



INTEGRATED REPORT 2015



SCOPE AND BOUNDARY

APPROACH TO INTEGRATED REPORTING

This is our fifth annual integrated report. We have produced a comprehensive and simple report that addresses the sustainability of our business in a holistic and integrated way, and is compliant with the requirements of a JSE- and NYSE-listed company. We address our business in terms of the five¹ capitals, speaking principally to the material issues.

Our accompanying annual financial statements for the year ended 30 June 2015 (AFS) and the Notice of annual general meeting for the year ended 30 June 2015 (Notice of meeting), which includes summary consolidated financial statements, can be found on the DRDGOLD annual report suite webpage: www.drdgold.com.

This integrated report has been produced in line with the International <IR> Framework published by the International Integrated Reporting Council (IIRC) in December 2013. DRDGOLD has adopted the Global Reporting Initiative (GRI) G4 guidelines, and reports in line with the 'core' format.

As we have prepared a concise report, the detail on our performance in terms of G4 is provided in appendices in the supplementary information to the DRDGOLD Integrated Report 2015, also on the above webpage.

Selected information in this report has been assured by independent assurance provider KPMG Services Proprietary Limited.

¹ IIRC recognises six capitals; DRDGOLD combines manufactured and intellectual capital into a single capital.

SCOPE AND BOUNDARY

This report covers the FY2015 performance of Ergo Mining Proprietary Limited, the reclamation operation owned and managed by DRDGOLD Limited (DRDGOLD). Historical information is supplied for context and comparison where appropriate, along with future outlook, where this supports an understanding of the strategy of the business. However, this information should not be construed as forward-looking statements. We have looked beyond the boundary of our reporting entity to identify the risks and opportunities directly associated with our business, as well as our primary stakeholders, as we recognise that these have an influence on our strategy and the way in which we create value.

FORWARD-LOOKING STATEMENTS

Some of the information in this report may contain projections or other forward-looking statements regarding future events or other financial performance, including forward-looking statements and information relating to our company, that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management. When used in this report, the words "estimate", "project", "believe", "anticipate", "intend", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Many factors could cause the 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, a drop in the gold price, a prolonged strengthening of the rand against the dollar, regulatory developments adverse to DRDGOLD or difficulties in maintaining necessary licences or other governmental approvals, changes in DRDGOLD's competitive position, changes in business strategy, any major disruption in production at key facilities or adverse changes in foreign exchange rates and various other factors.

These risks include, without limitation, those described in the section entitled "Risk Factors" included in our Form 20-F for the fiscal year ended 30 June 2014, which we filed with the United States Securities and Exchange Commission (SEC) on 31 October 2014. You should not place undue reliance on these forward-looking statements, which speak only as of the date thereof. We do not undertake any obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report or the occurrence of unanticipated events. Any forward-looking statement included in this report has not been reviewed or reported on by DRDGOLD's auditors.

REPORT AUDIENCES

Our integrated report is the primary document for communication with our shareholders, the providers of our capital. Our shareholders include employees, who hold an equity interest in the business.

We also have important stakeholders on whom we have an influence and who, in turn, influence the business, its success and its direction. We identify and report on our engagement with our primary stakeholders on pages 10 and 11, and are mindful of the need for maintaining these crucial relationships.

We constantly strive to improve our stakeholder engagement, and the policies that guide our actions, as we are mindful that it is through our stakeholders that our material issues are determined.

RESPONSIBILITY FOR REPORTING

The DRDGOLD board, together with the Audit Committee, holds responsibility for the DRDGOLD Integrated Report 2015. All directors have had the opportunity to review and comment on the contents and to ensure its integrity. The board formally approved this report, our AFS and Notice of meeting at a special meeting held on 17 September 2015.

AUDITING AND ASSURANCE

DRDGOLD is committed to accurate, timeous and meaningful reporting. As this is a process of continual improvement, each year selected sustainability indicators are externally assured. The report of our external assurers for the FY2015 sustainability information can be found in Appendix 6.

REPORT QUERIES

Riaan Davel

Email: riaan.davel@drdgold.com | Tel: +27 11 470 2608

CONTENTS

Introduction

Scope and boundary

IFC

Business performance

Three-year review 9

Financial capital 20

Manufactured capital 23

Natural capital 28

Human capital 32

Social capital 36

Looking ahead 38

Reserves and resources 50

Leadership

Chairman's letter 2

Directors and senior management 44

Accountability

Governance 40

Remuneration report 46

General information

Administration and contact details

IBC

Organisational overview and strategy

Corporate profile 4

Our value chain 6

Business model 8

Stakeholder engagement and relationships 10

Key opportunities and risks 12

Strategy and resource allocation 14

Strategic objectives 16

CEO's strategic review 18

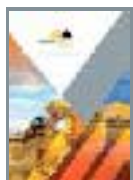
For more information on our business performance

Scan the QR code below and link to our online financials



Download the QR code reader for your smartphone

Reporting suite consists of the following



Integrated Report 2015



8 supporting appendices can be referenced online at www.DRDGOLD.co.za



Annual Financial Statements 2015



Notice of Annual General Meeting and Summary Consolidated Financial Statements 2015

- APPENDIX 1 – STAKEHOLDER ENGAGEMENT
- APPENDIX 2 – NATURAL CAPITAL
- APPENDIX 3 – HUMAN CAPITAL
- APPENDIX 4 – SOCIAL CAPITAL
- APPENDIX 5 – GOVERNANCE
- APPENDIX 6 – KPMG ASSURANCE
- APPENDIX 7 – REPORTING IN LINE WITH GRI
- APPENDIX 8 – GLOSSARY

CHAIRMAN'S LETTER

The highlight of my year at DRDGOLD was the official opening of our state-of-the-art flotation and fine-grind (FFG) circuit at the Ergo plant.

The event marked the culmination of a R389 million investment programme and 18 months of construction and painstaking development work. In February this year, we felt that the time was right to reflect on our achievements and celebrate the fact that this complex assembly of delicately balanced, interdependent processes was running effectively and efficiently.

It was a privilege to see first-hand the enthusiasm and pride that everyone at Ergo rightly feels. We know from painful experience how difficult it can be to get complicated systems to work as planned and it is a demonstration of the commitment and dedication of our workforce that the Ergo plant is now achieving its design parameters. We have successfully built a world-class processing facility which, combined with the extensive mine dumps throughout Johannesburg and a favourable economic environment, has the potential to generate wealth for our shareholders and the surrounding communities for many decades.

These milestones are not achieved by accident. We have a great team with a wealth of experience and I want to thank everyone at DRDGOLD for their contribution. You will see in this report how getting it right impacts the bottom line. We have ended the year with a healthy cash balance, we have paid off all the Medium Term Notes, the company is cash flow positive and we have declared a dividend of 10 cents per share.

Completion of the FFG circuit is just one step on the journey, it is by no means the end. Since February there has been more expansion of capacity at the Ergo plant and further changes to the process to tease yet more gold out of the huge amounts of material that we are processing. The team is busy working out how to achieve continuous improvements to the margin. Not only is this a very cost effective way to increase shareholder value but it also makes our business more robust and sustainable. Times are tough in the mining industry and this is compounded by challenges in South Africa, most notably the lack of reliable power. To some extent we have been helped by the weakness of the rand but it is a risky strategy to rely on a weak currency to keep our company profitable; we prefer to focus on efficiency and innovation.

To this end we built a plant to treat sewage water to replace the use of potable water in our process. This initiative saves on a valuable natural resource and protects the environment. We are also investigating initiatives to generate more of our own electricity in an environmentally sound way, helping to make our operations more sustainable and alleviate South Africa's power shortage. These are just a few of the initiatives that will continue to improve the outlook for DRDGOLD. Nobody knows what the future will bring and so, not only are we positioning the company to take full advantage of any upturn in the gold price, we are also building in flexibility that will allow us to maintain a sustainable business even if the gold price weakens.

During all the work on expanding and improving our operations, work continues on protecting the environment. While we are actively reclaiming dumps, we strive to keep disruptions to a minimum and always within the prescribed limits. When we have finished working on an area, land that was covered with mine waste becomes available for productive use. It is something of which we can be justifiably proud and we will continue to change the face of Johannesburg for the better.



We prefer to focus on efficiency and innovation



DRDGOLD is in great financial and operational shape thanks to the hard work and skill of our employees

It's not enough to minimise disruption to the communities near our operations, we are also actively working to improve conditions. The Ergo Business Development Academy has been a great success in helping to address the critical shortage of skills in the country, create jobs, empower people and uplift the quality of life of all South Africans. Having been developed as a part of DRDGOLD, this profitable and sustainable operation is now ready to become a stand-alone business. There are other initiatives in the pipeline that will develop skills and empower people to create sustainable enterprises.

DRDGOLD is in great financial and operational shape thanks to the hard work and skill of our employees.

Geoff Campbell

Chairman

17 September 2015

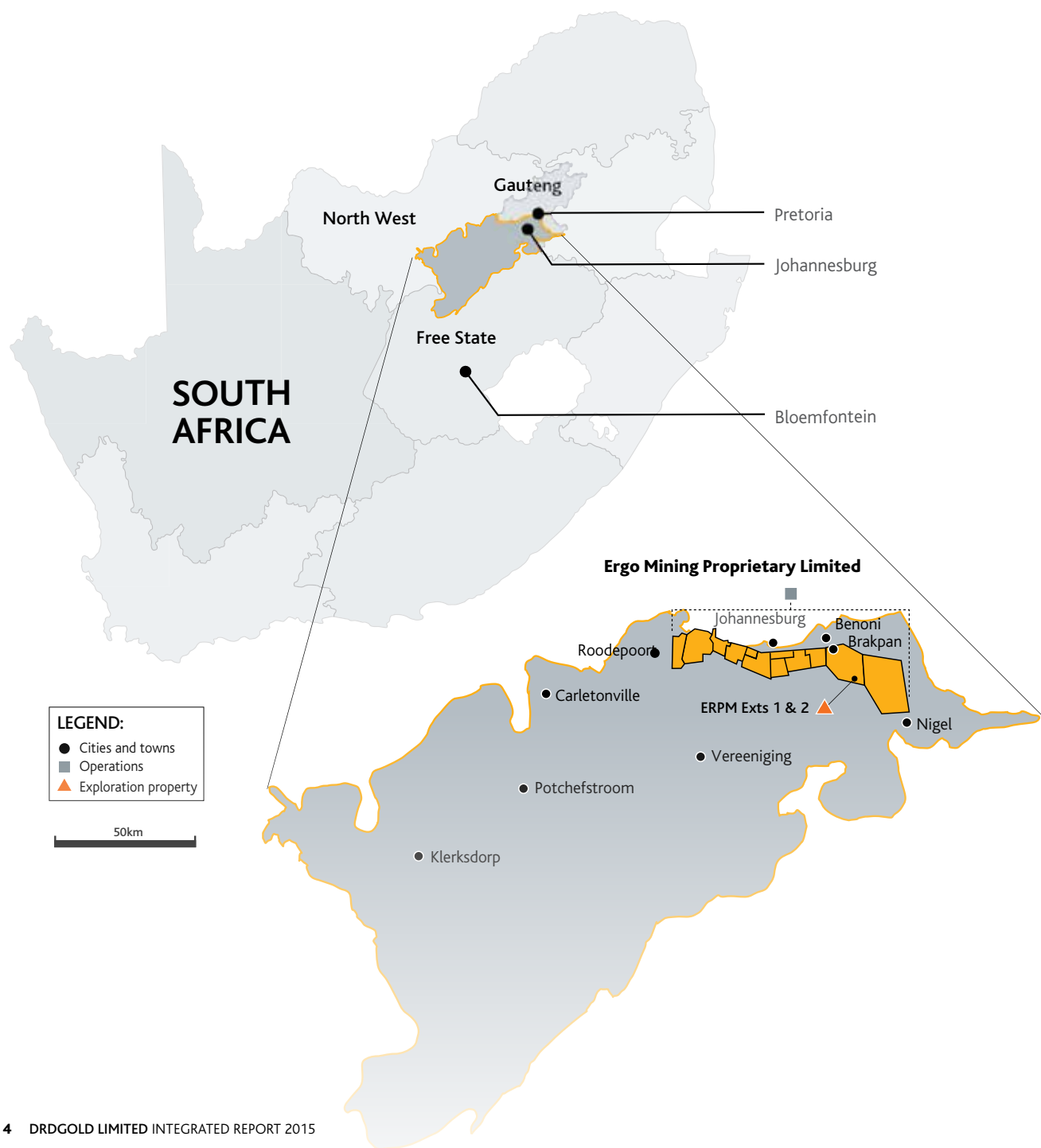


CORPORATE PROFILE

OUR BUSINESS

DRDGOLD Limited (DRDGOLD) is a mid-tier, unhedged, surface gold tailings retreatment group headquartered in Johannesburg, South Africa. A world leader in recovering gold from tailings, the group operates mainly in the central Witwatersrand (Wits) basin in Gauteng province, where mining began in the 1880s and has continued for more than 100 years. The resulting 'new' tailings created at the end of the retreatment process are deposited on a tailings facility designed to modern standards. In this way, DRDGOLD plays a dual role in creating value and effecting environmental clean-up.

DRDGOLD's annual production target is 145 000oz to 155 000oz from its 11.8Moz resource. More information on the group's reserves and resources can be found on page 50 of this report.



OUR PEOPLE; OUR LEADERSHIP

At the end of FY2015, DRDGOLD employed 941 (FY2014: 989) full-time employees. In addition, specialist service providers deployed a further 1 426 (FY2014: 1 340) employees to our operations bringing the total number of inhouse and outsourced employees to 2 367 (FY2014: 2 329).

DRDGOLD's board comprises six individuals. Four members, including the chairman, are independent non-executive directors (NEDs). The two executive directors are the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The board has three subcommittees: the Audit and Risk Committee, the Nominations and Remuneration Committee and the Social and Ethics Committee.

The board is responsible for determining strategic objectives and key policies, and monitors their implementation. The board delegates the day-to-day running of operations to the executive team.

DRDGOLD's
BBBEE partners
now hold an
interest in the
listed company

OUR LISTINGS; OUR SHAREHOLDERS

DRDGOLD is the oldest continuously-listed mining company on the JSE Limited (JSE), its primary listing. DRDGOLD holds a secondary listing on the New York Stock Exchange (NYSE). The company's shares are also traded on the Marché Libre in Paris, the Regulated Unofficial Market of the Frankfurt Stock Exchange, and the Berlin and Stuttgart OTC markets.

At the end of FY2015 the company had 430 883 767 ordinary shares in issue and a market capitalisation of R1 008.3m (US\$79.7m).

OUR COMPANY STRUCTURE

The company has a simple, efficient structure. All operations are consolidated into one operating entity, Ergo Mining Proprietary Limited (Ergo). Ergo is wholly owned by Ergo Mining Operations Proprietary Limited (EMO). Following the roll-up of the stake of our black economic empowerment (BBBEE) partners in EMO into DRDGOLD, EMO is now a wholly-owned subsidiary of DRDGOLD. The roll-up involved the substitution by our BBBEE partners, Khumo Gold SPV Proprietary Limited (Khumo) and the DRDSA Empowerment Trust (the Trust) for a direct holding in DRDGOLD. The agreement provided Khumo with an 8.1% interest and the Trust with a 2.4% interest in DRDGOLD.



OUR VALUE CHAIN

DRDGOLD's business is simple and the value chain is correspondingly straightforward. We mine 'waste' and produce dore bars.

DRDGOLD has:

- a single operating entity, Ergo Mining Proprietary Limited (Ergo), based in Brakpan in the Ekurhuleni municipality, Gauteng Province and some 50km east of Johannesburg; and
- the rights to explore and mine an 11.8Moz surface resource.

Ergo has a remarkably simple value chain and the company occupies a unique risk niche in the South African mining sector, with significant competitive advantages.

These include the plant and pipeline infrastructure; the rights, licences and permits to access an 11.8Moz surface resource and a world-class, tailings storage facility (TSF), with capacity for expansion. Importantly, DRDGOLD also has the technology to fine-grind gold-bearing material to achieve recovery efficiencies that were previously outside the reach of typical metallurgical processing, and employs a dedicated research and development (R&D) team working to refine its processes until a minimum amount of gold is returned to the dumps. This unique combination of infrastructure and technology provides a compelling competitive advantage in the market.

SOME HISTORY

The DRDGOLD story really begins in the mid-1880s, when gold was discovered in the Wits basin in the then Republic of Transvaal. The early mining camp of the late 19th century soon developed into a city – Johannesburg – today one of the largest on the African continent.

Underground mining creates large deposits of 'waste' material or tailings, colloquially known as mine dumps. By the 1970s, after almost 100 years of mining, Johannesburg was surrounded by these geographic landmarks. Although classified as residue, this tailings material contained millions of minute, but precious, gold particles.

The historic mine dumps comprised either sand or slime. Sand dumps resulted from the early 'stamp-milling' process and usually contained higher amounts of encapsulated gold than the slimes dams of later years, when recovery processes had advanced. Most of the sand dumps have already been reclaimed.

Slime, on the other hand, is the product of the tube and ball mill recovery process. It tends to be ground more finely and contains lower grades of gold. Hundreds of millions of tonnes of slime are still located in the Wits basin.

THE EMERGENCE OF SURFACE MINING

Surface mining, or the extraction of gold from mine dumps only became a viable option in the early 1970s when the price of gold rose and technology had sufficiently advanced.

In the ensuing decades, the landmark dumps gradually disappeared as surface mining began to systematically displace these remnants of underground mining, freeing up valuable land for reuse. Additionally, this bygone mining waste is now, as a result of reclamation, repositioned in better-designed, modern tailings deposition sites. It is also managed in terms of an approved environmental management programme which requires environmental rehabilitation at closure.

Despite the surface reclamation of the past 40 years, all the tailings deposition sites on the Witwatersrand – reclaimed or yet to be reclaimed – contain some percentage of gold. This is because the metallurgical processes used for reclamation have not been developed to extract every last particle of the precious metal.

USING TECHNOLOGY TO UNLOCK FUTURE GOLD

Further attempts to access this gold depend, to a large extent, on the gold price over which DRDGOLD has no control. However, the technology involved in reclamation is also critical and potentially provides another solution to economically accessing the gold and extending the life of the operation.

The Ergo R&D team has already addressed the issue of gold encapsulated in larger fraction pyrites, and additional circuits were commissioned in January 2014 to improve recoveries. Despite some early challenges, steady progress continues to be made.

The R&D team is dedicated to advancing and refining extraction technology even further. If successful, and in the longer-term, many of the TSFs could potentially be exploited a second time by reclamation.

OUR STRATEGY IN A NUTSHELL

The success of DRDGOLD's long-term goal to extract as much gold as possible from its assets depends, to a large extent, on how effectively it continues to manage its resources.

DRDGOLD uses sustainable development to direct its strategic thinking. Our goal is to optimally utilise an entire resource over the long term, thereby seeking sustainable benefits in respect to the following capitals, each of which is essential to our operation: financial, manufactured, natural, social and human capital.

We also aim to align and overlap the interests of each of these capitals in such a manner that an investment in any one translates into value-added increases in as many of the others as possible. We therefore seek to achieve an enduring and harmonious alignment between them, and we pursue these criteria in the feasibility analysis of each investment.

The board intends to explore the opportunities made possible by technology, which means further investment in R&D to improve gold recoveries even further over the long term.

BUSINESS MODEL

INTEGRATED USE OF OUR CAPITALS

INPUTS



FINANCIAL CAPITAL

- NYSE/JSE listing
- Minimal debt on balance sheet
- Cash of R324 million
- Free cash flow generated by operations
- Major capital projects complete

MANUFACTURED CAPITAL

- Four plants
 - Flagship Ergo plant in Brakpan
 - Satellite Knights plant
 - Two pump/milling stations
- Extensive pipeline infrastructure
- Servitudes
- Tailings storage facility
- Water reticulation system
- 11.8Moz resource
- Improving recoveries
- Successful flotation/fine-grind process

NATURAL CAPITAL

- Water used
- Electricity used
- Reagents used
- Containment and remediation of the impacts of our business on the environment

HUMAN CAPITAL

- Experienced team
- Small, skilled workforce (941 employees)
- Specialist service providers (1 426 people)

SOCIAL CAPITAL

- 26% BBBEE ownership successfully restructured
- EBDA – Flagship development and training academy established in the community
- Best Life, employee wellness programme, Independent Counselling and Advisory Service
- Local economic development programmes

BUSINESS ACTIVITIES



PLANNING AND MODELLING

- Development of detailed mining plan
- Detailed modelling of available surface resources

INFRASTRUCTURE DESIGN AND CONSTRUCTION

- Business development team responsible for design and construction
- Stringent capital allocation and management

DELIVERY OF GOLD-BEARING MATERIAL

- Specialised service provider delivers volumes to plant in uninterrupted flow 24/7/365
- Sophisticated systems in place to detect challenges
- Automated, remote, computer-driven volume, density, power consumption and pressure management systems

GOLD EXTRACTION

- Extraction through combination of flotation, milling, CIP and CIL processes
- Production of doré bars (85% purity)

RESEARCH AND DEVELOPMENT

- Employees developed towards an intellectual value-add model
- Research and development focused on improving extraction efficiencies

OUTPUTS



PRODUCTS

- Doré bars delivered to Rand Refinery; refined into gold bars (99.9% purity)
- Rand Refinery on sells gold to authorised bullion banks, investors, the jewellery industry and technology sectors
- Foreign export contributor for South Africa

RESIDUE

- After gold extraction, residue deposited on world-class Brakpan tailings facility
- CO₂ emissions (direct)

THREE-YEAR REVIEW

		2015	2014	2013
Summarised group operating results				
Ore milled	(t'000)	23 750	23 908	23 254
Yield	(g/t)	0.197	0.173	0.196
Gold produced	(kg)	4 670	4 134	4 553
Gold produced	(oz)	150 145	132 909	146 381
Gold sold	(t'000)	4 665	4 181	4 533
Gold sold	(oz)	149 984	134 420	145 738
Average gold price received	(R/kg)	451 297	432 775	458 084
Average gold price received	(\$/oz)	1 226	1 298	1 613
Cash operating costs	(R/kg)	372 932	372 671	310 763
Cash operating costs	(\$/oz)	1 013	1 118	1 094
Sustaining capital expenditure	(R million)	113.3	68.3	104.2
All-in-sustaining costs	(R/kg)	411 548	401 691	362 599
All-in-sustaining costs	(\$/oz)	1 118	1 205	1 192
Reserves and resources				
Attributable ore reserves	Moz	1.9	1.5	1.7
Attributable mineral resources	Moz	50.7	37.0	37.3
Group performance indicators				
Profitability				
Operating margin	(%)	18.3	14.4	32.7
All-in sustaining costs margin	(%)	8.7	8.3	19.9
Headline earnings per share	(cents)	10	0	66
EBITDA	(R million)	296.1	204.0	516.3
EBITDA margin	(%)	14	11	25
Return on equity	(%)	2.5	0.1	18
Asset and debt management				
Current ratio	times	2.0	1.5	2.5
Debt to equity ratio		0.03:1	0.1:1	0.1:1
Interest cover	times	27.9	11.5	26.6
Net asset value per share	(cents)	355	384	427
Market value and shareholder returns				
Market price per share	(cents)	234	305	528
Ordinary shares in issue		430 883 767	385 383 767	385 383 767
Market capitalisation	(R million)	1 008.3	1 175.4	2 034.8
Price earnings ratio	times	23.6	1 656.6	8.0
Market/book ratio	times	0.7	0.8	1.2
Dividend declared per share	(cents)	10.0	2.0	28.0
Dividend yield	(%)	4.3	0.7	5.3
Group sustainability indicators				
Total economic value distributed	(R million)	1 872 ^{LA}	1 756*	1 685*
Value distributed to employees - salaries, wages and benefits	(R million)	365 ^{LA}	302*	283*
Fatalities		— ^{LA}	— ^{LA}	— ^{LA}
Lost time injury frequency rate (LTIFR)		2.27 ^{LA}	2.16 ^{LA}	4.35 ^{LA}
Reportable injury frequency rate (RIFR)		1.06 ^{LA}	0.93 ^{LA}	1.68 ^{LA}
Cyanide consumption	(tonnes)	7 195 ^{LA}	7 527 ^{LA}	5 712 ^{LA}
CO ₂ emissions (direct)	(tonnes)	3 444 ^{LA}	4 134 ^{LA}	4 090 ^{LA}
CO ₂ emissions (indirect)	(tonnes)	396 882 ^{LA}	353 158 ^{LA}	325 509 ^{LA}
Electricity consumption	(MWh)	370 767 ^{LA}	353 159 ^{LA}	325 509 ^{LA}
Diesel consumption	(litres)	1 285 118 ^{LA}	1 542 467 ^{LA}	1 526 098 ^{LA}
Potable water consumption	('000m ³)	5 682 ^{LA}	5 762*	5 748 *
Dust exceedances		31 ^{LA}	27*	53*
Socio economic development spend	(R million)	19.5 ^{LA}	25.5 ^{LA}	2.2 ^{LA}
Exchange rates				
Average rate	(R:US\$)	11.4475	10.3706	8.8328
Closing rate	(R:US\$)	12.1649	10.5784	9.8675

^{LA} Limited assurance

* No assurance provided

STAKEHOLDER ENGAGEMENT AND RELATIONSHIPS

Stakeholders are the individuals, groups and entities affected by the activities of an organisation. DRDGOLD has a variety of stakeholders, all of whom are affected in different ways – directly, indirectly, positively or negatively. We consider responsible and reliable communication with stakeholders as integral to the success of our business strategy.

ENGAGING WITH STAKEHOLDERS

This integrated report is primarily for our shareholders and providers of capital, although we believe that it will also be of use to other stakeholders.

Our stakeholder groups include: shareholders; employees and their representatives; customers; suppliers and specialist service providers; government and regulating authorities; communities, community groups and non-governmental organisations; media; peer companies and partners.

We aim to operate a sustainable business and developing and maintaining relationships with our stakeholders is a key objective. Our stakeholders raise issues in different ways, and these are addressed by DRDGOLD in a timely and appropriate manner.

Our shareholders invest in DRDGOLD to secure returns on their investments and the board works diligently to this end and within the constraints placed on us by our market listings, and the regulatory environments in which we operate. Information on operating, financial and other performance is provided to the relevant parties in an unbiased, timely manner. Our formal investor relations calendar aims to ensure participation in key investor conferences, mainly in SA, Europe, North America and the Far East. These are usually linked to investor road shows that take the form of small groups and one-on-one meetings.

We announce financial information and strategic decisions on the JSE's Stock Exchange News Service (SENS). Immediately thereafter the information is posted in a news release on our website and all parties registered on our database are advised via a web alert. The release is simultaneously distributed to a second database of analysts, investors and media. Information is also communicated in other ways when necessary (e.g. presentations, briefings, and webcasts) to reach as wide an audience as possible.

We have systems in place to brief employees and employee representatives. These include a company-wide workplace briefing system, workplace meetings and an SMS (short message system) communication tool which has enhanced communication with our employees.

Asikhulume, the company newsletter, is produced twice a year. If possible, printed copies are distributed to all DRDGOLD employees with salary advice slips. Alternatively, copies are available at designated pick-up points. An editorial panel of employees and management decides on content, and the layout and design of the publication is aimed at ensuring reader appeal.

The company encourages open communication and consultation. Conflict is dealt with as necessary at workplace forums.

DRDGOLD uses an independent Tip-offs Anonymous Line so employees can report fraud or crime. They can do this by providing or withholding their identities. Information on how to make use of this service is provided in the workplace and in *Asikhulume*.

DRDGOLD believes that a sustainable business needs to empower its workforce as well as the communities in which it operates. Social and labour plans, developed in compliance with South African mining legislation and other relevant stakeholders, are in place to guide the company in creating job opportunities, educational support and projects to benefit local communities.

Management liaises with its neighbours through community leadership structures, ward councillors and interested and affected parties (I&APs) in various ways and on a broad range of issues. Although some of the liaison is required or mandated, the management teams at our operations recognise the value of community support and attempt to co-operate with communities at a more informal level.

Effective communication with government at a national, regional and local level is essential in the mining sector and company representatives from both the group and the operations interact with a number of departments including mining, water, environmental affairs, education and labour.

OUR PRIMARY **STAKEHOLDER GROUPS** AND THEIR KEY INTERESTS

SHAREHOLDERS AND INVESTORS

Operating and financial performance, share price performance and dividends, governance, sustainability of company, management of risk, identification of business opportunities. Other concerns include stability within the industry, labour issues, safety performance and the gold price



EMPLOYEES

Job security, training and development, wages and benefits, housing, health and safety, company performance



SUPPLIERS AND SPECIALIST SERVICE PROVIDERS

Sustainability of company, company's financial performance, employment practices, local procurement, preferential procurement, performance of service providers, business training and support, quality control



GOVERNMENT AND REGULATORY AUTHORITIES

Licence to operate, water licence, environmental management plan (EMP), social and labour plans (SLP), broad-based black economic empowerment (BBBEE) compliance, labour relations, conditions of employment, health and safety, employment equity, education and training, local economic development, environmental impact and rehabilitation, taxation and royalties



COMMUNITIES AND NGOs

Local economic development, employment and local job creation, corporate social investment (CSI) projects, dust control, health-, safety- and security-related issues, environmental impact and rehabilitation, skills development and training programmes



MEDIA

Financial results, corporate activity, environmental issues, health and safety, marketing, community-related topics



More information on stakeholder engagement and relationships can be found in Appendix 1 of the supplementary information on the DRDGOLD annual report suite webpage.

KEY OPPORTUNITIES AND RISKS

DRDGOLD defines risk as an uncertain future event that may be caused by controllable or non-controllable circumstances. Risk events threaten the ability of the company to achieve its objectives.

The board of directors determines the company's risk appetite and creates management protocols to respond to challenges and risks. Although risk management is delegated to executive management on a day-to-day basis, the executive and the board are ultimately responsible.

The management of risk is central to operating a sustainable business. Risk must be assessed to determine capital investment strategy, reduce uncertainty as well as ensure resilience to changes in the operating environment.

Management reviews events for potential risk and also for potential opportunities, including the group's internal control systems, assurance issues, health, safety and environmental compliance. These are all monitored and documented for reporting to the board.

The requirements of King III, the Integrated Framework from the Committee of Sponsoring Organisations and the Sarbanes-Oxley Act of 2002 (SOX) (Section 404) have been incorporated into the group's internal control processes.

RISK MANAGEMENT PROCESS

DRDGOLD has had an Enterprise Wide Risk Management process in place for over a decade and this helps inform an integrated approach to the operation of its business. The aim is to provide the board with a complete, informed view of the business environment in which the group operates to ensure its strategic objectives are achieved.

DRDGOLD's risk management process includes quarterly risk assessments, analysis of key risks, identification of new risks (and opportunities) and ranking of these risks.

Risks are allocated to 'owners' who are responsible for mitigating the risks. These action plans are used to create a risk map that is presented quarterly to the board.

In addition, an independent risk management process assesses operational risks in three categories:

- **baseline:** this covers the risk profile of the entire operation in a systematic way;
- **issues-based:** prior to a new event or activity, a specific assessment is performed; and
- **continuous:** health, safety and environmental issues are assessed on an ongoing basis in the daily work programme.

BENCHMARKING

Even the best systems require review. DRDGOLD uses external advisers to improve the Enterprise Wide Risk Management process, and this is achieved through surveys, benchmarking exercises and other reviews throughout the year. These are important aspects of the risk management programme and assist in the improvement of the operational risk profile of the company.

Employees involved in operational risk management use information and detailed analyses to assist in decision-making and the latest information and technology is used wherever it is required.

OPPORTUNITIES AND RISKS MATRIX

The following matrix identifies the key opportunities and risks that are specific to DRDGOLD.

OPPORTUNITIES	RISK CONSIDERATIONS
INTERNAL	
Large surface gold resource	<ul style="list-style-type: none"> Infrastructure failure Denied access due to: <ul style="list-style-type: none"> community demands/demonstrations criminality regulatory action natural disaster
Ergo is a leading surface retreatment operator; established infrastructure and network provides significant competitive advantage	<ul style="list-style-type: none"> Access to and availability of water and power Regulatory compliance Community instability
Minimal long-term debt on balance sheet	<ul style="list-style-type: none"> Delivery on and execution of strategic plan Gold price Cost inflation
Strong, experienced management team	<ul style="list-style-type: none"> Loss of critical experience Limited availability of required skills
Relatively small workforce	<ul style="list-style-type: none"> Labour unrest
Lower health and safety risks than traditional mining	<ul style="list-style-type: none"> Regulatory compliance
Automated, 24/7/365 operation, extensive use of technology	<ul style="list-style-type: none"> Unforeseen/unplanned stoppages Natural disaster Infrastructure failure
Flexibility of operational model	<ul style="list-style-type: none"> Diminishing head grades Gold price Single facility operation
EXTERNAL	
Relatively good political stability (democracy)	<ul style="list-style-type: none"> Social unrest and demonstrations Political uncertainties Regulatory interpretations Cost of compliance
Solid country infrastructure	<ul style="list-style-type: none"> Currency volatility Economic policies Cost increases
Sophisticated capital markets	<ul style="list-style-type: none"> Systemic failure Cyber attacks

KEY OPPORTUNITIES AND STRATEGIC FOCUS AREAS

We make integrated use of our capitals to create value for our stakeholders. We do this by determining the strategic focus areas which flow from the key opportunities below.

- Large surface gold resources
- Low health and safety risks
- Competitive advantage provided by a combination of resources; plant, infrastructure and pipeline network, deposition capacity, water, technology and skills set
- Strong, experienced management team
- Relatively small workforce
- Automated 24/7/365 operation, advanced technology



- Optimal exploitation of large surface gold resource through:
- Controlling costs and maximising margins, enabling business to generate cash (financial capital)
 - Embracing technology and innovation (manufactured capital)
 - Looking after the environment (natural capital), our people (human capital) and the communities we operate in (social capital)

STRATEGY AND RESOURCE ALLOCATION

DRDGOLD has a proud history and its undisputed 19th century origins can be traced back to the frenzied prospecting and business activities that followed the discovery of gold in Johannesburg in the mid-1880s.

Founded in 1895 alongside other mining giants which have come and gone, DRDGOLD remains the oldest, continuously-listed company on the JSE.

This 120 year old mining business is staying the course – developing and refining our strategy and deploying our resources – to mine not only profitably, but also optimally – ensuring that the business remains sustainable well into the 21st century. Achieving this requires bold decisions, such as our decision to dispose of our last underground assets, thereby allowing us to focus on surface gold reclamation.

We conduct our business to be profitable, but more importantly, to create value in the longer-term. We aim to add economic value over a sustained period, rather than a hit-and-run approach, which could potentially enrich fewer people for a shorter period. We seek to achieve this by using integrated thinking in our decisions to deploy resources and capital.

We actively seek synergies between the financial, human, social, natural and manufactured aspects of our business as we create value for all our stakeholders in the short-, medium-, and longer-term. The following paragraphs provide a simple summary of our business to illustrate this concept.

We generate cash (financial capital) through the sale of our product (doré bars) and we use this to develop our people (human capital) and our infrastructure (manufactured capital) as well as to reward our providers of capital (shareholders).

By developing our people, we ensure that our workforce is trained and motivated to reach production targets, to ensure extraction efficiencies and to maintain and develop our technology and infrastructure.

We have invested in innovative technology and implemented projects to address extraction efficiencies, energy saving and the use of potable water (natural capital) which results in cost savings (financial capital) and an improved environmental footprint.

We communicate with and invest in our communities (social capital) and address the issues that are of concern to them. We do this partly because these neighbourhoods accommodate our workforce, but also because it is the right thing to do.

Community concerns can generally be distilled to the essence – better education and training – as knowledge and skills lead to job opportunities, career development and better chances of promotion. From our side, investing in the education of communities is insurance for the future as we are securing the skills and capabilities that will be required to lead our business – and the economy of the country – through the decades ahead.

We mine our 11.8Moz resource for profit and also to create a sustainable business

We deposit the tailings from our reclamation activities away from the urban hub in a world-class facility located in a less-densely populated area. The combined effect of this integrated strategy is a company that is creating value for all stakeholders: a return on investment for our shareholders, a product to the market, jobs for more than 2 000 individuals and projects that benefit the community. In the process, we remove mine dumps, a potential source of dust pollution, more often than not situated in environmentally sensitive areas. These large tracts of valuable land are rehabilitated to the required standard before release to the market.







We have learnt important lessons along the way and we have gained valuable knowledge. We have acquired expertise in moving millions of tonnes of material over considerable distances. We have developed the technology to extract gold from very low grade resources at a very high processing rate – up to 2.1Mtpm. We are world-leaders in our field, and our model is unique.

We are ideally positioned to expand our reach. We will seek and create growth opportunities through the improvement and development of innovative technologies, adapting our technology to treat different types of mineral tailings and by concluding agreements with other licensees to treat their material in our plant. We will continue to review the potential at our disposal, particularly our FFG technology, in terms of greater scale within our existing footprint, as well as possibly extending our footprint in the future.



STRATEGY

STRATEGIC OBJECTIVES

STRATEGIC FOCUS AREA	WHAT THIS ENTAILS	INDICATORS
 <p>Optimal exploitation of large surface gold resource</p>	Exploit 11.8Moz surface gold resource sustainably, enabling DRDGOLD to stay in business as long as possible	1) Total value distributed 2) Share price – in comparison to gold index
To achieve this we do the following:		
 <p>Control costs, maximise margins – enabling business to generate cash (financial capital)</p>	Ensure full value is realised from product. Maintain consistent volumes, manage costs – enabling positive cash generation	1) All-in sustaining costs (AISC) margin 2) Free cash flow generated
 <p>Embrace and develop technology, innovation (manufactured capital)</p>	Improve gold recovery, operational efficiencies through continued R&D, use of new technologies. Encourage culture of innovation	1) Recovered gold
 <p>Conserve environment (natural capital)</p>	Reduce impact on natural and environmental resources	1) Potable water usage 2) Dust exceedances from tailings
 <p>Look after our people (human capital)</p>	Ensure safety, well-being of employees and development of capacity through research, learning and skills transfer	1) Safety (fatalities, LTIFR, RIFR) 2) Value distributed to employees
 <p>Support neighbouring communities (social capital)</p>	Develop business, social partnerships based on mutual value creation	1) Socio-economic development spend

MATERIAL ISSUES

At DRDGOLD our aim is the optimal exploitation of our 11.8Moz surface gold resource in a sustainable and responsible manner. We consider the strategic areas listed in the above table as our material issues.

These are:

- controlling costs, maximising margins – enabling the business to generate cash (financial capital);
- looking after our people (human capital);
- embracing and developing technology and focusing on innovation (manufactured capital);
- conserving the natural environment (natural capital); and
- supporting neighbouring communities (social capital).

OUTCOMES (SHORT TERM)	FY2015	FY2014
1) 7% increase in total value distributed, year-on-year	R1 872 million ^{LA}	R1 756 million*
2) Share price outperformed JSE gold index	Outperformed JSE gold index	Performance lower than gold index
1) Slight improvement year-on-year in AISC margin	8.7%	8.3%
2) Significant improvement in free cash flow generation	R246.0 million	(R91.2 million)
1) Gold recoveries improved by 14%	0.197g/t	0.173g/t
1) 1% year-on-year reduction in potable water use	5 682ML ^{LA}	5 762ML*
2) Slight increase in dust exceedances year-on-year	31 ^{LA} exceedances: 2.1%	27* exceedances: 1.8%
1) Stable safety performance year-on-year	Fatalities: zero ^{LA} LTIFR: 2.27 ^{LA} RIFR: 1.06 ^{LA}	Fatalities: zero ^{LA} LTIFR: 2.16 ^{LA} RIFR: 0.93 ^{LA}
2) 21% increase year-on-year – economic value distributed to employees	R365 million ^{LA}	R302 million*
1) 24% decrease year-on-year in socio-economic development spend. Important projects in the pipeline	R19.5 million ^{LA}	R25.5 million ^{LA}

^{LA} Limited assurance

* No assurance provided

CEO'S STRATEGIC REVIEW

In my FY2014 report I reflected on our commitment to sustainable development, how we seek to create value in respect of each of the capital stocks and how we try to achieve integration and value overlap in the deployment of resources and investment capital. I also gave perspective on the operational challenges we faced in commissioning the FFG circuit during that period and the process we were following to get it back on line.

The reality, however, is that social, human and natural capital do not generate revenue. As much as they are a contemporary business imperative, the most robust and intelligent of these programmes are unlikely to succeed if the business they form part of does not generate income. It is on this, the 'money' part of sustainable development, that I reflect in this report, as well as on some of the risks and circumstances that influence our ability to turn a profit.

I wrote last year's report under very different circumstances. We had just suspended the FFG circuit and, while the low-grade circuit had recovered and cash flows were positive, we were still figuring out exactly what had gone wrong and what needed to be done to get back on line and achieve the outcomes that underscored the initial investment decision.

This year I am looking back on an entirely different 12-month period. FY2015 saw the successful recommissioning of the plant, the repayment of all but R25 million of short-term debt and a net increase of R116 million in our cash position to R324 million. (Remarkably, as I write, this represents more than a third of our market cap.)

So, reflecting on those events and circumstances that directly impact production and the generation of income, I am pleased that the FFG is now meeting the desired outcomes. Production is consistent with life-of-mine assumptions, our balance sheet 'passed' the annual impairment test on the back of it, and the promise of a potential drop in cut-off grade has turned the reserves and resources statement into an interesting read.

Our operating model remains very sensitive to volume and we are only able to deliver into the legitimate expectations of DRDGOLD's shareholders if we manage to continuously fill the plant to capacity. Therefore our risk focus is very much on those factors that could inhibit our ability to achieve target volumes. An interruption in the supply of water, inadequate or unreliable electricity supply, labour instability and disruptive regulatory conduct are all risks that could do serious harm to the business.

This year saw the return of load shedding. Because our operational footprint overlaps four electricity supply zones we were initially badly affected as power outages took effect in different zones at different times. Power dips and surges associated with the instability of the grid introduced a further risk, which particularly affected the performance of the Ergo plant thickeners. Generators with a combined generating capacity of 7.5MW were installed to keep the plant in steady state during these events. The conclusion of a load-curtailement agreement with Eskom, in terms of which we reduce power consumption by between 10% and 20% when the grid is under pressure, has enabled us to maintain continuous operations and very little reduction in volume. The 13% increase in gold production, and its impact on the financial bottom line, bears testimony to the success of this risk avoidance measure.

All the material delivered to our plants through our pipeline network is in slurry format, requiring a continuous supply of water. Water availability is a risk lurking below the surface and not yet fully on the public radar. The significance of the now commissioned 8ML/d Rondebult water treatment plant cannot be over-emphasised. We were also very pleased to note the successful commissioning of the TCTA's AMD water treatment plant. This was built on land that we supplied and is pumped through the shaft infrastructure that we provided. Additionally, the slurry by-product from this plant is being deposited on our tailings facility. The TCTA has agreed to sell us, upon request, up to 30 million litres of water per day at cost-price. Both these sources are significantly cheaper than water from Rand Water Board.

The potential risk of disruptive mass-action among our labour complement was significantly reduced by the extension – into a third year – of our wage agreement with organised labour. This has placed us outside the current wage negotiation cycle that is threatening to disrupt the mining industry in South Africa at the moment.



I am pleased that the FFG is now meeting the desired outcomes

My own experience of the regulatory dispensation in South Africa is not negative – we have successfully navigated our way between the new rules and policies over the last ten years, and in cases where it became too onerous, restructured the business. However, one significant risk that recently emerged relates to the Mining Charter issue of black ownership of minerals. This condition was due for compliance in May 2014 and is now being audited and enforced by the regulator. A considerable difference in opinion has sprung up between the regulator and the industry as to how to measure the percentage ownership of HDSAs in mining companies. We therefore consider the successful roll-up agreement with our BBBEE partners – which occurred with the regulators' express consent and contained an explicit acknowledgement that the new structure complied with the BBBEE ownership condition of our mining licence – as a very positive development.

The risks I have discussed are all potentially troublesome. However, by introducing measures to mitigate or avoid their effect, the platform off which we pursue monetary yield is just so much more secure. In addition, it offers us the means to pursue and increasingly achieve our sustainable development ambitions, as the rest of this report illustrates.

In the immediate future, we will focus on further enhancing volume capacity and fine-tuning our metallurgical infrastructure to achieve better extraction efficiencies. We are now at a place where improvements do not involve big leaps, but rather a multitude of incremental advances. When you are multiplying everything by 2.1 million – the number of tonnes flowing through our circuits each month – for us the means to achieve big is, paradoxically, to think small.

I am grateful to the board, the management team and all employees for their perseverance, sacrifice and hard work during the past year. As we look ahead, I think everyone will agree that we find ourselves in a very exciting place.

Niël Pretorius

CEO

17 September 2015

The successful roll-up agreement with our BBBEE partners was a very positive development



BUSINESS PERFORMANCE: FINANCIAL CAPITAL

Delivering a financial return on capital is what qualifies us as a business and what enables us to pursue integrated, sustainable value-add. These include manufactured capital – our infrastructure, research and technology; human and social capital – our people and our communities and natural capital – our use of water and energy and the management of the environment in which we operate.

CREATING AND ADDING VALUE

Value-add is the enhancement of our product as it passes through the stages of mining and distribution.

VALUE-ADDED STATEMENT

Value 'added' is defined as the value created by activities of a business and its employees. At DRDGOLD it is determined as predominantly the sale of gold and any income from investments. The value-added statement then reports on value 'added' among the various stakeholders in the group and how it was distributed, taking into account the amounts reinvested for the replacement of assets and further development of operations.

2014 Rm	%		2015 Rm	%
VALUE 'ADDED'				
1 809	99	Sale of precious metals	2 105	98
28	1	Income from investments	51	2
1 837 ^{LA}	100	Total value 'added'	2 156	100
VALUE DISTRIBUTED				
Suppliers				
1 350	73	Paid to suppliers for materials and services	1 463	68
Employees				
302*	16	Salaries, wages and other benefits	365 ^{LA}	17
Community				
26	1	Social investment expenditure	20	1
Government				
7	–	Current taxation	4	–
Providers of capital				
53	3	Dividends to ordinary shareholders	8	–
–	–	Acquisition of NCI	1	–
18	1	Interest on borrowings	11	1
1 756*	94	Total value distributed	1 872 ^{LA}	87
81	6	Reinvested in the group	284	13
1 837 ^{LA}	100	Total value added	2 156	100

^{LA} Limited assurance

* No assurance provided

The total value distributed increased by 7% year-on-year, illustrating the increased value-distributions among various stakeholders. This specifically included an increase of 21% in value distributed to DRDGOLD employees.

CFO REVIEW

At DRDGOLD we aim to put our financial capital to best use by concentrating on those areas of the business that enable us to control costs, maximise margins and ultimately, to generate cash.

These areas, linked to other capitals, include:

MANUFACTURED CAPITAL

- The successful operation of the FFG circuit;
- The overhaul and co-ordination of the maintenance system to avoid interruptions to production;
- The refurbishment of the remaining five carbon-in-leach tanks at Ergo to increase volume capacity by approximately 300 000t a month – including reclamation from the Van Dyk site for increased flexibility; and
- The conversion of the high-grade CIP circuit to CIL to optimise the high-grade circuit.

NATURAL CAPITAL

- Construction of the Rondebult sewage plant and pipeline to supplement water supply to our operations – an excellent example of integrating financial and natural capital, saving money and reducing our potable water use.

	2015	2014	2013
Summarised group income statement (R million)			
Revenue	2 105.3	1 809.4	2 076.5
Cost of sales	(1 946.3)	(1 687.2)	(1 639.4)
Gross profit from operating activities	159.0	122.2	437.1
Impairments	(7.9)	(56.6)	(187.9)
Administration expenses and general costs	(56.2)	(78.2)	(64.6)
Share of losses of equity accounted investment	–	(0.3)	(50.1)
Finance income/(expenses) – net	1.9	(24.3)	24.0
Profit/(loss) before tax	96.8	(37.2)	158.5
Income tax	(28.6)	(17.5)	(60.9)
Profit/(loss) for the year	68.2	(54.7)	97.6
Summarised group statement of financial position (R million)			
Non-current assets	1 894.0	1 970.3	2 064.7
Current assets	609.0	470.4	604.3
Total assets	2 503.0	2 440.7	2 669.0
Equity	1 529.9	1 481.2	1 643.7
Non-current borrowings	19.2	75.5	143.3
Other non-current liabilities	650.3	576.5	639.4
Current borrowings	25.1	73.2	24.3
Other current liabilities	278.5	234.3	218.3
Total equity and liabilities	2 503.0	2 440.7	2 669.0
Summarised group statement of cash flows (R million)			
Cash flows from operating activities	283.7	80.7	502.3
Cash flows from investing activities	(37.7)	(171.9)	(429.4)
Cash flows from financing activities	(130.5)	(76.6)	5.7
Net increase/(decrease) in cash and cash equivalents	115.5	(167.8)	78.6
Cash and cash equivalents at the beginning of the year	208.9	376.7	298.0
Foreign exchange movements	–	–	0.1
Cash and cash equivalents at the end of the year	324.4	208.9	376.7

BUSINESS PERFORMANCE: FINANCIAL CAPITAL

continued

KEY DRIVERS:

PRODUCTION

While throughput year-on-year was slightly down by 1% – a consequence of heavy summer rainfall and load shedding, yield increased by 14% to 0.197g/t, reflecting a sharp turnaround in the performance of the Ergo plant. Consequently, gold production rose by 13% to 150 145oz.

REVENUE

Higher gold production and sales and a 4% increase in the average gold price received, resulted in a 16% increase in revenue to R2 105 million.

OPERATING PROFIT

Cash operating costs were stable at R372 932/kg. Increased gold production helped offset the cost of running all three streams of the float circuit and of general inflationary increases averaging 7.4% year-on-year.

ALL-IN SUSTAINING COSTS MARGIN

All-in-sustaining costs increased by 2% to R411 548/kg, a consequence of a R45 million increase in sustaining capital expenditure to R113 million, and a reduction in the decrease in environmental provision from R87 million to R20 million, off-set by higher gold production.

FREE CASH FLOW GENERATED

As a result, DRDGOLD generated free cash flow of R246 million in FY2015, compared to negative free cash flow of R91 million in FY2014. This enabled the company to settle debt and pay dividends of R131 million. The free cash flow generated included an amount of R46 million from the sale of Village Main Reef shares.

DIVIDEND YIELD

Excellent free cash flow generation enabled DRDGOLD to return surplus cash to shareholders and the directors declared a final dividend of 10 cents per share. While market conditions remain favourable, the company may consider the buy-back of shares.

We realised our strategy of rewarding shareholders where possible, but as part of our prudent approach, we have judiciously retained a working capital buffer.

CONCLUSION

The generation of free cash flow remains our key objective. It enables us to distribute value to all our stakeholders, including our employees and shareholders. Maintaining consistent volumes and managing costs help us to achieve healthy margins, recognising that our high-volume, low-yield operation is highly-g geared to increases in the gold price.

Riaan Davel

CFO

17 September 2015

BUSINESS PERFORMANCE: **MANUFACTURED CAPITAL**

DRDGOLD's operating entity – Ergo – mines an 11.8Moz surface resource at our flagship Ergo plant and the satellite Knights plant – supported by two milling and pumping stations and a vast network of pipelines. We create value by removing old mine dumps, which frees up land and removes a potential source of dust pollution. We treat the material to extract the gold, and deposit the residue on a modern tailings storage facility (TSF) that complies with 21st century environmental and safety protocols.

OPERATIONAL REVIEW

Ergo has a vast footprint on South Africa's central and eastern Witwatersrand. The company's assets are located within an area extending over at least four municipal boundaries, including a large portion within the city of Johannesburg. It includes properties over which we have rights and servitudes, two metallurgical plants, two milling and pump stations, a complex network of pipelines and one of the largest tailings facilities in the world, the Brakpan tailings facility (BTF).

Surface gold recovery is a volume-driven business that depends on the regular and uninterrupted delivery of tens of thousands of tonnes of reclaimed slurry material from the tailings reclamation sites to the plants each day. The entire operation works on a 24/7/365 basis.

The Ergo plant in Brakpan is Ergo's flagship metallurgical plant which, together with the satellite Knights plant in Germiston, currently target throughput of 2.0 million tonnes per month (Mtpm) to 2.1Mtpm. This will increase to 2.4Mtpm by the end of Q2 FY2016 as the Van Dyk project (discussed below) comes on line at the Ergo plant.

At Crown and City Deep, two former plants have been reconfigured to operate as milling and pump stations. Together, this infrastructure supports one of the world's largest surface gold tailings retreatment operations.

The reclaimed, slurry material is delivered via an extensive pipeline network. This includes a 50km bespoke pipeline built to create synergies. Using innovative technology, and featuring an HDPE lining that offers lower friction, the pipeline uses less energy and therefore has the added benefit of cost saving.

Making use of available technology is important to DRDGOLD and our investments in this area have proved integral to our strategy to increase gold recovery. The R&D pilot project to access encapsulated gold is now a reality in the plant, and the FFG circuit is operating successfully.

BUSINESS PERFORMANCE: **MANUFACTURED CAPITAL**

continued

Other advances that have been made using available technology include round-the-clock pipeline monitoring and the ability to monitor power usage on a minute-by-minute basis.

This has enabled the company to reach a consumption curtailment agreement with the power utility, Eskom, to avoid load shedding and its negative effects on production. For example, in December 2014, the company lost 67 hours of production due to the size of our operating footprint which extends over four different load-shedding zones.

An unplanned power interruption not only halts production at the plant, it brings with it other challenges. Certain equipment – such as thickeners – need to be operational at all times and are adversely affected by a power outage.

Under the agreement, when Eskom experiences pressure on the national grid, Ergo receives an alert. The operations team is then able to reduce consumption by between 10% and 20%. To do this, certain non-essential equipment is taken off line. As a result, Ergo is able to meet the terms of the agreement and maintain uninterrupted tonnage to the plant. Although recoveries are marginally affected during such periods, the end result is far less damaging to the overall operation as demonstrated by the year-on-year increase in gold production.

Another important risk-mitigating measure implemented in the first half of FY2015 involved the installation of back-up generators to keep the circuit stable on the few occasions that power to the Ergo plant was interrupted prior to the curtailment agreement. This measure maintained the plant in a state of readiness during power outages, enabling full production to resume without any delay.

YESTERDAY'S MINE DUMPS: WHERE IT BEGINS

The majority of Ergo's reclamation involves slime. The process uses monitor guns operated by trained individuals who direct high-pressure water jets at targeted areas.

The slime is dislodged and mixed with water and the resulting slurry is pumped to a metallurgical treatment plant for processing. Vast quantities of material are delivered monthly to the plants and as each old dump or dam is depleted, others are brought on stream. The company retains Fraser Alexander Tailings and Stefanutti Stocks, experts in the field, to manage this specialist reclamation activity.

JOURNEY: MINE DUMP TO PLANT

A metallurgical plant can treat material from more than one source. The majority of the material being treated by the Ergo plant – currently around 1.2Mt/pm – arrives via two feeder lines from the Elsburg tailings complex. The Crown and City Deep milling and pump stations partly process 600kt/pm of critical volume from the southern and central Witwatersrand. This material is then fed to the Ergo plant via the 50km pipeline.

The Ergo plant has a total retreatment capacity of 1.8Mt/pm at present. Its five remaining CIL tanks have been refurbished and have raised capacity in the plant by some 300 000tpm to 2.1Mt/pm. The refurbishment will be completed in September 2015. This capacity will be utilised by tailings from the 21Mt Van Dyk site near Carnival City.

The Knights satellite plant is processing approximately 200 000 to 300 000tpm from various sites.

INSIDE THE METALLURGICAL PLANT

The Ergo plant uses flotation, fine-grind, and a combination of high grade and low grade carbon-in-leach (CIL) metallurgical processes to recover gold from slurry.

The DRDGOLD board tasked Ergo's R&D team to investigate extraction efficiencies, which resulted in the refurbishment of the plant's float circuit and the construction of four fine-grind mills.

Construction and commissioning were followed by the first gold pour at the end of January 2014. A number of unanticipated problems presented the operations team with early challenges, necessitating a number of modifications. These included changes to the carbon management process, increasing the water storage capacity within the plant and ensuring increased flotation tailings thickener availability prior to the low grade CIL circuit. A number of minor engineering upgrades were also introduced.

Following the upgrades, test work on one set of float cells began in September 2014. In January 2015 the second and third sets of float cells came on line, and were fully operational by February 2015.

Although there is room for improvement in gold adsorption within the CIP circuit, overall targeted residue grade is being achieved and in March 2015 contributed to record gold production.

The plant continues performing to expectations and Q4 production was the highest since DRDGOLD took ownership of the operation.

ERGO/ESKOM LOADSHEDDING AGREEMENT

STAGES 1 and 2

Reduce baseload by

10%

Stage 1 and Stage 2 load-shedding scenarios
shedding of up to 3.8MW

STAGE 3

Reduce baseload by

20%

Stage 3 requires a reduction of 20%

BUSINESS PERFORMANCE: **MANUFACTURED CAPITAL**

continued

R&D REMAINS KEY FOCUS

The Ergo strategy to achieve optimal exploitation of its resource necessitates an R&D team and the use of available technology.

The board has determined that investment in R&D will continue throughout FY2016 as the focus on increasing and optimising the volume to be treated, and the recovery of gold from the resource, continues. Investment in research is a key strategic focus area as the company works to find ways of extracting every last particle of gold from the slurry before it is deposited on the BTF.

USING TECHNOLOGY WISELY

In addition to the various uses of technology already discussed in connection with power saving and research initiatives, Ergo puts technology to use in other ways. Advanced computer and communication technology is used to monitor plants, pump stations and pipelines to determine potential problems and security issues, including theft and damage, as well as optimise utilisation. Operators are able to control, divert and halt the slurry feed as necessary, and this flexibility allows managers to make informed decisions to switch feeds between reclamation sites in order to reach production targets.

TODAY'S MINE DUMPS: WHERE IT ENDS

Retreatment is a high-volume business and access to a deposition tailings facility that can accommodate the residue from the process is essential. Ergo is fortunate to have the Brakpan tailings facility (BTF), situated some 12km from the Ergo plant, in a less densely populated area than some of the other deposition sites that are closer to the city and residential areas.

Unlike earlier TSFs, the BTF is built to conform to modern safety and environmental standards.

The Ergo and Knights plants both deposit their residue on the world-class BTF, which has the capacity to be extended to over 750Mt by incorporating the Withok TSF footprint.

TOMORROW: WHERE THE ROAD LEADS

Once the current refurbishments to the five remaining CIL tanks at the Ergo plant are complete, the Ergo operation will have the capacity to treat 2.4Mtpm – including the additional feed from the Van Dyk reclamation site. This is within the BTF's current receiving capacity.

Increasing volume throughput to maximum capacity, which involves only incremental cost increases – along with other measures – provides Ergo with critical opportunities to increase monthly throughput and production, making optimal use of its resources. As part of its strategy to mine optimally, Ergo is continuously assessing opportunities to optimise its grade profile by incorporating higher-grade material from other mining operations. One such agreement, concluded in May 2014, has 100 000t to 120 000t a month of sand material from another owner being delivered to City Deep for processing.

Such arrangements, coupled with the work of the R&D team (the continued success of the FFG circuits and the outcome of the R&D team's ongoing work into improving extraction efficiencies) are likely to hold the key to the future of the company. The current 10-year plan could extend for many more years, with any gold price increase adding further value.

OUR PRODUCT: DORÉ BARS

Ergo beneficiates its crude bullion (approximately 85% gold, 7% to 8% silver, some copper and other elements) at its own smelter. The resulting doré bars are transported to Rand Refinery Proprietary Limited (Rand Refinery) where the silver and other elements are removed, the gold is purified to 99.9% and refined into bars that meet the standards of the London Bullion Market Association. Rand Refinery then sells the gold on DRDGOLD's behalf at the afternoon dollar price fixed by the London Metal Exchange.

DRDGOLD does not deal in conflict gold.

OUR SUPPLY CHAIN

Ergo's procurement takes place as close as possible to product origin. Local suppliers are used for consumables (stock and non-stock), off-site repairs and on-site services and repairs.

The company's centralised procurement department adheres to company policies and procedures to secure the goods and services for Ergo's operational requirements. Approved vendors (manufacturers, wholesalers, contractors and service providers) are invited to tender for the supply of stock as part of the company's best purchasing practices. Once a supplier is identified, long-term relationships offering preferential prices and a secure source of supply are ensured.

We place importance on supplier development and pursue skills and economic development initiatives as joint ventures where possible.

Changes in our supply chain are usually the result of our BBBEE supplier development initiatives. However, the introduction of the FFG circuit – which required specialised items and skills not available locally – is an example of our having to tweak the supply chain.

Annual purchases FY2015	% BBBEE spend
Capital	68
Services	86
Consumables	82
Total	83

BUSINESS PERFORMANCE: NATURAL CAPITAL

DRDGOLD, like most mining companies, has an 'environmental footprint'. Our approach is to be responsible, as well as proactive, in managing our impact. In addition to restoring land affected by mining, we endeavour to minimise the impact of our operations on the environment. Our dust suppression and water management initiatives and our focus on alternative sources of water and power are examples of our commitment to natural capital.

There are those who would argue that the interests of mining and the environment are invariably opposed. However, while Ergo's operations do involve the environmental implications listed below:

- water
- energy usage – electricity, diesel, coal
- materials usage – chemicals, steel, milling beads
- emissions – carbon, SOx and NOx emissions, methane
- dust from tailings facilities

there can be no doubt that the company's operations simultaneously contribute to environmental clean up.

The cities on the Witwatersrand, where gold was discovered in the 19th century, grew up around the mining camps. This meant that over the years, residential suburbs, industrial parks and commercial hubs found themselves cheek by jowl with the waste dumps created by mining companies who have long since closed their doors, and the related inconvenience.

DRDGOLD has, through Ergo, acquired the rights to mine many of these dumps and is systematically reclaiming and treating them, before depositing the waste on a modern tailings deposition facility, some distance from formal housing, commercial and industrial areas. In so doing, valuable – and often strategically located – pieces of real estate are, after rehabilitation, released into the economy for development and reuse.

DRDGOLD's material environmental concerns are:

- water; and
- dust

and these topics will be discussed in the following pages. Additional information on DRDGOLD's environmental performance is addressed in Appendix 2.

DRDGOLD's FY2015 environmental spend was R40.7 million.

COMPLIANCE

South Africa's environmental legislation is governed by the National Environmental Management Act, 1998 and a number of related acts. Our environmental management systems and our policies are designed to achieve compliance with the environmental standards set by legislation. We manage compliance using the following tools: internal audits and self-inspections; external audits; identifying non-conformances and developing mitigation procedures and deadlines; regular production/management meetings to discuss recommendations; measuring progress for tabling at formal, monthly environmental co-ordination meetings; stakeholder engagement; and managing an information system/compliance database.

We recently consolidated our EMP to address all Ergo sites as one operation. The EMP assesses the environmental impacts of mining at reclamation sites, plants and tailings deposition facilities. It outlines details for closure, including the financial provisions. This document will assist in auditing and monitoring our activities in a more systematic manner. Regulation 55 audits are undertaken by independent consultants and submitted to the DMR as required.

Environmental management is an integral feature of our project planning because prevention is more effective than mitigation or rehabilitation. Before we embark on any project that will affect our stakeholders, we engage in a public participation process with interested and affected parties (I&APs). This approach seeks to identify, address and minimise the effects of our activities on the environment. Risk, including environmental risk, is carefully monitored in our business and is managed by procedures identified in the risk register.

DRDGOLD did not receive any significant fines of monetary value or non-monetary sanctions for non-compliance with environmental laws and regulations.

ENVIRONMENTAL PRIORITIES

Water and dust management are priorities and we manage these through various initiatives.

DUST

Dust from tailings facilities is a nuisance, particularly to nearby households and businesses in the area. Until such time as we have removed these dumps, created by mining companies – large and small – since the 1880s – we use the following measures to suppress dust:

- water bowzers: to spray binding chemicals (e.g. RDC20) on all active haul and access roads;
- water spraying and irrigation: on exposed mining surfaces (slopes);
- netting: to reduce wind velocity, decrease airborne dust created from exposed surfaces, support vegetation growth;
- vegetation: established on open surfaces of tailings dams as well as side slopes of tailings dams;
- cladding: applied to main access roads; material suitable for dust control has been used;
- mining methods: planned to reduce dust (e.g. sand dumps are mined into the direction of the prevailing wind to prevent open faces being exposed); and
- research: ongoing as we search for new methods of dust suppression.

Most of these initiatives have been in place for some years, and are yielding good results. The indigenous planting to cover the exposed areas of our tailings dams is now well-established and has proved to be a very successful aspect of our strategy to control dust. In FY2015 we vegetated a total of 34ha at the Crown complex and are on track to complete the programme at Crown in 2022. This could be accelerated if additional water is secured. Another key contributor is the land we clear for redevelopment – in FY2015 the NNR approved 194ha of rehabilitated land for alternative use. The removal of these sites from the mining area by the DMR, so that they can be developed, is now in progress.

Keeping track

In FY2015 we achieved good results for dust monitoring and containment. Of the 1 500 measurements recorded, 31^{LA} exceedances (2%) were recorded over the entire operation.

We outsource dust monitoring to an independent service provider, SGS Environmental Services, which measures dust according to the American Society of Testing and Materials Standard Method for collection and analysis of dust fall (ASTM D 1739). A quarterly open dust forum attended by regulators, councillors, NGOs and community members, and chaired by an independent expert, is facilitated by Ergo. Data is reviewed, and progress and challenges discussed at these meetings. Dust complaint registers are kept at each of the operations and all complaints are registered for attention. In FY2015, we were invited to share our knowledge and experience on air quality management and mitigation with two peer groups. The first presentation was to the Ekurhuleni municipality's integrated task team on air quality, and the second to a meeting on Highveld Priority Areas Air Quality in Mpumalanga. These were well-received.

Dust fall-out results have reduced steadily over recent years. Figures for FY2015, when compared to FY2014, remain consistent even though wind velocities in August, September and October of 2014 were far greater than experienced during the same period in 2013.

^{LA} Limited assurance

BUSINESS PERFORMANCE: NATURAL CAPITAL

continued

We have prioritised vegetation programmes on the Crown tailings complex, and the top surfaces have been completed. We expect this remedial action to result in a further decrease in dust exceedances.

Crown	2015	2014	2013
Total sites monitored	1020	984	827
Exceedances	26	21	31
Percentage	2.55	2.13	3.75

ERPM	2015	2014	2013
Total sites monitored	252	252	247
Exceedances	3	3	11
Percentage	1.19	1.19	4.45

Ergo	2015	2014	2013
Total sites monitored	228	276	206
Exceedances	2	3	11
Percentage	0.88	1.09	5.34

WATER

Water is a scarce resource in this country. DRDGOLD therefore takes the use and management of water seriously.

Water is key to the Ergo reclamation process and the effective management of water consumption has a direct impact on the financial bottom line.

Our supplies are well-controlled and no water discharges took place in FY2015.

WATER MANAGEMENT AND RECYCLING

Ergo water circulates in a closed circuit process and consumption is managed in a number of ways. Despite factors such as evaporation, seepage and the retention of some water on the dam, between 60% to 70% of water pumped to the dam as slurry is currently recycled. Rain water on the dam is also harvested.

Our water management processes includes active desilting of return water and pollution control dams and storm water control measures where necessary. This ensures that run-off rain water is contained and reused. In addition, reclamation sites have clean/dirty water separation measures in place.

We have a water quality monitoring programme and the results of this monitoring programme are submitted to the Department of Water and Sanitation (DWS) every quarter. GN 704 audits are undertaken by independent consultants and submitted to the DWS annually. We liaise regularly with all stakeholders and I&APs and are represented on the Klip River and Blesbok Spruit water forums.

TOTAL WATER USED AND RECYCLED ('000M³)

	FY2015	FY2014	FY2013
Potable water externally sourced	5 682 ^{LA}	5 762*	5 748*
% water externally sourced	21	22	20
Surface water extracted	3 650	3 079	1 800
% groundwater	14	12	6
Water recycled in process	17 225	17 194	21 773
% recycled water	65	66	74
Total water used	26 557^{LA}	26 035^{LA}	29 321^{LA}

^{LA} Limited assurance

* No assurance provided

PUTTING WASTE WATER TO WORK

EFFLUENT WATER

As part of a strategy to conserve the natural environment and, specifically, to reduce the use of potable water, the DRDGOLD board authorised an important water and cost saving initiative in FY2014. The project, which first required authorisation from the DWS and the Gauteng Department of Agriculture and Rural Development, involved the construction of a plant to treat sewage water to replace the use of potable water.

The R22 million filtration plant, constructed at the Rondebult Waste Water Works and operated by the East Rand Water Care Company, took ten months to construct and was commissioned in early FY2016. It provides Ergo with 10 mega litres (ML) a day from the Rondebult¹ sewage treatment facility for our reclamation activities. Water from the sewage works discharge sump is pumped to the fully automated plant through a series of sand and carbon filters before it is discharged into a transfer tank. Treated water is pumped from the transfer tank through a 7 200 metre, 350mm, underground HDPE-lined pipe into the Elsburg process water tank. This translates into a considerable cost saving for the company as well as reducing the company's use of potable water.

¹ Rondebult is a 'Green Drop' accredited facility which means it complies to rigorous standards for municipal wastewater plants to ensure they do not negatively affect the environment into which they discharge their product. The programme was launched by the then Department of Water and Environmental Affairs in 2008.

ACID MINE DRAINAGE

Acid mine drainage (AMD) is a good example of both a risk and an opportunity. Although not a direct risk to DRDGOLD, a surface mining operation that is not conducting underground mining activities, it is in DRDGOLD's best interests as a significant water consumer, and as part of risk mitigation, to co-operate with government in initiatives to contain the impacts of AMD.

DRDGOLD has therefore, for some years, collaborated with government's agent, the Trans-Caledon Tunnel Authority (TCTA) and has placed both land and infrastructure at the latter's disposal. This has enabled the TCTA to construct a treatment plant to pump AMD. The TCTA pump station and plant was completed in June 2014 and has been commissioned. The plant treats water to a 'grey' standard before releasing it into the environment.

As part of its strategy to source non-potable water, DRDGOLD has secured the right to source up to 30ML of treated AMD a day from the TCTA facility to its operations, if required.

BUSINESS PERFORMANCE: HUMAN CAPITAL

The value-add in respect of human capital lies in the creation of a knowledge-based labour force, the preservation of intellectual capital through skills transfer and mentorship and the creation of a stable and content workforce.

DRDGOLD believes in the importance of a healthy, diverse, knowledge-based workforce and our policies and practices are designed to reinforce this aspect of our strategy. We invest a significant amount of time and money to achieve this goal. We also roll out systems and policies that are designed to achieve compliance with legislation; promote historically disadvantaged South Africans (HDSAs) and women; encourage and support our employees to pursue all and any educational, training and skills development opportunities; and place emphasis on health and safety.

The DRDGOLD human resource (HR) strategy is aligned with its business strategy which is to ensure employee well being and safety. The HR department's goals are to put into effect the company's strategy for transformation, employment and sustainability in order to mitigate key business risks.

The HR manager holds overall responsibility at an operational level and, at board level, most HR matters are monitored by the Social and Ethics Committee.

Attracting and, especially, retaining talent remains a challenge. We offer competitive remuneration packages and incentive schemes and are committed to being an employer of choice.

OUR PEOPLE

At the end of FY2015, our operations provided full-time employment for 941 employees while our main service providers deployed an additional 1 426 employees to our operations.

The 941 direct employees at the operational and corporate level represent a relatively small staff complement. The workforce size is fit for purpose however, as surface reclamation requires significantly fewer people to run the operation than traditional mines.

Reclamation also requires a different set of skills and our people tend to be more literate than traditional miners. Our employees are fully integrated into Johannesburg society, and live mostly with their families closer to the workplace than the majority of migrant workers employed in the traditional underground mining sector.

WAGE AGREEMENT

In October 2014 we agreed with organised labour to extend the existing 2013/2014 wage settlement by a further one year (July 2015 – June 2016). As a result, the DRDGOLD wage review cycle does not correspond with that of the industry. The industrial relations climate at our operational sites therefore remains constructive and we do not anticipate the mining sector wage negotiations currently underway to have any effect on our workforce or our operations.

Our agreement provides for a 10% basic wage increase for entry level employees in job categories four and five, 9% in job categories six and seven and 8% to employees in job categories eight to fifteen.

We make use of specialist, annual surveys to ensure our remuneration packages are market-related.

DEVELOPING OUR PEOPLE

EDUCATION AND TRAINING

At DRDGOLD we believe that education is integral to solving the socio-economic problems that plague the country, including unemployment and poverty. Education and training is thus a key element of our human capital strategy.

We invest substantial funds and resources on developing our people in ways that not only provide them with market-related skills, but also to ensure that we run our business efficiently and cost-effectively and with our shareholders' interests in mind.

EBDA

We established the Ergo Business Development Academy NPC (EBDA) in 2009, to ensure that quality training opportunities for our employees were easily accessible. EBDA also formed part of a broader vision to contribute to the communities surrounding our operations.

Employees are able to acquire additional work place skills and training for career opportunities that might arise. In this way we address the longer term sustainability of our business by ensuring continuity in the supply of skills for our future employment needs.

Members of our surrounding communities, on the other hand, often lack skills and many have not completed their schooling. EBDA therefore offers a measure of empowerment to those who would otherwise have no means to redress their circumstances.

EBDA is accredited by a number of organisations including the Mining Qualifications Authority (MQA). It offers a wide range of courses in all the engineering trades including diesel and motor mechanics, metallurgy and minerals processing, safety, health and environment and generic management. It also offers an adult basic education and training (ABET) programme and portable (construction) skills.

EBDA also provides training for other companies and organisations, including the Department of Mineral Resources (DMR), demonstrating its overall success and ability to serve a broader purpose.

The total investment in EBDA at the end of FY2014 was R48.7 million.

A DRDGOLD prerequisite when establishing EBDA was for the entity to become self-sustaining within five years. This was part of a strategy to ensure EBDA became a permanent community asset outlasting the DRDGOLD operation. This goal has been achieved and DRDGOLD was not required to make a financial contribution to EBDA in FY2015. The academy now functions as a sustainable independent trading entity and EBDA recorded a profit and a positive cash balance at the end of the financial year. Discussions to finalise the EBDA exit strategy are currently underway with the DMR.

BEST LIFE

We have initiated a number of other campaigns to develop our employees over the years, the most recent being the Best Life initiative. This includes a service provided by ICAS, an independent service provider, which offers employees counselling on financial, health and a range of life issues. It includes a financial literacy programme which is aimed at providing financial know-how to employees. The intention behind this initiative is to encourage employees to avoid poor borrowing and buying behaviours as well as advice on how to build up a retirement nest egg.

OTHER INITIATIVES

DRDGOLD also offers a range of internships, learnerships, bursaries, mentorships and coaching opportunities to its employees and to suitable external candidates. The company also emphasises financial literacy and regular workshops enable employees to understand the importance of financial planning. The courses cover a range of topics including saving for retirement, budgeting, debt avoidance and garnishee orders.

BUSINESS PERFORMANCE: HUMAN CAPITAL

continued

FY2015: GROUP SOCIO-ECONOMIC DEVELOPMENT EXPENDITURE

	R'000
CSI	6 767
LED	682
HR development	12 011
	19 460 ^{LA}

^{LA} Limited assurance

HEALTH AND SAFETY

Employees have a constitutional right to a safe working environment and DRDGOLD is a signatory to the 10-year health and safety targets set at the 2003 summit of the Mine Health and Safety Council.

DRDGOLD has in place a health and safety policy, the provisions of which are reviewed annually to ensure they remain pertinent to company strategy. Health and safety is a priority at DRDGOLD because ensuring people are safe in the workplace, and in good health, makes good business sense. Healthy, alert employees are less likely to have accidents, suffer injuries or breach safety rules because they are fatigued or unable to concentrate on the task at hand. A target of zero-harm might be difficult to achieve in a factory-type environment, but it is a goal towards which DRDGOLD strives.

SAFETY PERFORMANCE

FY2015 was once again fatality free^{LA}.

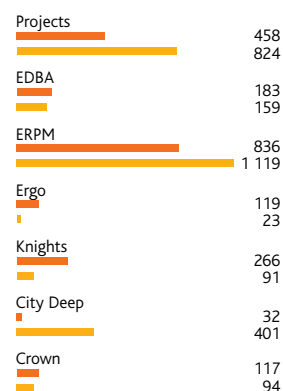
Thirty-three minor injuries and seven reportable injuries were recorded at Ergo, along with the causes and remedial action.

Employees are encouraged to report all injuries, irrespective of how minor they appear at the time.

In FY2015, 329 shifts were lost due to injuries compared with 213 shifts the previous year.

Because the industry's stringent health and safety laws have the potential to adversely affect financial results, company policy requires employees to participate in health and safety initiatives appropriate to their specific workplace. On-the-job safety has, since FY2013, been regarded as a joint management and workforce responsibility. This approach initially yielded positive results – serious injuries were reduced by 50% and lost time injuries (LTIs) by 53% between FY2013 and FY2014. However, LTIs increased by one to 15 in FY2015 compared to the previous year.

FY2015 v FY2014 Ergo LTI-free days



■ at 1 July 2014
■ at 30 June 2015

MANAGING SAFETY

Ergo has an agreement with organised labour to meet every two months on health, safety and environmental issues. Matters including workplace conditions, compliance and occupational hygiene are brought to the table and resolved whenever possible. This meeting is also a forum for introducing new procedures and codes of practice.

Health and safety meetings and programmes of various kinds, involving employees at different levels, and including line managers and health and safety representatives, take place on a daily, weekly, monthly and quarterly basis at the operational sites.

There are 113 part-time health and safety representatives at Ergo, and this translates into a favourable 1:25 ratio of health and safety representatives to employees and specialist service providers. Matters addressed include general health, safety, environmental and community issues as well as topics specific to regular safety campaigns.

A 10- to 15-minute daily 'toolbox' talk conducted by a supervisor and aimed at all employees covers any incidents that have occurred in the workplace. Staff are reminded of their right, in terms of section 23 of the MHSA, to refuse to enter an unsafe workplace as well as the need to complete a risk assessment before beginning a task.

Specialist service providers have their own health and safety structures in place, which are monitored for compliance.

All operational sites are reviewed monthly for hazards/risks which are ranked, and mitigation measures are put in place. Employees are therefore aware of any risks in the workplace as well as areas that require improved performance.

Job training is considered essential and employees are prohibited from carrying out work for which they are not suitably trained.

REPORTABLE INJURIES AND LTIs

	Serious injuries (actual)	Frequency rate	Total LTIs	Frequency rate	Man hours
FY2013	12	1.68 ^{LA}	34	4.35 ^{LA}	7 126 650
FY2014	6	0.93 ^{LA}	14	2.16 ^{LA}	6 468 812
FY2015	7	1.06^{LA}	15	2.27^{LA}	6 008 291

^{LA} Limited assurance

BUSINESS PERFORMANCE: SOCIAL CAPITAL

The concept of an organisation's social licence to operate (SLO) began in the mining industry and has been espoused by numerous sectors of commerce and industry around the world.

Informal and tacit, DRDGOLD's social licence refers to the acceptance by stakeholders – particularly local communities – of the operation, and the extent to which their expectations are met. DRDGOLD views the responsibility for maintaining its SLO seriously and manages its social capital with this in mind.

DRDGOLD operates solely in South Africa, with its legacy of inequality and present-day socio-economic burdens of rising unemployment, inadequate education facilities and poverty. The communities surrounding our operations are impoverished to varying degrees, and are often the places where our employees reside or from where new employees are recruited. Economic growth in South Africa is stagnating and – global issues aside – the country is beset not only by the above-mentioned concerns but also poor policy, inadequate governance, labour instability and power demand problems. Despite the widespread nature of these national issues, we continue to operate a sustainable business and we believe that establishing 'pockets of stability and excellence', however small, can provide a springboard for raising living standards for future generations. No corporate entity can address these extensive problems alone, but together we can make a difference.

TRANSFORMATION AND SUSTAINABLE DEVELOPMENT

OUR ROLE

Hardship and unemployment are widespread in Ergo's neighbouring communities. Although an SLO is, strictly speaking, based on good relationships – mutual respect, transparency, ongoing communication, sensitivity to cultural norms and fair conflict resolution mechanisms – most companies in South Africa are also required to provide material benefits to their community stakeholders. In some instances, these include infrastructural and other projects that would normally be the responsibility of local, provincial or national government.

We address our role proactively, but in reality the demands for assistance are overwhelming. Aside from assistance in emergency or disaster situations and *ad hoc* contributions (e.g. handing out blankets and jackets during winter) we consider requests by determining whether our support will render the project sustainable, and if it is in line with our philosophy to:

- alleviate hardship through empowerment;
- mobilise the potential of young people;
- create emotional and financial independence through self-realisation, own potential and skills development; and
- leave a lasting legacy.

Our main focus areas are:

- employees: skills development, information – including for retirement; Vuselela and Best Life;
- youth: maths, science, accounting classes; Enterprise Clubs;
- communities: skills development; sustainable job creation; health; housing; and
- overall improvement of the environment surrounding our operations.

Our CSI projects are mostly aligned with the commitments in our SLPs although we occasionally assist in other areas. We find that, in executing our strategy, there is some overlap between our human and social capitals, and there is some cross-referencing of information in this report. A detailed breakdown of our social capital expenditure can be found in Appendix 4.

The construction of a R1.6 million administration block at Palesa Primary School was our primary CSI project initiated in FY2014 and completed in FY2015. Two new projects were also launched during the year – a R6.9 million, three-year agricultural livelihood project on the East Rand and the R2.1 million, two-year Kaponono Ke Matla sewing project in Meadowlands, Soweto.

MATHS, SCIENCE AND ACCOUNTING CENTRE OF EXCELLENCE

DRDGOLD's business relies on engineers and metallurgists, disciplines that require a strong grasp of mathematics and/or science. In an effort to address the critical shortage of these skills in South Africa, as well as the declining standards that have been measured among maths, science and accounting graduates, EBDA has instituted a Maths, Science and Accounting Centre of Excellence. This centre provides support to students and teachers at schools on the East and West Rand. In calendar 2015, 595 learners from six East and West Rand schools enrolled for extra classes.

BEYOND MINING: ENTREPRENEURSHIP

DRDGOLD understands that the solution to unemployment – in a country where unemployment was recorded by Statistics SA as reaching 30% in the first quarter of 2015 (its highest level in 12 years) – necessitates more than job creation.

EBDA AND ENTERPRISE CLUBS

EBDA was established as a training academy with further reach than mining, which is the business of DRDGOLD. Not only does EBDA serve other industry sectors, it has initiated a comprehensive skills development programme to focus on job 'creators' as DRDGOLD believes this is needed to build longer-term sustainable businesses. The EBDA Enterprise Clubs programme is another project designed to promote the development of small businesses.

More information on these social capital initiatives can be found in Appendix 4.

MAINTAINING OUR 'SOCIAL' LICENCE

DRDGOLD is aware that stakeholders' perceptions can change over time and an SLO can be withdrawn. DRDGOLD therefore works conscientiously and continuously to engage with its surrounding communities, responding to their concerns and adhering to commitments that have been made. Consultation with the communities on their needs and requests is also essential, demonstrating respect and ensuring that the company is delivering into the communities' requirements. We believe that our policies and strategy with respect to our social capital may have contributed to the relatively few problems experienced with surrounding communities in recent years. We have experienced virtually no labour unrest, and no incidents of any kind were recorded in FY2015.

The investment we make in our social capital therefore benefits our business and all our stakeholders, including our providers of capital. Social conflict, theft, vandalism, labour unrest, delays, interruptions to the business and reluctance by locals to hiring initiatives have cost implications and negative business impacts.

LOOKING AHEAD

DRDGOLD has reached a position where we are acknowledged as one of the leading tailings retreatment companies in the world. We have secured our position and, as we approach the future, we enjoy a competitive edge that would be difficult to breach. R&D is, and will continue to be integral to our strategy. We are operating profitably and we are operating sustainably. In the next 24 months we will adhere to this successful formula, tweaking it judiciously in order to obtain optimal benefits for all stakeholders.

HUMAN CAPITAL

DRDGOLD will continue to develop its human capital through the various programmes already in existence. These focus on training, skills transfer and mentorship, because we believe that knowledge is key to personal growth at all ages.

Our employees will continue to benefit from courses run by EBDA, the training academy established in the community. We aim to extend the reach of the employee talent pool and the number of individual development plans we manage.

Our people will also continue to benefit from an independent information and counselling service (ICAS) to which we subscribe. This offers information, advice and support on most life topics – including workplace issues – as well as grief counselling and legal advice.

A particular concern is the ability of our employees to manage their finances over the longer term, and the debt problems and garnishee orders that many of them face. We will continue to offer guidance and training until our employees are debt-free. Our financial management courses will support our 2018 target to reduce garnishee orders to below 1%.

We want our employees to be able to enjoy home ownership and we aim to make this a possibility for our people, especially those who are breadwinners, by 2018.

Safety is also an issue that we intend not to lose sight of in the future, and we will be satisfied, but not complacent, when we can record a year with zero harm. Safety is a journey without an end.

SOCIAL CAPITAL

DRDGOLD also intends to continue developing its social capital – neighbouring communities – in a number of ways. Although we will continue to focus on education and the provision of skills, we are implementing plans for an agricultural project as well as increasing the scope of our sewing project in Meadowlands.

Our youth education programmes will continue because in recent years we have seen good results. We are encouraged by the improved pass rates in maths, science and accountancy among the learners in our jurisdiction. We will continue to place emphasis on the importance of these subjects not only for the students, and our industry, but because we urgently need these skills in our country. Our target is to have 2 200 learners on the maths, science and accountancy programme by 2018.

MANUFACTURED CAPITAL

Technology continues to represent an important means of achieving optimal gold recovery, and we not only investigate new opportunities as they present themselves, we also work proactively to remain at the cutting edge of our business.

In the years ahead we will constantly review the potential at our disposal. We will consider economies of scale and make best use of our plant within our existing footprint and possibly beyond.

NATURAL CAPITAL

We will continue to address the issues of dust and potable water. We are looking at reducing dust exceedance measurements by 10% a year going forward and 10% a year is also our target on the reduced use of potable water.

We will continue our focus on energy usage, because it makes economic sense. We believe there are alternative and cheaper sources of power. We are already enjoying cost savings and benefits as a result of some of the projects we have implemented and as a significant, but responsible, consumer we aim to pursue all energy options.

Between 2016 and 2018 we also intend to increase the total dump area vegetated by 35ha each year.

FINANCIAL CAPITAL

Our success in managing our capitals as described above depends, of course, on how effectively we continue to offer a return on capital. We are, as a management team and a board of directors, committed to our stated aim of mining optimally, controlling costs and delivering value to our providers of capital – our shareholders – and our most important asset – our employees or human capital.

GOVERNANCE

The directors on our board are the custodians of corporate governance at DRDGOLD. They work diligently, guided by the 2007 board charter, to improve organisational performance and deliver value to all stakeholders. They act with integrity and honour and avoid conflicts of interest in executing their fiduciary duties.

DRDGOLD promotes discipline, transparency, accountability, responsibility and fairness to protect the interests of shareholders, employees and the communities in which we operate.

DRDGOLD observes the standards of corporate governance set out in the Code of and Report on Governance Principles for South Africa 2009 (King III). As far as possible and in accordance with the JSE Listings Requirements, the company enforces the provisions within the report's 'apply or explain' principle. The table can be found in Appendix 5.

DRDGOLD has a primary listing on the JSE and a secondary listing on the NYSE in the form of an ADR programme, administered by the Bank of New York Mellon. DRDGOLD is therefore subject to compliance with the Sarbanes-Oxley Act of 2002 (SOX), which is documented in the company's Form 20-F, filed annually with the SEC.

THE BOARD OF DIRECTORS

In line with the requirements of King III, DRDGOLD has a unitary board and approximately 70% of the members are independent. The CVs of each director and a categorization of their individual capacities may be found on page 44 to page 45 of this report.

The chairman is an independent non-executive director (NED) and is impartial and objective in performing his duties. The appointment of the chairman is in full compliance with King III. Anthon Meyer, Acting CFO, completed his tenure at DRDGOLD on 31 December 2014. On 6 January 2015 Riaan Davel was appointed CFO of DRDGOLD.

The Audit and Risk Committee satisfied itself that Riaan Davel has the necessary expertise and experience. On 26 August 2015 the Audit and Risk Committee considered and confirmed the appropriateness of the expertise and experience of Riaan Davel. This determination is made on an annual basis.

The board has satisfied all the regulatory requirements of the JSE and NYSE. DRDGOLD executed a Listing Agreement in the form designated by the NYSE as prescribed by the rules of that stock exchange.

In compliance with JSE and NYSE requirements, the policy for appointments to the board is both formal and transparent. The Remuneration and Nominations Committee identifies and interviews, and then recommends, short-listed candidates to the board. The board duly deliberates and appoints the most suitable person/persons until shareholders are able to confirm the appointment at the first AGM following the appointment.

Each director brings to the board his own particular expertise, as well as appropriate professional experience. Unlike the executive directors who are involved with the day-to-day management and are salaried employees, the NEDs provide independent perspectives and judgement and do not receive salaries as remuneration.

BOARD FUNCTIONING

The balance of power and authority at board level is illustrated by the separation of the positions of CEO and chairman. The Board Charter sets out a clear balance of power and accountability among members on the board of directors.

The board sets policy and determines strategy. It maintains full and effective control by meeting quarterly to monitor and assess operational and financial performance and to review strategy, risk and planning. If required, the board meets on an *ad hoc* basis for urgent matters.

The board's duties include authorising acquisitions and disposals, major capital expenditure, stakeholder communication and the approval of annual budgets.

The board also monitors and, where necessary, approves the activities of executive management, decisions on material matters, the terms of reference of the subcommittees and of any committees established to address specific tasks.

To assist directors – who are responsible for acquainting themselves with their duties, as well as operational matters – new directors undergo a formal induction programme. This includes meetings with senior management and company advisors as well as visits to operations.

In accordance with DRDGOLD's Memorandum of Incorporation (MOI) which was adopted at the 2012 AGM, all directors are subject to retirement by rotation and to re-election by shareholders.

The names of the directors submitted for re-election are accompanied by sufficient biographical details in this report 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 the company's compliance with statutory procedures and regulations. Directors are entitled to seek independent professional advice concerning DRDGOLD's affairs at the group's expense, should they believe that such course of action would be in the best interests of the company. A structured and efficient procedure has been incorporated into the Board Charter.

The board's quarterly meetings are usually held in South Africa and, when possible, at Ergo's offices in Brakpan. This allows board members to undertake tours of the operations and enjoy direct access to operational management. In terms of good governance, the directors have unrestricted access to company property, information and records.

Meetings are held over two or three days, giving board members sufficient time to deal with the agenda as well as allowing the NEDs to interact with each other without executive directors being present.

Comprehensive information packs are distributed to directors prior to each board meeting. Explanations and motivations are provided to fully inform directors of agenda items requiring resolution at the meeting. In addition, the board regularly calls for presentations from external experts on material risk, operational and strategic aspects.

There is a provision in the company's MOI for decisions to be taken between meetings by way of written resolutions which are circulated to the directors and supported by full motivations and explanations. The directors seldom require more than five days to consider the matter at hand before they approve the resolution.

ATTENDANCE BY DIRECTORS AT THE BOARD MEETINGS HELD DURING FY2015

Director	Designation	29 July 2014	26 Aug 2014	15 Sept 2014	25 Sept 2014	22 Oct 2014	11 Feb 2015	21 Apr 2015
D J Pretorius	Chief Executive Officer	✓	✓	✓	✓	✓	✓	✓
A T Meyer*	Chief Financial Officer (acting)	✓	✓	✓	✓	✓	n/a	n/a
AJ Davel#	Chief Financial Officer	n/a	n/a	n/a	n/a	n/a	✓	✓
G C Campbell	Independent non-executive chairman	✓	✓	✓	✓	✓	✓	✓
J A Holtzhausen	Independent non-executive	✓	✓	✓	✓	✓	✓	✓
R P Hume^	Independent non-executive	✓	✓	✓	✓	✓	n/a	n/a
E A Jeneker	Independent non-executive	✓	✓	✓	✓	✓	✓	✓
J Turk	Independent non-executive	✓	✓	✓	✓	✓	✓	✓

* Resigned as Acting CFO 31 December 2014

Appointed CFO 6 January 2015

^ Resigned as non-executive director 31 October 2014

✓ Includes attendances through teleconference or video conference facilities

GOVERNANCE

continued

BOARD COMMITTEES

As recommended by King III and required by South Africa's Companies Act, No 71 of 2008, as amended and promulgated in 2011 (Companies Act), and the JSE Listings Requirements, the board has the following subcommittees, referred to hereafter as committees:

- Audit and Risk Committee;
- Remuneration and Nominations Committee; and
- Social and Ethics Committee.

All committees are governed by specific terms of reference. The duties and responsibilities of directors on these committees are outlined in a board approved charter and make use of their areas of specialisation. Each committee is delegated specific functions by the board or Companies Act, and the approved terms of reference include membership requirements, duties and reporting procedures. Minutes of the meetings are circulated to committee members and to the board.

The effectiveness of these committees is evaluated by the board on an annual basis. Remuneration of NEDs for service on the committees is determined by the shareholders on the recommendation of the board.

More detailed information on the composition, activities, roles and responsibilities of these committees can be found in Appendix 5.

CODE OF ETHICS

DRDGOLD has its own Code of Ethics. Any contravention of this code is regarded as a serious matter.

STAKEHOLDER COMMUNICATION

DRDGOLD is committed to transparency and has an integrated and sustained stakeholder communication programme which takes into account all the obligations placed on the group by the regulatory environment in which it operates. More information on stakeholder engagement can be found in Appendix 1.

HONESTY WITH REGULATORS AND OTHER GOVERNMENT OFFICIALS

Directors, officers and employees must comply with laws in countries where the group does business including laws prohibiting bribery and corruption. Directors, officers and employees are required to observe and implement the provisions of the Foreign Corrupt Practices Act which prohibit DRDGOLD, its subsidiaries, associates, partners, their officers, employees and agents from giving or offering to give money or anything of value to a government or state official, political party, a party official or a candidate for political office in order to influence official acts or decisions of that person or entity, to obtain or retain business or to secure any improper advantage.

FINES AND INCIDENTS OF CORRUPTION

DRDGOLD did not receive any significant fines of monetary value or non-monetary sanctions for non-compliance, nor was it involved in any incidents of corruption, in FY2015.

ANNUAL FINANCIAL STATEMENTS (AFS)

The directors are required by the Companies Act to maintain adequate accounting records. They are responsible for the preparation of the AFS which fairly present the state of affairs of the group at the end of each financial year, in conformity with International Financial Reporting Standards (IFRS) and the Companies Act. The AFS includes amounts based on judgements and estimates made by management.

The directors are of the opinion that the financial statements for the year ended 30 June 2015 fairly present the financial position of the company and the group as at 30 June 2015. The AFS 2015 can be found in a separate document available on the DRDGOLD annual report suite webpage.

The directors have reviewed the group's business plan and cash flow forecast for the year ending FY2016. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and has adequate resources to ensure its continued operational existence.

To comply with requirements for reporting by non-US companies registered with the SEC, DRDGOLD prepares its AFS on Form 20-F in accordance with IFRS.

More governance information can be found in Appendix 5.

DIRECTORS AND SENIOR MANAGEMENT

BOARD AND MANAGEMENT: NON-EXECUTIVE DIRECTORS

GEOFFREY CAMPBELL (54)

BSc (Geology)

Independent Non-executive Chairman

Chairman (Nominations): Remuneration and Nominations Committee

Member: Audit and Risk Committee

Geoffrey Campbell was appointed a Non-executive Director in 2002, a senior independent Non-executive Director in December 2003 and as Non-executive Chairman in October 2005. A qualified geologist, he has worked on gold mines in Wales and Canada. He spent 15 years as a stockbroker before becoming a fund manager, during which time he managed the Merrill Lynch Investment Managers Gold and General Fund, one of the largest gold mining investment funds. He was also Research Director for Merrill Lynch Investment Managers. Geoffrey is a Director of Oxford Abstracts.

JOHAN HOLTZHAUSEN (69)

CA (SA)

BSc, BCompt (Hons)

Independent Non-executive Director

Chairman: Audit and Risk Committee

Member: Remuneration and Nominations Committee

Johan Holtzhausen was appointed an independent Non-executive Director of the company on 25 April 2014. He has more than 42 years' experience in the accounting profession, having served as a senior partner at KPMG, and held the highest Generally Accepted Accounting Principles (United States), Generally Accepted Auditing Standards and Sarbanes-Oxley Act accreditation required to service clients listed on stock exchanges in the United States of America.

His clients included major corporations listed in South Africa, Canada, the United Kingdom, Australia and the United States of America. Johan currently serves as an independent Director of the Tourism Enterprise Partnership and chairs the audit and risk committee on a voluntary basis. This South African non-profit company is a leading small business development agency funded by a public-private partnership. He chairs the audit and risk committee of Tshipi é Ntle Manganese Mining Proprietary Limited, an emerging South African manganese miner. He is a Non-executive Director of Caledonia Mining Corporation, a Canadian corporation listed in the United States of America, Canada and the United Kingdom, and he chairs its audit and risk committee. He is also a Non-executive Director of First Food Brands Limited.

JAMES TURK (68)

BA (International Economics)

Independent Non-executive Director

Member: Audit and Risk Committee

Member: Remuneration and Nominations Committee

James Turk was appointed a Non-executive Director in October 2004, and in 2011 met the JSE Listing Requirements to be an independent Director. He is the founder and a Director of GoldMoney Network Limited, also known as GoldMoney.com, an online provider of physical gold, silver, platinum and palladium bullion to buyers worldwide and the operator of a digital gold currency payment system. James is an Executive Director of Lend & Borrow Trust Co Ltd. Since graduating in 1969, he has specialised in international banking, finance and investments. After starting his career with JP Morgan Chase in 1980, James joined the private investment and trading company of a prominent precious metals trader. He moved to the United Arab Emirates in 1983 as Manager of the commodity department of the Abu Dhabi Investment Authority. Since resigning in 1987, he has written frequently on money and banking.

EDMUND JENEKER (53) (HDSA)

IEDP (Wits), M.Inst. D., SAIPA

Independent Non-executive Director

Chairman: Social and Ethics Committee

Chairman (Remuneration): Remuneration and Nominations Committee

Member: Audit and Risk Committee

Edmund Jeneker is a Chartered Director and was appointed a Non-executive Director in November 2007. He trained as an accountant and has gained experience in finance, taxation, business strategy and corporate governance over a period of more than 25 years at Grant Thornton, SwissReSA, World Bank Competitiveness Fund and Deloitte. He is active in community development volunteer work and serves as a member of the Council of the Institute of Directors. He currently holds the position of Managing Director: AllPay Consolidated Investment Holdings at Barclays Africa Group.

BOARD AND MANAGEMENT: EXECUTIVE DIRECTORS

NIËL PRETORIUS (48)

BProc LLB

Chief Executive Officer

Member: Social and Ethics Committee

Niël Pretorius has two decades of experience in the mining industry. He was appointed Chief Executive Officer designate of DRDGOLD on 21 August 2008 and Chief Executive Officer on 1 January 2009. After joining the company on 1 May 2003 as Legal Adviser, he was promoted to the position of Group Legal Counsel on 1 September 2004 and General Manager: corporate services on 1 April 2005. Niël was appointed Chief Executive Officer of Ergo Mining Operations (formerly DRDGOLD SA) on 1 July 2006, becoming Managing Director on 1 April 2008.

RIAAN DAVEL (39)

CA (SA)
BCom (Hons), MCom
Chief Financial Officer
Member: Social and Ethics Committee

Riaan Davel was appointed Chief Financial Officer on 1 January 2015 and Executive Director on 6 January 2015. Riaan is a Chartered Accountant (South Africa), has a BCom (Hons) and an MCom (in International Accounting) from the University of Johannesburg.

Riaan has 17 years of experience in the professional services industry, mainly in Africa's mining industry. He provided assurance and advisory services, including support and training on International Financial Reporting Standards (IFRS), to clients and teams across the continent. He spent the last seven years at KPMG as an audit partner, performing, *inter alia*, audits of listed companies in the mining industry, including SEC registrants.

He has also gained experience as an IFRS technical partner, and represented the South African Institute of Chartered Accountants on the International Accounting Standards Board's project on Extractive Activities from 2003 to 2010. Riaan has also served on committees that compile or update the South African Codes for reporting and valuation of mineral reserves and resources.

TOP AND SENIOR MANAGEMENT

THEMBA GWEBU (51) (HDSA)

Bluris, LLB, LLM
Company Secretary

Themba Gwebu is an attorney of the High Court of South Africa who joined DRDGOLD in 2004 as Assistant Legal Adviser. Prior to joining DRDGOLD he served as a Magistrate in the Roodepoort Magistrates Court. He was appointed Company Secretary in April 2005. On 1 January 2007 he assumed the position of Group Legal Counsel and Compliance Officer. He served as Executive Officer: Legal, Compliance and Company Secretary from 2008 until 31 December 2014.

Since 2008 he has served as a Director of several DRDGOLD subsidiaries. He was a Director of Rand Refinery Proprietary Limited from June 2008 to September 2014. He also served as the Chairman of Rand Refinery's Social and Ethics Committee until September 2014. He currently holds the position of Company Secretary.

RENEILOE MASEMENE (34) (HDSA)

LLB, LLM
Group Legal Counsel and Prescribed Officer

Reneloe Masemene is a attorney who joined DRDGOLD in January 2009 as Legal Adviser. She was appointed to the position of Senior Legal Adviser in October 2011 and Prescribed Officer of Ergo in June 2012. She was appointed to the position of Group Legal Counsel in August 2014.

THULO MOGOTSI MOLETSANE (47) (HDSA)

BA, LLB
Sustainable Development Director: Ergo Mining Operations Proprietary Limited
Invitee: Social and Ethics Committee

Thulo Mogotsi Moletsane is an Executive Director of Khumo Bathong Holdings Proprietary Limited and a Director of Khumo Mining and Investments Proprietary Limited. He has completed an executive programme (EPP) offered by the Mining Qualifications Authority. He was appointed as a Director of Ergo Mining Operations Proprietary Limited in August 2010.

MOLTIN PASEKA NCHOLO (52) (HDSA)

LLB, LLM, PhD
Non-executive Director: Ergo Mining Operations Proprietary Limited

Moltin Paseka Ncholo formed Khumo Bathong Holdings Proprietary Limited in 1999 and became an enthusiastic operator and member of the mining fraternity. Paseka is Executive Chairman of Khumo Bathong Holdings Proprietary Limited. Paseka holds various other executive and board positions. He was appointed as a Director of Ergo Mining Operations Proprietary Limited in February 2013.

JACO SCHOEMAN (41)

National Diploma Analytical Chemistry, BTech (Analytical Chemistry)
Operations Director: Ergo Mining Operations Proprietary Limited
Invitee: Social and Ethics Committee

Jaco Schoeman joined DRDGOLD in 2011 as Executive Officer: business development to focus on expanding the group's surface retreatment business and extracting maximum value from existing resources. In July 2014, the roles of Chief Operating Officer (COO) and Executive Officer: business development were replaced with the position of Operations Director: Ergo Mining Operations Proprietary Limited. Jaco was appointed to that position.

CHARLES SYMONS (61)

BCom, MBL, Dip Extractive Metallurgy
Director: Ergo Mining Operations Proprietary Limited and Chairman: Oversight Committee

Charles Symons joined the mining industry on 14 February 1977 and transferred to Crown Gold Recoveries Proprietary Limited in January 1986. He was appointed General Manager in 1995, Executive Officer: surface operations of DRDGOLD Limited on 1 January 2008 and as Executive Officer: operations of DRDGOLD Limited on 11 May 2010. On 1 October 2011 he was appointed COO of DRDGOLD. Following the restructuring of senior management in July 2014, Charles Symons assumed the role of Chairman: Oversight Committee: Ergo Mining Operations Proprietary Limited.

REMUNERATION REPORT

There are three main elements to the DRDGOLD remuneration policy – all inclusive salary, short-term incentives and long-term incentive rewards. Together, these are designed to ensure that our staff are adequately rewarded. They are also intended to retain key members of staff, thus ensuring the future of the business.

REMUNERATION POLICY

DRDGOLD aims to be fair and responsible in its remuneration policies because the business depends on staff with good morale. Our human capital includes our NEDs and our employees. The latter are broadly categorised as executive directors, senior, middle and junior management, non-unionised and unionised employees.

The DRDGOLD remuneration policy endorses the corporate governance improvements introduced by King III. The main principles of the remuneration policy are summarised below:

- a remuneration strategy aligned to the company's business strategy, performance, objectives and results;
- pay practices which motivate individuals to consistently enhance performance;
- a performance management system that recognises individual contributions to the company and guides training and development requirements;
- internal equity in remuneration practices, where differentiation between employees is based on fair and objective criteria;
- creating value for the company over the long-term;
- factors affecting company performance but outside the control of executives should be considered to a limited extent;
- the mix of fixed and variable pay, in cash, shares and other elements must meet the company's needs and strategic objectives; and
- while remuneration is differentiated on the basis of objective, fair and generally accepted compensable factors, DRDGOLD pays equally for work of equal value. Remuneration is fairly and equitably distributed between occupational levels.

The company's MOI makes provision for directors' fees to be determined from time to time in a general meeting or by a quorum of NEDs. The Remuneration and Nominations Committee comprises directors who are independent and non-executive and is primarily responsible for approving remuneration policies. It also considers and approves the terms and conditions of employment of executive and non-executive directors. Among other things, the Remuneration and Nominations Committee considers salaries, performance-based incentives and the eligibility and performance measures of the DRDGOLD phantom share scheme for senior management.

REMUNERATION STRUCTURE

Remuneration and reward structures comply with the remuneration philosophy and are categorised in three components:

a) Fixed remuneration

Basic salary, all company and individual contributions to medical aid, retirement fund and structured allowances where applicable in terms of tax legislation.

b) Variable remuneration: Short-term incentive scheme

As part of its strategy to reward employee performance and optimise output even further, the Remuneration and Nominations Committee introduced a scheme in April 2013 to align individual performances with short-term performance criteria. Annual incentive payments are based on two equal criteria – individual performance and company performance. Individuals are assessed through a performance management system. In determining company performance, the Remuneration and Nominations Committee takes into account production, total unit costs and total costs. Incentive payments are not payable if the annual free cash flow is negative.

c) Long-term incentive scheme

The long-term incentive scheme is part of the long-term retention strategy intended to grow the company and for participants to be encouraged to contribute and share in the company's long-term success.

The Remuneration and Nominations Committee have accepted a proposal to revise the long-term incentive scheme to allow all new awards to vest after a minimum period of three years. The CEO will participate in this scheme.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

On 5 February 2013 the board commissioned Deloitte, an independent professional company, to conduct a benchmarking exercise within the mining industry to obtain an objective report on the fees of NEDs. Following the Deloitte report, a remuneration policy was prepared to set the standard and give guidance on the remuneration of NEDs. Some of the features of that policy are:

- fair remuneration given the need to attract and retain the most suitably talented NEDs;
- the level of risk accompanied by the complex environment found in the mining industry should be taken into account when determining fees; and
- incentive/share schemes do not apply to NEDs.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

The remuneration of executive directors comprises fixed remuneration, variable remuneration and participation in the long-term share incentive scheme. The remuneration of executive directors is paid by DRDGOLD for any services rendered to DRDGOLD or its subsidiaries.

a) Fixed remuneration

Comprises of a basic salary and benefits package in accordance with the remuneration policy and as recommended by the Remuneration and Nominations Committee. Salaries are reviewed annually and the salaries of executive directors are benchmarked to external market surveys.

b) Variable remuneration – short-term incentive scheme

The service contracts of executive directors make provision for an annual performance bonus based on agreed key performance indicators which are approved by the Remuneration and Nominations Committee.

c) Long-term incentive scheme

The executive directors qualify for awards under the phantom scheme which are approved by the Remuneration and Nominations Committee.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The fees paid to NEDs are recommended by the board and approved by shareholders. The current fees payable, effective 1 December 2013, are as follows:

- chairman's annual fee, R1 309 923;
- NEDs' annual fee, R582 188;
- Audit and Risk Committee chairman's annual fee, R29 110;
- Audit and Risk Committee member's annual fee, R29 110;
- Remuneration and Nominations Committee chairman's annual fee, R10 916;
- Remuneration and Nominations Committee member's annual fee, R10 916;
- chairman of Remuneration and Nominations Committee, Audit and Risk Committee and Social and Ethics Committee, annual fee of R21 832 each;
- members of Remuneration and Nominations Committee, Audit and Risk Committee and Social and Ethics Committee, annual fee of R21 832 each;
- daily fee, R21 832; hourly rate, R2 911;
- half-day fee for participating by telephone in special board meetings; and
- chairman of the board receives committee fees.

Fees for NEDs are considered annually and there were no increases in FY2014.

REMUNERATION REPORT

continued

DIRECTORS' SERVICE CONTRACTS

Service contracts have been concluded with the executive as well as the NEDs. Details of the service contracts are set out in the table below.

The directors had no conflicting interests during the year under review and up to the date of issue of the financial statements.

DRDGOLD DIRECTORS' TERMS OF SERVICE

Director	Title	Date of appointment	Unexpired term of service contract as at 30/6/2015
D J Pretorius	Chief Executive Officer	1/7/2015	36 months
A J Davel	Chief Financial Officer	1/1/2015	30 months
G C Campbell	Non-executive Chairman	1/11/2013	4 months
J Turk	Non-executive Director	1/11/2014	16 months
E A Jeneker	Non-executive Director	1/11/2013	4 months
J Holtzhausen	Non-executive Director	25/4/2014	10 months

2015	Board fees R'000	Salary and other contributions R'000	Bonuses and performance related payments R'000	Termination of contract related payments R'000	Leave encashed R'000	Total R'000
Company						
Executive directors						
D J Pretorius	–	4 775	–	–	769	5 544
F D van der Westhuizen ⁽³⁾	–	133	–	1 946	–	2 079
A T Meyer	–	893	–	–	–	893
A J Davel	–	1 427	–	–	–	1 427
	–	7 228	–	1 946	769	9 943
Non-executive directors						
G C Campbell	1 453	–	–	–	–	1 453
R P Hume	262	–	–	–	–	262
J Turk	676	–	–	–	–	676
E A Jeneker	763	–	–	–	–	763
J A Holtzhausen	690	–	–	–	–	690
	3 844	–	–	–	–	3 844
Group						
Prescribed officers						
C M Symons ⁽¹⁾	–	2 851 ⁽⁴⁾	405	–	–	3 256
T J Gwebu ⁽²⁾	–	1 610	330	1 466	40	3 446
W J Schoeman	–	2 885 ⁽⁵⁾	187	–	–	3 072
R Masemene	–	1 296	143	–	329	1 768
	–	8 642	1 065	1 466	369	11 542
Total	3 844	15 870	1 065	3 412	1 138	25 329

⁽¹⁾ Retrenched during FY2014. Subsequently appointed on a fixed-term contract basis

⁽²⁾ Retrenched during FY2015. Ceased to function as prescribed officer effective 31 December 2014

⁽³⁾ Salary earned in capacity of director only. Pre-tax gain on share options earned prior to appointment as director

⁽⁴⁾ Includes pension scheme contributions of R309 139 (2014: R287 918)

⁽⁵⁾ Includes payment for loss of office of R177 292

DRDGOLD PHANTOM SHARE SCHEME

	Opening balance	Granted during year	Exercised during year	Exercise price	Forfeited/ lapsed during year	Closing balance	Fair value as at 30 June 2015
2015	Number	Number	Number	R	Number	Number	R'000
Company							
Executive directors							
F D van der Westhuizen⁽⁴⁾	172 294	–	–	–	(172 294)	–	–
2012 grant	48 565	–	–	–	(48 565)	–	–
2013 grant	123 729	–	–	–	(123 729)	–	–
A J Davel	–	205 207	–	–	–	205 207	381
2014 grant	–	205 207	–	–	–	205 207	381
Group							
Prescribed officers							
C M Symons⁽¹⁾	106 425	204 757	(106 425)		–	204 757	381
2012 grant	83 033	–	(83 033)	1.93	–	–	–
2013 grant	23 392	–	(23 392)	–	–	–	–
2014 grant	–	204 757	–	–	–	204 757	381
T J Gwebu⁽²⁾	251 749	–	(85 395)		(50 600)	115 754	296
2012 grant	130 310	–	(65 155)	1.93	–	65 155	198
2013 grant	121 439	–	(20 240)	–	(50 600)	50 599	98
W J Schoeman	372 457	205 207	(126 626)		–	451 038	767
2012 grant	193 648	–	(96 824)	1.93	–	96 824	97
2013 grant	178 809	–	(29 802)	–	–	149 007	289
2014 grant	–	205 207	–	–	–	205 207	381
R Masemene⁽³⁾	108 564	101 351	(34 283)		–	175 632	310
2012 grant	48 565	–	(24 283)	1.93	–	24 282	24
2013 grant	59 999	–	(10 000)	–	–	49 999	97
2014 grant	–	101 351	–	–	–	101 351	189
Total	1 011 489	716 522	(352 729)	–	(222 894)	1 152 388	2 135

⁽¹⁾ Retrenched during FY2014. Subsequently appointed on a fixed-term contract basis

⁽²⁾ Retrenched during FY2015. Ceased to function as prescribed officer effective 31 December 2014

⁽³⁾ Granted prior to appointment as a prescribed officer during August 2014

⁽⁴⁾ Granted/exercised prior to appointment as a director during January 2014

RESERVES AND RESOURCES

DRDGOLD's attributable mineral resources increased from 37.04Moz in FY2014 to 50.73Moz in FY2015 mainly as a result of the acquisition of the non-controlling interest in EMO and, to a lesser extent, the decrease in the cut-off grade. At the end of FY2015 attributable mineral reserves contained 1.86Moz of gold (FY2014: 1.52Moz).

EVALUATION METHODOLOGY

Normal depletions and reconciliations account for the remaining movements at the operations.

Different methodologies are used for the evaluation of underground and surface mineral resources and mineral reserves. In the case of underground mineral resources, the sampling database is continually updated with verified sampling results. From the database, the results for each face area are put through the standard statistical and geostatistical process. Thereafter, a block model is generated and used to overlay the potential mining areas, which are then evaluated accordingly. This results in a resource being defined for each resource category. From here, the relevant modifying factors are applied and the appropriate portion converted to reserves. The whole process is reviewed by independent consultants to ensure that the accepted industry and deposit-type norms and procedures have been followed.

With respect to surface mineral resources and mineral reserves, drilling takes place on a predetermined grid to ascertain the average grade (grade model), density, moisture, mineral composition, expected extraction factors and ultimate financial viability before any mining starts. As material is removed from the slimes dams for retreatment, the resources and reserves for that operation are adjusted accordingly. Continual checks on modifying factors and ongoing surveys are conducted to monitor the rate of depletion and the accuracy of factors used for conversion.

INDEPENDENT REVIEW

DRDGOLD's statements of its mineral resources and mineral reserves were independently reviewed by Coffey Mining South Africa Proprietary Limited (Coffey Mining) for compliance with the SAMREC Code, the National Instrument 43-101 and the United States Securities and Exchange Commission (SEC) Industry Guide 7. Coffey Mining is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and to various financial institutions since 1987.

The review report for the operations was carried by Kathleen Body (Pr. Sci. Nat.), Dr Steven Rupprecht (Pr. Eng.) and Frank Brainbridge (FSAIMM). Coffey Mining has the appropriate qualifications, experience, competence and independence to be considered independent 'competent persons' or 'qualified persons' in terms of the definitions provided in the codes and instruments.

Coffey Mining staff members carried out quality control analysis of the data during numerous site visits to the different surface and underground operations. They reviewed the geological models, grade estimation techniques, the conversion from resources to reserves, underground operations and transport systems, and assessed the procedures and parameters used in the preparation of these mineral resources and mineral reserves statements.

COMPETENT PERSON

The information in this report relating to mineral resources and reserves is based on information compiled by the competent person, who has provided written consent for the disclosure as presented in this document.

Gary John Viljoen¹, an independent contractor of DRDGOLD, is the designated competent person in terms of the SAMREC Code responsible for the compilation and reporting of DRDGOLD's mineral resources and mineral reserves. He holds a Mine Surveyor's Certificate of Competency number 1704 and is a registered member of the South African Council for Professional and Technical Surveyors² (PLATO). He has extensive (more than five years) relevant experience in the mining industry and in working with the type of deposits mined.

DECLARATION

The gold price used for declaration is R453 276/kg (US\$1 184/oz) as at 30 April 2015. For compliance with the SEC, DRDGOLD's Form 20-F (to be filed with the SEC) will also quote the mineral reserves using the three-year average gold price of R443 619/kg (US\$1 385/oz and R9.9625/US\$).

All mineral resources declared in this report are inclusive of mineral reserves.

DRDGOLD also confirms that the company has the legal entitlements to the minerals being reported on together with any known impediments. The directors are not aware of any legal proceedings or other material conditions that may impact on the company's ability to continue operations other than those discussed in this report.

EXPLORATION

The group did not incur any significant expenditure on exploration activities during the year.

EXPLORATION PROPERTIES

ERPM EXTENSIONS 1 AND 2

Refer to locality maps on page 4.

DRDGOLD has a new order mining right covering an area of 1 252ha of the adjacent Sallies mine, referred to as ERPM Extension 1. The estimated total resource for ERPM Extension 1 is 25.1Mt containing 7.27Moz of gold.

In 2007 ERPM's prospecting right over ERPM Extension 1 was extended eastwards into the Rooikraal/Withok area, incorporating the southern section of the old Van Dyk mining lease area and a small portion of Sallies. Known as ERPM Extension 2, the additional area is 5 500ha in size and is recognised as one of the largest virtually unexplored areas on the East Rand. The reef lies at a depth of between 1 877m and 2 613m below surface. ERPM Extension 2 is currently held under a new order prospecting licence. The total estimated resource for Extension 2 is 63.4Mt containing 13.82Moz of gold.

In line with the group's strategy to exit underground mining operations, management committed to a plan to sell certain of the underground mining and prospecting rights held by ERPM including the related liabilities during the last quarter of the financial year ended 30 June 2014. These assets and liabilities have been presented as a disposal group held-for-sale from this date due to a sale being expected within 12 months.

While significant progress has been made in the fulfilment of the regulatory approvals required for the completion of this transaction since 30 June 2014, not all of the required approvals have been obtained at 30 June 2015 as a result of circumstances beyond the entity's control. Management has taken timely action and remains confident that the outstanding regulatory approvals will be obtained in due course.

¹ 8 Drosty Street, Freeway Park, Boksburg 1459

² 4 Heritage Park, Lower Germiston Road, Yellow Route, Area 26, Rosherville 2094

RESERVES AND RESOURCES *continued*

MINERAL RESOURCES – 30 JUNE 2015

	Measured				Indicated			
	Tonnes Mt	Grade g/t	Contents Au tons	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tons	Contents Moz
ERPM* (100%)								
Underground	4.652	7.17	33.343	1.072	11.946	8.02	95.863	3.082
Total	4.652	7.17	33.343	1.072	11.946	8.02	95.863	3.082
Ergo (100%)								
Surface	159.735	0.30	48.068	1.545	569.104	0.27	156.069	5.018
Total	159.735	0.30	48.068	1.545	569.104	0.27	156.069	5.018
EMO and DRDGOLD (100%)								
Underground	4.652	7.17	33.343	1.072	11.946	8.02	95.863	3.082
Surface	159.735	0.30	48.068	1.545	569.104	0.27	156.069	5.018
Total	164.387	0.50	81.411	2.617	581.050	0.43	251.932	8.100

	Inferred				Total			
	Tonnes Mt	Grade g/t	Contents Au tons	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tons	Contents Moz
ERPM* (100%)								
Underground	160.621	6.72	1 080.173	34.728	177.219	6.82	1 209.379	38.882
Total	160.621	6.72	1 080.173	34.728	177.219	6.82	1 209.379	38.882
Ergo (100%)								
Surface	822.121	0.20	164.424	5.286	1 550.960	0.24	368.561	11.849
Total	822.121	0.20	164.424	5.286	1 550.960	0.24	368.561	11.849
EMO and DRDGOLD (100%)								
Underground	160.621	6.72	1 080.173	34.728	177.219	6.82	1 209.379	38.882
Surface	822.121	0.20	164.424	5.286	1 550.960	0.24	368.561	11.849
Total	982.742	1.27	1 244.597	40.014	1 728.179	0.91	1 577.940	50.731

* Disposed subject to regulatory approval – refer to page 51

MINERAL RESERVES – 30 JUNE 2015

	Proved Delivered to plant				Probable Delivered to plant				Total reserves Delivered to plant			
	Tonnes Mt	Grade g/t	Contents Au tons	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tons	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tons	Contents Moz
Ergo and DRDGOLD (100%)												
Surface	125.555	0.32	40.062	1.288	42.569	0.42	17.890	0.575	168.124	0.34	57.952	1.863
Total	125.555	0.32	40.062	1.288	42.569	0.42	17.890	0.575	168.124	0.34	57.952	1.863

ADMINISTRATION AND CONTACT DETAILS

DRDGOLD LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number: 1895/000926/06)

OFFICES

Registered and corporate
Off Crownwood Road
Crown Mines, 2092
Johannesburg
South Africa
(PO Box 390, Maraisburg, 1700)
South Africa
Tel: +27 (0) 11 470 2600
Fax: +27 (0) 86 524 3061

OPERATIONS

Ergo Mining Proprietary Limited
PO Box 390
Maraisburg
1700
South Africa
Tel: +27 (0) 11 742 1003
Fax: +27 (0) 11 743 1544

East Rand Proprietary Mines Limited
PO Box 2227
Boksburg
1460
South Africa
Tel: +27 (0) 11 742 1003
Fax: +27 (0) 11 743 1544

DIRECTORS

Geoffrey Campbell*
Independent Non-executive
Chairman ^{1,2#}

Niël Pretorius
Chief Executive Officer ³

Riaan Davel
Chief Financial Officer ³

Johan Holtzhausen
Independent Non-executive
Director ^{1#,2}

Edmund Jeneker
Independent Non-executive
Director ^{1,2#,3#}

James Turk**
Independent Non-executive
Director ^{1,2}

COMPANY SECRETARY

Themba Gwebu

INVESTOR AND MEDIA RELATIONS

South Africa and North America
James Duncan
Russell and Associates
Tel: +27 (0) 11 880 3924
Fax: +27 (0) 11 880 3788
Mobile: +27 (0) 79 336 4010
E-mail: james@rair.co.za

United Kingdom/Europe
Phil Dexter
St James's Corporate Services
Limited
Suite 31, Second Floor
107 Cheapside
London EC2V 6DN
United Kingdom
Tel: +44 (0) 20 7796 8644
Fax: +44 (0) 20 7796 8645
Mobile: +44 (0) 7798 634 398
E-mail: phil.dexter@corpserv.co.uk

STOCK EXCHANGE LISTINGS

JSE
Ordinary shares
Share Code: DRD
ISIN: ZAE000058723

NYSE
ADRs
Trading Symbol: DRD
CUSIP: 26152H301
Marché Libre Paris
Ordinary shares
Share Code: MLDUR
ISIN: ZAE000058723

DRDGOLD's ordinary shares are listed on the Johannesburg Stock Exchange (JSE) and on the New York Stock Exchange (NYSE), in the form of American Depositary Receipts (ADRs). The company's shares are also traded on the Marché Libre in Paris, the Regulated Unofficial Market on the Frankfurt Stock Exchange, the Berlin and Stuttgart OTC markets.

In addition, DRDGOLD trades warrants of various denominations on the Marché Libre Paris.

SHARE TRANSFER SECRETARIES

South Africa
Link Market Service South Africa
Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein
2001 Johannesburg
South Africa
Tel: +27 (0) 11 713 0800
Fax: +27 (0) 86 674 2450

United Kingdom
(and bearer office)
Capita Asset Services (formerly called Capital IRG Plc)
The Registry PXS
34 Beckenham Road
Beckenham BR3 4TU
United Kingdom
Tel: +44 (0) 20 8639 3399
Fax: +44 (0) 20 8639 2487

Australia
Computershare Investor Service
Proprietary Limited
Level 2
45 St George's Terrace
Perth, WA 6000
Australia
Tel: +61 8 9323 2000
Tel: 1300 55 2949
(in Australia)
Fax: +61 8 9323 2033

ADR depositary
The Bank of New York Mellon
101 Barclay Street
New York 10286
United States of America
Tel: +1 212 815 8223
Fax: +1 212 571 3050

French agents
CACEIS Corporate Trust
14 rue Rouget de Lisle
92862 Issy-les-Moulineaux
Cedex 9
France
Tel: +33 1 5530 5900
Fax: +33 1 5530 5910

GENERAL

JSE sponsor
One Capital

Auditor
KPMG Inc.

Attorneys
Edward Nathan Sonnenbergs Inc.
Malan Scholes
Mendelow Jacobs
Norton Rose
Skadden, Arps, Slate, Meagher and
Flom (UK) LLP

Bankers
Standard Bank of South Africa
Limited
ABSA Capital

Website
www.drdgold.com

* British
** American

Committee memberships during FY2014

[#] Denotes committee chairman

¹ Member of the Audit and Risk Committee

² Member of the Remuneration and Nominations Committee

³ Member of the Social and Ethics Committee



WWW.DRDGOLD.COM