DRDGOLD LIMITED

ANNUAL INTEGRATED REPORT 2016

CONTENTS

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*
- *Previous page*
- *Next page*

CONTENT NAVIGATION

- *Interactive content*
- *Website link*
- *Bookmark link*
- *Video link*

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.

"Our successful business performance relies on a holistic approach."

DRDGOLD LIMITED

INTRODUCTION

PAGES
2-9

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 stakeholders[1].

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 Limited[4].

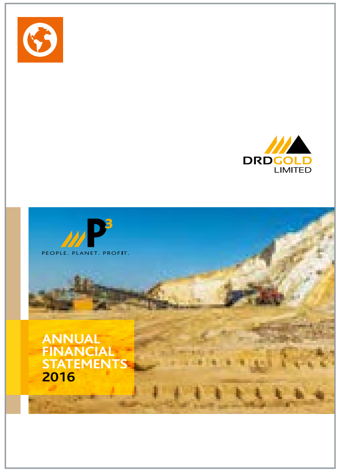
Queries should be addressed to:

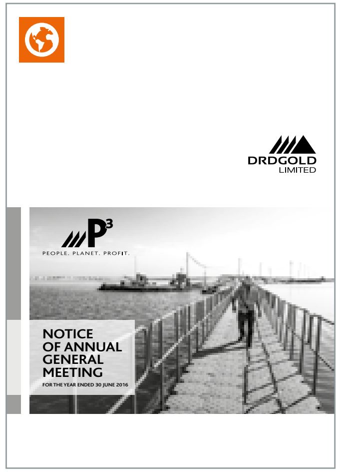
Riaan Davel
Chief Financial Officer
Tel: +27 (0)11 470 2608
Email: riaan.davel@drdgold.com

* *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 flow[1] 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 need more space to deposit the tailings from the additional material we will be mining and treating in years to come.

Our work to improve the communities in which we operate continues with socio-economic development spend at a total cost of R23.1 million in the year to June 2016, up 19% from the previous year. Engaging with and contributing to our local communities creates a sense of mutual respect between DRDGOLD and the local stakeholders, and we believe that it offers value to all parties. We also continued the important work on improving the environment, with fewer dust exceedances and increased use of waste water.

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.

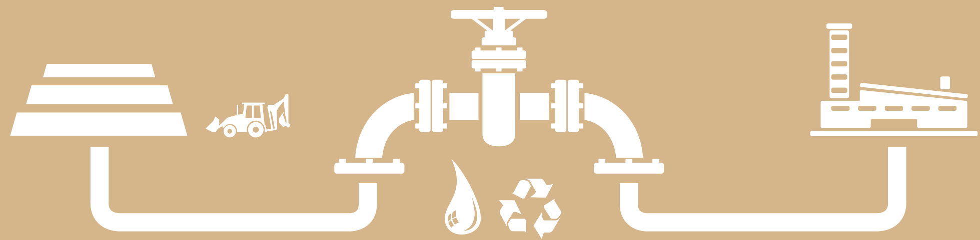
Being first and foremost a business enterprise, our primary stakeholder remains our shareholder base. It is their capital that we apply to set up infrastructure, hire staff and grow the business. The principal reason it is entrusted to us, is to generate an acceptable return. Against this backdrop, the 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



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.

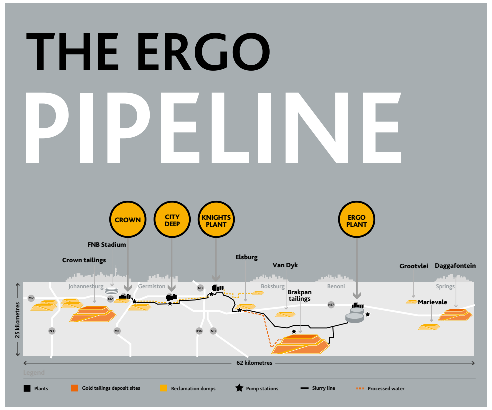
GROUP STRUCTURE

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



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 JSE

Secondary listing NYSE

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**

PAGES 10-21

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

P³

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

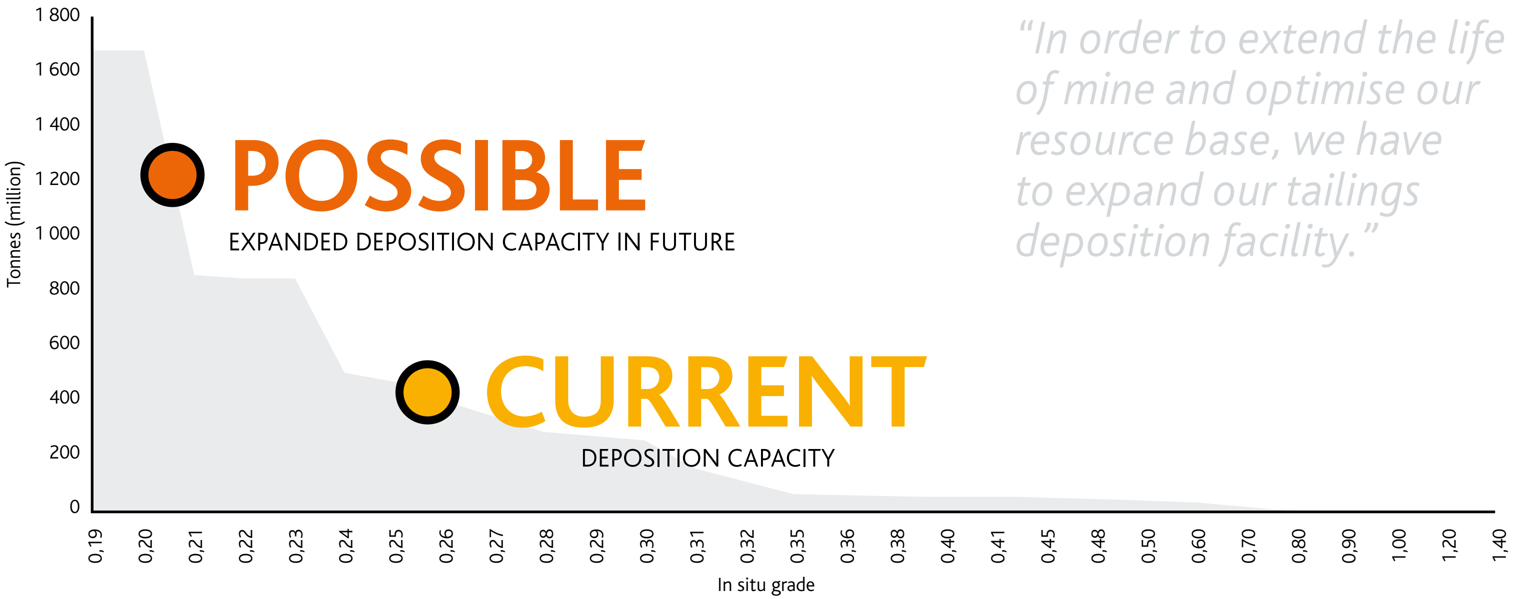
A central focus from 2015 to 2016 has been effective management of our resources.

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 away[1], 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."

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 P^3 philosophy[1] 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 P^3 philosophy on page 11

OUR STRATEGIC FOCUS

LARGE SURFACE GOLD RESOURCES

LOW HEALTH AND SAFETY RISKS

COMPETITIVE ADVANTAGE PROVIDED BY A COMBINATION OF RESOURCES:

- **Plant**
- **Infrastructure and pipeline network**
- **Deposition capacity**
- **Water**
- **Technology and skills set**
- **Strong, experienced management team**
- **Relatively small workforce**
- **Automated 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 issues[1] 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

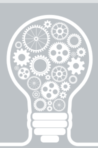
FOCUS AREA	INTENTION	PERFORMANCE INDICATORS	PROGRESS – SHORT TERM	2016	2015
Optimal exploitation of large surface gold resource	Sustainably retreat our large surface gold resource	Total value distributed	26% increase in total value distributed year-on-year	**R2 368 million[LA]**	R1 872 million[LA]
		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*

WHAT HAVE WE ACHIEVED?

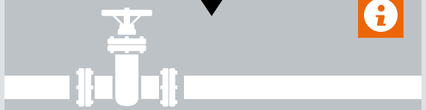
Our value chain consists of two elements – mining waste and producing doré bars.

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.



HOW DID WE DO IT?

Inputs

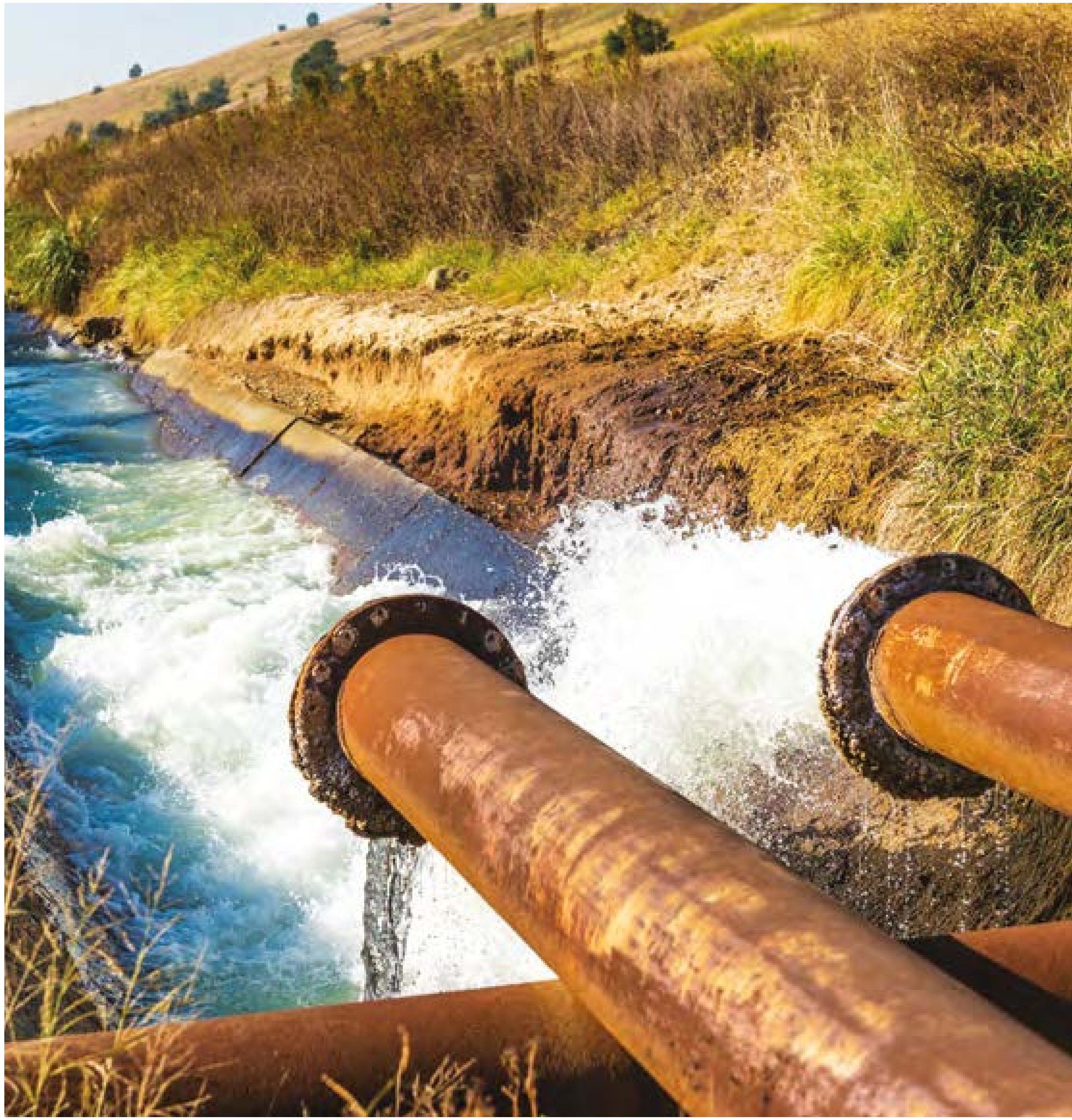


WHAT DID WE DO?

Business activities

WHAT IS THE OUTCOME?

Outputs



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.

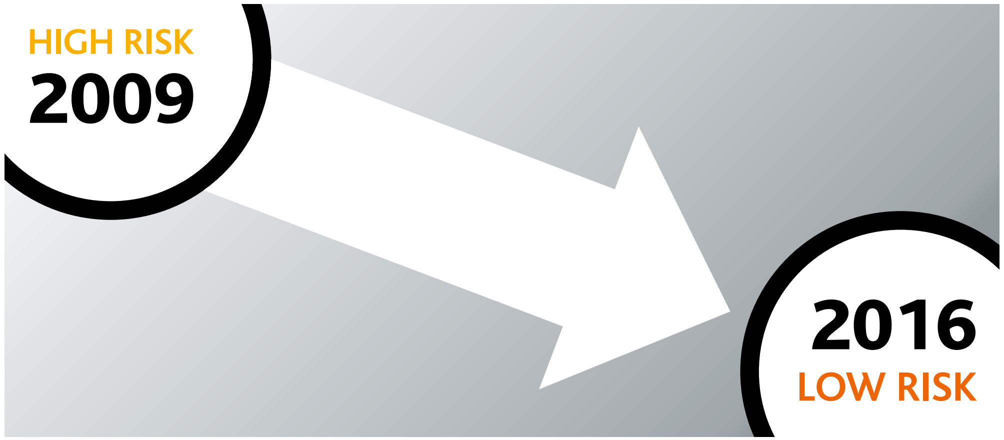
RISK MANAGEMENT

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

INTERNAL OPPORTUNITIES AND RISKS

EXTERNAL OPPORTUNITIES AND RISKS

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 (P^3) – 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 capital[1]);

Embracing and developing technology and focusing on innovation (manufactured capital[2]);

Conserving the natural environment (natural capital[3]);

Looking after our people (human capital[4]); and

Supporting neighbouring communities (social and relationship capital[5]).

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 timeous 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

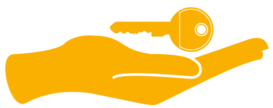
- Works to create value on these investments with regard to market listings and regulations
- Ensures social and labour plans (SLPs) are in place
- Has regular communication with government regarding mining, water, environmental affairs, education and labour

Communication tools and methods

- 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

Provision of key information

- 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

	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 527L[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 ('000m³)	**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

[LA] Limited assurance
** No assurance provided*
 # Less than 1 cent

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

DRDGOLD LIMITED

VALUE **CREATION**

PAGES 22-49

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).

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.

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.

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

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.

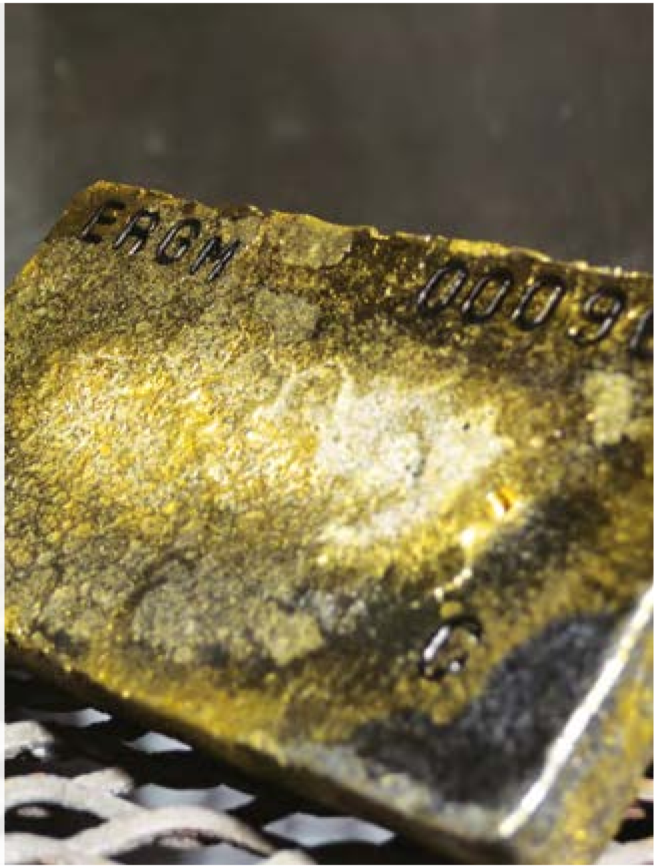
"The Ergo strategy to achieve optimal exploitation of its mineral resource requires a R&D team and the use of available technology."

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 review[1], 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

	PERMANENT	SPECIALIST SERVICE-PROVIDERS
FY2016	924	1 560
FY2015	941	1 426

EMPLOYEE TURNOVER	
FY2016	77
FY2015	107

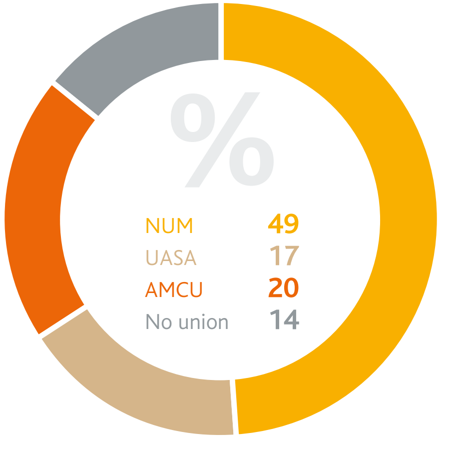
WAGE AGREEMENT

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.

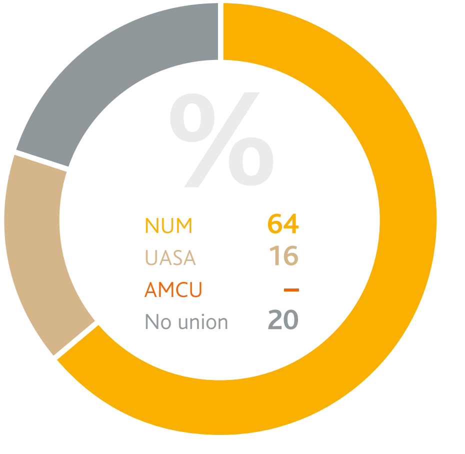
A two-year wage settlement was reached with the National Union of Mineworkers (NUM) and the United Association of South Africa (UASA) in August 2016 for a wage increase averaging 8.2%.

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

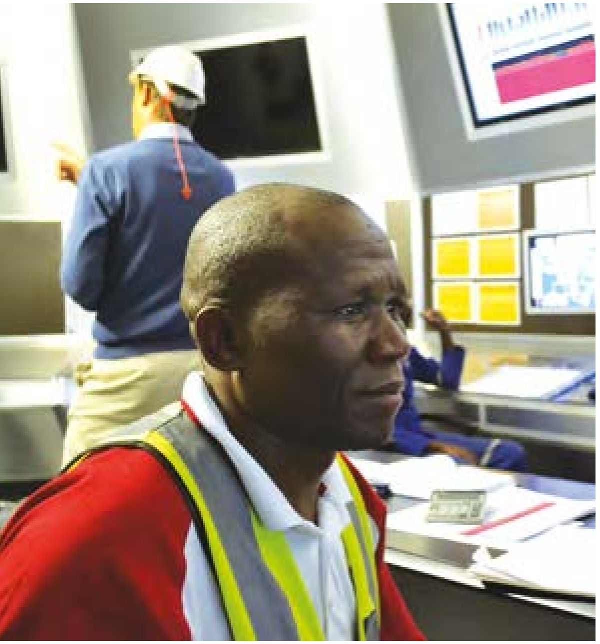
Union representation 2016



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

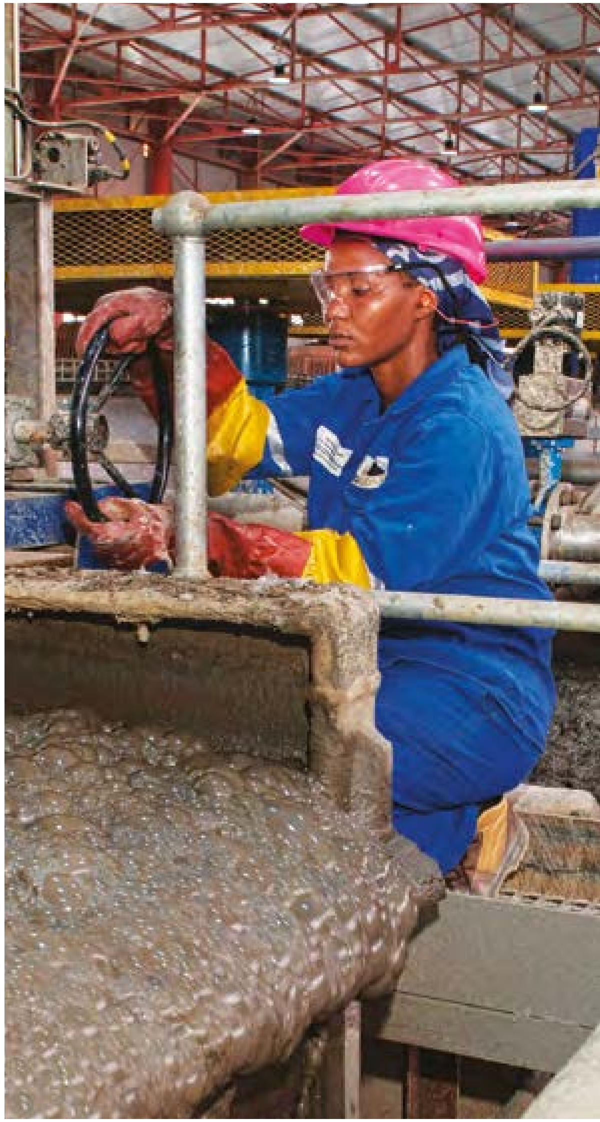
Our health and safety policy requires employees and contractors to participate in workplace-specific health and safety initiatives to ensure compliance with the mining industry's stringent health and safety laws[1]. We review this policy annually to ensure that it remains aligned with our business strategy.

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



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.

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 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

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
Tswelelang 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: 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.

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

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	EXPENDITURE 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 process[1]. We are thus able to identify, address and minimise the effects of our activities on the environment[2].

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]
Emissions[2]			
– Scope 1 (tonnes CO_2e)	**2 900[LA]**	3 444[LA]	4 134[LA]
– Scope 2 (tonnes CO_2e)	**378 481[LA]**	396 882[LA]	353 158[LA]
– Scope 3 (tonnes CO_2e)	**130**	137	121
Total (tonnes CO_2e)	**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 (CO_2e).

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 drainage[1]

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 (000m^3)

	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 suppression[1]

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[LA] 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.

LA 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

Rehabilitation[2]

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 Resource[1] 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 Viljoen[1], 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 Surveyors[2] (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 that 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 2[3]

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, Rosherville 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

DRDGOLD LIMITED

CORPORATE GOVERNANCE AND REMUNERATION

PAGES 50-61

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.

THE BOARD OF DIRECTORS[1]

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.

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

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 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.

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

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 (KPAs) 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
62-71

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 ([LA]) 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: • 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	7, 15, 21

GENERAL STANDARD DISCLOSURES	Page
ORGANISATIONAL PROFILE (continued)	
G4-10: Report the composition of the workforce, including: • 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	28-30
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: • 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	15, 23, 27
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: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	28, 31, 33, 35

GRI INDEX CONTINUED

GENERAL STANDARD DISCLOSURES	Page
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17: 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	3
G4-18: 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	3, 14, 18
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:
• 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
	3

G4-21: For each material aspect, report the aspect boundary outside the organisation, as follows: • 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	3
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: 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	3, 63-69
G4-33: 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	3, 63, 68

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: a. 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 b. 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: a. 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 b. 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:
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
	56-61

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

GRI INDEX CONTINUED

SPECIFIC STANDARD DISCLOSURES	
DISCLOSURE ON MANAGEMENT APPROACH (DMA) AND INDICATORS	
CATEGORY: ENVIRONMENTAL (continued)	
ASPECT: EMISSIONS	
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

GRI INDEX CONTINUED

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

SPECIFIC STANDARD DISCLOSURES	
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 [LA] 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_2e (Scope 1) emissions	
	Indirect CO_2e (Scope 2) emissions	
	Total CO_2e emissions	
	Total dust exceedances	
	Number of reportable environmental incidents	
	Cyanide	
Human Capital	Fatalities	
	Lost Time Injury Frequency Rate (LTIFR)	
	Reportable Injury Frequency Rate (RIFR)	
Social Capital	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

RUSSELL AND ASSOCIATES 9654/16

DRDGOLD LIMITED

ANNUAL FINANCIAL STATEMENTS 2016

CONTENTS

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

These risks include, without limitation, those described in the section entitled "Risk Factors" included in our Form 20-F for the fiscal year ended 30 June 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.

DIRECTORS' REPORT

NATURE OF BUSINESS

DRDGOLD Limited (DRDGOLD or the "company"), which was incorporated on 16 February 1895, owns assets that are primarily involved in the retreatment of surface gold. Based in South Africa, the company does not have a major or controlling shareholder and its directors provide strategic direction on behalf of its shareholders.

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

SHARE CAPITAL

Details of the 546 000 new shares that were issued and listed during the financial year (2015: 45 500 000) as well as the authorised, issued and unissued share capital of the company as at 30 June 2016 are set out in note 16.1 to the financial statements.

The control over the unissued shares of the company is vested in the directors, in specific terms with regard to allotments in terms of the DRDGOLD (1996) share option scheme (as amended) and the allotment of shares for cash, and in general terms with respect to all other allotments.

The authorities granted to directors in respect of control over unissued shares expire on the date of the annual general meeting (AGM) of members to be held on 25 November 2016. Members will, therefore, be requested to consider resolutions at the forthcoming AGM, placing under the control of the directors the then remaining unissued ordinary shares.

DIRECTORATE

As at 30 June 2016, the board of directors comprised of two executive directors and four non-executive directors.

The directorate remained unchanged during the year under review and up to the date of this report.

The following changes to the company secretary were implemented during the year under review and up to the date of this report:

TJ Gwebu	Resigned 31 December 2015
R Masemene	Appointed 9 March 2016

In accordance with the provisions of the company's Memorandum of Incorporation (MOI), DJ Pretorius, JA Holtzhausen and J Turk will retire at the forthcoming annual general meeting. They are eligible and have offered themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

The interests of the directors during the year ended, up to the date of this report, in the ordinary share capital of the company were as follows:

	30 JUNE 2016		30 JUNE 2015	
	Beneficial direct	**Beneficial indirect**	**Beneficial direct**	**Beneficial indirect**
Executive directors				
DJ Pretorius [1,2,3]	**376 167**	**–**	401 167	–
F van der Westhuizen	**–**	**–**	–	–
AT Meyer	**–**	**–**	–	–
AJ Davel	**–**	**–**	–	–
	376 167	**–**	401 167	–
Non-executive directors				
GC Campbell	**200 000**	**–**	200 000	–
J Turk	**–**	**243 000**	–	243 000
EA Jeneker	**–**	**–**	–	–
JA Holtzhausen	**–**	**–**	–	–
	200 000	**243 000**	200 000	243 000
Total	**576 167**	**243 000**	601 167	243 000

(1) 100 000 shares were acquired in the market during the year ended 30 June 2016.

(2) 125 000 shares were disposed in the market during the year ended 30 June 2016.

(3) 370 734 shares were disposed in the market subsequent to 30 June 2016 up to the date of this report.

The full details of the total executive and non-executive directors' remuneration for the year ended 30 June 2016 are provided in note 5 to the financial statements.

REVIEW OF OPERATIONS

The performance of our operations is reviewed in the financial capital section of the Integrated Report 2016.

SIGNIFICANT EVENTS

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. Refer to the discussion of the life of mine potential in the strategy section of the Integrated Report 2016.

DIVIDENDS

Dividends are proposed and approved by the board of directors of DRDGOLD based on the quarterly management accounts presented to the board. Dividends are recognised when declared by the board of directors of DRDGOLD. The payment of future dividends will depend upon the board's ongoing assessment of DRDGOLD's earnings, after providing for long-term growth, cash and funding resources and the amount of reserves available for a dividend based on the going-concern assessment.

Dividends declared since 1 July 2014

	Final dividend number 8	Final dividend number 9	Interim dividend number 10	Interim dividend number 11	Final dividend number 12
Declaration date	28 August 2014	27 August 2015	12 February 2016	26 April 2016	26 August 2016
Last date to trade ordinary shares cum dividend	7 November 2014	2 October 2015	11 March 2016	20 May 2016	11 October 2016
Record date	14 November 2014	9 October 2015	18 March 2016	27 May 2016	14 October 2016
Amount per ordinary share					
SA cents per share	2.0	10.0	12.0	38.0	12.0
Payment date	17 November 2014	12 October 2015	22 March 2016	30 May 2016	17 October 2016
Amount per ADS					
US cents per share [(1)]	1.6	6.5	6.4	22.3	7.3
Payment date	24 November 2014	19 October 2015	29 March 2016	6 June 2016	24 October 2016

[(1)] Each American Depositary Share (ADS) represents 10 ordinary shares. The actual amount will depend on the exchange rate on the date of the currency conversion.

SUBSIDIARIES

A list of the company's financial interest in its subsidiaries appears in note 12 to the financial statements.

FINANCIAL STATEMENTS AND GOING CONCERN

The group financial statements include the financial position, results and cash flows of the company and its subsidiaries from the effective dates of acquisition.

The financial position, results of operations and cash flow information of the group and company are presented in the attached financial statements. The financial statements have been prepared by management under the supervision of Mr AJ Davel, the Chief Financial Officer, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates. The financial statements have been prepared on a going-concern basis and the directors are of the opinion that the group's and company's assets will realise at least the values at which they are stated in the statement of financial position.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of DRDGOLD Limited, comprising the statements of financial position at 30 June 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

The group and company annual financial statements of DRDGOLD Limited, as identified in the first paragraph, were approved by the board of directors on 21 September 2016 and signed by:

JA Holtzhausen
Chairman: Audit and Risk Committee
Authorised director

AJ Davel
Chief Financial Officer
Authorised director

COMPANY SECRETARY'S STATEMENT

I certify, in accordance with Section 88(2)(e) of the Companies Act of South Africa, that to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 June 2016 all such returns as are required of a public company in terms of the Companies Act, and that all such returns appear to be true, correct and up to date.

R Masemene
Company Secretary

21 September 2016

REPORT OF THE AUDIT AND RISK COMMITTEE

The legal responsibilities of the Audit and Risk Committee of the DRDGOLD Limited group are set out in the Companies Act. These responsibilities, together with the requirements of the JSE and compliance with appropriate governance and international best practice, are incorporated in the Audit and Risk Committee's charter. The Audit and Risk Committee has regulated its affairs in compliance with this mandate, and has discharged all of the responsibilities set out therein.

The members of the committee responsible for audit related matters were formally appointed by the shareholders at the AGM held on 4 November 2015.

The biographical details of the committee's members are set out on pages 55 and 56 of the 2016 Integrated Report and the members' fees are set out on page 61 of the same report.

CHIEF FINANCIAL OFFICER

As required by the JSE Listings Requirement 3.84(h), the Audit and Risk Committee has satisfied itself that the Chief Financial Officer, Riaan Davel, has the appropriate expertise and experience.

EXTERNAL AUDITORS

The Audit and Risk Committee considered the matters set out in the Companies Act, and:

- is satisfied with the independence and objectivity of the external auditors;
- has approved the external auditor's fees and terms of engagement for the year ended 30 June 2015 and budgeted fees and terms of engagement for the financial year ended 30 June 2016; and
- has approved the non-audit related services performed by the external auditors in accordance with the policy established and approved by the board.

INTERNAL AUDITORS

The Audit and Risk Committee considered and confirmed the audit plan for the 2016 financial year and reviewed the results of the internal audits conducted during the 2016 financial year.

GENERAL

Separate meetings are held with management and external and internal audit representatives to discuss any problems and other matters that they wish to discuss. The head of internal audit and risk and the external auditors have unlimited access to the chairman of the Audit and Risk Committee. The chairman of the Audit and Risk Committee attends AGMs and is available to answer any questions.

To the best of their knowledge, and on the basis of the information and explanations given by management and the group internal audit function as well as discussions with the independent external auditors on the results of their audits, the Audit and Risk Committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review.

The Audit and Risk Committee has evaluated the financial statements of DRDGOLD Limited for the year ended 30 June 2016 and based on the information provided to the Audit and Risk Committee, considers that the group complies, in all material respects, with the requirements of the Companies Act, IFRS and the JSE Listings Requirements.

The Audit and Risk Committee has recommended the financial statements to the board for approval. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming AGM.

J A Holtzhausen
Chairman: Audit and Risk Committee

21 September 2016

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DRDGOLD LIMITED

REPORT ON THE GROUP AND COMPANY FINANCIAL STATEMENTS

We have audited the group and company financial statements of DRDGOLD Limited, which comprise the group and company statements of financial position at 30 June 2016, and the group and company statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the group and company financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 62.

DIRECTORS' RESPONSIBILITY FOR THE GROUP AND COMPANY FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of DRDGOLD Limited at 30 June 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 30 June 2016, we have read the Directors' report, the Company Secretary's statement and the Report of the Audit and Risk Committee for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of DRDGOLD Limited for 14 years.

KPMG Inc.
Registered Auditor

Per OC Potgieter
Chartered Accountant (SA)
Registered Auditor
Director

26 September 2016

Suite 301
Secunda Medforum Building
Heunis Street
Secunda
2302

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 R'000	2015 R'000
Revenue	3	**2 433 064**	2 105 298
Cost of sales		**(2 236 790)**	(1 946 331)
Operating costs		**(2 030 289)**	(1 786 880)
Depreciation	10	**(180 167)**	(193 301)
Retrenchment costs	4	**–**	(7 150)
Movement in provision for environmental rehabilitation	15, 17	**(19 259)**	20 443
Movement in gold in process		**(7 075)**	20 557
Gross profit from operating activities		**196 274**	158 967
Impairments	4	**–**	(7 904)
Administration expenses and general costs		**(76 695)**	(56 162)
Results from operating activities	4	**119 579**	94 901
Finance income	6	**36 849**	51 497
Finance expenses	7	**(47 576)**	(49 603)
Profit before tax		**108 852**	96 795
Income tax	8	**(46 923)**	(28 599)
Profit for the year		**61 929**	68 196
Attributable to:			
Equity owners of the parent		**61 929**	67 807
Non-controlling interest	16.2	**–**	389
Profit for the year		**61 929**	68 196
Other comprehensive income			
Items that are or may be reclassified to profit or loss, net of tax			
Net fair value adjustment on available-for-sale investments		**4 342**	(757)
Fair value adjustment on available-for-sale investments	11	**4 342**	19 118
Fair value adjustment on available-for-sale investment reclassified to profit or loss		**–**	(19 875)
Foreign exchange translation reserve reclassified to profit or loss	6	**–**	(5 882)
Items that will never be reclassified to profit or loss, net of tax			
Actuarial loss	18	**–**	(539)
Total comprehensive income for the year		**66 271**	61 018
Attributable to:			
Equity owners of the parent		**66 271**	60 629
Non-controlling interest		**–**	389
Total comprehensive income for the year		**66 271**	61 018
Earnings per share attributable to equity owners of the parent			
Basic earnings per share (cents)	9	**15**	17
Diluted earnings per share (cents)	9	**15**	17

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 R'000	2015 R'000
Revenue	3	**20 088**	10 560
Operating costs		**(20 177)**	(10 649)
Depreciation	10	**(58)**	(144)
Retrenchment costs	4	**–**	(2 974)
Impairments	4	**–**	(4 829)
Administration expenses and general costs		**(57 659)**	(36 236)
Results from operating activities	4	**(57 806)**	(44 272)
Finance income	6	**81 385**	95 145
Finance expenses	7	**(358)**	(7 468)
Profit before tax		**23 221**	43 405
Income tax	8	**487**	4 185
Profit for the year		**23 708**	47 590
Other comprehensive income			
Items that are or may be reclassified to profit or loss, net of tax			
Net fair value adjustment on available-for-sale investments		**4 342**	(757)
Fair value adjustment on available-for-sale investments	11	**4 342**	19 118
Fair value adjustment on available-for-sale investment reclassified to profit or loss		**–**	(19 875)
Total comprehensive income for the year		**28 050**	46 833

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2016

GROUP 2015 R'000	GROUP 2016 R'000		Note	COMPANY 2016 R'000	COMPANY 2015 R'000
		ASSETS			
1 894 054	**1 818 383**	**Non-current assets**		**773 391**	1 049 806
1 698 774	**1 600 476**	Property, plant and equipment	10	**118**	84
194 082	**211 088**	Non-current investments and other assets	11	**9 033**	5 881
–	**–**	Investments in subsidiaries	12	**757 421**	1 042 643
1 198	**6 819**	Deferred tax asset	19	**6 819**	1 198
608 984	**600 692**	**Current assets**		**298 194**	249 859
168 729	**160 669**	Inventories	13	**–**	–
93 273	**66 515**	Trade and other receivables	14	**13 005**	8 051
13 241	**6 749**	Current tax asset		**6 584**	13 241
324 375	**351 796**	Cash and cash equivalents	23	**278 605**	228 567
9 366	**14 963**	Assets held for sale	15	**–**	–
2 503 038	**2 419 075**	**TOTAL ASSETS**		**1 071 585**	1 299 665
		EQUITY AND LIABILITIES			
1 529 925	**1 339 556**	**Equity of the owners of the parent**	16.1	**1 034 910**	1 262 594
669 495	**765 971**	**Non-current liabilities**		**8 550**	454
493 291	**522 905**	Provision for environmental rehabilitation	17	**–**	–
9 242	**31 583**	Post-retirement and other employee benefits	18	**8 550**	454
147 801	**194 677**	Deferred tax liability	19	**–**	–
19 161	**16 806**	Finance lease obligation	21	**–**	–
303 618	**313 548**	**Current liabilities**		**28 125**	36 617
258 353	**289 023**	Trade and other payables		**26 948**	12 790
2 000	**2 355**	Finance lease obligation	21	**–**	–
23 096	**–**	Loans and borrowings	20	**–**	23 096
2 557	**6 568**	Post-retirement and other employee benefits	18	**1 177**	731
17 612	**15 602**	Liabilities held for sale	15	**–**	–
973 113	**1 079 519**	**TOTAL LIABILITIES**		**36 675**	37 071
2 503 038	**2 419 075**	**TOTAL EQUITY AND LIABILITIES**		**1 071 585**	1 299 665

The accompanying notes are an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Ordinary shares Number	Cumulative preference shares Number	Share capital R'000	Cumulative preference share capital R'000	Revaluation and other reserves [1] R'000	Retained earnings R'000	Equity of the owners of the parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 30 June 2014		**385 383 767**	**5 000 000**	**4 088 474**	**500**	**172 856**	**(3 012 759)**	**1 249 071**	**232 140**	**1 481 211**
Total comprehensive income										
Profit for the year							67 807	67 807	389	68 196
Other comprehensive income						(6 639)	(539)	(7 178)		(7 178)
Fair value adjustment on available-for-sale investments	11					19 118		19 118		19 118
Fair value adjustment on available-for-sale investments reclassified to profit or loss	11					(19 875)		(19 875)		(19 875)
Foreign exchange translation reserve reclassified to profit or loss	6					(5 882)		(5 882)		(5 882)
Actuarial loss	18						(539)	(539)		(539)
Transactions with the owners of the parent										
Acquisition of non-controlling interest without a change in control										
Share issue		45 500 000		96 460			135 189	231 649	(232 529)	(880)
Transaction costs				(4 015)				(4 015)		(4 015)
Dividend on ordinary share capital	16 .1						(7 585)	(7 585)		(7 585)
Share-based payments						176		176		176
Share option reserve transferred to retained earnings [2]						(30 563)	30 563	–		–
Balance at 30 June 2015		**430 883 767**	**5 000 000**	**4 180 919**	**500**	**135 830**	**(2 787 324)**	**1 529 925**	**–**	**1 529 925**
Total comprehensive income										
Profit for the year							61 929	61 929		61 929
Other comprehensive income						4 342		4 342		4 342
Fair value adjustment on available-for-sale investments	11					4 342		4 342		4 342
Transactions with the owners of the parent										
Issued shares for cash	18	546 000		2 796				2 796		2 796
Treasury shares acquired through subsidiary	16 .1			(6 521)				(6 521)		(6 521)
Dividend on ordinary share capital	16 .1						(252 915)	(252 915)		(252 915)
Balance at 30 June 2016		**431 429 767**	**5 000 000**	**4 177 194**	**500**	**140 172**	**(2 978 310)**	**1 339 556**	**–**	**1 339 556**

[1] Revaluation and other reserves at 30 June 2016 comprise asset revaluation reserves (refer note 16.1).

[2] The share option reserve was transferred to retained earnings upon the last of the outstanding options vesting during the year ended 30 June 2015.

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Ordinary shares Number	Cumulative preference shares Number	Share capital R'000	Cumulative preference share capital R'000	Revaluation and other reserves [1] R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2014		**385 383 767**	**5 000 000**	**4 132 627**	**500**	**14 350**	**(3 016 629)**	**1 130 848**
Total comprehensive income								
Profit for the year							47 590	47 590
Other comprehensive income						(757)	–	(757)
Fair value adjustment on available-for-sale investments	11					19 118		19 118
Fair value adjustment on available-for-sale investments reclassified to profit or loss	11					(19 875)		(19 875)
Transactions with the owners of the parent								
Share issue		45 500 000		96 460				96 460
Transaction costs		–		(4 015)				(4 015)
Dividend on ordinary share capital	16.1						(7 708)	(7 708)
Share-based payments						176		176
Share option reserve transferred to retained earnings [2]						(13 012)	13 012	–
Balance at 30 June 2015		**430 883 767**	**5 000 000**	**4 225 072**	**500**	**757**	**(2 963 735)**	**1 262 594**
Total comprehensive income								
Profit for the year							23 708	23 708
Other comprehensive income						4 342		4 342
Fair value adjustment on available-for-sale investments	11					4 342		4 342
Transactions with the owners of the parent								
Issued shares for cash	18	546 000		2 796				2 796
Dividend on ordinary share capital	16.1						(258 530)	(258 530)
Balance at 30 June 2016		**431 429 767**	**5 000 000**	**4 227 868**	**500**	**5 099**	**(3 198 557)**	**1 034 910**

[1] Revaluation and other reserves at 30 June 2016 comprise asset revaluation reserves (refer note 16.1).

[2] The share option reserve was transferred to retained earnings upon the last of the outstanding options vesting during the year ended 30 June 2015.

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

GROUP				COMPANY	
2015 R'000	2016 R'000		Note	2016 R'000	2015 R'000
		CASH FLOWS FROM OPERATING ACTIVITIES			
2 087 926	**2 476 066**	Cash received from sales of precious metals/corporate services fees		**20 088**	10 560
(1 802 729)	**(2 077 851)**	Cash paid to suppliers and employees		**(55 163)**	(50 906)
285 197	**398 215**	Cash generated by/(applied to) operations	22	**(35 075)**	(40 346)
13 883	**22 331**	Finance income		**19 387**	12 779
(11 944)	**(4 965)**	Finance expenses		**(596)**	(10 568)
(3 523)	**362**	Income tax received/(paid)		**1 522**	(7 348)
283 613	**415 943**	Net cash inflow/(outflow) from operating activities		**(14 762)**	(45 483)
		CASH FLOWS FROM INVESTING ACTIVITIES			
46 387	**12**	Proceeds on disposal of non-current investments and other assets		**12**	46 387
17 392	**7 021**	Proceeds on disposal of property, plant and equipment		**2**	–
(90 856)	**(99 780)**	Additions to property, plant and equipment		**(92)**	(102)
(9 034)	**(10 591)**	Environmental rehabilitation payments	17	**–**	–
(803)	**–**	Contribution to environmental obligation funds		**–**	–
(851)	**–**	Acquisition of non-controlling interest		**–**	(851)
–	**–**	Repayments of amounts owing by subsidiaries		**347 156**	167 069
96	**(3 854)**	Other		**(3 854)**	96
(37 669)	**(107 192)**	Net cash (outflow)/inflow from investing activities		**343 224**	212 599
		CASH FLOWS FROM FINANCING ACTIVITIES			
–	**2 796**	Proceeds from the issue of shares		**2 796**	–
–	**(6 521)**	Acquisition of treasury shares		**–**	–
(416)	**(2 000)**	Repayment of finance lease obligation		**–**	–
(122 500)	**(22 500)**	Repayments of loans and borrowings		**(22 500)**	(122 500)
(7 585)	**(252 915)**	Dividends paid on ordinary share capital		**(258 530)**	(7 708)
(130 501)	**(281 140)**	Net cash outflow from financing activities		**(278 234)**	(130 208)
115 443	**27 611**	**Net increase in cash and cash equivalents**		**50 228**	36 908
208 932	**324 375**	Cash and cash equivalents at the beginning of the year		**228 567**	191 659
–	**(190)**	Foreign exchange movements		**(190)**	–
324 375	**351 796**	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**	23	**278 605**	228 567

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 ACCOUNTING POLICIES

Reporting entity

DRDGOLD Limited is domiciled in South Africa with a registration number of 1895/000926/06. The address of the company is Off Crownwood Road, Crown Mines, Johannesburg 2092. The group is primarily involved in the retreatment of surface gold.

The group financial statements comprise the company and its subsidiaries (collectively the "group" and individually "group companies").

Basis of accounting

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa.

The group and company financial statements were approved by the board of directors on 21 September 2016. Details of the group's accounting policies are outlined in this note.

Functional and presentation currency

The group and company financial statements are presented in South African rands, which is the group's functional currency. All financial information presented in South African rands has been rounded to the nearest thousand, unless otherwise stated.

Use of estimates and judgements

The preparation of the group and company financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the group and company financial statements is outlined below:

(a) Depreciation

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future is different from current forecast production. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating mineral reserves and resources.

Factors could include:

- changes in mineral reserves and resources (which could similarly affect the useful lives of assets depreciated on the straight-line basis, where those lives are limited to the life of the mine);
- the grade of mineral reserves and resources may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites including planned extraction efficiencies; and
- changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates.

Property, plant and equipment would have amounted to R1 539.6 million at 30 June 2016 if the life of mine had not been increased to 10 years effective as at 1 July 2015.

(b) Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated provisions for environmental rehabilitation, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

An average discount rate of 8.8% (2015: 8.4%), average inflation rate of 6.3% (2015: 6.0%) and the discount periods as per the expected life-of-mine were used in the calculation of the estimated net present value of the rehabilitation liability (refer to note 17).

(c) Estimate of tax

The effective gold mining tax rate applied to calculate the deferred tax liability is based on expected future profitability. A 100 basis points increase in the effective tax rate will result in an increase in the deferred tax liability at 30 June 2016 of approximately R8.1 million (2015: R7.3 million).

Basis of measurement

The financial statements are prepared on the historical cost basis, unless otherwise stated.

Changes in accounting policies

The group has consistently applied the accounting policies set out below to all periods presented in these group and company financial statements.

New standards, amendments to standards and interpretations adopted

The group adopted all the new standards, amendments to standards and interpretations, which are applicable to the group, with a date of initial application of 1 July 2015. The adoption of these standards did not have a significant impact on these financial statements.

Basis of consolidation

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's subsequent share of changes in equity.

Changes in the group's interest in a subsidiary which do not lead to loss of control are accounted for as equity transactions with equity owners in their capacity as equity owners and no profit or loss is recognised.

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at cost less any accumulated impairment in the company financial statements of the company.

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the group financial statements.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies undertaken by group entities are translated to the functional currency at the exchange rates ruling at the dates of these transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies, measured at fair value, are translated at foreign exchange rates ruling at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign currency differences arising from the translation of available-for-sale equity investments (except on impairment in which case the foreign currency differences that have been recognised in other comprehensive income ("OCI") are reclassified to profit or loss) are recognised in OCI.

1 ACCOUNTING POLICIES *continued*

Financial instruments

The entity classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The entity classifies non-derivative financial liabilities into the financial liabilities measured at amortised cost category.

(i) Non derivative financial assets and financial liabilities – recognition and derecognition

The entity initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or to the extent that the group or company transfers substantially all the risks and rewards of ownership of the financial asset. Any interest in such derecognised financial assets that is created or retained by the entity is recognised as a separate asset or liability.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or has expired. Any gain or loss on derecognition is taken to profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents include restricted cash and are short-term in nature. Restricted cash which is long-term in nature is classified as non-current and is similar in nature to rehabilitation trust funds. Restricted cash would typically be long-term in nature when it is expected not to be able to be utilised for at least 12 months after the reporting date.

Available-for-sale financial assets

The group's investments in equity securities are classified as available-for-sale financial assets.

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein, other than impairment losses are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. The group applies settlement date accounting to the regular way purchase or sale of financial assets.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Property, plant and equipment

Recognition and measurement

The group's property, plant and equipment consist mainly of mining assets which comprise mining property and development (including mineral rights), mine plant facilities, exploration assets and equipment and vehicles.

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Development costs, which are capitalised, consist primarily of expenditure that gives access to mineral reserves and resources. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred. Mine development costs capitalised, include acquired, proved and probable mineral reserves at the acquisition date.

Exploration and evaluation costs, including the costs of acquiring licenses, property and qualifying borrowing costs, are capitalised as exploration assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as tangible assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognised in profit or loss immediately.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing an asset to a working condition for its intended use, as well as the costs of dismantling and removing an asset and restoring the site on which it is located.

Where parts of an item of property, plant and equipment, with costs that are significant in relation to the total cost of the item, have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains or losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss. When assets are sold which have been revalued on acquisition for consolidation purposes, the amounts included in the asset revaluation reserve are transferred to retained earnings (refer to note 16.1).

Subsequent expenditure

The group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of an item when that cost is incurred, if it is probable that the future economic benefits embodied within the part will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense incurred.

Depreciation

Depreciation of mining property and development (including mineral rights) and mine plant facilities is calculated using the units of production method which is based on the life of mine.

The group's life of mine is primarily based on proved and probable mineral reserves and may include some resources. It reflects the estimated quantities of economically recoverable gold that can be recovered from reclamation sites based on the gold price prevailing at the end of the financial year. Changes in the life of mine will impact depreciation on a prospective basis. The life of mine is prepared using a methodology that takes account of current information to assess the economically recoverable gold from specific reclamation sites and includes the consideration of historical experience.

Other assets are depreciated using the straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives, unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated.

The current estimated useful lives for the current and comparative periods are:

- mine properties – life-of-mine, currently between seven (2015: six) and 10 (2015: 10) years;
- mine development – life-of-mine, currently between seven (2015: six) and 10 (2015: 10) years;
- mine plant facilities – life-of-mine, currently between seven (2015: six) and 10 (2015: 10) years; and
- equipment and vehicles – two to five years.

The residual values, estimated useful lives and depreciation method are reassessed annually and adjusted if appropriate.

Leased assets

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset and liability are measured at amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned property, plant and equipment.

1 ACCOUNTING POLICIES *continued*

Impairment

Financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence (e.g. delinquency of a debtor and indications that a debtor will enter bankruptcy) that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets measured at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate, that is, the effective interest rate computed at initial recognition of these financial assets.

Available-for-sale financial assets

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in OCI, and there is objective evidence (e.g. significant or prolonged decline in the fair value below the cost of the investment) that the asset is impaired, the cumulative loss that had been recognised in OCI is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Financial assets that are individually significant are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in OCI.

Non-financial assets

The carrying amounts of the group's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For purposes of impairment testing, assets are grouped together into the smallest group of assets which generates cash flows from continuing use that is largely independent of the cash inflows of other assets or groups of assets (cash-generating units).

An impairment loss is recognised directly against the carrying amount of the asset whenever the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to the carrying amounts of the assets in the unit (group of units) on a *pro rata* basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Exploration assets

Exploration assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration assets are allocated to cash-generating units consistent with the determination of reportable segments.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and probable reserves are determined to exist. Upon determination of proven and probable reserves, exploration assets attributable to those reserves are first tested for impairment and then reclassified from exploration assets to a separate category within tangible assets.

Inventories

Gold in process is stated at the lower of cost and net realisable value. Costs are assigned to gold in process on a weighted average cost basis. Costs comprise all costs incurred to the stage immediately prior to smelting, including costs of extraction and processing as they are reliably measurable at that point.

Gold bullion is stated at the lower of cost and net realisable value. Selling and general administration costs are excluded from inventory valuation.

Consumable stores are stated at the lower of cost and net realisable value. Cost of consumables is based on the weighted average cost principle and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity or OCI.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts recognised for tax purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences, based on the expected manner of realisations or settlement of the carrying amounts of assets and liabilities, and based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, if these relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, if the company intends to settle current tax liabilities and assets on a net basis, or if their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividend withholding tax

Dividend withholding tax is a tax on certain shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of certain of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the company's tax charge but rather as part of the dividend paid recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case, it is recognised as an asset.

Share capital

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

1 ACCOUNTING POLICIES *continued*

Share capital *continued*

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specified date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Dividends

Dividends are recognised as a liability on the date on which they are declared which is the date when the shareholders' right to the dividends accrue.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Pension plans, which are multi-employer plans in the nature of defined contribution plans, are funded through monthly contributions to these defined contribution plans. Obligations for contributions are recognised as an employee benefit expense in profit or loss as the service is rendered.

Long-service benefits

The group makes long-service bonus payments (long-service awards) for certain eligible employees under the Chamber of Mines of South Africa long Service Award Scheme. The amount of the award is based on both the employee's skill level and years of service with gold mining companies that qualify for the scheme. The obligation is accrued over the service life of the employees and is calculated using a projected unit credit method. Any actuarial gains or losses are recognised in OCI in the period in which they arise.

Post-retirement medical benefits

Post-retirement medical benefits in respect of qualifying employees are recognised over the expected remaining service lives of relevant employees and the remaining life expectancies of retirees. The group has an obligation to provide medical benefits to certain of its pensioners and dependents of ex-employees. These liabilities are provided in full, calculated on an actuarial basis and discounted using the projected unit credit method. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Periodic valuation of these obligations is carried out by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates. The fair value of any plan assets is deducted. Actuarial gains and losses are recognised immediately in OCI. When the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are changed, the portion of the changed benefit relating to past service by employees is recognised in profit or loss immediately.

Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer for voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, they are discounted to their present value.

Share-based payment transactions

Equity settled share based payment awards

The group granted share options to certain employees under an employee share plan to acquire shares of the company. The fair value of options granted was recognised as an employee expense with a corresponding increase in equity. The fair value was measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

The fair value of the options granted was measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense was adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to market conditions such as share prices not achieving the threshold for vesting.

Cash settled share based payment awards

The group operates a cash-settled long term incentive scheme in which certain employees of the group participate.

The fair value of the awards made in terms of this cash-settled long term scheme is based on the quoted DRDGOLD Limited share price, taking into account the terms and conditions upon which the awards were granted. The fair value of the award is estimated using appropriate valuation models and appropriate assumptions at the grant date.

The grant date fair value of the awards is recognised as an employee benefit expense over the vesting period based on the group's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment obligation. At each reporting date the obligation is remeasured to the fair value of the instrument, to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment to profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Provisions

A provision is recognised in the statement of financial position when the group has present legal or constructive obligations resulting from past events that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for environmental rehabilitation

Provision for environmental rehabilitation includes decommissioning and restoration liabilities.

Decommissioning and restoration liabilities are measured at the present value of the expenditures expected to be incurred to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning and restoration obligation is included in profit or loss. Estimated future costs of decommissioning and restoration liabilities are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology.

Decommissioning liabilities

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced. Accordingly, an asset is recognised and included within mining properties. Changes in estimates are capitalised or reversed against the relevant asset. Expenditures actually incurred to settle such liabilities are recognised as cash outflows from investing activities.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

Restoration liabilities

The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are recognised in profit or loss as a cost of production. Expenditures actually incurred to settle such liabilities are recognised as cash outflows from operating activities.

Rehabilitation obligation funds

Rehabilitation obligation funds are used to cover the estimated cost of rehabilitation at the end of the life of the relevant mine. These contributions are recognised as a right to receive a reimbursement from the fund and measured at the lower of the amount of the environmental rehabilitation liability recognised and the fair value of the fund assets. Changes in the carrying value of the fund assets, other than contributions to and payments from the fund, are recognised in profit or loss.

1 ACCOUNTING POLICIES *continued*

Revenue recognition

Gold bullion and by-products

The group recognises revenue from the sale of gold bullion and by-products at the fair value of the consideration received or receivable. Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. These criteria are usually met when Rand Refinery sells the refined gold.

Company revenue

The company recognises revenue from rendering corporate services to subsidiary companies when the services have been rendered and to the stage of completion thereof and is measured at fair value. Revenue from the receipt of dividends is recognised when the company's right to receive payment has been established.

Government grants

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grant will be received. Grants that compensate the group for expenses incurred are recognised in profit or loss as a deduction against the related expense.

Finance income

Finance income includes dividends received (except in the company's separate financial statements where this is recognised as revenue), interest received, growth in the environmental rehabilitation obligation funds, net gains on financial instruments measured at amortised cost, net foreign exchange gains, and other profits and losses arising on disposal of investments.

Dividends are recognised when the group's right to receive payment is established. Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate to maturity on the accrual basis.

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance expenses

Finance expenses comprise interest payable on borrowings calculated using the effective interest method, unwinding of the provision for environmental rehabilitation, net foreign exchange losses, net losses on financial instruments measured at amortised cost, and interest on finance leases.

Segment reporting

Operating segments are identified on the basis of internal reports that the group's chief operating decision maker (CODM) reviews regularly in allocating resources to segments and in assessing their performance. The CODM for the group has been identified as the group's Executive Committee. Reportable segments are identified based on quantitative thresholds of revenue, profit or loss, and assets. The amounts disclosed for each reportable segment are the measures reported to the CODM, which are not necessarily based on the same accounting policies as the amounts recognised in the financial statements. Aggregation of operating segments is implemented where disclosure of information enables users of the group's financial statements to evaluate the nature and effects of the business activities in which it engages and the economic environment in which it operates, where the operating segments have characteristics so similar that they can be expected to have essentially the same future prospects and where they are similar in the following respects:

- the nature of products;
- the nature of the production process;
- the type or class of customer for the products;
- the methods used to distribute the products; and
- if applicable, the nature of the regulatory environment.

Assets held for sale

Non-current assets, or disposal groups comprising asset and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Such assets, or disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial application as held for sale and subsequent gains and losses on premeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment, are no longer amortised or depreciated.

Earnings or loss per share

The group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings or loss per share is calculated based on the net profit or loss after tax for the year attributable to ordinary shareholders of the company, divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings or loss per share is presented when the inclusion of ordinary shares that may be issued in the future, which comprise share options granted to employees, has a dilutive effect on earnings or loss per share.

New standards, amendments to standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the entity were in issue but not yet effective and may therefore have an impact on future financial statements. These new standards, amendments to standards and interpretations have not been early adopted by the group and an estimate of the impact of the adoption thereof for the group is in the process of being finalised. These Standards and Interpretations will be adopted at their effective date.

Standard/interpretation		Effective date
IAS 1	Disclosure Initiative	1 January 2016
IAS 12	Income tax amendments	1 January 2017
IFRS 2	Share-based payment amendments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019

Management is of the opinion that the impact of the application of the Standards and Interpretations will be as follows:

IAS 1 Disclosure Initiative

Key clarifications included in this amendment includes the following:

- There is an emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard.
- The order of notes to the financial statements is not prescribed. Instead, companies can choose their own order, and can also combine, for example, accounting policies with notes on related subjects.
- It has been made explicit that companies:
  - should disaggregate line items on the statement of financial position and in the statement of profit or loss and OCI if this provides helpful information to users; and
  - can aggregate line items on the statement of financial position if the line items specified by IAS 1 are immaterial.
- Specific criteria are provided for presenting sub-totals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.

IAS 12 Income taxes amendments (Recognition of deferred tax assets for unrealised losses)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

1 ACCOUNTING POLICIES *continued*

New standards, amendments to standards and interpretations not yet adopted *continued*

IAS 12 Income taxes amendments (Recognition of deferred tax assets for unrealised losses) *continued*

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for the recognition of deductible temporary differences related to unrealised losses. These are to be assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

IFRS 2 Share-based payment amendments

Measurement of cash-settled share-based payments – There is currently no guidance in IFRS 2 on how to measure the fair value of the liability in a cash-settled share based payment. The amendments clarify that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments – i.e. the modified grant date method. Therefore, in measuring the liability market and non-vesting conditions are taken into account in measuring its fair value and the number of awards to receive cash is adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions.

Classification of share-based payments settled net of tax withholdings – The company may be obligated to collect or withhold tax related to a share-based payment, even though the tax obligation is often a liability of the employee and not the company. Currently, it is unclear whether the portion of the share-based payment that is withheld in these instances should be accounted for as equity-settled or cash-settled. The amendments introduce an exception stating that, for classification purposes, a share-based payment transaction with employees is accounted for as equity-settled if certain criteria are met.

IFRS 15 Revenue from contracts with customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

IFRS 9 Financial Instruments

This standard will include changes in the measurement bases of the group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

IFRS 16 Leases

It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

2 OPERATING SEGMENTS

The following summary describes the operations in the group's reportable operating segment:

- Ergo is a surface retreatment operation and treats old slime and sand dumps to the south of Johannesburg's central business district as well as the East and Central Rand goldfields. The operation comprises four plants. Ergo and Knights continue to operate as metallurgical plants and Crown and City Deep continue as pump/milling stations feeding the metallurgical plants.

Corporate office and other reconciling items are taken into consideration in the strategic decision-making process of the CODM and are therefore included in the disclosure here, even though they do not earn revenue. They do not represent a separate segment.

The group's revenue stream consists mainly of the sale of gold bullion.

2016	Ergo R'000	Corporate office and other reconciling items R'000	Total R'000
Financial performance			
Revenue	2 433 064	–	2 433 064
Cash operating costs	(1 991 180)	–	(1 991 180)
Movement in gold in process	(7 075)	–	(7 075)
Operating profit	434 809	–	434 809
Interest income	2 772	19 648	22 420
Interest expense	(4 122)	(438)	(4 560)
Administration expenses and general costs	(4 450)	(82 759)	(87 209)
Income tax [(1)]	(535)	(5 134)	(5 669)
Working profit/(loss) before capital expenditure	428 474	(68 683)	359 791
Additions to property, plant and equipment	(99 922)	(92)	(100 014)
Additions to listed investments	–	(1 318)	(1 318)
Working profit/(loss) after capital expenditure	328 552	(70 093)	258 459

[(1)] Income tax excludes deferred tax.

Reconciliation of profit/(loss) for the year			
Working profit/(loss) before capital expenditure	428 474	(68 683)	359 791
– Depreciation	(180 095)	(72)	(180 167)
– Movement in provision for environmental rehabilitation	(21 371)	2 112	(19 259)
– Growth in environmental rehabilitation trust funds and reimbursive right	9 756	4 673	14 429
– Profit on disposal of property, plant and equipment	9 265	1 249	10 514
– Unwinding of provision for environmental rehabilitation	(41 491)	(1 525)	(43 016)
– Ongoing rehabilitation expenditure	(27 833)	–	(27 833)
– Other operating (costs)/income	(29 608)	18 332	(11 276)
– Deferred tax	(46 876)	5 622	(41 254)
Profit/(loss) for the year	100 221	(38 292)	61 929
Statement of cash flows			
Cash flows from operating activities	414 825	1 118	415 943
Cash flows from investing activities	(105 584)	(1 608)	(107 192)
Cash flows from financing activities	(2 000)	(279 140)	(281 140)

Geographical information and information about major customers

Due to regulatory requirements, the group has only one major gold customer in South Africa, being the only geographical area in which it operates.

2 OPERATING SEGMENTS *continued*

2015	Ergo R'000	Corporate office and other reconciling items R'000	Total R'000
Financial performance			
Revenue	2 105 298	–	2 105 298
Cash operating costs	(1 741 512)	–	(1 741 512)
Movement in gold in process	20 557	–	20 557
Operating profit	384 343	–	384 343
Interest income	808	13 599	14 407
Interest expense	(3 095)	(7 517)	(10 612)
Retrenchment costs	(2 794)	(4 356)	(7 150)
Administration expenses and general costs	(3 466)	(66 106)	(69 572)
Income tax [(1)]	(1 067)	4 412	3 345
Working profit/(loss) before capital expenditure	374 729	(59 968)	314 761
Additions to property, plant and equipment	(113 233)	(102)	(113 335)
Additions to reimbursive right	(803)	–	(803)
Working profit/(loss) after capital expenditure	260 693	(60 070)	200 623

[(1)] Income tax excludes deferred tax.

Reconciliation of profit/(loss) for the year			
Working profit/(loss) before capital expenditure	374 729	(59 968)	314 761
– Depreciation	(193 144)	(157)	(193 301)
– Movement in provision for environmental rehabilitation	15 840	4 603	20 443
– Impairments	(3 075)	(4 829)	(7 904)
– Fair value adjustment on available-for-sale investment reclassified to profit or loss	–	19 875	19 875
– Profit on disposal of equity accounted investment	–	5 882	5 882
– Growth in environmental rehabilitation trust funds and reimbursive right	7 586	3 748	11 334
– Profit on disposal of property, plant and equipment	2 344	10 823	13 167
– Unwinding of provision for environmental rehabilitation	(37 306)	(1 685)	(38 991)
– Ongoing rehabilitation expenditure	(30 630)	(1 098)	(31 728)
– Net other operating costs	(961)	(12 437)	(13 398)
– Deferred tax	(31 717)	(227)	(31 944)
Profit/(loss) for the year	103 666	(35 470)	68 196
Statement of cash flows			
Cash flows from operating activities	284 961	(1 348)	283 613
Cash flows from investing activities	(98 030)	60 361	(37 669)
Cash flows from financing activities	(416)	(130 085)	(130 501)

Geographical information and information about major customers

Due to regulatory requirements, the group has only one major gold customer in South Africa, being the only geographical area in which it operates.

GROUP 2015 R'000	GROUP 2016 R'000			COMPANY 2016 R'000	COMPANY 2015 R'000
		3	**REVENUE**		
			Revenue consists of the following principal categories:		
2 103 046	**2 429 682**		Gold revenue	**–**	–
2 252	**3 382**		By-product revenue	**–**	–
–	**–**		Corporate services fees	**20 088**	10 560
2 105 298	**2 433 064**		Total revenue	**20 088**	10 560
		4	**RESULTS FROM OPERATING ACTIVITIES**		
			Include the following:		
(7 580)	**(8 055)**		**Auditors' remuneration**	**(6 093)**	(5 844)
(6 539)	**(7 230)**		Audit fees – current year	**(5 188)**	(4 878)
(966)	**(825)**		Under provision – prior year	**(905)**	(966)
(75)	**–**		Fees for other services	**–**	–
(7 061)	**(8 062)**		**Management, technical, administrative and secretarial service fees**	**(4 501)**	(3 465)
			Staff costs		
(366 761)	**(405 612)**		Included in staff costs are:	**(29 063)**	(20 273)
(337 235)	**(354 386)**		Salaries and wages	**(19 615)**	(17 052)
(1 753)	**(29 874)**		Share-based payments (a)	**(9 448)**	(247)
(7 150)	**–**		Retrenchment costs	**–**	(2 974)
(20 623)	**(21 352)**		Post-retirement and other employee benefits	**–**	–
13 166	**10 514**		**Profit on disposal of property, plant and equipment**	**2**	–
(2 768)	**(1 794)**		**Operating leases**	**(12)**	(1 179)
–	**22 659**		**Reversal of accrual** (b)	**–**	–
(7 904)	**–**		**Impairments**	**–**	(4 829)
(3 075)	**–**		Property, plant and equipment (c)	**–**	–
(3 614)	**–**		Non-current investments and other assets (d)	**–**	(3 614)
(1 215)	**–**		Cash and cash equivalents	**–**	(1 215)
21 428	**23 760**		**Learnership grant**	**–**	–
			Grants received from the Mining Qualifications Authority ("MQA") offset against cost incurred by Ergo Business Development Academy NPC ("EBDA")		

GROUP

(a) Share-based payments (refer note 18)

The Share-based payments expense relates mainly to the grant made during November 2015 under the amended cash-settled long term incentive scheme ("LTI") and has been driven by the increase in the DRDGOLD share price to R8.53 at reporting date.

(b) Reversal of accrual

In 2010 the Ekurhuleni Metropolitan Municipality ("Municipality") brought an action against East Rand Proprietary Mines Limited ("ERPM") claiming an amount of R43 million in respect of outstanding rates and taxes which were allegedly owing. ERPM employed experts to investigate the allegations and concluded that this claim was without merit and therefore that an outflow of resources was remote. ERPM deferred payment of rates and taxes for which it recognised an accrual of R22.7 million.

The February and March 2016 statements issued by the Municipality reflected that all rates and taxes and interest thereon had been written off and the balance owing by ERPM was reduced to zero. As a result the accrual was reversed.

4 RESULTS FROM OPERATING ACTIVITIES *continued*

GROUP AND COMPANY

During the year ended 30 June 2015, the following impairments were recognised:

(c) Property, plant and equipment (refer note 10):

R3.1 million in the Ergo operating segment related to the Soweto cluster included under mine development costs which was assessed to be uneconomical to mine.

(d) Non-current investments and other assets (refer note 11):

R3.6 million due to the fair value of listed shares having remained significantly lower than its original cost price for a pro-longed period. These include:

– Village Main Reef Limited ("VMR"): R2.3 million; and

– West Wits Mining Limited ("WWM"): R1.3 million.

5 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							
DJ Pretorius	**5 478**	**–**	**4 988**	**10 466**	5 544	3 588	9 132
FD van der Westhuizen	**–**	**–**	**–**	**–**	2 079	–	2 079
AT Meyer	**–**	**–**	**–**	**–**	893	–	893
AJ 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							
GC Campbell	**1 499**	**–**	**–**	**1 499**	1 453	–	1 453
RP Hume	**–**	**–**	**–**	**–**	262	–	262
J Turk	**672**	**–**	**–**	**672**	676	–	676
EA Jeneker	**869**	**–**	**–**	**869**	763	–	763
JA Holtzhausen	**703**	**–**	**–**	**703**	690	–	690
	3 743	**–**	**–**	**3 743**	3 844	–	3 844
GROUP							
Prescribed officers							
CM Symons [(1)]	**3 059** [(2)]	**–**	**2 668**	**5 727**	3 256 [(2)]	1 144	4 400
TJ Gwebu	**–**	**–**	**–**	**–**	3 446	–	3 446
WJ 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).

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

DRDGOLD Phantom Share Scheme

2016	Opening balance Number	Granted Number	Vested Number	Exercise price R	Proceeds R	Forfeited/ lapsed Number	Closing balance Number
COMPANY							
Executive directors							
DJ Pretorius	–	2 323 009	–	–	–	–	2 323 009
AJ 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							
CM Symons	204 757	–	(34 124)	1.90	64 703	–	170 633
WJ 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							
FD van der Westhuizen [1]	172 294	–	–	–	–	(172 294)	–
AJ Davel	–	205 207	–	–	–	–	205 207
	172 294	205 207	–		–	(172 294)	205 207
GROUP							
Prescribed officers							
CM Symons	106 425	204 757	(106 425)	1.51	160 420	–	204 757
TJ Gwebu [2]	251 749	–	(85 395)	1.47	125 879	(50 600)	115 754
WJ 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.

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

DRDGOLD (1996) Share Scheme

2016	Opening balance Number	Average strike price R	Exercised Number	Forfeited/ lapsed Number	Average strike price R	Closing balance Number	Average strike price R
GROUP							
Prescribed officers							
W J Schoeman	**99 175**	**5.12**	**(99 175)**	**–**	**5.12**	**–**	**–**
R Masemene [1]	**17 300**	**5.12**	**(17 300)**	**–**	**5.12**	**–**	**–**
	116 475		**(116 475)**	**–**		**–**	
2015							
COMPANY							
Executive directors							
F D van der Westhuizen [2]	18 550	5.12	–	(18 550)	5.12	–	–
	18 550		–	(18 550)		–	
GROUP							
Prescribed officers							
C M Symons [3]	85 050	5.12	–	(85 050)	5.12	–	–
T J Gwebu [4]	66 750	5.12	–	–	–	66 750	5.12
W J Schoeman	99 175	5.12	–	–	–	99 175	5.12
R Masemene [1]	17 300	5.12	–	–	–	17 300	5.12
	268 275		–	(85 050)		183 225	
	286 825		–	(103 600)		183 225	

[1] Granted prior to appointment as a prescribed officer during August 2014.

[2] Granted prior to appointment as a director on 1 January 2014.

[3] Retrenched during FY2014. Subsequently appointed on a fixed-term contract basis.

[4] Retrenched 31 August 2014. Continued in office as prescribed officer on a fixed term contract basis until 31 December 2014. Closing balance share options as at 31 December 2014.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		6 FINANCE INCOME		
14 406	**22 420**	Interest on loans and receivables	**19 453**	13 297
–	**–**	Interest on loans and receivables from subsidiaries	**61 932**	61 973
5 562	**6 456**	Growth in environmental rehabilitation trust funds (refer note 11 and 15)	**–**	–
5 772	**7 973**	Growth in reimbursive right (refer note 11)	**–**	–
19 875	**–**	Fair value adjustment on available-for-sale investments reclassified to profit or loss (refer note 11)	**–**	19 875
5 882	**–**	Profit on disposal of equity accounted investment (a)	**–**	–
51 497	**36 849**		**81 385**	95 145

(a) During the year ended 30 June 2015, DRDGOLD disposed of its Chizim Gold (Pvt) Limited shares and loan account for US$1. The foreign exchange translation reserve amounting to R5.9 million was reclassified to profit or loss on the disposal.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		7 FINANCE EXPENSES		
(10 612)	**(4 370)**	Interest accrued	**(168)**	(7 468)
(38 991)	**(43 016)**	Unwinding of provision for environmental rehabilitation (refer note 15 and 17)	**–**	–
–	**(190)**	Unrealised foreign exchange loss	**(190)**	–
(49 603)	**(47 576)**		**(358)**	(7 468)
		8 INCOME TAX		
(31 805)	**(46 876)**	Mining tax	**–**	–
3 206	**(47)**	Non-mining tax	**487**	4 185
(28 599)	**(46 923)**		**487**	4 185
		Comprising:		
(1 067)	**(534)**	Current tax – current year	**–**	–
4 412	**(5 134)**	– prior year	**(5 134)**	4 412
(28 857)	**(42 088)**	Deferred tax – current year	**5 621**	(227)
(3 087)	**833**	– prior year	**–**	–
(28 599)	**(46 923)**		**487**	4 185

In South Africa, mining tax on mining income is determined based on a formula which takes into account the profit and revenue from a gold mining company during the year. The formula for determining the South African gold mining tax rate for the years ended 30 June 2016 and 30 June 2015 is: Y = 34 - 170/X where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to mining income derived, expressed as a percentage. Non-mining income, which consists primarily of interest, is taxed at a standard rate of 28% (2015: 28%).

For deferred tax purposes the group applies the expected average effective tax rate. The expected average effective tax rates for the respective companies are based on the current estimate when temporary differences will reverse. Depending on the profitability of the companies, the tax rate can consequently be significantly different from year to year.

Each company is taxed as a separate entity and no tax set-off is allowed between the companies.

All mining capital expenditure is deducted to the extent that it does not result in an assessed loss and depreciation is ignored when calculating the mining income. Capital expenditure not deducted from mining income is carried forward as unredeemed capital expenditure to be deducted from future mining income. The Ergo operation is treated as one tax paying operation pursuant to the relevant ring-fencing legislation.

GROUP				COMPANY	
2015 R'000	2016 R'000			2016 R'000	2015 R'000
		8	**INCOME TAX** *continued*		
			Tax reconciliation		
			Major items causing the group's income tax expense to differ from the statutory rate were:		
(27 103)	**(30 478)**		Tax on net profit before tax at South African corporate tax rate of 28%	**(6 503)**	(12 153)
8 580	**4 425**		Rate adjustment to reflect the actual realised company tax rates	**–**	–
(10 028)	**(21 696)**		Deferred tax rate adjustment (a)	**–**	–
(3 726)	**(1 818)**		Non-deductable expenditure (b)	**(115)**	(1 646)
8 423	**–**		Exempt income and other non-taxable income (c, e)	**11 262**	22 917
1 326	**(4 301)**		(Under)/over provided in prior periods	**(5 134)**	4 412
3 126	**685**		Tax incentives	**–**	–
1 789	**(1 272)**		Other differences	**39**	(49)
–	**7 543**		Utilisation of tax losses for which deferred tax assets were previously unrecognised (d)	**938**	–
(10 986)	**(11)**		Current year tax losses for which no deferred tax asset was recognised	**–**	(9 296)
(28 599)	**(46 923)**		**Income tax**	**487**	4 185
1 469 638	**1 208 650**		Estimated unredeemed capital expenditure at year-end (available for deduction against future mining income)	**131 504**	131 504
1 452 383	**1 452 383**		Estimated gross capital losses at year-end (available to reduce future capital gains)	**1 452 383**	1 452 383
165 357	**146 911**		Estimated assessed tax losses at year-end (available to reduce future taxable income)	**29 849**	33 199
3 087 378	**2 807 944**		Estimated tax losses and unredeemed capital expenditure carried forward [(1)]	**1 613 736**	1 617 086

GROUP

(a) Deferred tax rate adjustment

The effective gold mining tax rate increased from 20.07% to 23.07% (2015: 18.46% to 20.07%) due to the impact of the higher forecasted gold price.

(b) Non-deductable expenditure

The group's non-deductable expenditure for the year ended 30 June 2016 includes R4.6 million related to depreciation on non-redeemable assets (2015: R6.6 million related to depreciation on non-redeemable assets and R4.8 million relating to impairments of available-for-sale investments and other assets).

(c) Exempt income and other non-taxable income

Included in the group's exempt income for the year ended 30 June 2015 are:

– R19.8 million relating to the fair value adjustment on available-for-sale investments reclassified to profit or loss; and

– R5.9 million relating to the foreign exchange translation reserve reclassified to profit or loss.

(d) Tax losses and unredeemed CAPEX for which deferred tax assets were previously unrecognised

Group entities that do not generate recurring taxable income, and therefore have unrecognised deferred tax assets, generated taxable income during the year ended 30 June 2016 resulting from the following non-recurring, taxable items:

– R22.6 million relating to a reversal of an accrual (refer note 4); and

– R9.8 million recoupment of capital allowances.

COMPANY

(e) Exempt income and other non-taxable income

The company's exempt income for the year ended 30 June 2016 includes R40.2 million interest received from subsidiaries that is not taxable.

Included in the company's exempt income for the year ended 30 June 2015 are:

– R19.8 million relating to the fair value adjustment on available-for-sale investments reclassified to profit or loss; and

– R62.0 million relating to interest received from subsidiaries that is no longer taxable due to changes in income tax legislation.

(1) The extent to which it is probable that future taxable profits will be available against which the tax losses and unredeemed capital expenditure can be utilised is reflected in note 19.

	GROUP 2016 R'000	GROUP 2015 R'000
9 EARNINGS PER SHARE		
Basic		
The calculation of earnings per ordinary share is based on the following:		
Basic earnings attributable to equity owners of the parent	**61 929**	67 807
Headline		
Basic earnings attributable to equity owners of the parent		
The basic earnings has been adjusted by the following to arrive at headline earnings:	**61 929**	67 807
Net impairments	**–**	6 488
– Gross impairment	**–**	7 904
– Non-controlling interest	**–**	(799)
– Tax thereon	**–**	(617)
Net profit on disposal of property, plant and equipment	**(8 153)**	(9 869)
– Gross profit on disposal of property, plant and equipment	**(10 514)**	(13 166)
– Non-controlling interest	**–**	2 838
– Tax thereon	**2 361**	459
Profit on disposal of equity accounted investment	**–**	(5 882)
Fair value adjustment on available-for-sale investments reclassified to profit or loss	**–**	(19 875)
Headline earnings attributable to ordinary shareholders	**53 776**	38 669
Diluted		
Basic earnings attributable to equity owners of the parent	**61 929**	67 807
Diluted basic earnings	**61 929**	67 807
Headline earnings adjustments	**(8 153)**	(29 138)
Diluted headline earnings	**53 776**	38 669

	Number of shares	Number of shares
Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue	**422 157 987**	389 699 441
Number of staff options allocated [1]	**34 075**	–
Diluted weighted average number of ordinary shares	**422 192 062**	389 699 441

	Cents per share	Cents per share
Basic earnings per share	**15**	17
Diluted earnings per share	**15**	17
Headline earnings per share	**13**	10
Diluted headline earnings per share	**13**	10

[1] At 30 June 2015, 0.8 million options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

GROUP 2015 R'000	GROUP 2016 R'000			COMPANY 2016 R'000	COMPANY 2015 R'000
		10	**PROPERTY, PLANT AND EQUIPMENT**		
			Total		
2 840 335	**2 904 706**		Cost	**3 512**	3 432
2 702 984	**2 840 335**		Opening balance	**3 432**	3 330
113 335	**100 014**		Additions	**92**	102
(5 640)	**(17 728)**		Disposals	**(12)**	–
29 656	**(12 893)**		Change in estimate of decommissioning asset (refer note 17)	**–**	–
–	**(5 022)**		Transferred to assets held for sale (refer note 15)	**–**	–
(1 141 561)	**(1 304 230)**		Accumulated depreciation and impairment	**(3 394)**	(3 348)
(947 481)	**(1 141 561)**		Opening balance	**(3 348)**	(3 204)
(193 301)	**(180 167)**		Depreciation	**(58)**	(144)
(3 075)	**–**		Impairment (refer note 4)	**–**	–
2 296	**17 498**		Disposals	**12**	–
1 698 774	**1 600 476**		Carrying value	**118**	84
			Mine property and development		
1 321 607	**1 310 291**		Cost	**–**	–
1 325 761	**1 321 607**		Opening balance	**–**	–
6 628	**3 489**		Additions	**–**	–
(3 326)	**(225)**		Disposals	**–**	–
(7 456)	**(9 558)**		Change in estimate of decommissioning asset	**–**	–
–	**(5 022)**		Transferred to assets held for sale	**–**	–
(624 645)	**(693 171)**		Accumulated depreciation and impairment	**–**	–
(525 451)	**(624 645)**		Opening balance	**–**	–
(99 194)	**(68 526)**		Depreciation (a)	**–**	–
696 962	**617 120**		Carrying value	**–**	–
			Mine plant facilities (b)		
1 420 816	**1 488 757**		Cost	**–**	–
1 276 207	**1 420 816**		Opening balance	**–**	–
103 734	**91 925**		Additions	**–**	–
(2 250)	**(17 440)**		Disposals	**–**	–
43 125	**(6 544)**		Change in estimate of decommissioning asset	**–**	–
(481 711)	**(571 534)**		Accumulated depreciation and impairment	**–**	–
(390 515)	**(481 711)**		Opening balance	**–**	–
(90 371)	**(107 263)**		Depreciation (a)	**–**	–
(3 075)	**–**		Impairment	**–**	–
2 250	**17 440**		Disposals	**–**	–
939 105	**917 223**		Carrying value	**–**	–

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		10 PROPERTY, PLANT AND EQUIPMENT *continued*		
		Equipment and vehicles		
26 988	**30 770**	Cost	**3 512**	3 432
24 079	**26 988**	Opening balance	**3 432**	3 330
2 973	**3 845**	Additions	**92**	102
(64)	**(63)**	Disposals	**(12)**	–
(22 828)	**(27 148)**	Accumulated depreciation and impairment	**(3 394)**	(3 348)
(19 138)	**(22 828)**	Opening balance	**(3 348)**	(3 204)
(3 736)	**(4 378)**	Depreciation	**(58)**	(144)
46	**58**	Disposals	**12**	–
4 160	**3 622**	Carrying value	**118**	84
		Exploration assets		
70 924	**74 888**	Cost	**–**	–
76 937	**70 924**	Opening balance	**–**	–
–	**755**	Additions	**–**	–
(6 013)	**3 209**	Change in estimate of decommissioning asset	**–**	–
(12 377)	**(12 377)**	Accumulated depreciation and impairment losses	**–**	–
(12 377)	**(12 377)**	Opening balance	**–**	–
58 547	**62 511**	Carrying value	**–**	–

GROUP

(a) Depreciation

The increase in the expected units-of-production in Ergo's life of mine that became effective on 1 July 2015 resulted in a net decrease in the depreciation charge recognised (refer note 1 use of estimates and judgements).

(b) Plant facilities acquired under finance lease

Mine plant facilities includes power generation equipment with a carrying value of R19.6 million (2015: R22.6 million) that was acquired during the year ended 30 June 2015 by way of a finance lease (refer note 21).

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		11 NON-CURRENT INVESTMENTS AND OTHER ASSETS		
3 226	**8 886**	**Listed investments** (a)	**8 886**	3 226
34 097	**3 226**	Opening balance	**3 226**	34 097
–	**1 318**	Additions	**1 318**	–
(46 375)	**–**	Disposals (i)	**–**	(46 375)
(3 614)	**–**	Impairment (refer note 4)	**–**	(3 614)
19 118	**4 342**	Fair value adjustment (i)	**4 342**	19 118
159	**147**	**Unlisted investments** (b)	**147**	159
171	**159**	Opening balance	**159**	171
(12)	**(12)**	Disposals	**(12)**	(12)
2 496	**–**	**Loan to DRDSA Empowerment Trust** (iii)	**–**	2 496
100 284	**108 257**	**Reimbursive right for environmental rehabilitation guarantees** (iv)	**–**	–
93 709	**100 284**	Opening balance	**–**	–
803	**–**	Contributions	**–**	–
5 772	**7 973**	Growth (refer note 6)	**–**	–
87 917	**93 798**	**Investments in environmental rehabilitation trust funds** (v)	**–**	–
82 848	**87 917**	Opening balance	**–**	–
5 069	**5 881**	Growth (refer note 6)	**–**	–
194 082	**211 088**	**Total non-current investments and other assets**	**9 033**	5 881

	% held	Number of shares	Fair value 2016 R'000	Carrying value 2016 R'000	Carrying value 2015 R'000
(a) Listed investments consist of:					
West Wits Mining Limited ("WWM")	10.5%	47 812 500	**8 886**	**8 886**	3 226
			8 886	**8 886**	3 226
(b) Unlisted investments consist of:					
Rand Mutual Assurance Company Limited	#	1	**–**	**–**	–
Rand Refinery Proprietary Limited ("Rand Refinery") (ii)	11	44 438	**–**	**–**	–
Guardrisk Insurance Company Limited (Cell Captive A170)*	#	20	**100**	**100**	100
Chamber of Mines Building Company Proprietary Limited	3	30 160	**47**	**47**	59
			147	**147**	159

Represents a less than 1% shareholding.

* Class A shares are held in Guardrisk Insurance Company Limited that entitles the holder to 100% of the residual net equity of the Cell Captive A170 after settlement of the reimbursive right.

(i) During the year ended 30 June 2015, all the Village Main Reef Limited ("VMR") shares held were sold to Heaven-Sent Capital Management Group Company Limited as part of their offer to acquire the entire issued share capital of VMR for a cash consideration of R12.25 per VMR share. Fair value adjustments amounting to R19.9 million were reclassified to profit or loss on the disposal.

(ii) Following the adoption of a new Enterprise Resource Planning (ERP) system in 2013, Rand Refinery Proprietary Limited ("Rand Refinery") identified an imbalance between physical gold and silver on hand and what Rand Refinery owed its depositors and bullion bankers per the metallurgical trial balance. Rand Refinery's investigations have to date not determined the root cause of the imbalance. Various corrective measures have subsequently been implemented to improve Rand Refinery's operational performance.

As a precautionary measure following the challenges experienced by the implementation of the software system, Rand Refinery's major shareholders have extended Rand Refinery an irrevocable, subordinated loan facility of up to R1.2 billion. The facility is convertible to equity after a period of two years. DRDGOLD declined the option to provide funding on a pro-rate basis with other major shareholders which may result in its shareholding being diluted, if the funding provided by the other shareholders are converted into equity. During late calendar year 2015, Rand Refinery drew down R1.02 billion on the shareholders' loan.

Management therefore maintains its conclusion reached during the year ended 30 June 2015 that the estimated fair value of the investment in Rand Refinery shares is zero as at 30 June 2016.

(iii) The terms and conditions of the loans to the DRDSA Empowerment Trust were linked to the payments of dividends from Ergo Mining Operations Proprietary Limited to the trust up to the completion of the flip-up (refer note 16.2) and thereafter the payment of dividends from DRDGOLD to the trust. The loan was settled in full during the year ended 30 June 2016.

(iv) Cell Captive cell A170, to which DRDGOLD is a shareholder (refer to unlisted investments), holds funds that may only be applied towards the settlement of DRDGOLD group's environmental rehabilitation obligations under financial guarantees issued by Guardrisk Insurance Company Limited to the DMR (refer note 17).

(v) The monies in the environmental rehabilitation trust funds are held in the Crown Rehabilitation Trust (refer note 12) and are invested primarily in low-risk interest-bearing debt securities and may only be used for environmental rehabilitation purposes (refer note 17).

	COMPANY	
	2016 R'000	**2015 R'000**
12 INVESTMENTS IN SUBSIDIARIES		
Shares at cost, less impairment loss [1]	**210 488**	210 488
Net indebtedness, less impairment loss	**546 933**	832 155
Interest bearing loans owing by subsidiaries directly held	**258 443**	544 279
Interest bearing loans owing by subsidiaries not directly held	**599 949**	599 335
Non-interest bearing loans owing by subsidiaries	**143 920**	143 920
Impairments	**(143 920)**	(143 920)
Non-interest bearing loans owing to subsidiaries	**(311 459)**	(311 459)
Interest bearing loans bear interest at the prime interest rate minus four percentage points. The loans are unsecured and without any fixed repayment arrangements unless stated otherwise.		
Net investment in subsidiaries	**757 421**	1 042 643

12 INVESTMENTS IN SUBSIDIARIES *continued*

The following information relates to the company's financial interest in its subsidiaries at 30 June 2016:

	Shares in issue	Held[(2)]	Shares at cost less impairment	Indebtedness	Impairment	Indebtedness	Impairment
				2016	2016	2015	2015
	Number	%	R'000	R'000	R'000	R'000	R'000
Subsidiaries directly held							
Ergo Mining Operations Proprietary Limited [(1,3,5)]	1 000 000	100	210 488	**258 443**	**–**	544 279	–
Argonaut Financial Services Proprietary Limited	100	100	–	**(1 055)**	**–**	(1 055)	–
Crown Consolidated Gold Recoveries Limited	51 300 000	100	–	**(245 316)**	**–**	(245 316)	–
Hartebeestfontein Gold Mining Company Limited	1	100	–	**–**	**–**	–	–
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	118 505 000	100	–	**(42 092)**	**–**	(42 092)	–
Roodepoort Gold Mine Proprietary Limited	1	100	–	**–**	**–**	–	–
West Witwatersrand Gold Holdings Limited	99 000 000	100	–	**(22 996)**	**–**	(22 996)	–
Total			**210 488**	**(53 016)**	**–**	**232 820**	**–**
Subsidiaries not directly held							
Ergo Mining Proprietary Limited [(4,5)]				**599 949**	**–**	599 335	–
West Witwatersrand Gold Mines Limited				**143 920**	**(143 920)**	143 920	(143 920)
Total				**743 869**	**(143 920)**	743 255	(143 920)
Total			**210 488**	**690 853**	**(143 920)**	**976 075**	**(143 920)**

(1) During the year ended 30 June 2015 DRDGOLD acquired the 26% shareholding in Ergo Mining Operations Proprietary Limited ("EMO") that was not held at 30 June 2014 for 45.5 million shares in DRDGOLD at a fair value of R96.5 million plus R0.9 million cash.

(2) % held as at 30 June 2015 and 30 June 2016 respectively unless stated otherwise.

(3) EMO holds the following interests in other entities:
Direct: 100% of East Rand Proprietary Mines Limited ("ERPM") and 100% of Crown Gold Recoveries Proprietary Limited ("Crown");
Indirect: 100% of Ergo Mining Proprietary Limited ("Ergo").
EMO and its subsidiaries ("the EMO group") does not hold any ownership interest in the Crown Rehabilitation Trust or the Ergo Business Development Academy NPC ("EBDA"), but controls these entities by way of the terms of the constituting documents that grants the EMO group the ability to direct its relevant activities, as well as the group receiving substantially all of the benefits that are generated through their operation.

(4) During November 2015 the loan agreement between DRDGOLD and Ergo was amended to:
- remove the terms allowing for repayments to be based on free cash flows on a quarterly basis, however DRDGOLD continued to reserved the right to call for payment of the loan at any time; and
- the subordination of the loan by DRDGOLD was cancelled. Prior to the amendment, the loan was subordinated on terms as described in (5) below.

(5) The company considers the provision of financial support to, and the subordination of the amounts owing to it by its subsidiaries annually based on the liquidity requirements of the company and the respective subsidiaries.
(a) During November 2015 these loan agreements were amended resulting in DRDGOLD subordinating its claim against these subsidiaries in favour of all other creditors and in terms of this subordination agreements, DRDGOLD will not call for repayment of the loans until:
- the total assets of the lender, fairly valued, exceeds its total liabilities; or
- all other liabilities are paid.

(b) Prior to the amendment described in (a), the company subordinated its claim against these subsidiaries in favour of all other creditors and in terms of those subordination agreements, DRDGOLD would not call for repayment of the loans:
- within 367 days from 1 October 2014; or
- until all other liabilities are paid; or
- the total assets of the lender, fairly valued, exceeds its total liabilities.

The company will continue to provide these entities with the financial support required to meet their obligations incurred in the ordinary course of business and has undertaken not to call for payment of such loans within 367 days commencing on the date of signature of the borrower's most recently issued financial statements.

13 INVENTORIES

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
60 555	48 758	Gold in process	–	–
90 689	87 074	Consumable stores	–	–
17 485	24 837	Finished stock – Bullion	–	–
168 729	160 669		–	–

GROUP

Inventory carried at net realisable value includes gold in process amounting to nil (2015: R5.3 million) and finished stock – bullion amounting to nil (2015: R15 million) after a nil (2015: R1.8 million) write down to net realisable value.

14 TRADE AND OTHER RECEIVABLES

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
43 002	–	Trade receivables (gold sales)	–	–
22 892	23 573	Value added tax	22	–
3 589	7 976	Prepayments	5 032	208
2 804	2 947	Receivables from related parties	2 749	2 703
1 545	1 633	Interest receivable	1 611	1 545
25 906	41 493	Other receivables	3 591	3 595
(6 465)	(11 107)	Allowance for impairment	–	–
93 273	66 515		13 005	8 051

GROUP

Included in other receivables are receivables relating to property sales amounting to R6.5 million (2015: nil) and MQA grants receivable of R10.9 million (2015: R0.9 million).

15 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		Assets held for sale		
747	5 769	Property, plant and equipment	–	–
747	747	Opening balance	–	–
–	5 022	Transferred from property, plant and equipment (refer note 10)	–	–
8 619	9 194	Non-current investments and other assets	–	–
8 126	8 619	Opening balance	–	–
493	575	Growth (refer note 6)	–	–
9 366	14 963		–	–
		Liabilities held for sale		
17 612	15 602	Provisions	–	–
20 530	17 612	Opening balance	–	–
1 685	1 525	Unwinding of provision (refer note 7)	–	–
(4 603)	(2 112)	Benefit to profit or loss	–	–
–	(1 423)	Environmental rehabilitation payments	–	–
17 612	15 602		–	–

15 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE *continued*

GROUP

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

On 25 July 2014, DRDGOLD announced that its subsidiaries Ergo Mining Operations Proprietary Limited (EMO) and East Rand Proprietary Mines Limited (ERPM) collectively had entered into an agreement to dispose of certain underground mining and prospecting rights held by ERPM, and certain other assets on the related mining areas, for an agreed consideration of approximately R220 million.

All regulatory approvals required for this disposal have now been obtained, with the exception of the approval required under Section 11 of the Mineral and Petroleum Resource Development Act as a result of circumstances beyond the entity's control. Management has taken timely action and remains confident that this last outstanding regulatory approval will be obtained in due course.

DRDGOLD received a request from the purchaser to restructure the payment terms following the lapse in time awaiting Section 11 approval.

ERPM entered into an unrelated agreement to dispose of a property with a carrying value of R5.0 million for R18.0 million during June 2016. The property has been classified as held for sale due to the disposal being expected to be completed within the next 12 months.

GROUP			COMPANY	
2015 R'000	**2016 R'000**		**2016 R'000**	**2015 R'000**
		16 EQUITY		
		16.1 Equity of the owners of the parent		
		Details of equity of the owners of the parent are provided in the Statements of Changes in Equity		
		Authorised share capital		
		600 000 000 (2015: 600 000 000) ordinary shares of no par value		
500	**500**	5 000 000 (2015: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
		Issued share capital		
4 225 071	**4 227 867**	431 429 767 (2015: 430 883 767) ordinary shares of no par value (a)	**4 227 868**	4 225 072
(44 152)	**(50 673)**	9 361 071 (2015: 6 155 559) treasury shares held within the group (b)		
–				
500	**500**	5 000 000 (2015: 5 000 000) cumulative preference shares of 10 cents each (c)	**500**	500
4 181 419	**4 177 694**		**4 228 368**	4 225 572
		Revaluation and other reserves		
135 830	**140 172**	Asset revaluation reserve (d)	**5 099**	757
135 830	**140 172**		**5 099**	757
		Dividends (e)		
		The following dividends were declared and paid:		
(7 585)	**(252 915)**	60 cents per qualifying ordinary share (2015: 2 cents)	**(258 530)**	(7 708)

GROUP AND COMPANY unless stated otherwise

Share capital

(a) Unissued shares

In terms of an ordinary resolution passed at the previous annual general meeting, the remaining unissued ordinary shares in the company are under the control of the directors until the next annual general meeting.

546 000 shares were issued during the year ended 30 June 2016 relating to share options exercised under the DRDGOLD (1996) share scheme (2015: nil).

(b) Treasury shares

3 205 512 shares were acquired in the market during the year ended 30 June 2016 and are held in treasury (2015: nil).

(c) Cumulative preference shares

The terms of issue of the cumulative preference shares were that they carried the right, in priority to the company's ordinary shares, to receive a dividend equal to 3% of the gross future revenue generated by the exploitation or the disposal of Argonaut's mineral rights acquired from Randgold and Exploration Company Limited in September 1997. The Department of Mineral Resources (DMR) granted DRDGOLD a prospecting right over an area which was going to be too small to mine. When an application for a greater area was lodged, the DMR stated that the additional area is in an urban location and an application for a prospecting right cannot be granted. The development of the resource is not expected to materialise and therefore no dividend is expected to be paid.

(d) Asset revaluation reserve

Group: Included in the asset revaluation reserve is an amount of R133.3 million that was taken to the asset revaluation reserve on the acquisition of ErgoGold in the year ended 30 June 2009. This amount represented the increase in the fair value of ErgoGold's net assets after the acquisition of the group's initial interest, which was attributable to that initial interest.

(e) Dividends

After 30 June 2016, a dividend of 12 cents per qualifying share (R51.8 million) was approved by the directors as a final dividend for 2016. The dividend has not been provided for and does not have any tax impact on the company. Dividend withholding tax is levied at 15% (2015: 15%) (certain exemptions apply) and will be withheld from the dividend depending on the classification of the beneficial owner of the relevant share.

16.2 Non-controlling interest ("NCI")

DRDGOLD acquired the 26% shareholding in EMO that it did not already hold at the end of the third quarter of the year ended 30 June 2015, making it a wholly-owned subsidiary of DRDGOLD with no remaining NCI in the group subsequent to this date (refer to note 12).

The following table summarises the information relating to the group's NCI up to the date of EMO becoming a wholly owned subsidiary.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
1 495	–	Profit for the period	–	–
1 495	–	Total comprehensive income	–	–
389	–	Profit allocated to NCI	–	–
–	–	OCI allocated to NCI	–	–
389	–	Total comprehensive income allocated to NCI	–	–
65 726	–	Net cash flows from operating activities	–	–
(48 805)	–	Net cash flows from investing activities	–	–
–	–	Net cash flows from financing activities	–	–
16 921	–	Net increase in cash and cash equivalents	–	–

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		17 PROVISION FOR ENVIRONMENTAL REHABILITATION		
451 203	**493 291**	Opening balance	**–**	–
29 656	**(12 893)**	(Decrease)/increase in provision (a)	**–**	–
37 306	**41 491**	Unwinding of provision (refer note 7)	**–**	–
(9 034)	**(20 355)**	Environmental rehabilitation payments	**–**	–
(9 034)	**(10 591)**	– Incurred on decommissioning liabilities	**–**	–
–	**(9 764)**	– Incurred on restoration liabilities	**–**	–
(15 840)	**21 371**	Charge/(benefit) to profit or loss (b)	**–**	–
493 291	**522 905**	Closing balance	**–**	–

GROUP

(a) (Decrease)/increase in provision

– The R12.9 million decrease in the decommissioning liability recognised to property, plant and equipment is mostly attributable to the decrease in the expected costs to rehabilitate the Ergo plant and the Elsburg tailings complex (2015: The R29.7 million increase in the decommissioning liability was mostly due to the costs expected to be incurred to rehabilitate the additional capacity of the Brakpan deposition site that was constructed during the year (refer note 10)).

(b) Charge/(benefit) to profit or loss

– The R21.4 million increase in the restoration liability charged to profit or loss is mostly attributable to the increase in the estimated costs to rehabilitate historical spills and dumps that are not considered to be economically viable to mine (2015: The R15.8 million benefit recognised to profit or loss was mostly attributable to a decrease in the oversized material that management expects to rehabilitate).

The group intends to fund the ultimate rehabilitation costs from the money invested in environmental rehabilitation trust funds, the Guardrisk Cell Captive and, at the time of mine closure, the proceeds on sale of remaining assets and gold from plant clean-up.

At 30 June 2016 the group held funds in rehabilitation trust funds amounting to R93.8 million (2015: R87.9 million) and in the Guardrisk Cell Captive amounting to R108.3 million (2015: R100.3 million). In addition, Guardrisk Insurance Company Limited issued environmental guarantees to the DMR amounting to R427.2 million (2015: R404 million). These guarantees are funded by the funds held in the Guardrisk Cell Captive.

The rehabilitation is expected to occur progressively towards the end-of-life of the respective dumps mined.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		18 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS		
		Non-current post-retirement and other employee benefits		
7 563	**7 918**	Liability for post-retirement medical benefits (a)	**–**	–
1 679	**23 665**	Liability for long term employee incentive scheme (b)	**8 550**	454
9 242	**31 583**		**8 550**	454
		Current post-retirement and other employee benefits		
2 557	**6 568**	Liability for long term employee incentive scheme (b)	**1 177**	731
2 557	**6 568**		**1 177**	731
		Contribution funds		
		The group participates in a number of multi-employer, industry-based retirement plans. All plans are governed by the Pension Funds Act, 1956.		
		The group pays fixed contributions to external institutions and will have no legal or constructive obligation to pay further amounts.		
		Amount recognised in profit or loss is as follows:		
(19 952)	**(20 648)**	Contribution payments	**–**	–
		(a) Post-retirement medical benefits		
		A provision for post-retirement medical benefits has been raised, based on the latest calculations using a projected unit credit method, of independent actuaries performed as at 30 June 2015. Post-retirement medical benefits are actuarially valued every three years. The obligation is unfunded.		
		Amounts recognised in the statement of financial position are as follows:		
6 657	**7 563**	Opening balance	**–**	–
101	**101**	Current service cost (recognised in profit or loss)	**–**	–
570	**603**	Interest costs (recognised in profit or loss)	**–**	–
539	**–**	Actuarial loss (recognised in other comprehensive income)	**–**	–
(304)	**(349)**	Benefits paid	**–**	–
7 563	**7 918**	Closing balance	**–**	–
		Principal actuarial assumptions at the statement of financial position date:		
7.37%	**7.37%**	Health care cost inflation		
8.16%	**8.16%**	Discount rate		
0.74%	**0.74%**	Real discount rate		
60.0	**60.0**	Normal retirement age		
63.3	**63.3**	Expected average retirement age		
3 years	**3 years**	Spouse age gap		
100%	**100%**	Continuation at retirement		
100%	**100%**	Proportion married at retirement		

There are currently no long-term assets set aside in respect of post-retirement medical benefit liabilities.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		18 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS *continued*		
		(b) Liability for long term employee incentive scheme		
4 576	**4 236**	Opening balance	**1 185**	1 982
1 577	**29 874**	Increase in liability	**9 448**	71
(1 917)	**(3 877)**	Benefits paid	**(906)**	(868)
4 236	**30 233**	Total liability of employee incentive scheme	**9 727**	1 185
(2 557)	**(6 568)**	Short term portion of employee incentive scheme	**(1 177)**	(731)
1 679	**23 665**	Long term portion of employee incentive scheme	**8 550**	454

DRDGOLD Phantom Share Scheme (the Phantom Share Scheme)

(i) Details of the scheme

The Phantom Share Scheme is an incentive tool for the group's executive directors and senior employees whose skills and experience are recognised as being essential to the group's performance. The Phantom Share Scheme was introduced during the year ended 30 June 2013 and is classified as cash settled. In terms of the Phantom Share Scheme rules, 50% of the phantom shares granted will be valued based on the group meeting certain pre-determined performance criteria and the remaining 50% to defined retention periods of which the maximum incentive pay-out per annum to any single employee may not exceed 75% of that employee's gross remuneration package. The participants in the scheme are fully taxed at their marginal tax rate on any gains realised on the exercise of their options.

The Phantom Share Scheme was amended during November 2015 as follows:

– Shares granted during November 2015 will vest after 3 years (20%), 4 years (30%) and 5 years (50%);

– The scheme has a finite term of 5 years and thus no top-up awards are made when the shares vest;

– The vesting of the shares in years 3, 4 and 5 is subject to:
  • Individual performance conditions being met; and
  • Individual "service" conditions being met.

– The phantom shares will be settled at the 7 day volume weighted average price of the DRDGOLD share on vesting date.

Shares granted before the amendment are not affected by this amendment.

(ii) Reconciliation of outstanding phantom shares

	Shares Number	Weighted average price per share R
Balance at 30 June 2014	**3 706 102**	
Granted	2 615 207	1.31
Vested	(1 292 833)	1.48
Forfeited/lapsed	(502 826)	2.70
Balance at 30 June 2015	**4 525 650**	
Granted	20 527 978	2.26
Vested	(1 858 491)	2.09
Forfeited/lapsed	(25 946)	2.09
Balance at 30 June 2016	**23 169 191**	

(iii) Aging of outstanding phantom shares

Financial year granted	Years to expiry	NUMBER OF UNVESTED SHARES 30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021	Total
2014	1	535 292					**535 292**
2015	1 – 2	1 052 967	1 052 954				**2 105 921**
2016	3 – 5			4 105 596	6 158 393	10 263 989	**20 527 978**
		1 588 259	1 052 954	4 105 596	6 158 393	10 263 989	**23 169 191**

(iv) Fair value

The fair value of the cash-settled share based payment provision has been measured using the Black Scholes option pricing model. Service and non-market performance conditions attached to the arrangements have not been taken into account in measuring the fair value.

The inputs used in the measurement of the fair values at grant date and measurement date of the phantom shares are as follows:

	GRANTED DURING FINANCIAL YEAR 2016	2015	2014
Grant date			
Expected term (years)	**3 – 5**	1 – 3	1 – 3
Expected volatility*	**51.1%**	22.1%	17.7%
Expected dividend yield	**4.3%**	0.7%	5.3%
Weighted average risk free interest rate (based on South African interest rates)	**8.7%**	6.4%	6.1%
Valuation date			
Expected term (months)	**31 – 52**	4 – 16	4
Expected volatility*	**52.7%**	57.3%	54.5%
Expected dividend yield	**2.6%**	2.6%	2.6%
Weighted average risk free interest rate (based on South African interest rates)	**7.7%**	7.7%	6.7%
The minimum performance criteria of the phantom share options granted before the November 2015 amendments to the scheme determined against the group performance are as follows:			
Headline earnings per share	**–**	0.08	0.08
Return on equity	**–**	15%	15%
Free cash flow	**–**	10%	10%
Cash flows from operating activities less cash flow from investing activities expressed as a percentage of revenue			
Share price performance:			
Outperform the annual movement in the JSE Gold index	**–**	✓	✓

* Expected volatility has been based on an evaluation of the historical volatility of the company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Share Option Scheme

(i) Details of the DRDGOLD (1996) share scheme

During FY2013, the company introduced a new incentive tool called the DRDGOLD Phantom Share Scheme which replaced the DRDGOLD (1996) Share Scheme and no new share options will be granted under the replaced scheme.

The rules of the DRDGOLD (1996) share scheme do not grant employees the choice of settlement of their vested share options in cash or equity instruments.

Any options not exercised within a period of five years from grant date will expire.

All options outstanding at 30 June 2016 have vested, have a strike price of R5.12 and will expire on 31 October 2016.

18 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS *continued*

Share Option Scheme *continued*

(ii) Reconciliation of outstanding share options

	Shares Number	Average strike price per share R
Balance at 30 June 2014	**1 238 028**	**5.96**
Forfeited/lapsed	(470 678)	7.81
Balance at 30 June 2015	**767 350**	**5.12**
Exercised [1]	(546 000)	5.12
Forfeited/lapsed	(187 275)	5.12
Balance at 30 June 2016	**34 075**	**5.12**

[1] The weighted average share price during the period in which the options were exercised was R7.83.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		19 DEFERRED TAX		
		Balances arose from the following temporary differences:		
		Deferred tax asset		
19	**7**	Property, plant and equipment	**7**	19
1 179	**6 812**	Provisions	**6 812**	1 179
1 198	**6 819**		**6 819**	1 198
		Deferred tax liability		
(234 709)	**(306 928)**	Property, plant and equipment	**–**	–
82 661	**107 831**	Provisions, including rehabilitation provision	**–**	–
4 247	**4 420**	Other temporary differences [a]	**–**	–
(147 801)	**(194 677)**		**–**	–
(146 603)	**(187 858)**	Net deferred mining and income tax (liability)/asset	**6 819**	1 198
		Reconciliation between deferred tax opening and closing balances		
(114 660)	**(146 603)**	Opening balance	**1 198**	1 424
(31 943)	**(41 255)**	Recognised in profit or loss	**5 621**	(226)
(47 916)	**(72 231)**	Property, plant and equipment	**(12)**	23
13 023	**30 803**	Provisions, including rehabilitation provision	**5 633**	(249)
2 950	**173**	Other temporary differences [a]	**–**	–
(146 603)	**(187 858)**	Closing balance	**6 819**	1 198

[a] Includes the temporary differences on the finance lease obligation.

GROUP

The group provides for deferred tax at the rates which are expected to apply for temporary differences. The group uses the expected average effective tax rates, resulting from the mining tax formula for mining income based on forecasts per individual entity.

Deferred tax assets have not been recognised in respect of tax losses of R28.5 million (2015: R46.3 million), unredeemed capital expenditure of R272.9 million (2015: R275.6 million) and capital losses of R271.1 million (2015: R271.1 million).

COMPANY

Deferred tax assets have not been recognised in respect of tax losses of R8.4 million (2015: R9.3 million), unredeemed capital expenditure of R36.8 million (2015: R36.8 million) and capital losses of R271.1 million (2015: R271.1 million).

The deferred tax relating to the investment in subsidiaries is nil (2015: nil). These investments are expected to be realised through dividend distributions which are exempt under current tax legislation. As a result there are also no temporary differences.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		20 LOANS AND BORROWINGS		
23 096	–	Domestic Medium Term Note Programme	–	23 096
23 096	–		–	23 096
(23 096)	–	Less: payable within one year included under current liabilities	–	(23 096)
–	–		–	–
		Loans and borrowings repayment schedule for capital amounts payable in the 12 months to:		
23 096	–	30 June 2016	–	23 096
23 096	–		–	23 096

GROUP AND COMPANY

During June 2012, the group entered into a Domestic Medium Term Note Programme ("DMTN Programme") with ABSA Capital, a division of ABSA Bank Limited, under which DRDGOLD may from time to time issue notes and R165 million was raised in total during July 2012 and September 2012. The different notes issued matured 12 (R20.0 million), 24 (R69.5 million) and 36 (R75.5 million) months from the date of issue and bear interest at the three-month Johannesburg Inter-bank Acceptance Rate (JIBAR) plus a margin ranging from 4% to 5% a year. The effective interest rates were 10.8% – 11.1%.

The DMTN Programme was unsecured but did have certain covenants attached to it regarding acquiring additional indebtedness, significant disposal of assets and in the form of a guarantor coverage threshold. On 3 July 2015, DRDGOLD repaid R23.1 million including capital and interest.

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		21 FINANCE LEASE OBLIGATION		
21 161	**19 161**	Aggreko Energy Rental Proprietary Limited	–	–
21 161	**19 161**		–	–
(2 000)	**(2 355)**	Less: payable within one year included under current liabilities	–	–
19 161	**16 806**		–	–

GROUP

During the year ended 30 June 2015 Ergo entered into an agreement with Aggreko Energy Rental Proprietary Limited for the supply of temporary power generation through the provision of specified temporary power generation equipment and services.

The finance lease is secured by power generation equipment with a carrying value of R19.6 million at 30 June 2016 (2015: R22.6 million). The finance lease has an effective interest rate of 17.9% and Ergo has the option to acquire the temporary power generation equipment at the end of the 5 year lease for approximately R9.9 million. Contingent rentals are payable for usage of the equipment in excess of the usage inclusive in the minimum lease payments.

Finance lease liabilities are payable as follows:

	FUTURE MINIMUM LEASE PAYMENTS		INTEREST		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2016 R'000	**2015** R'000	**2016** R'000	**2015** R'000	**2016** R'000	**2015** R'000
Within one year	**5 304**	5 304	**2 949**	3 304	**2 355**	2 000
Between one and five years	**21 801**	27 105	**4 995**	7 944	**16 806**	19 161
	27 105	32 409	**7 944**	11 248	**19 161**	21 161

GROUP 2015 R'000	GROUP 2016 R'000			COMPANY 2016 R'000	COMPANY 2015 R'000
		22	**CASH GENERATED BY/(APPLIED TO) OPERATIONS**		
96 795	**108 852**		Profit before tax	**23 221**	43 405
			Adjusted for:		
193 301	**180 167**		Depreciation	**58**	144
(20 443)	**19 259**		Movement in provision for environmental rehabilitation	**–**	–
(20 557)	**7 075**		Movement in gold in process	**–**	–
6 689	**–**		Impairments	**–**	3 614
(13 166)	**(10 514)**		Profit on disposal of property, plant and equipment	**(2)**	–
1 753	**29 874**		Share-based payment expense	**9 448**	247
(74)	**4 642**		Impairment/(reversal of impairment) of other receivables	**–**	–
367	**–**		Post-retirement employee benefits	**–**	–
–	**(22 659)**		Reversal of accrual (refer note 4)	**–**	–
–	**(11 187)**		Environmental rehabilitation payments (refer note 17)	**–**	–
(51 497)	**(36 849)**		Finance income	**(81 385)**	(95 145)
49 603	**47 576**		Finance expenses	**358**	7 468
242 771	**316 236**		Operating cash flows before working capital changes	**(48 302)**	(40 267)
42 426	**81 979**		**Working capital changes**	**13 227**	(79)
1 926	**33 725**		Change in trade and other receivables	**145**	1 895
(984)	**986**		Change in inventories	**–**	–
41 484	**47 268**		Change in trade and other payables	**13 082**	(1 974)
285 197	**398 215**		Cash generated by/(applied to) operations	**(35 075)**	(40 346)
		23	**CASH AND CASH EQUIVALENTS**		
103 888	**99 688**		Bank Balances	**36 029**	11 872
220 487	**252 108**		Call deposits	**242 576**	216 695
324 375	**351 796**			**278 605**	228 567

GROUP

Included in cash and cash equivalents is restricted cash of:

- R15.2 million (30 June 2015: R14.3 million) set aside for guarantees;
- R47.7 million (30 June 2015: R11.4 million) relating to cash held in escrow relating to the electricity dispute with Ekurhuleni Metropolitan Municipality discussed under Note 25 including interest thereon; and
- R4.8 million (30 June 2015: R1.9 million) held on behalf of the DRDSA Empowerment Trust.

An overdraft facility of R100 million is available to the group.

GROUP 2015 R'000	GROUP 2016 R'000			COMPANY 2016 R'000	COMPANY 2015 R'000
		24	**COMMITMENTS**		
			Capital commitments		
10 119	**8 582**		Contracted for but not provided for in the financial statements	**–**	–
67 555	**37 228**		Authorised by the directors but not contracted for	**–**	–
77 674	**45 810**			**–**	–
			Operating lease commitments		
			The future minimum lease payments under non-cancellable operating leases are as follows:		
1 068	**1 572**		Within one year	**–**	–
1 313	**1 450**		Between one and five years	**–**	–

Ergo leases its vehicles under various operating leases. There is an average escalation of 2.5% per annum imposed by these lease agreements.

25 CONTINGENT LIABILITIES

Environmental

Mine residue deposits may have a potential pollution impact on ground water through seepage. The group has taken certain preventative actions as well as remedial actions in an attempt to minimise the group's exposure and environmental contamination.

The flooding of the western and central basins have the potential to cause pollution due to Acid Mine Drainage ("AMD") contaminating the ground water. The government has appointed Trans-Caledon Tunnel Authority ("TCTA") to construct a partial treatment plant to prevent the ground water being contaminated. TCTA completed the construction of the neutralisation plant for the Central Basin and commenced treatment during July 2014. As part of the heads of agreement signed in December 2012 between EMO, Ergo, ERPM and TCTA, sludge emanating from this plant since August 2014 has been co-disposed onto the Brakpan Tailings Storage facility. Partially treated water has been discharged by TCTA into the Elsburg Spruit.

While the heads of agreement should not be seen as an unqualified endorsement of the state's AMD solution, and do not affect our right to either challenge future directives or to implement our own initiatives should it become necessary, it is an encouraging development. Through this agreement Ergo also secured the right to purchase up to 30 ML of partially treated AMD from TCTA at cost, in order to reduce Ergo's reliance on potable water for mining and processing purposes.

DRDGOLD, through its participation in the Western Utilities Corporation initiative, provided the government with a solution for a sustainable longterm solution to AMD. This solution would have been at no cost to the mines and government. In view of the limitation of current information for the accurate estimation of a potential liability, no reliable estimate can be made for the possible obligation.

Occupational health – Silicosis

In January 2013, DRDGOLD, ERPM ("the DRDGOLD Respondents") and 23 other mining companies ("the Mining Companies") were served with a court application for a class action by alleged former mineworkers and dependants of deceased mineworkers. In the pending application the applicants allege that the Mining Companies and the DRDGOLD Respondents conducted underground mining operations in a negligent manner that caused occupational lung diseases. The matter was heard in October 2015.

On 13 May 2016, the South Gauteng High Court, Johannesburg ("Court") handed down judgment in respect of the class action certification in terms of which the applicants sought certification of two industry-wide classes: a silicosis class and a tuberculosis class, both of which cover current and former underground mineworkers who have contracted the respective diseases (or the dependants of mineworkers who died of those diseases). In terms of the judgment, the Court ordered the certification of a single class action comprising two separate and distinct classes – a silicosis class and a tuberculosis class.

An application for leave to appeal to the Supreme Court of Appeal ("SCA") was filed and served at the Court by the DRDGOLD Respondents (as well as the Mining Companies) on 03 June 2016 in respect of *inter alia* the transmissibility of damages.

On 23 June 2016, the Court granted leave to appeal to the SCA against *inter alia* the transmissibility of damages as envisaged in paragraph 8 of the order dated 13 May 2016.

25 CONTINGENT LIABILITIES *continued*

Occupational health – Silicosis *continued*

On 15 July 2016, the DRDGOLD Respondents filed and served its petition to the SCA in respect of the certification issue. The notice of appeal in respect of the transmissibility of damages was filed and served on 25 July 2016.

On 13 September 2016, the SCA granted the DRDGOLD Respondents leave to appeal on both the certification and transmissibility of damages.

It is not possible at this stage to ascertain what the probable outcome of the matter will be.

Ekurhuleni Metropolitan Municipality ("Ekurhuleni") Electricity Tariff Dispute

In December 2014, an application (in the South Gauteng High Court) was filed and served on *inter alia* the Ekurhuleni Metropolitan Municipality ("Municipality") and Eskom Holdings SOC Limited ("Eskom") in terms of which Ergo Mining Proprietary Limited ("Ergo") contends, amongst other things, that the Municipality does not "supply" electricity to ERGO from a "supply main" as contemplated in the Municipality's Electricity By-Laws of 2002. The Municipality is not licensed to supply electricity to ERGO in terms of the Municipality's Temporary Distribution Licence. The Municipality is not entitled to render tax invoices to ERGO for the supply and consumption of electricity from the substation. The Municipality is furthermore not competent to add a surcharge or premium of approximately 40% (forty percent) of the rate at which Eskom ordinarily charges ERGO on its Megaflex rate. ERGO is not indebted to the Municipality for the supply and consumption of electricity and is not obliged to tender payment for any amounts claimed in the invoices rendered by the Municipality in excess of its actual consumption thereof as determined by Eskom on a monthly basis. The Municipality is indebted to ERGO in the amount of approximately R43 million in respect of the surcharges and premiums that were erroneously paid to the Municipality in the bona fide and reasonable belief that the Municipality was competent to supply electricity to it.

Subsequent to December 2014 up to 30 June 2016, the Municipality has invoiced ERGO for approximately R51.4 million in surcharges of which R45.7 million has been paid into an attorney's trust account at 30 June 2016 pending the final determination of the dispute.

26 FINANCIAL INSTRUMENTS

Overview

The group (which includes the company unless the context implies differently) has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the group's exposure to each of the above risks, the group's objectives and policies and processes for measuring and managing risk. The group's management of capital is disclosed in note 27. Further quantitative disclosures are included throughout these group and company financial statements.

Risk management framework

The board of directors ("Board") has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the Board on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Audit and Risk Committee is assisted in its oversight role by the internal audit function. The internal audit function undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

The group's financial instruments do not represent a concentration of credit risk, because the group deals with a variety of major banks and financial institutions located in South Africa after evaluating the credit ratings of the representative financial institutions. Furthermore, its trade receivables and loans are regularly monitored and assessed for recoverability. Where it is appropriate an impairment loss is raised.

In addition, the group's operations all deliver their gold to Rand Refinery, which refines the gold to saleable purity levels and then sells the gold, on behalf of the South African operations, on the bullion market. The gold is usually sold by Rand Refinery on the same day as it is delivered and settlement is made within two days.

The following represents the maximum exposure to credit risk for all financial assets at 30 June:

	CARRYING VALUE	
	2016 R'000	**2015 R'000**
GROUP		
Non-current investments and other assets		
Listed investments (refer note 11)	**8 886**	3 226
Unlisted investments (refer note 11)	**147**	159
Loan to DRDSA Empowerment Trust (refer note 11)	**–**	2 496
Investments in environmental rehabilitation trust funds (refer note 11)	**93 798**	87 917
Trade and other receivables (refer note 14)	**34 966**	66 792
Cash and cash equivalents (refer note 23)	**351 796**	324 375
	489 593	484 965
COMPANY		
Non-current investments and other assets		
Listed investments (refer note 11)	**8 886**	3 226
Unlisted investments (refer note 11)	**147**	159
Loan to DRDSA Empowerment Trust (refer note 11)	**–**	2 496
Loans to subsidiaries (refer note 12)	**858 392**	1 143 614
Trade and other receivables (refer note 14)	**7 951**	7 843
Cash and cash equivalents (refer note 23)	**278 605**	228 567
	1 153 981	1 385 905

The following represents the maximum exposure to credit risk for trade and other receivables at 30 June:

	CARRYING VALUE	
	2016 R'000	**2015 R'000**
GROUP		
Trade receivables (gold) (refer note 14)	**–**	43 002
Receivables from related parties (refer note 14)	**2 947**	2 804
Other receivables (refer note 14)	**32 019**	20 986
	34 966	66 792
COMPANY		
Receivables from related parties (refer note 14)	**2 749**	2 703
Other receivables (refer note 14)	**5 202**	5 140
	7 951	7 843

26 FINANCIAL INSTRUMENTS *continued*

Credit risk *continued*

The ageing of trade and other receivables at 30 June:

	GROSS VALUE 2016 R'000	IMPAIRMENT 2016 R'000	GROSS VALUE 2015 R'000	IMPAIRMENT 2015 R'000
GROUP				
Not past due	**18 183**	**–**	53 630	(14)
Past due 0 – 30 days	**6 796**	**(269)**	1 149	(55)
Past due 31 – 120 days	**4 434**	**(925)**	2 754	(1 105)
Past due more than 120 days	**16 660**	**(9 913)**	15 724	(5 291)
	46 073	**(11 107)**	73 257	(6 465)
COMPANY				
Not past due	**4 385**	**–**	4 272	–
Past due 0 – 30 days	**23**	**–**	23	–
Past due 31 – 120 days	**23**	**–**	23	–
Past due more than 120 days	**3 520**	**–**	3 525	–
	7 951	**–**	7 843	–

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full based on historical payment behaviour.

Impairments were raised due to the uncertainty around the recoverability and timing of the expected cash flows.

Movement in the allowance for impairment in respect of other receivables during the year was as follows:

	IMPAIRMENT 2016 R'000	IMPAIRMENT 2015 R'000
GROUP		
Balance at 1 July	**(6 465)**	(6 981)
Impairments (recognised)/reversed	**(4 642)**	74
Bad debt written off against related receivable	**–**	442
Balance at 30 June	**(11 107)**	(6 465)

No impairments were recognised on trade receivables.

The group has no significant concentration of credit risk as the majority of the group's receivables are from debtors with a good track record. The company has no significant concentration of credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold which is predominantly sold in US Dollar and then converted to Rand. DRDGOLD does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production.

A change of 10% in the Rand gold price at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015 and excludes income tax.

	EQUITY AND PROFIT OR (LOSS)			
	10% increase 2016 R'000	10% decrease 2016 R'000	10% increase 2015 R'000	10% decrease 2015 R'000
GROUP				
Gold and silver revenue	**243 306**	**(243 306)**	210 530	(210 530)
Cash flow sensitivity	**243 306**	**(243 306)**	210 530	(210 530)

Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the group receives cash from its operations and is obliged to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.

The following represents the interest rate risk profile for the group's interest-bearing financial instruments at 30 June:

	CARRYING VALUE	
	2016 R'000	2015 R'000
GROUP		
Variable interest rate instruments		
Financial assets	**445 594**	412 292
Financial liabilities	**(19 161)**	(44 257)
	426 433	368 035
COMPANY		
Variable interest rate instruments		
Financial assets	**1 136 997**	1 372 181
Financial liabilities	**–**	(23 096)
	1 136 997	1 349 085

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015 and excludes income tax.

26 FINANCIAL INSTRUMENTS *continued*

Interest rate risk *continued*

	EQUITY AND PROFIT OR (LOSS)			
	100bp increase 2016 R'000	100bp decrease 2016 R'000	100bp increase 2015 R'000	100bp decrease 2015 R'000
GROUP				
Variable interest rate instruments	**4 264**	**(4 264)**	3 680	(3 680)
Cash flow sensitivity	**4 264**	**(4 264)**	3 680	(3 680)
COMPANY				
Variable interest rate instruments	**11 370**	**(11 370)**	13 491	(13 491)
Cash flow sensitivity	**11 370**	**(11 370)**	13 491	(13 491)

Foreign currency risk

The group's reporting currency is the South African Rand. Although gold is sold in US Dollars, the group is obliged to convert this into South African Rand. The company is thus exposed to fluctuations in the US Dollar/South African Rand exchange rate. The company conducted its operations in South Africa during the current year. Foreign exchange fluctuations affect the cash flow that it will realise from its operations as gold is sold in US Dollars, while production costs are incurred primarily in South African Rands. The company's results are positively affected when the US Dollar strengthens against the Rand and adversely affected when the US Dollar weakens against the Rand. The group does not hedge against foreign currency fluctuations and considers the risk to be low due to foreign currency normally being disposed of on the same day.

The following significant exchange rates applied during the year:

	SPOT RATE AT YEAR END		AVERAGE RATE	
	2016	2015	2016	2015
1 US Dollar	**14.6800**	12.1649	**14.4989**	11.4475

The following represents the exposure to foreign currency risks of the group:

	2016 USD'000	2015 USD'000
GROUP		
Trade and other receivables	**–**	3 535
Cash and cash equivalents	**2 320**	–
Net statement of financial position exposure	**2 320**	3 535
COMPANY		
Cash and cash equivalents	**2 320**	–
Net statement of financial position exposure	**2 320**	–

Sensitivity analysis

A 10 percent strengthening of the Rand against the US dollar at 30 June would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015. A 10% weakening of the rand against the US dollar at 30 June would have had the equal but opposite effect, on the basis that all other variables remain constant.

	2016 R'000	2015 R'000
GROUP		
Equity	**(3 405)**	(4 300)
Loss	**(3 405)**	(4 300)
COMPANY		
Equity	**(3 405)**	–
Loss	**(3 405)**	–

Other market price risk

Equity price risk arises from available-for-sale equity securities fair value adjustments accounted for in other comprehensive income. Investments within the portfolio are managed on an individual basis.

The following table represents the carrying amounts and net profit/(loss), finance income and finance expense recognised in profit or loss and/or equity as well as other comprehensive income per category of financial instruments at 30 June:

	Carrying value 2016 R'000	Profit/ (loss) 2016 R'000	OCI 2016 R'000	Total equity 2016 R'000	Carrying value 2015 R'000	Profit/ (loss) 2015 R'000	OCI 2015 R'000	Total equity 2015 R'000
GROUP								
Financial assets								
Available-for-sale financial assets	**9 033**	**–**	**4 342**	**4 342**	3 385	16 261	(757)	15 504
Loans and receivables	**480 560**	**28 686**	**–**	**28 686**	481 580	18 754	–	18 754
	489 593	**28 686**	**4 342**	**33 028**	484 965	35 015	(757)	34 258
Financial liabilities								
Financial liabilities measured at amortised cost	**245 197**	**(4 370)**	**–**	**(4 370)**	256 129	(10 612)	–	(10 612)
	245 197	**(4 370)**	**–**	**(4 370)**	256 129	(10 612)	–	(10 612)
COMPANY								
Financial assets								
Available-for-sale financial assets	**9 033**	**–**	**4 342**	**4 342**	3 385	16 261	(757)	15 504
Loans and receivables	**1 144 948**	**81 195**	**–**	**81 195**	1 382 520	74 055	–	74 055
	1 153 981	**81 195**	**4 342**	**85 537**	1 385 905	90 316	(757)	89 559
Financial liabilities								
Financial liabilities measured at amortised cost	**327 946**	**(168)**	**–**	**(168)**	344 321	(7 468)	–	(7 468)
	327 946	**(168)**	**–**	**(168)**	344 321	(7 468)	–	(7 468)

26 FINANCIAL INSTRUMENTS *continued*

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Unless otherwise stated the following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6-12 months R'000	2-5 years R'000
GROUP					
30 June 2016					
Finance lease obligation	**19 161**	**(27 105)**	**(2 652)**	**(2 652)**	**(21 801)**
Trade and other payables [1]	**226 036**	**(226 036)**	**(226 036)**	**–**	**–**
	245 197	**(253 141)**	**(228 688)**	**(2 652)**	**(21 801)**
30 June 2015					
Loans and borrowings	23 096	(23 096)	(23 096)	–	–
Finance lease obligation	21 161	(32 409)	(2 652)	(2 652)	(27 105)
Trade and other payables [1]	211 872	(211 872)	(211 872)	–	–
	256 129	(267 377)	(237 620)	(2 652)	(27 105)

[1] Excludes payroll related liabilities of R63.0 million (2015: R45.9 million).

	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6-12 months R'000	2-5 years R'000
COMPANY					
30 June 2016					
Amounts owing to subsidiaries	**311 459**	**(311 459)**	**(311 459)**	**–**	**–**
Trade and other payables [2]	**16 487**	**(16 487)**	**(16 487)**	**–**	**–**
	327 946	**(327 946)**	**(327 946)**	**–**	**–**
30 June 2015					
Amounts owing to subsidiaries	311 459	(311 459)	(311 459)	–	–
Loans and borrowings	23 096	(23 096)	(23 096)	–	–
Trade and other payables [2]	9 766	(9 766)	(9 766)	–	–
	344 321	(344 321)	(344 321)	–	–

[2] Excludes payroll related liabilities of R10.5 million (2015: R3.0 million).

Fair value of financial instruments

The following table represents the carrying amounts and fair values of the group's financial instruments at 30 June:

	Carrying value 2016 R'000	Fair value 2016 R'000	Carrying value 2015 R'000	Fair value 2015 R'000
GROUP				
Financial assets measured at fair value	9 033	9 033	3 385	3 385
Listed investments (refer note 11)	8 886	8 886	3 226	3 226
Unlisted investments (refer note 11)	147	147	159	159
Financial assets not measured at fair value	480 560	480 560	481 580	481 580
Loans to black empowerment entities (refer note 11)	–	–	2 496	2 496
Investments in environmental rehabilitation trust funds (refer note 11)	93 798	93 798	87 917	87 917
Trade and other receivables (refer note 14)	34 966	34 966	66 792	66 792
Cash and cash equivalents	351 796	351 796	324 375	324 375
	489 593	489 593	484 965	484 965
Financial liabilities not measured at fair value	245 197	245 197	256 129	256 130
Loans and borrowings (refer note 20)	–	–	23 096	23 096
Finance lease obligation (refer note 21)				
– non-current	16 806	16 806	19 161	19 161
– current	2 355	2 355	2 000	2 000
Trade and other payables	226 036	226 036	211 872	211 873
	245 197	245 197	256 129	256 130
COMPANY				
Financial assets measured at fair value	9 033	9 033	3 385	3 385
Listed investments (refer note 11)	8 886	8 886	3 226	3 226
Unlisted investments (refer note 11)	147	147	159	159
Financial assets not measured at fair value	1 144 948	1 144 948	1 382 520	1 382 520
Loans to subsidiaries (refer note 12)	858 392	858 392	1 143 614	1 143 614
Loans to black empowerment entities (refer note 11)	–	–	2 496	2 496
Trade and other receivables (refer note 14)	7 951	7 951	7 843	7 843
Cash and cash equivalents	278 605	278 605	228 567	228 567
	1 153 981	1 153 981	1385 905	1385 905
Financial liabilities not measured at fair value	327 946	327 946	344 321	344 321
Loans and borrowings (refer note 20)	–	–	23 096	23 096
Amounts owing to subsidiaries (refer note 12)	311 459	311 459	311 459	311 459
Trade and other payables	16 487	16 487	9 766	9 766
	327 946	327 946	344 321	344 321

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

26 FINANCIAL INSTRUMENTS *continued*

Fair value of financial instruments *continued*

Financial instruments measured at fair value

The financial instruments measured at fair value are measured using the following valuation methodologies.

Listed investments

The fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges.

Unlisted investments

The valuations are based on the net asset values of these investments and constitute the investments' fair value as most of the assets in these investment companies are carried at fair value. The valuations have been compared to information available in the market regarding other market participants' view on the value of the underlying investment.

Financial instruments measured at amortised cost

The group applied the discounted cash flow valuation technique in the measurement of loans and receivables as well as financial liabilities measured at amortised cost. No significant unobservable inputs are used in this measurement.

Loan to DRDSA Empowerment Trust

The fair value of the loan is not readily determinable and are therefore carried at cost.

Inter-company loans

Interest bearing: The fair value of these loans approximate its carrying amounts as the impact of credit risk is included in the measurement of carrying amounts.

Non-interest bearing loans without any fixed repayment arrangements: The fair value of these loans are not readily determinable and are therefore carried at cost.

Cash and cash equivalents and investments in environmental trust funds

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these deposits. The carrying value of the environmental trust funds approximate their fair value due to these investments being cash in nature.

Trade and other receivables

The fair value approximates the carrying value due to their short-term maturities.

Loans and borrowings

The loan bears interest at the three month Johannesburg Inter-bank Acceptance Rate plus a margin ranging from 4% to 5% per annum. Fair value is calculated by reference to quoted prices for floating interest instruments.

Trade and other payables

The fair value approximates the carrying value due to their short-term maturities.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observed for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 Inputs for the asset or liability that are not based on observed market data (unobserved inputs).

	Level 1 R'000	Level 3 R'000	Total R'000
GROUP			
30 June 2016			
Available-for-sale financial assets			
Listed securities	**8 886**	**–**	**8 886**
Unlisted securities	**–**	**147**	**147**
	8 886	**147**	**9 033**
30 June 2015			
Available-for-sale financial assets			
Listed securities	3 226	–	3 226
Unlisted securities	–	159	159
	3 226	159	3 385
COMPANY			
30 June 2016			
Available-for-sale financial assets			
Listed securities	**8 886**	**–**	**8 886**
Unlisted securities	**–**	**147**	**147**
	8 886	**147**	**9 033**
30 June 2015			
Available-for-sale financial assets			
Listed securities	3 226	–	3 226
Unlisted securities	–	159	159
	3 226	159	3 385

The unobservable inputs considered in the fair value measurement of Level 3 financial instruments are discussed in note 11.

26 FINANCIAL INSTRUMENTS *continued*

Fair value of financial instruments *continued*

Fair value hierarchy *continued*

Reconciliation of fair value measurements in Level 2 and Level 3 during the year:

Available-for-sale financial assets	2016 Level 2 R'000	2016 Level 3 R'000	2015 Level 2 R'000	2015 Level 3 R'000
GROUP				
Balance at beginning of the year	–	159	4 000	171
Acquired during the year	–	–	–	–
Fair value adjustment	–	–	2 425	–
Impairment	–	–	(300)	–
Disposed	–	(12)	(6 125)	(12)
Balance at end of year	–	147	–	159
Fair value adjustment reclassified to profit or loss	–	–	2 625	–
Impairment recognised in profit or loss	–	–	(300)	–
Loss recognised in other comprehensive income	–	–	(200)	–
– Fair value adjustment recognised in other comprehensive income	–	–	2 425	–
– Fair value adjustment reclassified to profit or loss	–	–	(2 625)	–
	–	–	2 125	–
COMPANY				
Balance at beginning of the year	–	159	4 000	171
Acquired during the year	–	–	–	–
Fair value adjustment	–	–	2 425	–
Impairment	–	–	(300)	–
Disposed	–	(12)	(6 125)	(12)
Balance at end of year	–	147	–	159
Fair value adjustment reclassified to profit or loss	–	–	2 625	–
Impairment recognised in profit or loss	–	–	(300)	–
Loss recognised in other comprehensive income	–	–	(200)	–
– Fair value adjustment recognised in other comprehensive income	–	–	2 425	–
– Fair value adjustment reclassified to profit or loss	–	–	(2 625)	–
	–	–	2 125	–

The gain or loss on the fair value adjustment is recognised in other comprehensive income net of deferred tax.

The available-for-sale financial assets Level 3 comprises investments in unlisted shares for which no reasonable alternative measure for fair value is available. Therefore no sensitivity analysis has been prepared.

27 CAPITAL MANAGEMENT

The primary objective of the Board in managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the group remains in a sound financial position. There were no changes to the group's overall capital management approach during the current year. The group manages and makes adjustments to the capital structure as opportunities arise in the market place, as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof.

The board monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and non-controlling interest from continued operations, and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The board also monitors the level of dividends to ordinary shareholders.

The group's net liabilities and total equity, or capital, at June was as follows:

	2016 R'000	2015 R'000
Total liabilities	**1 079 519**	973 114
Less: Cash and cash equivalents	**(351 796)**	(324 375)
Net liabilities	**727 723**	648 739
Total equity	**1 339 556**	1 529 924

GROUP 2015 R'000	GROUP 2016 R'000		COMPANY 2016 R'000	COMPANY 2015 R'000
		28 RELATED PARTY TRANSACTIONS		
		Key management personnel remuneration		
		Short-term benefits		
54 496	**51 505**	– Salaries paid	**15 775**	11 981
3 844	**3 743**	– Board fees paid	**3 743**	3 844
17 750	**33 767**	– Incentives relating to this cycle	**11 327**	7 259
–	**1 741**	– Pre-tax gain on share option excersised	**210**	–
7 150	**–**	– Retrenchment payments	**–**	2 974
83 240	**90 756**		**31 055**	26 058
		Long service awards		
1 753	**29 874**	– Share-based payment expense	**9 448**	247
304	**349**	– Post-retirement medical benefits	**–**	–
2 057	**30 223**		**9 448**	247

GROUP

The group has related party relationships with its subsidiaries and with its directors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company.

Prior to the awarding of a contract to a related party for the supply of goods and services the group procurement manager reviews the pricing, quality and the reliability of that party. The contract terms are compared to similar suppliers of goods and services to ensure that the contract is on market related terms.

Details of prescribed officers' emoluments are set out in note 5.

Contributions to, and the total of post-retirement medical benefits as well as long term employee incentive scheme liabilities for key management personnel as at 30 June 2016 are disclosed in note 18.

Treasury shares held by EMO are outlined in note 16.1. Dividends amounting to R5.6 million (2015: R0.1 million) were received by EMO on these shares.

28 RELATED PARTY TRANSACTIONS *continued*

Transactions with other entities in which an ownership interest is held:

Guardrisk

During the year ended 30 June 2016, Ergo paid fees to the Guardrisk Cell Captive relating to the environmental guarantees issued by Guardrisk to the DMR as outlined in note 17 amounting to R7.8 million (2015: R9.9 million), which included a contribution of nil (2015: R0.8 million) (refer note 11).

Rand Refinery

The group has entered into an agreement with Rand Refinery Limited ("Rand Refinery"), for the refining and sale of all of its gold produced in South Africa. Under the agreement, Rand Refinery performs the final refining of the group's gold and casts it into troy ounce bars. Rand Refinery then sells the gold for the London afternoon fixed price on the day the refined gold is delivered and sold. In exchange for this service, the group pays Rand Refinery a variable refining fee plus fixed marketing, loan and administration fees. Mr Gwebu, who held the position of executive: legal, compliance and company secretary of DRDGOLD up to 31 December 2014, was a director of Rand Refinery, a member of its Remuneration Committee and chairman of the Social and Ethics Committee until 5 September 2014 when he resigned as director. Mr Charles Symons has been appointed to replace him as director of Rand Refinery effective 5 September 2014. Mr Mark Burrell who is the financial director of Ergo is an alternate director of Rand Refinery and a member of Rand Refinery's Audit Committee.

- The group currently owns shares in Rand Refinery (which is jointly owned by South African mining companies) (refer note 11);
- Trade receivables to the amount of nil (2015: R43.0 million) relate to metals sold; and
- The group received a dividend of nil (2015: nil) from Rand Refinery.

Consultancy agreement

On 23 June 2008, EMO approved a consultancy agreement with Khumo Gold, which owned 20% of EMO at that date. The agreement provides for a monthly retainer of R0.3 million (2015: R0.3 million) and will conclude on 31 December 2016.

Sale of shares

During the year ended 30 June 2015, DRDGOLD acquired the 20% and 6% interest in the issued share capital of EMO held by Khumo and the Empowerment Trust respectively (refer note 16.2).

COMPANY

Details of director's emoluments are set out in note 5.

Long term employee incentive scheme liabilities for key management personnel as at 30 June 2016 are disclosed in note 18.

Transactions with subsidiaries:

During the year ended 30 June 2016 the company earned:

- corporate services fees from EMO amounting to nil (2015: R10.6 million);
- corporate services fees from Ergo amounting to R20.1 million (2015: nil);
- interest from EMO amounting to R26.5 million (2015: R30.7 million) and from Ergo amounting to R35.4 million (2015: R31.3 million).

Balances outstanding at 30 June 2016:

- Subsidiaries – refer to note 12;
- Loans to black empowerment entities – refer to note 11;
- Receivables from other related parties – refer to note 14;
- Cash held on behalf of black empowerment entities – refer to note 23.

29 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2016 and the date of issue of these financial statements.

SHAREHOLDER INFORMATION

AS AT 30 JUNE 2016

		No. of shareholders	% of total shareholders	No. of shares	% of total issued share capital
1)	**Analysis of shareholdings**				
	1 – 5 000	4 507	81.27	3 415 294	0.79
	5 001 – 10 000	340	6.13	2 666 356	0.62
	10 001 – 50 000	444	8.00	10 477 542	2.43
	50 001 – 100 000	92	1.66	6 874 929	1.59
	100 001 – 1 000 000	123	2.80	137 313 042	31.83
	1 000 001 – And more	41	0.14	270 682 604	62.74
	Totals	**5 547**	**100.00**	**431 429 767**	**100.00**
2)	**Major shareholders**				
	(1% and more of the shares in issue)				
	Bank of New York			175 228 569	40.62
	Khumo Gold SPV (Pty) Limited			35 000 000	8.11
	BNYMSANV			18 191 596	4.22
	Investec			15 638 626	3.62
	Citiclient Nominees No 8 NY GW			13 745 058	3.19
	Clearstream Banking S.A. luxembourg			11 080 124	2.57
	DRDSA Empowerment Trust			10 500 000	2.43
	Ergo Mining Operations (Pty) Limited			9 361 071	2.17
	KBC Securities N.V Clients			7 586 424	1.76
	Peregrine Equities (Pty) Limited			6 140 668	1.42
	ABAX Investments			4 953 034	1.15
	JPMC-Vanguard BBH lending account			4 836 810	1.12
	State Street Bank and Trust			4 526 986	1.05
3)	**Shareholder spread**				
	Non-public:	4	0.07	10 180 238	2.36
	Directors	3	0.05	819 167	0.19
	Subsidiary	1	0.02	9 361 071	2.17
	Public	5 543	99.93	421 249 529	97.64
	Totals	**5 547**	**100.00**	**431 429 767**	**100.00**
4)	**Distribution of shareholders**				
	Individuals	4 969	89.58	33 640 960	7.80
	Institutions and bodies corporate	578	10.42	397 788 807	92.20
	Total	**5 547**	**100.00**	**431 429 767**	**100.00**

ADMINISTRATION AND CONTACT DETAILS

DRDGOLD Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 1895/000926/06)

OFFICES

Registered and corporate

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

OPERATIONS

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

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

DIRECTORS

Geoffrey Campbell*
Independent Non-executive Chairman [1,2#]

Niël Pretorius
Chief Executive Officer [3]

Riaan Davel
Chief Financial Officer [3]

Johan Holtzhausen
Independent Non-executive Director [1#,2]

Edmund Jeneker
Independent Non-executive Director [1,2#,3#]

James Turk**
Independent Non-executive Director [1,2]

COMPANY SECRETARY

Reneiloe Masemene

INVESTOR AND MEDIA RELATIONS

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

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

STOCK EXCHANGE LISTINGS

JSE
Ordinary shares
Share Code: DRD
ISIN: ZAE000058723

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

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

SHARE TRANSFER SECRETARIES

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

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

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

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

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

GENERAL

JSE sponsor
One Capital

Auditor
KPMG Inc.

Attorneys
ENSafrica
Malan Scholes
Mendelow Jacobs
Norton Rose
Skadden, Arps, Slate, Meagher and Flom

Bankers
Standard Bank of South Africa Limited
ABSA Capital

Website
www.drdgold.com

* *British*
** *American*

Committee memberships during FY2016

\# *Denotes committee chairman*
1 *Member or the Audit and Risk Committee*
2 *Member of the Remuneration and Nominations Committee*
3 *Member of the Social and Ethics Committee*

DRDGOLD LIMITED

WWW.DRDGOLD.COM