



PEOPLE. PLANET. PROFIT.

**ANNUAL
INTEGRATED
REPORT
2016**



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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 information relating to our group, 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 2015, which we filed with the United States Securities and Exchange Commission (SEC) on 30 October 2015. 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.

HOW TO NAVIGATE OUR REPORT

This report contains interactive features. Icons have been developed to facilitate an easier user experience. Please see below for a list of the interactive functions.

TOP PAGE NAVIGATION

-  Contents page
-  Print preferences
-  Search function
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"Our successful business performance relies on a holistic approach."



INTRODUCTION

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ABOUT THIS REPORT

In this, our sixth integrated annual report, we address the performance of Ergo Mining Proprietary Limited (Ergo), the reclamation operation owned and managed by DRDGOLD Limited (DRDGOLD), during the financial year from 1 July 2015 to 30 June 2016.

Information is presented in an integrated manner, using five* capitals, as defined by the International Integrated Reporting Council (IIRC), guided by our material issues and the Global Reporting Initiative (GRI) G4 ("core") guidelines.

We thus communicate the sustainability of our business, and compliance in terms of our listings on the Johannesburg Stock Exchange (JSE) and the New York Stock Exchange (NYSE), to our shareholders as our providers of capital. Our stakeholders include our employees who hold an equity interest in the business. We identify and report on our engagement with our other stakeholders¹.

Our accompanying annual financial statements (AFS)² for the year ended 30 June 2016 and notice of annual general meeting (NOM)³ for the year ended 30 June 2016, which includes summary group financial statements, can be found at www.drdgold.com

Selected information in this report has been assured by an independent assurance provider, KPMG Services Proprietary Limited⁴.

Queries should be addressed to:

Riaan Davel

Chief Financial Officer

Tel: +27 (0)11 470 2608

Email: riaan.davel@drdgold.com

** In terms of the International Integrated Reporting <IR> Framework, developed by the IIRC, six capitals (financial, manufactured, intellectual, human, social and relationship, and natural) enable organisations to communicate value creation over time, and thus provide insight into the resources and relationships used and affected by an organisation. DRDGOLD combines manufactured and intellectual capital into a single (manufactured) capital.*

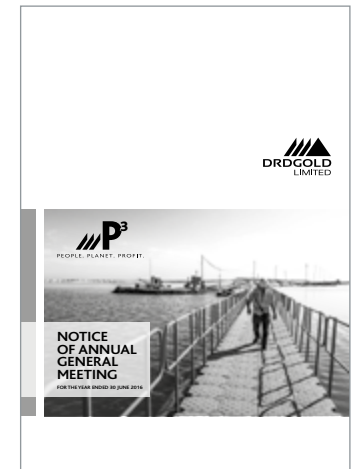
OUR SUPPORTING REPORTS

1: Primary stakeholders on pages 19-20

2: Download the AFS PDF

3: Download the NOM PDF

4: KPMG's report on pages 69-70



RESPONSIBILITY AND APPROVAL

The DRDGOLD Board, including the Audit and Risk Committee, is responsible for the compilation of this report. 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 NOM at a special meeting on 21 September 2016.

Geoffrey Campbell

Chairman

21 September 2016

CHAIRMAN'S LETTER

The year 2016 showed how, in an uncertain world, the value of gold shines through. The gold price in South African Rand was up 21% in the year to June 2016 due to the combination of a stable US\$ gold price and a weaker Rand.

DRDGOLD, with the new high-grade circuit up and running, was able to take advantage of the higher gold price and report a very healthy set of numbers. The all-important free cash flow¹ was R308.7 million – up 25% on the previous year. This money was used to repay debt and declare a total dividend of close to R261 million or 62 cents per share, and the share price increased more than fourfold.

In the year to June 2016, we achieved much of what we set out to do. We have a world-class plant, successfully processing tailings material from across the Johannesburg area. The plant throughput was on budget in spite of interruptions due to extreme weather and power supply disruptions, and we moved almost 25Mt of tailings over vast distances during the year. However, we are not where we want to be in terms of operational efficiency and we face the technical challenge of managing complicated systems so that they perform at optimal efficiency every time, all the time.

To meet this challenge, we are applying our collective intellectual know-how to eke out the most minuscule fractions of gold. More and more of the value of what we do is wrapped up in the intellectual property of the group. We will continue to add value by thinking harder and working smarter.

The year ahead will see additional challenges as mining operations at Crown come to a close and the operation undergoes environmental rehabilitation. This work is an essential aspect of our activities and the way we substantially improve the lives of people in the communities where we operate. Through our work on environmental rehabilitation, we have built up world-class expertise in this area.

The extraordinarily low and declining grade of the materials we process is both a challenge and an opportunity. Through continuous improvement and innovation, we aim to increase the amount of gold recovered from the material coming through the plant. This allows us to process material with lower grades and creates a greater safety margin to protect us from a lower gold price.

The opportunity, however, is tremendous. The grade of the bulk of the remaining mine dumps around Johannesburg is not substantially lower than that of some of the low-grade dumps we currently mine. So, for a small improvement in plant extraction efficiency, there is potential to increase mineral reserves substantially. To this end, we are continuing the work to move the plans for the extended Brakpan/Withok Tailings Deposition Facility towards feasibility as we are going to

We will continue to add value by thinking harder and working smarter.

Geoff Campbell
Chairman
21 September 2016

It was a good year for DRDGOLD but we can and must do more through continuous improvement and innovation. We have a great mix of assets and a great team of people to get the most gold possible out of those assets.

¹ Cash flow from operating activities less cash flow from investing activities.

Thank you to everyone at DRDGOLD who contributed to our success. We can all look forward to exciting times ahead as we work to achieve optimal results every time, all of the time.

CEO'S STRATEGIC REVIEW

In several earlier reports and presentations, we explained our commitment to sustainable development and how the idea of overlapping value creation in each of the capitals informs our deployment of resources and capital.

Needless to say, this value that we seek to create must deliver into the legitimate expectations of our various stakeholders in order to be of any significance – if not, we are chasing wind.

Being first and foremost a business enterprise, our primary stakeholder remains our shareholder base. It is their capital that we apply to set up infrastructure, hire staff and grow the business. The principal reason it is entrusted to us, is to generate an acceptable return. Against this backdrop, the growth in market capitalisation and a total dividend yield of 7.3% – in our ninth consecutive year of uninterrupted dividend yield, and this the first year in which we paid a third quarter dividend – is a satisfying outcome for us.

We will not be able to consistently deliver on shareholder value if we do not have a functional and content workforce. The enormity of scale of our operations and our urban environment requires that we limit mishaps to an absolute minimum. Therefore, our drive to evolve increasingly into a knowledge-based workforce, through ongoing training, while focusing on employee wellness through our financial literacy and employee counselling, will remain fundamental to our strategy. We are pleased to have concluded another two-year wage deal with our staff

without any interruption to the business. For the first time, the wage deal brings home ownership within reach of our employees who qualify for a home loan being able to borrow against the R12 million enabling fund that we set up to promote home ownership.

A third very important stakeholder remains our surrounding communities. Our efforts to improve the quality of life in these communities have been a reporting focus point in past reports, especially regarding the vegetation of tailings dams and the suppression of dust from reclamation sites. Poor or indifferent town planning practices of the past have resulted in an increase in households within the area of impact of our tailings depositions facilities from just over 380 in the 1950s to in excess of 96 000 currently. Many of these families are the poorest of the poor and live in desperate circumstances.

Although the programme will only be complete in 2022, we remain in reach of our goal to halve the number of so-called dust emission “exceedances” as reported every year, and each year at least 24 hectares (ha) of vegetation is added to the already 538ha amount of vegetated land.

Video of Niël Pretorius

**We are excited
about our
achievements
and enthusiastic
about the future**

Niël Pretorius
Chief Executive Officer
21 September 2016



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.

CEO'S STRATEGIC REVIEW CONTINUED

We seek to address the long term social impacts of these communities through the construction of education infrastructure, as well as our youth education initiatives with extra classes in maths, science and accountancy at seven high schools in our area of influence. In the short term, we have focused on poverty alleviation through our small-scale agriculture initiative; an opportunity that has been taken up by more than 450 families.

A development which we hope will enable us to add significant financial, social and environmental value, is the potential increase of deposition capacity to the Brakpan/Withok Tailings Deposition Facility of approximately 800 million tonnes. This could significantly increase our life of mine and enable us to mine several more dumps that are as yet not included in our life of mine plan.

DRDGOLD's core operations, following the gradual evolution from hybrid slime and hard rock producer to exclusive mechanised surface slime processing, are now made up of the Ergo plant and its surrounding infrastructure and resource.

Knights, our remaining sand reclamation operation, is inexorably integrated and dependent on the "mothership" infrastructure that Ergo provides. Eight years ago, the assets which now make up the bulk

of Ergo's infrastructure and resources, were acquired and consolidated in a transaction with a "deal value" of less than R100 million. This enterprise processes waste material and provided over R2.4 billion of value into the South African economy in 2016. Ergo is also directly responsible for the employment of almost 2 500 personnel. We are gradually working our way through the less attractive legacy of mining along the Witwatersrand by reducing the various mine dumps created over the past century.

We have been able to do this while generating enough income to offer a competitive return. Our ambition remains to continue doing this until the bulk of our large surface gold resource has been processed.

"Ergo is also directly responsible for the employment of almost 2 500 personnel."

CORPORATE PROFILE

DRDGOLD is the only South African mining company focused solely on the retreatment of surface gold tailings.

BUSINESS

We add value to the economy through gold production and by cleaning up the mining footprint around Johannesburg in our retreatment of mine dumps. DRDGOLD's operating facilities are consolidated in a single operating entity, Ergo.

Our corporate office is located at Crown Mines in Johannesburg. We do not forward sell ("hedge") and we are among the world leaders in gold production by tailings retreatment. In FY2016, we produced 143 457oz and we reached a volume throughput of 2Mt/month.

PEOPLE

Our mechanised process is not labour-intensive. Our own employees, deployed mostly in core mineral extraction and processing areas, are supported by independent service-providers who mostly provide logistical, security and environmental services. At the end of FY2016, DRDGOLD employed 910 (FY2015: 941) full-time employees. In addition, specialist service-providers deployed a further 1 516 (FY2015: 1 426) people to our operations. The total number of in-house and outsourced employees was 2 426 (FY2015: 2 367) in FY2016.

GROUP STRUCTURE

DRDGOLD is 90% held by public shareholders, with 10% held by its black economic empowerment partners. Khumo Gold SPV Proprietary Limited holds 8%, while the remaining 2% is held by historically disadvantaged employees through the DRDSA Empowerment Trust.

This ownership structure is compliant with the Mining Charter and has the approval of the Department of Mineral Resources (DMR). DRDGOLD owns 100% of its holding company, Ergo Mining Operations Proprietary Limited (EMO), which in turn holds full ownership of operating entity Ergo – into which all of the group's surface retreatment sites are consolidated.

View the operational map

View the ERGO pipeline

GROUP STRUCTURE



CORPORATE PROFILE CONTINUED

HISTORY

DRDGOLD'S story goes back to the mid-1880s when gold was discovered in the Witwatersrand Basin. By the turn of the 19th century, this had evolved into a mining city, Johannesburg.

Over the next century of underground gold mining, several residue dumps arose from mining one of the largest orebodies ever mined. Significantly, these waste dumps contained minute gold particles that, with scale and technology, have become financially feasible to mine.

The waste dumps are classified into two specific types: sand and slime dumps. Sand dumps are the by-product of the "stamp milling" process, which left coarser sand residue. Most of these sand dumps have been reclaimed.

Slime dumps are the by-product of the tube and ball mill recovery process, comprising much finer material and generally containing lower gold grades. Many of these slime dumps are scattered across the Johannesburg landscape and are where our operations are situated.

GOLD IN THE WITWATERSRAND BASIN

MID-
1880s

Gold was discovered in the Witwatersrand Basin of the then Republic of Transvaal.

1900s



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. Slime was a product of the "tube and ball mill" recovery process. Hundreds of millions of tonnes of slime are still located in the Witwatersrand Basin.

1970s



Underground mining created large deposits of "waste" material or tailings, known as "mine dumps" and by the 1970s Johannesburg was surrounded by these geographic landmarks. Although classified as residue, the tailings material contained millions of minute gold particles.

2016

DRDGOLD, a modern, technology-driven company, is set on mining the dumps of yesteryear. Mining of surface gold resources takes place above ground. It involves the retreatment of vast quantities of sand and slime in a metallurgical plant to ensure that minute particles of remaining gold are extracted for smelting and sale.

LISTINGS

Our company has been listed for more than 100 years, making it one of the oldest primary listings on the JSE. Our secondary listing is on the NYSE.

Primary listing



Secondary listing



Our shares are also traded on the Marché Libre in Paris, the regulated unofficial market of the Frankfurt Stock Exchange, and the Berlin and Stuttgart over-the-counter (OTC) markets.

At the end of FY2016,
our company had

431 429 767

ordinary shares in issue and
a market capitalisation of

R3.7 billion

View DRDGOLD's current share price

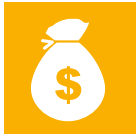
OUR HOLISTIC APPROACH

Despite the current challenging climate in mining, we had very good outcomes in 2016. Our business revolves around five capitals that, as a whole, create value for our stakeholders. Our successful business performance relies on this holistic approach.

NATURAL
CAPITAL



FINANCIAL
CAPITAL



MANUFACTURED
CAPITAL



HUMAN
CAPITAL



SOCIAL
CAPITAL



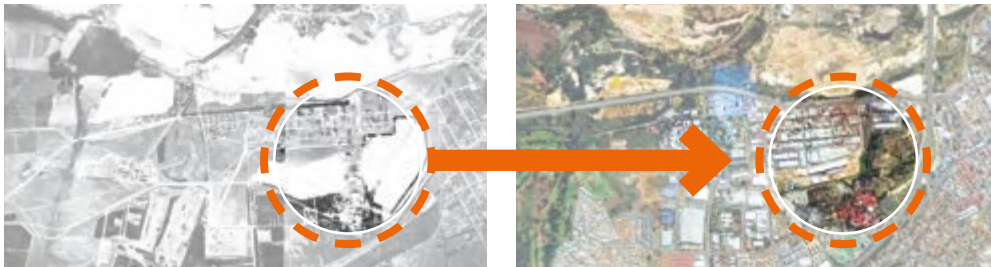
OUR CORE BUSINESS:

MAKING A POSITIVE IMPACT ON THE FACE OF JOHANNESBURG

This sequence of four aerial images shows the impact of almost a century of gold mining on the face of Johannesburg – the proliferation of mine dumps. And then, in more recent times, of DRDGOLD's core business – dump retreatment – which has liberated vast tracts of rehabilitated land for redevelopment.

1972 → 2016

[Click to view DRDGOLD on Google Maps](#)



FROM TAILINGS DAM TO INDUSTRIAL AREA



*"We are committed to
people, planet and profit."*



PERFORMANCE MANAGEMENT

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STRATEGY

Local and global economics affect the gold price, which is beyond our control. Technology, however, plays a vital role in unlocking gold potential and extending the lives of our operations.



Our Board is committed to investigating research and development (R&D) opportunities that would improve our gold recoveries in terms of yield grade. Technological advances would enable further reclamation of our mineral resource.

P³: PEOPLE, PLANET AND PROFIT

In the evaluation of our performance and risk, we are committed to delivering value in terms of the triple bottom line: people, planet and profit. This is at the core of our business to mine sustainably in terms of a balanced approach to creating value for our shareholders. We believe that this approach most effectively ensures that our business will continue to operate profitably in the short, mid and long term.

See value creation on pages 22-49

SUSTAINABILITY

PEOPLE, PLANET
AND PROFIT



PEOPLE. PLANET. PROFIT.



PEOPLE

Our drive to evolve has resulted in an increasingly knowledge-based workforce, reinforced by continuous training to devolve decision-making and horizontal integration of skills through self-directed work teams. We also focus keenly on employee wellbeing with education in financial literacy and confidential counselling as a fundamental aspect of our strategy to retain our skilled and experienced employees.



PLANET

As a gold mining company, we acknowledge our responsibilities to minimise our impact on the environment, to fix areas affected by sub-standard practices in the past and, operating in an urban setting, always seeking to enhance the quality of life experienced by communities around our operations. We have established systems to ensure that we comply with all mining and environmental legislation.



PROFIT

Effective resource management assists in ensuring that our business remains profitable in the long term. To this end, we control costs, manage margins and focus on generating cash with an integrated approach to value creation in mind. In so doing, there is an overlap of financial, manufactured, natural, social and human capital, which informs the sustainable benefits we aim to achieve.

STRATEGY CONTINUED

LIFE OF MINE POTENTIAL

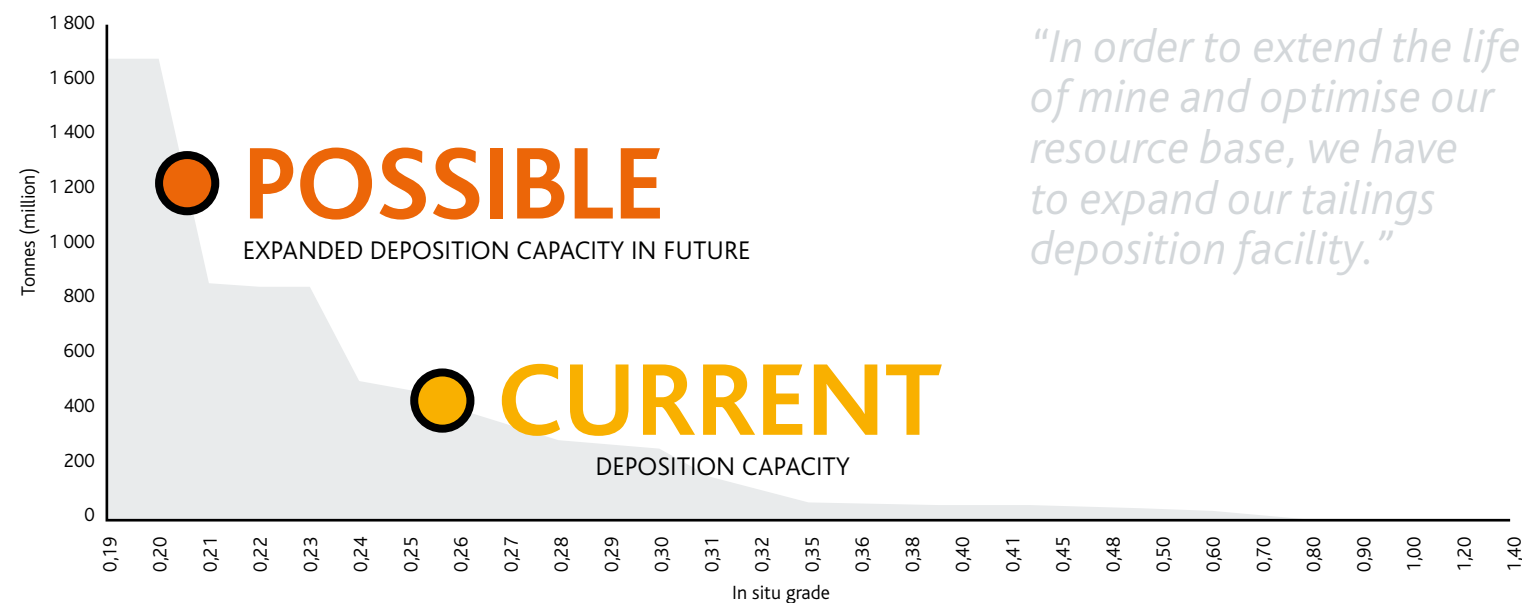
A central focus from 2015 to 2016 has been effective management of our resources.

Ergo has the technology to fine-grind gold-bearing material to achieve recovery efficiencies previously outside the reach of typical metallurgical processing. Although we pump processing material from as far as 60km away¹, most of our tailings mine residue recovery sites are based in the vicinity of Ergo, including our surface and pipeline infrastructure. This is the centre of gravity of DRDGOLD's operations. We process approximately 1,8Mt of material through Ergo's Brakpan plant every month. In order to extend the life of our operation, it is necessary to increase residue tailings deposition capacity at our Brakpan/Withok Tailings Deposition Facility.

A legal review of the existing authorisations was undertaken for increasing the deposition capacity of the Brakpan/Withok Tailings Deposition Facility. The results indicated that most of the current authorisations are sufficient, however certain documentation will need to be amended. This could increase the potential deposition capacity by approximately 800Mt, and thus, our life of mine from 10 years to more than 20 years.

¹: See the Ergo pipeline map on page 7

Life of mine potential (total tonnes vs *in situ* grade)



"In order to extend the life of mine and optimise our resource base, we have to expand our tailings deposition facility."



STRATEGY CONTINUED

RESOURCE ALLOCATION

DRDGOLD has been in operation for 121 years, making our business one of the oldest, continuous, JSE-listed gold mining companies in South Africa. The secret to our success can be attributed partially to innovation and wholly to ensuring that the business is managed sustainably.

Sustainable development cannot be ignored in today's business environment. We believe, in its most basic form, it is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Bank: Brundtland Commission Report of 1987).

We pursue these ideals with commitment to the P³ philosophy¹ and by integrating the use of our capital resources.

As a business focused primarily on generating a return for our shareholders through dividend flow and capital growth, the technologies we implement are innovative, designed for extraction efficiency, to save energy and to limit our environmental impact, particularly with respect to dust generation and potable water use.

We derive social value, over and above seeking employee development and wellbeing, from our attention to the communities in which we operate – by treading lightly on the environment, educating youth and working towards poverty alleviation.

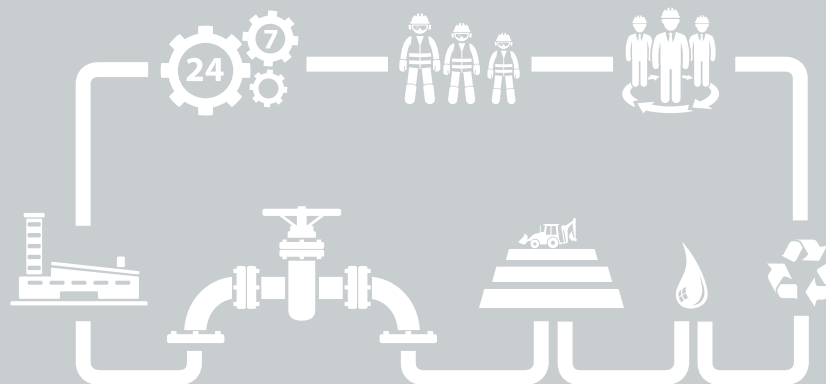
¹: See the P³ philosophy on page 11

OUR STRATEGIC FOCUS



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 operation 365 days of the year, 24/7
- Advanced technology



THIS RESULTS IN:

OPTIMAL EXPLOITATION OF LARGE SURFACE GOLD RESOURCE THROUGH:



Controlling costs and maximising margins, enabling our business to generate cash



Embracing technology and innovation



Taking care of the environment



Taking care of our people



Being careful and considerate of the communities in which we operate

STRATEGY CONTINUED



We believe that our integrated approach is beneficial not only to the business and its employees but to our shareholders and our stakeholders as a whole.

Our operations are responsible for providing almost 2 500 direct employment opportunities and injecting in excess of R2 billion in annual revenue into the South African economy.

By removing disused mine dumps and processing the residue, valuable land is unlocked for development.

STRATEGIC OBJECTIVES

Our strategic objectives are linked to the material issues. This is important as our strategy and material issues¹ must be viewed holistically. Using these, we have determined the relevance of the issues on which we have reported and the significance of these to our business and stakeholders.

We review our achievements based on our strategic focus areas, our intentions and how we have performed over the past two years. With this in mind, we will focus our efforts on realising our vision to sustainably grow our business while minimising our environmental impact. This includes increasing the positive effect of our socio-economic development spend, particularly on youth, education and poverty alleviation in our surrounding communities.

1: More information on material issues on page 18

STRATEGY CONTINUED

FOCUS AREA	INTENTION	PERFORMANCE INDICATORS	PROGRESS – SHORT TERM	2016	2015
 Optimal exploitation of large surface gold resource	Sustainably retreat our large surface gold resource	Total value distributed	26% increase in total value distributed year-on-year	R2 368 million ^{LA}	R1 872 million ^{LA}
		Share price, in comparison to gold index	Share price outperformed JSE gold index again	Outperformed JSE gold index	Outperformed JSE gold index
 Control costs and maximise margins to enable our business to generate cash	Ensure full value is realised from product. Maintain consistent volumes, manage costs to enable positive cash generation	All-in-sustaining costs (AISC) margin	Stable year-on-year AISC margin	8.4%	8.7%
		Free cash flow generated	Significant improvement in free cash flow generation	R308.7 million	R246.0 million
 Embrace and develop technology through innovation	Improve gold recovery, operational efficiencies through continued R&D in use of new technologies, encourage a culture of innovation	Recovered gold	Gold recoveries declined by 9%, mainly as a result of a decline in head grade.	0.180g/t	0.197g/t
 Take care of our environment	Reduce impact on natural and environmental resources	Potable water usage	30% year-on-year increase in potable water use due to increased irrigation at Crown	7 376Ml ^{LA}	5 682Ml ^{LA}
		Dust exceedances from tailings	Decrease in dust exceedances year-on-year due to our ongoing programme to vegetate	22 ^{LA} exceedances: 1.6%	31 ^{LA} exceedances: 2.1%
 Take care of our people	Ensure safety and wellbeing of employees, learning and skills transfer	Safety – fatalities, lost time injury frequency rate (LTIFR), reportable injury frequency rate (RIFR)	Decline in safety performance year-on-year	Fatalities: 0 ^{LA} LTIFR: 2.68 ^{LA} RIFR: 1.42 ^{LA}	Fatalities: 0 ^{LA} LTIFR: 2.27 ^{LA} RIFR: 1.06 ^{LA}
		Value distributed to employees	15% increase year-on-year in value distributed to employees	R421 million ^{LA}	R365 million ^{LA}
 Support neighbouring communities	Develop business and social partnerships based on mutual value creation	Socio-economic development spend	19% increase year-on-year in socio-economic development spend	R23.1 million ^{LA}	R19.5 million ^{LA}

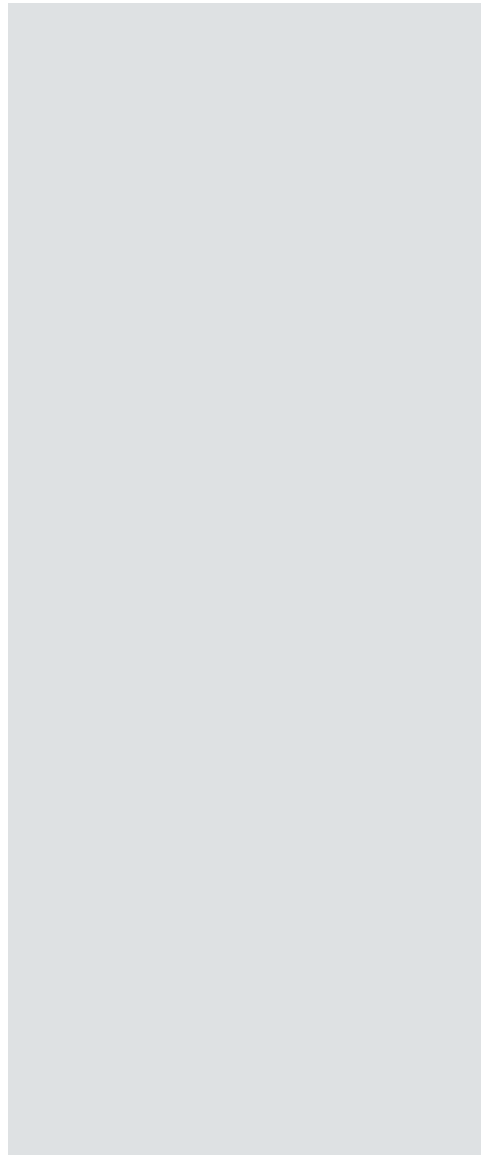
^{LA} Limited assurance

BUSINESS MODEL

WHAT HAVE WE ACHIEVED?

Our value chain consists of two elements – mining waste and producing doré bars.

DRDGOLD has embraced driving sustainable growth through technological innovation to deliver profitable returns to shareholders. Through the integrated use of our resources, our simple value chain provides us with competitive advantages in South Africa.



KEY OPPORTUNITIES AND RISKS

DRDGOLD is not a typical gold mining company as we focus exclusively on surface retreatment instead of on underground mining. As such, our business presents a lower risk than conventional mining and is, therefore, more attractive to investors.

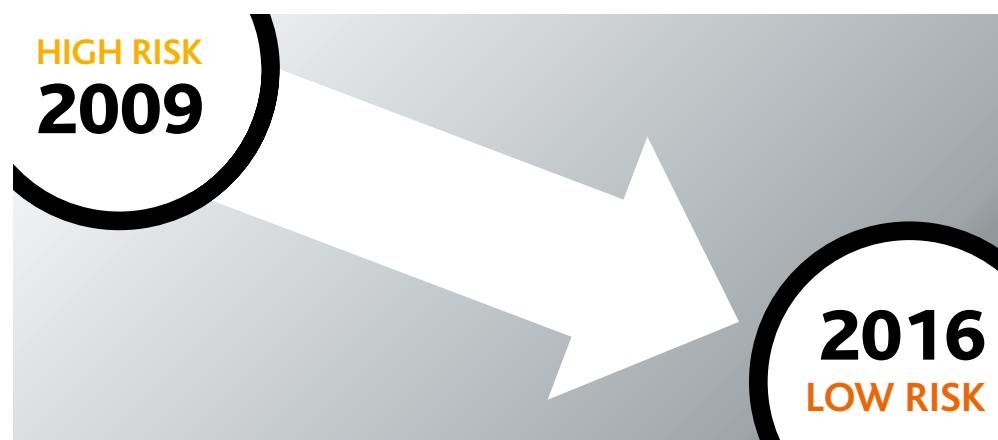
RISK MANAGEMENT

Our Board oversees risk challenges and has delegated the implementation of risk mitigation policies to management.

DRDGOLD implemented an enterprise-wide risk management process more than a decade ago and uses this to inform and advise on threats that could prevent the group from achieving its objectives.

TOP 10 RISK PROFILE

We are proud of the substantial decline in our top 10 risks from 2009 to 2016. This is demonstrated in the risk matrix. Optimally, we strive continuously to achieve the "no risk exposure".



The improvement in the risk profile is due to a combination of initiatives, actions and efforts over the years, particularly the following:

Our exit from underground mining, concentrating solely on surface retreatment of mine dumps

Less windblown dust due to vegetation planted on redundant tailings dams

Rationalisation of all surface operations at Ergo

Introduction of the flotation/fine-grind (FFG) circuit at Ergo to mitigate decreasing head grade

Implementation of our human resources (HR) strategies to address skills shortages and improve labour relations

Installation of generators at critical points at our operation to mitigate power interruptions by Eskom

Reduced dependence on potable water by using greywater from the Rondebult sewage treatment plant

OPPORTUNITIES AND RISKS MATRIX

MATERIAL ISSUES



We believe in mining responsibly and sustainably, and in creating value for our stakeholders' benefit. Our business involves retreating old mine dumps, a legacy of more than 100 years of mining.

Our business model has been tailored to account for this and embodies three core values – people, planet and profit (P³) – with a focus on health and safety, in the way we work and the environment that we work in.

1: See Financial capital on page 23

2: See Manufactured capital on page 26

3: See Natural capital on page 41

4: See Human capital on page 28

5: See Social and Relationship capital on page 37

To improve on addressing our stakeholders' concerns and engagement we have classified issues material to our business as set out in the strategic objectives page. These are:



Controlling costs, maximising margins – enabling the business to generate cash
(financial capital¹);



Embracing and developing technology and focusing on innovation
(manufactured capital²);



Conserving the natural environment
(natural capital³);



Looking after our people
(human capital⁴); and



Supporting neighbouring communities
(social and relationship capital⁵).

STAKEHOLDER ENGAGEMENT

By necessity, our operations take place in urban areas where people live, work and play. How we conduct our business affects the surrounding communities.

When we discuss creating value for our stakeholders, we define this as long-term sustainable value. Building personal relationships with our stakeholders is not just good business sense, it is what we stand for. Due to our operations being urban, there are various economic, social, regulatory, community and environmental influences we need to navigate to ensure long-term sustainability.

DRDGOLD's Board is committed to representing a fair and transparent review of the group's position to stakeholders. We ensure a timely and efficient handling of our stakeholders' issues, as maintaining a good long-term relationship with our stakeholders is a key priority. Our Board carefully ensures that communication on our performance is distributed to all stakeholders and the public through a broad range of channels.

We secure investor value by engaging with stakeholders

Our group and Board	Communication tools and methods	Provision of key information
• Works to create value on these investments with regard to market listings and regulations • Ensures social and labour plans (SLPs) are in place • Has regular communication with government regarding mining, water, environmental affairs, education and labour	• Workplace meetings • Short message service (SMS) • Asikhulume, an internal, half-yearly, printed newsletter given to all employees • Independent, anonymous tip-off line to report fraud or crime • Community forums • Formal workplace briefing procedure	• In an unbiased, timely manner • JSE's Stock Exchange News Service (SENS) • News releases on our website • Web alerts to analysts, media and investors • Presentations, briefings and webcast • Various investor conferences • Investor road shows for small groups and one-on-one meetings
		



STAKEHOLDER ENGAGEMENT CONTINUED

OUR PRIMARY STAKEHOLDER GROUPS AND THEIR KEY INTERESTS



SHAREHOLDERS AND INVESTORS

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



EMPLOYEES

Job security, training and development, wages and benefits, retirement provision, medical aid provision, housing, health and safety, group performance



SUPPLIERS AND SPECIALIST SERVICE- PROVIDERS

Sustainability of the group, 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), 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

THREE-YEAR REVIEW

	2016	2015	2014
Summarised group operating results			
Ore milled (t'000)	24 842	23 750	23 908
Yield (g/t)	0.180	0.197	0.173
Gold produced (kg)	4 462	4 670	4 134
Gold produced (oz)	143 457	150 145	132 909
Gold sold (kg)	4 455	4 665	4 181
Gold sold (oz)	143 232	149 984	134 420
Average gold price received (R/kg)	546 142	451 297	432 775
Average gold price received (\$/oz)	1 165	1 226	1 298
Cash operating costs (R/kg)	446 153	372 932	372 671
Cash operating costs (\$/oz)	958	1 013	1 118
Sustaining capital expenditure (R million)	80.5	113.3	68.3
All-in-sustaining costs (R/kg)	499 425	411 548	401 691
All-in-sustaining costs (\$/oz)	1 072	1 118	1 205
Group performance indicators			
Operating margin (%)	17.9	18.3	14.4
All-in sustaining costs margin (%)	8.4	8.7	8.3
Headline earnings per share (cents)	13	10	#
Return on equity (%)	4.0	2.5	0.1
Asset and debt management			
Current ratio (times)	1.9	2.0	1.5
Debt to equity ratio	0.01:1	0.03:1	0.1:1
Interest cover (times)	77.0	27.9	11.5
Net asset value per share	310	355	384

^{LA} Limited assurance

* No assurance provided

Less than 1 cent

	2016	2015	2014
Market value and shareholder returns			
Market price per share (cents)	853	234	305
Ordinary shares in issue	431 429 767	430 883 767	385 383 767
Market capitalisation (R million)	3 680.1	1 008.3	1 175.4
Price earnings ratio (times)	67.0	23.6	1 656.6
Market/book ratio (times)	2.7	0.7	0.8
Dividend declared per share (cents)	62	10	2
Dividend yield (%)	7.3	4.3	0.7
Group sustainability indicators			
Total value distributed (R million)	2 368 ^{LA}	1 872 ^{LA}	1 756*
Value distributed to employees – salaries, wages and other benefits (R million)	421 ^{LA}	365 ^{LA}	302*
Fatalities	— ^{LA}	— ^{LA}	— ^{LA}
LTIFR	2.68 ^{LA}	2.27 ^{LA}	2.16 ^{LA}
RIFR	1.42 ^{LA}	1.06 ^{LA}	0.93 ^{LA}
Cyanide consumption (tonnes)	8 508 ^{LA}	7 195 ^{LA}	7 527 ^{LA}
CO ₂ emissions direct (tonnes)	2 900 ^{LA}	3 444 ^{LA}	4 134 ^{LA}
CO ₂ emissions indirect (tonnes)	378 481 ^{LA}	396 882 ^{LA}	353 158 ^{LA}
Electricity consumption (MWh)	374 891 ^{LA}	370 767 ^{LA}	353 159 ^{LA}
Diesel consumption (litres)	1 082 105 ^{LA}	1 285 118 ^{LA}	1 542 467 ^{LA}
Potable water consumption ('000m ³)	7 376 ^{LA}	5 682 ^{LA}	5 762*
Dust exceedances	22 ^{LA}	31 ^{LA}	27*
Socio-economic development spend (R million)	23.1 ^{LA}	19.5 ^{LA}	25.5 ^{LA}
Exchange rates			
Average rate (R:US\$)	14.4989	11.4475	10.3706
Closing rate (R:US\$)	14.6800	12.1649	10.5784

"We develop business and social partnerships based on mutual value creation."



VALUE CREATION

PAGES

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FINANCIAL CAPITAL



Our financial capital is the cash we generate from the sale of our product (gold bars) and receive from our providers of capital (shareholders).

The total value distributed increased by 26% year-on-year,

illustrating the increased value distributions among various stakeholders. This specifically included an increase of 15% in value distributed to DRDGOLD employees in baseline salaries, as well as higher performance bonuses.

With the funds at our disposal, we run our operation and use, develop and transform the other capital resources – human, social, environmental and manufactured – in an integrated manner to make our business sustainable and to fulfil our mandate to our stakeholders.

VALUE-ADDED STATEMENT

2015 Rm	2015 %		2016 Rm	2016 %
VALUE ADDED				
2 105	98	Sale of precious metals	2 433	99
51	2	Income from investments	37	1
2 156	100	Total value 'added'	2 470	100
VALUE DISTRIBUTED				
Suppliers				
1 463	68	Paid to suppliers for materials and services	1 663	68
Employees				
365 ^{LA}	17	Salaries, wages and other benefits	421 ^{LA}	17
Community				
20	1	Socio-economic development spend	23	1
Government				
4	–	Current taxation	–	–
Providers of capital				
8	–	Dividends to ordinary shareholders	253	10
1	–	Acquisition of NCI/other share transactions	4	–
11	1	Interest on borrowings	4	–
1 872 ^{LA}	87	Total value distributed	2 368 ^{LA}	96
284	13	Re-invested in the group	102	4
2 156	100	Total value added	2 470	100

^{LA} Limited assurance

FINANCIAL CAPITAL CONTINUED

CFO'S REVIEW

We aim to optimise our use of financial capital by concentrating on areas of the business that enable us to control costs, maximise margins and, ultimately, generate cash.

Video of Riaan Davel



"The generation of free cash flow remains our key financial objective."

	2016	2015	2014
Summarised group statement of profit or loss (R million)			
Revenue	2 433.1	2 105.3	1 809.4
Cost of sales	(2 236.8)	(1 946.3)	(1 687.2)
Gross profit from operating activities	196.3	159.0	122.2
Impairments	–	(7.9)	(56.6)
Administration expenses and general costs	(76.7)	(56.2)	(78.2)
Share of losses of equity accounted investment	–	–	(0.3)
Finance (expenses)/income – net	(10.8)	1.9	(24.3)
Profit/(loss) before tax	108.8	96.8	(37.2)
Income tax	(46.9)	(28.6)	(17.5)
Profit/(loss) for the year	61.9	68.2	(54.7)
Summarised group statement of financial position (R million)			
Non-current assets	1 818.4	1 894.1	1 970.3
Current assets	600.7	609.0	470.4
Total assets	2 419.1	2 503.1	2 440.7
Equity	1 339.6	1 529.9	1 481.2
Non-current borrowings	16.8	19.2	75.5
Other non-current liabilities	749.2	650.3	576.5
Current borrowings	2.4	25.1	73.2
Other current liabilities	311.1	278.6	234.3
Total equity and liabilities	2 419.1	2 503.1	2 440.7
Summarised group statement of cash flows (R million)			
Net cash flows from operating activities	415.9	283.7	80.7
Net cash flows from investing activities	(107.2)	(37.7)	(171.9)
Net cash flows from financing activities	(281.1)	(130.5)	(76.6)
Net increase/(decrease) in cash and cash equivalents	27.6	115.5	(167.8)
Cash and cash equivalents at the beginning of the year	324.4	208.9	376.7
Foreign exchange translation	(0.2)	–	–
Cash and cash equivalents at the end of the year	351.8	324.4	208.9

FINANCIAL CAPITAL CONTINUED

KEY DRIVERS:

PRODUCTION

Throughput year-on-year was up by 5% (FY2015: down by 1%) reflecting measures taken to mitigate the decline in yield. Yield decreased by 9% (FY2015: increased by 14%) to 0.180g/t (FY2015: 0.197g/t), reflecting a decrease in head grade. Consequently, gold production declined by 4% (FY2015: 13% increase) to 143 457oz (FY2015: 150 145oz).

REVENUE

Lower gold production and sales and a 21% (FY2015: 4%) increase in the average gold price received, resulted in a 16% (FY2015: 16%) increase in revenue to R2 433 million (FY2015: R2 105 million).

OPERATING PROFIT

Cash operating costs increased 20% to R446 153/kg (FY2015: R372 932/kg). Contributing factors were lower gold production, the increase in throughput and relatively high costs associated with the Crown clean-up.

ALL-IN SUSTAINING COSTS MARGIN

All-in-sustaining costs increased by 21% (FY2015: 2%) to R499 425/kg (FY2015: 411 548/kg) due to a decrease in production and an increase in per kilogram cash operating costs.

FREE CASH FLOW GENERATED

DRDGOLD generated free cash flow of R308.7 million in FY2016 compared to R246 million in FY2015. This enabled the group to settle debt and pay dividends of R277 million (FY2015: R131 million).

DIVIDEND YIELD

Free cash flow generation enabled DRDGOLD to return surplus cash to shareholders and the directors declared a final dividend of 12 (FY2015: 10) South African cents per share. This brings the total dividend declared for FY2016 to 62 cents per share. We realised our strategy of returning surplus cash to 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 financial objective. It enables us to distribute value to all our stakeholders, including our employees and shareholders. We continue to invest in R&D to help us increase recoveries and are excited about the prospects of growing our capacity and life of mine into the future.



MANUFACTURED CAPITAL



Ergo has the technology to fine-grind gold-bearing material to achieve recovery efficiencies previously beyond the reach of typical metallurgical processes.



OUR MANUFACTURED CAPITAL:



FOUR PLANTS*



PIPELINE/PUMPING INFRASTRUCTURE



ACCESS RIGHTS



TAILINGS STORAGE FACILITY



WATER



RETICULATION SYSTEM



RESEARCH AND DEVELOPMENT PILOT

* Two plants currently operating as pump/milling stations

We employ a dedicated R&D team to refine our processes until a minimum amount of gold is sent to the tailings deposition facility. 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. Most of Ergo's reclamation activities involve the reclamation of slime. Monitor guns, operated by trained individuals, 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.

REVIEW OF OPERATIONS

As one of the world's largest surface gold tailings retreatment operations, the majority of the material treated by the Ergo plant – currently around 1.2Mtpm – is delivered via two feeder lines from the Elsburg tailings complex. A further 500 000tpm is delivered from the Crown/City Deep area. The Ergo plant has a total treatment capacity of 2.1Mtpm after additional CIL tanks were refurbished to raise capacity by some 300 000tpm.

See the Ergo pipeline on page 7

Vast quantities of material are delivered monthly to the plants and, as each old dump or dam is depleted, others are brought on stream.

RESEARCH AND DEVELOPMENT

The Ergo strategy to achieve optimal exploitation of its mineral resource requires a R&D team and the use of available technology. The Board has determined that investment in R&D will continue as the focus on increasing and optimising the volume to be treated, and the recovery of gold from its mineral resource. Investment in research is a key strategic focus area as the group works to find ways of extracting every possible particle of gold.

INFORMATION AND COMMUNICATION TECHNOLOGY

Advanced information and communication technology (ICT) is used in R&D, and to reduce power and water consumption. Plants, pump stations and pipelines are monitored continuously to minimise downtime and to avoid security breaches, including theft and damage. Operators control, divert and halt slurry feed as necessary so that managers can make informed decisions about switching feeds between reclamation sites in order to reach production targets.

"The Ergo strategy to achieve optimal exploitation of its mineral resource requires a R&D team and the use of available technology."

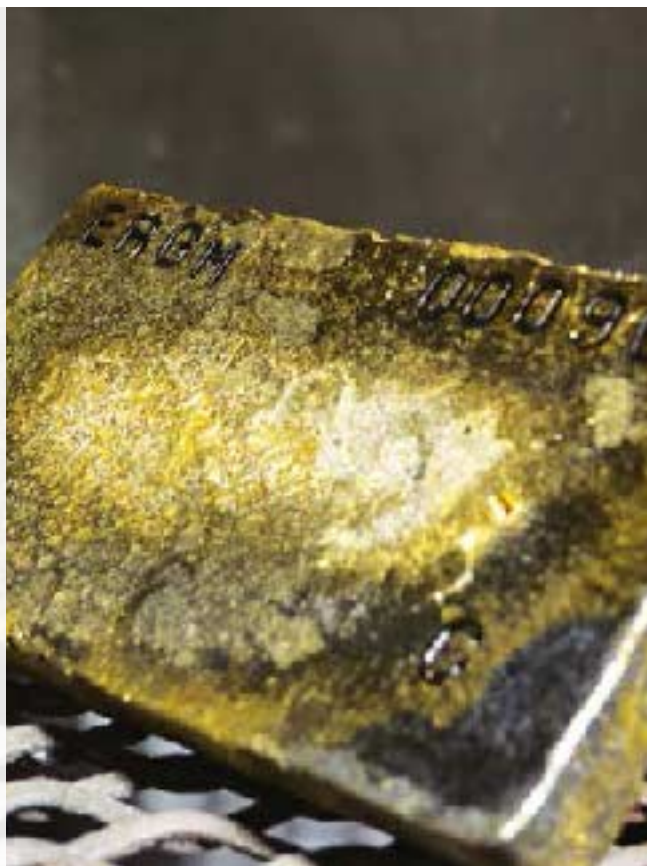
We aim to maintain over 2Mtpm and produce between

140 000oz and
150 000oz
per annum

MANUFACTURED CAPITAL CONTINUED

OUR PRODUCT: **DORÉ BARS**

Ergo produces 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 has been 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, we had to modify our supply chain when we introduced the FFG circuit, which required specialised items and skills not available locally.

OUTLOOK

As indicated in the CEO's strategic review¹, we plan to increase the current deposition capacity for the Brakpan/Withok Tailings Deposition Facility. A legal review of the existing authorisations was undertaken for increasing the deposition capacity of the Brakpan/Withok Tailings Deposition Facility. The results indicated that most of the current authorisations are sufficient, however certain documentation will need to be amended. This opportunity could increase Ergo's life significantly.

¹: See the CEO's strategic review on page 5

HUMAN CAPITAL



We invest substantially in developing our people to provide them with market-related skills, and to ensure that we run our business efficiently and cost-effectively with our shareholders' interests in mind.



Our human resource and business strategies are aligned to ensure employee well-being and safety, as well as transformation, employment equity and sustainability in order to mitigate key business risks.



TOTAL NUMBER OF EMPLOYEES

FY2016	924	FY2016	1 560
FY2015	941	FY2015	1 426

PERMANENT

SPECIALIST SERVICE-PROVIDERS

FY2016	77	FY2015	107
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EMPLOYEE TURNOVER

WAGE AGREEMENT

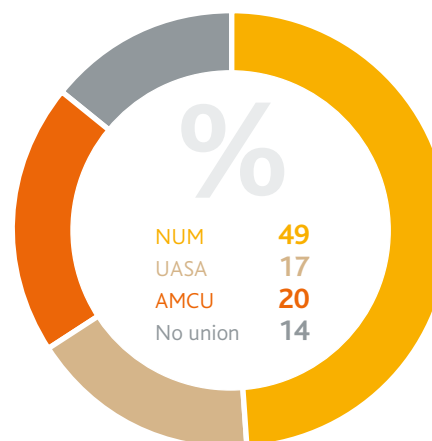
The DRDGOLD wage review cycle does not correspond with those of the industry.

The industrial relations climate at our operational sites remains constructive and we do not anticipate mining industry wage negotiations to have any effect on our workforce or our operations.

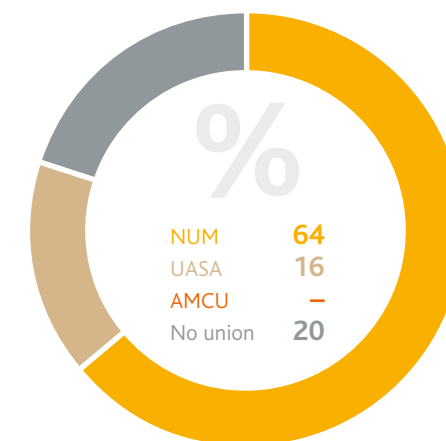
A two-year wage settlement was reached with the National Union of Mineworkers (NUM) and the United Association of South Africa (UASA) in August 2016 for a wage increase averaging 8.2%.

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

Union representation 2016



Union representation 2015



HUMAN CAPITAL CONTINUED



OUR PEOPLE

At the end of FY2016, we provided full-time employment for 924 (FY2015: 941) people while our main service-providers deployed an additional 1 560 (FY2015: 1 426) employees to our operations.

Our integrated HR information and reporting system, Sage VIP Premier HR, provides reliable and accurate employee data, which assists in upholding recognition agreements and conditions of employment as prescribed by legislation. We

thus comply fully with conditions of employment, including prescribed minimum levels of compensation and benefits, employment equity, union access and membership, right to strike, compensation for occupational illness or injury on duty, compensation for termination for operational reasons, and provision and financing of training and skills development programmes. Our HR manager is responsible for implementing our strategies and goals for transformation, employment and sustainability – monitored by our Social and Ethics Committee.

At induction, when competency and medical assessments are conducted for new employees/contractors, and when people return from leave, employees and contractors are familiarised with employment policies, procedures and operating standards, including environmental and safety concerns, security and HR. A total of 1 759 (FY2015: 1 349) employees attended radiation and induction training in FY2016.

We offer competitive remuneration packages and incentive schemes to attract and retain talented and skilled people.

We invested
R6 892 102

(FY2015: R7 124 012 million) in development of our employees in FY2016.

HUMAN RESOURCE MODEL

- Quarterly departmental talent management panels
- Matrix of variables to determine critical positions
- Detailed career paths for individuals with potential
- Differentiating criteria and developmental competencies for each designation on agreed career path
- Identification of candidates for talent pool
 - management and supervisory development programmes
 - learnerships
 - on-the-job training
 - bursaries and study assistance
- Individual development plans for candidates to progress to “ready now” state
- Tracking system to monitor achievement and succession cover ratios
- Organisational restructuring and redeployment as required
- Remuneration policies benchmarked against specialist surveys annually to ensure pay scales for critical skills remain market-related
- Two-day induction programme
 - updates on policies, procedures and operating standards on safety, health, environment and security
 - assessment of competencies
 - medical screening
 - renew plant access rights after return from leave (including specialist services providers at reclamation and storage sites)

DRDGOLD upholds the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, relating to collective bargaining, and we ensure the implementation of fair employment practices in terms of South African employment equity requirements. As in FY2015, no labour practice grievances or human rights incidents were reported in FY2016.

HUMAN CAPITAL CONTINUED

HISTORICALLY DISADVANTAGED SOUTH AFRICANS (HDSAs) IN MANAGEMENT*

	FY2016			FY2015		
	Male	Female	HDSAs (%)	Male	Female	HDSAs (%)
Top management	4	–	50	5	–	40
Senior management	2	1	33	3	1	50
Middle management	32	7	41	35	7	38
Junior management	265	33	70	253	30	68

* We do not discriminate but prefer to employ people from local communities (within 50km of our operations) to keep families intact and to manage travel to/from work. At the end of FY2016, as in previous reporting periods, all of our employees were considered local.

WOMEN IN MINING

Women comprise 17% of our workforce of which 12% are actively employed in the core disciplines of metallurgy, engineering and survey.

Our strategy to advance women in mining includes:

- a minimum of 10% women among new recruits; and
- prioritising female applicants when vacancies and internships become available.

DRDGOLD complies with the Mining Charter requirements for the hiring, development and retention of HDSAs, particularly women. We have an employment equity programme in place (compiled to meet the requirements of the Mining Charter and the Employment Equity Act). We provide regular updates and submit equity figures annually to the Department of Labour.

HEALTH AND SAFETY MANAGEMENT

Our health and safety policy requires employees and contractors to participate in workplace-specific health and safety initiatives to ensure compliance with the mining industry's stringent health and safety laws¹. We review this policy annually to ensure that it remains aligned with our business strategy.

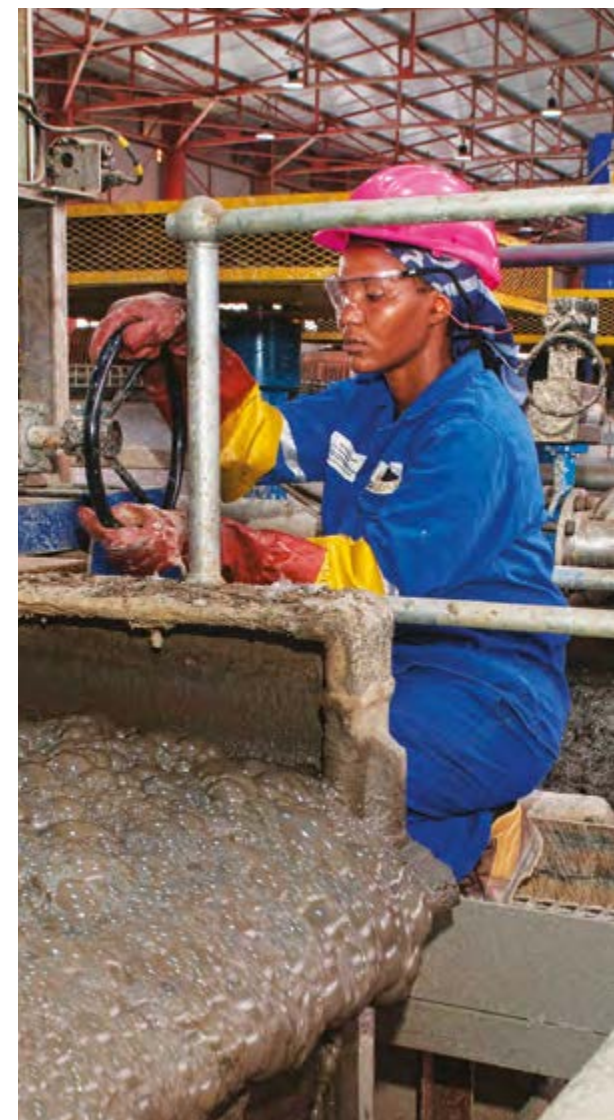
Ergo's health and safety manager is broadly responsible for health and safety compliance, and all employees and contractors are represented by 126 (FY2015: 113) part-time health and safety representatives – a ratio of one representative to 23 employees (FY2015: 1:25).

We also monitor our specialist service-providers' health and safety structures for legal conformity. The operational sites are reviewed monthly for hazards and risks, which are ranked in terms of severity, duration of exposure and probability of a negative outcome (based on past experience and other available information). We display the outcomes

of these assessments in the workplace to make employees aware of significant risks, and areas in need of improvement.

Our health strategy aims to reduce and ultimately eliminate health threats with regular monitoring. We have an intensive, risk-based medical surveillance programme and our safety team conducts hygiene inspections. Identification of chronic medical conditions and follow-up campaigns, as well as our Brakpan healthcare facility with full-time occupational health practitioners, enable us to attend to our employees' health needs effectively.

¹: For more information on our health and safety activities see page 31



HUMAN CAPITAL CONTINUED

HEALTH AND SAFETY ACTIVITIES



DRDGOLD is a signatory to the Mine Health and Safety Council, a national public entity including representatives of government, employers and organised labour. Focused on improving health and safety in mining, the body provides advice to the DMR on occupational health and safety legislation and research outcomes.

DAILY

- Employees attend toolbox talks of 10 to 15 minutes where they are reminded of their rights (in terms of Section 23 of the Mine Health and Safety Act) to refuse to enter a workplace they perceive as detrimental to their health or safety. The importance of completing a risk assessment before embarking on a task is also reinforced at these meetings.
- Incidents in the workplace are discussed.

WEEKLY

- Line management meets the health and safety manager to address responsibilities at operational level.
- A safety topic is introduced for discussion by group employees, contractors and supervisors – often determined by incidents in preceding weeks – and printed on a flyer that is displayed on group notice boards. In FY2016, topics covered the dangers of using “imbawulas” (coal stoves) in confined spaces, lifting equipment, dust management, working at heights and fatigue management.
- Line management, employees and safety representatives cover safety topics, new procedures and standards, as well as any other relevant topics at sectional health and safety meetings.

MONTHLY

- Line management meets with health and safety representatives, as well as specialist service-providers, at each Ergo site to address local health, safety and environmental issues, and community matters.
- During contractor safety meetings, area managers and the health and safety manager meet with contractor managers and their safety officers to discuss relevant safety topics and requirements.

BI-MONTHLY

- Health and safety agreements with organised labour provide for a joint management/union central health and safety committee that meets every second month. This forum introduces new risk assessments, codes of practice and procedures. Issues concerning health and safety, workplace conditions, compliance and the environment are also addressed.

QUARTERLY

- Health and safety campaigns are introduced to employees. Topics are selected by the central health and safety committee, based on incidents in the previous quarter or relevant topics, such as noise-induced hearing loss (NIHL) and dust control.

ANNUAL/INDUCTION

- Health and safety training is included in employee induction at recruitment and on return from annual leave. No person may enter the plant without undergoing induction and a medical assessment. If expired, medical assessments and induction have to be updated before access is allowed. Health and safety officers conduct spot checks to ensure compliance.

ONGOING

- As part of an ongoing campaign, the silica dust reduction and control strategy was rolled out and implemented towards the end of FY2016.¹
- All employees receive emergency training and supervisors are trained in first aid in terms of the Mine Health and Safety Act.
- We retain the services of a medical emergency response company for paramedic care.
- Health and safety officers regularly conduct emergency drills at the operations, and reports are generated showing areas in need of improvement.
- Visitors must be accompanied by an employee on mine premises and be aware of emergency procedures.
- Community members, including illegal miners, are aware of the hazards of accessing mine dumps and “no trespassing” signs are displayed at these sites.

¹: See silicosis and dust on page 33

HUMAN CAPITAL CONTINUED

SAFETY PERFORMANCE

As in FY2015, FY2016 was again a fatality-free year for DRDGOLD^{LA}.

ZERO HARM

As we strive towards zero harm, management and the workforce are jointly responsible for on-the-job safety. To this end, our zero-tolerance campaign encourages employees to accept responsibility for their own health and safety and, when the need arises, the safety of their fellow workers. The strategy has yielded positive results since its inception in 2012 but it requires constant attention. All employees are encouraged to report injuries, irrespective of the perceived severity.

Minor injuries: 45 (FY2015: 33) minor injuries were recorded in FY2016 – no shifts were lost in dressing station cases (treated at a hospital or mine occupational health clinic by medically trained personnel) and “scratch and patch” cases (treated by a first aider, usually with a plaster). The 45 recorded minor injuries included injuries classified as lost time injuries (LTIs) or reportable injuries at a later stage.

Lost time injuries: 17 (FY2015: 15) LTIs were recorded in FY2016 – injuries that lead to absenteeism for one or more shifts. Including the reportable injuries above, this represents a frequency rate of 2.68^{LA} per million man hours (FY2015: 2.27^{LA}).

Reportable injuries (RIs): nine (FY2015: seven) reportable injuries were recorded in FY2016 – injuries that lead to absenteeism of more than

14 days and have to be reported to the DMR – at a frequency rate of 1.42^{LA} (FY2015: 1.06^{LA}) per million man hours.

Section 54 and Section 55 safety stoppages in terms of the Mine Health and Safety Act:

Zero (FY2015: zero) Section 54 notices and five (FY2015: three) Section 55 notices were issued by the DMR in FY2016 for the following reasons (all rectified):

- some items on the trackless mobile machinery checklist to be reclassified as A class hazards (any hazard that has potential to cause serious injury or death, and requires a person to stop and fix immediately)
- light intensity per square metre (lux) testing of trackless mobile machinery was not recorded and kept at the operations (mirrors and seats to be reclassified as A class hazards on the checklist)
- contractors conducting repairs did not attend induction
- risk assessments and pre-use checklists were not completed for high-pressure machinery
- safety devices were not installed to stop high-pressure machinery in the event of a regulator fault
- risk assessments were not conducted in the electrical and boiler workshop
- some employees were not involved in toolbox talks
- a platform at a conveyor belt head pulley was not stable
- an inspection register for lifting equipment was not available on site
- a transformer was not equipped with an effective bund wall

Awards and competitions: We participate in the fatality-free shift category of the DMR safety award programme and we have our own 180 LTI-free days competition, which began in FY2013.

LOST TIME INJURY-FREE DAYS

	As at 30 June 2016	As at 30 June 2015
Projects	221	824
EBDA	859	616
ERPM*	1 281	1 119
Ergo	14	23
Knights	9	91
City Deep	174	401
Crown	459	94

* Operation terminated

REPORTABLE INJURIES AND LOST TIME INJURIES

	FY2016	FY2015
Total reportable/ serious injuries	9	7
Frequency rate	1.42 ^{LA}	1.06 ^{LA}
Total LTI	17	15
Frequency rate	2.68 ^{LA}	2.27 ^{LA}

^{LA} Limited assurance



HUMAN CAPITAL CONTINUED

HEALTH PERFORMANCE

In FY2016, 4 005 (FY2015: 4 502) medical examinations were conducted – two (FY2015: 0) cases of tuberculosis (both contractors) await confirmation by the Department of Health Medical Bureau for Occupational Diseases. 4 (FY2015: 3) NIHL cases reported to Rand Mutual Assurance in FY2016 await confirmation.

As part of our strategy to educate and empower employees with knowledge, a number of health-related topics were addressed in FY2016, mostly linked to the national “health year” calendar, through pamphlets and medical surveillance. Topics included “Be healthy and productive at work”, “All about allergies”, “How healthy is your heart?”, “Keep your bones strong and healthy”, “Diabetes”, “Support World Aids Day every day”, “Know your skin cancer risk”, “Sexually transmitted infection/ Condom Week”, “Tuberculosis”, “Protect yourself from flu”, “Burns awareness” and “Signs of drug addiction”. Multilingual videos provided health education in the waiting area of the clinic.

HIV/Aids

Our HIV/Aids policy aims to provide employees with general information on the disease, protect the rights of employees living with HIV/Aids, ensure consistency and alignment with our employment policy, procedures and work instructions, and manage and reduce the impact on employees.

In celebration of World Aids Day on 1 December 2015, we organised a wellness week when employees were encouraged to confirm HIV status by participating in voluntary counselling and testing (VCT) sessions.

Our approach to wellness is holistic: we encourage our employees to pursue a healthy lifestyle and monitor common risks, such as blood pressure, cholesterol and body mass index.

NOISE-INDUCED HEARING LOSS

NIHL is caused by exposure to repeated or prolonged exposure to sounds at or above 85dB.

At our operations, noise can reach 104dB. Although there are 32 areas with noise above 85db, we do not operate equipment or machinery measuring more than 110dB (a milestone we reached in FY2013).

In terms of our NIHL policy, illustrated on posters in demarcated noise zones and at the entrance to plants, employees and visitors are encouraged to wear hearing protection.

Of the one case pending since FY2014, a boilermaker at Knights received 6% compensation for permanent disablement in FY2016. He has worked in the mining industry, at Knights, since 2001.

Of the three cases reported in FY2015, a fitter at City Deep (medically separated in March 2015) received 8% compensation for permanent

disablement in FY2016. He had worked in the mining industry for 36 years (at City Deep for 12 years). A former instrumentation technician at Ergo (medically separated in July 2015) received 5% compensation for permanent disablement in FY2016. He had worked in the mining industry since 1974 (at Ergo for seven years). One case is still pending.

All four cases reported in FY2016 are pending conclusion.

In line with ongoing NIHL training and awareness, employees on percentage loss of hearing (PLH) shifts are counselled by medical staff on the importance and correct use of hearing protection. If the PLH shift is 5% to 10%, employees’ work history and activities outside of the work area are also investigated, and remedial action is instituted.

A database has been developed to track equipment noise levels above 85dB.

The latest industry milestone is to eliminate noise above 107dB by 2024. We are already achieving this milestone. If any excessively noisy equipment is identified, it is reported to the engineer for corrective action. Quarterly meetings are also held with area managers to report on equipment emitting noises above 85dB. All equipment exceeding 85dB is recorded on a milestone report, which is sent to the DMR quarterly.

SILICOSIS AND DUST

No cases of silicosis and asbestosis were reported in FY2016 (FY2015: 0).

We continue to await the outcome of the asbestosis case reported in FY2014 from the Medical Bureau for Occupational Diseases. We conducted a survey at the Knights plant, where the affected employee worked, and found no traces of asbestos hence concluded that the condition was not employment-related.

Our silica reduction strategy has been rolled out at the operations:

- the mine is divided into groups with areas of similar exposure called homogenous exposure groups (HEGs) – when HEGs are over-exposed, people wear dust masks
- spillages are cleaned as soon as they occur to prevent drying and liberation of dust into the air
- vehicles are cleaned regularly
- dust is measured by an occupational hygienist, analysed by a South African National Accreditation System (SANAS)-accredited independent laboratory and reported quarterly to the DMR in milestone and statutory reports
- employees’ silica exposure levels are monitored to prevent over-exposure
- dust awareness is included in the four steps to safety checklist

HUMAN CAPITAL CONTINUED

DEVELOPING OUR PEOPLE

EMPLOYEE TRAINING*

	FY2016		FY2015	
	Number of employees	Cost (R)	Number of employees	Cost (R)
Adult education and training	2	239 657	–	–
Best Life	88	376 602	81	336 750
Bricklaying	38	397 240	–	–
Carpentry	6	65 340	–	–
Engineering aide	14	344 404	14	169 990
Engineering training	277	1 202 285	118	722 656
Financial literacy	–	–	366	61 305
Health and safety	333	159 316	83	153 745
Learnerships	8	458 546	6	610 899
Internships	8	591 654	3	234 728
Machine driving	25	98 328	21	86 165
Metallurgy training	206	267 988	110	1 392 098
National diploma (N) courses**	–	–	1	3 400
Soft skills	53	385 780	69	627 046
Study assistance	15	187 414	47	480 443
Employee development	178	2 117 548	215	2 244 787
Total	1 251	6 892 102	1 134	7 124 012

* Our training targets are mainly influenced by the workplace skills plan drafted in consultation with labour representatives, our SLP, and developmental requirements identified during our talent management processes. We monitor performance closely and communicate regularly with all stakeholders, including regulators, as we address Mining Charter targets for human resource development. In FY2016, Ergo employees spent a total of 6 228 (FY2015: 4 182) days in training.

** A total of 590 (FY2015: 452) community members received training in FY2016 – 162 (FY2015: 134) registered for N courses in compliance with the Ergo SLP.



HUMAN CAPITAL CONTINUED

ERGO BUSINESS DEVELOPMENT ACADEMY (EBDA)

We established EBDA in 2009 to provide quality training to our employees and communities surrounding our operations.

While our employees are able to advance their careers and our host communities are empowered, our business is assured of a continuous supply of the skills needed for sustainability.

EBDA is accredited by, among others, the Mining Qualifications Authority (MQA) and offers courses in all engineering trades for diesel and motor mechanics, metallurgy and minerals processing, safety, health and environment, and management. An adult education and training (AET) programme and portable (construction) skills are also available at EBDA. The DMR and other organisations also use EBDA.

A total of R48.7 million has been invested in EBDA since inception.

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

that EBDA became a permanent community asset outlasting the DRDGOLD operation. This goal has been achieved and DRDGOLD has not been required to make a financial contribution to EBDA since FY2015. The academy, which functions as a sustainable independent trading entity, recorded a profit before depreciation and interest of R2.6 million (FY2015: R2.7 million) and a positive cash balance of R3.1 million (FY2015: R10.3 million) at the end of FY2016.

Discussions are at an advanced stage with the DMR regarding the EBDA exit strategy. It is envisaged that this will be concluded during the 2017 financial year.

EBDA assists graduates in securing employment – of the 327 (FY2015: 146) artisans qualified, 26 (FY2015: 88) are employed full-time with various employers, including EBDA clients. Others still seeking employment are also on a national artisan database administered by the National Artisan Moderation Body of the Ekurhuleni East College for Further Education and Training. In terms of a memorandum of understanding, this college assists EBDA with the placement of engineering graduates.

Adult education and training: Our AET programme, designed to improve literacy and recognised nationally, is provided by EBDA to employees, referred by NUM and campaigns, as well as communities encouraged by advertisements. Employees who complete the AET programme receive an incentive of R2 500 for each module successfully completed. In FY2016, 22 (FY2015: 24) community members participated in AET at EBDA while another 17 (FY2015: 17) were trained at satellite centres in the City Deep and Crown Mines communities.

Learnerships: A structured learning programme combines theory and practical on-the-job training over an average of 24 months. After passing a trade test, 124 (FY2015: 56) candidates received a national certificate to enable them to pursue employment as artisans in various sectors with training targets in FY2016. The learnership qualification provides employees with a lifelong skill and, with management training, prepares junior management candidates. We are thus able to grow our pool of suitably qualified artisans to replace retirees. Young artisans are mentored on the job by their senior counterparts. In FY2016, eight (FY2015: six) employees registered for learnerships at EBDA towards the National Accredited Technical Education Diploma (NATED). DRDGOLD invested R458 546 (FY2015: R610 899) in

the learnership programme during the period under review. A talent management panel, comprising senior managers and relevant department managers, tracks the progress of talent pool candidates through regular performance assessments that identify the need for training or refresher courses. Talent management is discussed at executive and departmental level within the engineering, metallurgy, technical services, finance, HR and administrative departments. HDSAs and women are prioritised. To date, 23 (FY2015: 24) mentors/coaches and 43 (FY2015: 38) protégés have been identified.

Internships: We provide young graduates from HDSA communities with exposure to formal employment and practical experience required for a national diploma. In FY2016, we provided eight (FY2015: three) internships at a cost of R591 654 (FY2015: 234 728).

Portable skills training: One of our SLP requirements is to equip our employees with portable skills they can use to create their own employment opportunities. This accredited training is provided by qualified educators at EBDA. A total of 68 (FY2015: 21) people received portable skills training in FY2016 at a cost of R1 031 302 (FY2015: R139 539), focusing on construction with anticipated downscaling of the Angelo Pan and Crown operations.

HUMAN CAPITAL CONTINUED



Study assistance: We fund part-time study and short courses so that our employees can improve their career prospects. In FY2016, we spent R187 414 (FY2015: R480 443) on fees, study materials, books, accommodation and travel costs for 15 (FY2015: 47) employees.

EMPLOYEE WELLBEING

Beyond the industry norm, our Best Life initiative includes an employee wellness programme, provided by Independent Counselling and Advisory Services (ICAS), to address lifestyle issues (diet, exercise, substance abuse, depression and chronic conditions, among others). In FY2016, 88 (FY2015: 81) employees used Best Life services.

As part of the Best Life initiative, we spent R336 750 on the roll-out of financial literacy workshops in FY2015. The workshops continued throughout FY2016, at a cost of R376 602, to encourage employees to review their financial situations, and budget and plan to make informed financial decisions.

Our draft Employee Home Ownership Scheme Framework, encapsulating the principle, objectives and mechanics, was tabled at a meeting of the Employee Housing Steering Committee on

23 February 2016 and again on 4 April 2016. The unions have accepted the proposed concept of an interest-free property price, discounted home loan over a period of eight years. The home loan of R75 000 per employee in Category 4-9 (qualifying in commercial banking terms) was included in the 2016 wage agreement.

Although employees are fully integrated into greater Johannesburg society, and live mostly with their families close to the workplace, we want all employees to be enjoy home ownership. We are aiming to make this a possibility, especially for breadwinners, by 2018.

For more about ICAS, go to www.icas.co.za

OUTLOOK

After reaching a two-year wage agreement with organised labour, we will focus on the implementation of an employee home-ownership scheme in 2017 to meet the requirements of the new Mining Charter. Qualifying employees will be eligible for a R75 000 interest-free purchase price discounted home loan.

SOCIAL AND RELATIONSHIP CAPITAL



Our environmental footprint extends to social capital (our communities) where we address concerns expressed by people living in the neighbourhoods accommodating our operations for the greater good of our workforce and ultimately our country.

SOCIAL LICENCE TO OPERATE

DRDGOLD is aware that stakeholders' perceptions can change over time and a "social licence to operate" can be withdrawn. We, therefore, work conscientiously and continuously to engage with our surrounding communities, responding to their concerns and adhering to commitments.

Consultation with communities about their needs and requests is essential, demonstrating respect and ensuring that we deliver into the communities' requirements.

We believe that our policies and strategy with respect to our social capital contribute to relatively few challenges in recent years. We have experienced virtually no labour unrest and no incidents of any kind were recorded in FY2016.

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 local people to hiring initiatives have cost implications and negative business impacts.

We are guided by our SLPs, developed in compliance with South African mining legislation, and other relevant stakeholders in creating job opportunities, providing educational support and other projects that benefit local communities.

Significant progress has been made to ensure that full compliance with SLP requirements is maintained. This is reviewed and tracked monthly by the SLP compliance committee. Independent auditing of compliance by the group's internal auditors also takes place.

For details on our engagement with all relevant stakeholders, see pages 19-20

R23 065 385^{LA}

FY2016: SOCIO ECONOMIC DEVELOPMENT SPEND

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 with human and social capitals.



SOCIAL AND RELATIONSHIP CAPITAL CONTINUED

CORPORATE SOCIAL INVESTMENT/LOCAL ECONOMIC DEVELOPMENT PROJECTS

PROJECT	OUTCOME	PROGRESS	FY2016	FY2015	AREA
Clean fuel	500 gas stoves and 6kg canisters to be distributed to households without electricity	Await feedback from community leaders on requirements	–	R239 400	Riverlea/other areas within our footprint
Vegetation rehabilitation	Local youth employed to rehabilitate Crown and Ergo tailings complexes	Ongoing	R2 076 281	R2 120 749	Soweto and Geluksdal
Uweso Technogirl	Expose girls to workplace and career options	Visits to Ergo plant and job-shadowing during school breaks	–	R14 244	Gauteng
Palesa Primary School (administration building)	Handed over on 29 May 2015	Complete	–	R682 500	Meadowlands, Soweto
	Security guard house	Ongoing	R19 830	–	Meadowlands, Soweto
Bwuhlebemfundo Secondary School	Supplier built and installed wooden and steel security doors	Complete	–	R123 244	Tsakane
	Refurbishment of library	Ongoing	R77 520	–	Tsakane
Geluksdal Primary School	Classrooms painted	Complete	–	R131 971	Geluksdal
Funukukhanya Primary School	Classrooms tiled	Complete	–	R98 000	Tsakane
	Paving of 1 480m ² area (material and labour)	Ongoing	R291 209	–	Tsakane
Tsweleng Primary School	Construction of shaded and paved assembly site (material and labour)	Complete	R95 534	–	Meadowlands, Soweto
Bopanang Primary School	Painting	Ongoing	R24 593	–	Diepkloof, Soweto
Drommedaris Primary School	Construction of library	Complete	R1 071 786	–	Reiger Park
Broad-based Livelihoods	Local economic development	Ongoing	R3 302 669	–	Tsakane
Kopano Ke Matla	Local economic development	Ongoing	R1 190 758	–	Meadowlands, Soweto
Enterprise development clubs	Developing small business initiatives	Ongoing	R219 539	R273 385	Geluksdal
Crown Logistics	Established night-shift employee transport co-operative	Ongoing	R454 104	R3 670 850	Ekurhuleni and Johannesburg
Maths/science and accountancy	Classes at schools and quarterly workshops for educators	Ongoing	R942 561	R587 747	Ekurhuleni and Johannesburg
Community adult education and training	Basic education support for community members	Ongoing	R2 110 479	R2 079 079	Ekurhuleni and Johannesburg
National Diploma (N1 and N2) courses	Improve prospects for learnership qualification	Ongoing	R331 900	R297 300	Ekurhuleni and Johannesburg
Learnerships	Opportunities for community members to become artisans	Ongoing	R2 359 218	R1 207 721	Ekurhuleni and Johannesburg
Bursaries	Bursaries for study towards mining-related disciplines	Ongoing	R548 750	R714 739	National
TOTAL			R15 116 731	R12 240 929	

SOCIAL AND RELATIONSHIP CAPITAL CONTINUED



LOCAL ECONOMIC DEVELOPMENT: BROAD-BASED AGRICULTURAL LIVELIHOODS PROGRAMME

The Broad-based Agricultural Livelihoods programme in Tsakane, helping local communities grow their own vegetables, is being monitored to ensure that techniques are applied correctly.

All targets have been exceeded: to date, 22% (originally 20%) of households have been visited to provide production support and thus ensure sustainability and impact, and tunnels have been built for 81 (originally 20) producers.

A total of 130 infrastructure components have been approved and issued (65 shortcrop tunnels, 21 tallcrop tunnels and 44 drip bucket irrigation systems).

LOCAL ECONOMIC DEVELOPMENT: SEWING COMPANY

During an initial scoping assessment, we found an opportunity to develop a sewing industry to serve local and national markets. A sewing group was established by residents of Soweto in need of a sustainable income stream.

Sewing equipment worth R124 000 was purchased and a sewing company was registered as Kgotlelelang (Tswana for "perseverance") with three directors, each with equal shareholding, and a business constitution. The roles of each shareholder have been clearly defined and a bank account has been opened.

A company has been contracted to design a logo, website, business cards, brochure and signage.

An order for 50 graduation gowns was secured and completed within a tight deadline for EBDA and production of personal protective equipment(PPE) is underway.



LOCAL ECONOMIC DEVELOPMENT: CENTRE OF EXCELLENCE

Our business relies on engineers and metallurgists – disciplines requiring a strong grasp of mathematics and/or science. To address the critical shortage of these skills in South Africa, as well as the standards of maths, science and accounting, EBDA has established a Maths, Science and Accounting Centre of Excellence.

The centre supports learners and educators on the East Rand and West Rand.

MATHS, SCIENCE AND ACCOUNTANCY CENTRE OF EXCELLENCE: GRADE 11 LEARNERS

	FY2016	FY2015
Maths and science	596	655
Accountancy	241	328

www.ebda.co.za

LOCAL ECONOMIC DEVELOPMENT: SCHOOL LIBRARY

A scoping exercise in one of our three social responsibility zones revealed the need for a library at the Drommedaris Primary School in Reiger Park on the East Rand. Construction of the library was completed in May 2016 at a cost of R1 071 786.

A local construction company was contracted, and the library was officially opened and handed over to the school at a ceremony attended by representatives of the DMR and the Department of Education on 10 June 2016.

We are on track
to meet our target of
2 200 learners
participating in the maths, science and
accountancy programme by 2018.

SOCIAL AND RELATIONSHIP CAPITAL CONTINUED

OTHER SOCIAL SPEND

	OUTCOME	EXPENDITURE		
		FY2016	FY2015	AREA
Nigel football	Trophies purchased	–	R865	Nigel/Tsakane
Kasi Sport advisor	Donation to sports magazine	–	R17 752	Tsakane
Ramaphosa Combined School	Donation towards school fees	–	R30 000	Ramaphosa
Blankets and children's tracksuits/jackets	Distributed to communities and charities in Soweto, Ramaphosa and Johannesburg	R250 000	R351 688	Ekurhuleni and Johannesburg
CEO Sleep Out	Donation to Girls & Boys Town	–	R100 000	South Africa
Youth for Christ Job Creation Project	Creation of jobs for youth	R157 949	R50 000	South Africa
Alexandra Youth Crisis Centre	Biannual support of community events	–	R97 294	Alexandra
Mould Empower Serve Golf Day/Concert	Street children and adults	–	R38 500	Johannesburg
Open Door Golf Day	Donations for counselling services and social support	–	R6 000	Gauteng
Bed Race	Midrand Round Table	–	R13 500	Midrand
Cool Dads School Shoe Initiative	Donated 321 pairs of school shoes	R49 853	–	Ekurhuleni
Braamfischerville Social Cohesion Project	Donations towards grass cutting campaign	R15 000	–	Braamfischerville, Soweto
Compass	Food	R10 000	–	Johannesburg
Impophomo Rushing Waters	School bags and pencil cases	R25 000	–	Meadowlands/Zandspruit
Total		R507 802	R705 599	

Bursaries: School leavers who would like to pursue tertiary qualifications can apply for a DRDGOLD bursary, which covers tuition, books, accommodation, a monthly allowance and any other study-related costs. We have an agreement with a provider of safe and well-maintained student accommodation in Johannesburg. In FY2016, we invested R548 750 (FY2015: R714 739) in bursaries for 8 (FY2015: 9) students.

OUTLOOK

As we are entering the final year of our existing SLP, the early part of 2017 will be spent in consultation with the Johannesburg and Ekurhuleni municipalities to identify local economic development initiatives we could implement over the next five years in our new SLP.

NATURAL CAPITAL



By training and motivating our workforce to reach production targets and achieve extraction efficiencies, we are able to maintain and grow our investment in innovative technology as well as projects that minimise our consumption of the natural capital (energy, potable water and land) at our disposal.



ENVIRONMENTAL MANAGEMENT is included in project planning as prevention is more effective than mitigation or rehabilitation. Before we embark on any project, we engage with our stakeholders in a public participation process¹. We are thus able to identify, address and minimise the effects of our activities on the environment².

Our environmental management systems and policies have been designed in compliance with South Africa's National Environmental Management Act, 1998 (Act No 107 of 1998) and related legislation. We manage compliance with internal and external audits, recorded in a database, as well as regular meetings, which

include all interested and affected parties, to determine prevention and mitigation measures. In addition, our EMP addresses all Ergo sites as one operation. It assesses the environmental impacts of mining at reclamation sites, plants and tailings deposition facilities. It also outlines details for closure, including financial provision. We are thus able to systematically audit and monitor our activities. Regulation 55 audits, in terms of the requirements of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002), are undertaken by independent consultants and submitted to the DMR as required.

DRDGOLD's environmental spend in FY2016 was R49.6 million (FY2015: R40.7 million). No significant fines of monetary value or non-monetary sanctions for non-compliance with environmental laws and regulations were imposed on the group in FY2016.

1: See engagement with stakeholders on page 19

2: See risk management on page 17

ENVIRONMENTAL MANAGEMENT EXPENDITURE (R)

	FY2016	FY2015
Tailings complex (vegetation, dust suppression, cladding etc)		
Crown Complex	23 445 743	20 309 812
Rooikraal	–	469 109
Brakpan	5 746 088	2 496 900
Daggafontein	1 956 050	1 717 874
Reclamation sites (vegetation, dust suppression etc)		
Crown sites	2 689 889	1 470 177
Rehabilitation insurance expense	7 811 554	9 105 781
Historic spillage clean-ups	3 177 139	5 192 509
Ergo sites	3 032 226	–
ERPM plant and infrastructure	1 750 742	–
Total	49 609 431	40 762 162

NATURAL CAPITAL CONTINUED

OUR PRIORITIES

Energy consumption

As Eskom generates electricity primarily from coal-fired power stations, our indirect emissions are significant although, as with our use of materials, we strive continuously to reduce consumption. DRDGOLD's overall emissions decreased year-on-year mainly due to the Eskom factor applied.

Actual electricity use increased by 1% while production increased by 5%, demonstrating that our strategy of sizing pumps for maximum efficiency, using variable speed drives, soft starts and continuously monitoring consumption is working.

We are investigating alternative sources of energy, including solar and synthetic gas power plants. Although these options appear more expensive than Eskom power in the early stages of the investigation, we will continue to investigate due to the uncertainty of future electricity availability and cost.

Power factor correction equipment is being commissioned at the Ergo tailings pump station. This will not necessarily improve our consumption but will clean up the power grid.

Round-the-clock pipeline monitoring and minute-by-minute power usage monitoring worked well in FY2016 due partly to the fact that we did not experience load shedding.

During the year, the Van Dyk reclamation site began operating, which increased electricity consumption marginally by 1% due to the increase in production.

"Actual electricity use increased by 1% while production increased by 5%."

LOAD CURTAILMENT

In terms of our load curtailment agreement with Eskom, our Ergo plant is alerted when there is pressure on the national grid. The operations team then takes certain non-essential equipment off line to reduce consumption by 10% to 20%. We are thus able to maintain uninterrupted tonnage to the plant.

Although recoveries are marginally affected during load curtailment, the risk of damage is reduced as evident in year-on-year increases in production of 5%.

Prior to the load curtailment agreement, when power supply to the Ergo plant was interrupted, production stopped completely. This caused overflows and spillage into the environment. As start-up was protracted, four hours of load shedding could cause eight hours of downtime.

The load curtailment agreement alert us so that we can remove a percentage of load in a controlled manner.

ENERGY CONSUMPTION AND EMISSIONS

	FY2016	FY2015	FY2014
Energy			
Electricity consumption (MWh)	374 891 ^{LA}	370 767 ^{LA}	353 159 ^{LA}
Diesel consumption ¹ (litres)	1 082 105 ^{LA}	1 285 198 ^{LA}	1 542 467 ^{LA}
Emissions²			
– Scope 1 (tonnes CO ₂ e)	2 900 ^{LA}	3 444 ^{LA}	4 134 ^{LA}
– Scope 2 (tonnes CO ₂ e)	378 481 ^{LA}	396 882 ^{LA}	353 158 ^{LA}
– Scope 3 (tonnes CO ₂ e)	130	137	121
Total (tonnes CO ₂ e)	381 511 ^{LA}	400 463 ^{LA}	357 413 ^{LA}
– NOx	1 656	1 713	1 642
– SOx	3 096	3 366	2 913
– Volatile organic compounds	6	7	9
– Carbon monoxide	16	19	23
– Particulate emissions	144	140	120

^{LA} Limited assurance

¹ Diesel consumption was lower in FY2016 due to the reduction in mechanical sand reclamation and the shift to hydraulic reclamation of slimes.

² The Greenhouse Gas (GHG) Protocol – a partnership between the World Resources Institute and the World Business Council for Sustainable Development to tackle climate change – distinguishes emissions in terms of direct (Scope 1: from owned or controlled sources) and indirect (Scope 2: consumption of purchased electricity, heat or steam and Scope 3: other emissions, including extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled, electricity-related activities not covered in Scope 2, such as transmission and distribution losses, outsourced activities and waste disposal, among others). DRDGOLD uses electricity and fuel at its operations and employees claim kilometres travelled on official business (excluding air miles). The global warming potential of the GHG emissions is expressed as carbon dioxide equivalent (CO₂e).

PRIMARY MATERIAL CONSUMPTION (tonnes)

	FY2016	FY2015	FY2014
Cyanide*	8 507 ^{LA}	7 195 ^{LA}	7 527 ^{LA}
Steel (grinding)	5 408	6 133	4 350
Hydrochloric acid	3 876	3 712	1 845
Caustic soda	4 279	3 878	3 407
Lime	42 640	46 316	45 145
Carbon	1 034	787	1 228

* Cyanide use is regulated in terms of Section 9 of the Mine Health and Safety Act, 1996 (Act No 29 of 1996), and DRDGOLD conducts regular internal and external compliance audits. Consumption increased in FY2016 due to the FFG circuit, which employs an intensive cyanidation process.

NATURAL CAPITAL CONTINUED



Reportable environmental incidents

Ergo experienced four^{LA} (FY2015: two^{LA}) reportable environmental incidents in FY2016. Two incidents were reported to the National Nuclear Regulator, which accepted the close-out reports, when pipes burst on the western and southern sides of the Elsburg Complex. In the other two incidents, reported to the Department of Water and Sanitation and the DMR, and subsequently cleaned up, slurry was

released through stormwater channels at the 3L2 reclamation site and a pipe burst along Crownwood Road, south of the Crown plant.

Water and waste water management

Our water balance indicates that 30 293Ml^{LA} of water were used in FY2016 – 62.1% (18 825Ml) was recycled from the Brakpan/Withok Tailings Deposition Facility, 24.4% (7 376Ml^{LA}) was sourced

from Rand Water, 10.4% (3 150Ml) was abstracted from attenuation dams with the necessary abstraction permits and 3.1% (942Ml) was sourced from the Rondebult waste water treatment works.

Ergo, operating with an approved water use licence since 2011, recorded compliance of 89% in an audit performed by a consultant in June 2016. The Knights water use licence was approved in March 2016 and its conditions are being implemented. Ergo awaits approval from the Department of Water and Sanitation for the Crown and City Deep water use licence applications.

In our endeavours to reduce the use of potable water, we commissioned a R22 million filtration plant at the Rondebult waste water treatment works operated by the East Rand Water Care Company (ERWAT) near Johannesburg in 2015. The Rondebult works provides Ergo with up to 10Ml of recycled water a day for use in our reclamation activities. Water from a discharge sump at the works is pumped to the fully automated filtration plant through a series of sand and carbon filters before it is discharged into a transfer tank. The treated water is pumped from the transfer tank through a 7 200m long, 350mm wide underground HDPE pipe into our Elsburg process water tank.

Rondebult, which supports a bird sanctuary in its maturation ponds, has been accredited as a "Green Drop" facility by the Department of Water and Sanitation as it upholds the highest standards in waste water discharge. We were able to use 942Ml

of this water in FY2016. We were not able to use the full plant capacity due to a shortage of available water at the Rondebult treatment facility. This project demonstrates the commitment by the group to reduce its reliance on limited drinking water resources currently under strain from drought conditions persistent across Gauteng and the Highveld.

Ergo is negotiating with Johannesburg Water to begin its second waste water treatment project at the Goudkoppies waste water treatment works, using similar infrastructure to the Rondebult project but with a view to provide 20Ml a day along a 7 000m long, 500mm wide pipeline to the Crown Tailings Complex. This water will replace the potable water currently used in the vegetation programme and supplement water required for reclamation. Water costs and reliance on potable water will thus reduce.

We are also installing infrastructure at the Brakpan plant to account for the use of recycled process water for gland service requirements, and expect a reduction of 70Ml a month in potable water use.

The TCTA pump station and plant, which treats water to "grey" standard (without sewage) before releasing it into the environment, is part of our strategy to source non-potable water. We have secured the right to withdraw up to 30Ml of treated AMD a day from the TCTA facility for our operations. We are installing the necessary infrastructure to acquire this water should there be a shortfall in our water balance.

^{LA} Limited assurance

NATURAL CAPITAL CONTINUED

1: Download acid mine drainage fact sheet PDF

Acid mine drainage¹

In 2012, after years of uncertainty, government disclosed its plan to deal with AMD.

Due to the scale of the issue and the strategic significance of water as a natural resource, government decided to drive the process and appointed the TCTA, as its main contractor, to build a pump station to intercept AMD below environmentally critical level. A plant would also be built to treat water initially to "grey" or industrial quality before releasing into the natural environment.

TCTA approached DRDGOLD to collaborate in implementing its plan and, on 28 November 2012, we concluded an agreement regarding the use of land, shaft infrastructure and an electricity substation on land belonging to ERPM.

The agreement was reached as part of a joint effort "to alleviate the pollution of underground aquifers in the central Witwatersrand Basin and surface water through contact with AMD and to lay the foundation for a long-term self-sustainable solution for AMD".

The TCTA has made significant progress constructing the pump station and plant near ERPM's South-West Vertical Shaft. It enjoys shared use of the residue pipeline installed between the Knights plant and Ergo's tailings for the disposal of its waste by-product on to Ergo's tailings deposition facility.

The TCTA's pump station and plant are operational. DRDGOLD is entitled to buy up to 30ML of greywater per day from the TCTA at cost price. The upside in reducing our water usage risk through this arrangement is considerable.

Although this arrangement is not our first choice – we maintain that the private enterprise-driven initiative provides a more cost-effective solution – we appreciate that the regulator has had to deal with a very complex set of facts and interests in determining the solution: the commercial reality of setting up a plant and infrastructure capable of dealing with the problem; society's demands for a clean living environment; the requirements of contemporary political morality, which demands that imbalances of the past are remedied; transformation and black economic empowerment – to name a few.

It is, at the very least, a proactive, albeit somewhat belated, initiative in the hands of a contractor with a proven track record, premised on proven technology and engineering design.

We are hopeful that the project – with the interim or short-term solution fully operational since 2014 – will address the AMD issue and that the Department of Water and Sanitation will provide a sustainable long-term solution for this critical resource on which people, flora and fauna all depend. We will continue to support it.

WATER USED AND RECYCLED (000m³)

	FY2016	FY2015	FY2014
Potable water sourced externally ¹	7 376 ^{LA}	5 682 ^{LA}	5 762*
% water sourced externally	24.4	21	22
Rondebult waste water	942	–	–
% waste water	3.1	–	–
Surface water extracted	3 150	3 650	3 079
% surface water	10.4	14	12
Water recycled in process	18 825	17 225	17 194
% recycled water	62.1	65	66
Total water used	30 293 ^{LA}	26 557 ^{LA}	26 035 ^{LA}

^{LA} Limited assurance

* No assurance.

¹ Potable water consumption was high due to increased use of water for irrigation at the Crown vegetation project and the use of potable water for gland service. We experienced numerous gland failures as a result of dirty water. We are installing equipment at the plant to enable us to use return water that is relatively clean as gland service water and thus reduce the use of potable water.



NATURAL CAPITAL CONTINUED

Dust suppression¹

We have spent more than R252 million on various rehabilitation activities (including controlling dust) in the five years preceding FY2016. In FY2016, we vegetated a total of 24ha at the Crown Complex and we are on track to complete this programme by 2022. This could be accelerated if additional water is secured. Ergo cladded 8ha of side slopes at the Brakpan/Withok Tailings Deposition Facility and 4ha at the Daggafontein tailings facility.

We achieved positive results for dust monitoring and containment – of the 1 393 measurements, 22^{1A} exceedances (1.58%) were recorded over the entire operation. A total of 10 reportable exceedances were captured in FY2016 as these sites exceeded more than twice within a 12-month period. Details of these sites were included in quarterly dust reports sent to regulators, municipalities, and interested and affected parties.

Dust fall-out has reduced steadily in recent years due to our rehabilitation programmes and mitigation measures. After a review of our monitoring network in FY2016, we decommissioned a number of the monitoring sites within the Crown network as mining activities had been completed. Additional monitoring sites were added to the ERPM network as new mining activities began.

^{1A} Limited assurance

1: Download dust management fact sheet PDF

2: Download radiation fact sheet PDF

DUST MONITORING

	FY2016	FY2015	FY2014
Crown			
Total sites monitored	863	1 020	984
Exceedances	17	26	21
Percentage	1.96	2.55	2.13
ERPM			
Total sites monitored	300	252	252
Exceedances	3	3	3
Percentage	1.00	1.19	1.19
Ergo			
Total sites monitored	230	228	276
Exceedances	2	2	3
Percentage	0.87	0.88	1.09

Rehabilitation²

By law, all mining companies are required to rehabilitate the land on which they work to a determined standard for alternative use (such as township development). DRDGOLD's business involves the reclamation of previously discarded material deposited, in many cases, by other companies, most of which have since closed their doors. As a result, we deal with legacy issues. Nevertheless, we take our environmental responsibilities seriously and we are steadily rehabilitating land previously sterilised by mine residue dumps.

Ergo submitted four closure applications to the DMR for completely rehabilitated sites in FY2016 and we continue to rehabilitate numerous reclamation sites while we await radiation land clearance certificates.

The National Nuclear Regulator approved 61.64ha of rehabilitated land for alternative use in FY2016.

In FY2016, 24ha (FY2015: 24ha) of the Crown Complex side slopes were vegetated in accordance with our vegetation programme – at a rate of 2ha a month. Concurrent rehabilitation is ongoing on active tailings facilities with 8ha of side slope cladding completed at the Brakpan/Withok Tailings Deposition Facility and 4ha at the Daggafontein tailings facility.

We remove alien vegetation throughout the mining process, and along our pipeline routes, at our plants and active tailings facilities in compliance with the Conservation of Agricultural Resources Act, 1983 (Act No 43 of 1983).

OUTLOOK

In the coming year, we will continue to vegetate the Crown tailings complex at approximately 24ha a year, and clad the exposed side slopes of the Brakpan and Daggafontein tailings deposition sites while focusing on site rehabilitation at the Crown mining area.

Over the next two to five years, we will obtain closure for rehabilitated sites.

In the long term, we plan to release previously sterilised land rehabilitated for alternative development and leave a self-sustaining, contained super tailings facility without detrimental effect on local communities.

"We achieved positive results for dust monitoring and containment."

MINERAL RESERVES AND MINERAL RESOURCES

Our manufactured capital includes the volume of gold we recover by embracing innovation and technology – DRDGOLD’s annual production target is 140 000oz to 150 000oz from a surface Mineral Resource¹ of 11.8Moz.

MINERAL RESERVES AND MINERAL RESOURCES (Moz)

	FY2016	FY2015	FY2014
Mineral Reserves ²	1.8	1.9	1.5
Mineral Resources ¹	50.7	50.7	37.0

1: For full details on Mineral Resources see page 48

2: For full details on Mineral Reserves see page 49



DRDGOLD’s Mineral Resources remained stable at 50.7Moz in comparison to FY2015, after depletion for the year. At the end of FY2016, Mineral Reserves contained 1.8Moz of gold (FY2015: 1.9Moz).

EVALUATION METHODOLOGY

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

Different methodologies are used for evaluation of underground and surface Mineral Resources and Mineral Reserves.

In the case of underground Mineral Resources, the sampling database is updated continuously with verified sampling results. From the database, the results for each face area undergo the standard statistical and geostatistical process. A block model is then generated and used to overlay the potential mining areas, which are evaluated accordingly. The Mineral Resource is thus defined in each category. Application of relevant modifying factors follows and the appropriate portion is converted to Mineral Reserves.

The entire 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 mining begins. As material is removed from the slimes dams for retreatment, the Mineral Resources and Mineral Reserves for each operation are adjusted accordingly. Continuous checks of modifying factors and ongoing surveys are conducted to monitor the rate of depletion and the accuracy of factors used in conversion.

INDEPENDENT REVIEW

DRDGOLD’s statements of Mineral Resources and Mineral Reserves are independently reviewed by Red Bush Geoservices Proprietary Limited (Red Bush) for compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), the National Instrument (NI) 43-101 and the United States SEC Industry Guide 7.

Red Bush is an exploration, mining and resource consulting firm, which has been providing services and advice to the mineral industry internationally.

The review report for the operations was conducted by Kathleen Body (PrSciNat) and Dr Steven Rupprecht (PrEng). Red Bush has the appropriate qualifications, experience, competence and independence to be considered an independent “competent person” or “qualified person” in terms of the definitions included in the SAMREC Code, NI 43-101 and SEC Industry Guide 7.

MINERAL RESERVES AND MINERAL RESOURCES CONTINUED

Red Bush 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 Mineral Resources to Mineral Reserves, 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 Mineral Reserves, is based on information compiled by the competent person, who has provided written consent for the disclosure as presented in this document and confirm that these disclosures are in compliance with the SAMREC Code and Section 12.11 of the JSE listing requirements.

Gary John Viljoen¹, an independent contractor to DRDGOLD, is the designated competent person, in terms of the SAMREC Code, responsible for 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 determination of Mineral Reserves and Mineral Resources under SAMREC is R591 697/kg (US\$1 293/oz and R 14.71/US\$) as at 30 April 2016. 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 R466 777/kg (US\$1 226/oz and R12.27/US\$).

All Mineral Resources declared in this report are inclusive of Mineral Reserves.

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

OTHER KEY ASSUMPTIONS

Mineral Resources

Mining – the assumption is that the current mining method is suitable for all dumps. No selective mining will take place – the entire dump is processed and the average grade of the dump must be above cut-off grade.

Processing – the assumption is that the current extraction process is suitable.

Assumptions on cut-off per Mineral Resource area includes working costs, the average plant recovery, the expected residue grade per Mineral Resource area, the required yield based on working cost and gold price and the required head grade minimum based on the required yield and residue grade.

Mineral Reserves

In addition to the Mineral Resource assumptions, infrastructure must be in place or planned to access dumps and dispose of residues.

EXPLORATION

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

EXPLORATION PROPERTIES

ERPM EXTENSIONS 1 AND 2³

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 Mineral Resource for ERPM Extension 1 is 37.4Mt at 7.08g/t containing 8.48Moz 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 Mineral Resource for Extension 2 is 28.6Mt at 9.06g/t containing 8.32Moz of gold.

In line with the group's strategy to exit underground mining operations, management committed to a plan to sell certain 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 expected within 12 months (refer note 15 in AFS).

¹: 8 Drostdy Street, Freeway Park, Boksburg 1459

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

³: See operational map on page 7

MINERAL RESERVES AND MINERAL RESOURCES CONTINUED



MINERAL RESOURCES – 30 JUNE 2016

	MEASURED				INDICATED			
	Tonnes (Mt)	Grade (g/t)	Contents (Au tonnes)	Contents (Moz)	Tonnes (Mt)	Grade (g/t)	Contents (Au tonnes)	Contents (Moz)
ERPM* (100%)								
Underground	4.65	7.168	33.34	1.07	11.95	8.024	95.86	3.08
Total	4.65	7.168	33.34	1.07	11.95	8.024	95.86	3.08
Ergo (100%)								
Surface	161.90	0.292	47.25	1.52	547.83	0.274	150.27	4.83
Total	161.90	0.292	47.25	1.52	547.83	0.274	150.27	4.83
EMO and DRDGOLD (100%)								
Underground	4.65	7.168	33.34	1.07	11.95	8.024	95.86	3.08
Surface	161.90	0.292	47.25	1.52	547.83	0.274	150.27	4.83
Total	166.55	0.484	80.59	2.59	559.78	0.440	246.13	7.91

	INFERRED				TOTAL			
	Tonnes (Mt)	Grade (g/t)	Contents (Au tonnes)	Contents (Moz)	Tonnes (Mt)	Grade (g/t)	Contents (Au tonnes)	Contents (Moz)
ERPM* (100%)								
Underground	160.62	6.725	1 080.17	34.73	177.22	6.824	1 209.38	38.88
Total	160.62	6.725	1 080.17	34.73	177.22	6.824	1 209.38	38.88
Ergo (100%)								
Surface	846.60	0.200	169.08	5.44	1 556.33	0.236	366.60	11.79
Total	846.60	0.200	169.08	5.44	1 556.33	0.236	366.60	11.79
EMO and DRDGOLD (100%)								
Underground	160.62	6.725	1 080.17	34.73	177.22	6.824	1 209.38	38.88
Surface	846.60	0.200	169.08	5.44	1 556.33	0.236	366.60	11.79
Total	1 007.22	1.240	1 249.25	40.17	1 733.55	0.909	1 575.98	50.67

* Disposed of, subject to regulatory approval

MINERAL RESERVES AND MINERAL RESOURCES CONTINUED

MINERAL RESERVES – 30 JUNE 2016

	PROVED Delivered to plant				PROBABLE Delivered to plant				TOTAL MINERAL RESERVES Delivered to plant			
	Tonnes (Mt)	Grade (g/t)	Contents (Au tonnes)	Contents (Moz)	Tonnes (Mt)	Grade (g/t)	Contents (Au tonnes)	Contents (Moz)	Tonnes (Mt)	Grade (g/t)	Contents (Au tonnes)	Contents (Moz)
Ergo and DRDGOLD (100%)												
Surface	127.72	0.307	39.246	1.26	43.21	0.416	17.989	0.58	170.93	0.335	57.23	1.84
Total	127.72	0.307	39.246	1.26	43.21	0.416	17.989	0.58	170.93	0.335	57.23	1.84



*"We promote discipline,
transparency, accountability,
responsibility and fairness."*



CORPORATE GOVERNANCE AND REMUNERATION

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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.

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.

1: The CVs of each director can be found on page 54

THE BOARD OF DIRECTORS¹

In line with the requirements of King III, DRDGOLD has a unitary Board and approximately 70% of the members are independent.

The Chairman is an independent non-executive director and is impartial and objective in performing his duties. The appointment of the Chairman is in full compliance with King III.

The Audit and Risk Committee satisfied itself that CFO Riaan Davel has the necessary expertise and experience. On 24 August 2016, 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.



GOVERNANCE CONTINUED

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, shortlisted 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 annual general meeting (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 non-executive directors 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 of 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

ATTENDANCE BY DIRECTORS AT THE BOARD MEETINGS HELD DURING FY2016

Director	Designation	26 Aug 2015	17 Sept 2015	21 Oct 2015	11 Feb 2016	25 Apr 2016
DJ Pretorius	Chief Executive Officer	✓	✓	✓	✓	✓
AJ Davel	Chief Financial Officer	✓	✓	✓	✓	✓
GC Campbell	Independent non-executive Chairman	✓	✓	✓	#	✓
JA Holtzhausen	Independent non-executive	✓	✓	✓	✓	✓
EA Jeneker	Independent non-executive	✓	✓	✓	✓	✓
J Turk	Independent non-executive	✓	✓	✓	✓	✓

✓ Includes attendances through teleconference or video conference facilities

Apology

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 non-executive directors 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.

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.

GOVERNANCE CONTINUED

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 non-executive directors for service on the committees is determined by the shareholders on the recommendation of the Board.

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 on page 19

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 FY2016.

ANNUAL FINANCIAL STATEMENTS

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 Financing 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 group financial statements fairly present the financial position as at 30 June 2016 and the financial performance and cash flows for the year then ended.

For more information download the AFS 2016 PDF

The directors have reviewed the group's business plan and cash flow forecast for the year ending FY2017. 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.

For more information download the Appendix: Governance PDF

"The directors are of the opinion that the group financial statements fairly present the financial position as at 30 June 2016 and the financial performance and cash flows for the year then ended."

DIRECTORS AND MANAGEMENT

BOARD: NON-EXECUTIVE DIRECTORS



**Geoffrey Campbell
(55)**

BSc (Geology)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Chairman (Nominations):
Nominations and Remuneration Committee

Member: Audit and Risk Committee

[View biography](#)



**Johan Holtzhausen
(70)**

BSc, BCompt (Hons), CA (SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman: Audit and Risk Committee

Member: Nominations and Remuneration Committee

[View biography](#)



**Edmund Jeneker
(54)**

*Chartered Director (SA)
B.Hons (StellUniv), IEDP (Wits), M.Inst.D., SAIPA*

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman: Social and Ethics Committee

Chairman (Remuneration):
Nominations and Remuneration Committee

Member: Audit and Risk Committee

[View biography](#)



**James Turk
(69)**

BA (International Economics)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member: Audit and Risk Committee

Member: Nominations and Remuneration Committee

[View biography](#)

EXECUTIVE DIRECTORS



**Niël Pretorius
(49)**

BProc, LLB

CHIEF EXECUTIVE OFFICER

Member:
Social and Ethics Committee

[View biography](#)



**Riaan Davel
(40)**

CA (SA), BCom (Hons), M Com

CHIEF FINANCIAL OFFICER

Member:
Social and Ethics Committee

[View biography](#)

THE DRDGOLD
DIRECTORS
HAVE OVER
120 YEARS
of experience in
the mining industry

DIRECTORS AND MANAGEMENT CONTINUED

MANAGEMENT



**Reneiloe Masemene
(35)**
LLB, LLM

COMPANY SECRETARY,
GROUP LEGAL COUNSEL
AND PRESCRIBED OFFICER

[View biography](#)



**Thulo Mogotsi Moletsane
(48)**
BA, LLB

SUSTAINABLE
DEVELOPMENT
DIRECTOR: ERGO
MINING OPERATIONS
PROPRIETARY LIMITED

[View biography](#)



**Moltin Paseka Ncholo
(53)**
LLB, LLM

NON-EXECUTIVE
DIRECTOR: ERGO
MINING OPERATIONS
PROPRIETARY LIMITED

[View biography](#)



**Jaco Schoeman
(42)**
National Diploma
(Analytical Chemistry),
BTech (Analytical
Chemistry)

OPERATIONS
DIRECTOR: ERGO
MINING OPERATIONS
PROPRIETARY LIMITED

Member:
Social and Ethics
Committee

[View biography](#)



**Charles Symons
(62)**
BCom, MBL, Dip
Extractive Metallurgy

DIRECTOR: ERGO
MINING OPERATIONS
PROPRIETARY LIMITED

Chairman: Oversight
Committee

[View biography](#)

THE DRDGOLD
MANAGEMENT
TEAM HAS OVER

70 YEARS

of experience in
the mining industry

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 non-executive directors 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 with the company's business strategy, performance, objectives and results
- pay practices that 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
- 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 non-executive directors. 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 others, the Remuneration and Nominations Committee considers salaries, performance-based incentives and the eligibility and performance measures of the DRDGOLD incentive schemes for senior management.

REMUNERATION STRATEGY: EXECUTIVES AND SENIOR MANAGERS

Our business strategy describes the vision, mission and indicators of performance success of the company. In determining the remuneration of executives and senior corporate staff, we are guided by the performance indicators in our business strategy and by competitive market levels of remuneration.

Our remuneration strategy encourages a long-term approach to decision-making and helps to guard against decisions focused on short-term results that might compromise longer-term performance, sustainability or shareholder interests.

The demands of our business dictate that we employ skilled executives, managers and professionals who perform at the highest level.

Remuneration plays a key role in facilitating the attraction, engagement, motivation and retention of such individuals. The company's success depends upon a motivated leadership and staff.

In addition, remuneration helps to communicate strategic imperatives and to align the goals of teams

and individuals with those of the organisation, thereby supporting continuous sustainable improvement and shareholder returns.

The DRDGOLD remuneration structures are based on South African National and Mining Sector market data.

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 within and between occupational levels.

All remuneration practices of DRDGOLD are fully compliant with the relevant legislation and codes of good practice.

The key features of our practices in terms of this strategy are:

- alignment with business strategy and motivation of continuous sustainable performance improvement
- focus on creating value for the company in the long term
- internal equity where pay differences are based on fair and objective criteria
- performance management processes that recognise contribution and guide further development and career advancement
- within the parameters of employment and employees' tax laws as well as company policy, flexibility for individual choice in the mix of remuneration and benefit elements.

REMUNERATION REPORT CONTINUED

The provisions of the remuneration strategy and related policies apply to all permanent employees of DRDGOLD Limited, employed in jobs outside the bargaining unit (Paterson DU and above or DRDGOLD Grade 19 and above).

It is our practice to negotiate remuneration and other terms and conditions of employment, of people whose jobs are located within the bargaining unit, with the unions involved.

The total remuneration and reward approach of DRDGOLD senior employees is summarised in the following table.

“DRDGOLD aims to be fair and responsible in its remuneration policies.”

COMPONENT	STRATEGIC INTENT
ANNUAL ALL-INCLUSIVE PACKAGE	
Cash component, all company and individual contributions to retirement funds, medical aid, structured allowances and accommodation	• Attraction of skilled high-performance people • Retention
OTHER BENEFITS	
Motor vehicle insurance, group life assurance	• Risk mitigation
REWARD	
Short-term incentive scheme	• Motivation • Retention • Performance improvement • Communication of strategic imperatives
Long-term incentive scheme	• Motivation • Alignment with business strategy and shareholders' interests • Retention
RECOGNITION	
Informal recognition and celebration of achievement	• Identification/belonging • Team spirit • Motivation
Formal awards for recognition of extraordinary achievement and service above and beyond the call of duty	• Create role models • Motivation • Acknowledge contribution of employees' families



REMUNERATION REPORT CONTINUED

All-inclusive Package

The All-inclusive Package is determined by the need to attract and retain the skills and competencies required in the organisation. Job grades, reflecting the level of responsibility and conceptual complexity of job roles, are established through the application of the Paterson methodology, which is used throughout the mining sector. Benchmarking is conducted annually to ensure the fairness and market competitiveness of all-inclusive packages at the different job levels. Benchmarking is against norms for the South African market as a whole and the mining sector. Within a range applicable to the job level, individual remuneration is decided with reference to compensable factors, which are neither arbitrary nor discriminatory in terms of the Employment Equity Regulations and the Employment Equity Act.

Performance reward and recognition

Performance reward and recognition are determined by the need to engage staff fully and motivate them to reach and maintain the levels of performance required to support continuous sustainable improvement at team and individual levels.

Performance rewards are contingent upon performance and the amount of any award made depends on the level of performance.

Short-term Incentive

The CEO and CFO participate in a Short-term Incentive (STI) scheme based on individual key performance areas (KPA's) and key performance indicators (KPIs) as well as short-term performance measurements of the Company with reference to targets set as agreed with the Executives and the Remuneration Committee (REMCO) annually in advance.

On 27 August 2015, REMCO of DRDGOLD approved the revised management STI for all employees in jobs graded 19 (Paterson DU) and above. All Corporate employees are eligible to participate in a separate STI, which is funded by corporate performance against performance measures and modifiers, decided annually in advance, and paid *pro-rata* to target STI quanta and individual achievement against agreed goals (the performance rating in terms of the performance management system).

All STI payments are contingent upon performance at corporate and individual levels, and maximum formulaic pay-outs are, in terms of the rules of the scheme, capped at levels consistent with the market norms.

A discretionary portion of the senior management STI pool is withheld for the once-off financial recognition of extraordinary performance achievement.

Long-term Incentive

On 4 November 2015, DRDGOLD's REMCO approved an allocation of phantom shares in respect of the revised management Long-term Incentive scheme, which is driven by share price performance and individual performance, and is based on phantom share allocations.

The vesting of any shares allocated is staggered over a five-year period commencing in the third year after the allocation is granted in line with King recommendations.

The objectives of the DRDGOLD long-term incentive scheme are to drive the longer-term strategies of DRDGOLD, to align participants' interests with shareholders' interests, to incentivise and motivate participants, to attract and retain scarce human resources and to reward superior performance by the company and participants.

REMCO reviews the incentive scheme each year in order to ensure that the correct strategies of DRDGOLD are being driven by the incentive scheme and will make changes to the incentive scheme that they believe fit in order to ensure that the strategies of the company will be driven by the incentive scheme. REMCO has the authority to amend in part or in its entirety, or withdraw the Long-term Incentive scheme at any time.

Recognition

The company may recognise senior employees who perform exceptional service, above and beyond the "call of duty". Recognition is generally in the form of vouchers, which are intended to benefit both the employees and their families.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

On 5 February 2013 and 10 September 2015, 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 non executive directors and predicted increases for all non executive directors across the industries. Following the Deloitte report, a remuneration policy was prepared to set the standard and give guidance on the remuneration of non executive directors. Some of the features of that policy are:

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

REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors are paid fixed retainers. They do not participate in the short- or the long-term incentive scheme as participation could be seen to compromise their independence and the impartiality of their oversight role.

Non-executive directors' fees are benchmarked annually against national market and mining sector non-executive director fees.

The fees paid to non executive directors 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
- Non executive directors' 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
- Chairs of committees also receive the members fee of R21 832
- Daily fee: R21 832, hourly rate: R2 911, for *ad hoc* services
- Half-day fee for participating by telephone in special Board meetings
- Chairman of the Board receives committee fees

Fees for non-executive directors are considered annually and there were no increases in FY2014 and FY2015.

DIRECTORS' SERVICE CONTRACTS

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

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

DRDGOLD DIRECTORS' TERMS OF SERVICE

Director	Title	Date of appointment	Unexpired term of service contract as at 30/6/2016
DJ Pretorius	Chief Executive Officer	1/7/2015	24 months
AJ Davel	Chief Financial Officer	1/1/2015	18 months
GC Campbell	Non-executive Chairman	1/11/2015	16 months
J Turk	Non-executive director	1/11/2014	4 months
EA Jeneker	Non-executive director	1/11/2015	16 months
J Holtzhausen	Non-executive director	25/4/2016	22 months



REMUNERATION REPORT CONTINUED

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

	2016				2015		
	Remuneration paid during the year R'000	Pre-tax gain on share options exercised R'000	Incentives related to this cycle R'000	Total remuneration related to this cycle R'000	Remuneration paid during the year R'000	Incentives related to this cycle R'000	Total remuneration related to this cycle R'000
Company							
Executive directors							
D J Pretorius	5 478	–	4 988	10 466	5 544	3 588	9 132
F D van der Westhuizen	–	–	–	–	2 079	–	2 079
A T Meyer	–	–	–	–	893	–	893
A J Davel	3 077	–	2 949	6 026	1 427	1 096	2 523
	8 555	–	7 937	16 492	9 943	4 684	14 627
Non-executive directors							
G C Campbell	1 499	–	–	1 499	1 453	–	1 453
R P Hume	–	–	–	–	262	–	262
J Turk	672	–	–	672	676	–	676
E A Jeneker	869	–	–	869	763	–	763
J Holtzhausen	703	–	–	703	690	–	690
	3 743	–	–	3 743	3 844	–	3 844
Group							
Prescribed officers							
C M Symons ⁽¹⁾	3 059 ⁽²⁾	–	2 668	5 727	3 256 ⁽²⁾	1 144	4 400
T J Gwebu	–	–	–	–	3 446	–	3 446
W J Schoeman	2 929	304	2 949	6 182	3 072	2 187	5 259
R Masemene	1 968	55	1 360	3 383	1 768	492	2 260
	7 956	359	6 977	15 292	11 542	3 823	15 365
Total	20 254	359	14 914	35 527	25 329	8 507	33 836

⁽¹⁾ Fixed-term contract concluded on 31 July 2016.

⁽²⁾ Includes pension scheme contributions of R 329 552 (2015: R309 139).

REMUNERATION REPORT CONTINUED

DRDGOLD PHANTOM SHARE SCHEME

2016	Opening balance Number	Granted Number	Exercised Number	Exercise price R	Proceeds R	Forfeited/ lapsed Number	Closing balance Number
Company							
Executive directors							
D J Pretorius	–	2 323 009	–	–	–	–	2 323 009
A J Davel	205 207	1 305 033	(34 201)	1.90	64 845	–	1 476 039
	205 207	3 628 042	(34 201)		64 845	–	3 799 048
Group							
Prescribed officers							
C M Symons	204 757	–	(34 124)	1.90	64 703	–	170 633
W J Schoeman	451 038	1 305 033	(222 630)	2.09	464 460	–	1 533 441
R Masemene	175 632	796 460	(66 174)	2.09	138 174	–	905 918
Subtotal	831 427	2 101 493	(322 928)		667 337	–	2 609 922
Total	1 036 634	5 729 535	(357 129)		732 182	–	6 409 040
2015							
Company							
Executive directors							
F D van der Westhuizen ⁽¹⁾	172 294	–	–	–	–	(172 294)	–
A J Davel	–	205 207	–	–	–	–	205 207
	172 294	205 207	–		–	(172 294)	205 207
Group							
Prescribed officers							
C M Symons	106 425	204 757	(106 425)	1.51	160 420	–	204 757
T J Gwebu ⁽²⁾	251 749	–	(85 395)	1.47	125 879	(50 600)	115 754
W J Schoeman	372 457	205 207	(126 626)	1.48	187 066	–	451 038
R Masemene	108 564 ⁽³⁾	101 351	(34 283)	1.37	46 915	–	175 632
Subtotal	839 135	511 315	(352 729)		520 280	(50 600)	947 181
Total	1 011 489	716 522	(352 729)		520 280	(222 894)	1 152 388

⁽¹⁾ Granted prior to appointment as a director on 1 January 2014.

⁽²⁾ Retrenched 31 August 2014. Continued in office as prescribed officer on a fixed term contract basis until 31 December 2014. Closing balance phantom shares as at 31 December 2014.

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

The remuneration of executive directors and prescribed officers comprises an all-inclusive salary, short term incentives and long term incentives. Non-executive directors receive board fees which are approved at each annual general meeting of the company.

OTHER REPORTING AND ADMINISTRATION DETAILS

PAGES

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GRI INDEX

REPORTING IN LINE WITH GRI

DRDGOLD has reported in line with the Global Reporting Initiative's G4 (GRI G4) guidelines, 'in accordance' with the core option.

KPMG has provided limited assurance ^(1A) on selected information – see the Independent Assurance Provider's Limited Assurance Report on Selected Sustainability Information on page 69.

GENERAL STANDARD DISCLOSURES	Page
STRATEGY AND ANALYSIS	
G4-1: Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	4-6
ORGANISATIONAL PROFILE	
G4-3: Report the name of the organisation	3
G4-4: Report the primary brands, products and services	7-8
G4-5: Report the location of the organisation's headquarters	7
G4-6: Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	7-8
G4-7: Report the nature of ownership and legal form	7
G4-8: Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	7-11
G4-9: Report the scale of the organisation, including:	7, 15, 21
• Total number of employees • Total number of operations • Net sales (for private-sector organisations) or net revenues (for public-sector organisations) • Total capitalisation broken down in terms of debt and equity (for private-sector organisations) • Quantity of products or services provided	

GENERAL STANDARD DISCLOSURES	Page
ORGANISATIONAL PROFILE (continued)	
G4-10: Report the composition of the workforce, including:	28-30
• Total number of employees by employment contract and gender • Total number of permanent employees by employment type and gender • Total workforce by employees and supervised workers and by gender • Total workforce by region and gender • Whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors • Any significant variations in employment numbers	
G4-11: Report the percentage of total employees covered by collective bargaining agreements	28
G4-12: Describe the organisation's supply chain	27
G4-13: Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, including:	15, 23, 27
• Changes in the location of, or changes in, operations, including facility openings, closings and expansions • Changes in the share capital structure and other capital formation, maintenance and alteration operations (for private-sector organisations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	
G4-14: Report whether and how the precautionary approach or principle is addressed by the organisation	17
G4-15: List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	7, 29, 30, 35, 41, 51
G4-16: List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation:	28, 31, 33, 35
• Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	

GRI INDEX CONTINUED

GENERAL STANDARD DISCLOSURES	Page
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17:	3
a. List all entities included in the organisation's consolidated financial statements or equivalent documents	
b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	
G4-18:	3, 14, 18
a. Explain the process for defining the report content and the aspect boundaries	
b. Explain how the organisation has implemented the reporting principles for defining report content	
G4-19: List all the material aspects identified in the process for defining report content	18
G4-20: For each material aspect, report the aspect boundary within the organisation, as follows:	3
- Whether the aspect is material within the organisation - If the aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: - The list of entities or groups of entities included in G4-17 for which the aspect is not material or - The list of entities or groups of entities included in G4-17 for which the aspect is material - Report any specific limitation regarding the aspect boundary within the organisation	
G4-21: For each material aspect, report the aspect boundary outside the organisation, as follows:	3
- Whether the aspect is material outside of the organisation - If the aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the aspect is material, and describe the geographical location where the aspect is material for the entities identified - Any specific limitation regarding the aspect boundary outside the organisation	
G4-22: Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	There were no restatements this year
G4-23: Report significant changes from previous reporting periods in the scope and aspect boundaries	3

GENERAL STANDARD DISCLOSURES	Page
STAKEHOLDER ENGAGEMENT	
G4-24: Provide a list of stakeholder groups engaged by the organisation	20
G4-25: Report the basis for identification and selection of stakeholders with whom to engage	20
G4-26: Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	19
G4-27: Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting, and report the stakeholder groups that raised each of the key topics and concerns	3, 19, 20
REPORT PROFILE	
G4-28: Reporting period (such as fiscal or calendar year) for information provided	3
G4-29: Date of most recent previous report	3
G4-30: Reporting cycle (such as annual, biennial)	3
G4-31: Provide the contact point for questions regarding the report or its contents	3
G4-32:	3, 63-69
a. Report the "in accordance" option the organisation has chosen	
b. Report the GRI content index for the chosen option	
c. Report the reference to the external assurance report	
G4-33:	3, 63, 68
a. Report the organisation's policy and current practice with regard to seeking external assurance for the report	
b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided	
c. Report the relationship between the organisation and the assurance providers	
d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	

GRI INDEX CONTINUED

GENERAL STANDARD DISCLOSURES	Page
GOVERNANCE	
G4-34: Report the governance structure of the organisation, including committees of the highest governance body, and identify any committees responsible for decision-making on economic, environmental and social impacts	50-53
G4-35: Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Appendix: Governance 4
G4-36: Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Appendix: Governance 4
G4-38: Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	50 – 55, Appendix: Governance 4
G4-39: Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	51
G4-41: Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures	51, 59
HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY	
G4-42: Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Appendix: Governance 4

GENERAL STANDARD DISCLOSURES	Page
GOVERNANCE (continued)	
HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION	
G4-43: Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Appendix: Governance 4
G4-44: - Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment - Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	Appendix: Governance 6
HIGHEST GOVERNANCE BODY'S ROLE IN RISK MANAGEMENT	
G4-45: - Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes - Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	17, Appendix: Governance 2, 5-9
G4-46: Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	17
G4-47: Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	17
HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING	
G4-48: Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	3, Appendix: Governance 10
HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE	
G4-49: Report the process for communicating critical concerns to the highest governance body	19
G4-50: Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	18, 20

GENERAL STANDARD DISCLOSURES	Page
GOVERNANCE (continued)	
HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE (continued)	
G4-51:	56-61
a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:	
• Fixed pay and variable pay:	
• Performance-based pay	
• Equity-based pay	
• Bonuses	
• Deferred or vested shares	
• Sign-on bonuses or recruitment incentive payments	
• Termination payments	
• Clawbacks	
• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees	
b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	
G4-52: Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management, and report any other relationships which the remuneration consultants have with the organisation	28, 56-61
ETHICS AND INTEGRITY	
G4-56: Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	53
G4-57: Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	53
G4-58: Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	53

SPECIFIC STANDARD DISCLOSURES	
DISCLOSURE ON MANAGEMENT APPROACH (DMA) AND INDICATORS	
CATEGORY: ECONOMIC	
ASPECT: ECONOMIC PERFORMANCE	
G4-EC1: Direct economic value generated and distributed	23
ASPECT: INDIRECT ECONOMIC IMPACTS	
G4-EC7: Development and impact of infrastructure investments and services supported	27, 35, 37-40
G4-EC8: Significant indirect economic impacts, including the extent of impacts	27, 35, 37-41
ASPECT: PROCUREMENT PRACTICES	
G4-EC9: Proportion of spending on local suppliers at significant locations of operation	27, 38
CATEGORY: ENVIRONMENTAL	
ASPECT: MATERIALS	
G4-EN1: Materials used by weight or volume	42
ASPECT: ENERGY	
G4-EN3: Energy consumption within the organisation	42
G4-EN4: Energy consumption outside of the organisation	42
G4-EN6: Reduction of energy consumption	42
ASPECT: WATER	
G4-EN8: Total water withdrawal by source	43-44
G4-EN9: Water sources significantly affected by withdrawal of water	43-44
G4-EN10: Percentage and total volume of water recycled and reused	44
ASPECT: BIODIVERSITY	
MM1: Amount of land (owned or leased and managed for production activities or extractive use) disturbed or rehabilitated	5, 41, 45
MM2: The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	41, 45

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SPECIFIC STANDARD DISCLOSURES	
DISCLOSURE ON MANAGEMENT APPROACH (DMA) AND INDICATORS	
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G4-EN15: Direct greenhouse gas (GHG) emissions (Scope 1)	42
G4-EN16: Energy indirect GHG emissions (Scope 2)	42
G4-EN17: Other indirect GHG emissions (Scope 3)	42
G4-EN19: Reduction of GHG emissions	42
ASPECT: EFFLUENTS AND WASTE	
G4-EN22: Total water discharge by quality and destination	43-44
G4-EN24: Total number and volume of significant spills	43
G4-EN26: Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	43-44
MM3: Total amounts of overburden, rock, tailings, and sludges and their associated risks	44-45
ASPECT: COMPLIANCE	
G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	41
G4-EN31: Total environmental protection expenditures and investments by type	41
CATEGORY: SOCIAL – LABOUR PRACTICES AND DECENT WORK	
ASPECT: EMPLOYMENT	
G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region	28-30
G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	29
ASPECT: LABOUR/MANAGEMENT RELATIONS	
G4-LA4: Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	28-29
MM4: Number of strikes and lock-outs exceeding one week's duration, by country	29/None

SPECIFIC STANDARD DISCLOSURES	
DISCLOSURE ON MANAGEMENT APPROACH (DMA) AND INDICATORS	
CATEGORY: SOCIAL – LABOUR PRACTICES AND DECENT WORK (continued)	
ASPECT: OCCUPATIONAL HEALTH AND SAFETY	
G4-LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	30
G4-LA6: Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalities, by region and by gender	32-33
G4-LA7: Workers with high incidence or high risk of diseases related to their occupation	33
ASPECT: TRAINING AND EDUCATION	
G4-LA9: Average hours of training per year per employee by gender, and by employee category	34
G4-LA10: Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	34-36
G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	35-36
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY	
G4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	7, 29-30, 54, 55
ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES	
G4-LA15: Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	27, 30
ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS	
G4-LA16: Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	29

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SPECIFIC STANDARD DISCLOSURES	
DISCLOSURE ON MANAGEMENT APPROACH (DMA) AND INDICATORS	
CATEGORY: SOCIAL – HUMAN RIGHTS	
ASPECT: INVESTMENT	
G4-HR1: Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	29
ASPECT: NON-DISCRIMINATION	
G4-HR3: Total number of incidents of discrimination and corrective actions taken	30
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	
G4-HR4: Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	28-29
ASPECT: ASSESSMENT	
G4-HR9: Total number and percentage of operations that have been subject to human rights reviews or impact assessments	29

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DISCLOSURE ON MANAGEMENT APPROACH (DMA) AND INDICATORS	
CATEGORY: SOCIAL – SOCIETY	
ASPECT: LOCAL COMMUNITIES	
G4-SO1: Percentage of operations with implemented local community engagement, impact assessments and development programmes	19-20, 37-40
G4-SO2: Operations with significant actual or potential negative impacts on local communities	18-20, 37, 40, 41-45
ASPECT: ANTI-CORRUPTION	
G4-SO3: Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	53
G4-SO4: Communication and training on anti-corruption policies and procedures	53
G4-SO5: Confirmed incidents of corruption and actions taken	53
ASPECT: COMPLIANCE	
G4-SO8: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	41, 53
ASPECT: CLOSURE PLANNING	
MM10: Number and percentage of operations with closure plans	41, 45

INDEPENDENT ASSURANCE STATEMENT

INDEPENDENT ASSURANCE PROVIDER'S LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION

To the Directors of DRDGOLD Limited

We have undertaken a limited assurance engagement on selected sustainability information, as described below, and presented in the 2016 Integrated Annual Report of DRDGOLD Limited ("DRDGOLD") for the year ended 30 June 2016 ("the Report"). This engagement was conducted by a multidisciplinary team including social, environmental, carbon and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We are required to provide limited assurance on the selected sustainability information set out in the table below and marked with a ^{1A} on the relevant pages in the Report. The selected sustainability information described below has been prepared in accordance with the GRI Sustainability Reporting Guidelines, supported by DRDGOLD's internally developed guidelines (collectively referred to as "DRDGOLD's reporting criteria").

Table 1: Scope of the 2016 limited assurance engagement

Category	Selected Sustainability Information	Coverage/reporting boundary
Natural Capital	Total water used	Ergo Mining Proprietary Limited ("Ergo"), the reclamation operation owned and managed by DRDGOLD
	Total potable water consumed	
	Energy and fuel used	
	Direct CO ₂ e (Scope 1) emissions	
	Indirect CO ₂ e (Scope 2) emissions	
	Total CO ₂ e emissions	
	Total dust exceedances	
	Number of reportable environmental incidents	
Human Capital	Cyanide	DRDGOLD Annual Financial Statements
	Fatalities	
	Lost Time Injury Frequency Rate (LTIFR)	
Social Capital	Reportable Injury Frequency Rate (RIFR)	DRDGOLD Annual Financial Statements
	Rand value spent on socio-economic development projects	
Financial Capital	Value-Added Statement and economic value to employees	DRDGOLD Annual Financial Statements

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information in accordance with DRDGOLD's reporting criteria. This responsibility includes the identification of stakeholders

and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that are free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and all other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors ("IRBA") that is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Part A and B)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly maintain comprehensive systems of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance

INDEPENDENT ASSURANCE STATEMENT CONTINUED

Engagements ("ISAE") 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of DRDGOLD's use of its reporting criteria as the basis of preparation for the selected sustainability information, assessing the areas of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Conducted interviews with relevant key personnel and data owners to understand data collection and report preparation processes, as well as the associated key controls;
- Inspected supporting documentation and performed analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected KPIs;
- Undertook site visits to Ergo, which was the central site; and
- Evaluated whether the selected sustainability information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at DRDGOLD.

The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether DRDGOLD's selected sustainability information is prepared, in all material respects, in accordance with DRDGOLD's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that for the year ended 30 June 2016, the selected sustainability information set out in the table above is not prepared, in all material respects, in accordance with DRDGOLD's reporting criteria.

Other Matters

The maintenance and integrity of the DRDGOLD Website is the responsibility of DRDGOLD's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the DRDGOLD Website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the Directors of DRDGOLD in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than DRDGOLD, for our work, for this report, or for the conclusion we have reached.

KPMG Services Proprietary Limited
Per Neil Morris

Chartered Accountant (SA)
Registered Auditor
Director
KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

21 September 2016

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
Johannesburg 2092
South Africa

PO Box 390
Maraisburg 1700
South Africa

Tel: +27 (0)11 470 2600
Fax: +27 (0)86 524 3061

OPERATIONS

Ergo Mining

PO Box 390
Maraisburg 1700
South Africa

Tel: +27 (0)11 742 1003
Fax: +27 (0)11 743 1544

East Rand Proprietary Mines

PO Box 2227
Boksburg 1460
South Africa

Tel: +27 (0)11 742 1003
Fax: +27 (0)11 743 1544

DIRECTORS

Geoffrey Campbell*
Niël Pretorius
Riaan Davel
Johan Holtzhausen*
Edmund Jeneker*
James Turk*

* Independent non-executive

COMPANY SECRETARY

Reneiloe Masemene
Tel: +27 (0)11 470 2600
Fax: +27 (0)86 524 3061

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
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

SHARE TRANSFER SECRETARIES

South Africa

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

United Kingdom

Capita Asset Services
34 Beckenham Road
Beckenham BR3 4TU
United Kingdom
Tel: +44 (0)871 664 0300

Australia

Computershare
Level 11
172 St Georges Terrace
Perth
WA 6000
Australia
Tel: +61 08 9323 2000
Fax: +61 08 9323 2033

ADR depositary

The Bank of New York Mellon Corporation
(BNY 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

JSE SPONSOR

One Capital

17 Fricker Road
Illovo 2196
South Africa
Tel: +27 (0)11 550 5000
Fax: +27 (0)86 538 4299

AUDITOR

KPMG Inc

Suite 301
Secunda Medforum Building
Heunis Street
Secunda 2302
South Africa
Tel: +27 (0)17 634 2175
Fax: +27 (0)17 001 7500

ATTORNEYS

ENSafrica
Malan Scholes
Mendelow Jacobs
Norton Rose Fulbright South Africa
Skadden, Arps, Slate, Meagher and Flom

BANKERS

Standard Bank of South Africa
ABSA Capital

WEBSITE

www.drdgold.com