



ACN 007 508 787

NOTICE OF GENERAL MEETING

PROXY FORM

EXPLANATORY MEMORANDUM

Date of Meeting

Monday 29 August 2005

Time of Meeting

11.00 am

Place of Meeting

Menzies Hotel
14 Carrington Street
SYDNEY NSW 2000

**EMPEROR MINES LIMITED
ACN 007 508 787**

NOTICE OF GENERAL MEETING

A General Meeting of Emperor Mines Limited ACN 007 508 787 ("**Company**") will be held at 11.00 am on Monday 29 August 2005 at the Menzies Hotel, 14 Carrington Street, Sydney, New South Wales.

The business to be considered at the General Meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum, which contains information in relation to each of the following resolutions. A Proxy Form also accompanies this Notice of Meeting.

BUSINESS

Resolution – Approval of the debt to equity conversion rights in the Convertible Loan Agreement with DRD (Isle of Man) Limited

To consider and, if thought fit, to pass the following **ordinary** resolution:

"That, for the purposes of Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited and all other purposes, the Company hereby approves and authorises the provisions of the Loan Agreement that permit loan advances of up to \$10 million made by DRD (Isle of Man) Limited to the Company and such further amounts that have become due and payable by the Company to DRD (Isle of Man) Limited (including interest) pursuant to that Loan Agreement to be convertible into fully paid ordinary shares issued in the capital of the Company on the terms and conditions set out in the Loan Agreement."

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on the Resolution by DRD (Isle of Man) Limited and any associates of DRD (Isle of Man) Limited. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

By order of the Board



Andrew Cooke
Company Secretary
19 July 2005

Proxies

- Votes at the General Meeting may be given personally or by proxy, attorney or representative.
- A member entitled to attend and vote at the meeting has the right to appoint no more than two proxies.
- A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- If the member appoints two proxies and the appointment does not specify the proportion or the number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes. If the member appoints two proxies, neither proxy may vote on a show of hands.
- A proxy need not to be a member of the Company.
- The member or his or her power of attorney who has not received any notice of revocation of the authority must sign a proxy form. Proxies given by corporations must be signed by a Director, Company Secretary, Sole Director and Sole Company Secretary or under the hand of a duly authorised officer or attorney.
- The proxy form (and any Power of Attorney under which it is signed) must be received by the Company on +61 2 9299 7433 or by mail or delivery to the registered office of Emperor Mines Limited being Suite 303, Level 3, 50 Margaret Street, Sydney, New South Wales, Australia, 2000 **no later than 48 hours before the commencement of the General Meeting**. Any proxy form received after that time will not be valid for the scheduled meeting.

EMPEROR MINES LIMITED
ACN 007 508 787

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Emperor Mines Limited ACN 007 508 787 ("**Company**") in connection with the business to be transacted at the General Meeting of shareholders of the Company to be held at the Menzies Hotel, 14 Carrington Street, Sydney, New South Wales on 29 August 2005 at 11.00 am Sydney time.

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolution set out in the Notice of Meeting (the "**Resolution**").

Board Committee

Given that Messrs Wellesley-Wood, Johnson and Murray are Directors or executives of DRDGold Limited (the parent company of DRD (Isle of Man) Limited ("**DRD IoM**")) and may have a personal interest in transactions with DRD IoM, a sub-committee of the independent directors was established to act on the Company's behalf in relation to transactions with DRD IoM, including negotiating the Loan Agreement. This sub-committee comprises Mr James Wall, Mr Robert Willcocks and Mr David Ballhausen (collectively, the "**Independent Directors**").

Resolution – Approval of the debt to equity conversion provisions of the Convertible Loan Agreement with DRD (Isle of Man) Limited

Introduction

As announced by the Company on 12 July 2005, the Company has, as part of a financial and operational restructuring package designed to restore the Company to profitability, entered into an interest bearing convertible term loan of up to A\$10 million ("**Loan Facility**") with its major shareholder, DRD IoM who holds 45.33% of the issued shares in the Company ("**Loan Agreement**"). The purpose of this Loan Agreement is to provide the Company with the short term funding needed to implement the Company's revised mine plan.

As DRD IoM may be considered a related party of the Company, the Company is seeking shareholder approval under ASX Listing Rule 10.11 ("**Shareholder Approval**") to approve the provisions of the Loan Agreement that permit amounts outstanding under the Loan Agreement to be converted into fully paid ordinary shares issued in the capital of the Company ("**Conversion Right**"). This is because the Loan Agreement with the Conversion Right is considered to be a convertible security as that term is defined in the ASX Listing Rules.

Directors Recommendations

For the reasons set out below and expanded in more detail in this Explanatory Memorandum, the Independent Directors are of the view that the approval of the Conversion Right is in shareholders' best interests and accordingly urge shareholders to vote in favour of the Resolution at the forthcoming General Meeting.

The Independent Directors have come to this view because:

- securing ongoing short term funding is a vital component of the proposed restructure of the Company. If this restructure is not implemented, then the Directors will need to assess the Company's ability to continue as a going concern;
- taking into consideration the Company's urgent need for funds, the Independent Directors believe that DRD IoM's offer to provide the short term funding necessary to implement the Company's revised mine plan was the only source of funds available to it within the required timeframe. Whilst other financing options were explored by the Independent Directors, those sources were uncertain both as to whether they could be achieved, and achieved within the required timeframe;
- securing the funding provided by the Loan Agreement was necessary to obtain the waivers provided by ANZ necessary to implement the proposed restructure of the Company. If the waivers were not provided by ANZ, then the Directors would have been required to assess the Company's ability to continue as a going concern; and
- by approving the Conversion Right, shareholders are not authorising DRD IoM to exercise the Conversion Right, only to be granted the Conversion Right. DRD IoM can only increase its control position in the Company by exercising the Conversion Right in a manner permitted by the Corporations Act. This may, for example, require a further shareholder approval at a later date.

The Independent Directors note that the Company's existing financier, ANZ Bank Limited ("**ANZ**") has consented to the Company's entry into the Loan Agreement.

Messrs Wellesley-Wood, Johnson and Murray have declined to make a recommendation given their interest in the matters the subject of the General Meeting. However, Mr Wellesley-Wood, acting in his capacity as the Managing Director of the Company, confirmed to the Independent Directors prior to entry into the Loan Agreement that, while he had not been involved in the negotiation of or the decision to enter into the Loan Agreement as he was required to do so at law, he was not aware of any reason as to why the Company should not enter into the Loan Agreement.

Financial and Operational Restructuring Package

As announced on 9 June and 12 July 2005, the Company has finalised a financial and operational restructuring package aimed at returning the Company to positive cash flow and creating a sustainable, long term future for the company and its operations in Fiji ("**Restructuring Package**"). Successful implementation of this Restructuring Package is conditional on, amongst other things, the Company:

- implementing a revised mine plan designed to overcome the recent operational difficulties experienced at the Vatukoula mine in Fiji ("**Revised Mine Plan**");
- restructuring its existing finance facility with ANZ Bank Limited ("**ANZ**") to assist the Company with achieving the objectives of the Restructuring Package; and
- arranging urgent short term financing of A\$10 million to fund the planned capital expenditure required by that Revised Mine Plan.

The Revised Mine Plan will address the critical issues of catching up with development at the Vatukoula mine, mitigate the effect of high oil prices and restructure current work practices. To achieve the key objectives of increasing development, reducing dilution and improving the recovered grade, the plan assumes an increase of 6kms of development over and above normal requirements and an overall reduction in dilution of approximately 20%.

The Revised Mine Plan covers the period to June 2006 and envisages production of approximately 650,000 tonnes of ore at an average grade of 8.00 g/t delivering 145,000 ounces of gold. Comparable forecast figures for the current financial year are estimated to be 540,000 tonnes of ore, a grade of 7.1 g/t and 114,000 ounces of gold.

The Company's ability to efficiently implement the Revised Mine Plan has been improved by the Company entering into a one year operational support agreement with DRD IoM and Emperor Gold Mining Company Limited ("**EGM**") pursuant to which DRD IoM will second experienced mining personnel to EGM to provide ongoing operational, technical and management support at the Vatukoula mine. This agreement was negotiated with DRD IoM by the Independent Directors who, after taking independent advice, believe that its terms are arms length and in the best interests of the Company.

The success of the Revised Mine Plan is dependent upon the Company committing to a capital expenditure program of A\$15 million over the next 12 months (including an initial commitment of A\$10 million between July and December 2005) which is anticipated to reduce operating costs by approximately A\$10 million per annum.

In addition to the Loan Agreement discussed in more detail below, the Company has also entered into an agreement with its existing financier ANZ to facilitate the Company's funding requirements which, subject to a number of conditions, includes the deferral of certain debt servicing obligations and waiver of certain events or potential events of default for a fixed period of time under the existing ANZ facility.

In reaching the agreement with ANZ the Company was required to secure the funding provided by the Loan Agreement and to have the ability to make the draw downs under the Loan Facility in accordance with its terms.

Loan Agreement

As stated above, the Company has entered into the Loan Agreement to provide the provision of the short term capital expenditure requirements of the Revised Mine Plan.

As announced on 2 February 2005, the Company has agreed to sell its 100% interest in the Tuvatu Project to Alcaston Mining NL. It is the current intention of the Independent Directors that the Loan Facility serve as "bridging finance" pending receipt of the cash proceeds from the sale of Tuvatu Project pursuant to the conditional share sale deed between Emperor Gold Mining Company Limited ("**EGM**"), Koula Mining Company Limited, Tuvatu Gold Mining Company Limited and Alcaston Mining NL dated 27 June 2005 ("**Tuvatu Project Sale Cash Proceeds**"). In the event that this sale is not completed, the amounts drawn down under the Loan Facility will become repayable in accordance with the terms of the Loan Agreement. Further particulars of the Loan Agreement are set out in the Annexure to this Explanatory Memorandum.

The Loan Agreement was negotiated with DRD IoM by the Independent Directors who, after taking independent advice, believe that its terms are arms length and in the best interests of the Company

Particulars of the Conversion Right for which approval is sought

The Loan Agreement provides that, subject to shareholders approving the Conversion Right at the forthcoming General Meeting and subject to DRD IoM obtaining the approval of the Foreign Investment Review Board (“**FIRB**”) for the acquisition of shares by DRD IoM, DRD IoM will have the right to elect to convert amounts outstanding under the Loan Agreement into fully paid ordinary shares issued in the capital of the Company (“**Shares**”) in accordance with the following formula:

$$\text{Shares issued on conversion} = \left[\frac{PO}{CP} \right]$$

Where:

CP is the lower of A\$0.30 or VWAP

PO is the aggregate amount of all advances that have not been repaid plus any other amounts that are due and payable under the Loan Agreement

VWAP is the 45 day volume weighted average sale price of the shares sold on ASX prior to and excluding the date of the conversion notice but does not include any transaction defined in the ASX Business Rules as “special crossings”, crossings prior to the commencement of normal trading, crossing during the after hours adjust phase or any overseas trades, the exercise of options over shares or any transactions made by or on behalf of DRD IoM or any associate of DRD IoM.

Adjustments may be made to the conversion price if an event has occurred that has had either a diluting or concentrative effect on the value of the Shares or the share capital of the Company is otherwise reorganised.

Shares issued by the Company to DRD IoM on exercise of the Conversion Right will rank in all respects *pari passu* with the other then existing issued Shares, will be listed on the Australian Stock Exchange and will be freely tradeable.

It is important to note that DRD IoM will not have the ability to freely exercise that Conversion Right. Exercise of this right will remain subject to the Company obtaining all necessary authorisations required to enable it to lawfully issue the Shares to DRD IoM. For example, the takeover provisions of the Corporations Act prohibit DRD IoM from increasing its interest in the Company by more than 3% over a 6 month period without first obtaining shareholder approval. If a purported exercise of the Conversion Right will exceed this restriction, the Company must upon request from DRD IoM seek shareholder approval for such an acquisition of Shares.

Further details in respect of the Conversion Right are set out in paragraph 4 in the Annexure.

What will happen if shareholders approve the Conversion Right?

If shareholders approve the Conversion Right:

- the Loan Agreement will, subject to DRD IoM obtaining FIRB approval, immediately become a convertible loan facility on the terms set out in the Loan Agreement;

- subject to any restrictions at law, DRD IoM will, on its election, be permitted to convert amounts outstanding under the Loan Facility into fully paid ordinary shares in the Company at a conversion price calculated in accordance with the Loan Agreement;
- subject to the terms of the Loan Agreement, the funds to be provided under the Loan Facility will continue to be available to the Company to fund the Revised Mine Plan;
- subject to obtaining any necessary approvals, DRD IoM may exercise any or all of the Conversion Rights thereby relieving the Company from all or part of the repayment obligations under the Loan Agreement. The exercise of a material amount of the Conversion Right would represent a financial contribution which if it eventuates is expected to materially improve the Company's financial position; and
- the issue of the Conversion Rights and any issue of Shares on exercise of the Conversion Right will not reduce the Company's new issue limits under Listing Rule 7.1 of the ASX Listing Rules (as securities issued on the conversion of a convertible security approved under ASX Listing Rule 10.11 are exempt from the calculation of the maximum number of shares that may be issued in a 12 month period without shareholder approval).

What will happen if shareholders do not approve the Conversion Right?

If shareholders do not approve the Conversion Right:

- The Loan Agreement will remain on foot as a secured debt facility, however, DRD IoM may serve a notice on the Company:
 - suspending all future advances under the Loan Facility to the Company on expiration of a 60 day notice period; and
 - requiring all amounts drawn down under the Loan Facility prior to the service of the notice to be repaid on a date no earlier than 270 days from the date of the General Meeting;
- If DRD IoM serves such a notice on the Company, then, given the Company's current financial circumstances, the Directors will need to find an alternative funding source on short notice to continue implementation of the Revised Mine Plan;
- If the Directors are unable to identify an alternative funding source within that time period, then they will have to consider the Company's ability to continue as a going concern;
- If DRD IoM gives the notice mentioned above, the waivers granted by ANZ are likely to need to be renegotiated. There is no guarantee that revised arrangements can be agreed with ANZ; and
- To the extent that the Company's financial circumstances trigger a termination event under the Operational Support Agreement (for example, a solvency event in respect of the Company or a failure to pay amounts due under that agreement),

DRD IoM may terminate that agreement which would require the Company to obtain replacements for the key operational positions in the Company on short notice.

Additional Information

To the extent that information is required for the purposes of the ASX Listing Rules (including specifically Listing Rule 10.13) and is not specified elsewhere in this Explanatory Memorandum, it is set out below:

- (a) Shareholders should note that if the Resolution is passed, Shares issued pursuant to the exercise of the Conversion Right will be issued by the Company without seeking shareholder approval for the purposes of:
 - Listing Rule 7.1 as the Company will rely on the exemption set out in Listing Rule 7.2 Exception 4 (which permits the Company to exclude from the calculation of the maximum number of shares that may be issued in a 12 month period without shareholder approval); and
 - Listing Rule 10.11 as the Company intends to rely on the exemption set out in Listing Rule 10.12 Exception 7 (which exempts the Company from the requirement to seek shareholder approval for the purposes of Listing Rule 10.11 where approval was previously sought for the Conversion Right).
- (b) If the Resolution is passed the Conversion Right may, subject to obtaining FIRB approval, be exercised at any time on DRD IoM's election.
- (c) There is no "issue price" for the Loan Agreement. The Conversion Right forms part of the terms on which DRD IoM was prepared to provide the Loan Facility to the Company. A summary of the key terms of the Loan Agreement are set out in the Annexure to this Explanatory Memorandum.
- (d) No funds will be raised by entry into the Loan Agreement or the approval of the Conversion Right. However, if the Company is able to drawdown under the Loan Facility and DRD IoM elects to exercise a material amount of the Conversion Right, this would represent a permanent financial contribution which if it eventuates is expected to materially improve the Company's financial position.

ANNEXURE

The following is a summary of the key terms of the Loan Agreement:

1. **Amount of the Loan Facility:** US\$ equivalent of A\$10 million.
2. **Interest:** Fixed interest rate of 9% calculated daily on the aggregate amount of all advances that have not been repaid plus interest ("**Principal Outstanding**"), payable monthly in arrears.
3. **Draw Down:** Draw down under the Loan Facility is subject to a monthly maximum amount equivalent to the capital expenditure requirements of the Revised Mine Plan. Draw down is also conditional upon the satisfaction of certain pre-conditions including completion of a formal draw down request, repetition of the representations and warranties set out in paragraph 11 below and confirmation that the Company is not in breach of any term of the Loan Agreement.
4. **Repayment of Principal Outstanding:** The Company must repay the Principal Outstanding to DRD IoM on the earlier of:
 - (a) 10 business days following DRD IoM giving the Company written notice to repay the Principal Outstanding, limited to an amount not exceeding the Tuvatu Project Sale Cash Proceeds. This notice may only be given after the Company has received the Tuvatu Project Sale Cash Proceeds;
 - (b) on 30 June 2007, limited to the greater of A\$1 million or 25% of the Company's total earnings before interest less capital expenditure and provision for 3 months working capital and 3 months development capital and which amount must first be satisfied out of the remaining Tuvatu Project Sale Cash Proceeds;
 - (c) 31 December 2007;
 - (d) the occurrence of an event of default; or
 - (e) at the Company's election on 20 business days notice, limited to the amount equal to the amount specified in the prepayment notice given by the Company to DRD IoM (provided no conversion notice has been received from DRD IoM).
5. **Prepayment:** The Company may prepay all or part of the balance of the Principal Outstanding by giving DRD IoM at least 20 business days notice of its intention to do so. However, during this notice period, DRD IoM has the right, subject to the Company having obtained Shareholder Approval, to elect to convert some or all of the Principal Outstanding to shares in the Company. The Company cannot redraw any amounts prepaid.
6. **Conversion Rights:** Subject to the passage of the Resolution and to obtaining the approval of the Foreign Investment Review Board for the acquisition of Shares by DRD IoM, DRD IoM may at any time before the repayment of the Principal Outstanding elect to convert some or all of the Principal Outstanding into fully paid ordinary shares in the Company.

Subject to certain restrictions on conversion outlined below, the Company must within 14 business days of receiving a conversion notice from DRD IoM issue to DRD IoM that number of shares calculated in accordance with the following formula:

$$\text{Shares issued on conversion} = \left[\frac{PO}{CP} \right]$$

Where:

CP is the lower of A\$0.30 or VWAP

PO is the Principal Outstanding that is being converted.

VWAP is the 45 day volume weighted average sale price of the shares sold on ASX prior to and excluding the date of the conversion notice but does not include any transaction defined in the ASX Business Rules as “special crossings”, crossings prior to the commencement of normal trading, crossing during the after hours adjust phase or any overseas trades, the exercise of options over shares or any transactions made by or on behalf of DRD IoM or any associate of DRD IoM.

Adjustments to the conversion price will be made where there has been an event that may have a diluting effect on the value of the shares (eg a pro-rata issue of shares) or an event that may have a concentrative effect on the value of the shares (eg an off-market buy-back). The adjustment will, to the extent relevant, not be inconsistent with the rules relating to the reorganisation of convertible securities in Chapter 7 of the ASX Listing Rules.

The Company’s obligation to issue shares on receipt of a conversion notice is subject to it obtaining all authorisations required to enable it to lawfully issue the shares to DRD IoM. If any authorisation is required, the Company must as soon as reasonably practical (and in any event not later than 60 days from the date of receipt of a request to do so or a conversion notice) take all necessary steps to seek to obtain the required authorisation. For example, if DRD IoM wishes to convert some or all of the Principal Outstanding and be issued shares in excess of that number of shares that it is permitted to acquire under the “3% creep” exception to the takeover provisions in the Corporations Act, the Company will be required to seek the approval of shareholders at that time.

Shares issued by the Company to DRD IoM on exercise of the Conversion Right will rank in all respects *pari passu* with the other then existing issued Shares, will be listed on the Australian Stock Exchange and will be freely tradeable.

7. **Termination on receipt of Tuvatu Project Sale Cash Proceeds:** If for any reason the Tuvatu Project Sale Cash Proceeds have been applied in repayment of the Principal Outstanding, DRD IoM will be entitled to terminate the Loan Agreement by notice in writing to the Company. On termination, the Company must immediately make any payments owing to DRD IoM under the Loan Agreement.
8. **Events of Default:** An event of default will occur in circumstances including where:

- (a) the Company fails to obtain the Shareholder Approval or the terms of the ASX Waiver are changed or the ASX Waiver is otherwise withdrawn;
- (b) the security documents are not executed within 30 days of execution of the Loan Agreement or such longer period agreed to by DRD IoM or if in DRD IoM's opinion the Company fails to perform or observe any obligation or undertaking in the guarantee and security clause of the Loan Agreement;
- (c) the Company fails to pay an amount owing under the Loan Agreement or the Operational Support Agreement;
- (d) the Company fails to perform or observe any obligation under the Loan Agreement or the Operational Support Agreement and does not remedy the failure within 5 business days after receipt of a notice;
- (f) any warranty, representation or statement by the Company is or becomes materially false, misleading or incorrect when made or regarded as made under the Loan Agreement or any document contemplated under the Loan Agreement;
- (g) any present or future, or actual, prospective or contingent, indebtedness of the Company in respect of any financial accommodation (including, without limitation, the existing ANZ debt facility) and moneys payable under a guarantee is or becomes due and payable or is or becomes capable of being declared due and payable before the due date for payment or is not paid when due and remains due and payable for 5 business days after that amount first becomes due or payable;
- (h) there is a material adverse change in the business, assets or financial condition of the Company or the value of its assets.

Other events of default include the typical events of default relating to the Company's solvency.

9. **Consequences of an Event of Default:** On or after the occurrence of an event of default, DRD IoM may by notice to the Company:

- (a) declare that the Principal Outstanding is immediately due and payable except that where the event of default is the default referred to in paragraph (a) above, the notice must specify that any amounts drawn down under the Loan Facility prior to the service of an Advance Suspension Notice has and will become immediately owing but the Company has 270 days from the date of the initial event of default to repay the amounts. If such a notice is served on the Company, DRD IoM may, on no less than 60 days notice suspend all future advances ("**Advance Suspension Notice**") until further notice and, on expiration of that 60 day notice period, DRD IoM, DRD IoM will not be obliged to make any further advances to the Company; and
- (b) take any action or proceeding necessary or desirable in order to protect its ability to recover the Principal Outstanding,

or a combination of any of those things, provided that the Company is first afforded the period of 5 business days to remedy an event of default that relates to failure to pay an amount owing to DRD IoM or 10 business days to remedy any other event of default.

10. **Guarantee and Security:** EGM as guarantor guarantees to DRD IoM the due and punctual performance and observance by the Company of all of its obligations under the Loan Agreement and agrees to indemnify DRD IoM against all losses that DRD IoM may suffer through or arising from any breach by the Company of its obligations under the Loan Agreement.

The Company and EGM agree that as a condition for DRD IoM entering into the Loan Agreement and providing the Loan Facility, it will on the request of DRD IoM execute security documents to provide DRD IoM with first ranking security over all assets forming part of the Tuvatu Project, all rights that vest in the Company under the Tuvatu Project sale agreements or any other documents the purpose of which relate to sale of any assets forming part of the Tuvatu Project and all consideration to be received by the Company from the sale of any assets forming part of the Tuvatu Project and any subsequent royalties earned from those mining tenements ("**Secured Assets**"). As a separate undertaking in consideration for the provision of the Loan Facility and all advances made under the Loan Facility, the Company charges its interest in the Secured Assets.

The Company has obtained a waiver from ASX of Listing Rule 10.1 ("**ASX Waiver**") to the extent necessary to permit the Company to grant the security to DRD IoM without obtaining shareholder approval subject to the following conditions:

- (a) if an event of default occurs and DRD IoM exercises its rights under the security, it will not acquire the assets that comprise the Tuvatu Project in full or part satisfaction of the loan, or otherwise forfeit the Tuvatu Project, without first having complied with any applicable ASX Listing Rules, including listing rule 10.1; and
 - (b) if the Company fails to obtain shareholder approval to approve the Conversion Right, DRD IoM will not declare that an event of default has occurred until at least 60 days has expired from the date of this meeting.
11. **Representations and warranties:** The Company provides representations and warranties (on execution of the Loan Agreement and again on the date of each draw down request) typical in a Loan Agreement including that:
- (a) it has full power and authority to enter into and perform its obligations under the Loan Agreement;
 - (b) it is not in breach (or where it is, such breach has been waived) in any material respect under any agreement binding on it; and
 - (c) it is solvent and is able to pay its debts as and when they become due.
12. **Indemnity:** The Company indemnifies DRD IoM against any loss that it suffers in respect of the occurrence of any event of default or DRD IoM exercising its powers as a result of any event of default.

**All correspondence to:**

Emperor Mines Limited
Suite 303, Level 3
50 Margaret Street Sydney
NSW 2000 Australia
Enquiries (within Australia) 61 2 9299 7422
Facsimile 61 2 9299 7433
www.emperor.com.au

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



Appointment of Proxy

I/We being a member/s of Emperor Mines Limited and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Emperor Mines Limited to be held at Menzies Hotel, 14 Carrington Street, Sydney New South Wales on 29 August 2005 at 11.00 am and at any adjournment of that meeting.

IMPORTANT: FOR ITEM 1 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 1 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 1 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 1.

Voting directions to your proxy - please mark



to indicate your directions

1 Approval of the debt to equity conversion rights in the Convertible Loan Agreement with DRD (Isle of Man) Limited

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy



Mark with an 'X' if you wish to appoint a second proxy.

AND

 %

OR

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 11.00 am on 29 August 2005. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

- IN PERSON Registered Office - Suite 303, Level 3, 50 Margaret Street, SYDNEY NSW 2000
- BY MAIL Registered Office - Suite 303, Level 3, 50 Margaret Street, SYDNEY NSW 2000
- BY FAX 61 2 9299 7433