30, 2009, are as follows:

<u>Mine</u>	<u>Underground</u>		<u>Surface</u>	
	<u>Pay-limit grade (g/t)</u>	<u>Costs used to determine pay-limit grade (R/t)</u>	<u>Pay-limit grade (g/t)</u>	<u>Costs used to determine pay-limit grade (R/t)</u>
Blyvoor.....	10.36	1,199.59	0.26	25.40
Crown.....	Not applicable	Not applicable	0.43	74.26
ERPM.....	Not applicable	Not applicable	0.42	74.26
Ergo Joint Venture .....	Not applicable	Not applicable	0.29	34.00

The pay-limit grades and costs used to determine reserves as of June 30, 2008, are as follows:

<u>Mine</u>	<u>Underground</u>		<u>Surface</u>	
	<u>Pay-limit grade (g/t)</u>	<u>Costs used to determine pay-limit grade (R/t)</u>	<u>Pay-limit grade (g/t)</u>	<u>Costs used to determine pay-limit grade (R/t)</u>
Blyvoor.....	11.13	1,059.72	0.27	20.13
Crown.....	Not applicable	Not applicable	0.47	45.47
ERPM.....	10.33	999.45	0.54	53.99
Ergo Joint Venture .....	Not applicable	Not applicable	0.23	23.10

We apply the pay-limit approach to the mineralized material database of our various shafts or business units in order to determine the tonnage and grade available for mining.

## **Governmental regulations and their effects on our business**

### **South Africa**

#### *Common Law Mineral Rights and Statutory Mining Rights*

Prior to the introduction of the MPRD Act in 2002, private ownership in mineral rights and statutory mining rights in South Africa could be acquired through the common law or by statute. Under the old regime, the term freehold title refers to a right of ownership of land and the surface thereof and the term “mining title” refers to a right of ownership of the minerals below the surface or the right to mine such minerals. With effect from May 1, 2004, all minerals have been placed under the custodianship of the South African government under the provisions of the MPRD Act, and old order proprietary rights, need to be converted to new order rights of use within certain prescribed periods, as dealt with in more detail below.

#### *Old Order Rights - Mining Authorizations*

Holders of mining authorizations issued under the previous regime were given an opportunity to apply for conversion thereof until May 1, 2009. No person or mining entity may prospect or mine for minerals without being granted a prospecting or mining authorization. Prior to granting a prospecting or mining authorization, two requirements had to be fulfilled. First, the mining entity must either be the registered holder of the mineral rights or have obtained the written consent of the registered holder of the mineral rights to mine the minerals concerned for its own account. Second, the Department of Mineral Resources (formerly Department of Minerals and Energy), or the DME, must be satisfied with the scale, manner and duration of the intended prospecting or mining operations and must approve an Environmental Management Program, or EMP. A prospecting permit was issued for a limited period but could be renewed on application. A mining license was generally issued until such time that the minerals could no longer be mined in an economically viable manner. The rights enjoyed under these authorities will endure until they are converted within the period of time prescribed in the MPRD Act. Thereafter, such rights will lapse.

#### *Conversion of Rights under the Mineral and Petroleum Resources Development Act, 2002*

Existing common law prospecting, mining and mineral rights, or old order rights, need to be converted into new order rights in order to ensure exclusive access to the mineral for which rights existed at the time of the enactment of the MPRD Act.

In respect of used old order mining rights, the DME is obliged to convert the rights if the applicant complies with certain statutory criteria. These include the submission of a mining works program, demonstrable technical and financial capability to give effect to the program, provision for environmental management and rehabilitation, and compliance with certain black economic empowerment and the social and labor plan. These applications had to be submitted within five years after the promulgation of the MPRD Act on May 1, 2004. Similar procedures apply where we hold prospecting rights and a prospecting permit and conduct prospecting operations. Where we hold unused old order rights however, the application for conversion to mining or prospecting rights had to be submitted within one year from May 1, 2004. The requirements for unused old order rights are more stringent than for used old order rights, particularly insofar as the percentage of ownership from historically disadvantaged groups is concerned. Under the MPRD Act, mining rights are not perpetual, but endure for a maximum of thirty years, after which they may be renewed for a further thirty years. Prospecting rights are limited to five years, with one renewal of three years. Applications for conversion of our mining rights have been submitted to the DME and approval is awaited. During this period, we are permitted to continue to operate under the terms and conditions of the old order rights which we hold.

If any of our applications for conversion are refused, a claim for compensation, based on expropriation may be lodged against the State. The DME may attach specific conditions and limitations to the exercise of new order rights. It may, for example, reduce the area over which the new order right applies, if it is of the view that the prospecting or mining works programs submitted by an applicant do not justify the extent of the area covered by the old order right. They may also be suspended or cancelled by the Minister of Mineral Resources in the event of a breach or, in the case of mining rights, of non-optimal mining in accordance with the mining works program.

## *Mining royalties*

Royalties from mining activities will become payable to the state, as from March 1, 2010, under provisions contained in the Mineral and Petroleum Resources Royalty Bill, or the Royalty Bill. The Royalty Bill was promulgated by government on August 14, 2008. The most significant feature of the Royalty Bill is that the royalty is to be determined in accordance with a formula based system and no longer to be a predetermined specific rate for the different types of minerals. The royalty will be deductible for normal income tax purposes.

The Royalty Bill defines the tax base as gross sales excluding the transportation and handling costs of the final product. The final product can be either the “refined” or “unrefined” mineral depending on the nature of the mineral in question. There has been general consensus that a formula derived mineral royalty rate regime is more equitable and provides the necessary relief for mines during times of difficulties, e.g. low commodity prices and mines that become marginal due to low grades. The formula-based mineral royalty rate regime also ensures that the State shares in the benefits of higher commodity prices. The State will thus share in the downside risks, when mines become marginal, and in the upside benefits during times of high commodity prices. Based on the comments received the formulae were adjusted to take into account the capital intensive nature of certain mining operations, especially Gold mining and Oil and Gas. The final formulae will thus use earnings before income tax, or EBIT, with 100 percent capital expensing. Given that a distinction will be drawn between refined and unrefined minerals, it is expected that two royalty percentage rate formulae will be required.

The mineral royalty percentage rates (Y%) will be based on the following formulae:

For refined minerals:  $Y (\%) = 0.5 + [(EBIT \text{ divided by } (Gross \text{ Sales multiplied by } 12.5)) \text{ multiplied by } 100]$ . This rate will be capped at a maximum of 5.0%.

For unrefined minerals:  $Y (\%) = 0.5 + [(EBIT \text{ divided by } (Gross \text{ Sales multiplied by } 9.0)) \text{ multiplied by } 100]$ . This rate will be capped at a maximum of 7.0%.

For the purpose of calculating the royalty percentage rates a negative EBIT will be set equal to zero.

## *The Broad Based Socio-Economic Empowerment Charter*

In order to promote broader based participation in mining revenue, the MPRD Act provides for a Mining Charter to be developed by the Minister within six months of commencement of the MPRD Act, beginning May 1, 2004. The Mining Charter came into effect in August 2004. In its current format its objectives include:

- increased direct and indirect ownership of mining entities;
- expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation;
- expansion of the skills base of such persons, the promotion of employment and advancement of the social and economic welfare of mining communities; and
- promotion of beneficiation.

The Mining Charter sets certain numerical and timeframe goals on equity participation by historically disadvantaged South Africans of South African mining assets. It recommends that these are achieved by, among other methods, disposal of assets by mining companies to historically disadvantaged persons on a willing seller, willing buyer basis at fair market value. The goals set by the Mining Charter require each mining company to achieve 15 percent ownership by historically disadvantaged South Africans of its South African mining assets within five years and 26 percent ownership within ten years from May 1, 2004. It also sets out guidelines and goals in respect of employment equity at management level with a view to achieving 40 percent participation by historically disadvantaged persons in management and ten percent participation by women in the mining industry, each within five years from May 1, 2004. Compliance with these objectives is measured on the weighted average “scorecard” approach in accordance with a scorecard which was first published by the government in February 2003.

We are unable to identify any permits, rights or investments which we may lose as a result of any non-compliance. The provisions of the Mining Charter apply to each mining company individually. As transactions, to comply with the Mining Charter, are to be at fair market value, we do not anticipate incurring any loss in fulfilling our obligations provided that we are able to identify suitable partners that are able to obtain adequate funding.

We have achieved our commitment to compliance with the MPRD Act by extending our existing black economic empowerment structure with Khumo Gold. The new structure resulted in Khumo Gold acquiring, as a first step, a 15% interest in a newly created vehicle, DRDGOLD SA, which holds 100% of ERPM, Crown and Blyvoor. Khumo Gold acquired an additional 5% interest in DRDGOLD SA with the employee trust acquiring 6% in fiscal 2007. (See Item 4A.: “History and Development of the Company”).

## *Mine Health and Safety Regulation*

The South African Mine Health and Safety Act, 1996 (as amended), or the Mine Health and Safety Act, came into effect in January 1997. The principal object of the Mine Health and Safety Act is to improve health and safety at South African mines and to this end, imposes various duties on us at our mines, and grants the authorities broad powers to, among other things, close unsafe mines and order corrective action relating to health and safety matters. In the event of any future accidents at any of our mines, regulatory authorities could take steps which could increase our costs and/or reduce our production capacity. There are amendments to the act currently before parliament to ratify the stopping of production and increase punitive measures including increased financial fines and legal liability of mine management. Four of the more important new provisions in the bill as approved by the Portfolio Committee are a new section 50(7A) that obliges an inspector to impose a prohibition on the further functioning of a site where a person's death, serious injury or illness to a person, or a health threatening occurrence has occurred; a new section 86A(1) creating a new offence for any person who contravenes or fails to comply with the provisions of the Mine Health and Safety Act thereby causing a person's death or serious injury or illness to a person. Subsection (3) further provides that (a) the "fact that the person issued instructions prohibiting the performance or an omission is not in itself sufficient proof that all reasonable steps were taken to prevent the performance or omission"; and that (b) "the defense of ignorance or mistake by any person accused cannot be permitted"; or that (c) "the defense that the death of a person, injury, illness or endangerment was caused by the performance or an omission of any individual within the employ of the employer may not be admitted"; a new section 86A(2) creating an offence of vicarious liability for the employer where a Chief Executive Officer, manager, agent or employee of the employer committed an offence and the employer either connived at or permitted the performance or an omission by the Chief Executive Officer, manager, agent or employee concerned; or did not take all reasonable steps to prevent the performance or an omission. The maximum fines have also been increased. Any owner convicted in terms of section 86 or 86A may be sentenced to "withdrawal or suspension of the permit" or to a fine of R3 million or a period of imprisonment not exceeding five years or to both such fine and imprisonment, while the maximum fine for other offences and for administrative fines have all been increased, with the highest being R1 million.

Under the South African Compensation for Occupational Injuries and Diseases Act, 1993 (as amended), or COID Act, employers are required to contribute to a fund specifically created for the purpose of compensating employees or their dependants for disability or death arising in the course of their work. Employees who are incapacitated in the course of their work have no claim for compensation directly from the employer and must claim compensation from the COID Act fund. Employees are entitled to compensation without having to prove that the injury or disease was caused by negligence on the part of the employer, although if negligence is involved, increased compensation may be payable by this fund. The COID Act relieves employers from the prospect of costly damages, but does not relieve employers from liability for negligent acts caused to third parties outside the scope of employment. In fiscal 2009, we contributed approximately R9.3 million under the COID Act to a multi-employer industry fund administered by Rand Mutual Assurance Limited.

Under the Occupational Diseases in Mines and Works Act, 1973 (as amended), or the Occupational Diseases Act, the multi-employer fund pays compensation to employees of mines performing "risk work," usually in circumstances where the employee is exposed to dust, gases, vapors, chemical substances or other working conditions which are potentially harmful, or if the employee contracts a "compensatable disease," which includes pneumoconiosis, tuberculosis, or a permanent obstruction of the airways. No employee is entitled to benefits under the Occupational Diseases Act for any disease for which compensation has been received or is still to be received under the COID Act. Currently the Group is compliant with these payment requirements, which are based on a combination of the employee costs and claims made during the fiscal year.

Uranium and radon are often encountered during the ordinary course of gold mining operations in South Africa, and present potential risks for radiation exposure of workers at those operations and the public to radiation in the nearby vicinity. We monitor our uranium and radon emissions and believe that we are currently in compliance with all local laws and regulations pertaining to uranium and radon management and that we are within the current legislative exposure limits prescribed for workers and the public, under the Nuclear Energy Act, 1999 (as amended) and Regulations from the National Nuclear Regulator.

## *Environmental Regulation*

Managing the impact of mining on the environment is extensively regulated by statute in South Africa. Recent statutory enactments set compliance standards both generally, in the case of the National Environmental Management Act, and in respect of specific areas of environment impact, as in the case of the Air Quality Act 2004, the National Water Act (managing effluent), and the Nuclear Regulator Act 1999. Liability for environmental damage is also extended beyond the corporate veil to impose personal liability on managers and directors of mining corporations that are found to have violated applicable laws.

The impact on the environment by mining operations is extensively regulated by in the MPRD Act. The MPRD Act has onerous provisions for personal liability of directors of companies whose mining operations have an unacceptable impact on the environment.

Under the MPRD Act, new order mining rights are not issued unless a complete environmental impact assessment is conducted and all potentially affected parties have been given an opportunity to comment on the proposed mining. Mining companies are also required to demonstrate both the technical and financial ability to sustain an ongoing environmental management program, or EMP, and achieve ultimate rehabilitation, the particulars of which are to be incorporated in an EMP. This program is required to be submitted and approved by the DME as a prerequisite for the issue of a new order mining right. Various funding mechanisms are in place, including trust funds and concurrent rehabilitation budgets, to fund the rehabilitation liability.

The MPRD Act imposes specific, ongoing environmental monitoring and financial reporting obligations on the holders of mining rights.

Because of the diverse nature of our operations, ranging from underground mining to surface reclamation activities, environmental risks vary from site to site. These risks have been addressed in EMPs which have been submitted to the DME for approval. In November 2006, amended EMPs to conform to the required format of the MPRD Act were submitted for all operations in South Africa for approval. Additionally, the key environmental issues have been prioritized and are being addressed through active management input and support as well as progress measured in terms of activity schedules and timescales determined for each activity. Two environmental compliance assessments have been conducted at Blyvoor and Crown, which both show that these mines are in substantial compliance with the conditions of their EMPs.

Our existing reporting and controls framework is consistent with the additional reporting and assessment requirements of the MPRD Act.

#### *Financial Provision for Rehabilitation*

We are required to make financial provision for the cost of mine closure and post-closure rehabilitation, including monitoring once the mining operations cease. We have funded these environmental rehabilitation costs by making contributions over the life of the mine to environmental trust funds established for each operation. Funds are irrevocably contributed to trusts that function under the authority of trustees that have been appointed by, and who owe a statutory duty of trust, to the Master of the High Court of South Africa. The funds held in these trusts are invested primarily in interest bearing debt securities. As of June 30, 2009, we held a total of R129.7 million (2008: R110.8 million) in trust, the balance held in each fund being R17.5 million (2008: R15.7 million) for West Wits, R29.8 million (2008: R26.9 million) for Blyvoor, R20.3 million (2008: R18.2 million) for Durban Deep, R44.9 million (2008: R37.2 million) for Crown and R17.2 million (2008: R12.8 million) for ERPM. Trustee meetings are held as required, and quarterly reports on the financial status of the funds, are submitted to our board of directors.

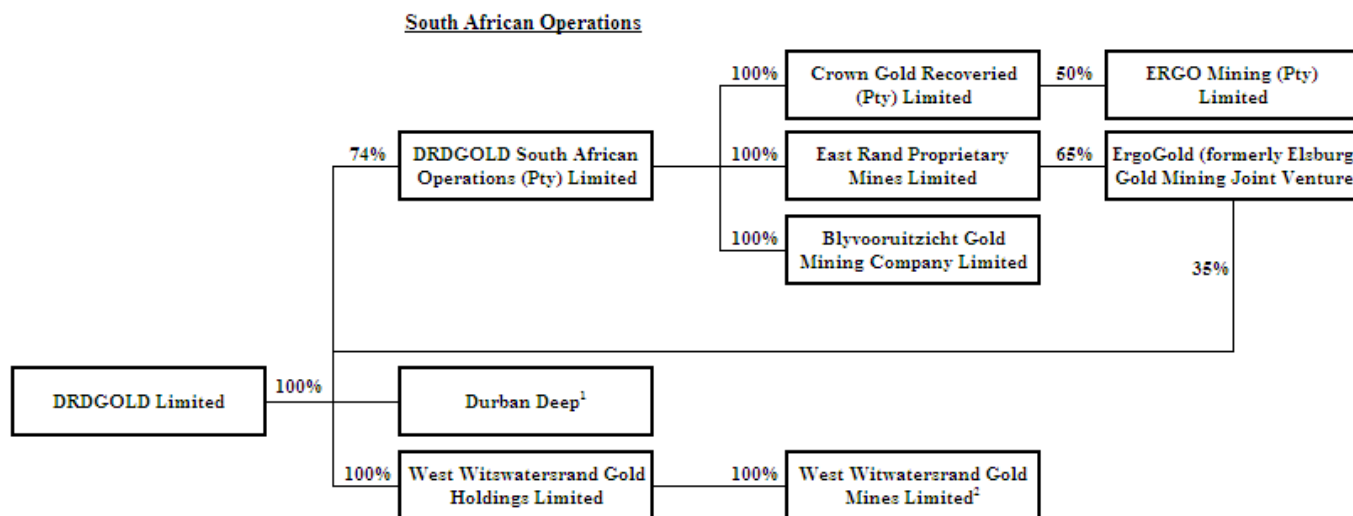
The financial provisions for West Wits and Durban Deep have been consolidated into a single fund. We address shortfalls in the funds by accruing trust investment income for the benefit of the funds and by replenishing it with the proceeds from the sale of redundant mining equipment at the end of the life of the mine. If any of the operations are prematurely closed, the rehabilitation funds may be insufficient to meet all the rehabilitation obligations of those operations.

Whereas the old Minerals Act allowed for the establishment of a fully funded rehabilitation fund over the life of mine, the MPRD Act assumes a fully compliant fund at any given time in the production life of a mine. The DME appears to have taken a practical approach in dealing with this change, and has indicated that the traditional ring fencing of funds may, for investment purposes be relaxed, and that insurance instruments may also be received subject to the DME's consent, to make up the shortfall in available cash funds.

The aggregate group rehabilitation, reclamation and closure cost provision was R412.5 million at June 30, 2009, compared to R381.3 million at June 30, 2008.

#### 4C. ORGANIZATIONAL STRUCTURE

The following chart shows our principal subsidiaries and joint venture as of October 31, 2009. All of our subsidiaries are incorporated in South Africa. We hold the majority of the investments directly or indirectly as indicated below. Refer to Exhibit 8.1 for a list of our directly held subsidiaries.

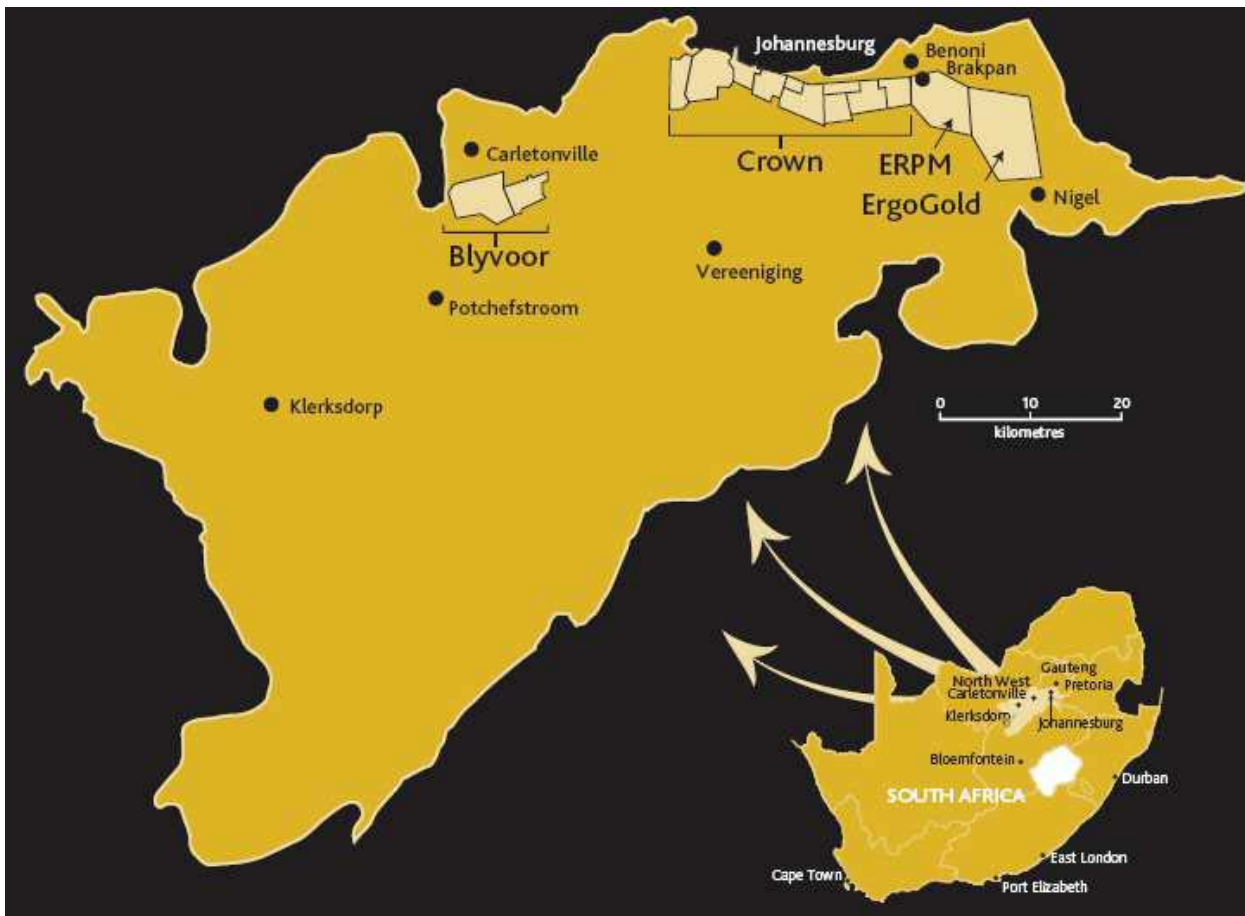


<sup>1</sup> All shafts at Durban Deep have been closed.

<sup>2</sup> West Wits will be used going forward to extract and dispose of underground water.

#### 4D. PROPERTY, PLANT AND EQUIPMENT

DRDGOLD OPERATIONS  
OCTOBER 31, 2009



## **Description of Significant Subsidiaries, Properties and Mining Operations**

### **Witwatersrand Basin Geology**

Blyvoor is predominantly an underground operating mine located within a geographical region known as the Witwatersrand Basin, exploiting gold bearing reefs in addition to certain surface sources. Crown, ERPM and ErgoGold are also located within the Witwatersrand Basin. Crown exploits various surface sources, including sand and slime tailings deposited as part of historical mining operations. ERPM, which halted its underground mining operation in October 2008, continues as surface operation processing sand from the Cason Dump. ErgoGold is a surface operation which is currently processing slime tailings from the Elsburg tailings facility, which were historically deposited by ERPM's underground mining operation. Our underground operation is typical of the many gold mining operations in the area which together have produced approximately 1.5 billion ounces of gold over a period of more than 100 years.

The Witwatersrand Basin comprises a 4 mile (6 kilometers) vertical thickness of sedimentary rocks situated within the Kaapvaal Craton, extending laterally for approximately 186 miles (299 kilometers) east-northeast and 62 miles (100 kilometers) South-Southeast. The sedimentary rocks generally dip at shallow angles towards the center of the basin though locally this may vary. The Witwatersrand Basin is Achaean in age and the sedimentary rocks are considered to be approximately 2.7 to 2.8 billion years old.

Gold mineralization in the Witwatersrand Basin occurs within horizons termed reefs. These occur within seven separate goldfields located along the eastern, northern and western margins of the basin. These goldfields are known as the Evander Goldfield, the East Rand Goldfield, the West Rand Goldfield, the Far West Rand Goldfield, the Central Rand Goldfield, the Klerksdorp Goldfield and the Free State Goldfield. As a result of faulting and other primary controls of mineralization, the goldfields are not continuous and are characterized by the presence or dominance of different reef units. The reefs are generally less than 6 feet (2 meters) thick but, in certain instances, these deposits form stacked elastic wedges which are hundreds of feet thick.

The gold generally occurs in native form within the various reefs, often associated with pyrite and carbon.

### **Blyvoor**

#### **Overview**

We own 74% of the Blyvooruitzicht Gold Mining Company Limited, (through our 74% holding in DRDGOLD SA), which in turn owns 100% of the Doornfontein Gold Mining Company Limited. The consolidated mining operation, referred to as Blyvoor, consists of the adjacent mines of Blyvooruitzicht and Doornfontein which are located within the Far West Rand Goldfield on the northwestern edge of the Witwatersrand Basin. Blyvoor was the first mine in the "West Wits" line. Together, these two operations have produced over 37 million ounces of gold since inception.

At June 30, 2009, Blyvoor had 4,601 employees, including contractors.

#### **Property**

Blyvoor is located on the West Wits line within the Far West Rand Goldfield on the northwestern rim of the Witwatersrand Basin, near the town of Carletonville, Gauteng Province, about 50.0 miles (80.5 kilometers) south-west of Johannesburg and is reached via the R528 road to Carletonville on the N12 Johannesburg-Potchefstroom-Kimberly highway.

The climate of the Highveld area (at an elevation of 5,249 feet (1,600 meters) above mean sea level), where the mine is situated, is humid continental with warm summers and cold winters. Temperatures range from a minimum of 23 degrees Fahrenheit (-5 degrees Celsius) in June and July, to a maximum of 93 degrees Fahrenheit (34 degrees Celsius) in December and January.

The operating facilities are all situated on property belonging to Blyvoor, and include the shaft complexes, administrative offices for the managerial, administrative, financial and technical disciplines, extensive workshops and consumable stores, the metallurgical plants, tailings dams and waste rock dumps. Blyvoor also houses the majority of its employees in Blyvoor-owned houses on the property and in the town of Carletonville. The normal support structures, including training, security, sport and recreational facilities, schools and churches are situated on the property. Blyvoor has mining title to 16,242 acres (6,573 hectares) and owns 5,138 acres (2,079 hectares) of freehold property.

Blyvoor consists of one mining license, ML46/99, in respect of statutory mining rights and mineral rights held by Blyvoor. We are in the process of converting these old order mining rights to new order rights under the MPRD Act. The net book value of the mining assets at Blyvoor is R463.9 million at June 30, 2009, with 3.5 million attributable ounces of Ore Reserves.



## History

- 1937** Blyvooruitzicht Gold Mining Company Limited was incorporated and registered as a public company in South Africa on June 10, 1937.
- 1942** Gold production commenced.
- 1995** Blyvoor acquired the Doornfontein Gold Mining Company Limited in November 1995.
- 1996** Blyvoor acquired the mineral rights representing the Western Deep Levels tribute area.
- 1997** We acquired the entire share capital of Blyvoor on September 15, 1997.
- 2001** Implementation of the Blyvoor expansion project.
- 2003** Commissioning of No. 4 and 5 Slimes Dam retreatment facility at a cost of R48.0 million.
- 2004** On June 28, 2004, we entered into a 60-day review period on Blyvoor. The 60-day review was extended to September 13, 2004. By October 5, 2004, 1,619 employees had been retrenched at a cost of approximately R19.0 million.
- 2005** In August 2005, our Board of Directors approved No. 2 Sub-Shaft Project (now called the WAP Project) and the Slimes Dam Project to establish mining operations from the No. 2 Shaft and expansion to further improve plant efficiency, respectively.
- On July 6, 2005, we signed a Memorandum of Understanding with KBH regarding the acquisition by Khumo Gold of a 15% stake in our South African Operations.
- On October 27, 2005, our Board of Directors approved the transaction with Khumo Gold. The new structure resulted in Khumo Gold acquiring a 15% interest in a newly created vehicle, DRDGOLD SA, which owns ERPM, Crown and Blyvoor. We owned an 85% interest in DRDGOLD SA.
- 2006** On December 11, 2006, Khumo Gold, on behalf of itself and an employee trust, exercised the option granted by us pursuant to the option agreement concluded between us and Khumo Gold in October 2005 to acquire a further 11% in DRDGOLD SA.
- 2007** After completion of a drilling program to define the uranium resource in Blyvoor's slimes dam material, a 17.5 million pound uranium and 0.8 million ton sulphur resource was declared in November 2007.
- 2008** In January 2008, electricity supply to the mine was interrupted by Eskom which is government owned and production suspended for a week due to safety concerns.
- 2009** In January 2009, a direct lightning strike to No. 5 shaft Eskom sub-station interrupted production at No. 5 shaft and other areas drawing power from this supply. Employees underground at the time remained in the underground refuge bays until hoisted to safety once the shaft feeder power had been restored. No injuries were recorded.
- In May and June 2009, three seismic events in excess of 3.5 magnitude took place at No. 5 shaft. As these events affected the highest grade carbon leader mining area, production from these areas is expected to resume in the third quarter of the 2010 fiscal year.
- On November 9, 2009, we announced that, in a bid to save our Blyvoor mine from liquidation, we intended applying to the High Court of South Africa for a provisional judicial management order over the operation. A provisional judicial management order was granted by the High Court of South Africa on November 10, 2009.

## Geology and Mineralization

Blyvoor exploits the two gold-bearing pebble horizons in the Central Rand Goldfields, the Carbon Leader, which is one of the principal ore bodies in the goldfield, and the Middelvlei Reef horizons which occur in discrete channels over parts of the lease area approximately 246 feet (75 meters) vertically above the Carbon Leader Reef horizon. The Carbon Leader Reef is the principal economic horizon across the lease area and is a planar single sheet conglomerate. The Carbon Leader Reef typically comprises basal carbon seam, overlain by a thin, small pebble conglomerate, enriched in carbon in the lower portion. The grade of the Carbon Leader Reef is more variable than the Middelvlei Reef. The Middelvlei Reef consists of a variable number of polymictic quartz conglomerate bands, inter-bedded with coarse grain quartzite. The grade of the Middelvlei Reef is more erratic, with distinctive pay shoots forming as southward-orientated linear zones.

Blyvoor was established in 1937 to exploit the rich Carbon Leader Reef but by the late 1980s had reached a position where continued existence of mining operations was dependent upon the mining of scattered Carbon Leader Reef remnants and limited sections of the lower grade Middelvlei Reef.

## Mining and Processing

Access from the surface to the current underground workings of the mines is through a system of vertical and incline shafts situated at the Blyvoor and Doornfontein mines. Doornfontein was previously a separate mine adjacent to the Blyvoor mine but has since been merged to form Blyvoor. The shaft system consists of four vertical shafts from the surface, thirteen sub-incline shafts and two sub-vertical shafts underground. Of these thirteen sub-incline shafts, only nine are in operation and are used for the conveyance of personnel, pumping and hoisting of mined ore and waste.

Two levels have been holed between the previous Doornfontein mine and workings within the Blyvoor lease extension (purchased in 1996 from Western Deep Levels Limited) to allow ore from the bottom of the Blyvoor workings to be trammed across and hoisted up via the Blyvoor No. 5 Shaft, from where it is trucked to the gold plant. The average mining depth at Blyvoor is 10,541 feet (3,213 meters), 5,292 feet (1,613 meters) below mean sea level.

Mining of the reef takes place in stope panels. Holes are drilled into the solid rock and are charged with explosives and blasted. The loosened rock is removed from the stope panels and is conveyed to the shaft, tipped into the ore-pass systems, hoisted to the surface and transported to the metallurgical plant for gold extraction.

Metallurgical processing facilities at Blyvoor are comprised of a single metallurgical plant. The process route is based on a conventional flow sheet comprising multi-stage crushing, open circuit primary and closed circuit secondary milling with hydro cyclones, thickening and cyanide leaching in a Carbon-in-Pulp, or CIP, carousel arrangement. The gold is recovered through electro-winning followed by smelting to doré. The circuit was recently modified by the closure of the filtration system and the commissioning of a modern carbon Kemix pumpcell plant. As at June 30, 2009, the overall plant utilization was 95%.

In fiscal 2006, increasing levels of seismicity were experienced in the high-grade No. 5 Shaft area in the first half of the year. Consequently concerns for employee safety prompted the development of a volume-driven mine plan involving less mining from the affected high-grade No. 5 Shaft and more from the lower-grade No. 6 Shaft areas. By the end of fiscal 2006, implementation of the new plan was under way with ore milled of 70,000 tons per month targeted. In August 2005, our board of directors approved a project to re-establish mining operations from the No. 2 Sub-Shaft in three phases at a total capital cost of R80.5 million. In total, the No. 2 Sub-Shaft Project was expected to yield some 770,491 ounces of gold from 2.4 million tons of ore with an average delivered grade of 8.18 g/t, over a 20 year period. This project has been re-designed in two phases now called the Way-Ahead Project, or WAP Project. The cost of the project was estimated at R36.7 million.

In fiscal 2007 and 2008, good progress was made on Blyvoor's WAP Project, which replaced the No. 2 Sub-Shaft Project. The WAP Project involves accessing the No. 2 sub-shaft reserves from levels 27 to 35 of No. 5 shaft. Production from the WAP Project began in October 2008 with the target of 1,200m<sup>2</sup> per month being achieved by the end of fiscal 2009. As at June 30, 2009 a total of R34.9 million had been spent on the project.

In fiscal 2009, seventeen production days were lost because of Section 54 closures imposed by the Department of Mineral Resources following fatalities suffered after seismic events occurring and a further six production shifts were lost at No. 5 Shaft following a lightning strike at the shaft's electrical substation. On August 26, 2009, DRDGOLD announced that it had advised unions of its intention to right-size the Blyvoor operation. Blyvoor proceeded with a 60-day facilitated consultation process in terms of Section 189A of the South African Labour Relations Act to determine the future of affected employees. The consultation process was completed on October 26, 2009 and 330 employees were retrenched.

Furthermore, on November 9, 2009, DRDGOLD announced that, in a bid to save its Blyvoor mine from liquidation, it intended applying to the High Court of South Africa for a judicial management order over the operation. DRDGOLD expects that Blyvoor will remain under judicial management until after access to the seismicity-damaged, higher-grade areas at its No 5 Shaft had been regained. See Item 4D.: "Property, Plant and Equipment – Legal Proceedings".

Electricity for South Africa is provided by Eskom, which is government owned. Eskom is the largest producer of electricity in Africa. In South Africa, Eskom operates a national power supply grid consisting of 24 power stations across the country. Electricity to Blyvoor is provided from the West Wits substation outside Carletonville at 44,000 volts. Further substations, located on mine site, transform the power to 6,600 volts or 22,000 volts for direct supply to the shaft winder and air compressors. The power supply is further reduced to 525 volts for smaller devices and equipment used on the mine. The average annual power consumption is about 432 GWhr and the maximum demand is about 66 MW.

In fiscal 2008, electricity supply to the mine was interrupted by Eskom and production suspended for a week due to safety concerns. The situation did improve during March 2008, the operation is however still on a six hour standby notice, in the event that power supply becomes unstable in the area. Eskom has requested all of its "Key Customers" to reduce power consumption by 10%, Blyvoor has managed to adhere to this request and has continued during fiscal 2009 to save the maximum amount of energy possible.

The following capital expenditure was incurred at Blyvoor in fiscal 2009, 2008 and 2007:

	<u>Year ended June 30,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
Raise boreholes .....	6,067	5,678	298
WAP Project .....	10,084	14,269	10,583
Slimes pump stations and residue deposition.....	8,252	971	1,883
15/29 incline shaft equipping .....	1,013	542	-
Washing plant upgrade .....	1,462	-	-
Mobile cooling units .....	1,700	560	1,120
Safety related equipment and expansion of seismic monitoring network .....	8,451	-	-
Compressed air columns .....	189	4,494	-
Opening up and development .....	41,406	31,122	21,898
Mining and engineering equipment renewals .....	16,509	16,738	30,107
Other .....	2,404	473	2,596
	<u>97,537</u>	<u>74,847</u>	<u>68,485</u>

### Exploration and Development

At the beginning of fiscal 2003, Blyvoor began a feasibility study looking at the opportunity to re-mine and treat the slimes dam material from the No. 4 and 5 Slimes Dam Project. The project was commissioned during November 2003 and completed at a cost of R48.0 million including the conversion of leaching tanks, linear screens, pipes and site construction. The No. 6 Slimes Dam has been extended to provide additional capacity for the tailings from this project at a cost of R2.0 million. The project involves the reclamation of approximately 24 million tonnes of slime material at a rate of 240,000 tpm by high water monitoring and processed through a CIP circuit. The project has an estimated life until 2016 and an average recovery grade of 0.02 ounces per ton. The project costs were funded with a R65.0 million loan facility from the Industrial Development Corporation.

In November 2007 encouraging results had been obtained from a drilling program to define the uranium resource in Blyvoor's slimes dam material and a 17.5 million pound uranium and 0.8 million ton sulphur resource was declared. In fiscal 2009, Blyvoor began an exploration drilling program linked to opening up and development to evaluate the south-west down-dip extension of the Blyvoor ore body south of the Boulder Dyke. If encouraging results are obtained, various mining options will be investigated to exploit the ore body, including the possibility of a trackless decline. Exploration into the south-west block was delayed due to a fire which temporarily cut off services into this area, but is scheduled to continue in fiscal 2010.



## **Environmental and Closure Aspects**

The predominantly dolomitic geology of the area in and around Blyvoor, and the resultant occasional occurrence of sinkholes and subsidences, exposes Blyvoor to relatively unique environmental risks and costs associated with the remediation and filling of these sinkholes.

Blyvoor has to maintain a rate of pumping of fissure water sufficient to keep the rate of rise of underground water below the level of underground workings. The required rate is in the order of 2 million gallons (8 million liters) per day. Water not used in the operations is discharged into the Wonderfontein Spruit (a stream adjacent to the Blyvoor mine). In order to address the risk of contamination of ground water, streams and wetlands, water is sampled and the level of contaminants monitored in accordance with Blyvoor's water management plan. Fissure water at Blyvoor is generally of a good quality, therefore we believe that the contribution of this water to pollution of water in the area is minimal.

Blyvoor is a member of the Mining Interest Group consisting of all mines operating in the Wonderfontein Spruit catchment area. This group was formed to coordinate efforts and studies in the Wonderfontein Spruit and to liaise with government departments to determine what action if any is required in cleaning the stream. The government has also established a specialist task team to determine what needs to be done. At this stage there is no clear solution. The Mining Interest Group is also represented on the various catchment forums where NGO's and other interested and affected parties are present. Blyvoor continues to meet with the Potchefstroom municipality on a monthly basis where the quality of Blyvoor's discharge water is assessed. Blyvoor remains in compliance with the Potchefstroom agreement.

Sinkholes are caused by ground water seeping into the underground dolomitic structures, which dissolve and weaken causing a collapse in the rock structure. Dolomitic rock could be dissolved, resulting in an increased risk of sinkholes and possible pollution of fresh water resources stored in the dolomitic formations. The occurrence of sinkholes is limited to a particular area of Blyvoor, which requires an active program in water management and control. Water from leaking pipes is reported to a monitoring committee and the necessary repairs are undertaken promptly. Ground subsidence surveys are undertaken to timely identify any possible sinkholes. Sinkholes that do occur are filled to prevent further inflow of surface water and potential enlargement of the hole. Sinkholes which form outside of our property are repaired by the Far West Rand Dolomitic Water Association.

Pollution from slime dams is controlled by dust suppression and water management programs. Short-term dust control is accomplished through ridge ploughing the top surface of dormant tailings dams. Environmentally friendly dust suppressants, such as molasses, are also applied when deemed necessary. In the long-term, dust suppression and water pollution is managed through a program of progressive vegetation of the tailings complexes followed by the application of lime, to neutralize the natural acidic conditions, and fertilizer as the organic growth medium.

During 2004, Blyvoor implemented a tailings reclamation project and as a result of this new project being implemented amendments to Blyvoor's EMP have had to be made by the relevant regulator. The EMP identified the impacts associated with the reclamation of the dams and the extension of the No. 6 return water dam and identified remedial measures to minimize the risk. The DWAF visited the site in August 2004 and was satisfied with our environmental performance.

Blyvoor has updated its EMP to meet the new requirements of the MPRD Act. The EMP has been submitted to the DME for approval. Blyvoor is currently demolishing and rehabilitating redundant surface infrastructures, including the defunct uranium plant.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, we have estimated that the total cost for Blyvoor, in current monetary terms as at June 30, 2009, is R36.0 million. This has been included in the provision for environmental rehabilitation, restoration and closure costs on our statement of financial position. A total of R29.8 million has been contributed to a Rehabilitation Trust Fund. This is an irrevocable trust, managed by specific responsible people who we nominated and who are appointed as trustees by the Master of the High Court of South Africa.

## **Ore Reserves and Life of Mine**

As at June 30, 2009, the attributable Proven and Probable Ore Reserves of Blyvoor were 3.5 million ounces. At June 30, 2008, the attributable Proven and Probable Ore Reserves of Blyvoor were 3.3 million ounces. A Mineral Resource competent person is appointed at each operation to review our Ore Reserve calculations for accuracy. For Blyvoor, Mr. Ryno Botha (SACNASP) is the appointed Mineral Resource competent person.

As a result of the implementation of the WAP Project and the higher gold price, Blyvoor's life-of-mine business plan remains at 20 years, as at June 30, 2009.

## **Current Production**

Blyvoor produced a total of 129,473 ounces of gold in fiscal 2009, with 88,898 ounces from underground areas and 40,575 ounces from surface areas. This represented 52% of our total production from continuing operations for fiscal 2009 of 247,690 ounces.

Underground gold production has decreased from 103,813 ounces in fiscal 2008 to 88,898 ounces in fiscal 2009. Reduced underground production reflects the implementation during fiscal 2007 of a new, “lower grade, higher volume” mine plan to address safety concerns arising from increased levels of seismicity in the high-grade No. 5 Shaft area. Three seismic events of magnitude 3.5+ in the 38-29 line high grade area eliminated some 2,100m<sup>2</sup> from monthly production. Mining in the 38-29 line will proceed in accordance with the Rock Engineer’s recommendations at a rate of 700m<sup>2</sup> per month. Production will reach these levels, once rehabilitation of the area has been completed, which is expected in the third quarter of fiscal 2010. The focus remains on a higher volume main reef strategy, but retaining the correct balance between carbon leader and main reef. Surface gold production increased from 37,359 ounces in fiscal 2008 to 40,575 ounces in fiscal 2009.

Cash costs of \$719 per ounce in fiscal 2009 increased from \$675 per ounce in fiscal 2008. The increase in cash costs per ounce of gold produced was primarily attributable to the lower production at Blyvoor in fiscal 2009.

The following table details the operating and production results from Blyvoor for the past three fiscal years.

	<u>Year ended June 30,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Production</b>			
Surface Operations			
Ore mined ('000 tons).....	3,785	4,099	4,072
Recovered grade (oz/ton).....	0.011	0.009	0.010
Gold produced (ounces).....	40,575	37,359	40,798
Underground Operations			
Ore mined ('000 tons).....	664	757	761
Recovered grade (oz/ton).....	0.134	0.137	0.145
Gold produced (ounces).....	88,898	103,813	110,471
Total ounces produced.....	129,473	141,172	151,269
<b>Results of Operations (R)</b>			
Revenue ('000).....	1,018,527	848,229	694,611
Operating cost ('000).....	842,329	697,281	602,871
Cash cost per ounce of gold (\$) <sup>1</sup> .....	719	675	552
Total cost per ounce of gold (\$) <sup>1</sup> .....	739	761	590

<sup>1</sup> Cash cost per ounce and total cost per ounce are financial measures of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations.

## Crown

### Overview

We own 74% of DRDGOLD SA, which in turn owns 100% of Crown. Crown has a surface retreatment operation consisting of the Crown Central, City Deep and Knights business units, collectively referred to as Crown. ERPM's Cason Dump surface re-treatment operation is expected to continue to operate until 2014 under the management of Crown based on the current rate of retreatment of approximately 178,000 tpm. Crown undertakes the retreatment of surface sources deposited as tailing from non-operating mining sites across central Johannesburg.

At June 30, 2009, Crown had 1,190 employees, including contractors.

### Property

Crown is situated on the outskirts of Johannesburg, South Africa and consists of three separate locations. It has mining rights to 5,787 acres (2,342 hectares) and has the right to occupy 1,490 acres (603 hectares) of freehold property. Crown is in the process of converting these old order rights to new order rights under the MPRD Act.

The Crown Central operation is located on the West Wits line within the Central Goldfield of the Witwatersrand Basin, approximately 6 miles (10 kilometers) west of the Johannesburg central business district in the province of Gauteng. Access is via Xavier Road on the M1 Johannesburg-Kimberley-Bloemfontein highway. The City Deep operation is located on the West Wits line within the Central Goldfields of the Witwatersrand Basin, approximately 3 miles (5 kilometers) south-east of the Johannesburg central business district in the province of Gauteng. Access is via the Heidelberg Road on the M2 Johannesburg-Germiston motorway. The Knights operation is located at Stanley and Knights Road Germiston off the R29 Main Reef Road.

As of June 30, 2009, the net book value of Crown's mining assets was R150.9 million with 0.3 million attributable ounces of Ore Reserves.

### History

- 1979** Rand Mines Limited directors approved the formation of the company Rand Mines Milling and Mining Limited (RM3) to treat the surface gold tailings created from the underground section of the original Crown Mines, which had been in operation since the start of gold mining on the Witwatersrand in the late 1800's.
- 1982** First plant commissioned at Crown Mines to process surface material.
- 1986** Second plant commissioned at City Deep to process surface material.
- 1997** Randgold Exploration Limited and Continental Goldfields of Australia entered into a joint venture with the intention to establish a company that would acquire dump retreatment operations on the Witwatersrand. This resulted in the formation of Crown Consolidated Gold Recoveries Limited, or CCGR, which was incorporated as a public company in South Africa in May 1997. Crown was a wholly owned subsidiary of CCGR and consists of the surface retreatment operations of Crown Central, City Deep and Knights.
- 1998** We purchased 100% of CCGR.
- 2002** KBH purchased 60% of Crown. We were appointed as joint manager of the operation with KBH.
- 2005** On July 6, 2005 we signed a Memorandum of Understanding with KBH regarding the acquisition by Khumo Gold of a 15% stake in our South African Operations.  
On October 27, 2005, our board of directors approved the transaction with Khumo Gold. The new structure resulted in Khumo Gold acquiring a 15% interest in a newly created vehicle, DRDGOLD SA, which includes 100% of ERPM, Crown and Blyvoor. We owned an 85% interest in DRDGOLD SA.
- 2006** On December 11, 2006, Khumo Gold, on behalf of itself and an employee trust, exercised the option granted by us pursuant to the option agreement concluded between us and Khumo Gold in October 2005 to acquire a further 11% in DRDGOLD SA.  
On August 28, 2006, we concluded an agreement with AngloGold Ashanti to purchase the Top Star Dump.
- 2008** The Department of Mineral Resources issued in favour of Crown a mining right for gold recovery over the Top Star Dump.
- 2009** The reclamation of the Top Star Dump commenced in December 2008. Crown also commenced with the reduction of volumes to 400,000 tpm to implement the planned Crown Tailings Deposition Facility closure plan.

## Mining and Processing

Crown undertakes the retreatment of surface sources deposited as tailings from non-operational mining sites across central Johannesburg.

Material processed by Crown is sourced from numerous secondary surface sources namely, sand and slime. The surface sources have generally undergone a complex depositional history resulting in grade variations associated with improvements in plant recovery over the period of time the material was deposited. Archive material is a secondary source of gold bearing material. This material is generally made up of old gold metallurgical plant sites as well as “river bed” material.

The three metallurgical plants, known as Crown Mines, City Deep and Knights, have an installed capacity to treat approximately 11.0 million tons of material per year. Up to fiscal 2003, Crown also operated the West Wits gold plant for the processing of sand and slime. Crown also operates the ERPM surface operations with ore being treated at the Knights plant. All of the plants have undergone various modifications during recent years resulting in significant changes to the processing circuits.

Electricity to Crown is supplied to the Crown Central and City Deep business units from separate substations referred to as Jupiter and No. 15 Shaft Crown Mines, and for Knights by the Ekurhuleni Town Council. Electricity is supplied directly from the national power grid to the substation and town council at 44,000 volts. Substations, located on mine sites, transform the power to 6,600 volts for direct supply to the plants. The power supply is further reduced to 525 volts for smaller devices and equipment.

For Crown Central and City Deep, the average annual power consumption is about 72 GWhr and the maximum demand is about 8.0 MW. For Knights the average annual power consumption is about 36 GWhr and the maximum demand is about 7.0 MW.

Crown operates three plants with slight variations in design in each plant, with a processing capacity of approximately 1 million tpm, yielding approximately 0.01 oz/t (0.4 g/t). The feed stock is made up of sand and slime which are reclaimed separately. Sand is reclaimed using mechanical front-end loaders, re-pulped with water and pumped to the plant. Slime is reclaimed using high pressure water monitoring guns. The re-pulped slime is pumped to the plant and the reclaimed material is treated using screens, cyclones, ball mills and CIL technology to extract the gold. As at June 30, 2009, the overall plant utilization was 76% as a result of the planned reduction in tonnage throughput.

**City Deep Plant:** Commissioned in 1987, this surface/underground plant comprises a circuit including screening, primary, secondary and tertiary cycloning in closed circuit milling, thickening, oxygen preconditioning, CIL, elution and zinc precipitation followed by calcining and smelting to doré. In 1998, the plant was converted to a slimes only operation. However, due to operational difficulties caused by the particulate nature of the slimes, the milling circuit has subsequently been re-commissioned to facilitate the treatment of sand.

**Crown Mines Plant:** Commissioned in 1982, this surface/underground plant has already been modified and comprises a circuit including screening, primary cycloning, open circuit milling, thickening, oxygen preconditioning, CIP and CIL, elution, zinc precipitation followed by calcining and smelting to doré.

**Knights Plant:** Commissioned in 1988, this surface/underground plant comprises a circuit including screening, primary cycloning, milling in closed circuit with hydrocyclones, thickening, oxygen preconditioning, CIL, elution, electro-winning and smelting to doré.

The following capital expenditure was incurred at Crown in fiscal 2009, 2008 and 2007:

	<u>Year ended June 30,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
Top Star Dump.....	14,369	21,796	1,148
Residue pipelines .....	5,460	2,451	6,618
Reclamation stations .....	-	-	11,637
Residue columns .....	-	3,123	-
Mills, mill feed and control.....	-	3,578	2,460
Vehicles and equipment .....	272	1,256	501
Tailings management .....	21,910	8,781	7,364
Other .....	1,104	1,092	250
	<u>43,115</u>	<u>42,077</u>	<u>29,978</u>

## Exploration and Development

Exploration and development activity at Crown involves the drilling of existing surface dumps and evaluating the potential gold bearing surface material owned by third parties that could be processed on a full treatment basis or purchased outright by Crown.

On August 28, 2006, we concluded an agreement with AngloGold Ashanti to purchase the Top Star Dump. The Top Star Dump has been evaluated geostatistically and had a probable reserve of 5.2Mt, at a grade of 0.775g/t. The Top Star Dump mining right was granted with effect from August 21, 2008 until August 20, 2013. We expect that Top Star will contribute approximately 45,000 ounces of gold per annum for a period of 20 months. Reclamation of the Top Star Dump commenced in December 2008.

Additional exploration drilling previously planned for the current fiscal year to define the uranium and sulphur potential of all Crown's current deposition sites, has been put on hold. A feasibility study regarding the deposition of the Crown tailings on the Brakpan tailings complex will be completed in fiscal 2010.

### **Environmental and Closure Aspects**

Crown operates at sites located in close proximity to significant municipal infrastructure, commercial and residential development. The major environmental risks are associated with dust from various recovery sites, and effective management of relocated process material on certain tailings dams. The impact of windblown dust on the surrounding environment and community is addressed through a scientific monitoring and evaluation process, with active input from the University of Witwatersrand and appropriate community involvement. Environmental management programs, addressing a wide range of environmental issues, have been prepared by specialist environmental consultants and applied specifically to each dust sample recovery monitoring site and integrated into Crown's internal environmental assessment process. Although Crown completed a project for thickening re-processed tailings, there also remains a risk of localized sloughing which can result in that section of the tailings dam being closed temporarily, with repair work being done to the dam wall. Water pollution is controlled by means of a comprehensive system of return water dams which allow for used water to be recycled for use in Crown's metallurgical plant. Overflows of return water dams may, depending on their location, pollute surrounding streams and wetlands. Crown has an ongoing monitoring program to ensure that its water balances (in its reticulation system, on its tailings and its return water dams) are maintained at levels that are sensitive to that capacity of return water dams.

Dust pollution is controlled through an active environmental management program for the residue disposal sites and chemical and organic dust suppression on recovery sites. Short-term dust control is accomplished through ridge ploughing the top surface of dormant tailings dams. Additionally, environmentally friendly dust suppressants, such as molasses, are applied. Dust fall-out is also monitored. In the long-term, dust suppression and water pollution is managed through a program of progressive vegetation of the tailings followed by the application of lime, to reduce the natural acidic conditions, and fertilizer to assist in the growth of vegetation planted on the tailings dam.

A program of environmental restoration that provides for the rehabilitation of areas affected by mining operations during the life of the mine is in place. The surface reclamation process at Crown has several environmental merits as it has removed a potential pollution source and opens up land for development. Crown has conducted its environmental management program performance assessment, which was submitted to and approved by the DME during fiscal 2005. Crown has updated its EMP in compliance with the MPRD Act and submitted it to the DME for approval.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, we estimate that the total cost for Crown, in current monetary terms as at June 30, 2009, is approximately R169.6 million. A total of R44.9 million has been contributed to the Crown Rehabilitation Trust Fund. This is an irrevocable trust, managed by specific responsible people who we nominated and who are appointed as trustees by the Master of the High Court of South Africa.

### **Ore Reserves and Life of Mine**

As at June 30, 2009, our 74% share of the Proven and Probable Ore Reserves of Crown was 0.3 million ounces. In fiscal 2008, our 74% share of Proven and Probable Ore Reserves of Crown was 0.4 million ounces. A Mineral Resource competent person is appointed at each operation to review our Ore Reserve calculations for accuracy. For Crown, Mr. William John Laing (PLATO) is the appointed Mineral Resource competent person. The current life-of-mine business plan is estimated to be eight years.

### **Current Production**

Gold production for Crown was 80,377 ounces in fiscal 2009 compared to gold production of 87,354 ounces in fiscal 2008. The decrease in gold production in fiscal 2009 was mainly as a result of the planned reduction in throughput to 400,000 tpm to effect the Crown Tailings Deposition Facility closure plan.

In fiscal 2009, cash costs increased to \$627 per ounce of gold from \$567 per ounce of gold in fiscal 2008, as a result of lower gold production.



The following table details our attributable share of the production results from Crown for the past three fiscal years:

	<u>Year ended June 30,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Production</b>			
Surface operations			
Ore mined ('000 tons).....	7,249	9,077	9,265
Recovered grade (oz/ton).....	0.011	0.010	0.011
Gold produced (ounces).....	80,377	87,354	103,011
<b>Results of Operations (R)</b>			
Revenues ('000).....	620,125	528,625	472,842
Operating cost ('000).....	456,205	362,237	343,476
Cash cost per ounce of gold (\$) <sup>1</sup> .....	627	567	462
Total cost per ounce of gold (\$).....	879	672	558

## ERPM

### Overview

We own 74% of ERPM, which is consolidated as a subsidiary, through our 74% holding in DRDGOLD SA. ERPM consists of an underground section and the Cason Dump surface retreatment operation. Underground mining at ERPM was halted in October 2008. The Cason Dump surface retreatment operation will continue to operate until 2014 under the management of Crown based on the current rate of production of approximately 178,000tpm.

At June 30, 2009, ERPM had 246 employees, including contractors.

### Property

ERPM is situated on the Central Rand Goldfield located within and near the northern margin of the Witwatersrand Basin in the town of Boksburg, 20 miles (32 kilometers) east of Johannesburg. Access is via Jet Park Road on the N12 Boksburg-Benoni highway. Historically underground mining and recovery operations comprised relatively shallow remnant pillar mining in the central area and conventional longwall mining in the south-eastern area. Surface reclamation operations including the treatment of sand from the Cason Dump, is conducted through the metallurgical plant, tailings deposition facilities and associated facilities. Until underground mining was halted in October 2008, the mine exploited the conglomeratic South Reef, Main Reef Leader and Main Reef in the central area and the Composite Reef in the south-eastern area. ERPM operates under mining license ML5/1995 in respect of statutory mining and mineral rights.

At June 30, 2009, the net book value of ERPM's mining assets was R49.4 million, with 1.5 million attributable ounces of Ore Reserves.

### History

- 1895** Formation of East Rand Proprietary Mines Limited.
- 1991** The FEV shaft was commissioned.
- 1999** East Rand Proprietary Mines Limited was liquidated in August 1999. The mine was run by a small number of employees during liquidation. Underground flooding continued during liquidation.
- 2000** KBH took over control of the mine in January 2000. Operating as Enderbrooke Investments (Pty) Limited, or Enderbrooke, and employing an outside contractor, the mine re-commenced mining operations in February 2000.
- 2002** Crown purchased 100% of ERPM, from Enderbrooke.
- 2003** An underground fire occurred at FEV Shaft, in February 2003. There was also the loss of Hercules Shaft in June 2003 and the loss of a secondary outlet at the FEV shaft in November 2003.
- 2004** In July 2004 it was determined that the underground section would undergo a controlled closure program ending March 2005. The closure program was prevented by a reduction in costs and improved productivity at the mine.
- 2005** Central Shaft placed on care and maintenance.  
On July 6, 2005, we signed a Memorandum of Understanding with KBH regarding the acquisition by Khumo Gold of a 15% stake in our South African operations.  
On October 27, 2005, our board of directors approved the transaction with Khumo Gold. The new structure resulted in Khumo Gold acquiring a 15% interest in a newly created vehicle, DRDGOLD SA, which includes 100% of ERPM, Crown and Blyvoor. We owned an 85% interest in DRDGOLD SA.

<sup>1</sup> Cash cost per ounce and total cost per ounce are financial measures of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations.

- 2006** On December 11, 2006, Khumo Gold, on behalf of itself and an employee trust, exercised the option granted by us pursuant to the option agreement concluded between us and Khumo Gold in October 2005 to acquire a further 11% in DRDGOLD SA.  
A prospecting right covering an area of 1,252 hectares (3,093 acres) of the neighboring Sallies lease area, referred to as ERPM Extension 1 was granted by the DME.
- 2007** A prospecting right, incorporating the southern section of the old Van Dyk mining lease area and a small portion of Sallies, was granted by the DME. Known as ERPM Extension 2, the additional area is 5,500ha (13,590 acres).
- 2008** On April 25, 2008, ERPM gave notice of intention to restructure the work force due to operational requirements and 239 employees were retrenched during June 2008.  
On October 23, 2008, ERPM announced the suspension of drilling and blasting operations underground following the cessation of pumping of underground water at the South West Vertical shaft on October 6, 2008 for safety reasons following the deaths of two employees.  
On November 19, 2008, we announced our intention to place on care and maintenance the underground operations of the ERPM, and to proceed with a consultation process in terms of Section 189A of the Labour Relations Act to determine the future of the mine's 1,700 employees
- 2009** In January 2009, consultations in terms of Section 189A of the Labour Relations Act regarding the future of employees affected by the placing on care and maintenance of the underground operations were concluded and 1,335 employees were retrenched. In August 2009 the care and maintenance of the underground operations was discontinued.

### **Mining and Processing**

Underground mining operations at ERPM comprised of two vertical shafts known as FEV Shaft and the Central Shaft. There were also three additional shafts namely the South East Vertical Shaft, or SEV Shaft, used for the transport of employees and materials and the hoisting of rock, the South West Vertical, or SWV, Shaft and the Hercules Shaft that were used for water pumping only. The Cason Dump Project is used for the retreatment of surface material mined from the defunct Cason shaft.

In fiscal 2007, a planned shift from lower volume, higher grade scattered mining in the west of the lease area to higher volume, lower grade longwall mining in the east below 70 level proved problematic. Delays in the supply of services to the newly developed longwalls reduced volumes mined and navigation of faulting encountered had a negative impact on both volumes and yield. By the end of fiscal 2007 a catch-up in the delivery of services saw a recovery in volumes and a higher level of throughput for the year. The average grade recovered was lower, however. To limit the negative impacts of this, more focus was directed towards improving recovered grade. A three-year, R35.0 million plugging program to isolate ERPM's FEV Shaft from water rising in the Central Witwatersrand Basin was completed in fiscal 2008. Increased throughput from ERPM's Cason Dump made possible through upgrades to pumps and piping and an increased milling capacity at the Knights plant, offset the impact of a slight drop in grade, resulting in higher surface gold production.

In fiscal 2008, the ERPM underground operations were restructured in an attempt to return the mine to profitability. A retrenchment agreement was reached with representative unions and associations without recourse to industrial action, and successful application of various avoidance measures contained the number of employees retrenched to 239.

On October 23, 2008, drilling and blasting operations were suspended after the cessation of pumping of underground water at SWV Shaft on October 6, 2008 for safety reasons following the deaths of two employees at the shaft on September 19, 2008. Although the FEV Shaft where production was taking place was sealed off from water ingress from the SWV Shaft, the pumps at FEV Shaft were no longer able to cope with rising water, which included the water resulting from the ice sent underground every day to cool down the underground working places. Without being able to continue to supply ice underground for this purpose, the underground temperature would become unacceptably high and it would not have been safe for employees to continue work underground at the FEV shaft.

On November 19, 2008, we announced our intention to place on care and maintenance the underground operations of ERPM, and to proceed with a consultation process in terms of Section 189A of the Labour Relations Act to determine the future of the mine's 1,700 employees. In January 2009, the consultations were concluded and 1,335 employees were retrenched.

On August 20, 2009, care and maintenance of the underground operations was stopped.

Electricity to ERPM is provided to the Cason Dump, SEV and FEV Shafts from the Bremmer substation, located in close proximity to the mine in Boksburg. Transmission is at the rate of 88,000 volts. The Simmer Pan substation, located approximately 10 miles (16 kilometers) away from the mine site in Germiston, supplies the SWV and Hercules Shafts. Transmission is at the rate of 44,000 volts. The two substations, located on mine site, transform the power to 6,600 volts for direct supply to the shaft winder and air compressors. The power supply is further reduced to 525 volts for smaller devices and equipment used on the mine. The average annual power consumption has reduced to about 105 GWhr and the maximum demand to about 24 MW. The on-mine substations are older in nature and undergo annual infrared testing to identify hot connections which are potential fire hazards and are subject to regular maintenance which includes the inspection of the settings, blades and changing the transformer oil in the circuit breakers.

In fiscal 2008, electricity supply to the mine was interrupted by Eskom. The operation is on a six hour standby notice, in the event that power supply becomes unstable in the area. Eskom has requested all of its “Key Customers” to reduce power consumption by 10%. ERPM has managed to adhere to this request and will continue to save the maximum amount of energy possible.

### **Exploration and Development**

The necessity to extend the FEV decline from 75 to 78 levels to replace face length was stopped due to the cessation of drilling and blasting operations in October 2008. The pre-feasibility study conducted by an external mining consulting company, to investigate the possibility of exploiting these reserves by means of a trackless decline system, and significantly increasing the life of the underground operations was also stopped.

An additional 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 fiscal 2007. Known as ERPM Extension 2, the additional area is 5,500ha (13,590 acres). Subsequent feasibility studies conducted which could eventually culminate in a deep-level mine with a life in excess of 15 years was stopped after underground mining was halted.

All underground exploration and development has been stopped due to the discontinuation of underground activities.

### **Environmental and Closure Aspects**

There is a regular ingress of water into the underground workings of ERPM, which was contained by continuous pumping from the underground section. On May 31, 2004, ERPM stopped continuous pumping of water from the underground section for financial reasons due to the withdrawal of the State pumping subsidy and the low Rand gold price making the cost of full time pumping unaffordable, with occasional pumping to surface conducted on weekends. In December 2004, the mine received the pumping subsidy funds and continuous pumping was reinstated. Studies on the estimates of the probable rate of rise of water have been inconsistent, with certain theories suggesting that the underground water might reach a natural subterranean equilibrium, whilst other theories maintain that the water could decant or surface. A program is in place to routinely monitor the rise in water level in the various underground compartments and there has been a substantial increase in the subsurface water levels. ERPM’s SWV Shaft has been used for some time to manage the rising water level on the Central Witwatersrand Basin. Some 60 megalitres of water were pumped daily from a depth of approximately 1,000 metres.

In fiscal 2007, ERPM updated its EMP to meet MPRDA requirements and submitted it to the DME for approval. The concurrent rehabilitation of redundant structures and holdings continued throughout fiscal 2007. The pumping infrastructure was upgraded at the South West Vertical Shaft in anticipation of the additional water from the Hercules basin. Pumping continued during fiscal 2007 and 2008 at the South West Vertical Shaft.

On October 6, 2008, pumping of underground water at the South West Vertical Shaft was stopped for safety reasons following the death of two employees at the shaft on September 19, 2008. Management concluded that the project to upgrade the total pumping capacity at South West Vertical Shaft with a more efficient system as part of an Eskom-funded demand-side management project was not economically viable.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, we have estimated that the total cost for ERPM, in current monetary terms as at June 30, 2009, is R48.9 million. A total of R17.2 million has been contributed to the ERPM Rehabilitation Trust Fund. This is an irrevocable trust, managed by specific responsible people who we nominated and who are appointed as trustees by the Master of the High Court of South Africa.

### **Ore Reserves and Life of Mine**

As at June 30, 2009, our 74% share of Proven and Probable Ore Reserves of ERPM was 1.5 million ounces, all of which relate to the surface section. The total surface Ore Reserves comprise of 0.2 million ounces from the Cason Dump and 1.3 million ounces from the Elsburg Dump, which will be processed over the next seven and twelve years, respectively. As at June 30, 2008, our 74% share of Proven and Probable Ore Reserves of ERPM were 0.8 million ounces. The year on year increase is mostly attributable to the inclusion of the Elsburg Dump as an Ore Reserve. A Mineral Resource competent person is appointed at each operation to review our Ore Reserve calculations for accuracy. For ERPM, Mr. Ryno Botha (SACNASP) is the appointed Mineral Resource competent person. The current surface life-of-mine business plan is twelve years.

## Current Production

Gold production for ERPM was 34,174 ounces in fiscal 2009 compared to gold production of 79,479 ounces in fiscal 2008. The decrease in gold production was as a result of the closure of the underground operation in fiscal 2009.

The following table details our attributable share of the production results from ERPM for the past three fiscal years:

	<b>Year ended June 30,</b>		
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Production</b>			
Surface Operations			
Ore mined ('000 tons) .....	1,575	2,049	1,932
Recovered grade (oz/ton) .....	0.010	0.011	0.011
Gold produced (ounces) .....	15,239	22,667	22,153
Underground Operations			
Ore mined ('000 tons) .....	202	334	297
Recovered grade (oz/ton) .....	0.094	0.170	0.196
Gold produced (ounces) .....	18,935	56,812	58,063
Total ounces produced .....	34,174	79,479	80,216
<b>Results of Operations (R)</b>			
Revenues ('000) .....	247,908	467,057	367,323
Operating cost ('000) .....	303,581	428,255	358,716
Cash cost per ounce of gold (\$) <sup>1</sup> .....	982	737	619
Total cost per ounce of gold (\$) <sup>1</sup> .....	1,251	963	692

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<sup>1</sup> Cash cost per ounce and total cost per ounce are financial measures of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations.

## **Ergo Joint Venture and ErgoGold**

### **Overview**

The Ergo Joint Venture and ErgoGold currently consist of one operating carbon-in-leach, or CIL, circuit at the Brakpan plant, the Brakpan/Withok deposition complex purchased from AngloGold Ashanti and the Elsburg tailings complex, comprising approximately 180 Mt of tailings. Since 1987, AngloGold Ashanti treated surface material at Ergo until the operation was closed during March 2005.

DRDGOLD SA, through its subsidiaries, initially owned 50% of the Ergo Joint Venture and ErgoGold. On September 29, 2008, DRDGOLD SA acquired a further 15% interest in ErgoGold from Mintails SA resulting in DRDGOLD SA, which holds its interest through its subsidiary, ERPM, holding a 65% interest and Mintails SA a 35% interest in the joint venture. The Ergo Joint Venture will operate for its own account, under the AngloGold Ashanti authorizations, until new order mining rights have been obtained. These assets, comprise servitudes, or access agreements, infrastructure, piping, equipment and old order mining rights.

On December 8, 2008, DRDGOLD acquired the remaining 35% of ErgoGold for a purchase consideration of R177.0 million. The transaction was completed on March 31, 2009.

### **Property**

The Ergo Joint Venture and ErgoGold operations are located approximately 43 miles (70 kilometers) east of the Johannesburg's central business district in the province of Gauteng. Access to the Brakpan plant is via the Ergo Road on the N17 Johannesburg-Springs motorway.

The acquisition of the Brakpan/Withok deposition site provides the Ergo Joint Venture and ErgoGold with extensive additional deposition capacity commensurate with the substantial increases in tailings material and processing capacity.

The refurbishment of the first CIL circuit at the Brakpan plant now has the capacity to treat an estimated 15Mt of tailings a year. Phase 2, envisages the expansion of the gold plant by refurbishing the second CIL circuit and developing uranium and acid plants. A pre-feasibility study for Phase 2 was underway but has been placed on hold because of the current economic environment.

As of June 30, 2009, the net book value of the Ergo Joint Venture and ErgoGold mining assets was R1,039.7 million.

### **Mining and Processing**

ErgoGold undertakes the re-treatment of surface sources deposited as tailings from non-operational mining sites east of Johannesburg.

Material processed by ErgoGold is sourced from secondary surface sources namely, slime. The surface sources have generally undergone a complex depositional history resulting in grade variations associated with improvements in plant recovery over the period of time the material was deposited. Archive material is a secondary source of gold bearing material however, no archive material was treated up until October 31, 2009. The metallurgical plant has a current installed capacity to treat approximately 15.0 million tons of material per year.

The feed stock is made up of slime and is reclaimed using high pressure water monitoring guns. The re-pulped slime is pumped to the plant and the reclaimed material is treated using screens, cyclones and CIL technology to extract the gold. As at June 30, 2009, the overall plant utilization was 89%.

Electricity to the Ergo Joint Venture and ErgoGold is supplied from various Eskom supply points for the reclamation units and the tailings storage facilities. The plant is supplied from the national power grid via a secured source from the Ekurhuleni Council of 11,000 volts. Plant sub stations are stepped down to 6,600 volts before being further reduced to 525 volts for the motor control purposes.

### **Exploration and Development**

Exploration drilling has been done to define the uranium potential of the Elsburg complex. Independent competent person reports on uranium, sulphur and gold for the Elsburg resources and reserves have been compiled.

### **Environmental and Closure Aspects**

The Ergo Joint Venture and ErgoGold are located in close proximity to significant municipal infrastructure, commercial and residential development. Environmental management programs, addressing a wide range of environmental issues, have been prepared by specialist environmental consultants and integrated into the internal environmental assessment process.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, we estimate that the total cost for the Ergo Joint Venture and ErgoGold, in current monetary terms as at June 30, 2009, is approximately R141.7 million.

### Ore Reserves and Life of Mine

As at June 30, 2009, our 37% share of the Proven and Probable Ore Reserves of the Ergo Joint Venture was nil compared to the 0.06 million ounces in fiscal 2008. For the Ergo Joint Venture, Mr. William John Laing (PLATO) is the appointed Mineral Resource competent person.

The following table details our attributable share of the production results from ErgoGold for the past fiscal year:

	<u>2009</u>
<b>Production</b>	
Surface operations	
Ore mined ('000 tons).....	2,296
Recovered grade (oz/ton).....	0.002
Gold produced (ounces).....	3,666
<b>Results of Operations (R)</b>	
Revenue ('000) .....	24,178
Operating cost ('000) .....	69,365
Cash cost per ounce of gold (\$) <sup>1</sup> .....	2,091
Total cost per ounce of gold (\$).....	2,600

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<sup>1</sup> Cash cost per ounce and total cost per ounce are financial measures of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations.

## **Discontinued Operations**

### **Tolukuma**

#### **Overview**

Dome Resources (Pty) Limited, or Dome, was incorporated on May 17, 1984, under the name Dome Resources NL. Dome owned and operated the Tolukuma gold and silver mine in PNG. During September 1999, we purchased 28,693,002 (19.93%) of Dome's ordinary shares for A\$0.30 (\$0.19) per share. In June 2001, we increased our shareholding to 100%.

The Tolukuma gold mine is located approximately 6 kilometers east of Fane Mission, 12 kilometers west of Woitape and 100 kilometers north of Port Moresby in Central Province, Papua New Guinea. The mine is in an area of steep mountainous terrain in the headwaters of Iwu Creek, which drains into the Auga River. Elevations in the mine lease area range from 1,100 meters above sea level (asl) at the Auga River to 1,750 meters asl at the top of Tolukuma hill.

On September 10, 2007, Emperor which held a 100% interest in Tolukuma announced its intention to divest the Tolukuma gold mine. On October 22, 2007, we sold our entire interest in Emperor.

#### **Property**

Tolukuma consists of one mining lease, ML104, covering 1,898 acres (768 hectares) and five current exploration licenses covering an area of approximately 513,962 acres (208,000 hectares), two licenses under renewal covering 125,525 acres (50,800 hectares) and four licenses under application totaling 1,073,884 acres (434,600 hectares). The total exploration area amounts to approximately 2,456,144 acres (994,000 hectares).

The mine is located about 62 miles (100 kilometers) north of Port Moresby in the Central Province of Papua New Guinea at an elevation of 5,115 feet (1,560 meters) above mean sea level. The mine is situated in very steep mountainous terrain that is not accessible by road. All transport of employees, materials and equipment to and from the mine is by helicopter. Tolukuma is worked on a "fly-in-fly-out basis," with all staff being accommodated in quarters when at the mine.

The climate of the Central Province area is temperate with year round rainfall. Temperatures range from 50 to 77 degrees Fahrenheit (10 to 25 degrees Celsius) and rainfall averages 144 inches (3,650 millimeters) per year. The vegetation is largely rainforest and thick vegetation associated with high rainfall and mountainous regions.

At Tolukuma, the traditional landowners are the Yulai people who belong to the Auga tribes – Auga being the main river in the area. There are three clans and at the head of each clan is a chief. The population around the mine is approximately 2,700, with 700 being landowners and the rest made up of outsiders coming into the area to seek employment. There is a Memorandum of Agreement, or MOA, between National Government, Provincial Government, the landowners and Tolukuma. The MOA is a working document which indicates the responsibilities of each party and their role in the sustainable development of the community. The MOA is reviewed every two years, with an MOA to be mutually agreed by the parties if revised. Currently, there is an agreed MOA in place.

Production from Tolukuma is subject to a 2% net smelter royalty. This royalty is distributed to the Yulai future generation fund, a landowners' association, the landowners, and to a Central Provincial Government fund for projects outside the mine area.

#### **History**

- 1984** Dome Resource (Pty) Limited was incorporated on May 17, 1984, under the name Dome Resources NL, or Dome.
- 1987** Tolukuma mine was discovered by Newmont Proprietary Limited.
- 1993** Tolukuma Gold Mines Limited was acquired by Dome from Newmont Second Capital Corporation.
- 1999** In September, we purchased an initial stake of 19.93% of Dome.
- 2001** In June, we acquired all outstanding shares of Dome we did not already own, bringing our shareholding to 100%.
- 2006** We concluded a sale and purchase agreement with Emperor, where initially we held 88.3% of Emperor which in turn holds the 100% interest in Tolukuma.
- 2007** On September 10, 2007, Emperor announced its intention to divest the Tolukuma gold mine situated in PNG. Accordingly, the Company initiated a divestment process for the mine and a portfolio of associated exploration tenements.
- On October 22, 2007, we sold our entire interest in Emperor for R355.8 million (A\$55.9 million).

## **Mining and Processing**

The Tolukuma plant was built in 1995. Historically ore has been mined from both underground and open pit areas. No open pit mining is currently carried out. Ore is sourced primarily from underground mining with mill feed supplemented by ore recovered from low grade stockpiles. All mining is conducted using mining plant and equipment owned by Tolukuma. The average mining depth at Tolukuma is 490 feet (150 meters) below surface or approximately 4,760 feet (1,450 meters) above mean sea level. Access to underground workings is via decline shafts. Mining methods vary according to local ground conditions and are generally mechanized cut and fill shrinkage methods.

The metallurgical plant is compact and is located on a steep ridge in very mountainous terrain. Ore is trucked to the plant, then milled and treated through a conventional gravity and CIL circuit. The plant consists of a closed circuit semi-autogenous mill that was at the time of disposition capable of processing 18,000 tpm. Cyanide in the residue is neutralized in a detoxification plant prior to riverine discharge.

Tolukuma is situated in a remote area, and as a result is forced to be self sufficient with regard to the generation of power. Power is generated through a combination of diesel driven generator sets and hydro-turbine driven generator sets. Three hydro units are installed, capable of generating 1.8 MW of power. These units are dependent on the supply of adequate water. These generators supply 32,000 volts via overhead lines to the mine, where it is transformed down to either 6,600 volts, 1,000 volts or 525 volts, depending on the requirement. On average the mine consumes 30 MW of power. Any shortfall from the hydro units is made up by the diesel units (a total of 3.2 MW of diesel generating power is installed).

## **Environmental and Closure Aspects**

Tolukuma has been developed in accordance with an environmental plan approved by the Papua New Guinea authorities in July 1994. Tolukuma is compliant with the Papua New Guinea Government's regulatory requirements. To ensure continuing compliance with the government's regulatory requirements, Tolukuma has implemented a broad-based Environmental Management and Monitoring Program, or EMMP. The measures we have taken to implement this program include addressing water quality, population dietary surveys and aquatic fauna and metals-in-tissue surveys. These surveys were conducted during July and September of 2003. During March 2003, an environmental audit was concluded at Tolukuma which found the operations to be in substantial compliance with applicable Papua New Guinea legislation and the EMMP environmental plan. The studies conducted in 2003 confirmed existing trends that had been established over recent years. The water quality meets legal requirements, as per the criteria set by the water license.

Tailings are routinely discharged into the Auga/Angabanga river system. The discharging of tailings into riverine and marine systems in Papua New Guinea is an acceptable practice due to the seismic instability of the area and the dangers this poses for the stability of conventional tailings dams. Due to the fact that ore mined at the Tolukuma Mine, and the surrounding land in general is high in mercury, the potential does exist that levels of mercury discharged into the river system might expose us to criminal liability under Papua New Guinea legislation. As a result of an internal study of the Tolukuma Mine in 2000, in order to ensure that mercury discharges remain within allowable limits, the following program is being followed:

- daily monitoring of mercury levels at the tailings discharge point and approximately 1500 feet downstream (grab sampling);
- monthly monitoring of mercury and other heavy metals at government mandated water quality inspection points; and
- biennial monitoring of stream sediments.

## **Ore Reserves and Life of Mine**

Our attributable Proven and Probable Ore Reserves for Tolukuma, as at June 30, 2007, were 0.108 million ounces, determined assuming a gold price of K2,024 per ounce (\$660 per ounce). Based on a gold price of K1,840 per ounce (\$582 per ounce), at June 30, 2006, the Proven and Probable Ore Reserves of Tolukuma were 0.195 million ounces. The decrease in Ore Reserves was primarily as a result of depletion.

A Mineral Resource competent person is appointed at each operation to review our Ore Reserves calculations for accuracy. For Tolukuma, Mr. Roger Cooper (MAusIMM and MAIG) is the appointed Mineral Resource competent person. As at June 30, 2007, Tolukuma has been assessed with a two year life of mine for its underground operations.



## Production

Gold production from July 2007 to October 2007 was 13,427 ounces. In fiscal 2007 gold produced was 44,181 ounces.

The following table details the operating and production results from Tolukuma for the past three fiscal years.

	<u>Year ended June 30,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Production</b>			
Underground Operations			
Ore mined ('000 tons).....	-	62	204
Recovered grade (oz/ton).....	-	0.22	0.22
Gold produced (ounces).....	-	13,427	44,181
<b>Results of Operations (R)</b>			
Revenues ('000).....	-	89,235	224,872
Operating cost ('000).....	-	107,381	277,191
Cash cost per ounce of gold (\$)¹.....	-	1,094	869
Total cost per ounce of gold (\$)¹.....	-	1,767	1,338

## Porgera

### Overview

Through our subsidiary, Emperor, we owned a 20% interest in an unincorporated joint venture, the Porgera Joint Venture, which held certain mining leases, easements and exploration licenses which form part of the Porgera gold mine, or Porgera, in the highlands of PNG. We purchased this interest in October 2003 for a purchase consideration of \$77.1 million. Barrick was the owner of a 75% interest. The remaining 5% interest was held by Mineral Resources Enga Limited, or MRE (on behalf of Enga Provincial Government and landowners in PNG). All of the various mineral tenements making up Porgera were exploited collectively by the joint venture partners.

Barrick is the operator of Porgera and is subject to the control of a management committee made up of representatives of the joint venture partners. Decisions regarding the assets which comprise Porgera, including any sale thereof, are made collectively by the parties through the management committee. The parties also have a right of first refusal with regard to certain assignments of assets which make up Porgera. Each party has the right to own and to take in kind and dispose of its share of all ores, concentrates and refined products produced by Porgera. Each party also pays for its proportionate share of the costs associated with the mining activities.

Production from Porgera is subject to a 2% net smelter royalty payable to the National Government Department of Mining which then distributes it to the Enga Provincial Government, the Porgera District Authority and local landowners.

On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick for a final cash consideration of \$255.0 million, which included interest on the original purchase price.

### Property

The Porgera deposit and the mine are located in the Enga Province in the highlands of PNG, approximately 7,260 feet (2,213 meters) to 8,910 feet (2,716 meters) above mean sea level, about 82 miles (132 kilometers) west of the established town of Mount Hagen, 275 miles (443 kilometers) northwest of Port Moresby, and about 425 miles (684 kilometers) by road from the coastal port of Lae from which all materials are freighted. The road is partly paved and passes through unstable mountainous terrain with many major river crossings. Personnel are transported to mine site by bus, fixed wing aircraft and helicopter.

Temperatures range from 50 to 77 degrees Fahrenheit (10 to 25 degrees Celsius) and rainfall averages 3,650 mm per year. The vegetation is largely rainforest below an elevation of 7,920 feet (2,414 meters).

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¹ Cash cost per ounce and total cost per ounce are financial measures of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations.

In addition to a Special Mining Lease, the Porgera Joint Venture also holds additional mining tenements for utilities such as power transmission lines and water supply pipelines and other activities incidental to the main mining activity. Separate from the mining tenements, there are two Exploration Licenses adjacent to the Porgera Mine, namely EL454 and EL858.

Porgera is operated subject to the requirements of the PNG Mining Safety Act and Regulations as applied by the Mines Inspectorate.

## History

- 1938** Alluvial gold was first reported at Porgera.
- 1975** Placer (PNG) Limited, or Placer (PNG), a wholly owned subsidiary of Placer Dome Inc., became the operator and owner of a two-third interest in an exploration venture with Mount Isa Mines Limited (now MIM Holdings Limited.), or MIM.
- 1979** A Joint Venture Agreement was signed whereby Placer (PNG), MIM and New Guinea Goldfields Limited. (a subsidiary of Goldfields Limited) each held a one third interest and the Independent State of Papua New Guinea had the right to acquire at cost up to a 10% interest in the project if developed.
- 1989** The joint venture's application for a Special Mining Lease was approved in May and construction began immediately. The State of Papua New Guinea accepted its full 10% entitlement (inclusive of 5% on behalf of the Enga Provincial Government), thus diluting each of the other joint ventures down to 30% each. The State of Papua New Guinea took its interest in the name of a corporate nominee, Mineral Resources Porgera Limited.
- 1990** Commercial production commenced in August. MIM sold its 30% interest to Highlands Gold Limited., or Highlands Gold.
- 1993** Placer (PNG), Goldfields and Highland Gold each sold a further 5% to the State of Papua New Guinea (15%). The additional 15% was taken by the State of Papua New Guinea in the name of a corporate nominee, Orogen Minerals (Porgera) Limited.
- 1997** Placer Dome's joint venture interest was increased from 25% to 50% as of January 1, 1997, following the completion of the acquisition of Highlands Gold.
- 1999** The State of Papua New Guinea reorganized the holding of Mineral Resources Porgera Limited by transferring a 5% direct interest in the Joint Venture to Mineral Resources Enga Limited owned by the Enga Provincial Government and project area landowners.
- 2002** Placer Dome's joint venture interest in Porgera was increased from 50% to 75% through the acquisition of AurionGold. The State of Papua New Guinea reorganized its holdings in the Joint Venture such that Oil Search Limited then held a 20% direct interest in the Joint Venture through two subsidiaries.
- 2003** We acquired the shares of Oil Search Limited in Orogen Minerals (Porgera) Limited and Mineral Resources Porgera Limited through the amalgamation of Mineral Resources Porgera Limited with Orogen Minerals (Porgera) Limited and Dome Resources (PNG) Limited, our wholly-owned subsidiary.
- 2004** Porgera concentrated on upgrading East Zone and drilling was carried out on the Lower Central Zone.
- 2005** Expansion of existing exploration projects continues but under a project termed Porgera Deep Minex.
- 2006** Barrick acquired Placer Dome's 75% stake in Porgera. We concluded a sale and purchase agreement with Emperor, where effectively we held 88.3% of Emperor who in turn held the 20% interest in the Porgera Joint Venture.
- 2007** On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick for a final cash consideration of \$255.0 million, which included interest on the original purchase price.

## Mining and Processing

The Porgera deposit is being extracted using open pit and underground mining methods. Mill feed, on a tonnage basis, was sourced 88% from open pit and run of mine stockpiled ore, and 12% from underground. Underground ore accounted for 14% of the contained gold in mill feed.

Open pit mining is a typical hard rock operation utilizing 33 feet (10 meter) benches. The current mining fleet of DML blast hole drills, O&K RH200 hydraulic face shovels and Caterpillar 789 haul trucks, gives a nominal capacity in the order of 80 million tonnes per annum. Waste stripping requirements will reduce as the open pit mining operation approaches closure in calendar 2008, allowing a progressive retirement of the mining fleet.

Underground mining was suspended in 1997, and subsequently recommenced in 2002. Underground production was expected to continue through to late 2008. Ore is being mined from the 2,210 meter level in Stage 4, and waste is being mined from the 2,390 meter level in Stage 5. Stage 5 is the final open pit development stage and will be completed in late 2008 at the 2,050 meter level. Stockpiled low grade ore was expected to form the basis of ongoing gold production from mid 2008 until 2015. Remediation work following the failure of the West Wall during the previous fiscal year continued during fiscal 2007, leading to reliance on low-grade, long-term stockpile material as the primary feed.

On completion of the open pit operation, the mill was expected to continue to process accumulated lower grade ore stockpiles through to 2015, supplemented by the underground ore until 2008. Gold production from the open pit and underground from 2008 onward will fall, as lower grade stockpile ore replaces the open pit ore feed.

The Porgera plant was completed in 1996. The mill has undergone four stages of improvement and expansion, since it was first commissioned in September 1990. The last expansion was completed in 1996 with the installation of additional milling, flotation and leaching capacity increasing the nominal throughput from 10,000 tonnes per day to 17,700 tonnes per day. Further improvements were made in 1999 with the addition of further flotation capacity and the installation of gravity concentrators to remove free gold and to improve overall recoveries.

The main water supply for the mine is the Waile Creek Dam, located approximately 4 miles (7 kilometers) from the mine. Water for the grinding circuit is also extracted from Kogai Creek, which is located adjacent to the grinding circuit. The mine operates four water treatment plants for potable water and five sewage treatment plants.

The principal source of power for Porgera is supplied by a 45 mile (73 kilometer) transmission line from the gas fired Hides Power Station. The station has a total output of 62 MW. A back up diesel power station is located at the mine and has an output of 13MW. The average power requirement of the mine is about 60 MW. Average annual power consumption is 518 GWhr.

### **Environmental and Closure Aspects**

Porgera is located in extremely rugged mountainous terrain, subject to seismic activity, high rainfall and landslides. In such conditions construction of a tailings impoundment would be very difficult and the risk of an engineering failure high. Therefore the Papua New Guinea Government approved riverine disposal as the most appropriate method for treated tailing and soft incompetent waste rock. Competent rock is stored in stable waste dumps. The mine follows a government approved Environmental Management and Monitoring Program.

In 1996, an independent study was undertaken by the Commonwealth Scientific & Industrial Research Organization, or CSIRO, an Australian based independent research organization, to assess the mine's impact on the downstream river system and local people. In its report CSIRO made certain recommendations to the Porgera Joint Venture that have either been implemented or are in the advanced stages of implementation. An advisory group, called the Porgera Environmental Advisory Komiti, or PEAK, was formed as a result of the CSIRO recommendations. PEAK comprises representatives from the Papua New Guinea Government and international non-governmental organization groups, Barrick and independent technical experts. The primary function of PEAK is to enhance understanding and provide transparency of Porgera's environmental (physical and social) issues with external stakeholders and to assist in reviewing its environmental performance and public accountability. In 2002, PEAK had its terms of reference expanded to include mine closure.

### **Production**

Attributable production for the nine months ended March 31, 2007 from Porgera amounted to 71,570 ounces at a cash cost and total cost per ounce of gold of \$519 and \$606, respectively. Production during the period was impacted by unplanned mill downtime, suspension of mining in the mini-pit to allow construction of the lower buttress, unseasonably high rainfall and the Hides power interruptions from lightning strikes in early December 2006, with production returning to normal levels by the end of the March 2007 quarter. Low grade long term stockpiles and lower grades from the pit resulted in lower than expected gold feed grades; however this was partly offset by higher grade open pit and underground ore for the period. In April 2007, Emperor announced the sale of its 20% interest in the Porgera Joint Venture to Barrick. The effective date of the transaction was April 1, 2007.

The following table details the attributable operating and production results from the Porgera Joint Venture for the past three fiscal years.

	Year ended June 30,		
	<u>2009<sup>1</sup></u>	<u>2008</u>	<u>2007</u>
<b>Production</b>			
Surface and underground operations			
Ore mined ('000 tons).....	-	-	787
Recovered grade (oz/ton) .....	-	-	0.091
Gold produced (ounces) .....	-	-	71,570
<b>Results of Operations (R)</b>			
Revenues ('000) .....	-	-	328,094
Operating cost ('000) .....	-	-	235,525
Cash cost per ounce of gold (\$) <sup>2</sup> .....	-	-	456
Total cost per ounce of gold (\$) <sup>2</sup> .....	-	-	521

## Durban Deep

### Overview

The Durban Deep mine was the original gold mine of the Group. Durban Deep is situated on the northern edge of the Witwatersrand Basin immediately to the west of Johannesburg. Mining had been taking place within the lease area since the discovery of the Witwatersrand Goldfield in 1886 at nearby Langlaage.

As of August 2000, we ceased all underground and open pit mining operations at Durban Deep. Following the withdrawal of our underground pumping subsidy, the deeper sections of the mine were flooded. On a combined basis, Durban Deep produced more than 37 million ounces of gold prior to the cessation of operations.

We concluded an agreement with M5 on July 21, 2005, in terms of which M5, against payment of a non-refundable fee of R1.5 million, was granted an option to acquire Durban Deep's mine village for R15.0 million. The option lapsed on November 19, 2005. On the exercising of the option the option fee would be deemed part payment of the purchase consideration. If not, the option fee would be forfeited to us.

On November 18, 2005, M5 exercised the option and provided a guarantee for payment. Prior to the registration of the transfer occurring, we were notified by Rand Leases Properties Limited (formerly JCI Properties Limited) of an alleged pre-emptive right in respect of the property in terms of an agreement dated December 1996, pursuant to which the property should be sold to them on similar terms. We subsequently repudiated our agreement with M5 and notified Rand Leases Properties Limited that we did not intend offering the property to them. Both parties indicated to us their intentions to institute legal proceedings for the sale and transfer of the property. On December 12, 2006, Rand Leases Properties Limited issued a summons against us and we filed an Appearance to Defend. A trial date was allocated by the High Court of South Africa for April 25, 2008, but the case was postponed. A new date has not yet been set. Dino Properties (Pty) has instituted action against the Company seeking to enforce an agreement of sale of the DRD Village entered into on September 20, 2005, alternatively payment of R195 million which is alleged to represent the market value of the property. The Company is defending this action.

### Property

Durban Deep is located within the Central Witwatersrand Basin which stretches from Durban Deep in the west to ERPM in the east. Durban Deep is situated 9.3 miles (15 kilometers) west of Johannesburg and contains mining title to 14,262 acres (5,772 hectares) and owns 3,667 acres (1,484 hectares) of freehold property. These include administrative buildings, hospital, recreation complexes, housing in both hostel and free-standing houses and a security complex. We have title to substantial land tracts on the outskirts of the City of Roodepoort, which is located in this section. We do not intend to convert our rights under the MPRD Act.

<sup>1</sup> On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick. The legal effective date of the transaction was April 1, 2007.

<sup>2</sup> Cash cost per ounce and total cost per ounce are financial measures of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations.

## **Mining and Processing**

Five different ore bodies have been mined at Durban Deep. Ore was mined from outcrops at the surface down to a maximum depth of 9,200 feet (2,804 meters) and the reefs are known to persist to 13,000 feet (3,962.4 meters) below the surface within the lease area.

## **Environmental and Closure Aspects**

Underground mining at Durban Deep ceased in August 2000. A detailed closure program was prepared and submitted to the DME in December 2000. The drafting of the program was preceded by a comprehensive risk assessment process, during which both residual and latent environmental risks and impacts were identified and prioritized. The risks identified are currently being addressed in accordance with the closure program.

A revised closure program in the required format of the MPRD Act is in the process of being completed.

In order to mitigate the impact of windblown dust from dormant tailings dams in proximity to surrounding communities, short-term dust suppression methods are currently being employed. In addition to dust suppression, amelioration and vegetation of the tailings dams, the closure program is also focused on the sealing of shafts and openings to the surface, the demolition and rehabilitation of shaft infrastructure and the rehabilitation of open surface areas.

Durban Deep is located in the geographical area known as the Central Basin. There is no hydraulic continuity between the Western Basin and the Central Basin. Underground water is of poor quality, containing heavy metals, sulphates and other pollutants. The Central Basin water level is being maintained by pumping operations at ERPM, approximately 900 meters below surface.

We developed a program to progressively seal all potential ingress points at Durban Deep. During fiscal 2008, our rehabilitation and environmental closure efforts continued in pursuit of the objectives of the mine's Environmental Management Program. A total of 41 hectares of additional vegetation was established on 2L24 Dump and, with the exception of Circular Shaft, all previously operational shafts have now been closed and filled. All plugs used have been approved by the DME which also performs periodic inspections during the sealing phase to monitor progress. However, despite these sealing programs, naturally occurring water conduits and other geological features which are not mine-related and may not be located on mine property will allow surface water, especially storm runoff, to reach underground aquifers. This will eventually cause water levels to rise.

Rehabilitation activities continued during fiscal 2009 as planned. At the 2L24 Dump a total of 1.1 hectares of top surface was vegetated during the year. However, due to erosion and vegetation regression, the costs associated with the rehabilitation of the tailings complex has escalated significantly over the previous year. Rehabilitation of redundant shaft infrastructure and the filling of pits have also received attention.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, we have estimated that the remaining cost for Durban Deep, in current monetary terms as at June 30, 2009, is R82.4 million. This has been included in the provision for environmental rehabilitation, restoration and closure costs on the statement of financial position. A total of R20.3 million has been contributed to the Environmental Trust Fund. This is an irrevocable trust, managed by specific responsible people who we nominated and who are appointed as trustees by the Master of the High Court of South Africa.

## **West Wits**

### **Overview**

We own 100% of West Witwatersrand Gold Holdings Limited, or WWGH, which holds West Witwatersrand Gold Mines Limited, or West Wits. We acquired the entire share capital of WWGH, as well as Consolidated Mining Corporation Limited's loan to WWGH, on April 1, 1996. We also acquired the entire issued share capital and the shareholders' claim and loan account of East Champ d'Or Gold Mine Limited, a gold mining company with mining title in the West Rand. The mining assets were sold to Bophelo Trading (Pty) Limited, subsequently renamed, Mogale Gold (Pty) Limited, or Mogale, during fiscal 2004, effectively leading to the closure of the mining operation.

West Wits is situated on the northern edge of the Witwatersrand Basin near the town of Krugersdorp to the west of Johannesburg.

## Property

West Wits was formed out of the northern section of Randfontein Estates located in the West Rand Goldfields, about 22 miles (35 kilometers) west of Johannesburg, Gauteng Province. The mine was reached via the R28 Johannesburg-Krugersdorp highway.

West Wits also had rights to mine on three adjacent mining leases, namely, East Champ d'Or, West Rand Consolidated and Luipaardsvlei. West Wits had mining title to 8,364 acres (3,790 hectares) and owned 72 acres (29 hectares) of freehold property on which all of its mining operations were situated. These rights were sold to Mogale during fiscal 2004.

The climate of the Highveld area (at an elevation of 5,249 feet (1,600 meters) above mean sea level), where the mine is situated, is humid continental with warm summers and cold winters. Temperatures range from a minimum of 23 degrees Fahrenheit (-5 degrees Celsius) in June and July to a maximum of 93 degrees Fahrenheit (34 degrees Celsius) in December and January.

West Wits has entered into an agreement with Randfontein Estates Gold Mines Limited (represented by Harmony Gold) and Atomaer (Pty) Limited, for the establishment of a regional underground water management vehicle. The ultimate objective of this initiative is to collectively collect, process and report environmentally sensitive information relating to the impact of underground water seepage on to surface to DWAF. It has set itself the objective of putting in place the requisite infrastructure and technology to establish a commercially self-sustainable entity to extract underground water, treat the same and to dispose of it either for commercial or agricultural use. Representations to DWAF to allow the treatment and disposal of water on commercial terms were favorably received.

An integrated water management process for this area is important, both from the perspective of optimizing natural water resources, considering the predominantly dry climate of South Africa, and also from an environmental perspective – a program that captures and treats underground water before it decants into the Tweelopiesspruit area and the Krugersdorp Game Reserve (which is just upstream from the Sterkfontein Caves system) is in place. If the above initiatives fail and the ingress of water and the subsequent flooding into sensitive areas occur, and to the extent that liability is attributed to us, and not only to West Wits, the amounts involved could be significant.

## History

- 1967** West Wits was incorporated and registered as a public company in South Africa on December 21, 1967.
- 1996** We acquired the entire share capital of West Wits on April 1, 1996.
- 2000** All mining ceased at West Wits in August 2000.
- 2002** We entered into an agreement with Bophelo Trading (Pty) Limited, subsequently renamed Mogale Gold (Pty) Limited, or Mogale, for the sale of the West Wits gold plant, freehold areas, surface rights permits and certain related assets.
- 2003** The agreement with Mogale was subsequently amended by a Memorandum of Agreement on June 6, 2003. The effective date of this sale was July 21, 2003.
- 2004** Mogale was placed under judicial management on April 13, 2004. As a result, the remaining balance on the purchase price was impaired for R8.3 million.
- 2005** West Wits entered into an agreement with Randfontein Estates Gold Mines Limited and Atomaer (Pty) Limited, for the establishment of a regional underground water management vehicle.

## Mining and Processing

In August 2000, we decided to cease all operations at both the underground and open pit operations at West Wits. This decision was taken after the South African government withdrew the water pumping subsidy. Without the subsidy, mining at West Wits became prohibitively expensive. The mining operation is an agglomeration of old mines on the Randfontein Basin separated from the main part of the Witwatersrand Basin by a geological structure known as the Witpoortjie Horst. Over fifteen different gold-bearing pebble horizons have been mined. Ore has been mined from outcrops at the surface down to a maximum depth of 5,900 feet (1,798.3 meters).

West Wits mined the Livingston Reef package, locally known as the East Reef. It comprises a 100-foot thick package of conglomerates and quartzites dipping at an average of 18 degrees. The combined West Wits produced more than 1.0 million ounces of gold since inception, before the cessation of underground and open-pit operations at the end of August 2000. Subsequent to the cessation of mining operations, the metallurgical plant at West Wits was taken over by Crown for the processing of sand dumps only.

## Environmental and Closure Aspects

Underground mining at West Wits ceased as of August 2000. We are required to affect environmental closure at West Wits although certain aspects of this have been assumed by Mogale. Commensurate with the decision to close these operations, a detailed closure program was prepared and submitted to the DME in December 2000. The drafting of the program was preceded by a comprehensive risk assessment process, during which both residual and latent environmental risks and impacts were identified and prioritized. The risks identified are currently being addressed by West Wits, in accordance with the closure program submitted to the DME. In order to mitigate the impact of windblown dust from dormant tailings dams in proximity to surrounding communities, dust monitoring and mitigating measures are implemented as required. These surface deposits have been purchased by Mogale, who are actively prospecting to determine mining potential and are therefore not being vegetated at present.

Shaft rehabilitation is continuing. This will in effect reduce the ingress of surface water to the groundwater system.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, we have estimated that the remaining cost for West Wits, in current monetary terms as at June 30, 2009, is R4.8 million. This has been included in the provision for environmental rehabilitation, restoration and closure costs on the statement of financial position. A total of R17.5 million has been contributed to the Environmental Trust Fund. This is an irrevocable trust, managed by specific responsible people who were nominated and who are appointed as trustees by the Master of the High Court of South Africa.

## Legal Proceedings

### *Invalid Issuance of Ordinary Shares in Connection with the Rawas Acquisition and other related legal proceedings*

During the months of July and October of 1999, we issued and allotted a total of 8,282,056 ordinary shares to Rothschild Nominees Pty Limited, Maxidrill Pty Limited, PT Petrosea TBK, Repadre International Corporation, Minproc Engineering Pty Limited, Rio Tinto Rawas Holdings Limited, Continental Goldfields Limited, Consolidated African Mines Limited, JCI (Isle of Man) Limited, Weston Inv. Limited and Consolidated African Mines Australia Pty Limited, all of which were creditors of Laverton or Laverton subsidiaries, below the average stated capital price. At the time, our then executive chairman, Mr. R.A.R. Kebble, was a director of Laverton Gold NL and JCI Gold Limited. These ordinary shares were ostensibly issued pursuant to the planned acquisition of Rawas, a gold mine located in Indonesia, in consideration for, or in anticipation of receiving, shares in and claims against various companies with ownership interests in Rawas and its mining rights. Evidence came to light revealing that the ordinary shares were issued without our legal authority and suggesting that this occurred as a result of a transaction entered into for the benefit of certain third parties. However, because of subsequent trades, splits and consolidations, it was no longer possible to distinguish the affected shares from all our other ordinary shares and therefore it was no longer possible to identify the invalidly issued shares or their holders. Accordingly, it was not possible to remove these invalidly issued shares from our members' register. Under the South African Companies Act, 1973 (as amended), the High Court of South Africa is permitted to validate an invalid share issuance. During a shareholders' meeting in 2002, our shareholders, by special resolution, resolved to ratify the share issuance. We subsequently made an application to the High Court of South Africa to validate the invalid issuance. This application was successful and the High Court validated the issuance in July 2002.

We did not institute any actions against the recipients of our shares in this transaction as each of these entities had ceded to us their claims against the companies in the Rawas group in exchange for those shares. In July 2003, we, DRD Australia Pty Limited and DRD Australasia Aps instituted action in the High Court of South Africa, against Messrs. R.A.R. Kebble, M. Prinsloo, J. Stratton and H. C. Buitendag and JCI Limited. Subsequently the claim was withdrawn against M. Prinsloo. The following claims were pursued:

- R69.6 million for the 7,644,944 ordinary shares issued on July 9, 1999, at a price per share of R9.10; and
- R7.6 million for the 637,062 ordinary shares issued on October 8, 1999, at a price per share of R11.90.

We instituted a separate action in Australia on the December 12, 2003 against Mr. C. Mostert, Mr. J. Stratton, Continental Gold Fields Limited, CAM Australia (Pty) Limited, Weston Investments (Pty) Limited, CAM Jersey Limited, and JCI (Isle of Man) Limited for:

- R67,942 being the costs of issuing our shares;
- R77.0 million being profits made by third parties who were issued our shares at the time; and
- R4.7 million being costs incurred to validate the shares invalidly issued.

The Supreme Court of Western Australia ordered all parties to submit to mediation of their disputes, which was held during December 2006. The mediation *per se* did not result in any settlement. The background to these matters is as follows:

- On June 12, 2002, DRD Australasia Aps and DRD Australia Pty Limited instituted proceedings against Mr. J. Stratton in the Supreme Court of Western Australia for payment of A\$3.3 million plus interest in respect of dishonestly assisting Mr. C. Mostert in making payments referred to below and receiving part of the proceeds of these wrongful actions.
- On May 3, 2003, DRD Australasia Aps instituted proceedings against Mr. C. Mostert, Newshore Nominees (Pty) Limited and Mr. R. Bryer in the Supreme Court of Western Australia for payment of A\$378,000 in respect of undue payments made to Newshore Nominees (Pty) Limited.
- On June 7, 2002, we instituted action against Mr. C. Mostert, Mr. J. Stratton, Advent Investors (Pty) Limited, Leadenhall Australia Limited, Noble Investments (Pty) Limited and Mr. T. Lebbon for unauthorized and undue payment of A\$5.9 million in connection with the purchase of 11,150,000 shares, of Continental Goldfields Limited, a publicly traded company in Australia.

Mr. M. Silver and Fairchoice Limited brought an action against us and Dome in the Supreme Court of New South Wales, Australia seeking to enforce a contract under which Dome agreed to pay, and we agreed to guarantee, a payment of \$475,000 to Mr. M. Silver upon his retirement from the board of directors of Dome. Mr. M. Silver retired from Dome's board of directors in May 2000. The contract was also entered into in May 2000. However, we believe that this contract is not enforceable as it was not authorized by our directors or shareholders nor was it authorized by Dome's directors or shareholders. Therefore, we and Dome have not made any payment to Mr. M. Silver. On June 29, 2007 judgment was delivered by the Supreme Court of New South Wales in favor of Mr. M. Silver for payment of an amount of A\$780,000.

On May 20, 2003, a summons was issued by our former chairman, Mr. R.A.R. Kebble and his son, Mr. B. Kebble, against us, our then executive chairman, Mr. M.M. Wellesley-Wood and Associated Intelligence Network (Pty) Limited, or AIN. AIN is a private investigator firm. Their claim was based on allegations that we hired AIN to invade their privacy by obtaining personal information about them and to cause them embarrassment and commercial harm. They were seeking compensation for damages suffered as a result of these alleged actions in an amount of R1.0 million each from us, Mr. M.M. Wellesley-Wood and AIN jointly and severally. In addition, they were seeking punitive damages in a total amount of R10.0 million from us and AIN jointly and severally. The punitive damages claim is unique under South African law. Initial hearings have taken place to decide a preliminary point raised by us that no such claim exists in South African law. The court ruled against us on a technicality, making a ruling to the effect that the trial court should hear and adjudicate this issue.

On May 22, 2003, we issued a summons in the High Court of Johannesburg against Mr. R.A.R. Kebble in which we sought payment of R3.2 million plus interest. This amount represented a sum paid to Mr. R.A.R. Kebble by us during the period beginning in September 1999, and ending in April 2000, under a restraint of trade agreement entered into between us and Mr. R.A.R. Kebble. We believe that Mr. R.A.R. Kebble had repudiated and/or materially breached the provisions of this agreement. We have, accordingly, cancelled the agreement and we were seeking restitution of the amounts paid. Mr. R.A.R. Kebble had lodged a counterclaim, claiming cancellation of an agreement providing for the payment of retirement benefits, and challenging the cancellation of share-options that he held at the time of his resignation from the our board.

On September 16, 2008 a Deed of Settlement was signed by the parties in terms of which the above actions were compromised, settled and withdrawn on the basis that JCI Limited would pay us an amount of R25.0 million in respect of capital and interest and R0.5 million as a contribution towards costs. We received the amount of R25.5 million in September 2008. However, T Lebbon, R Bryer and their companies were not parties to the Deed of Settlement.

#### *Application to reverse the granting of a mining right*

In June 2008, we and Durban Roodepoort Deep (Pty) Limited (DRD) brought an application in the High Court of South Africa against Main Reef Crushers CC (MRC) and the Minister of Mineral Resources because *inter alia* the latter granted MRC a mining right:

- in respect of an old waste rock dump which is not regulated by the MPRDA and therefore the right was unlawfully granted;
- over an area in which DRD had already been granted a prospecting right which gives DRD the exclusive right to apply for a mining right in terms of the MPRDA; and
- the Environmental Impact Assessment and the Environmental Management Program submitted by MRC are fatally defective.

This case was heard by the High Court on September 3, 2009 and postponed indefinitely.



### *Lawsuit by French Shareholders*

In August 2008, the Company received by post a summons issued in the “Tribunal De Grande Instance [District Court] of Paris” by the Association for the Defense of the Shareholders of East Rand (“the Association”) against DRDGOLD SA.

The claim is based on the following allegations:

- that the members of the Association were shareholders of ERPM;
- that the non-audited ERPM results of the six-month period from July to December 1998 were misleading regarding the ‘healthiness’ of ERPM prior to its winding up in 1999;
- that the 1999 liquidation of ERPM was fraudulently approved by 15% of shareholders who were representatives of the South African state against the interests of French shareholders;
- that the subsequent scheme of arrangement to remove ERPM from liquidation in 1999 was approved by 15% of shareholders without consultation of French shareholders.

On the basis of these allegations, the Association is claiming a payment of 5 million Euros for damages, 10,000 Euros for costs and costs of suit. DRDGOLD SA has lodged an application on March 17, 2009 to the Court for an order dismissing the claim on the basis that the French Courts lack jurisdiction to hear the matter. However, the case was postponed on a few occasions when the parties exchanged pleadings. The next date of hearing is January 5, 2010.

### *Competition tribunal case*

On September 23, 2002, we and Harmony Gold Mining Company Limited, another South African gold mining company, filed a complaint with the South African Competition Commission against Mittal Steel (previously Iscor), a South African steel producer. The complaint alleges that Mittal Steel abused its dominant position by charging excessive prices for its local flat steel products and providing inducements for steel purchasers to refrain from importing competing steel products. The Competition Commission dismissed our claim, and the matter was referred to the Competition Tribunal, who has the authority to overrule the determination of the commission. On the March 27, 2007, the Competition Tribunal delivered its judgment in terms of which the Tribunal made the following findings:

- that Mittal Steel has abused its dominant position by engaging in excessive pricing; and
- that Mittal Steel did not induce customers not to deal with its competitors.

On July 27, 2007, the parties presented submissions to the Tribunal on the penalty or penalties which the Tribunal may impose against Mittal. On August 6, 2007, the Competition Tribunal imposed an administrative penalty of R691.8 million against Mittal. Mittal lodged an appeal in the Competition Appeal Court against the decision of the Tribunal. On May 29, 2009, the Court delivered its judgment in terms of which the case was remitted to the Tribunal for hearing of oral evidence in relation to the matters canvassed in the affidavit of one Leon Price, and whether Mittal contravened section 8 (a) of the Competition Act 89 of 1998 by charging excessive prices for flat steel products to the detriment of its consumers. On September 14, 2009, the Company and Harmony announced the withdrawal of the complaint following a settlement agreement signed with Mittal. The terms of the settlement agreement are confidential and will not be made public. The settlement agreement reached represented a satisfactory outcome to the matter for us.

### *Litigation regarding environmental issues*

On August 2, 2006 and September 4, 2006, two virtually identical applications were brought against the Company and its directors for relief under the MPRDA, by the Legal Resources Centre on behalf of the residents of two communities, Davidsonville and Kagiso, who reside adjacent to tailings deposition sites of the now dormant Durban Deep mine, and at West Wits mine, respectively. Whilst no financial compensation is sought, the communities are seeking orders for the revision of the EMPs of both sites, and for the sites to be rehabilitated and closed in accordance with the standards of the MPRDA. Whilst we are challenging the sustainability of the legal basis on which the claims have been brought, as well the extent of the relief sought we have:

- in respect of the Davidsonville action, accelerated certain rehabilitation measures which would effectively address dust issues; and
- in respect of the Kagiso action, engaged the new owners of deposition sites, Mogale. Mogale recognize these tailings as an inferred resource and in collaboration with us implement interim dust suppression measures pending their receipt of prospecting and mining permits for these sites.

The settlement negotiations have not been successful. We have filed our answering affidavits and are awaiting the Applicants’ replying affidavits. There has been no response from Applicants since we filed our answering affidavits in February 2008.

### *Legal proceedings relating to an agreement to sell Durban Deep's mine village*

We concluded an agreement with M5 on July 21, 2005, pursuant to which M5, against payment of a non-refundable fee of R1.5 million, was granted an option to acquire Durban Deep's mine village for R15.0 million. On November 18, 2005, M5 exercised the option and provided a guarantee for payment. Prior to the registration of the transfer occurring, we were notified by Rand Leases Properties Limited (formerly JCI Properties Limited) of an alleged pre-emptive right in respect of the property in terms of an agreement dated December 1996, pursuant to which the property should be sold to them on similar terms. We subsequently repudiated our agreement with M5 and notified Rand Leases Properties Limited that we did not intend offering the property to them. Both parties indicated to us their intentions to institute legal proceedings for the sale and transfer of the property. On December 12, 2006, Rand Leases Properties Limited issued a summons against us and we filed an Appearance to Defend. On April 25, 2008 the case was postponed by the High Court.

### *Dispute at Durban Deep's village*

Dino Properties (Pty) has instituted action against the Company on April 28, 2009 seeking to enforce an agreement of sale of the DRD Village entered into on September 20, 2005, alternatively payment of R195 million which is alleged to represent the market value of the property. The Company is defending this action.

### *Claim for alleged damages at Blyvoor*

Duffuel (Pty) Ltd and Paul Frederick Potgieter are suing the Company, DRDGOLD SA, Blyvoor and the latter's directors for alleged pollution of peat reserves which they claim to sell to the mushroom industry. The following amounts are claimed against the Company, DRDGOLD SA, Blyvoor and the latter's directors:

- R48,952,000 for loss of peat reserves;
- R52,006,720 for removal of polluted peat, sealing of water in-flow & importation of unpolluted peat; and
- R96,000 for importation of clean water for domestic use.

The defendants are defending this action. The summons was issued in the North Gauteng High, Pretoria. The defendants filed an application to dismiss the action on the basis that the particulars of claim are vague and embarrassing.

### *Provisional Judicial management order for Blyvoor operations*

On November 9, 2009, DRDGOLD announced that, in a bid to save its Blyvoor mine from liquidation, it intended applying to the High Court of South Africa for a provisional judicial management order over the operation. The application was made in terms of the provisions of Section 427 of the South African Companies Act.

The High Court of South Africa granted a provisional judicial management order over Blyvoor on November 10, 2009. DRDGOLD expects that Blyvoor will remain under judicial management until after access to the seismicity-damaged, higher-grade areas at its No 5 Shaft had been regained, which is expected in March 2010.

Provisional judicial management is granted in order to enable a company which is suffering temporary setback with regard to the payment of its debts or its performance to become successful again. This remedy is intended to be a means for affording the company time to recover. A party applying to the Court for provisional judicial management must also demonstrate that there is a reasonable probability that the company will recover and be profitable within a reasonable time. In terms of a provisional judicial management order, the court appoints a judicial manager who has a wide range of powers at his disposal to take such actions he deems necessary to save the business. These could include giving certain creditors temporary preference over others and agreeing compromises with creditors without the risk of committing an act of insolvency and thereby exposing the mine to liquidation.

The provisional/final judicial manager is an officer of the Court. He stands in a fiduciary relationship to the company, its shareholders and all its creditors. The judicial manager may be removed by the Master of the High Court or the High Court if he fails to act in the best interest of the company or if he proves to be incompetent. This may be done by way of an application brought by a creditor or shareholder. Judicial management does not affect the shareholding in the company. The powers which normally vest in the directors now vest in the judicial manager. He/she cannot sell or dispose of any company assets without leave of the Court save in the ordinary course of the company's business. The provisional judicial manager must recover and reduce into possession all the assets of the company. He must convene separate meetings of creditors and shareholders at which he will report on the general state of the affairs of the company, its assets and liabilities, nature of each creditor's claim, raising money to carry on the company's business and his opinion on the company's prospects of returning to profitability. On the return date, March 16, 2010, in the case of Blyvoor, the provisional judicial manager will present the Court with a report on the state of the company and the views of creditors together with his opinion on the future of the company. The Court will then make a decision.

An application to the Court can be made at anytime by the judicial manager or any interested person for the provisional judicial management order to be uplifted if the purpose for the order has been met or for any reason it is undesirable that such order should remain in force.

In summary the effect of the Blyvoor provisional judicial management order is that:

- management of Blyvoor will become the responsibility of a provisional judicial manager to be appointed by the Master of the High Court of South Africa;
- the provisional judicial manager will manage Blyvoor until March 16, 2010 when he will present to the Court a report on the performance of the business;
- on or prior to March 16, 2010 interested and affected parties may approach the Court and provide reasons why the order should be dismissed or confirmed as final. If the order is confirmed, then a final judicial management order will be made by the Court;
- If, at any stage prior to March 16, 2010, Blyvoor returns to profitability, any interested and affected party, including DRDGOLD, may bring an application before the Court to lift the provisional order.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following Operating and Financial Review and Prospects section is intended to help the reader understand the factors that have affected the Company's financial condition and results of operations for the historical period covered by the financial statements and management's assessment of factors and trends which are anticipated to have a material effect on the Company's financial condition and results in future periods. This section is provided as a supplement to, and should be read in conjunction with, our audited financial statements and the other financial information contained elsewhere in this Annual Report. Our financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Our discussion contains forward looking information based on current expectations that involve risks and uncertainties, such as our plans, objectives and intentions. Our actual results may differ from those indicated in such forward looking statements.

The Operating and Financial Review and Prospects include the following sections:

- Operating results:
  - *Business overview*, a general description of our business.
  - *Key drivers of our operating results and principal factors affecting our operating results*, a general description of the principal uncertainties and variables facing our business and the primary factors that have a significant impact on our operating performance.
  - *Recent acquisitions and dispositions*, a description of the recent acquisitions and other transactions that have impacted, or will impact, our performance.
  - *Key financial and operating indicators*, a presentation of the key financial measures we use to track our operating performance.
  - *Application of critical accounting policies*, a discussion of accounting policies that require critical judgments and estimates.
  - *Operating results*, an analysis of our consolidated results of operations during the three fiscal years presented in our financial statements. The analysis is presented both on a consolidated basis, and by operating segment.
- Liquidity and capital resources, an analysis of our cash flows, borrowings and our anticipated funding requirements and sources.
- Outlook and trend information, a review of the outlook for, and trends affecting, our business.
- Off-balance sheet arrangements.
- Tabular disclosure of contractual obligations, being the numerical review of our contractual future cash obligations.

## **5A. OPERATING RESULTS**

### **Business overview**

We are a South African gold mining company engaged in underground and surface gold mining, including exploration, extraction, processing and smelting. We have operations comprising underground and surface retreatment operations, including the requisite infrastructure and metallurgical processing plants. Our operations are currently located in South Africa, but during fiscal 2008 we also had operations in Papua New Guinea, which were sold.

During the fiscal years presented in this Annual Report we divide our worldwide operations into two geographic regions, based on revenue generated from the location of the seller, as follows:

- South Africa comprising the deep-level Blyvoor and ERPM operations, in addition to the surface retreatment operations at Crown, the Ergo Joint Venture and ErgoGold (formerly the Elsburg Gold Mining Joint Venture) (“South African Operations”).
- Australasia comprising Tolukuma and a 20% interest in the unincorporated Porgera Joint Venture, or Porgera (“Australian Operations”). On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick and on October 22, 2007, we sold our entire shareholding in Emperor, which included Tolukuma, to several institutional investors.

In fiscal 2009 the South African Operations accounted for 100% of our total production and profit after tax of R110.7 million. In fiscal 2008, the South African Operations accounted for 96% of our total production and a profit after tax of R137.0 million, with the Australasian Operations accounting for the remaining 4% of our total production and a net loss after tax of R81.1 million.

Exploration activities are undertaken only in South Africa.

From 1895 to 1997, our principal mining operation was the Durban Deep mine. Up to 1999, our general growth strategy was to acquire existing under-performing mines in South Africa at relatively low acquisition costs, and turn them into profitable business units by introducing low-cost mining methods and reducing costs through employing our experience in managing marginal gold mines to more efficiently utilize existing infrastructures. From 1999 to 2006 our focus was to expand our operations outside of South Africa by acquiring lower cash cost and higher margin mines than those in South Africa, through the acquisition of Tolukuma, our 20% interest in Porgera and our 78.9% interest in Emperor (Vatukoula). With the exit from our Australasian operations in 2008, our strategy has now changed to refocus on our operations in South Africa and in particular on the expansion of our surface retreatment operations. A large portion of the proceeds we received from the disposal of our Australasian operations have been utilized during fiscal 2009 to expand our retreatment of surface tailings to recover gold.

In fiscal 2009 revenue from continuing operations was slightly lower than in fiscal 2008. The effect of the higher gold price was offset by lower gold production, in particular from underground due to the closure of ERPM’s underground operation. In fiscal 2008, we had increased revenue from our continuing operations compared to fiscal 2007, mainly due to a higher gold price, we also had a profit arising from the disposal of our discontinued operations. We had R353.6 million in cash and cash equivalents as at June 30, 2009 compared to R846.1 million in cash and cash equivalents as at June 30, 2008, the decrease was primarily as a result of capital expenditure incurred to expand our retreatment of surface tailings to recover gold. We are able to fund our short- and medium term projects from this cash and available borrowing facilities.

As at June 30, 2009, we had Ore Reserves of approximately 5.2 million ounces, compared to 4.5 million ounces as at June 30, 2008 and 4.7 million ounces as at June 30, 2007. The increase from fiscal 2008 to fiscal 2009 was mainly due to the inclusion of the Elsburg tailings, which belong to ERPM and form part of the ErgoGold operation. The decrease in our Ore Reserves from fiscal 2007 to fiscal 2008 was primarily a consequence of depletion and the disposal of our Australasian Operations.

### **Key drivers of our operating results and principal factors affecting our operating results**

The principal uncertainties and variables facing our business and, therefore, the key drivers of our operating results are:

- The price of gold, which fluctuates widely in dollars and rands;
- The tonnages and gold content thereof, impacting on the amount of gold we produce at our operations;
- The cost of producing that gold as a result of mining efficiencies; and
- General economic factors, such as exchange rate fluctuations and inflation, and factors affecting mining operations particularly in South Africa.

## Gold price

Our revenues are derived primarily from the sale of gold produced at our mines. As a result, our operating results are directly related to the price of gold which can fluctuate widely and is affected by numerous factors beyond our control, including industrial and jewelry demand, expectations with respect to the rate of inflation, the strength of the dollar (the currency in which the price of gold is generally quoted) and of other currencies, interest rates, actual or expected gold sales by central banks, forward sales by producers, global or regional political or economic events, and production and cost levels in major gold-producing regions such as South Africa. In addition, the price of gold sometimes is subject to rapid short-term changes because of speculative activities. The demand for and supply of gold may affect gold prices, but not necessarily in the same manner that supply and demand affect the prices of other commodities. The supply of gold consists of a combination of new production from mining and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals. As a general rule we sell the gold produced at market prices to obtain the maximum benefit from prevailing gold prices.

The following table indicates the movement in the dollar gold spot price for the 2009, 2008 and 2007 fiscal years:

	<b>2009 fiscal year</b>	<b>2008 fiscal year</b>	<b>% change</b>
Opening gold spot price on July 1, .....	\$930 per ounce	\$651 per ounce	43%
Closing gold spot price on June 30, .....	\$935 per ounce	\$930 per ounce	1%
Lowest gold spot price during the fiscal year .....	\$713 per ounce	\$648 per ounce	10%
Highest gold spot price during the fiscal year .....	\$989 per ounce	\$1,011 per ounce	-2%
Average gold spot price for the fiscal year .....	\$873 per ounce	\$821 per ounce	6%
	<b>2008 fiscal year</b>	<b>2007 fiscal year</b>	<b>% change</b>
Opening gold spot price on July 1, .....	\$651 per ounce	\$599 per ounce	9%
Closing gold spot price on June 30, .....	\$930 per ounce	\$651 per ounce	43%
Lowest gold spot price during the fiscal year .....	\$648 per ounce	\$561 per ounce	16%
Highest gold spot price during the fiscal year .....	\$1,011 per ounce	\$691 per ounce	46%
Average gold spot price for the fiscal year .....	\$821 per ounce	\$638 per ounce	29%
	<b>2007 fiscal year</b>	<b>2006 fiscal year</b>	<b>% change</b>
Opening gold spot price on July 1, .....	\$599 per ounce	\$437 per ounce	37%
Closing gold spot price on June 30, .....	\$651 per ounce	\$599 per ounce	9%
Lowest gold spot price during the fiscal year .....	\$561 per ounce	\$418 per ounce	34%
Highest gold spot price during the fiscal year .....	\$691 per ounce	\$726 per ounce	-5%
Average gold spot price for the fiscal year .....	\$638 per ounce	\$526 per ounce	21%

A significant upward trend in the dollar gold price has been noted over the past four fiscal years. Our production has been sourced from our South African Operations and, until fiscal 2008, our Australasian Operations. As a result, the impact of movements in relevant exchange rates during those four fiscal years, has been significant on our operating results. The average gold price in rand and Australian dollars has fluctuated as follows:

- Rand gold price (based on average prices for the year) increased from R4,605 per ounce in fiscal 2007 (a 36% increase from fiscal 2006), to R6,003 per ounce in fiscal 2008 (a 30% increase from fiscal 2007) and R7,910 per ounce in 2009 (a 32% increase from fiscal 2008).
- Australian gold price (based on average prices for the year) increased from A\$705 per ounce, in fiscal 2006, to A\$812 per ounce in fiscal 2007 (a 15% increase from fiscal 2006) and A\$914 per ounce in fiscal 2008 (13% increase from fiscal 2007).

Based on our forecast gold price of R275,000 per kilogram for fiscal 2010, a 10% increase in the rand gold price received will increase our forecast profit after taxation by R145.0 million and a 10% decrease in the rand gold price received will decrease our profit after taxation by R124.2 million.

## ***Gold production and operating costs***

Attributable gold production from our continuing operations totaled 247,690 ounces during fiscal 2009, in comparison to 308,005 ounces in fiscal 2008, and 334,496 ounces in fiscal 2007. Our discontinued operations (comprising Tolukuma, Porgera and Vatukoula) recorded production of 13,427 ounces in fiscal 2008 and 142,661 ounces in fiscal 2007. There were no discontinued operations for fiscal 2009.

Our costs and expenses consist primarily of operating costs, royalties and depreciation. Operating costs include labor, contractor services, stores, electricity and other related costs, incurred in the production of gold. Labor is the largest component of operating costs, constituting 39% of operating costs for fiscal 2009, as a large part of our mining operations are deep level underground mines which are more labor intensive.

At our continuing South African Operations, production decreased from 308,005 ounces in fiscal 2008, produced from 14.8 million tonnes milled at an average yield of 0.65g/t, to 247,690 ounces in fiscal 2009, produced from 14.5 million tonnes milled at an average yield of 0.53g/t. Production decreased from 334,496 ounces in fiscal 2007, produced from 14.8 million tonnes milled at an average yield of 0.70g/t, to 308,005 ounces in fiscal 2008. During fiscal 2008, the average rand gold price strengthened by 30%, creating an opportunity to mine ore grades that were previously seen to be unprofitable. This increase continued in fiscal 2009, the average rand gold price strengthening by 32%. The benefits enjoyed in fiscal 2008 by the increase in the average rand gold price were offset in fiscal 2009 by an increase in average operating costs for continuing operations of 40% compared to 18% in fiscal 2008, resulting in a more conservative approach in our mining operations.

Blyvoor produced 129,473 ounces from 4.0 million tonnes milled at an average yield of 1.00g/t in fiscal 2009, in comparison with 141,172 ounces from 4.4 million tonnes milled at an average yield of 1.00g/t in fiscal 2008 and 151,269 ounces from 4.4 million tonnes milled at an average yield of 1.07g/t in fiscal 2007. The decrease in production at Blyvoor in fiscal 2009 compared to fiscal 2008, was as a result of 17 production days being lost in the first quarter because of Section 54 closures imposed by the Department of Mineral Resources following the fatalities; in the third quarter six production days were lost because of a lightning strike at No 5 Shaft's electrical sub-station and during the fourth quarter there was a significant decline in grade at No 5 Shaft because of seismicity. The decrease in production at Blyvoor in fiscal 2008 compared to fiscal 2007 was from lower grades being mined due to a decision taken to move out of seismically active areas.

Crown produced 80,377 ounces from 6.6 million tonnes milled at an average yield of 0.38g/t, in comparison with 87,354 ounces from 8.2 million tonnes milled at an average yield of 0.33g/t in fiscal 2008 and 103,011 ounces from 8.4 million tonnes milled at an average yield of 0.38g/t in fiscal 2007. The higher grades in fiscal 2009 compared to fiscal 2008 was a result of higher grade material from the Mennells and Top Star sites and higher grade remnants from the CMR site and the decrease in throughput was intentional: it forms part of the closure plan for the Crown Tailings Deposition Facility. The lower grade at Crown, when comparing fiscal 2008 and fiscal 2007, was a result of diminishing reserves of higher grade material available, which resulted in lower production.

ERPM produced 34,174 ounces from 1.6 million tonnes milled at an average yield of 0.66g/t, in comparison with 79,479 ounces from 2.2 million tonnes milled at an average yield of 1.14g/t in fiscal 2008 and 80,216 ounces from 2.0 million tonnes milled at an average yield of 1.23g/t in fiscal 2007. The decrease in production at ERPM resulted from lower grades being mined prior to the discontinuation of the underground operations from October 2008.

ErgoGold, which commenced production in November 2008, produced 3,336 ounces from 2.3 million tonnes milled at an average yield of 0.05g/t in fiscal 2009. The initial grade is lower than forecasted due to metallurgical challenges which have been encountered and are currently being addressed by management.

## ***General economic factors***

As at October 31, 2009, all our operations are in South Africa and we are exposed to a number of factors, which could affect our profitability, such as exchange rate fluctuations, inflation and other risks relating to South Africa. In conducting mining operations, we recognize the inherent risks and uncertainties of the industry, and the wasting nature of the assets.

### *Effect of exchange rate fluctuations*

For the year ended June 30, 2009, 100% of our revenues were generated from South African Operations. In fiscal 2009, all of our operating costs were denominated in rand and we derived all of our revenues in dollars. Fiscal 2009 was marked by volatility in the dollar and an overall weakening in the dollar relative to the rand. As the price of gold is denominated in dollars and we realize our revenues in dollars, the depreciation of the dollar against the rand reduces our profitability, whereas the appreciation of the dollar against the rand increases our profitability. Based upon average rates during the respective years, the rand weakened by 24% against the dollar in fiscal 2009, compared to a weakening by 1% against the dollar in fiscal 2008 and a weakening by 12% against the dollar in fiscal 2007. This contributed to an increase of 30% in the average rand gold price in fiscal 2009, an increase of 30% in fiscal 2008 and an increase of 36% in fiscal 2007.

As an unhedged gold producer we do not enter into forward gold sales contracts to reduce our exposure to market fluctuations in the dollar gold price or the exchange rate movements. If revenue from gold sales falls for a substantial period below our cost of production at our operations, we could determine that it is not economically feasible to continue commercial production at any or all of our operations or to continue the development of some or all of our projects. Our weighted average cash costs per kilogram for our continuing operations was R219,024 per kilogram of gold produced in fiscal 2009, R156,891 per kilogram of gold produced in fiscal 2008 and R126,406 per kilogram of gold produced in fiscal 2007. The average gold price received, from continuing operations, was R250,589 per kilogram of gold produced in fiscal 2009, R192,472 per kilogram of gold produced in fiscal 2008 and R147,516 per kilogram of gold produced in fiscal 2007.

#### *Effect of inflation*

In the past, our operations have been materially adversely affected by inflation. As we are unable to control the prices at which our gold is sold, if there is a significant increase in inflation in South Africa, without a concurrent devaluation of the local currency or an increase in the price of gold, our costs will increase, negatively affecting our operating results.

The movements in the rand/dollar exchange rate, based upon average rates during the periods presented, and the local annual inflation rate for the periods presented, as measured by the South African Consumer Price Index, or CPI, are set out in the table below:

<i>Year ended June 30,</i>	<b>2009</b> (%)	<b>2008</b> (%)	<b>2007</b> (%)
The average rand/dollar exchange rate weakened by.....	23.7	1.3	12.3
CPI (inflation rate).....	6.9	12.2	7.1
CPIX (inflation rate) (discontinued as from fiscal 2009).....	n/a	11.6	6.4

The South African CPI inflation rate stabilized in fiscal 2009 after a significant increase in fiscal 2008 and as at October 31, 2009, it was at 6.1%. From January 2009, the South African Reserve Bank changed the way inflation is measured by expanding the range of consumer goods used and changing the benchmark measure from CPIX (CPI minus mortgage costs) to CPI. Mortgage costs have been replaced by owners' equivalent rental (OER) to capture housing costs, making CPIX redundant. The closest measure to CPIX is CPI minus OER.

#### *South African political, economic and other factors*

We are a South African company and, subsequent to the sale of our stake in Emperor all our operations are based in South Africa. As a result, we are subject to various economic, fiscal, monetary and political factors that affect South African companies generally. South African companies are subject to exchange control regulations. Governmental officials have from time to time stated their intentions to lift South Africa's exchange control regulations when economic conditions permit such action. Over the last few years, certain aspects of exchange controls for companies and individuals have been incrementally relaxed. It is, however, impossible to predict when the South African Government will remove exchange controls in their entirety. South African companies remain subject to restrictions on their ability to export and deploy capital outside of the Southern African Common Monetary Area, unless dispensation has been granted by the South African Reserve Bank. For a detailed discussion of exchange controls, see Item 10D.: "Exchange controls."

On May 1, 2004, the MPRD Act became effective. Prior to the introduction of the MPRD Act, private ownership in mineral rights and statutory mining rights in South Africa could be acquired through the common law or by statute. Now, all mineral rights have been placed under the custodianship of the South African government under the provisions of the MPRD Act, and old order proprietary rights need to be converted to new order rights of use within certain prescribed periods. We have submitted certain applications in this regard. This process is described more fully under Item 4B.: "Business Overview – Governmental regulations and their effects on our business - South Africa - Common Law Mineral Rights and Statutory Mining Rights."

The Mineral and Petroleum Resources Royalty Act (MPRD Act) makes reference to royalties being payable to the South African government in terms of the Royalty Bill. The fourth draft of the Royalty Bill was promulgated in Parliament on August 14, 2008 and provides for the payment of a royalty according to a formula based on earnings before interest, tax and after the deduction of capital expenditure. The Mineral and Petroleum Resources Royalty Act, No.28 of 2008 was enacted on November 21, 2008 and was published in the South African Government Gazette on November 24, 2008 and Mineral and the Petroleum Resources Royalty Act (Administration), No.29 of 2008 on November 26, 2008. This rate is then applied to revenue to calculate the royalty amount due, with a minimum of 0.5% and a maximum of 5% for gold, payable half yearly with a third and final payment thereafter. The royalty is tax deductible and the cost after tax amounts to a rate of between 0.33% and 3.3% at the prevailing marginal tax rates applicable to the group. The registration process has commenced on November 1, 2009 and the payment of royalties will commence on March 1, 2010. The royalty is payable on old unconverted mining rights and new converted mining rights.

## **Recent acquisitions and dispositions**

The global gold mining industry has experienced active consolidation and rationalization activities in recent years. Accordingly, we have been, and may continue to be, involved in acquisitions and dispositions as part of this global trend and to identify value-adding business combinations and acquisition opportunities. To ensure that our Ore Reserve base is maintained, or increased, we are currently focusing on organic growth from our existing operations and brownfields exploration in South Africa.

The following is a description of acquisitions and dispositions completed by us since July 1, 2006:

### ***DRDGOLD SA***

On December 11, 2006, Khumo Gold exercised their option (granted as part of an acquisition in fiscal 2006) and acquired from us a further 50,000 ordinary shares in DRDGOLD SA for a total cash consideration of R4.3 million. After exercising the option, Khumo Gold's shareholding in DRDGOLD SA increased from 15% to 20%. In addition, Khumo Gold, as promoter for an employee trust, exercised the option for an employee trust (known as DRDSA Empowerment Trust) to acquire from us 60,000 ordinary shares in DRDGOLD SA for a consideration of R5.1 million. After exercising the option, the trust's shareholding in DRDGOLD SA is 6%. Furthermore, Khumo Gold and the employee trust subscribed for R11.2 million new preference shares in ERPM, subscribed for R1.7 million new preference shares in Crown and subscribed for R2.7 million new preference shares in Blyvoor. We financed the transaction through the subscription of a further R11.4 million preference shares in Khumo Gold and by extending a loan to the employee trust of R13.6 million.

### ***Emperor***

On October 14, 2006, a serious incident involving a mine shaft conveyance occurred in the Philip Shaft at the Vatukoula mine when, during testing of the shaft conveyance following maintenance, a skip-cage fell down the shaft, causing damage to the surface winder mechanism. The Philip Shaft was closed following the incident, while investigations and repairs were undertaken. Production at Philip Shaft recommenced on November 14, 2006.

On December 5, 2006, after an extensive three-month review of Vatukoula, we determined that continued mining operations at Vatukoula were no longer economically viable and that the mine would therefore cease production. Pending completion of a strategic review to optimize the value of Vatukoula and other Fijian land holdings, the mine was placed on a care and maintenance program. On March 28, 2007, Emperor sold all its Fijian assets, including the Vatukoula Mine to Westech Gold (Pty) Limited, a private company incorporated in Australia, for A\$1.00. Under the agreement, Emperor sold 100% of its shares in its Australasian subsidiaries (Emperor Finance Limited and Emperor Australia Limited) which in turn owned the Fijian assets.

On July 27, 2007, DRDGOLD shareholders at a general meeting approved the disposal by Emperor of its 20% interest in the Porgera Joint Venture to a subsidiary of Barrick for a purchase consideration of \$250.0 million and the grant of an option to Barrick or its nominee to subscribe for 153,325,943 shares in Emperor. Emperor shareholders also approved the disposal and a capital distribution of A\$0.05 per Emperor share to Emperor shareholders by way of a capital return out of the surplus cash realized from the disposal, at a general meeting held on July 30, 2007. The sale transaction was completed on August 17, 2007, for a final cash consideration of R1.9 billion (\$255.0 million), which included interest, and subsequently Emperor retired all its debt facilities. The capital distribution was completed on September 3, 2007.

On October 22, 2007, we sold our entire interest in Emperor for R355.8 million (A\$55.9 million) to 26 institutional investors with each acquired between 0.4% and 21.6% of the shares.

### ***Top Star Dump***

On August 28, 2006, we concluded an agreement with AngloGold Ashanti to purchase the remaining extent of Erf 1 Park Central Township, better known as the Top Star Dump in central Johannesburg for an amount of R8.0 million. In addition, a further R28.4 million was spent on the infrastructure required to process the dump. The Top Star Dump was evaluated geostatistically by us and reviewed independently by Coffey Mining and had a probable reserve of 5.2 Mt, at a grade of 0.775 g/t.

On August 30, 2006, the Provincial Heritage Resources Authority of Gauteng, or PHRAG, published a notice in the Gauteng Provincial Gazette in terms of which the dump was provisionally protected for a period of two years. We lodged an appeal against the decision to issue the protection order, and on October 30, 2007 the PHRAG withdrew the protection order.

On August 21, 2008 a Mining Right was granted for gold recovery over the Top Star Dump, in favor of Crown by the Department of Mineral Resources (formerly the Department of Minerals and Energy) with effect from August 21, 2008. The mining right for the Top Star Dump has been granted until August 20, 2013. Gold recovery started during December 2008 and as of August 2009 the remnant is 3.8 Mt, at a grade of 0.775 g/t.



## ***Ergo Joint Venture and ErgoGold***

On June 7, 2007, we and Mintails announced the formation of the Ergo Joint Venture between Mintails SA and DRDGOLD SA. Following discussions initiated in the first quarter of 2007, the Ergo Joint Venture parties agreed to pursue a strategy to consolidate certain of their assets on the East Rand. Mintails SA contributed one fully refurbished carbon-in-leach, or CIL, circuit at the Brakpan plant and DRDGOLD SA contributed the Elsburg tailings complex, comprising approximately 180 Mt of tailings. This part of the project, previously referred to as Phase 1 of the Ergo Joint Venture, was subsequently established under ErgoGold (formerly Elsburg Gold Mining Joint Venture or Elsburg Joint Venture). Mintails SA and DRDGOLD SA, through their subsidiaries, initially owned 50% each of ErgoGold and the Ergo Joint Venture.

On August 6, 2007, the parties to the Ergo Joint Venture entered into a sale of assets agreement with AngloGold Ashanti pursuant to which it acquired the remaining moveable and immovable assets of Ergo for a consideration of R42.8 million. These assets will be operated by the Ergo Joint Venture for its own account, under the AngloGold Ashanti authorizations, until new order mining rights have been obtained. These assets, comprising servitudes (access agreements), infrastructure, piping, equipment, old order mining rights and the right to an additional 15 Mt of tailings material, provide a platform to consolidate these tailings assets with the Elsburg tailings.

On November 26, 2007, we announced that DRDGOLD SA signed a binding term sheet with Mintails SA, which provided for significant expansion of the joint venture through:

- the planned refurbishment of all infrastructure at the Brakpan plant, to increase capacity from one CIL gold recovery circuit to a plant capable of processing tailings for the recovery of gold, uranium and sulphuric acid; and
- substantially increasing available tailings material from 180 Mt to up to 1,700 Mt, by securing rights over tailings dumps and slimes dams in the region.

Additional agreements were concluded on November 14, 2007 for:

- the acquisition by the Ergo Joint Venture of additional tailings properties and the Withok deposition complex from AngloGold Ashanti for a payment of R45.0 million and assumption of rehabilitation obligations; and
- the acquisition by Mintails SA of an option to acquire tailings properties (the Grootvlei Properties), comprising some 105 Mt, from Pamodzi Gold Limited. The Grootvlei properties form part of the Mintails SA contribution to the expanded Ergo Joint Venture.

The acquisition of the Withok deposition site provides the expanded Ergo Joint Venture with considerable additional deposition capacity commensurate with the substantial increases in capacity for tailings material and processing. The feasibility study to refurbish and reopen the full Brakpan plant, which historically produced gold, uranium and sulphuric acid has been placed on hold.

Phase 1 of the expanded Ergo Joint Venture, known as ErgoGold, involved the refurbishment of one CIL circuit at the Brakpan plant with the capacity to treat an estimated 15Mt of tailings a year, for the recovery of some 75,000 ounces of gold a year. The Phase 2 feasibility study which has been put on hold, envisages the expansion of the gold plant by refurbishing the second CIL circuit and developing uranium and acid plants. The expanded Ergo Joint Venture is managed by Crown.

On September 29, 2008, DRDGOLD SA acquired from Mintails SA a further 15% interest in ErgoGold, together with the same proportion of the shareholder's loans from Mintails to ErgoGold, for a purchase consideration of R100 million. This resulted in DRDGOLD SA, which holds its interest through its subsidiary, ERPM, holding a 65% interest and Mintails SA holding a 35% interest in ErgoGold. On December 8, 2008, DRDGOLD agreed to acquire Mintails SA's remaining interest in ErgoGold, as well as all of the remaining shareholder's loans from Mintails to ErgoGold for a purchase consideration of R177 million. Both the additional 15% and 35% acquisitions were effective from March 31, 2009, which is treated as the date of acquisition for accounting purposes. The 50:50 interests of DRDGOLD SA and Mintails in the Ergo Joint Venture were not affected by this acquisition.

## ***ERPM***

On October 6, 2008 we ceased pumping at ERPM's South West Vertical Shaft for safety reasons following the death of two employees underground. Post mortems suggested that the two men, who had been conducting routine water level measurements, died of asphyxiation. The South West Vertical Shaft had been used only for water pumping purposes for several years.

The Department of Mineral Resources issued a Section 54 notice under the Mine Health and Safety Act, subjecting access into the area to certain restrictions and conditions relating to ventilation. On October 23, 2008, drilling and blasting operations were suspended in all shafts after the cessation of pumping of underground water at South West Vertical shaft on October 6, 2008 for safety reasons.

On November 19, 2008, we announced our intention to place on care and maintenance the underground operations of ERPM, and to proceed with a consultation process in terms of Section 189A of the Labour Relations Act to determine the future of the mine's 1,700 employees. The consultation process was completed on January 20, 2009 and 1,335 employees were retrenched. On August 20, 2009, we discontinued care and maintenance and closed the underground operations.

### ***Blyvoor***

On November 9, 2009, we announced that, in a bid to save our Blyvoor mine from liquidation, we intended applying to the High Court of South Africa for a provisional judicial management order over the operation. A provisional judicial management order was granted by the High Court of South Africa on November 10, 2009.

The application, in terms of the provisions of Section 427 of the South African Companies Act, was prompted by Blyvoor's inability to continue to sustain losses incurred since April 2009, which were brought about by the following circumstances:

- a drop in the rand gold price received between April 1, 2009 and September 30, 2009, due to the strengthening of the rand against the US dollar;
- extensive damage caused during May 2009 to higher-grade underground production areas at Blyvoor's No. 5 Shaft by seismic activity, restoration of which is expected to take until March 2010 to complete;
- power utility Eskom's higher winter tariffs, compounded by a 32% price increase effective from July 1, 2009, and the likelihood of further increases in coming months; and
- the wage strike by the National Union of Mineworkers, which lasted for almost a month and resulted in the loss of approximately 8,000 ounces of production.

In terms of a provisional judicial management order, the court appoints a judicial manager who has a wide range of powers at his disposal to take such actions he deems necessary to save the business. These could include giving certain creditors temporary preference over others and agreeing compromises with creditors without the risk of committing an act of insolvency and thereby exposing the mine to liquidation.

DRDGOLD expects that Blyvoor will remain under judicial management until after access to the seismicity-damaged, higher-grade areas at its No 5 Shaft had been regained, which is expected to be in March 2010. In fiscal 2009, Blyvoor accounted for 129,473 ounces of gold, or 52% of our total production from continuing operations. The two key factors which are critical to Blyvoor's future profitability are an improvement in recovered grade once the higher-grade areas have been accessed and an increase in the rand gold price to above current costs of production. Currently the breakeven point in rand gold price terms, for operating purposes amounts to R245,000 per kilogram and if capital expenditure is included it amounts to R278,000 per kilogram. The breakeven point being the point where the revenue generated from production measured in rand gold price terms is equal to the cost of production also measured in rand gold price terms.

### ***Other***

On September 17, 2008, our wholly-owned subsidiary, DRD (Offshore) Limited, sold all of its shares in G.M. Network Limited, or GoldMoney, to other GoldMoney shareholders. The cash consideration in respect of the disposal amounted to R23.8 million (\$2.9 million). GoldMoney is a company that holds the rights, patents and other intellectual property of GoldMoney.com, which is a product specializing in digital gold currency. We previously held a 50.25% shareholding in Net-Gold Services Limited, which was converted on March 30, 2008 into a 12.3% shareholding in GoldMoney.

On December 9, 2008, Argonaut Financial Services (Pty) Ltd, Mintails SA (Pty) Ltd and Witfontein Mining (Pty) Ltd, entered into a share purchase agreement (SPA) which resulted in Argonaut Financial Services (Pty) Limited (a wholly owned subsidiary of DRDGOLD) and Mintails SA each owning 50% of the shareholding of Witfontein as well as being authorised to each appoint 50% of the board. Previously Mintails SA owned 100% of the issued share capital of Witfontein. Witfontein is to be used as a future deposition establishment facility (ie slime deposition).

In January 2009 we completed the acquisition of 28.33% of the shares in West Wits SA (Pty) Limited a subsidiary of West Wits Mining Limited, an Australian based listed company. The formation of the company was to explore, evaluate and potentially extract gold and uranium from the West Rand Goldfield of South Africa's Witwatersrand Basin.

On July 22, 2009, the Company announced the rejection by the Mintails board of the offer by DRDGOLD SA to purchase the South African business assets of Mintails after its announcement dated June 29, 2009, which set out information relating to Mintails having conditionally accepted an offer by DRDGOLD SA, to acquire all of its South African business assets, excluding its interest in West Wits Mining Limited.

## Key financial and operating indicators

The financial results for the years ended June 30, 2009, 2008 and 2007 below are stated in accordance with IFRS as issued by the IASB.

We consider the key performance measures for the growth of our business and its profitability to be gold revenue, production, operating costs, cash costs per kilogram and total costs per kilogram, capital expenditure and Ore Reserves. The following table presents the key performance measurement data for the past three fiscal years:

### Operating data

#### Continuing operations

	Year ended June 30,		
	2009	2008	2007
Revenue (R'000) .....	1,910,738	1,843,912	1,534,777
Gold production (ounces) .....	247,690	308,005	334,496
Gold production (kilograms).....	7,704	9,580	10,404
Revenue (R/kilogram).....	248,019	192,472	147,516
Operating costs (R'000) .....	1,687,359	1,503,015	1,315,126
Cash costs (R/kilogram) <sup>1</sup> .....	219,024	156,891	126,406
Total costs (R/kilogram) <sup>2</sup> .....	237,344	183,488	146,921
Capital expenditure - cash (R'000).....	345,132	251,180	139,428
Ore Reserves (ounces) .....	5,220,000	4,510,000	4,739,000

#### Discontinued operations<sup>3</sup>

	Year ended June 30,		
	2009	2008	2007
Revenue (R'000) .....	-	89,235	674,928
Gold production (ounces) .....	-	13,427	142,661
Gold production (kilograms).....	-	417	4,435
Revenue (R/kilogram).....	-	213,992	152,182
Operating costs (R'000) .....	-	124,437	719,996
Cash costs (R/kilogram) <sup>1</sup> .....	-	298,410	162,344
Total costs (R/kilogram) <sup>2</sup> .....	-	631,149	435,485
Capital expenditure (R'000) .....	-	47,572	173,606
Ore Reserves (ounces) .....	-	-	108,000

<sup>1</sup> Cash costs per kilogram is a non-IFRS financial measure of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations. For a reconciliation to operating costs see Item 5A.: "Operating Results."

<sup>2</sup> Total costs per kilogram is a non-IFRS financial measure of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations. For a reconciliation to operating costs see Item 5A.: "Operating Results."

<sup>3</sup> On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick and on October 22, 2007 we sold Emperor. As a result we report the Porgera, Tolukuma and Emperor information as discontinued operations and all other operations as continuing operations. We have adjusted the results for prior reporting periods accordingly.

## Revenue

Revenue is derived from the sale of gold. The following table analyzes the revenue per operation:

	Year ended June 30,		
	2009 R'000	2008 R'000	2007 R'000
<b>Continuing operations</b>			
Blyvoor .....	1,018,527	848,230	694,612
ErgoGold <sup>1</sup> .....	24,178	-	-
Crown .....	620,125	528,625	472,842
ERPM .....	247,908	467,057	367,323
<b>Total</b> .....	<b>1,910,738</b>	<b>1,843,912</b>	<b>1,534,777</b>
<b>Discontinued operations<sup>2</sup></b>			
Porgera Joint Venture .....	-	-	328,094
Vatukoula.....	-	-	121,962
Tolukuma.....	-	89,235	224,872
<b>Total</b> .....	<b>-</b>	<b>89,235</b>	<b>674,928</b>

Revenue from continuing operations increased from R1,843.9 million in fiscal 2008 to R1,910.7 million in fiscal 2009. This increase was a consequence of the higher average gold price received by us of R248,019 per kilogram of gold produced, compared to R192,472 per kilogram of gold produced in fiscal 2008. The increase in revenue due to the higher average gold price received was offset by production problems experienced at Blyvoor and the cessation of ERPM's underground operations (discussed in more detail below under "Gold production"), which resulted in production decreasing from 308,005 ounces in fiscal 2008 to 247,690 ounces in fiscal 2009.

Revenue from continuing operations increased from R1,534.8 million in fiscal 2007 to R1,843.9 million in fiscal 2008. This increase was a consequence of the higher average gold price received by us of R192,472 per kilogram of gold produced, compared to R147,516 per kilogram of gold produced in fiscal 2007. The increase in revenue was marginally offset by production problems experienced at Blyvoor and ERPM (discussed in more detail below under "Gold production"), which resulted in production decreasing from 334,496 ounces in fiscal 2007 to 308,005 ounces in fiscal 2008.

<sup>1</sup> ErgoGold started gold production at the end of the second quarter of fiscal 2009, at which stage the Group owned 50% of the joint venture and the Mintails group owned the remaining 50%. Effective March 31, 2009 the Group acquired Mintails' 50% interest, resulting in the Group owning 100%.

<sup>2</sup> On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick and on October 22, 2007 we sold Emperor. As a result we report the Porgera, Tolukuma and Emperor information as discontinued operations and all other operations as continuing operations. We have adjusted the results for prior reporting periods accordingly.

## Gold production

The following table analyzes the attributable production per operation:

	Production in Year ended June 30					
	2009		2008		2007	
	Ounces	Kilograms	Ounces	Kilograms	Ounces	Kilograms
<b>Continuing operations</b>						
Blyvoor .....	129,473	4,027	141,172	4,391	151,269	4,705
Surface operations.....	40,575	1,262	37,359	1,162	40,798	1,269
Underground operations.....	88,898	2,765	103,813	3,229	110,471	3,436
ErgoGold <sup>1</sup> .....	3,666	114	-	-	-	-
Crown .....	80,377	2,500	87,354	2,717	103,011	3,204
ERPM .....	34,174	1,063	79,479	2,472	80,216	2,495
Surface operations.....	15,239	474	22,667	705	22,153	689
Underground operations.....	18,935	589	56,812	1,767	58,063	1,806
<b>Total attributable production .....</b>	<b>247,690</b>	<b>7,704</b>	<b>308,005</b>	<b>9,580</b>	<b>334,496</b>	<b>10,404</b>
<b>Total South African Operations .....</b>	<b>247,690</b>	<b>7,704</b>	<b>308,005</b>	<b>9,580</b>	<b>334,496</b>	<b>10,404</b>
<b>Discontinued operations<sup>2</sup></b>						
Porgera Joint Venture .....	-	-	-	-	71,570	2,226
Vatukoula.....	-	-	-	-	26,910	837
Tolukuma.....	-	-	13,427	417	44,181	1,372
<b>Total Australasian Operations .....</b>	<b>-</b>	<b>-</b>	<b>13,427</b>	<b>417</b>	<b>142,661</b>	<b>4,435</b>

For fiscal 2009, our total attributable gold production from continuing operations decreased by 60,315 ounces, or 20%, to 247,690 ounces from 308,005 ounces produced in fiscal 2008.

At Blyvoor, total production declined by 8% to 129,473 ounces from 141,172 ounces in fiscal 2008, reflecting a 14% decrease in gold from the underground operations to 88,898 ounces from 103,813 ounces in fiscal 2008 and a 9% increase in gold from surface sources to 40,575 ounces from 37,359 ounces in fiscal 2008. The decline was a result of the loss of seventeen production days underground during the first half of the 2009 fiscal year as a result of the Section 54 closures imposed by the DME's (now the Department of Mineral Resources) Safety Inspectorate following three fatalities, and included two days of mourning called by the National Union of Mineworkers. In addition, in the third quarter of fiscal 2009, six production shifts were lost at No 5 Shaft following a lightning strike at the shaft's electrical sub-station. The increase in surface production is mainly as a result of an improvement in the grade from 0.31g/t in fiscal 2008 to 0.37g/t in fiscal 2009.

At ErgoGold, gold production commenced at the end of the second quarter of fiscal 2009 and work on the elution plant was completed in April 2009. While volume flows from the first circuit –from the L29 dump – were satisfactory, initial recoveries of 0.04g/t at the end of June 2009 were below project specifications. This requires a number of engineering modifications which as at October 31, 2009, were still underway.

At Crown, there was an 8% reduction in gold production to 80,377 ounces from 87,354 ounces in fiscal 2008 because of a 20% decline in throughput to 6,577,000 tonnes from 8,235,000 tonnes. This reduction in throughput was intentional: it forms part of the closure plan for the Crown Tailings Deposition Facility. This decrease was partly off-set by an increase in grade from 0.33g/t to 0.38g/t in fiscal 2009. The higher grades in fiscal 2009 compared to fiscal 2008 were a result of higher grade material from the Mennells and Top Star sites and higher grade remnants from the CMR site.

At ERPM, the underground operations effectively ceased in October 2008 and have been permanently halted. As a result underground production at ERPM decreased from 56,812 ounces in fiscal 2008 to 18,935 ounces in fiscal 2009. Surface gold production decreased from 22,667 ounces in fiscal 2008 to 15,239 ounces in fiscal 2009 as a result of a 25% decline in throughput from 2,162,000 tonnes to 1,614,000 tonnes and a decline in yield from 0.38g/t to 0.33g/t for the respective fiscal years.

For fiscal 2008, our total attributable gold production from continuing operations decreased by 26,491 ounces, or 8%, to 308,005 ounces from 334,496 ounces produced in fiscal 2007.

<sup>1</sup> ErgoGold started gold production at the end of the second quarter of fiscal 2009, at which stage the Group owned 50% of the joint venture and the Mintails group owned the remaining 50%. Effective March 31, 2009 the Group acquired Mintails' 50% interest, resulting in the Group owning 100%.

<sup>2</sup> On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick and on October 22, 2007 we sold Emperor to 26 institutional investors drawing a close to our mining investments in Australasia. As a result we report the 2008 and 2007 information relating to Porgera, Tolukuma, and Vatukoula as discontinued operations and all other operations as continuing operations. We have adjusted the results for prior reporting periods accordingly.

At Blyvoor, total production declined by 7% to 141,172 ounces from 151,269 ounces in fiscal 2007, reflecting a 6% decrease in gold from the underground operations to 103,813 ounces from 110,471 ounces in fiscal 2007 and an 8% drop in gold from surface sources to 37,359 ounces from 40,798 ounces in fiscal 2007. The loss of seven production shifts underground because of a stoppage imposed by the DME's Safety Inspectorate in October following two fatalities; the impact of power cuts by Eskom in January when five production days were lost; and a one-day illegal strike during May all contributed toward the lower production recorded.

At Crown, there was a 15% reduction in gold production to 87,354 ounces from 103,011 ounces in fiscal 2007 mainly because of a decline in yield, from 0.38g/t in fiscal 2007 to 0.33 g/t in fiscal 2008. This is a reflection of the ever-diminishing reserves of higher grade material available. There was also a 2% decrease in throughput to 8,235,000 tonnes from 8,405,000 tonnes in fiscal 2007.

At ERPM, although there was a slight increase in throughput to 2,162,000 tonnes from 2,022,000 tonnes in fiscal 2007, there was a marginal decrease of 1% in total gold production to 79,479 ounces from 80,216 ounces in fiscal 2007. Production was affected by Eskom's power cuts and the breakdown of a compressor at the No. 5 ice plant during the third quarter of fiscal 2008, the negative impact on the operations of four days of violence believed to be directed at foreign workers in communities close to the mine and to the cessation of mining of the unprofitable 73 and 74 long walls during the last quarter of the year.

A more detailed review of gold production at each of our operations is provided under Item 4D.: "Property, Plant and Equipment."

#### ***Cash costs<sup>1</sup> and total costs<sup>2</sup> per kilogram***

Our operational focus is to increase production, improve productivity and reduce costs. For fiscal 2009, cash costs from our continuing operations increased to R219,024 per kilogram of gold from R156,891 per kilogram of gold in fiscal 2008. Total costs from our continuing operations increased to R237,344 per kilogram of gold from R183,488 per kilogram of gold in fiscal 2008. The increase in cash costs per kilogram of gold produced in fiscal 2009 was due to price increases in key consumables (labor, consumables and electricity) and lower production.

In fiscal 2008, cash costs from our continuing operations increased to R156,891 per kilogram of gold from R126,406 per kilogram of gold in fiscal 2007. Total costs from our continuing operations increased to R183,488 per kilogram of gold from R146,921 per kilogram of gold in fiscal 2007. The increase in cash costs per kilogram of gold produced in fiscal 2008 was due to price increases in key consumables and lower production.

#### ***Reconciliation of cash costs per kilogram, total costs and total costs per kilogram***

Cash costs of production include costs for all mining, processing, administration, royalties and production taxes, but exclude depreciation, depletion and amortization, rehabilitation, retrenchment costs, corporate administration costs and exploration costs. Cash costs per kilogram are calculated by dividing operating costs by kilograms of gold produced. Cash costs per kilogram have been calculated on a consistent basis for all periods presented.

Total operating costs include cash costs of production, depreciation, depletion and amortization and the accretion of rehabilitation, reclamation and closure costs.

Total costs, as calculated and reported by us, include total operating costs, plus other operating and non-operating income, finance expenses and other operating and non-operating costs, but exclude taxation, minority interest, equity in loss from associates and the cumulative effect of accounting changes. These costs are excluded as the mines do not have control over these costs and they have little or no impact on the day-to-day operating performance of the mines. Total costs per kilogram are calculated by dividing total costs by kilograms of gold produced. Total costs and total costs per kilogram have been calculated on a consistent basis for all periods presented.

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<sup>1</sup> Cash costs per kilogram is a non - IFRS financial measure of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations. For a reconciliation to operating costs see Item 5A.: "Operating Results."

<sup>2</sup> Total costs per kilogram is a non - IFRS financial measure of performance that we use to determine cash generating capacities of the mines and to monitor performance of our mining operations. For a reconciliation to operating costs see Item 5A.: "Operating Results."

Cash costs per kilogram, total costs and total costs per kilogram are non - IFRS financial measures that should not be considered by investors in isolation or as alternatives to operating costs, net profit/(loss) attributable to equity owners of the parent, profit/(loss) before tax and other items or any other measure of financial performance presented in accordance with IFRS or as an indicator of our performance. While the Gold Institute has provided definitions for the calculation of cash costs, the calculation of cash costs per kilogram, total costs and total costs per kilogram may vary significantly among gold mining companies, and these definitions by themselves do not necessarily provide a basis for comparison with other gold mining companies. However, we believe that cash costs per kilogram, total costs and total costs per kilogram are useful indicators to investors and management of an individual mine's performance and of the performance of our operations as a whole as they provide:

- an indication of a mine's profitability and efficiency;
- the trend in costs;
- a measure of a mine's margin per kilogram, by comparison of the cash costs per kilogram by mine to the price of gold; and
- a benchmark of performance to allow for comparison against other mines and mining companies.

A reconciliation of operating costs to total costs, cash costs per kilogram and total costs per kilogram, for each of the three years in the year ending June 30, 2009, is presented below. In addition, we have also provided below details of the amount of gold produced by each mine for each of those periods.

**For the year ended June 30, 2009**  
*(in R'000, except as otherwise noted)*

<b>Continuing Operations</b>									
	<b>Blyvoor</b>	<b>ErgoGold</b>	<b>Crown</b>	<b>ERPM</b>	<b>Ergo Joint Venture</b>	<b>Other<sup>1</sup></b>	<b>Total South African Operations</b>	<b>Other- Offshore Operations<sup>1</sup></b>	<b>Total Continuing Operations</b>
<b>Operating costs<sup>2</sup></b> .....	842,329	69,365	456,205	303,581	4,057	11,822	<b>1,687,359</b>	-	<b>1,687,359</b>
<i>Plus:</i>									
Depreciation.....	29,273	26,854	35,532	3,187	3,930	441	<b>99,217</b>	-	<b>99,217</b>
Retrenchment costs .....	-	-	-	30,681	-	4,241	<b>34,922</b>	-	<b>34,922</b>
Movement in provision for environmental rehabilitation .....	(426)	-	11,002	(11,023)	(2,825)	22,817	<b>19,545</b>	-	<b>19,545</b>
Movement in gold in progress .....	9,445	(11,232)	(3,658)	(1,573)	-	-	<b>(7,018)</b>	-	<b>(7,018)</b>
<b>Total operating costs</b> .....	<b>880,621</b>	<b>84,987</b>	<b>499,081</b>	<b>324,853</b>	<b>5,162</b>	<b>39,321</b>	<b>1,834,025</b>	-	<b>1,834,025</b>
<i>Plus:</i>									
Impairments .....	-	-	121,474	53,012	-	(99,348)	<b>75,138</b>	-	<b>75,138</b>
Administration expenses and general costs .....	16,719	1,256	19,980	16,592	1,554	18,662	<b>74,763</b>	8,820	<b>83,583</b>
Finance income .....	(44,207)	(13)	(9,029)	(32,991)	(3)	(120,752)	<b>(206,995)</b>	1,004	<b>(205,991)</b>
Finance expenses .....	12,889	7	7,563	25,350	2,365	(16,749)	<b>31,425</b>	10,318	<b>41,743</b>
<b>Total costs</b> .....	<b>866,022</b>	<b>86,237</b>	<b>639,069</b>	<b>386,816</b>	<b>9,078</b>	<b>(178,866)</b>	<b>1,808,356</b>	<b>20,142</b>	<b>1,828,498</b>
Gold produced (ounces).....	129,473	3,666	80,377	34,174	-	-	<b>247,690</b>	-	<b>247,690</b>
Gold produced (kilograms) .....	4,027	114	2,500	1,063	-	-	<b>7,704</b>	-	<b>7,704</b>
Cash costs per kilogram (R per kilogram) .....	209,170	608,465	182,482	285,589	-	-	<b>219,024</b>	-	<b>219,024</b>
Total costs per kilogram (R per kilogram) .....	215,054	756,465	255,628	363,891	-	-	<b>234,729</b>	-	<b>237,344</b>

<sup>1</sup> Relates to other non-core operating entities within the Group.

<sup>2</sup> Operating costs equate to cash costs of production.



**For the year ended June 30, 2008**  
(in R'000, except as otherwise noted)

	Continuing Operations							Discontinued Operations			
	Blyvoor	Crown	ERPM	Other <sup>1</sup>	Total South African Operations	Other-Offshore Operations <sup>1</sup>	Total Continuing Operations	Porgera <sup>2</sup>	Tolukuma <sup>2</sup>	Other <sup>1,2</sup>	Total discontinued operations
<b>Operating costs<sup>3</sup></b> .....	697,281	362,237	428,255	15,242	<b>1,503,015</b>	-	<b>1,503,015</b>	-	107,381	17,056	<b>124,437</b>
<i>Plus:</i>											
Depreciation.....	22,671	20,548	25,269	589	<b>69,077</b>	-	<b>69,077</b>	-	348	506	<b>854</b>
Retrenchment costs .....	-	-	5,528	5,816	<b>11,344</b>	-	<b>11,344</b>	-	-	-	-
Movement in provision for environmental rehabilitation .....	958	20,334	10,976	(2,097)	<b>30,171</b>	-	<b>30,171</b>	-	3,868	151	<b>4,019</b>
Movement in gold in progress .....	(14,373)	(1,354)	484	-	<b>(15,243)</b>	-	<b>(15,243)</b>	-	9,675	384	<b>10,059</b>
<b>Total operating costs</b> .....	<b>706,537</b>	<b>401,765</b>	<b>470,512</b>	<b>19,549</b>	<b>1,598,364</b>	-	<b>1,598,364</b>	-	<b>121,272</b>	<b>18,097</b>	<b>139,369</b>
<i>Plus:</i>											
Loss on derivative instruments .....	-	-	-	-	-	-	-	-	-	433	<b>433</b>
Impairments .....	-	-	69,804	(5,889)	<b>63,915</b>	-	<b>63,915</b>	-	46,718	-	<b>46,718</b>
Administration expenses and general costs .....	17,333	12,294	17,622	30,083	<b>77,332</b>	2,107	<b>79,439</b>	1,985	9,898	8,201	<b>20,084</b>
Finance income .....	(5,960)	(10,796)	(2,716)	(64,754)	<b>(84,226)</b>	(7,749)	<b>(91,975)</b>	(195,970)	375	192,555	<b>(3,040)</b>
Finance expenses .....	67,232	25,926	4,360	18,118	<b>115,636</b>	(7,568)	<b>108,068</b>	(7,144)	(4,745)	71,514	<b>59,625</b>
<b>Total costs</b> .....	<b>785,142</b>	<b>429,189</b>	<b>559,582</b>	<b>(2,893)</b>	<b>1,771,021</b>	<b>(13,210)</b>	<b>1,757,811</b>	<b>(201,129)</b>	<b>173,518</b>	<b>290,800</b>	<b>263,189</b>
Gold produced (ounces) .....	141,172	87,354	79,479	-	<b>308,005</b>	-	<b>308,005</b>	-	13,427	-	<b>13,427</b>
Gold produced (kilograms) .....	4,391	2,717	2,472	-	<b>9,580</b>	-	<b>9,580</b>	-	417	-	<b>417</b>
Cash costs per kilogram (R per kilogram) .....	158,798	133,322	173,242	-	<b>156,891</b>	-	<b>156,891</b>	-	257,508	-	<b>298,410</b>
Total costs per kilogram (R per kilogram) .....	178,807	157,964	226,369	-	<b>184,866</b>	-	<b>183,488</b>	-	416,110	-	<b>631,149</b>

<sup>1</sup> Relates to other non-core operating entities within the Group.

<sup>2</sup> On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick and on October 22, 2007 we sold Emperor. On March 30, 2008 we disposed of our 50.25% shareholding in NetGold Services Limited (Netgold). As a result we report the Porgera, Tolukuma, Emperor and Netgold information as discontinued operations and all other operations as continuing operations. We have adjusted the results for prior reporting periods accordingly.

<sup>3</sup> Operating costs equate to cash costs of production.

For the year ended June 30, 2007  
(in R'000, except as otherwise noted)

	Continuing Operations						Discontinued Operations					
	Blyvoor	Crown	ERPM	Other <sup>1</sup>	Total South African Operations	Other-Offshore Operations <sup>1</sup>	Total Continuing Operations	Porgera <sup>2</sup>	Vatukoula <sup>2</sup>	Tolukuma <sup>2</sup>	Other <sup>1,2</sup>	Total discontinued operations
<b>Operating costs<sup>3</sup></b> .....	602,871	343,476	358,716	10,063	<b>1,315,126</b>	-	<b>1,315,126</b>	235,525	175,815	277,191	31,465	<b>719,996</b>
<i>Plus:</i>												
Depreciation.....	21,451	28,080	13,766	608	<b>63,905</b>	-	<b>63,905</b>	28,510	45,410	32,110	8,997	<b>115,027</b>
Retrenchment costs .....	-	-	73	865	<b>938</b>	-	<b>938</b>	-	19,934	138	6,435	<b>26,507</b>
Movement in provision for environmental rehabilitation .....	5,350	9,198	1,516	3,888	<b>19,952</b>	-	<b>19,952</b>	-	-	-	-	-
Movement in gold in progress .....	296	589	(3,760)	-	<b>(2,875)</b>	-	<b>(2,875)</b>	(31,146)	21,382	(4,616)	-	<b>(14,380)</b>
<b>Total operating costs</b> .....	<b>629,968</b>	<b>381,343</b>	<b>370,311</b>	<b>15,424</b>	<b>1,397,046</b>	-	<b>1,397,046</b>	<b>232,889</b>	<b>262,541</b>	<b>304,823</b>	<b>46,897</b>	<b>847,150</b>
<i>Plus:</i>												
Loss on derivative instruments .....	-	-	-	-	-	-	-	-	36,898	-	13,954	<b>50,852</b>
Impairments .....	-	15,588	3,829	(13,529)	<b>5,888</b>	25	<b>5,913</b>	-	807,160	64,968	5	<b>872,133</b>
Administration expenses and general costs .....	15,747	17,181	17,761	25,519	<b>76,208</b>	33,069	<b>109,277</b>	27,401	9,440	33,750	30,118	<b>100,709</b>
Finance income .....	(6,069)	(1,665)	(670)	5,060	<b>(3,344)</b>	(4,564)	<b>(7,908)</b>	(13,380)	6,935	(6,180)	(8,590)	<b>(21,215)</b>
Finance expenses .....	4,830	2,356	9,458	2,825	<b>19,469</b>	4,767	<b>24,236</b>	22,008	(8,637)	29,452	38,924	<b>81,747</b>
<b>Total costs</b> .....	<b>644,476</b>	<b>414,803</b>	<b>400,689</b>	<b>35,299</b>	<b>1,495,267</b>	<b>33,297</b>	<b>1,528,564</b>	<b>268,918</b>	<b>1,114,337</b>	<b>426,813</b>	<b>121,308</b>	<b>1,931,376</b>
Gold produced (ounces).....	151,269	103,011	80,216	-	<b>334,496</b>	-	<b>334,496</b>	71,570	26,910	44,181	-	<b>142,661</b>
Gold produced (kilograms).....	4,705	3,204	2,495	-	<b>10,404</b>	-	<b>10,404</b>	2,226	837	1,372	-	<b>4,435</b>
Cash costs per kilogram (R per kilogram) .....	128,134	107,202	143,774	-	<b>126,406</b>	-	<b>126,406</b>	105,806	210,054	202,034	-	<b>162,344</b>
Total costs per kilogram (R per kilogram).....	136,977	129,464	160,597	-	<b>143,720</b>	-	<b>146,921</b>	120,808	1,331,347	311,088	-	<b>435,485</b>

<sup>1</sup> Relates to other non-core operating entities within the Group.

<sup>2</sup> On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick and on October 22, 2007 we sold Emperor. On March 30, 2008 we disposed of our 50.25% shareholding in NetGold Services Limited (Netgold). As a result we report the Porgera, Tolukuma, Emperor and Netgold information as discontinued operations and all other operations as continuing operations. We have adjusted the results for prior reporting periods accordingly.

<sup>3</sup> Operating costs equate to cash costs of production.

## Capital expenditure

During fiscal 2009, total capital expenditure (cash) relating to continuing operations was R345.1 million, compared to R251.1 million in fiscal 2008, an increase of 37%. Capital expenditure increased, mainly due to R178.4 million spent specifically on the ErgoGold and Ergo Joint Venture projects for installation and development of new infrastructure, R17.2 million for mining properties at ERPM, R39.6 million went towards the completion of reclamation and ancillary equipment for Top Star, tailings deposition site maintenance and installation of reclamation equipment for the recommencement of the 3A17 areas at Crown, R41.4 million for development of infrastructure at Blyvoor and specifically for the Way Ahead project (WAP project) at a cost of R10.1 million. For a detailed discussion on capital expenditure see item 4D: "Property, Plant and Equipment"

During fiscal 2008, total capital expenditure relating to continuing operations was R251.1 million, compared to R139.4 million in fiscal 2007, an increase of 80%. Capital expenditure increased, mainly due to R74.8 million spent specifically on the WAP project at Blyvoor, infrastructural improvements of R30.1 million at ERPM, R42.1 million towards the installation of new pipelines, reclamation of the 3L2 Dump, and Top Star at Crown, and installation and development of infrastructure at the Ergo Joint Venture at a cost of R104.1 million.

Subsequent to June 30, 2009 and up to October 31, 2009 we spent R73.7 million on capital expenditure relating to:

- Blyvoor for opening up and development amounting to R14.0 million;
- Crown for tailings dams amounting to R5.2 million;
- Ergo Joint Venture for rehabilitation work on Brakpan tailings facility amounting to R8.1 million; and
- ErgoGold for reclamation stations amounting to R28.1 million and renewals and other amounting to R18.3 million.

## Ore Reserves

As at June 30, 2009, our Ore Reserves from continuing operations were estimated at 5.2 million ounces, as compared to approximately 4.5 million ounces at June 30, 2008, representing a 16% increase. Excluding the effect of depletion, our Ore Reserves increased by 0.9 million ounces, or 20%. At June 30, 2008, our Ore Reserves from continuing operations were estimated at 4.5 million ounces, as compared to approximately 4.7 million ounces at June 30, 2007, representing a 4% decrease. Excluding the effect of depletion, our Ore Reserves increased by 0.1 million ounces, or 2%.

We seek to increase our Ore Reserves through development and to acquire additional new Ore Reserves through acquisitions.

	<b>Year ended June 30,</b>					
	<b>2009</b>		<b>2008</b>		<b>2007</b>	
	<b>Ounces</b>	<b>Kilograms</b>	<b>Ounces</b>	<b>Kilograms</b>	<b>Ounces</b>	<b>Kilograms</b>
	<b>'000</b>		<b>'000</b>	<b>'000</b>		
<b>Continuing operations</b>						
Blyvoor .....	3,519	109,453	3,332	103,650	3,886	120,877
Crown .....	241	7,496	350	10,883	371	11,561
ERPM .....	1,460	46,940	767	23,866	482	14,986
Ergo Joint Venture .....	-	-	61	1,906	-	-
<b>Total Ore Reserves from continuing operations ..</b>	<b>5,220</b>	<b>163,889</b>	<b>4,510</b>	<b>140,305</b>	<b>4,739</b>	<b>147,424</b>
<b>Discontinued operations</b>						
Porgera Joint Venture .....	-	-	-	-	-	-
Tolukuma .....	-	-	-	-	108	3,354
<b>Total Ore Reserves from discontinued operations .....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>3,354</b>

Our Ore Reserves presented in Item 4B: "Business Overview" and above are prepared using three year average gold prices at the time of reserve determination. For purposes of our financial statements, depreciation and impairment of property, plant and equipment is determined based upon our "recoverable minerals", which means proven and probable ore reserves, which are calculated using our life of mine business plans and a gold price at the end of each financial year.

## **Application of critical accounting policies**

Some of our significant accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on our historical experience, terms of existing contracts, management's view on trends in the gold mining industry and information from outside sources.

Management believes the following critical accounting policies involve the more significant judgments and estimates used in the preparation of our consolidated financial statements and could potentially impact our financial results and future financial performance:

- Property, plant and equipment
- Impairment of property, plant and equipment
- Deferred income and mining taxes
- Reclamation and environmental costs
- Post-retirement medical benefits
- Financial instruments

Management has discussed the development and selection of each of these critical accounting policies with the Board of Directors and the Audit Committee, both of which have approved and reviewed the disclosure of these policies. Our significant accounting policies relating to our accounting estimates and judgments are described in more detail in note 28 to the consolidated financial statements. Refer to Item 18.: "Financial statements". This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in Item 18.: "Financial statements".

### ***Property, plant and equipment***

Actual expenditures incurred for mineral property interests, mine development costs, mine plant facilities and equipment are capitalized to the specific mine to which the cost relates. Depreciation is calculated on a mine-by-mine basis using the units of production method. Other assets are depreciated using the straight-line method over the expected life of these assets. Under the units of production method, we estimate the depreciation rate based on actual production over total Proven and Probable Ore Reserves of the particular mine, which are calculated using our life of mine business plans and a gold price at the end of each financial year. This rate is then applied to actual costs capitalized to date to arrive at the depreciation expense for the period. Proven and Probable Ore Reserves of the particular mine reflect estimated quantities of economically and legally recoverable reserves. Changes in management's estimates of the quantities of economically recoverable reserves impact depreciation on a prospective basis. The estimate of the total reserves of our mines could be materially different from the actual gold mined due to changes in the factors used in determining our Ore Reserves, such as the gold price, foreign currency exchange rates, labor costs, engineering evaluations of assay values derived from sampling of drill holes and other openings. Any change in management's estimate of the total Proven and Probable Ore Reserves would impact the depreciation charges recorded in our consolidated financial statements. The prevailing market price of gold at the end of the financial year was R154,437, R208,287 and R236,227 per kilogram for the fiscal years ended June 30, 2007, 2008 and 2009, respectively.

### ***Impairment of property, plant and equipment***

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices, production levels and cash costs of production, all based on life of mine business plans. The term "recoverable minerals" means proved and probable ore reserves, which are calculated using our life of mine business plans and a gold price at the end of each financial year. The prevailing market price of gold at the end of the financial year was R154,437, R208,287 and R236,227 per kilogram for the fiscal years ended June 30, 2007, 2008 and 2009, respectively. For the purpose of impairment testing, assets are grouped together into the smallest group of assets which generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets, or the cash-generating unit. An impairment loss is recognized directly against the carrying amount of the asset whenever the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of property, plant and equipment is generally determined utilizing discounted future cash flows. We also consider such factors as our market capitalization, the quality of the individual ore body and country risk in determining the recoverable amount. During fiscal 2009, R72.4 million was recorded as impairment and during fiscal 2008 and 2007, R116.5 million and R872.1, respectively, were recorded as impairment by applying these principles. In fiscal 2009, we calculated the recoverable amount based on updated life-of-mine business plans, a gold price of R270,000 per kilogram in year one escalating at 7.42% per annum, and a discount rate of 12.5%. At a gold price reduced by 10% to R243,000 per kilogram, or an increase in the discount rate of 4 percentage points to 16.5%, no further impairment would have been required. The decrease in discount rate from 20% in fiscal 2008 to 12.5% in fiscal 2009 was as a result of the decrease in debt:equity ratio from 0.73:1 down to 0.66:1 and a decrease in the interest rates down from 15.5% to 11%. The decrease in the escalation rate from 11% in fiscal 2008 to 7.42% in fiscal 2009 was a result of lower inflation rates from 11.6% (CPIX) down to 6.9% (CPI).

### ***Deferred income and mining taxes***

Deferred taxation is recognized using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences, based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, and based on the laws that have been enacted or substantively enacted by the reporting date.

The amount recognized as a deferred tax asset is generally determined utilizing discounted future cash flows. We consider all factors that could possibly affect the probability that future taxable profit will be available against which unused tax credits can be utilized. These factors included profitability of the operations and a higher gold price. Where necessary, we apply an uncertainty factor to adjust the amount recognized. The amount recognized as a deferred tax asset is sensitive to the current gold spot price. As at June 30, 2009 we recognized a deferred tax asset of R165.1 million, (June 30, 2008: R81.6 million, and June 30, 2007: Rnil). The amount recognized at June 30, 2009 is based on a future gold price received of R270,000 per kilogram in year one, escalating at an average of 7.42% per annum. At a 10% lower gold price received of R243,000 per kilogram, the deferred tax asset would be reduced by R140.8 million. ErgoGold is still a new project, with no profit history and still faces some metallurgical challenges which it must overcome to achieve the forecasted recovery grade. Should these challenges not be overcome, the deferred tax asset raised will be impacted in the future.

### ***Reclamation and environmental costs***

The provision for environmental rehabilitation (which includes restoration costs) represents the cost that will arise from rectifying damage caused before production commenced. Accordingly an asset is recognized and included within mining properties. Provisions for environmental rehabilitation are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the obligation is included in profit or loss. Estimated future costs of environmental rehabilitation are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalized or reversed against the relevant asset. Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

Estimated provisions for environmental rehabilitation, comprising pollution control rehabilitation and mine closure, are based on our environmental management plans in compliance with current technological, environmental and regulatory requirements. An average discount rate of 8.25%, average inflation rate of 5.7% and expected life of mines according to the life-of-mine plans were utilized in the calculation of the estimated net present value of the rehabilitation liability (fiscal 2008: average discount rate of 11.0%, average inflation rate of 8.9% and fiscal 2007: average discount rate of 9.1% and inflation rate of 6.4%). During fiscal 2009 we had a net increase in our provision of R1.9 million (during fiscal 2008 we acquired the environmental rehabilitation liability to the amount of R 75.5 million relating to the Ergo Joint Venture and disposed of a liability to the amount of R15.8 million that related to the disposal of Emperor). Charges to profit or loss for the environmental rehabilitation of R19.5 million, R34.2 million and R20.0 million were raised in fiscal 2009, 2008 and 2007, respectively. Unwinding of the provisions amounting to R9.8 million, R4.7 million and R3.3 million was recorded in fiscal 2009, 2008 and 2007, respectively.

In South Africa, annual contributions are made to dedicated Rehabilitation Trust Funds, which are to be used to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine.

### ***Post-retirement medical benefits***

Post-retirement medical benefits in respect of qualifying employees are recognized as an expense over the expected remaining service lives of relevant employees. We have an obligation to provide medical benefits to certain of our pensioners and dependants of ex-employees. These liabilities are provided in full, calculated on an actuarial basis. Periodic valuation of these obligations is carried out by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates. Actuarial gains and losses are recognized immediately in profit or loss.

Assumptions used to determine the liability include a discount rate, health cost inflation rate, real discount rate, income at retirement, retirement age, spouse age gap, continuation at retirement and proportion married at retirement. At June 30, 2009 a provision of R42.5 million (June 30, 2008: R21.5 million, June 30, 2007: R19.0 million) for post-retirement medical benefits has been raised. During fiscal 2009, we expensed R21.0 million (2008: R2.5 million; 2007: R2.2 million) relating to these post-retirement medical benefits. While we believe that these assumptions are appropriate, significant changes in the assumptions may materially affect post-retirement obligations as well as future expenses, which may have an impact on earnings in the periods where the changes in the assumptions occur.

## Financial instruments

Financial instruments recognized on the statement of financial position include investments, derivative financial instruments, trade and other receivables, cash and cash equivalents, long- and short-term interest-bearing borrowings, trade and other payables, and bank overdrafts. Financial instruments are initially recognized at fair value and include any directly attributable transaction costs, except those financial instruments measured at fair value through profit or loss.

If the value of the financial instrument cannot be obtained from an active market, we have established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, refined to reflect the issuer's specific circumstances.

## Operating results

### Comparison of financial performance for the fiscal year ended June 30, 2009 with fiscal year ended June 30, 2008

#### Revenue

The following table illustrates the year-on-year change in revenue from continuing operations by evaluating the contribution of each segment to the total change on a consolidated basis for fiscal 2009 in comparison to fiscal 2008:

<i>R'000</i>	Total revenue 2008	Impact of change in volume		Impact of change in price	Net change	Total revenue 2009
		Acquisitions	Internal growth/ (decline)			
Blyvoor .....	848,230	-	(70,316)	240,613	170,297	1,018,517
ErgoGold.....	-	24,178	-	-	24,178	24,178
Crown .....	528,625	-	(42,220)	133,720	91,500	620,125
ERPM .....	467,057	-	(266,215)	47,066	(219,149)	247,908
<b>Total Operations .....</b>	<b>1,843,912</b>	<b>24,178</b>	<b>(378,751)</b>	<b>421,399</b>	<b>66,826</b>	<b>1,910,738</b>

Revenue for fiscal 2009 increased by R66.8 million, or 3.6%, to R1,910.7 million, primarily due to the higher gold price received. The average gold price received by us increased from R192,472 per kilogram in fiscal 2008 to R248,019 per kilogram in fiscal 2009. The impact of the growth in the gold price was offset by the internal decline at ERPM due to their underground operations ceasing production in October 2008.

## Operating costs

The following table illustrates the year-on-year change in operating costs from continuing operations by evaluating the contribution of each segment to the total change on a consolidated basis for fiscal 2009 in comparison to fiscal 2008:

<i>R'000</i>	Total operating costs 2008	Impact of change in volume			Net change	Total operating costs 2009
		Acquisitions	Internal growth/ (decline)	Impact of change in costs		
Blyvoor .....	697,281	-	(57,802)	202,850	145,048	842,329
ErgoGold.....		69,365	-	-	69,365	69,365
Crown .....	362,237	-	(28,931)	122,899	93,968	456,205
ERPM .....	428,255	-	(244,098)	119,424	(124,674)	303,581
Ergo Joint Venture .....		-	4,057	-	4,057	4,057
Other <sup>1</sup> .....	15,242	-	-	(3,420)	(3,420)	11,822
<b>Total .....</b>	<b>1,503,015</b>	<b>69,365</b>	<b>(326,774)</b>	<b>441,753</b>	<b>184,344</b>	<b>1,687,359</b>

The following table lists the major components of operating costs for each of the years set forth below:

<u>Costs</u>	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Labor.....	39%	41%
Contractor services .....	11%	11%
Consumables and other .....	37%	35%
Electricity and water.....	13%	13%

As gold mining in South Africa is very labor intensive, labor costs and contractor services are the largest components of operating costs. Operating costs are linked directly to the level of production of a specific fiscal year. Operating costs in fiscal 2009 increased by 12% to R1,687.4 million compared to operating costs of R1,503.0 million in fiscal 2008. This increase was primarily attributable to ErgoGold which started its operations during November 2008.

At Blyvoor operating costs increased from R697.3 million in fiscal 2008 to R842.3 million in fiscal 2009, with a decrease in volume from 141,172 ounces to 129,473 ounces produced, due to the loss of seventeen production days underground during the first half of the 2009 fiscal year because of Section 54 closures imposed by the DME's (now the Department of Mineral Resources) Safety Inspectorate following three fatalities, and two days of mourning called by the National Union of Mineworkers and in the third quarter of fiscal 2009, six production shifts were lost at No 5 Shaft following a lightning strike at the shaft's electrical sub-station. Operating costs at ErgoGold were R69.4 million in fiscal 2009, representing operating costs from November 2008. Operating costs at Crown were R456.2 million in fiscal 2009, compared to R362.2 million in fiscal 2008. At ERPM operating costs decreased from R428.3 million in fiscal 2008 to R303.6 million in fiscal 2009, due to the underground operations ceasing production in October 2008. The Ergo Joint Venture is still in a pre-feasibility stage and incurred operating costs of R4.1 million.

### **Rehabilitation provision and amounts contributed to environmental trust funds**

As of June 30, 2009, we estimate our total rehabilitation provision, being the discounted estimate of future costs, to be R412.5 million as compared to R381.3 million at June 30, 2008. The increase in fiscal 2009 related to a quantum increase due to vegetation costs and a quantum increase due to the deterioration of the 2L24 / 1L24 – 28 dumps. A movement in the rehabilitation provision of R19.5 million (fiscal 2008: R34.2 million) and an unwinding of the discount of R9.8 million was recorded in fiscal 2009 (fiscal 2008: R4.7 million).

A total of R129.7 million was invested in our various environmental trust funds as at the end of fiscal 2009, as compared to R110.8 million for fiscal 2008. The increase is attributable to investment growth and additional contributions made during the year under review. The shortfall between the trust funds and the estimated provisions is expected to be financed by ongoing financial contributions over the remaining production life of the respective mining operations.

<sup>1</sup> Relates to non-operating entities within the Group.

### ***Depreciation***

Depreciation charges relating to our continuing operations were R99.2 million for fiscal 2009 compared to R69.1 million for fiscal 2008. The increase is mainly attributable to additional assets acquired and increased capital expenditure at ErgoGold and the Ergo Joint Venture during the year.

### ***Retrenchment costs***

Retrenchment costs relating to our continuing operations increased to R34.9 million in fiscal 2009 from R11.3 million for fiscal 2008. In fiscal 2009, these costs related to retrenchments at ERPM at a cost of R30.7 million and retrenchments at our corporate head office, at a cost of R4.2 million. These retrenchments were due to cost reduction initiatives implemented during the year and the closure of ERPM's underground operations in October 2008.

### ***Impairments***

In fiscal 2009, impairments were recorded, relating to the underground mining assets at ERPM amounting to R53.0 million and for Crown R19.4 million because of a restriction of deposition capacity. This compares to impairments in fiscal 2008 relating to the underground mining assets at ERPM amounting to R69.8 million. These impairments were due to the recoverable amount represented by the value in use of these assets being less than their carrying amounts.

### ***Administration expenses and general costs***

The administration expenses and general costs relating to our continuing operations increased in fiscal 2009 to R83.6 million compared to R79.4 million in fiscal 2008, an increase of R4.2 million. The increase was mainly due to our focus on ErgoGold whose operations commenced in November 2008.

### ***Finance income***

Finance income from our continuing operations increased from R92.0 million in fiscal 2008 to R206.0 million in fiscal 2009. The majority of the increase in fiscal 2009 related to interest received on our significant cash and cash equivalents which we carried for a longer period in fiscal 2009 compared to fiscal 2008. In addition, finance income for fiscal 2009 included a R62.0 million net gain on the preference shares carried at amortized cost due to an increase in the repayment period and R53.0 million negative goodwill on the acquisition of the remaining 50% interest in ErgoGold.

### ***Finance expenses***

Finance expenses from our continuing operations decreased from R108.1 million in fiscal 2008 to R41.7 million in fiscal 2009. A net loss on the re-measurement of financial liabilities carried at amortized cost of R83.7 million in fiscal 2008 was the main reason for the decrease from fiscal 2008 to fiscal 2009.

### ***Income tax***

The net tax benefit relating to our continuing operations of R28.4 million for fiscal 2009 comprises a current taxation charge of R46.2 million and a deferred tax benefit of R74.6 million. This compares to a net tax benefit relating to our continuing operations of R68.3 million for fiscal 2008 comprising a current taxation charge of R13.3 million and a deferred tax benefit of R81.6 million. The increase in the deferred tax benefit was as a result of the recognition of estimated tax losses at our operations and other temporary differences which were not recognized previously. On the statement of financial position this deferred tax asset raised was offset by a deferred tax liability raised on the acquisition of ErgoGold amounting to R185.7 million.



## Comparison of financial performance for the fiscal year ended June 30, 2008 with fiscal year ended June 30, 2007

### Revenue

The following table illustrates the year-on-year change in revenue from continuing operations by evaluating the contribution of each segment to the total change on a consolidated basis for fiscal 2008 in comparison to fiscal 2007:

	Total revenue 2007	Impact of change in volume			Net change	Total revenue 2008
		Acquisitions	Internal growth/ (decline)	Impact of change in price		
<i>R'000</i>						
Blyvoor .....	694,612	-	(46,357)	199,975	153,618	848,230
Crown .....	472,842	-	(71,871)	127,654	55,783	528,625
ERPM .....	367,323	-	(3,386)	103,120	99,734	467,057
<b>Total Operations .....</b>	<b>1,534,777</b>	<b>-</b>	<b>(121,614)</b>	<b>430,749</b>	<b>309,135</b>	<b>1,843,912</b>

Revenue for fiscal 2008 increased by R309.1 million, or 20%, to R1,843.9 million, primarily due to the higher gold price received. The average gold price received by us increased from R147,516 per kilogram in fiscal 2007 to R192,472 per kilogram in fiscal 2008.

### Operating costs

The following table illustrates the year-on-year change in operating costs from continuing operations by evaluating the contribution of each segment to the total change on a consolidated basis for fiscal 2008 in comparison to fiscal 2007:

	Total operating costs 2007	Impact of change in volume			Net change	Total operating costs 2008
		Acquisitions	Internal growth/ (decline)	Impact of change in costs		
<i>R'000</i>						
Blyvoor .....	602,871	-	(40,234)	134,644	94,410	697,281
Crown .....	343,476	-	(52,207)	70,968	18,761	362,237
ERPM .....	358,716	-	(3,307)	72,846	69,539	428,255
Other <sup>1</sup> .....	10,063	-	-	5,179	5,179	15,242
<b>Total .....</b>	<b>1,315,126</b>	<b>-</b>	<b>(95,748)</b>	<b>283,637</b>	<b>187,889</b>	<b>1,503,015</b>

<sup>1</sup> Relates to non-operating entities within the Group.

The following table lists the major components of operating costs for each of the years set forth below:

<u>Costs</u>	<u>Years ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Labor.....	41%	39%
Contractor services.....	11%	18%
Consumables and other .....	35%	29%
Electricity and water.....	13%	14%

As gold mining in South Africa is very labor intensive, labor costs and contractor services are the largest components of operating costs. Operating costs are linked directly to the level of production of a specific fiscal year. Operating costs in fiscal 2008 increased by 14% to R1,503.0 million compared to operating costs of R1,315.1 million in fiscal 2007. This increase was primarily attributable to higher costs of labor, steel, fuel, electricity and water at all the operations.

At Blyvoor operating costs increased from R602.9 million in fiscal 2007 to R697.3 million in fiscal 2008, with a decrease in volume from 151,269 ounces to 141,172 ounces produced, due to the loss of seven production shifts underground because of a stoppage imposed by the DME's Safety Inspectorate in October following two fatalities; the impact of power cuts by Eskom in January when five production days were lost; and a one-day illegal strike during May. Operating costs at Crown were R362.2 million in fiscal 2008, compared to R343.5 million in fiscal 2007. At ERPM operating costs increased from R358.7 million in fiscal 2007 to R 428.3 million in fiscal 2008.

#### ***Rehabilitation provision and amounts contributed to environmental trust funds***

As of June 30, 2008, we estimate our total rehabilitation provision, being the discounted estimate of future costs, to be R381.3 million as compared to R282.6 million at June 30, 2007. The increase in fiscal 2008 related to the acquisition of the environmental rehabilitation liability to the amount of R 75.5 million relating to the Ergo Joint Venture and the disposal of a liability to the amount of R15.8 million that related to the disposal of Emperor. A movement in the rehabilitation provision of R34.2 million (fiscal 2007: R20.0 million) and an unwinding of the discount of R4.7 million was recorded in fiscal 2008 (fiscal 2007: R3.3 million).

A total of R110.8 million was invested in our various environmental trust funds as at the end of fiscal 2008, as compared to R75.8 million for fiscal 2007. The increase is attributable to investment growth and additional contributions made during the year under review. The shortfall between the trust funds and the estimated provisions is expected to be financed by ongoing financial contributions over the remaining production life of the respective mining operations.

#### ***Depreciation***

Depreciation charges relating to our continuing operations were R69.1 million for fiscal 2008 compared to R63.9 million for fiscal 2007. The increase is mainly attributable to an increase in capital expenditure in recent years.

#### ***Retrenchment costs***

Retrenchment costs relating to our continuing operations increased to R11.3 million in fiscal 2008 from R0.9 million for fiscal 2007. In fiscal 2008, these costs related to retrenchments made at ERPM at a cost of R5.5 million, retrenchment costs at DRDGOLD SA, at a cost of R0.9 million, and retrenchment costs at our corporate head office, at a cost of R4.9 million. Retrenchment costs increased in fiscal 2008 due to a cost reduction initiatives implemented during the year.

#### ***Impairments***

In fiscal 2008, an impairment relating to the underground mining assets at ERPM amounting to R69.8 million was recorded. The impairment was due to the recoverable amount represented by the value in use of these assets being less than their carrying amount. This compares to an impairment of R5.9 million in fiscal 2007 which was recorded against preference shares held in Khumo Gold and a loan to our employee trust.

#### ***Administration expenses and general costs***

The administration expenses and general costs relating to our continuing operations decreased in fiscal 2008 to R79.4 million as compared to R109.3 million in fiscal 2007, a decrease of R29.9 million. The decrease was mainly due to our ongoing focus on reducing corporate costs and the disposal of Emperor.

### ***Finance income***

Finance income from our continuing operations increased from R7.9 million in fiscal 2007 to R92.0 million in fiscal 2008. The majority of the increase in fiscal 2008 related to interest received on our significantly higher cash and cash equivalents in fiscal 2008 compared to fiscal 2007.

### ***Finance expenses***

Finance expenses from our continuing operations increased from R24.2 million in fiscal 2007 to R108.1 million in fiscal 2008. A net loss on the re-measurement of financial liabilities carried at amortized cost of R83.7 million in fiscal 2008 was the main reason for the increase.

### ***Income tax***

The net tax benefit relating to our continuing operations of R68.3 million for fiscal 2008 comprises a current taxation charge of R13.3 million and a deferred tax benefit of R81.6 million. This compares to a current taxation charge of R0.3 million and Secondary Tax on Companies of R0.4 million in fiscal 2007. The increase in the deferred tax benefit was as a result of the recognition of estimated tax losses at our operations which were not recognized previously.

### ***Profit on disposal of discontinued operations***

On August 17, 2007, Emperor sold its 20% interest in the Porgera Joint Venture to Barrick. The total consideration for the transaction was R1.9 billion (\$255.0 million) which was paid in cash. We recognized a profit on disposal of Porgera of R1.1 billion. The effective date of the transaction was April 1, 2007.

The sale of our 78.72% interest in Emperor was concluded on October 22, 2007 for a total consideration of R355.8 million (A\$56.0 million). We recognized a profit on disposal of R103.4 million.

On March 30, 2008 we disposed of our 50.25% shareholding in NetGold and in exchange for our shareholding in NetGold obtained a 12.3% stake in GoldMoney. A profit of R13.4 million was recognized on this disposal.

## **5B. LIQUIDITY AND CAPITAL RESOURCES**

### **Operating activities**

Net cash of R208.2 million was generated by operating activities for fiscal 2009 as compared to net cash generated by operating activities of R182.6 million for fiscal 2008 and R2.3 million for fiscal 2007. During fiscal 2009, the net working capital movement represented an inflow of cash of R44.1 million, compared to an inflow of R19.0 million in fiscal 2008 and an inflow of R99.2 million in fiscal 2007. Cash generated from operating activities improved significantly as a result of the disposal of Emperor along with our loss-making foreign operations.

### **Investing activities**

Net cash utilized by investing activities amounted to R593.4 million in fiscal 2009 compared to R1,531.0 million generated in fiscal 2008 and R316.3 million utilized in fiscal 2007.

In fiscal 2009, cash utilized by investing activities mainly consisted of R345.1 million additions to property, plant and equipment, and R277.8 million for the acquisition of the remaining 50% of ErgoGold. Cash generated from investing activities in fiscal 2008, mainly consisted of a cash inflow on disposal of Porgera, net of cash disposed, of R1,936.7 million, cash outflow on disposal of Netgold and Emperor, net of cash disposed, of R121.7 million along with capital expenditure of R286.7 million (including discontinued operations) and contributions to environmental trust funds of R26.5 million. Cash utilized in investing activities during fiscal 2007, included capital expenditure of R313.0 million (including discontinued operations).

Total capital expenditure for fiscal 2009 was R345.1 million. Capital expenditure was predominantly on Ore Reserve development, new infrastructure and new mining equipment at our operations. Significant continuing capital projects for fiscal 2009 included:

- Development of infrastructure at Blyvoor at a cost of R41.4 million and specifically for the WAP project at a cost of R10.1 million (refer Item 4B 'Business Overview');
- Tailings deposition site maintenance, 3A17 dump reclamation and Top Star at Crown at a cost of R39.6 million;
- Mining properties development at ERPM at a cost of R17.2 million;
- Installation and development of infrastructure at ErgoGold and the Ergo Joint Venture at a cost of R178.4 million.

Total capital expenditure for fiscal 2008 was R286.7 million (including discontinued operations). Capital expenditure was predominantly on Ore Reserve development and new underground mining equipment at all operations. Significant continuing capital projects for fiscal 2008 included:

- Ore Reserve development specifically for the WAP project at Blyvoor at a cost of R74.8 million;
- Installation of new pipelines, 3L2 dump reclamation and Top Star at Crown at a cost of R42.1 million;
- Ore Reserve development and improvement of infrastructure at ERPM at a cost of R30.1 million;
- Installation and development of infrastructure at the Ergo Joint Venture at a cost of R104.1 million.

Total capital expenditure for fiscal 2007 was R313.0 million (including discontinued operations). Capital expenditure was predominantly on Ore Reserve development and new underground mining equipment at all operations. Significant continuing capital projects for fiscal 2007 included:

- Ore Reserve development, pipeline and PLC (Programmable logic controller) upgrades, new mobile cooling units and the WAP project at Blyvoor at a cost of R68.5 million;
- Installation of new pipelines, 3L2 Dump reclamation and new buttresses at Crown at a cost of R30.0 million;
- Ore Reserve development and improvement of infrastructure at ERPM at a cost of R40.6 million;
- Upgrading of Philip Shaft infrastructure and Ore Reserve development at Vatukoula at a cost of R66.4 million; and
- Contributions to the West Wall refurbishment at Porgera of R27.4 million

We anticipate decreasing our capital expenditure in fiscal 2010 by about 30% from our capital expenditure for fiscal 2009 on continuing operations. We expect to incur R240.6 million of capital expenditure on mining equipment and development, upgrading existing underground operations and upgrading current metallurgical plants as follows:

- Blyvoor – R116.5 million;
- Crown – R36.3 million;
- ERPM – R14.7 million;
- ErgoGold – R44.6 million;
- Ergo Joint Venture – R28.5 million.

#### **Financing activities**

Net cash outflow from financing activities was R85.8 million in fiscal 2009 compared to R840.0 million in fiscal 2008. In fiscal 2007 the net cash outflow from financing activities was R98.7 million.

During fiscal 2009, we issued 1,429,715 shares to the share option scheme for a consideration of R6.7 million, a dividend of R37.7 million was paid and we there was a repayment of borrowings amounting to R54.4 million.

Net cash outflow from financing activities was R840.0 million in fiscal 2008 compared to R98.7 million in fiscal 2007.

During fiscal 2008, we issued 6,229,607 shares for proceeds of R30.3 million. Of these shares, we issued 5,800,000 shares to Investec raising R28.0 million in settlement of financing facilities and a portion of the Convertible Loan Notes and 429,607 shares to the share option scheme for a consideration of R2.3 million. We also repaid borrowings of R819.9 million and made a capital distribution of R74.1 million to the non-controlling interest in Emperor during fiscal 2008.

During fiscal 2007, we issued 50,306,903 shares for proceeds of R315.6 million. Of these shares, we issued 50,132,575 shares to Investec raising R314.6 million in settlement of financing facilities and 174,328 shares to the share option scheme for a consideration of R1.0 million.

#### **Borrowings and funding**

Our external sources of capital include the issuance of debt, bank borrowings and the issuance of equity securities, which include the following:

Effective July 31, 2007 and March 1, 2008, Ergo Mining (Pty) Limited (or the Ergo Joint Venture) entered into two separate loan facilities, amounting to R85.3 million, with AngloGold Ashanti Limited for the purchase of the remaining movable and immovable assets of Ergo. The facilities are repayable in equal monthly installments over 23 and 19 months, respectively. The loans bear interest at the prime lending rate, which was 11.0% at June 30, 2009 (June 30, 2008 of 15.5%). The loan is secured over the assets that were purchased from AngloGold Ashanti Limited.

On January 1, 2009, we entered into a facility of R250.0 million with Investec Bank Limited. The facility bears interest at the three-month Johannesburg Inter-bank Acceptance Rate, or JIBAR, plus 300 basis points. During fiscal 2009, we had not drawn down against this facility. As at October 31, 2009 we had drawn down R50 million against this facility.

## **Anticipated funding requirements and sources**

At June 30, 2009, we had cash and cash equivalents of R352.7 million, and positive working capital (defined as current assets less current liabilities) of R224.5 million, compared to cash and cash equivalents of R845.6 million and positive working capital of R761.8 million at June 30, 2008 and cash and cash equivalents of negative R12.4 million and negative working capital of R179.7 million at June 30, 2007. At October 31, 2009, our cash and cash equivalents were R160.7 million.

Our management believes that existing cash resources, net cash generated from operations and current borrowing facilities will be sufficient to meet our anticipated commitments for fiscal 2010 as described above.

Our estimated working capital, capital expenditure and other funding commitments, as well as our sources of liquidity, would be adversely affected if:

- our operations fail to generate forecasted net cash flows from operations;
- there is an adverse variation in the price of gold or foreign currency exchange rates in relation to the US dollar, particularly with respect to the rand; or
- our operating results or financial condition are adversely affected by the uncertainties and variables facing our business discussed under Item 5A.: "Operating Results" or the risk factors described in Item 3D.: "Risk Factors."

In such circumstances, we could have insufficient capital to meet our current obligations in the normal course of business, which would have an adverse impact on our financial position and our ability to continue operating as a going concern. We would need to reassess our operations, consider further restructuring and/or obtain additional debt or equity funding. There can be no assurance that we will obtain this additional or any other funding on acceptable terms or at all.

## **5C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.**

We are not involved in any research and development and have no registered patents or licenses.

## **5D. TREND INFORMATION**

During the first quarter of fiscal 2010, we produced 57,292 ounces at average cash costs of R243,684 per kilogram from our operations. Gold production from our operations for the second quarter of fiscal 2010 is expected to be higher, due to the ramp up in production at ErgoGold and the completion of the strike over wages at Blyvoor. As a result of the higher expected production, cash costs for the second quarter of fiscal 2010 may be lower than that achieved during the first quarter of fiscal 2010.

For the full year fiscal 2010, we are forecasting gold production from our operations of approximately 258,000 ounces at cash costs of approximately R216,952 per kilogram, based on an exchange rate assumption of approximately \$1.00/R7.57. Our ability to meet the full year's production target could be impacted by, amongst other factors, seismicity, power shortages, lower grades, restructuring of Blyvoor and achieving the targets set at ErgoGold. We are also subject to cost pressures due to increases in labor costs; increases in crude oil, steel, electricity and water prices; unforeseen changes in ore grades and recoveries; unexpected changes in the quality or quantity of reserves; unstable or unexpected ground conditions and seismic activity; technical production issues; environmental and industrial accidents; gold theft; environmental factors; and pollution, which could adversely impact the forecasted cash costs for fiscal 2010.

On November 9, 2009, DRDGOLD announced that, in a bid to save its Blyvoor mine from liquidation, it intended applying to the High Court of South Africa for a provisional judicial management order over the operation and was granted by the High Court on November 10, 2009. DRDGOLD expects that Blyvoor will remain under provisional judicial management until after access to the seismicity-damaged, higher-grade areas at its No 5 Shaft had been regained, which is expected to be by March 2010. See Item 4D.: "Property, Plant and Equipment – Legal Proceedings" and Item 18.: "Financial Statements – Subsequent Events" for further discussions on this matter.

## **5E. OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not engage in off-balance sheet financing activities, and does not have any off-balance sheet debt obligations, special purposes entities or unconsolidated affiliates.

## 5F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

	<u>Total</u> <u>R'000</u>	<u>Less than</u> <u>1 year</u> <u>R'000</u>	<u>Payments due by period</u>		
			<u>Between</u> <u>1-3 years</u> <u>R'000</u>	<u>Between</u> <u>3-5 years</u> <u>R'000</u>	<u>More than</u> <u>5 years</u> <u>R'000</u>
Long-term loans (including interest).....	2,373	2,373	-	-	-
Purchase obligations – contracted capital expenditure <sup>1</sup> .....	33,063	33,063	-	-	-
DRDSA Employment share trust (including interest).....	197,803	-	12,630	96,385	88,788
Environmental rehabilitation, reclamation and closure costs <sup>2</sup> ...	412,454	4,200	82,997	-	325,257
<b>Total contractual cash obligations</b> .....	<b>645,693</b>	<b>39,636</b>	<b>95,627</b>	<b>96,385</b>	<b>414,045</b>

## 5G. SAFE HARBOR

See “Special Note regarding Forward-Looking Statements.”

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### 6A. DIRECTORS AND SENIOR MANAGEMENT

#### Directors and Executive Officers

Our board of directors may consist of not less than four and not more than twenty directors. As of June 30, 2009, our board consisted of six directors and as of June 30, 2008, seven directors.

In accordance with JSE listing requirements and our Articles of Association, one third of the directors comprising the board of directors, on a rotating basis, are subject to re-election at each annual general shareholders’ meeting. Additionally, all directors are subject to election at the first annual general meeting following their appointment. Retiring directors normally make themselves available for re-election.

The address of each of our Executive Directors and Non-Executive Directors is the address of our principal executive offices.

#### Executive Directors

*Daniel Johannes Pretorius (42)* Chief Executive Officer. Mr. D.J. Pretorius was appointed as Chief Executive Officer Designate on August 21, 2008. On January 1, 2009 he succeeded Mr. John William Cornelius Sayers as Chief Executive Officer. Mr. Pretorius holds a B Proc, LLB degree and was appointed Group Legal counsel for the Company in February 2003. He has 16 years of experience in the mining industry. He was appointed as Chief Executive Officer of DRDGOLD SA in July 2006 and is also a director of Rand Refinery Limited.

*Craig Clinton Barnes (39)* Chief Financial Officer. Mr. C.C. Barnes joined the Company in August 2004 as Group Financial Accountant. A Chartered Accountant, he has a B Com degree from the University of the Witwatersrand, or Wits University, and a B Com Honors degree from the University of South Africa, or Unisa. Prior to joining the Company, he was head of financial reporting for Liberty Group Limited and he has over fifteen years financial experience. He was appointed as Chief Financial Officer of DRDGOLD SA in July 2006 and as Chief Financial Officer of DRDGOLD in May 2008.

#### Non-Executive Directors

<sup>1</sup> Represents planned capital expenditure for which contractual obligations exist.

<sup>2</sup> Operations of gold mining companies are subject to extensive environmental regulations in the various jurisdictions in which they operate. These regulations establish certain conditions on the conduct of our operations. Pursuant to environmental regulations, we are also obliged to close our operations and reclaim and rehabilitate the lands upon which we have conducted our mining and gold recovery operations. The gross estimated closure costs at existing operating mines and mines in various stages of closure are reflected in this table. For more information on environmental rehabilitation obligations, see Item 4D.: “Property, Plant and Equipment” and Note 19 “Provision for environmental rehabilitation, reclamation and closure costs” under Item 18.: “Financial Statements”.

*Geoffrey Charles Campbell (48)*. Mr. G.C. Campbell was appointed as Non-Executive Director in 2002, as a Senior Independent Non-Executive Director in December 2003 and as Non-Executive Chairman in October 2005. A qualified geologist, he has worked on a gold mine in Canada. He then spent 15 years first as a stockbroker and afterwards as a fund manager, during which time he managed the Merrill Lynch Investment Manager's Gold and General Fund, one of the largest gold mining investment funds. He was also Research Director for Merrill Lynch Investment Managers. Mr. G.C. Campbell is Managing Director of Boatlaunch Limited and a director of Oxford Abstracts. On June 26, 2006, he was appointed Non-Executive Chairman of Emperor Mines Limited. He resigned as Non-Executive Chairman of Emperor Mines Limited on November 1, 2007, and on March 11, 2008 as a Non-Executive Director when Emperor Mines Limited merged with Intrepid Mines Limited.

*Robert Peter Hume (69)*. Mr. R.P. Hume was appointed as a Non-Executive Director in 2001. He has forty one years experience in the auditing field which included eighteen years as a partner in the East London (South Africa) office of KPMG. Since retirement in 1999, he has spent nine years as an Investment Manager at Nvest Securities (Pty) Limited (formerly Sasfin Frankel Pollak) in East London. Mr. R.P. Hume is also a director of King Consolidated Holdings Limited.

*James Turk (62)*. Mr. J. Turk was appointed a Non-Executive Director in October 2004. He is the founder and a director of GoldMoney, formerly G.M. Network Limited (also known as GoldMoney.com), the operator of a digital gold currency payment system. Since graduating from George Washington University with a BA degree in International Economics in 1969, he has specialized in international banking, finance and investments. After starting his career with Chase Manhattan Bank (now J.P. Morgan Chase) he joined RTB, Inc., the private investment and trading company of a prominent precious metals trader in 1980. He moved to the United Arab Emirates in 1983 as Manager of the Commodity Department of the Abu Dhabi Investment Authority. Since resigning from this position in 1987, he has written extensively on money and banking.

*Edmund Jeneker (47)*. Mr. E.A. Jeneker was appointed a Non-Executive Director on November 1, 2007. He is a trained accountant and over the past 11 years specialized in business strategy and general management. He currently holds the position Regional Executive: Retail Bank at ABSA Bank Limited. Prior to joining ABSA Bank he was the Western Cape Regional Manager at Deloitte and Touche Chartered Accountants, where he was responsible for International trade and Investments in the Tax Division. He also headed up the World Bank Competitiveness Fund in the Western and Eastern Cape and was Financial Controller: Corporate Finance at Mercantile and General.

### **Senior Management**

*David Johannes Botes (52)* Group Risk Manager. Mr.D.J. Botes (Dip Comm, HDip Tax) joined DRDGOLD on September 7, 1988 as Group Financial Manager. He was appointed Group Risk Manager on February 1, 2003. He has 26 years of financial management experience.

*Jacob Hendrik Dissel (51)* Group Financial Manager. Mr. J.H. Dissel (B Comm Hons) joined DRDGOLD as Group Financial Manager in October 1999. He has 26 years experience in the mining industry

*Themba John Gwebu (45)* Executive Officer: Compliance. Mr. T.J. Gwebu (B Iuris, LLB, LLM) is a qualified attorney who worked as a magistrate prior to joining the Company in April 2004 as Assistant Legal Advisor. He was appointed to the position of Company Secretary in April 2005 and Executive Officer: Compliance on January 1, 2007.

*Amanda Roxanne Hoosen (31)* Manager Internal Audit and Compliance. Ms. A.R. Hoosen joined the Company in her current position in October 2004. She is a graduate in accounting and international business from Drexel University in the United States, and a Certified Public Accountant. She was previously employed in the United States by Cox Enterprises Incorporated and Ernst and Young, LLP.

*Andrew Norman Weir (45)* Executive Officer: Human Resources. Mr. A.N. Weir holds a B Soc Sci degree and a diploma in advanced labor law, and he has also completed a Management Development Program, or MDP. He was appointed Group Strategic Manager Human Resources on April 1, 2006 and Executive Officer: Human Resources on April 1, 2008. Mr. A.N. Weir has 21 years experience in the mining industry.

*Henry Gouws (40)* General Manager: Crown. Mr. H. Gouws graduated from Technicon Witwatersrand and obtained a National Higher Diploma in Extraction Metallurgy in 1991. He completed a MDP in 2003 through Unisa School of Business Leadership. He was appointed Operations Manager of Crown in January 2006 and General Manager in July 2006. He has 22 years experience in the mining industry.

*Kevin Peter Kruger (41)* Regional Engineering Manager. Mr. K.P. Kruger holds a BSc degree in mechanical engineering from Wits University and joined the Company in 1994. Previously the Engineering Manager at the Company's North West Operations, he was appointed to his current position in April 2005.

*Louis Charles Lamsley (61)* Head of Properties Division and General Manager ERPM. Mr. L.C. Lamsley who has a National Diploma in Metalliferous Mining and a Mine Manager's Certificate of Competency, was appointed to his current position in January 2008. He has 36 years experience in the gold mining industry, 28 years of which have been spent in management.

*Cornelius Russouw (51) Executive Officer: Underground Operations.* Mr. C. Russouw became General Manager at Blyvoor in September 2006. He was previously Mine Manager at Harmony Gold Mining Company Limited's Virginia Operations and has held various mining-related positions within Harmony and GenGold/Gold Fields, during a career spanning 29 years. He has a B Tech degree in mining engineering, a national diploma in Metalliferous Mining and a National higher diploma in Metalliferous Mining. He was appointed Executive Officer: Underground Operations on January 1, 2008.

*Charles Methley Symons (55) Executive Officer: Surface Operations.* Mr. C.M. Symons was appointed General Manager Crown in 1995 and was appointed to his current position in January 2006. He holds a Masters degree in Business Leadership and a B Comm degree from Unisa, and he also has a National Diploma in Extractive Metallurgy. He was appointed Executive Officer: Surface Operations on January 1, 2008.

*Phillip Watters (53) General Manager Projects.* Mr. P. Watters joined the Company in 2002 and took up his current position on August 1, 2005. He was previously General Manager ERPM. Mr. P. Watters, who obtained a Mine Manager's certificate of Competency in May 1993, has a total of 34 years experience in mining, 23 years of which were spent with Gold Fields and four with Anglo American. His career includes both production and project management experience.

*William Stanly Owen O'Brien (45) General Manager: Blyvoor.* Mr. W.S.O. O'Brien was appointed General Manager: Blyvoor on September 25, 2008. He was previously employed by Harmony Gold where he held various management positions. He has 25 years of experience in the mining industry and holds a Mine Manager's Certificate of Competency.

*Martin Bruce Ebell (51) Manager Metallurgical Technical Services.* Mr. M.B. Ebell joined the Company in 2008 as Manager Metallurgical Technical Services. He was previously employed by Bateman Minerals and Metals, Alex Steward Assayers, Dowding Reynard and Associates, Millsell/Henry Gould and Rand Mines, and has 29 years of experience in the field of extractive metallurgy in various managerial, consulting and project engineering positions. He is registered professional engineer and a member of SAImm and MMMA and holds a MEng (MEM) USA, BSc (Eng) Minerals Processing, B Comm degrees and a MDP certificate.

*Ryno Botha (37) Mineral Resource Manager:* Mr. R. Botha joined the Company on December 6, 2004 and was promoted to his current position as Mineral Resource Manager on November 1, 2008. He was previously employed by JCI, Amplats, Anglo Platinum and has 17 years of mining experience. He holds a M(Eng) in Mineral Resource Management, Graduate Diploma in Engineering (MRM), National Higher Diploma in Mineral Resource Management, National Diploma in Mine Surveying and a Mine Surveyor's Certificate of Competency.

#### ***Changes in our Board of Directors and Executive Officers***

The following changes occurred in our board of directors and executive officers from July 1, 2008 to October 31, 2009.

<b><u>Resignations</u></b>	<b><u>Title</u></b>	<b><u>Date</u></b>
D.J.M Blackmur	Non-Executive Director	November 28, 2008
J.W.C Sayers	Chief Executive Officer	December 31, 2008

#### **Directors' Terms of Service**

The following table shows the date of appointment, expiration of term and number of years of service with us of each of the directors as at June 30, 2009:

<b><u>Director</u></b>	<b><u>Title</u></b>	<b><u>Year first appointed</u></b>	<b><u>Term of current office</u></b>	<b><u>Unexpired term of current office</u></b>
C.C. Barnes	Chief Financial Officer	2008	3 years	22 months
G.C. Campbell	Non-Executive Director	2002	2 years	4 months
R.P. Hume	Non-Executive Director	2001	2 years	15 months
E.A. Jeneker	Non-Executive Director	2007	2 years	4 months
D.J. Pretorius	Chief Executive Officer	2008	3 years	30 months
J. Turk	Non-Executive Director	2004	2 years	16 months

There are no family relationships between any of our executive officers or directors. There are no arrangements or understandings between any of our directors or executive officers and any other person by which any of our directors or executive officers has been so elected or appointed.



## 6B. COMPENSATION

Our Articles of Association provide that the directors' fees should be determined from time to time in a general meeting or by a quorum of Non-Executive Directors. The total amount of directors' remuneration paid for the year ended June 30, 2009 was R16.4 million. Non-Executive Directors receive the following fees:

- Base fee as Non-Executive Chairman of R981,000 per annum;
- Base fee as Senior Independent Non-Executive of R490,500 per annum;
- Base fee as Non-Executive Directors of R436,000 per annum;
- Annual fee for Audit Committee Chairman of R43,600;
- Annual fee for Audit Committee member of R21,800;
- Annual fee for Nominations Committee Chairman of R16,350;
- Annual fee for Nominations Committee member of R8,175;
- Annual fee for the Chairman of Remco, Risco and Transco of R32,700 each;
- Annual fee for members of Remco, Risco and Transco of R16,350 each;
- Half-day fee for participating by telephone in special board meetings;
- Daily fee of R16,350 and hourly rate of R2,180; and
- The Chairman of the board to receive committee fees.
- Non-executive directors' fees to be adjusted annually on the basis of the consumer price index.

The following table sets forth the compensation for our directors for the year ended June 30, 2009:

<u>Directors</u>	<u>Basic salary/fees (R'000)</u>	<u>Retirement fund contributions/ bonus/restraint of trade/expenses (R'000)</u>	<u>Total (R'000)</u>	<u>Share option scheme gains (R'000)</u>
<b>Executive</b>				
D.J. Pretorius (1) .....	3,291	2,147	5,438	-
J.W.C. Sayers (2) .....	1,795	2,202	3,997	-
C.C. Barnes .....	2,472	705	3,177	-
<b>Subtotal</b> .....	<b>7,558</b>	<b>5,054</b>	<b>12,612</b>	<b>-</b>
<b>Non-Executive</b>				
G.C. Campbell.....	1,154		1,154	-
R. Hume .....	590		590	-
D.J.M. Blackmur (3) .....	314	653	967	-
J. Turk.....	531		531	-
E.A. Jeneker .....	545		545	-
<b>Subtotal</b> .....	<b>3,134</b>	<b>653</b>	<b>3,787</b>	<b>-</b>
<b>Total</b> .....	<b>10,692</b>	<b>5,707</b>	<b>16,399</b>	<b>-</b>

(1) Appointed as CEO Designate on August 21, 2008 and CEO on January 1, 2009.

(2) Retired as CEO with effect from December 31, 2008.

(3) Term of directorship ended on November 28, 2008.

See also Item 6E.: "Share Ownership" for details of share options held by directors.

## **Compensation of senior management**

Our senior management comprises its executive directors and executive officers. Under the JSE Listing Rules we are not required to, and we do not otherwise, disclose compensation paid to individual senior managers other than Executive and Non-Executive Directors. However, the aggregate compensation paid to senior management, excluding compensation paid to Executive Directors, in fiscal 2009 was R22.2 million (fiscal 2008: R35.0 million), representing 14 executive officers in fiscal 2009 and 21 executive officers in fiscal 2008.

Bonuses or incentives are paid based upon performance against predetermined key performance indicators. Should an Executive Director meet all the targets set in terms of such predetermined key performance indicators, he will be entitled to a bonus of up to 50% or 100% of his remuneration package, depending on his particular agreement. Should an Executive Director not meet all the targets set in terms of the predetermined key performance indicators, he will be entitled to a lesser bonus as determined by the Remuneration and Nominations Committee.

## **Service Agreements**

Service contracts negotiated with each executive and Non-Executive Director incorporate their terms and conditions of employment and are approved by our Remuneration and Nominations Committee.

The Company's executive directors, Mr. D.J. Pretorius and Mr. C.C. Barnes, entered into agreements of employment with us, on January 1, 2009 and May 5, 2008 respectively. These agreements regulate the employment relationship with Messrs. D.J. Pretorius and C.C. Barnes.

Mr. D.J. Pretorius receives from us a remuneration package of R3.6 million per annum. Mr. D.J. Pretorius is eligible under his employment agreement, for an incentive bonus of up to 100% of his annual remuneration package in respect of one bonus cycle per annum over the duration of his appointment, on condition that he achieves certain key performance indicators. DRDGOLD shall issue Mr. D.J. Pretorius with 100,000 ordinary DRDGOLD shares or alternatively shall pay Mr. D.J. Pretorius the cash value of 100,000 ordinary DRDGOLD shares reckoned at market value on the date that the conversion of mining rights of DRDGOLD's South African operations is completed.

Mr. C.C. Barnes receives from us a remuneration package of R2.5 million per annum. Mr. C.C. Barnes is eligible under his employment agreement, for an incentive bonus of up to 50% of his annual remuneration package in respect of one bonus cycle per annum over the duration of his appointment, on condition that he achieves certain key performance indicators. As a further consideration for agreeing to remain in the employment of the company as set out in the agreement, the company will issue Mr. C.C. Barnes with, up to 50% of his annual package, share options in DRDGOLD Limited on an annual basis and on the third anniversary of this agreement a bonus payment equal to 30% of his annual package.

Each service agreement with our directors provides for the provision of benefits to the director where the agreement is terminated by us in the case of our executive officers, except where terminated as a result of certain action on the part of the director, or upon the director reaching a certain age, or by the director upon the occurrence of a change of control of us. A termination of a director's employment upon the occurrence of a change of control of us is referred to as an "eligible termination." Upon an eligible termination, the director is entitled to receive a payment equal to at least one year's salary or fees, but not more than three years salary for Executive Directors or two years fees for Non-Executive Directors, depending on the period of time that the director has been employed.

Messrs. R.P. Hume, J. Turk and E.A. Jeneker each have service agreements which run for fixed periods until September 30, 2010, October 31, 2010, and November 30, 2009 respectively. After their two year period, the agreements continue indefinitely until terminated by either party on not less than three months prior written notice. Mr. G.C. Campbell has a service agreement which continues indefinitely until terminated by either party on not less than three months prior written notice.

## **6C. BOARD PRACTICES**

### **Board of Directors**

As at October 31, 2009, the board of directors comprises two Executive Directors (Mr. D.J. Pretorius and Mr. C.C. Barnes), and four Non-Executive Directors (Messrs. G.C. Campbell, R.P. Hume, J. Turk and E.A. Jeneker). The Non-Executive Directors are independent under the Nasdaq requirements and the South African King II Report, with the exception of Mr. J. Turk, by virtue of his directorship of G.M. Network Limited (GoldMoney.com) in which we had a 12.3% interest which was disposed of on September 17, 2008 and, pursuant to Nasdaq rules, his relationship with a family member who served as an executive officer of one of our subsidiaries.

In accordance with the King II Report on corporate governance, as encompassed in the JSE Listings Requirements, and in accordance with the United Kingdom Combined Code, the responsibilities of Chairman and Chief Executive Officer are separate. Mr. G.C. Campbell is the Non-Executive Chairman, Mr. D.J. Pretorius is the Chief Executive Officer and Mr. C.C. Barnes is the Chief Financial Officer. The board has established a nominations committee, and it is our policy for details of a prospective candidate to be distributed to all directors for formal consideration at a full meeting of the board. A prospective candidate would be invited to attend a meeting and be interviewed before any decision is taken. In compliance with the Nasdaq rules a majority of independent directors will select or recommend director nominees.

The board's main roles are to create value for shareholders, to provide leadership of the Company, to approve the Company's strategic objectives and to ensure that the necessary financial and other resources are made available to management to enable them to meet those objectives. The board retains full and effective control over the Company, meeting on a quarterly basis with additional ad hoc meetings being arranged when necessary, to review strategy and planning and operational and financial performance. The board further authorizes acquisitions and disposals, major capital expenditure, stakeholder communication and other material matters reserved for its consideration and decision under its terms of reference. The board also approves the annual budgets for the various operational units.

The board is responsible for monitoring the activities of executive management within the Company and ensuring that decisions on material matters are referred to the board. The board approves all the terms of reference for the various subcommittees of the board, including special committees tasked to deal with specific issues. Only the executive directors are involved with the day-to-day management of the Company.

To assist new directors, an induction program has been established by the Company, which includes background materials, meetings with senior management, presentations by the Company's advisors and site visits. The directors are assessed annually, both individually and as a board, as part of an evaluation process, which is driven by an independent consultant. In addition, the Remuneration and Nominations Committee formally evaluates the executive directors and the alternate directors on an annual basis, based on objective criteria.

All directors, in accordance with the Company's Articles of Association, are subject to retirement by rotation and re-election by shareholders. In addition, all directors are subject to election by shareholders at the first annual general meeting following their appointment by directors. The appointment of new directors is approved by the board as a whole. The names of the directors submitted for re-election are accompanied by sufficient biographical details in the notice of the forthcoming annual general meeting to enable shareholders to make an informed decision in respect of their re-election.

All directors have access to the advice and services of the Company Secretary, who is responsible to the board for ensuring compliance with procedures and regulations of a statutory nature. Directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense, should they believe that course of action would be in the best interest of the Company.

Two of the Non-Executive Directors (Messrs. G.C. Campbell and R.P. Hume) have share options under the Company's share option scheme, but we do not believe that this interferes with their independence. No new share options were issued to Non-Executive Directors since December 2004. See Item 6A.: "Directors and Senior Management" and Item 6E.: "Share ownership".

Board meetings are held quarterly in South Africa. The structure and timing of the Company's board meetings, which are scheduled over 2 or 3 days, allows adequate time for the Non-Executive Directors to interact without the presence of the Executive Directors. The board meetings include the meeting of the Risk Committee, Audit Committee, Remuneration and Nominations Committee and Transformation and Sustainable Development Committee which act as subcommittees to the board. Each subcommittee is chaired by one of the Independent Non-Executive Directors who provide a formal report back to the board. Each subcommittee meets for approximately half a day. Certain senior members of staff are invited to attend the subcommittee meetings.

The board sets the standards and values of the Company and much of this has been embodied in the Company's Code of Ethics and Conduct, a copy of which is available on our website at [www.drdgold.com](http://www.drdgold.com). The Code of Ethics and Conduct applies to all directors, officers and employees, including the principal executive, financial and accounting officers, in accordance with Section 406 of the US Sarbanes-Oxley Act of 2002, the related US securities laws and the Nasdaq rules. The Code contains provisions under which employees can report violations of Company policy or any applicable law, rule or regulation, including US securities laws.

### **Executive Committee**

As at October 31, 2009, the Executive Committee consisted of Mr. D.J. Pretorius (Chairman), Mr. C.C. Barnes, Mr. C. Russouw, Mr. C.M. Symons, Mr. A.N. Weir and Mr. T.J. Gwebu.

The Executive Committee meet on a weekly basis to review current operations, develop strategy and policy proposals for consideration by the board of directors. Members of the Executive Committees, who are unable to attend the meetings in person, are able to participate via teleconference facilities, to allow participation in the discussion and conclusions reached.

## **Board Committees**

The board has established a number of standing committees to enable it to properly discharge its duties and responsibilities and to effectively fulfill its decision-making process. Each committee acts within written terms of reference which have been approved by the board and under which specific functions of the board are delegated. The terms of reference for all committees can be obtained by application to the Company Secretary at the Company's registered office. Each committee has defined purposes, membership requirements, duties and reporting procedures. Minutes of the meetings of these committees are circulated to the members of the committees and made available to the board. Remuneration for Non-Executive Directors for their services on the committees concerned is determined by the board. The committees are subject to regular evaluation by the board with respect to their performance and effectiveness.

The following information reflects the composition and activities of these committees.

## **Committees of the Board of Directors**

### *Remuneration Committee*

As at October 31, 2009, the Remuneration Committee consisted of Mr. E.A. Jeneker (Chairman), Mr. G.C. Campbell, Mr. R.P. Hume and Mr. J. Turk.

The Remuneration Committee, which is comprised of Non-Executive Directors, has been appointed by the board of directors. The committee meets quarterly, but may meet more often on an ad hoc basis if required. The Remuneration Committee is governed by its terms of reference and is responsible for approving the remuneration policies of the Company, the terms and conditions of employment, and the eligibility and performance measures of the DRDGOLD (1996) Share Option Scheme applicable to executive directors and senior management.

The committee's objective is to evaluate and recommend to the board competitive packages which will attract and retain executives of the highest caliber and encourage and reward superior performance. The committee also aims to ensure that criteria are in place to measure individual performance. The committee approves the performance-based bonuses of the executive directors based on such criteria. The Executive Officer: Human Resources provides the committee with access to comparative industry surveys, which assist in formulating remuneration policies. As and when required the committee may also engage the services of independent consultants to evaluate and review remuneration policies and related issues and brief members on pertinent issues. The committee has in the past year engaged the services of such consultants to review the employment contracts of the executive directors.

The remuneration policy, relating to the remuneration of directors and senior executives, is based on a reward system comprising four principal elements:

- Basic remuneration, as benchmarked against industry norms;
- Bonuses or incentives, which are measured against agreed outcomes or Key Performance Indicators, or KPIs;
- Short-term rewards for exceptional performance; and
- Long-term retention of key employees based on scarcity of skill and strategic value, using share options granted under the DRDGOLD (1996) Share Option Scheme.

A copy of the policy is available by application to the Company Secretary at the Company's registered office.

### *Nominations Committee*

The board resolved to separate the Nominations Committee from the Remunerations Committee. The Nominations Committee is chaired by the Chairman of the board, Mr. G.C. Campbell. The terms of reference were approved in August 2008. Its duties include:

- making recommendations to the board on the appointment of new Executive and Non-Executive directors, including making recommendations on the composition of the board generally and the balance between Executive and Non-Executive directors appointed to the board;
- regular reviewing of the board structure, size and composition and making recommendations to the board with regard to any adjustments that are deemed necessary;
- identifying and nominating candidates for the approval of the board to fill board vacancies as and when they arise as well as putting in place plans for succession, in particular for the Chairman and Chief Executive Officer; and
- making recommendations on directors who are retiring by rotation to be put forward for re-election.

As at October 31, 2009, the members of the Nomination Committee consisted of Mr. G.C. Campbell (Chairman) and Mr. R.P. Hume.

### *Audit and Risk Committees*

On February 11, 2005, the Audit and Risk Committees started conducting joint meetings in respect of the quarterly meetings. The members meet and the business of each committee is handled in joint deliberations taking place on the issues raised. The Audit Committee is chaired by Mr. R.P. Hume and the Risk Committee by Mr. D.J. Pretorius. The reason for the joint sittings is that there is a great deal of overlap between the financial risks discussed at Audit Committee level and at Risk Committee level. The joint sittings of the Committees bring about better disclosure and ensure that the Company conforms more closely to the process prescribed by the US Sarbanes-Oxley Act of 2002.

### *Audit Committee*

As at June 30, 2009, the Audit Committee consisted of Mr. R.P. Hume (Chairman), Mr. G.C. Campbell and Mr. E.A. Jeneke.

The Audit Committee is comprised solely of Non-Executive Directors, all of whom are independent. See Item 16G.: "Corporate Governance". The primary responsibilities of the Audit Committee, as set out in the Audit Committee charter, is to assist the board in carrying out its duties relating to accounting policies, internal financial control, financial reporting practices and the preparation of accurate financial reporting and financial statements in compliance with all applicable legal requirements and accounting standards. A copy of the charter is available by application to the Company Secretary at the Company's registered office.

The Audit Committee meets quarterly with the external auditors, the Company's internal audit practitioner, the Chief Financial Officer and the Internal Audit and Compliance Manager to review the audit plans of the internal auditors, to ascertain the extent to which the scope of the internal audits can be relied upon to detect weaknesses in the internal controls and to review the annual and interim financial statements prior to approval by the board. The Audit Committee reviews our annual results, the effectiveness of our system of internal financial controls, internal audit procedures and legal and regulatory compliance. The committee also reviews the scope of work carried out by our internal auditors and holds regular discussions with the external auditors and internal auditors.

The committee appoints, re-appoints and removes the external auditors and approves the remuneration and terms of engagement of the external auditors. The committee is required to pre-approve, and has pre-approved, non-audit services provided by our external auditors. The Company's external audit function is currently being undertaken by KPMG Inc.

The Company's internal and external auditors have unrestricted access to the chairman of the Audit Committee and, where necessary, to the Chairman of the board and Chief Executive Officer. All important findings arising from audit procedures are brought to the attention of the committee and, if necessary, to the board.

### *Risk Committee*

As at June 30, 2009, the Risk Committee consisted of Mr. D.J. Pretorius (Chairman), Mr. J. Turk, Mr. G.C. Campbell, Mr. E.A. Jeneke, Mr. R.P. Hume and Mr. C.C. Barnes.

The Risk Committee was established in January 2004 and currently comprises four Non-Executive Directors and two Executive Directors. Its overall objective is to assist the board in its duties relating to risk management and control responsibilities, assurance issues, health, safety and environmental compliance, and the monitoring and reporting of all these matters. The Risk Committee facilitates communication between the board, the Audit Committee, internal auditors and other parties engaged in risk management activities. The terms of reference of the Risk Committee can be obtained by application to the Company Secretary at the Company's registered office.

The Risk Committee's role is to ensure that:

- an effective risk management program is implemented and maintained;
- risk management awareness is promoted amongst all employees;
- risk programs (financing/insurance) adequately protect the Company against catastrophic risks;
- regular risk assessments are conducted;
- total cost of risk in the long term is reduced;
- the protection of the Group's assets is promoted throughout the Group;
- the health and safety and well being of all stakeholders is improved; and
- the Company's activities are carried out in such a way so as to ensure the safety and health of employees.

The Risk Committee meets quarterly and reports to the board. Additional ad hoc meetings may be arranged as and when required. Certain members of executive management are occasionally invited to attend Risk Committee meetings, such as the Internal Audit and Compliance Manager, the Group Risk Manager, the Group Financial Manager, the Operational Managers and the Group Legal Counsel.

The system to manage risk involves all significant business and operational risks which could undermine the achievement of business objectives and undermine the preservation of shareholder value. The significant risks facing the Group including those at operations have been identified and have been included in Item 3D.: "Risk factors." Individuals have been appointed to address each risk and the results thereof are reviewed by senior management through regular risk meetings. The aim of the internal control systems is for management to provide reasonable assurance that the objectives will be met. In addition to the above initiatives the Group also employs third party consultants to benchmark our operations against other mining operations throughout South Africa and worldwide.

An important aspect of risk management is the transfer of risk to third parties to protect the Company from any major disaster. We have embarked on a program to ensure that our major assets and potential business interruption and liability claims are covered by group insurance policies that encompass our operations. The majority of the cover is through reputable insurance companies in London and Europe and the insurance programs are renewed on an annual basis. A cell captive has been established to enable further reduction in annual insurance premiums.

#### *Transformation and Sustainable Development Committee*

The board, taking into account that all the group's operations are now based in South Africa and in order to achieve the triple bottom line espoused in the King II Report and in order to reach the empowerment goal to which it is committed, establishing a committee, the focus of which will be transformation and sustainable development. The terms of reference were approved by the board at the August 2008 meeting. The objectives of this committee are:

- promoting transformation within the company and the economic empowerment of previously disadvantaged communities, particularly within areas where the company conducts business;
- striving towards achieving the goal of equality as the South African constitution and other legislation require within the context of the demographics of the country at all levels of the company and its subsidiaries; and
- conducting business in a manner which is conducive to internationally acceptable environmental and sustainability standards.

As at October 31, 2009, the Transformation and Sustainable Development Committee consisted of Mr. E.A. Jeneker (Chairman), Mr. D.J. Pretorius and Mr. C.C. Barnes.

## 6D. EMPLOYEES

### Employees

The geographic breakdown of our employees (including contractors who are contracted employees employed by third parties), was as follows at the end of each of the past three fiscal years:

	<b>Year ended June 30</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
South Africa.....	6,715	7,627	7,971
Australasia .....	-	-	769
Total.....	<u>6,715</u>	<u>7,627</u>	<u>8,740</u>

The total number of employees at June 30, 2009, of 6,715 comprises 1,846 contractors and 4,869 employees who are directly employed by us and our subsidiary companies. As of October 31, 2009, we had 6,456 employees. The decrease in the number of employees in fiscal 2009 is mainly due to the retrenchment of employees at ERPM.

As of June 30, 2009, the breakdown of our employees by main categories of activity for the periods below was as follows:

<b>Category of Activity</b>	<b>Year ended June 30,</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
Mining - Our Employees.....	2,832	3,431	3,953
Mining – Contractors .....	1,846	1,371	1,541
Engineering.....	839	1,604	1,841
Metallurgy .....	699	637	697
Mineral Resources.....	97	134	269
Administration.....	161	180	236
Environmental .....	48	55	54
Human Resources.....	135	159	87
Medical .....	23	14	13
Safety .....	35	42	49
Total.....	<u>6,715</u>	<u>7,627</u>	<u>8,740</u>

### Labor Relations

As at June 30, 2009, we employed and contracted 6,715 people in South Africa. Approximately 78% of South African employees are members of trade unions or employee associations. South Africa's labor relations environment remains a platform for social reform. The National Union of Mineworkers, or NUM, the main South African mining industry union, is influential in the tripartite alliance between the ruling African National Congress, the Congress of South African Trade Unions, or COSATU, and the South African Communist Party as it is the biggest affiliate of COSATU. The relationship between management and labor unions remains cordial. The DRDGOLD/NUM coordinating forum meets regularly to discuss matters pertinent to both parties at a DRDGOLD SA level, while operations level forums continue to deal with local matters.

The NUM called for an industry wide safety strike on Tuesday December 4, 2007 to protest against the number of fatalities in mining accidents. Agreements at our operations resulted in the release of Union office bearers to attend protest marches and no disruptions to operations were experienced. This event marked the adoption by the NUM of a stance that all employees would take a day of mourning when no production would take place whenever an employee was fatally injured in a mine accident. The principle of “no work – no pay” has been applied to such events that have subsequently taken place at our operations.

Workers at Blyvoor embarked on an illegal work stoppage on Friday May 30, 2008. The illegal work stoppage was believed to be related to worker concerns regarding the arrest of two employees by the South African Police Service who were allegedly involved in the murder of one person and the assault of another in open fields on mine property during December 2007. The striking workers responded to a court order served on May 30, 2008, prohibiting them from continuing with their illegal industrial action and returned to work on Monday June 2, 2008.

COSATU called for a series of regional marches to protest against the increasing cost of electricity, with the protest marches for Gauteng and North West Provinces taking place on Wednesday July 23, 2008. Agreements at our operations resulted in the release of Union office bearers to attend the marches and no disruptions to operations were experienced. The COSATU action culminated in a national strike on Wednesday August 6, 2008, which affected all our operations.

The wave of xenophobic violence that swept across Gauteng during April 2008 impacted on ERPM when the operation experienced high levels of absenteeism after 3 employees were killed in xenophobic attacks. Most Mozambican citizens employed by the mine were displaced from their homes in local communities. These employees and their families were accommodated in company accommodation on a temporary basis until such time as they could be reintegrated into their communities. There were no other material incidents of industrial action or labor unrest at our operations during fiscal 2008.

On November 19, 2008 the company advised unions of its intention to place on care and maintenance the underground operations of the ERPM mine, and to proceed with a consultation process in terms of Section 189A of the Labour Relations Act to determine the future of the mine's 1 700 employees. Underground mining at the ERPM mine was halted on October 31, 2008 when pumping infrastructure could no longer cope with rising underground water levels. On January 20, 2009, the process was concluded and 1,335 employees were retrenched.

On August 26, 2009 the Company advised unions of its intention to right-size the Blyvoor operations and that Blyvoor would proceed with a 60-day facilitated consultation process in terms of Section 189A of the Labour Relations Act to determine the future of affected employees. A combined management/unions task team has been appointed to investigate possible cost-reduction measures at the mine.

The Company has signed a two-year wage settlement with the United Association of South Africa (UASA). In terms of the settlement, employees in the UASA recognition unit at Blyvoor will receive a 6.5% increase, at Crown a 6% increase and at ERPM a 4% increase. In addition, employees in the UASA recognition unit are eligible for a gold price/profit linked incentive scheme, in terms of which their overall increases can rise to a total of 15%. The NUM rejected the company's offer of a 7% increase for lowest-category employees at Blyvoor and 6.5% for the balance, a 6.0% across-the-board increase at Crown and a 4% across-the-board increase at ERPM. The NUM also rejected the gold price/profit linked incentive scheme. The NUM was granted strike certificates in respect of the three operations and strike action started with the night shift on Tuesday, September 15, 2009.

On October 7, 2009, the Company and NUM reached agreement on a wage settlement at Crown. The agreement was implemented for a twenty-one month period, with effect from October 1, 2009. In terms of the settlement, employees of all unions and associations received an 8% increase for year one and will receive a minimum of 8% in year two. The strike by the NUM was called off and employees returned to work on October 8, 2009. On October 9, 2009, the Company and NUM reached agreement on a wage settlement at Blyvoor. The agreement was implemented for a period of two years, with effect from July 1, 2009. In terms of the settlement, employees of all unions and associations received an 8% increase for year one and will receive a minimum of 8% in year two. The strike by the NUM was called off and employees returned to work on October 11, 2009.

The Company is placing a greater emphasis on its Corporate Social Responsibility by becoming increasingly involved in appropriate projects that give effect to the ideals of the Mining Charter and good corporate governance. We recognize the need for transformation and have put structures in place to address this at both management and board level.

By statute we are required to pay each employee who is dismissed for reasons based on the operational requirements of our operations, a severance package of not less than one week's remuneration for every completed year of service. In specific agreements with organized labor we undertook, as in the past, to pay packages equal to two weeks basic pay for every completed year of service as part of a balancing compromise with the labor unions between the high additional costs of non-financial items and incentive payments (which are deemed part of remuneration), and an additional one week benefit based on basic pay. These employees were provided with counseling services and the opportunity to undergo skills training to be able to find employment outside the mining industry.

AIDS represents a very serious threat to us and the gold mining industry as a whole in terms of the potential reduced productivity and increased medical costs. The exact extent of infection in our workforce is not known at present, although it is roughly estimated by the industry that the prevalence of HIV, the virus that causes AIDS, in the South African industry is currently approximately 35% to 40%. We have several AIDS awareness campaigns in place at our operations.

Blyvoor has contracted Harmony's Health Share to provide all health care services, including primary and occupational health programs, a wellness program, which treats AIDS related illnesses, provides counseling on healthy life styles and monitors the progression of the HIV virus.



## Safety statistics

Due to the importance of our labor force, we continuously strive to create a safe and healthy working environment. The following are our 2009 overall safety statistics for our managed mines:

<i>(Per million man hours)</i>	Year ended June 30,	
	2009	2008
Lost time injury frequency rate (LTIFR) <sup>1</sup> .....	7.60	8.42
Reportable incidence <sup>1</sup> .....	2.62	3.77
Fatalities <sup>1</sup> .....	0.18	0.13
Number of fatalities (average per month).....	0.41	0.33

## 6E. SHARE OWNERSHIP

As of October 31, 2009, options to purchase ordinary shares held by directors were as follows:

<u>Directors</u>	<u>Options at June 30, 2008</u>	<u>Options granted during the period</u>	<u>Average Exercise price (R)</u>	<u>Options exercised during the year</u>	<u>Average Exercise Price (R)</u>	<u>Options lapsed during the year</u>	<u>Options at October 31, 2009</u>	<u>Expiration Dates<sup>2</sup></u>
<b>Non-Executive</b>								
G.C. Campbell .....	57,994	-	-	-	-	-	57,994	3/20/2012- 6/17/2015
R.P. Hume .....	77,907	-	-	-	-	-	77,907	10/1/2011- 6/17/2015
C.C. Barnes	362,381	438,845	-	-	-	-	801,226	11/1/2014- 10/20/2018
D.J. Pretorius .....	992,434	291,052	-	-	-	-	1,283,486	4/22/2013- 10/20/2018

Each option is representative of a right to acquire one ordinary share at a predetermined exercise price.

Closed periods apply to share trading by directors and other employees, whenever certain employees of the Company become or could potentially become aware of material price sensitive information, such as information relating to an acquisition, quarterly results etc., which is not in the public domain. When these employees have access to this information an embargo is placed on share trading for those individuals concerned. The embargo need not involve the entire Company in the case of an acquisition and may only apply to the board of directors, executive committee, and the financial and new business teams, but in the case of quarterly results the embargo is group-wide.

Under the listings requirements of the JSE, we are not required to disclose, and we do not otherwise disclose or ascertain, share ownership of individual executive officers in our share capital. However, to the best of our knowledge, we believe that our ordinary shares held by executive officers, in aggregate, do not exceed one percent of the Company's issued ordinary share capital. For details of share ownership of directors see Item 7A.: "Major Shareholders."

### DRDGOLD (1996) Share Option Scheme, or the Scheme

We operate a securities option plan as an incentive tool for our Executive Directors and senior employees whose skills and experience are recognized as being essential to the Company's performance. In terms of the Scheme rules, a maximum of 15% of the issued ordinary shares is reserved for issuance thereunder and no participant may hold options at any time, which if exercised in full, would exceed 4% of our issued share capital at that time. As at October 31, 2009, the number of issued and exercisable share options was approximately 5% of the issued ordinary share capital, which is within the National Association of Pension Funds (United Kingdom) international accepted guideline of 3 to 5% for such schemes. In addition, the participants in the Scheme are fully taxed at their maximum marginal tax rate on any gains realized on the exercise of their options.

<sup>1</sup> Calculated as follows: actual number of instances divided by the total number of man hours worked multiplied by one million.

<sup>2</sup> Certain Directors hold options which expire at various times. For those directors, a range is provided indicating the earliest and latest expiration dates.

The price at which an option may be exercised is the lowest seven day trading average of the closing market prices of an ordinary share on the JSE, as confirmed by our directors, during the three months preceding the day on which the employee is granted the option. Each option remains in force for ten years after the date of grant, subject to the terms of the option plan. Options granted under the plan vest at the discretion of our directors, but primarily according to the following schedule over a maximum of a three year period:

<b>Percentage vested in each period</b>	<b>Period after the original date of the option grant</b>
25%	6 months
25%	1 year
25%	2 years
25%	3 years

Any options not exercised within ten years from the original date of the option grant will expire and may not thereafter be exercised. The previous bi-annual allocation of options was changed in April 2006 to an annual allocation.

Options to purchase a total of 17,304,929 ordinary shares were outstanding on June 30, 2009, of which options to purchase 11,611,308 ordinary shares were currently exercisable. In fiscal 2009, a total of 84 employees participated in the Scheme including Executive Directors and other senior employees. The outstanding options are exercisable at purchase prices that range from R3.50 to R29.10 per share and expire ten years from the date of issue to the participants.

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **7A. MAJOR SHAREHOLDERS**

As of October 31, 2009, our issued capital consisted of:

- 380,985,641 ordinary shares of no par value; and
- 5,000,000 cumulative preference shares.

To our knowledge, we are not directly or indirectly owned or controlled by another corporation or any person or foreign government and there are no arrangements, the operation of which may at a subsequent date result in a change in control of us.

Based on information available to us, as of October 31, 2009:

- there were 6,536 record holders of our ordinary shares in South Africa, who held approximately 72,498,961 or approximately 19.0% of our ordinary shares;
- there was one record holder of our cumulative preference shares in South Africa, who held 5,000,000 or 100% of our cumulative preference shares;
- there were no US record holders of our ordinary shares, excluding those shares which are held as part of our ADR program; and
- there were 523 record holders of our ADRs in the United States, who held approximately 218,070,190 (21,807,019 ADRs) or approximately 57.2% of our ordinary shares.

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of October 31, 2009 by:

- each of our directors; and
- any person whom the directors are aware of as at October 31, 2009 who is interested directly or indirectly in 5% or more of our ordinary shares.

<u>Holder</u>	<u>Shares Beneficially Owned</u>	
	<u>Number</u>	<u>Percent</u>
D.J. Pretorius .....	*	*
C.C. Barnes.....	*	*
J. Turk.....	*	*
G.C. Campbell.....	*	*
R.P. Hume .....	*	*
E.A. Jeneker .....	*	*
Soges Fiducem SA (Brussels) .....	27,734,794	7.3%
Bank of New York ADRs .....	218,064,188	57.2%
101 Barclay Street New York, NY 10011		

\* Indicates share ownership of less than 1% of our outstanding ordinary shares.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Ordinary shares issuable pursuant to options, to the extent the options are currently exercisable or convertible within 60 days of October 31, 2009, are treated as outstanding for computing the percentage of any other person. As of October 31, 2009, we are not aware of anyone owning 5% or more of our ordinary shares other than the Bank of New York which holds 57.2% of our issued ordinary shares through our ADR program and Soges Fiducem SA which holds 7.3%. Unless otherwise noted, each person or group identified possesses sole voting and investment power with respect to the shares, subject to community property laws where applicable. Unless indicated otherwise, the business address of the beneficial owner is: DRDGOLD Limited, Ebsco House 4, 299 Pendoring Avenue, Blackheath, Randburg, South Africa.

#### **Cumulative Preference Shares**

Randgold and Exploration Company Limited, or Randgold, owns 5,000,000 (100%) of our cumulative preference shares. Randgold's address is 23 Southerland Avenue, Craighall Park, Johannesburg, South Africa.

The holders of cumulative preference shares do not have voting rights unless any preference dividend is in arrears for more than six months. The terms of issue of the cumulative preference shares are that they carry the right, in priority to the Company's ordinary shares, to receive a dividend equal to 3% of the gross future revenue generated by the exploitation or the disposal of the Argonaut mineral rights acquired from Randgold in September 1997. They will only obtain their potential voting rights once the Argonaut Project becomes an operational gold mine, and dividends accrue to them. Additionally, holders of cumulative preference shares may vote on resolutions which adversely affect their interests and on the disposal of all or substantially all of our assets or mineral rights. There is currently no active trading market for our cumulative preference shares. No shareholder has voting rights which differ from the voting rights of any other shareholder. On May 1, 2005, the Argonaut mineral rights reverted to the South African State, in terms of the MPRD Act. On February 6, 2006, a prospecting right covering an area of 969 hectares over part of the Argonaut Project was obtained.

#### **7B. RELATED PARTY TRANSACTIONS**

##### ***Rand Refinery Limited (RRL) agreement***

On October 12, 2001, we entered into an agreement with RRL for the refining and sale of all of our gold produced in South Africa. Under the agreement, RRL performs the final refining of our gold and casts it into troy ounce bars. RRL then usually sells the gold on the same day as delivery, for the London afternoon close price on the day the gold is sold. In exchange for this service, we pay RRL a variable refining fee plus fixed marketing, loan and administration fees. This amounted to R3.5 million, R2.3 million and R2.9 million for fiscal 2009, 2008 and 2007, respectively. Mr. D.J. Pretorius, CEO of DRDGOLD Limited, is also a director of RRL and is a member of their audit committee. The group currently owns 4.0% of RRL (which is currently owned by South African gold mining companies).

##### ***Management service agreements***

We provide management services for DRDGOLD SA, Blyvoor, Crown, ERPM and DRD (Offshore) under management service agreements entered into with each of them. These services include financial management, gold administration, technical and engineering services, mineral resource services and other management related services. We own a 74% interest in DRDGOLD SA. Blyvoor, Crown and ERPM are wholly-owned subsidiaries of DRDGOLD SA. These arrangements allow us to monitor and provide input on the management of these companies in which we have an investment.

The management services at Blyvoor, Crown and ERPM are provided by DRDGOLD SA. DRDGOLD SA's management fee for services performed at Blyvoor was R15.0 million (2008: R14.3 million), Crown R15.0 million (2008: R14.3 million) and ERPM R15.0 million (2008: R14.3 million). Management fees recovered from DRDGOLD SA were R15.6 million (2008: R17.5million) and DRD (Offshore) were nil (2008: R5.9 million).

#### ***Consultancy agreement***

On June 23, 2008, DRDGOLD SA approved a consultancy agreement with Khumo Gold SPV (Pty) Limited, orKhumo Gold, which owns 20% of DRDGOLD SA. The agreement provides for a monthly retainer of R200,000.

### ***7C. INTERESTS OF EXPERTS AND COUNSEL***

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### ***8A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION***

1. Please refer to Item 18.: "Financial Statements."
2. Please refer to Item 18.: "Financial Statements."
3. Please refer to Item 18.: "Financial Statements."
4. The last year of audited financial statements is not older than 15 months.
5. Not applicable.
6. Not applicable.
7. See under Item 4D.: "Property, plant and equipment—Legal Proceedings."
8. Please see Item 10B.: "Memorandum and Articles of Association."

### ***8B. SIGNIFICANT CHANGES***

For a discussion of significant changes that have occurred since June 30, 2009, the date of the last audited financial statements included in this Annual report, please see Note 36 "Subsequent Events" under Item 18.: "Financial Statements," which describes post balance sheet (statement of financial position) events.

## ITEM 9. THE OFFER AND LISTING

### 9A. OFFER AND LISTING DETAILS

The following tables set forth, for the periods indicated, the high and low market sales prices and average daily trading volumes of our ordinary shares on the JSE and ADSs on the Nasdaq Capital Market.

<u>Year Ended</u>	<u>Price Per Ordinary Share</u> <u>R</u>		<u>Price Per ADS<sup>1</sup></u> <u>\$</u>		<u>Average Daily Trading Volume</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>Ordinary Share</u>	<u>ADSs<sup>1</sup></u>
	June 30, 2005.....	15.80	4.15	2.66	0.30	136,947
June 30, 2006.....	12.10	5.60	2.02	0.85	431,319	3,700,024
June 30, 2007.....	11.50	3.70	1.63	0.54	829,879	3,088,840
June 30, 2008.....	10.25	3.50	13.52	4.73	1,200,052	260,761
June 30, 2009.....	9.55	2.86	10.59	2.85	932,905	186,575

<u>Quarter</u>	<u>Price Per Ordinary Share</u> <u>R</u>		<u>Price Per ADS<sup>1</sup></u> <u>\$</u>		<u>Average Daily Trading Volume</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>Ordinary Share</u>	<u>ADSs<sup>1</sup></u>
	Q1 July – September 2007.....	6.19	3.50	8.76	4.73	1,115,063
Q2 October – December 2007.....	6.55	4.70	10.29	6.97	642,758	210,092
Q3 January – March 2008.....	10.25	5.05	13.52	7.14	1,873,417	410,113
Q4 April – June 2008.....	8.02	4.65	10.31	6.10	1,178,992	194,839
Q1 July – September 2008.....	6.40	3.37	8.03	3.96	956,300	178,692
Q2 October – December 2008.....	6.00	2.86	5.95	2.85	1,184,976	169,979
Q3 January – March 2009.....	9.55	5.16	9.83	4.90	953,946	207,353
Q4 April – June 2009.....	8.45	5.91	10.59	6.80	647,197	191,322
Q1 July – September 2009.....	6.98	5.24	9.00	6.54	481,605	160,990

<u>Month Ended</u>	<u>Price Per Ordinary Share</u> <u>R</u>		<u>Price Per ADS</u> <u>\$</u>		<u>Average Daily Trading Volume</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>Ordinary Share</u>	<u>ADSs</u>
	May 31, 2009.....	8.45	6.65	10.59	7.65	446,137
June 30, 2009.....	8.29	6.02	10.30	7.50	530,139	211,483
July 31, 2009.....	6.98	5.59	8.53	6.91	366,036	189,277
August 31, 2009.....	6.59	5.48	8.25	6.98	371,437	83,243
September 30, 2009.....	6.72	5.24	9.00	6.54	707,588	209,102
October 31, 2009.....	5.96	4.40	8.05	5.75	1,124,772	227,486

The cumulative preference shares are not traded on any exchange.

There have been no significant trading suspensions with respect to our ordinary shares on the JSE during the past three years ended June 30, 2009, nor have there been any significant trading suspensions with respect to our ADRs on the Nasdaq Capital Market since our listing on that market.

### 9B. PLAN OF DISTRIBUTION

Not applicable.

<sup>1</sup> Note that with effect from July 23, 2007, we changed our ADS ratio to reflect one ADS for ten of our ordinary shares.

## **9C. MARKETS**

### **Nature of Trading Markets**

The principal trading market for our equity securities is the JSE and our ADSs that trade on the Nasdaq Capital Market (formerly Nasdaq SmallCap Market) in the form of ADRs under the symbol "DROOY." Our ordinary shares trade on the JSE under the symbol "DRD." Our ordinary shares also trade on the Marche Libre on the Paris Bourse (symbol: DUR) and Brussels Bourse (symbol: DUR) in the form of International Depository Receipts. The ordinary shares also trade on the over the counter markets in Berlin, Stuttgart and the Regulated Unofficial Market on the Frankfurt Stock Exchange. The ADRs are issued by The Bank of New York, as depository. Each ADR represents one ADS. Until July 23, 2007, each ADS represented one of our ordinary shares. Prior to February 2001, our ADSs traded on the Nasdaq National Market.

On January 22, 2007, we received a Nasdaq Staff Deficiency letter indicating that we failed to comply with the \$1.00 per share Minimum Bid Price Requirement, or the MBPR, on the Nasdaq Capital Market for continued listing set forth in Marketplace Rule 4320(e)(2)(E)(ii). In accordance with this Rule, we were provided with 180 calendar days, or until July 23, 2007, to regain compliance. As our ADSs had been consistently trading on the Nasdaq Capital Market at a price below the MBPR, we changed our ADS ratio from one ADS for one of our ordinary shares to one ADS for ten of our ordinary shares on July 23, 2007. With effect from the commencement of business on July 23, 2007, we effected a 1:10 reverse stock split (i.e. a 10:1 consolidation) of our ADRs.

### **Nasdaq Exemption**

#### *Exemption from the shareholder approval requirements*

Between August and December 2003, the Company entered into a series of discounted issuances with several different investors resulting in the issuance of ordinary shares, and securities convertible into ordinary shares, totaling 46,843,902, or 25.43% of the total shares outstanding on a pre-issuance basis. Included within those issuances, on December 12, 2003, the Company entered into an agreement granting Investec the option to acquire 10.2 million ordinary shares. The Company requested an exemption from Nasdaq Marketplace Rule 5635(a)(1)(B) in reliance upon Nasdaq Marketplace Rule 5615(a)(3). Rule 5635(a)(1)(B) provides that shareholder approval is required upon issuing 20% or more of the common stock outstanding before the issuance. Nasdaq granted this exemption on the basis that the shareholder approval requirements of Rule 4350(i)(1)(D) are contrary to generally accepted business practices of companies located in South Africa.

The South African Companies Act of 1973 (as amended) requires issuers to obtain shareholder approval before the issuance of any shares or rights to shares, which approval can be provided by specific authority or a general authority granted by means of a resolution passed by shareholders in a general meeting. JSE Listing Requirements require 75% shareholder approval for any issuance of shares for cash. JSE Listing Requirements do, however, permit an issuer to issue shares for cash under a general authority granted by its shareholders, but not in excess of 15% of the company's total issued share capital during any financial year under that authority, or the general authority. In terms of the specific issuances for which the Company received the exemption from Nasdaq described above, there was no JSE requirement that would mandate specific shareholder approval for these transactions. The JSE Listing Requirements accept a general authority by our shareholders under certain circumstances. The shareholders had approved a general authority which covered the relevant transactions by resolutions passed at the Company's annual general meetings in November 2003. In addition, included in the shares issued for cash were approximately 24.4 million shares to the value of R435.5 million (\$63.1 million) which were used for the acquisition of the Porgera Joint Venture. Approval was obtained from the JSE to deem these shares to be a vendor placing.

#### *Exemption from the quorum requirements*

Nasdaq's Marketplace Rules, which apply to all companies listed on the Nasdaq Stock Market and Nasdaq Capital Market, state in Rule 5620(c) that the minimum quorum for any meeting of holders of the company's common stock must be no less than 33 1/3 % of the issuer's outstanding shares. Consistent with the practice of companies incorporated in South Africa, our articles of association only require a quorum of three members. As a result, and in connection with the listing of our ADSs on the Nasdaq National Market in July 1996, we requested, and Nasdaq granted us in October 1996, an exemption from compliance with the Rule 5620(c) quorum requirement.

## **9D. SELLING SHAREHOLDERS**

Not applicable.

## **9E. DILUTION**

Not applicable.

## **9F. EXPENSES OF THE ISSUE**

Not applicable.

## **ITEM 10. ADDITIONAL INFORMATION**

### ***10A. SHARE CAPITAL***

Not applicable.

### ***10B. MEMORANDUM AND ARTICLES OF ASSOCIATION***

#### **Description of Our Memorandum and Articles of Association and Ordinary Shares**

As of June 30, 2009, we had authorized for issuance 600,000,000 ordinary shares, no par value, and 5,000,000 cumulative preference shares, R0.10 par value. On that date, we had issued 378,001,303 ordinary shares and 5,000,000 cumulative preference shares.

As of October 31, 2009, we had authorized for issuance 600,000,000 ordinary shares, no par value, and 5,000,000 cumulative preference shares, R0.10 par value. On that date, we had issued 380,985,641 ordinary shares and 5,000,000 cumulative preference shares.

Set out below are brief summaries of certain provisions of our Articles of Association, or our Articles, the South African Companies Act, 1973 (as amended), or the Companies Act, and the requirements of the JSE, all as in effect on October 31, 2009. The summary does not purport to be complete and is subject to and qualified in its entirety by reference to the full text of the Articles, the Companies Act, and the requirements of the JSE.

We are registered under the Companies Act of South Africa under registration number 1895/000926/06. As set forth in our Memorandum of Association, our purpose is to explore and exploit mineral rights and establish and own mining enterprises.

#### ***Borrowing Powers***

Our directors may, at their discretion, raise or borrow or secure the payment of any sum or sums of money for our use as they see fit. For so long as we are a listed company, the directors shall so restrict our borrowings and exercise all voting and other rights or powers of control exercisable by us in relation to our subsidiary companies so that the aggregate principal amount outstanding in respect of us and any of our subsidiary companies, as the case may be, exclusive of inter-company borrowings, shall not, except with the consent of our shareholders at a general meeting, exceed R30.0 million or the aggregate from time to time of our issued and paid up capital, together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves, any of our share premium accounts and our subsidiaries' share premium accounts certified by our auditors and which form part of our and our subsidiaries' financial statements, whichever is higher, refer to note 22 of our financial statements documented in Item 18.

#### ***Share Ownership Requirements***

Our directors are not required to hold any shares to qualify or be appointed as a director.

#### ***Voting by Directors***

A director may authorize any other director to vote for him at any meeting at which neither he nor his alternate director appointed by him is present. Any director so authorized shall, in addition to his own vote, have a vote for each director by whom he is authorized.

The quorum necessary for the transaction of the business of the directors may be fixed by the directors and unless so fixed shall be not less than two.

Directors are required to notify our board of directors of interests in companies and contracts. If a director's interest is under discussion, depending on the nature of the interest, he shall not be allowed to vote and shall not be counted, for the purpose of any resolution regarding his interest, in the quorum present at the meeting.

The Code of Corporate Practices and Conduct of the King II Report on Corporate Governance for South Africa, 2002, sets out guidelines to promote the highest standards of corporate governance among South African companies. The board of directors believes that our business should be conducted according to the highest legal and ethical standards. In accordance with the board practice, all remuneration of directors is approved by the Remuneration and Nominations Committee.

Under South African common law, directors are required to comply with certain fiduciary duties to the company and to exercise proper care and skill in discharging their responsibilities.

### *Age Restrictions*

There is no age limit for directors.

### *Election of Directors*

Directors may be appointed at a general meeting from time to time. The directors may appoint any eligible person as a director but he shall only hold office until the next annual general meeting when the relevant director shall be eligible for election. One third of our directors, on a rotating basis, are subject to re-election at each annual general shareholder's meeting. Retiring directors usually make themselves available for re-election.

### *General Meetings*

On the request of 100 shareholders or shareholders holding not less than one-twentieth of our share capital which carries the right of voting at general meetings, we shall within 14 days of the lodging of a request by such shareholders issue a notice to shareholders convening a general meeting for a date not less than 21 days and not more than 35 days from the date of the notice. Directors may convene general meetings at any time.

Our annual general meeting and a meeting of our shareholders for the purpose of passing a special resolution may be called by giving 21 days advance written notice of that meeting. For any other general meeting of our shareholders, 14 days advance written notice is required.

Our Articles provide that if at a meeting convened upon request by our shareholders a quorum is not present within one half hour after the time selected for the meeting, such meeting shall be dissolved. The necessary quorum is three members present in person or represented by proxy.

### *Voting Rights*

The holders of our ordinary shares are generally entitled to vote at general meetings and on a show of hands have one vote per person and on a poll have one for every share held. The holders of our cumulative preference shares are not entitled to vote at a general meeting unless any preference dividend is in arrears for more than six months at the date on which the notice convening the general meeting is posted to the shareholders. Additionally, holders of cumulative preference shares may vote on resolutions which adversely affect their interests and on resolutions regarding the disposal of all or substantially all of our assets or mineral rights. When entitled to vote, holders of our cumulative preference shares are entitled to one vote per person on a show of hands and that portion of the total votes which the aggregate amount of the nominal value of the shares held by the relevant shareholder bears to the aggregate amount of the nominal value of all shares issued by us.

### *Dividends*

We may, in a general meeting, or our directors may, from time to time, declare a dividend to be paid to the shareholders in proportion to the number of shares they each hold. No dividend shall be declared except out of our profits. Dividends may be declared either free or subject to the deduction of income tax or duty in respect of which we may be charged. Holders of ordinary shares are entitled to receive dividends as and when declared by the directors.

### *Ownership Limitations*

There are no limitations imposed by our Articles or South African law on the rights of shareholders to hold or vote on our ordinary shares or securities convertible into our ordinary shares.

### *Winding-up*

If we are wound-up, then the assets remaining after payment of all of our debts and liabilities, including the costs of liquidation, shall be applied to repay to the shareholders the amount paid up on our issued capital and thereafter the balance shall be distributed to the shareholders in proportion to their respective shareholdings. On a winding up, our cumulative preference shares rank, in regard to all arrears of preference dividends, prior to the holders of ordinary shares. As of October 31, 2009, no such dividends have been declared. Except for the preference dividend and as described in this Item our cumulative preference shares are not entitled to any other participation in the distribution of our surplus assets on winding-up.

### *Reduction of Capital*

We may, by special resolution, reduce the share capital authorized by our Memorandum of Association, or reduce our issued share capital including, without limitation, any stated capital, capital redemption reserve fund and share premium account by making distributions and buying back our shares.



## *Amendment of the Articles of Association*

Our Articles may only be altered by the passing of a special resolution. A special resolution is passed when the shareholders holding at least 25% of the total votes of all the members entitled to vote are present or represented by proxy at a meeting and, if the resolution was passed on a show of hands, at least 75% of those shareholders voted in favor of the resolution and, if a poll was demanded, at least 75% of the total votes to which those shareholders are entitled were cast in favor of the resolution.

### *Consent of the Holders of Cumulative Preference Shares*

The rights and conditions attaching to the cumulative preference shares may not be cancelled, varied or added, nor may we issue shares ranking, regarding rights to dividends or on winding up, in priority to or equal with our cumulative preference shares, or dispose of all or part of the Argonaut mineral rights without the consent in writing of the registered holders of our cumulative preference shares or the prior sanction of a resolution passed at a separate class meeting of the holders of our cumulative preference shares.

### *Distributions*

Under an amendment to the Articles on October 21, 2002, we are authorized to make payments in cash or in specie to our shareholders in accordance with the provisions of the Companies Act of South Africa and other consents required by law from time to time. We may, for example, in a general meeting, upon recommendation of our directors, resolve that any surplus funds representing capital profits arising from the sale of any capital assets and not required for the payment of any fixed preferential dividend, be distributed among our ordinary shareholders. However, no such profit shall be distributed unless we have sufficient other assets to satisfy our liabilities and to cover our paid up share capital.

## **10C. MATERIAL CONTRACTS**

*Term Sheet for the joint venture agreement entered into by Acorn Gold (Proprietary) Limited, DRDGOLD, Durban Roodepoort Deep (Proprietary) Limited, Friedshel 850 (Proprietary) Limited, Geotorm Investments Limited (“GEOTORM”), Kgosi Resource Management (Proprietary) Limited, Minerals and Mining Reclamation Services (Proprietary) Limited, Mintails SA (Proprietary) Limited (“Mintails SA”), West Witwatersrand Gold Mines Limited, West Witwatersrand Holdings Limited, West Wits Mining Limited (“LISTCO”), West Wits Mining SA (Proprietary) Limited (“NEWCO 1”), dated November 9, 2007.*

Under this Term Sheet DRDGOLD, GEOTORM, LISTCO and Mintails SA have agreed, through their respective subsidiaries, to consolidate their gold and uranium assets and projects in the West Rand under a joint venture company called NEWCO 1. At the initial phase of the joint venture DRDGOLD, GEOTORM and Mintails SA will hold 45%, 10% and 45% respectively of the total issued share capital of NEWCO 1. The next phase of the consolidation will include further restructuring which will result in DRDGOLD and new investors lending A\$450,000 and A\$550,000, respectively, to NEWCO 1 with the right to convert such loan into equity in NEWCO 1 thus diluting the holding of DRDGOLD, GEOTORM and Mintails SA. In the event of the conversion taking place, DRDGOLD, LISTCO, GEOTORM and Mintails SA will hold 45%, 3.44%, 9.37% and 42.19% respectively of the total issued share capital of NEWCO 1. Ultimately the shareholders in NEWCO 1 intend to cause LISTCO to be listed on the Australian and Johannesburg stock exchanges and on the basis that they will exchange their shareholding in NEWCO 1 for shares in the listed entity, LISCO.

*Third Addendum to Memorandum of Agreement between AngloGold Ashanti Limited (“AGA”), Ergo Mining (Pty) Limited (formerly called Friedshel 849 (Pty) Limited) (“Ergo Joint Venture”), DRDGOLD South African Operations (Pty) Limited (“DRDGOLD SA”), Mintails South Africa (Pty) Limited dated November 14, 2007.*

Under this agreement AGA sells in addition to the assets already sold, certain freehold stands situated on Withok 131 IR Estates and all infrastructure situated therein. The parties agreed to amend the purchase consideration set out in the Memorandum of Agreement signed on August 6, 2007 from R42.8 million to R87.8 million.

*Fifth Addendum to Memorandum of Agreement between AngloGold Ashanti Limited (“AGA”), Ergo Mining (Pty) Limited (formerly called Friedshel 849 (Pty) Limited) (“Ergo Joint Venture”), DRDGOLD South African Operations (Pty) (“DRDGOLD SA”), Mintails South Africa (Pty) Limited dated May 22, 2008.*

Under this agreement the Memorandum of Agreement dated August 6, 2006 is amended by increasing the financial institution guarantee to be provided by the Ergo Joint Venture from R23.0 million to R63.0 million in terms whereof AGA is indemnified in respect of rehabilitation obligations associated with the East Daggafontein Tailings Storage facility.

*Mining User Contract between Crown Gold Recoveries (Pty) Limited (“Crown”), East Rand Proprietary Mines Limited (“ERPM”), Elsburg Gold Mining Joint Venture (“ErgoGold”), Ergo Mining (Pty) Limited (“Ergo Joint Venture”), Ergo Uranium (Pty) Limited (“Ergo Uranium”) and Mogale Gold (Pty) Limited (“Mogale Gold”) dated August 15, 2008.*

Under this agreement ERPM and the Ergo Joint Venture have agreed that ErgoGold shall use the Brakpan gold circuit plant (contributed by the Ergo Joint Venture) and the Elsburg dumps, mining rights and other related rights (contributed by ERPM) to mine, recover, treat and process the Elsburg dumps.

Crown will contribute certain resources (e.g. slimes or sand) in the event of the Ergo Joint Venture advising Crown and Ergo Uranium that it has decided to pursue the consolidation of certain assets. In return Crown will receive 50% of the issued share capital in the Ergo Joint Venture. For its conclusion of this contract the Ergo Joint Venture will receive the benefits to be derived from the mining of certain assets upon the consolidation thereof. Ergo Uranium will receive 50% of equity in the Ergo Joint Venture as a *quid pro quo* for the conclusion of this contract. ERPM and Mogale shall each receive 50% interest in the ErgoGold for their contributions.

*Ergo Uranium Sale Agreement of Brakpan Plants to Ergo Mining between Ergo Uranium (Pty) Limited (“Ergo Uranium”) and Ergo Mining (Pty) Limited (“Ergo Joint Venture”) dated August 15, 2008.*

Under this agreement Ergo Uranium sold and the Ergo Joint Venture purchased the Brakpan gold circuit plants. The purchase consideration payable by the Ergo Joint Venture to Ergo Uranium for these plants shall be R40 million. The purchase consideration shall be discharged by the allocation, issue and delivery by the Ergo Joint Venture to Ergo Uranium of 150 new ordinary par value shares of R1.00 which shall be subscribed for by Ergo Uranium at par plus a premium collectively equal to R40 million.

*Ergo Mining Shareholders’ Agreement between Crown Gold Recoveries (Pty) Limited (“Crown”) and Ergo Uranium (Pty) Limited (“Ergo Uranium”) dated August 15, 2008.*

This agreement governs the relationship between Crown and Ergo Uranium as shareholders of Ergo Mining (Pty) Limited, or the Ergo Joint Venture. It addresses matters such as financial year end, appointment of directors, meetings of the Board, executive committee and loan accounts.

*Elsburg Gold Mining Joint Venture (“ErgoGold”) Agreement between East Rand Proprietary Mines Limited (“ERPM”) and Mogale Gold (Pty) Limited (“Mogale Gold”) dated August 15, 2008.*

Under this agreement each party holds 50% in the unincorporated joint venture established to conduct gold resources mining business. ErgoGold shall use the assets contributed by ERPM and Ergo Mining (Pty) Limited to conduct the business.

*Mogale Sale of Part Venture Interest in the Elsburg Gold Mining Joint Venture (“ErgoGold”) between East Rand Proprietary Mines Limited (“ERPM”) and Mogale Gold (Pty) Limited (“Mogale Gold”) dated September 29, 2008.*

Under this agreement ERPM agreed to acquire a further 15% interest in ErgoGold resulting in ERPM holding a 65% interest in ErgoGold and Mogale Gold a 35% interest in ErgoGold. In addition Mogale Gold has granted ERPM a conditional option to acquire a further 11.4% interest in ErgoGold for R75.0 million. The purchase consideration in respect of the acquisition of the 15% additional interest in ErgoGold is R100.0 million which is to be re-invested by Mogale Gold towards its outstanding capital requirements in ErgoGold.

*Heads of Agreement entered into by Mintails Limited, Mogale Gold (Pty) Limited (“Mogale Gold”), Ergo Mining (Pty) Limited (“Ergo Joint Venture”), DRDGOLD Limited (“DRDGOLD”) and East Rand Proprietary Mines Limited (“ERPM”), dated December 8, 2008.*

Under this Heads of Agreement Mogale Gold agreed to sell to DRDGOLD, and DRDGOLD agreed to purchase the 35% interest (“the interest”) held by Mogale Gold in ErgoGold (formerly the Elsburg Gold Mining Joint Venture) together with all rights that attach to the interest. The purchase price for the interest was R177 million.

*Loan Facility entered into by Mintails South Africa (Pty) Limited (“Borrower”), DRDGOLD Limited (“Lender”), Mintails Limited (“Borrower’s Guarantor”), Mogale Gold (Pty) Limited (Mogale Gold”) Ergo Uranium (Pty) Limited (“Ergo Uranium”) dated December 8, 2008.*

Under this loan facility the Lender agreed to provide the Borrower with an interest bearing loan facility for the purpose of providing the Borrower with short term funding. The funds were to be used for the Borrower’s ordinary course of business expenditure and the Lender’s costs associated with the preparation of this facility and associated securities. The amount of the facility was up to R65 million. Interest would accrue and be paid or capitalized monthly on the outstanding principal from the date of the relevant advance(s) until the date of repayment at the prime rate published by the Standard Bank of South Africa at the start of the relevant monthly interest period plus 200 basis points. The Borrower’s Guarantor unconditionally and irrevocably guaranteed to the Lender the due and punctual performance by the Borrower of its obligations in terms of the loan facility. The Borrower, Mogale Gold and Ergo Uranium consented granting security in favour of the Lender over the 35% interest held by the Borrower or any member of the Borrower’s group in ErgoGold (formerly Elsburg Gold Mining Joint Venture) and the interest held in Ergo Joint Venture.

*Subscription and shareholders’ Agreement entered into by Mintails SA (Proprietary) Limited (“Mintails SA”), Witfontein Mining (Proprietary) Limited (“Witfontein”) and Argonaut Financial Services (Proprietary) Limited (“Argonaut”) dated December 9, 2008.*

Under this agreement Argonaut subscribed for 50% of the total share capital of Witfontein (the other 50% is held by Mintails SA) for a subscription price of R20 000 000 which would be exclusively utilized by Witfontein to discharge its obligations under a sale agreement entered into with Maria Hendrina Beyers in terms of which Witfontein purchased the Remaining Extent of Portion 2 of the farm Witfontein 262, Registration Division IQ, Gauteng Province, in extent 862,3008 hectares.

Witfontein shall, unless determined to the contrary at a general meeting, carry on the business of a property owner and developer, or any other business or activity permitted by its memorandum of association, to be amended from time to time if need be.

*Facility Agreement between Investec Bank limited (“the Lender”) and DRDGOLD Limited (“the Borrower”) dated March 31, 2009.*

Under this agreement the Lender agreed to make available to the Borrower the total facility amount of R250 million up to December 31, 2009, unless terminated by agreement between the parties and the parties may extend the agreement. The Borrower may discharge its obligations to pay the Lender either in cash or by allotting issuing and delivering shares to the Lender. The interest rate payable on overdue amounts shall be the rate per annum as determined by the Lender to be the aggregate of the rate for deposits in South African rand for a period of 90 days, which appears on the Reuters Screen SAFETY page under the caption “YIELD” at 11:00 am on the relevant Quotation Date plus 2%. The Borrower shall also pay for necessary costs and a drawdown fee of 4% of the advanced amount.

## **10D. EXCHANGE CONTROLS**

The following is a summary of the material South African exchange control measures, which has been derived from publicly available documents. The following summary is not a comprehensive description of all the exchange control regulations. The discussion in this section is based on the current law and positions of the South African Government. Changes in the law may alter the exchange control provisions that apply, possibly on a retroactive basis.

### **Introduction**

Dealings in foreign currency, the export of capital and revenue, payments by residents to non-residents and various other exchange control matters in South Africa are regulated by the South African exchange control regulations, or the Regulations. The Regulations form part of the general monetary policy of South Africa. The Regulations are issued under Section 9 of the Currency and Exchanges Act, 1933 (as amended). In terms of the Regulations, the control over South African capital and revenue reserves, as well as the accruals and spending thereof, is vested in the Treasury (Ministry of Finance), or the Treasury.

The Treasury has delegated the administration of exchange controls to the Exchange Control Department of the South African Reserve Bank, or SARB, which is responsible for the day to day administration and functioning of exchange controls. SARB has a wide discretion. Certain banks authorized by the Treasury to co-administer certain of the exchange controls, are authorized by the Treasury to deal in foreign exchange. Such dealings in foreign exchange by authorized dealers are undertaken in accordance with the provisions and requirements of the exchange control rulings, or Rulings, and contain certain administrative measures, as well as conditions and limits applicable to transactions in foreign exchange, which may be undertaken by authorized dealers. Non-residents have been granted general approval, in terms of the Rulings, to deal in South African assets, to invest and disinvest in South Africa.

The Regulations provide for restrictions on exporting capital from the Common Monetary Area consisting of South Africa, Namibia, and the Kingdoms of Lesotho and Swaziland. Transactions between residents of the Common Monetary Area are not subject to these exchange control regulations.

There are many inherent disadvantages to exchange controls, including distortion of the price mechanism, problems encountered in the application of monetary policy, detrimental effects on inward foreign investment and administrative costs associated therewith. The South African Finance Minister has indicated that all remaining exchange controls are likely to be dismantled as soon as circumstances permit. Since 1998, there has been a gradual relaxation of exchange controls. The gradual approach to the abolition of exchange controls adopted by the Government of South Africa is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time. The stated objective of the authorities is equality of treatment between residents and non-residents with respect to inflows and outflows of capital. The focus of regulation, subsequent to the abolition of exchange controls, is expected to favor the positive aspects of prudential financial supervision.

The present exchange control system in South Africa is used principally to control capital movements. South African companies are not permitted to maintain foreign bank accounts without SARB approval and, without the approval of SARB, are generally not permitted to export capital from South Africa or hold foreign currency. In addition, South African companies are required to obtain the approval of SARB prior to raising foreign funding on the strength of their South African statements of financial position, which would permit recourse to South Africa in the event of defaults. Where 75% or more of a South African company's capital, voting power, power of control or earnings is directly or indirectly controlled by non-residents, such a corporation is designated an "affected person" by SARB, and certain restrictions are placed on its ability to obtain local financial assistance. We are not, and have never been, designated an "affected person" by SARB.

Foreign investment and outward loans by South African companies are also restricted. In addition, without the approval of SARB, South African companies are generally required to repatriate to South Africa profits of foreign operations and are limited in their ability to utilize profits of one foreign business to finance operations of a different foreign business. South African companies establishing subsidiaries, branches, offices or joint ventures abroad are generally required to submit financial statements on these operations as well as progress reports to SARB on an annual basis. As a result, a South African Company's ability to raise and deploy capital outside the Common Monetary Area is restricted.

Although exchange controls have been gradually relaxed since 1998, unlimited outward transfers of capital are not permitted at this stage. Some of the more salient changes to the South African exchange control provisions over the past few years have been as follows:

- corporations wishing to invest in countries outside the Common Monetary Area, in addition to what is set out below, apply for permission to enter into corporate asset/share swap and share placement transactions to acquire foreign investments. The latter mechanism entails the placement of the locally quoted corporation's shares with long-term overseas holders who, in payment for the shares, provide the foreign currency abroad which the corporation then uses to acquire the target investment;
- corporations wishing to establish new overseas ventures are permitted to transfer offshore up to R1.0 billion to finance approved investments abroad and up to R2.0 billion to finance approved new investments in African countries. However, the approval of SARB is required in advance. On application to SARB, corporations are also allowed to use part of their local cash holdings to finance up to 10% of approved new foreign investments where the cost of these investments exceeds the current limits;
- as a general rule, SARB requires that more than 50% of equity of the acquired off-shore venture is acquired within a predetermined period of time, as a prerequisite to allowing the expatriation of funds. If these requirements are not met, SARB may instruct that the equity be disposed of. In our experience SARB has taken a commercial view on this, and has on occasion extended the period of time for compliance; and
- remittance of directors' fees payable to persons permanently resident outside the Common Monetary Area may be approved by authorized dealers, in terms of the Rulings.

Authorized dealers in foreign exchange may, against the production of suitable documentary evidence, provide forward cover to South African residents in respect of fixed and ascertained foreign exchange commitments covering the movement of goods.

Persons who emigrate from South Africa are entitled to take limited amounts of money out of South Africa as a settling-in allowance. The balance of the emigrant's funds will be blocked and held under the control of an authorized dealer. These blocked funds may only be invested in:

- blocked current, savings, interest bearing deposit accounts in the books of an authorized dealer in the banking sector;
- securities quoted on the JSE and financial instruments listed on the Bond Exchange of South Africa which are deposited with an authorized dealer and not released except temporarily for switching purposes, without the approval of SARB. Authorized dealers must at all times be able to demonstrate that listed or quoted securities or financial instruments which are dematerialized or immobilized in a central securities depository are being held subject to the control of the authorized dealer concerned; or
- mutual funds.

Aside from the investments referred to above, blocked rands may only be utilized for very limited purposes. Dividends declared out of capital gains or out of income earned prior to emigration remain subject to the blocking procedure. It is not possible to predict when existing exchange controls will be abolished or whether they will be continued or modified by the South African Government in the future.

### **Sale of Shares**

Under present exchange control regulations in South Africa, our ordinary shares and ADSs are freely transferable outside the Common Monetary Area between non-residents of the Common Monetary Area. In addition, the proceeds from the sale of ordinary shares on the JSE on behalf of shareholders who are not residents of the Common Monetary Area are freely remittable to such shareholders. Share certificates held by non-residents will be endorsed with the words "non-resident," unless dematerialized.

### **Dividends**

Dividends declared in respect of shares held by a non-resident in a company whose shares are listed on the JSE are freely remittable.

Any cash dividends paid by us are paid in rands. Holders of ADSs on the relevant record date will be entitled to receive any dividends payable in respect of the shares underlying the ADSs, subject to the terms of the deposit agreement entered on August 12, 1996, and as amended and restated, between the Company and The Bank of New York, as the depository. Subject to exceptions provided in the deposit agreement, cash dividends paid in rand will be converted by the depository to dollars and paid by the depository to holders of ADSs, net of conversion expenses of the depository, in accordance with the deposit agreement. The depository will charge holders of ADSs, to the extent applicable, taxes and other governmental charges and specified fees and other expenses.

### **Voting rights**

There are no limitations imposed by South African law or by our Articles on the right of non-South African shareholders to hold or vote our ordinary shares.

## ***10E. TAXATION***

### **Material South African Income Tax Consequences**

The following is a summary of material income tax considerations under South African income tax law. No representation with respect to the consequences to any particular purchaser of our securities is made hereby. Prospective purchasers are urged to consult their tax advisers with respect to their particular circumstances and the effect of South African or other tax laws to which they may be subject.

South Africa imposes tax on worldwide income of South African residents. Generally, South African non-residents do not pay tax in South Africa except in the following circumstances:

#### *Income Tax*

Non-residents will pay income tax on any amounts received by or accrued to them from a source within (or deemed to be within) South Africa. Interest earned by a non-resident on a debt instrument issued by a South African company will be regarded as being derived from a South African source but will be regarded as exempt from taxation in terms of Section 10(1)(i) of the South African Income Tax Act, 1962 (as amended), or the Income Tax Act. This exemption applies to so much of any interest and dividends (which are not otherwise exempt) received from a South African source not exceeding (a) R27,500 if the taxpayer is 65 years of age or older or (b) R19,000 if the taxpayer is younger than 65 years of age at the end of the relevant tax year.

No withholding tax is deductible in respect of interest payments made to non-resident investors.

No income tax is payable on dividends paid to residents or non-residents, in terms of Section 10(1)(k) of the Income Tax Act except in respect of foreign dividends received by or accrued to residents of South Africa. Accordingly, there is no withholding tax on dividends received by or accrued to non-resident shareholders of companies listed in South Africa and non-residents will receive the same dividend as South African resident shareholders. Prior to payment of the dividend, the Company pays Secondary Tax on Companies (STC) at a rate of 10% (before October 1, 2007 12.5%) of the excess of dividends declared over dividends received in a dividend cycle but the full amount of the dividend declared is paid to shareholders.

However, in accordance with new amendments to the Income Tax Act, which is yet to come into operation, which will supersede Section 10(1)(k), withholding tax of 10% will be deductible from dividends declared after the effective date (which is yet to be published) as opposed to the relevant company having to pay STC over-and-above the dividend declared. These amendments are set out in Part VIII in Chapter II of the Income Tax Act. Section 64F of the amendments will set out beneficial owners who are exempt from the withholding tax, which includes resident companies receiving a dividend after the effective date (which is yet to be announced). Should these amendments come into operation, the Convention between the United States of America and the Republic of South Africa for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains, or the Tax Treaty, would limit the rate of this tax with respect to dividends paid on ordinary shares or ADSs to a US resident (within the meaning of the Tax Treaty) to 5 percent of the gross amount of the dividends if such US resident is a company which holds directly at least 10 percent of our voting stock and 15 percent of the gross amount of the dividends in all other cases. The above provisions shall not apply if the beneficial owner of the dividends is resident in the US, carries on business in South Africa through a permanent establishment situated in South Africa, or performs in South Africa independent personal services from a fixed base situated in South Africa, and the dividends are attributable to such permanent establishment or fixed base.

#### *Capital Gains Tax*

Non-residents are generally not subject to Capital Gains Tax, or CGT, in South Africa. They will only be subject to CGT on gains arising from the disposal of capital assets if the assets disposed of consist of:

- immovable property owned by the non-residents situated in South Africa, or any interest or right in or to immovable property. A non-resident will have an interest in immovable property if it has a direct or indirect shareholding of at least 20% in a company, where 80% or more of the net assets of that company (determined on a market value basis) are attributable directly or indirectly to immovable property; or
- any asset of a permanent establishment of a non-resident in South Africa through which a trade is carried on.

If the non-residents are not subject to CGT because the assets disposed of do not fall within the categories described above, it follows that they will also not be able to claim the capital losses arising from the disposal of the assets.

#### *Taxation of dividends*

South Africa imposes a corporate tax known as Secondary Tax on Companies, or STC, on the distribution of earnings in the form of dividends, and, at present, the STC tax rate is equal to 10% (before October 1, 2007 12.5%).

In 1993, all existing gold mining companies had the option to elect to be exempt from STC. If the election was made, a higher tax rate would apply for both mining and non-mining income. In fiscal 2009, the tax rates for taxable mining and non-mining income, for companies that elected the STC exemption were 43% (2008: 43% and 2007: 45%) and 35% (2008: 35% and 2007: 37%), respectively. During those same years the tax rates for companies that did not elect the STC exemption were 34% (2008: 34% and 2007: 35%) and 28% (2008: 28% and 2007: 29%), respectively. In 1993, the Company elected not to be exempt from STC, as this would have meant that the Company would have been liable for normal taxation at the higher rates of 43% for mining income and 35% for non-mining income. The Company, having chosen not to be subject to the STC exemption, is subject to 34% tax on mining income and 28% for non-mining income. With the exception of Crown, all of the South African subsidiaries elected not to be exempt from STC.

Currently, South Africa does not impose any withholding tax or any other form of tax on dividends paid to US holders with respect to shares. However, in accordance with new amendments to the Income Tax, which is yet to come into operation superseding Section 10(1)(k), withholding tax of 10% will be deductible from dividends declared after the effective date (which is yet to be published) as opposed to the relevant company having to pay STC over-and-above the dividend declared. These amendments are set out in Part VIII in Chapter II of the Income Tax Act. Section 64F of the amendments will set out beneficial owners who are exempt from the withholding tax, which includes resident companies receiving a dividend after the effective date. Should these amendments come into operation, the Convention between the United States of America and the Republic of South Africa for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains, or the Tax Treaty, would limit the rate of this tax with respect to dividends paid on ordinary shares or ADSs to a US resident (within the meaning of the Tax Treaty) to 5 percent of the gross amount of the dividends if such US resident is a company which holds directly at least 10 percent of our voting stock and 15 percent of the gross amount of the dividends in all other cases. The above provisions shall not apply if the beneficial owner of the dividends is a resident in the US, carries on business in South Africa through a permanent establishment situated in South Africa, or performs in South Africa independent personal services from a fixed base situated in South Africa, and the dividends are attributable to such permanent establishment or fixed base.

## **Material United States Federal Income Tax Consequences**

The following is a summary of material US federal income tax consequences to US holders (as defined below) of the purchase, ownership and disposition of ordinary shares or ADSs. It deals only with US holders who hold ordinary shares or ADSs as capital assets for US federal income tax purposes. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, published rulings, judicial decisions and the Treasury regulations, all as currently in effect and all of which are subject to change, possibly on a retroactive basis. This discussion has no binding effect or official status of any kind; we cannot assure holders that the conclusions reached below would be sustained by a court if challenged by the Internal Revenue Service.

This discussion does not address all aspects of US federal income taxation that may be applicable to holders in light of their particular circumstances and does not address special classes of US holders subject to special treatment (such as dealers in securities or currencies, partnerships or other pass-through entities, financial institutions, life insurance companies, banks, tax-exempt organizations, certain expatriates or former long-term residents of the United States, persons holding ordinary shares or ADSs as part of a “hedge,” “conversion transaction,” “synthetic security,” “straddle,” “constructive sale” or other integrated investment, persons whose functional currency is not the US dollar, or persons that actually or constructively own ten percent or more of our voting stock). This discussion addresses only US federal income tax consequences and does not address the effect of any state, local, or foreign tax laws that may apply, the alternative minimum tax or the application of the federal estate or gift tax.

A “US holder” is a beneficial owner of ordinary shares or ADSs that is, for US federal income tax purposes:

- a citizen or resident of the US;
- a corporation or other entity subject to tax as a corporation that is created or organized under the laws of the US or any political subdivision thereof;
- an estate, the income of which is subject to US federal income tax without regard to its source; or
- a trust, if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or if the trust has made a valid election to be treated as a US person.

If a partnership holds any ordinary shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner and on the activities of the partnership. Partners of partnerships holding any ordinary shares or ADSs are urged to consult their tax advisors.

**Because individual circumstances may differ, US holders of ordinary shares or ADSs are urged to consult their tax advisors concerning the US federal income tax consequences applicable to their particular situations as well as any consequences to them arising under the tax laws of any foreign, state or local taxing jurisdiction.**

### *Ownership of Ordinary Shares or ADSs*

For purposes of the Code, a US holder of ADSs will be treated for US federal income tax purposes as the owner of the ordinary shares represented by those ADSs. Exchanges of ordinary shares for ADSs and ADSs for ordinary shares generally will not be subject to US federal income tax.

For US federal income tax purposes, distributions with respect to the ordinary shares or ADSs, other than distributions in liquidation and distributions in redemption of stock that are treated as exchanges, will be taxed to US holders as ordinary dividend income to the extent that the distributions do not exceed our current and accumulated earnings and profits. For US federal income tax purposes, the amount of any distribution received by a US holder will equal the dollar value of the sum of the South African rand payments made (including the amount of South African income taxes, if any, withheld with respect to such payments), determined at the “spot rate” on the date the dividend distribution is includable in such US holder's income, regardless of whether the payment is in fact converted into dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a US holder includes the dividend payment in income to the date such holder converts the payment into dollars will be treated as ordinary income or loss. Distributions, if any, in excess of our current and accumulated earnings and profits will constitute a non-taxable return of capital and will be applied against and reduce the holder's basis in the ordinary shares or ADSs. To the extent that these distributions exceed the US holder's tax basis in the ordinary shares or ADSs, as applicable, the excess generally will be treated as capital gain, subject to the discussion below under the heading “Passive Foreign Investment Company”. We do not intend to calculate our earnings or profits for US federal income tax purposes.

“Qualified dividend income” received by individual US holders (as well as certain trusts and estates) for taxable years beginning on or before December 31, 2010 generally will be taxed at a maximum US federal income tax rate of 15% provided certain conditions are met, including a minimum holding period. This reduced rate generally would apply to dividends paid by us if, at the time such dividends are paid, either (i) we are eligible for benefits under a qualifying income tax treaty with the US or (ii) our ordinary shares or ADSs with respect to which such dividends were paid are readily tradable on an established securities market in the US. However, this reduced rate is subject to certain important requirements and exceptions, including, without limitation, certain holding period requirements and an exception applicable if we are treated as a passive foreign investment company as discussed under the heading “Passive Foreign Investment Company”. US holders are urged to consult their tax advisors regarding the US federal income tax rate that will be applicable to their receipt of any dividends paid with respect to the ordinary shares and ADSs.

For purposes of this discussion, the “spot rate” generally means a rate that reflects a fair market rate of exchange available to the public for currency under a “spot contract” in a free market and involving representative amounts. A “spot contract” is a contract to buy or sell a currency on or before two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the US Internal Revenue Service has the authority to determine the spot rate.

Dividend income derived with respect to the ordinary shares or ADSs will not be eligible for the dividends received deduction generally allowed to a US corporation under Section 243 of the Code. Dividend income will be treated as foreign source income for foreign tax credit and other purposes. In computing the separate foreign tax credit limitations, dividend income should generally constitute “passive category income,” or in the case of certain US holders, “general category income.”

#### *Disposition of Ordinary Shares or ADSs*

Upon a sale, exchange, or other taxable disposition of ordinary shares or ADSs, a US holder will recognize gain or loss in an amount equal to the difference between the US dollar value of the amount realized on the sale or exchange and such holder's adjusted tax basis in the ordinary shares or ADSs. Subject to the application of the “passive foreign investment company” rules discussed below, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the US holder has held the ordinary shares or ADSs for more than one year. The deductibility of capital losses is subject to limitations. Gain or loss recognized by a US holder on the taxable disposition of ordinary shares or ADSs generally will be treated as US-source gain or loss for US foreign tax credit purposes.

In the case of a cash basis US holder who receives rands in connection with the taxable disposition of ordinary shares or ADSs, the amount realized will be based on the spot rate as determined on the settlement date of such exchange. A US holder who receives payment in rand and converts rand into US dollars at a conversion rate other than the rate in effect on the settlement date may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss.

An accrual basis US holder may elect the same treatment required of cash basis taxpayers with respect to a taxable disposition of ordinary shares or ADSs, provided that the election is applied consistently from year to year. Such election may not be changed without the consent of the Internal Revenue Service. In the event that an accrual basis holder does not elect to be treated as a cash basis taxpayer, such US holder may have a foreign currency gain or loss for US federal income tax purposes because of the differences between the US dollar value of the currency received prevailing on the trade date and the settlement date. Any such currency gain or loss will be treated as ordinary income or loss and would be in addition to gain or loss, if any, recognized by such US holder on the disposition of such ordinary shares or ADSs.



### *Passive Foreign Investment Company*

A special and adverse set of US federal income tax rules apply to a US holder that holds stock in a passive foreign investment company, or PFIC. We would be a PFIC for US federal income tax purposes if for any taxable year either (i) 75% or more of our gross income, including our pro rata share of the gross income of any company in which we are considered to own 25% or more of the shares by value, were passive income or (ii) 50% or more of our average total assets (by value), including our pro rata share of the assets of any company in which we are considered to own 25% or more of the shares by value, were assets that produced or were held for the production of passive income. If we were a PFIC, US holders of the ordinary shares or ADSs would be subject to special rules with respect to (i) any gain recognized upon the disposition of the ordinary shares or ADSs and (ii) any receipt of an excess distribution (generally, any distributions to a US holder during a single taxable year that is greater than 125% of the average amount of distributions received by such US holder during the three preceding taxable years in respect of the ordinary shares or ADSs or, if shorter, such US holder's holding period for the ordinary shares or ADSs). Under these rules:

- the gain or excess distribution will be allocated ratably over a US holder's holding period for the ordinary shares or ADSs, as applicable;
- the amount allocated to the taxable year in which a US holder realizes the gain or excess distribution will be taxed as ordinary income;
- the amount allocated to each prior year, with certain exceptions, will be taxed at the highest tax rate in effect for that year; and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Although we generally will be treated as a PFIC as to any US holder if we are a PFIC for any year during a US holder's holding period, if we cease to satisfy the requirements for PFIC classification, the US holder may avoid PFIC classification for subsequent years if such holder elects to recognize gain based on the unrealized appreciation in the ordinary shares or ADSs through the close of the tax year in which we cease to be a PFIC.

A US holder who beneficially owns stock in a PFIC must file Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with the Internal Revenue Service for each tax year such holder holds stock in a PFIC and (i) recognizes gain on a direct or indirect disposition of such stock, (ii) receives certain direct or indirect distributions from such PFIC, or (iii) is making certain elections (including a mark-to-market election and an election to be treated as a "qualified electing fund," as described below) with respect to such PFIC. This form describes any distributions received with respect to such stock and any gain realized upon the disposition of such stock. Under proposed legislation, shareholders of a PFIC will be required to file an annual report with the Internal Revenue Service containing such information as the US Secretary of Treasury may require. Although the information required to be reported to the Internal Revenue Service pursuant to the proposed legislation remains unknown, if it is enacted into law it could enhance the reporting requirements applicable to US holders of our ordinary shares or ADSs.

A US holder of the ordinary shares or ADSs that are treated as "marketable stock" under the PFIC rules may be able to avoid the imposition of the special tax and interest charge described above by making a mark-to-market election. Pursuant to this election, the US holder would include in ordinary income or loss for each taxable year an amount equal to the difference as of the close of the taxable year between the fair market value of the ordinary shares or ADSs and the US holder's adjusted tax basis in such ordinary shares or ADSs. Losses would be allowed only to the extent of net mark-to-market gain previously included by the US holder under the election for prior taxable years. If a mark-to-market election with respect to ordinary shares or ADSs is in effect on the date of a US holder's death, the tax basis of the ordinary shares or ADSs in the hands of a US holder who acquired them from a decedent will be the lesser of the decedent's tax basis or the fair market value of the ordinary shares or ADSs. US holders desiring to make the mark-to-market election are urged to consult their tax advisors with respect to the application and effect of making the election for the ordinary shares or ADSs.

In the case of a US holder who holds ordinary shares or ADSs and who does not make a mark-to-market election, the special tax and interest charge described above will not apply if such holder makes an election to treat us as a "qualified electing fund" in the first taxable year in which such holder owns the ordinary shares or ADSs and if we comply with certain reporting requirements. However, we do not intend to supply US holders with the information needed to report income and gain pursuant to a "qualified electing fund" election in the event that we are classified as a PFIC.

We believe that we were not a PFIC for our 2009 fiscal year ended June 30, 2009. However, under the PFIC rules income and assets are required to be measured and classified in accordance with US federal income tax principles. Our analysis is based on our financial statements as prepared in accordance with IFRS, which may substantially differ from US federal income tax principles. Therefore, no assurance can be given that we were not a PFIC for our 2009 fiscal year ended June 30, 2009. Furthermore, the tests for determining whether we would be a PFIC for any taxable year are applied annually and it is difficult to make accurate predictions of future income and assets, which are relevant to this determination. In addition, certain factors in the PFIC determination, such as reductions in the market value of our capital stock, are not within our control and can cause us to become a PFIC. Accordingly, there can be no assurance that we will not become a PFIC.

**The rules relating to PFICs are very complex. US holders are urged to consult their tax advisors regarding the application of the PFIC rules to their investments in our ordinary shares or ADSs.**

#### *Information Reporting and Backup Withholding*

Payments made in the United States or through certain US-related financial intermediaries of dividends or the proceeds of the sale or other disposition of our ordinary shares or ADSs may be subject to information reporting and US federal backup withholding if the recipient of such payment is not an “exempt recipient” and fails to supply certain identifying information, such as an accurate taxpayer identification number, in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. The backup withholding tax rate is currently 28%. Payments made with respect to our ordinary shares or ADSs to a US holder must be reported to the Internal Revenue Service, unless the US holder is an exempt recipient or otherwise establishes an exemption. Any amount withheld from a payment to a US holder under the backup withholding rules is refundable or allowable as a credit against the holder's US federal income tax, provided that the required information is furnished to the Internal Revenue Service.

#### **10F. DIVIDENDS AND PAYING AGENTS**

On August, 20, 2009, we declared a dividend which, in total, amounts to R18.9 million (5 cents per ordinary share). Secondary tax on companies of R1.8 million is payable on the dividend. There are no dividend restrictions.

Date of entitlement: October 9, 2009  
Payment date: October 12, 2009  
Paying agents: Link Market Services (US and SA)  
St James's Corporate Services Limited (UK)  
Computershare (Australia)

#### **10G. STATEMENT BY EXPERTS**

Not applicable.

#### **10H. DOCUMENTS ON DISPLAY**

You may request a copy of our US Securities and Exchange Commission filings, at no cost, by writing or calling us at DRDGOLD Limited, P.O. Box 390, Maraisburg, Johannesburg, South Africa 1700. Attn: Group Company Secretary. Tel No. +27-11-219-8700. A copy of each report submitted in accordance with applicable United States law is available for public review at our principal executive offices.

A copy of each document concerning us that is referred to in this Annual Report on Form 20-F, is available for public view at our principal executive offices at DRDGOLD Limited, 299 Pendoring Avenue, Blackheath, Randburg, South Africa 2195.

#### **10I. SUBSIDIARY INFORMATION**

Not applicable.

## ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### *General*

In the normal course of our operations, we are exposed to market risk, including commodity price, foreign currency, interest and credit risks. We do not hold or issue derivative financial instruments for speculative purposes, nor do we hedge forward gold sales.

Refer to Item 18. "Financial Statements - Note 24 - Financial instruments" of the consolidated financial statements for a qualitative and quantitative discussion of our exposure to these market risks.

### *Commodity price risk*

The market price of gold has a significant effect on our results of operations, our ability and the ability of our subsidiaries to pay dividends and undertake capital expenditures, and the market price of our ordinary shares or ADSs. Historically, gold prices have fluctuated widely and are affected by numerous industry factors over which we have no control. The aggregate effect of these factors on the gold price is impossible for us to predict. The price of gold may not remain at a level allowing us to economically exploit our reserves. It is our policy not to hedge this commodity price risk.

### *Concentration of credit risk*

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our receivables from customers and investment securities.

Our financial instruments do not represent a concentration of credit risk, because we deal with a variety of major banks and financial institutions located in South Africa after evaluating the credit ratings of the representative financial institutions. Furthermore, our trade receivables and loans are regularly monitored and assessed for recoverability. Where it is appropriate, an impairment loss is raised.

In addition, our South African operations deliver their gold to Rand Refinery Limited (Rand Refinery), which refines the gold to saleable purity levels and then sells the gold, on behalf of the South African operations, on the bullion market. The gold is sold by Rand Refinery usually on the same day as it is delivered and settlement is made within two days.

### *Foreign currency risk*

Our reporting currency is the South African rand. Although gold is sold in US dollars, the Company is obliged to convert this into South African rands. We are thus exposed to fluctuations in the US dollar/South African rand exchange rate. Foreign exchange fluctuations affect the cash flow that we will realize from our operations as gold is sold in US dollars, while production costs are incurred primarily in South African rands. Our results are positively affected when the US dollar strengthens against the rand and adversely affected when the US dollar weakens against the rand. Our cash and cash equivalent balances are held in US dollars and South African rands; holdings denominated in other currencies are relatively insignificant.

### *Long-term debt*

Set out below is an analysis of our debt as at June 30, 2009, analyzed between fixed and variable interest rates. All of our long-term debt is denominated in South African rand.

	<b><u>Total</u></b> <b><u>R'000</u></b>
<b>Interest rate</b>	
Variable rate .....	2,101
Weighted average interest rate.....	11%
Fixed rate.....	65,146
Weighted average interest rate.....	13%
Total .....	<u>67,247</u>
<b>Repayment period</b>	
2010.....	2,101
2011 .....	12,591
2012 onwards .....	<u>52,555</u>
Total .....	<u>67,247</u>

Based on our fiscal 2009 financial results, a hypothetical 10% (increase)/decrease in interest rate activity would (increase)/decrease our interest expense by R0.02 million.

## **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

## **PART II**

## **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

There have been no material defaults in the payment of principal, interest, a sinking or purchase fund installment, or any other material defaults with respect to any indebtedness of ours.

## **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not applicable.

## **ITEM 15. CONTROLS AND PROCEDURES**

### ***15A. Disclosure Controls and Procedures***

As of June 30, 2009, our management, with the participation of our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as this term is defined under the rules of the SEC). Our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of June 30, 2009.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms and that such information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

There are inherent limitations in the effectiveness of any system of disclosure controls and procedures. These limitations include the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, any such system can only provide reasonable assurance of achieving the desired control objectives.

### ***15B. Management's Annual Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Under Section 404 of the Sarbanes Oxley Act of 2002, management is required to assess our internal controls surrounding the financial reporting process as at the end of each fiscal year. Based on that assessment, management is to determine whether or not our internal controls over financial reporting are effective.

Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our receipts and expenditures are being made only in accordance with authorizations of our management and board; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

ErgoGold (formerly Elsburg Gold Mining Joint Venture) as an operation was not functioning until November 1, 2008 and became a subsidiary on March 31, 2009. As a current year acquisition, we are entitled to make use of a 12 month grace period to comply with section 404 of the Sarbanes Oxley Act with respect to this subsidiary. Therefore, we have not included ErgoGold in our assessment of our internal controls over financial reporting. ErgoGold was however included in the year-end and financial consolidation controls of the group. ErgoGold as of June 30, 2009 has for consolidation purposes a loss before taxation amounting to R47.2 million, total assets amounting to R1,071.1 million and total liabilities amounting to R248.2 million (excluding inter-company loans amounting to R414.7 million).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Instead, it must be noted that even those systems that management deems to be effective can only provide reasonable assurance with respect to the preparation and presentation of our financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with the policies and procedures.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2009. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on our assessment and those criteria, our management concluded that as of June 30, 2009 our internal control over financial reporting was effective.

### ***15C. Independent Auditor's Attestation Report***

The effectiveness of internal control over financial reporting as of June 30, 2009 was audited by KPMG Inc., independent registered public accounting firm, as stated in their report on page F-1 of this Form 20-F.

### ***15D. Changes in Internal Control Over Financial Reporting***

Changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the period covered by the annual report, needs to be identified and reported as required by paragraph (d) of Rule 13a-15.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual financial statements will not be prevented or detected on a timely basis.

We have previously disclosed in our Form 20-F for the year ended June 30, 2008, material weaknesses in our internal control over financial reporting related to the accounting for certain complex and non-routine transactions in accordance with IFRS and our review process of the year-end financial reporting process.

To address these material weaknesses, our management implemented a number of measures to remediate the weakness in accounting for certain complex and non-routine transactions in accordance with IFRS, including improving the process to assess the accounting implications of complex and non-routine transactions and adequately documenting these implications for review by management and the Audit Committee. Management also improved our process of internal control over financial reporting specifically as it relates to our review process of the annual financial statements by implementing detailed policies and procedures that provide for the review of our financial statements to identify errors at a level of precision that would prevent or detect a material misstatement.

As of June 30, 2009, our management determined that the remediation measures undertaken to improve our internal control over financial reporting have enabled it to conclude that the material weaknesses identified in the financial year ended June 30, 2008 has been remediated. Other than remediation of the prior year material weakness described above, there have been no other changes in our internal control over financial reporting during the financial year ended June 30, 2009 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting. Furthermore, we are still in the process of implementing the controls surrounding the financial reporting process at ErgoGold.

## ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Mr. R.P. Hume, Chairman of the Audit Committee, has been determined by our board to be an audit committee financial expert within the meaning of the Sarbanes-Oxley Act, in accordance with the Rules of the Nasdaq Capital Market and rules promulgated by the SEC. The board is satisfied that the skills, experience and attributes of the members of the audit committee are sufficient to enable those members to discharge the responsibilities of the audit committee.

## ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics and Conduct that applies to all senior executives including our Non-Executive Chairman, the Chief Executive Officer, Chief Financial Officer and the Group Financial Manager and Financial Manager at each mining operation as well as all other employees. The Code of Ethics and Conduct can be accessed on the Company's website at [www.drdgold.com](http://www.drdgold.com).

## ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG Inc. has served as our independent public accountant for the fiscal years ending June 30, 2009, 2008 and 2007, for which audited financial statements appear in this Annual Report. The Annual General Meeting elects the auditors annually.

The following table presents the aggregate fees for professional audit services and other services rendered by KPMG Inc. to us in fiscal 2009 and 2008:

<i>Auditors' remuneration</i>	<b>Year ended June 30,</b>	
	<b>2009</b>	<b>2008</b>
	<b><u>R'000</u></b>	<b><u>R'000</u></b>
Audit fees .....	10,362	10,002
Audit-related fees .....	-	-
Tax fees .....	-	451
All other fees .....	158	-
	<u>10,520</u>	<u>10,453</u>

### *Audit Fees*

Audit fees billed for the annual audit services engagement, which are those services that the external auditor reasonably can provide, include the company audit; statutory audits; comfort letters and consents; attest services; and assistance with and review of documents filed with the SEC.

### *Audit-Related Fees*

For fiscal 2009 and fiscal 2008, no audit-related fees were incurred.

### *Tax Fees*

Fees for tax services in fiscal 2008 include, fees billed for tax compliance, tax advice and tax planning services.

### *All Other Fees*

All other fees consist of all fees billed which are not included under audit fees, audit related fees or tax fees. In fiscal 2009, these amounts related to fees billed for reviews of shareholders' circulars issued.

The Audit Committee appoints, re-appoints and removes the external auditors as well as determines the remuneration and terms of engagement of the external auditors. The committee pre-approves, and has pre-approved, all non-audit services provided by the external auditors. The Audit Committee considered all of the fees mentioned above and determined that such fees are compatible with maintaining KPMG Inc.'s independence.

## ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

## ITEM 16G. CORPORATE GOVERNANCE

As a foreign private issuer with shares listed on the Nasdaq Capital Market, we are subject to corporate governance requirements imposed by Nasdaq. Under Nasdaq Stock Market Rule 5615(a)(3), a foreign private issuer such as us may follow its home country corporate governance practices in lieu of certain of the Nasdaq Stock Market Rules corporate governance requirements. The following paragraphs summarize the significant differences between our corporate governance practices and those followed by U.S. companies listed on the Nasdaq Capital market:

### *Independence of audit committee members.*

Nasdaq Stock Market Rule 5605(c)(2) requires a Nasdaq listed company to have an audit committee composed of at least three independent members. A foreign private issuer may be exempted from the requirement that all members of the audit committee qualify as independent under Nasdaq Stock Market Rules provided, among other requirements, that the members of the audit committee are independent under Exchange Act Rule 10A-3. As at October 31, 2009 all of our audit committee members are independent both under the Nasdaq Stock Market Rules and the South African Johannesburg Stock Exchange Rules.

### *Exemption from the shareholder approval requirements.*

Between August and December 2003, the Company entered into a series of discounted issuances with several different investors resulting in the issuance of ordinary shares, and securities convertible into ordinary shares, totaling 46,843,902, or 25.43% of the total shares outstanding on a pre-issuance basis. Included within those issuances, on December 12, 2003, the Company entered into an agreement granting Investec the option to acquire 10.2 million ordinary shares. The Company requested an exemption from Nasdaq Marketplace Rule 5635(a)(1)(B) in reliance upon Rule 5615(a)(3). Rule 5635(a)(1)(B) provided that shareholder approval is required upon issuing 20% or more of the common stock outstanding before the issuance. Nasdaq granted this exemption on the basis that the shareholder approval requirements of Rule 5635(a)(1)(B) were contrary to generally accepted business practices of companies located in South Africa.

The South African Companies Act of 1973 (as amended) requires issuers to obtain shareholder approval before the issuance of any shares or rights to shares, which approval can be provided by specific authority or a general authority granted by means of a resolution passed by shareholders in a general meeting. JSE Listing Requirements require 75% shareholder approval for any issuance of shares for cash. JSE Listing Requirements do, however, permit an issuer to issue shares for cash under a general authority granted by its shareholders, but not in excess of 15% of the company's total issued share capital during any financial year under that authority, or the general authority. In terms of the specific issuances for which the Company received the exemption from Nasdaq described above, there was no JSE requirement that would mandate specific shareholder approval for these transactions. The JSE Listing Requirements accept a general authority by our shareholders under certain circumstances. The shareholders had approved a general authority which covered the relevant transactions by resolutions passed at the Company's annual general meetings in November 2003. In addition, included in the shares issued for cash were approximately 24.4 million shares to the value of R435.5 million (\$63.1 million) which were used for the acquisition of the Porgera Joint Venture. Approval was obtained from the JSE to deem these shares to be a vendor placing.

### *Exemption from the quorum requirements.*

Nasdaq's Marketplace Rules 5620 (c) states that the minimum quorum for any meeting of holders of the company's common stock must be no less than 33 1/3 % of the issuer's outstanding shares. Consistent with the practice of companies incorporated in South Africa, our articles of association only require a quorum of three members. As a result, and in connection with the listing of our ADSs on the Nasdaq National Market in July 1996, we requested, and Nasdaq granted us in October 1996, an exemption from compliance with the Rule 5620 (c) quorum requirement.