DRDGOLD LIMITED

P³

PEOPLE. PLANET. PROFIT.

ANNUAL INTEGRATED REPORT 2017

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 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 2017, which we filed with the United States Securities and Exchange Commission (SEC) on 31 October 2017. 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.

INTRODUCTION

We will remember 2017 as a testing year as we pursued our strategic goal of maximising value through sustainable and responsible mining.

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HIGHLIGHTS

Increase in Mineral Reserves from **1.8Moz to 3.0Moz**

Increase in Measured Mineral Resources by **57%**

All-in sustaining costs margin decreased **to 3.2%**

Headline earnings **0.2cps**

Operating profit decreased to **R256.8 million**

Free cash outflow **(R45.1 million)**

Gold production decreased by **4%**

Final dividend declared of **5cps**

Dust emissions decreased to **0.44%**

Centralised water distribution system completed and externally sourced potable water usage decreased by **26%**

Women in mining rose to **20%**

1 371 employee training sessions at a cost of **R9.6 million**

Better use of technology and analysis to keep the **Ergo plant stable**

35 hectares of our tailings deposition facilities vegetated

90 hectares of land rehabilitated and National Nuclear Regulator (NNR) clearance obtained for redevelopment

Operations moved closer to the Ergo plant and three new sites established

Total socio-economic spend of **R25 million**

949 learners benefited from our maths, science and accounting programme

ABOUT THIS REPORT

In this, our seventh annual integrated report, we address the performance and sustainable value creation of Ergo Mining Proprietary Limited (Ergo), the reclamation operation owned and managed by DRDGOLD Limited (DRDGOLD), during the financial year from 1 July 2016 to 30 June 2017.

REPORTING SCOPE AND BOUNDARY

Information is presented in an integrated manner, using five* capitals, as defined by the International Integrated Reporting Council (IIRC), guided by matters that have a material impact on value creation within the Group and the Global Reporting Initiative (GRI) G4 (core) guidelines.

We 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. We also identify and report on our engagement with our other stakeholders.

Our accompanying Annual Financial Statements (AFS) for the year ended 30 June 2017 and notice of annual general meeting (NOM) for the year ended 30 June 2017, which includes summary consolidated 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.

OUR APPROACH TO MATERIALITY

This Report provides information that we believe is of material interest to our stakeholders who should be able to make an informed assessment of DRDGOLD's ability to generate value over time. As all the information in this Report is material, we do not provide a list of "material issues" but have sought to ensure that all the information in this Report relates to matters that have a material impact on value creation within the Group.

Our business model (pages 14 to 19) shows how we create value. Our ability to create value is determined by our operating environment (pages 20 to 21), an analysis of our risks and opportunities (pages 24 to 28) and our key stakeholder interests (pages 22 to 23). Our strategic objectives (page 29) are linked to our material risks and opportunities. We have thus determined the relevance of the issues we report, and the significance of these issues to our business and stakeholders.

RESPONSIBILITY AND APPROVAL

The DRDGOLD Board, including the Audit and Risk Committee, is responsible for the compilation of this report. All directors have reviewed and commented on the contents to ensure its integrity. The Board formally approved this report, our AFS and NOM at a meeting on 25 October 2017.

Geoffrey Campbell
Chairman
25 October 2017

For more information, see www.drdgold.com

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HOW TO NAVIGATE THIS REPORT

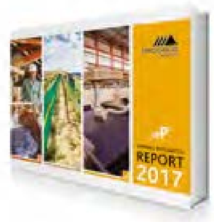
The interactive features of this report include icons for ease of use. The navigation functions are listed below.

CONTENT NAVIGATION

- *Link to online content*
- *Interactivity indicator*
- *Cross reference*
- *More information*

* *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 capital (manufactured).*

SUITE OF REPORTS



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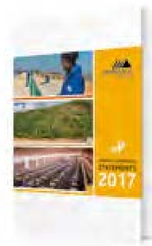

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CHAIRMAN'S LETTER

Gold mining is a cyclical business and we have worked hard over the years to ensure that the company is able to weather tough times.

Geoff Campbell
Chairman

It was a tough 12 months for the gold mining industry in South Africa. A combination of lower gold price, at a time when we were going through a planned clean-up phase at our Crown operations, meant that cash flow was severely restricted and reversed the very good year in 2016.

It was a tough 12 months for the gold mining industry in South Africa. A flat rand gold price, at a time when we were going through a planned clean-up phase at our Crown operations, meant that cash flow was severely restricted and reversed the very good year in 2016.

Gold mining is a cyclical business and we have worked hard over the years to ensure that the Group is able to weather tough times. So, despite the difficult trading conditions, we were able to declare dividends to shareholders for the 10th year in a row, continuing our commitment to provide returns to the business owners and providers of capital. Going forward, our operations are in good shape. The high levels of expenditure associated with the Crown clean-up are now behind us. The clean-up phase of any operation is an essential aspect of good corporate citizenship and it is a key part of our long-term commitment to maximising value to shareholders, improving the quality of life in and around Johannesburg, and protecting the environment. As older operations are decommissioned and sizable areas of land are made available for other uses, we are bringing new reclamation sites on stream. In this way, we continue to create value from the mining dumps stretched across Johannesburg, not only by extracting gold but also by freeing up badly needed land for development.

In basic numbers, DRDGOLD's business can be broken down into moving very large tonnages of tailings and extracting as much gold as possible from every tonne of those tailings. But behind these activities is a host of complexity and expertise. It is our focus on excellence and teamwork that will enable us to profitably extract gold for many years to come through continuous improvements and innovation. While the numbers are about tonnage and grade, the value comes from the expertise and dedication of the workforce. With the increasing complexity of our operations and application of technology in all areas of the business, the development of talented employees is more important than ever.

The massive scale of operations that we run means that small improvements in efficiency can have a big impact on the bottom line. You will see in the body of the Report that we have increased our gold reserves by 63% from 1.8Moz to 3Moz which is a considerable achievement given the lacklustre gold price performance. This reserve increase is an important measure of the long-term value of DRDGOLD. And there is still huge potential in other tailings dams that could be profitable if we could extract more efficiencies in our process and discover new or improved extraction techniques or indeed, as is always possible, if the gold price improved.

The big picture may be about mining the huge tailings dams that dominate parts of Johannesburg but there is also important work to be done on a smaller scale with the communities affected by our activities. Not only do our education and local enterprise projects benefit the local communities, they also generate connections and a climate of mutual understanding.

We achieved much in the last year in difficult circumstances, and we expect to see the benefits in the coming years. We have been able to complete a challenging but essential clean up phase and our new operations coming onstream will lower the cost base. We look forward to building a long-term future as we mine through the tailings dams in a sustainable, safe and environmentally responsible manner.

Geoff Campbell
Chairman
25 October 2017

CEO'S STRATEGIC REVIEW

This was a year of significant change that has positioned DRDGOLD strongly for the future.

Niël Pretorius
Chief Executive Officer

I marvel at the fact that DRDGOLD was established one year before the first wireless radio transmission, before Hong Kong was established as a British trading post and several years before the first powered flight.

However, it is not immune to failure and collapse. In an environment that is becoming tougher by the day, it must stay one step ahead, anticipate risk and timeously invest in projects and initiatives that position it for the future.

This was particularly true of the year under review – a time of very significant change both in terms of where we operate and how we operate.

We addressed a number of simmering risks – specifically with respect to future rehabilitation costs, and access to and availability of water – and we invested in a number of longer term sustainability drivers, specifically infrastructure to access new sites and systems to manage these sites properly. None of these steps came without cost and sacrifice but they bode well for the future resilience and strategic positioning of our company.

Our commitment to optimally exploit our resource base prompted the reassessment of our Mineral Resources and an increase in Mineral Reserves to 3Moz. We also constructed infrastructure and commissioned three new reclamation sites. We aim to have a fourth site up and running in the third quarter of FY2018. Our ambition remains to move as many of these dumps as sustainably as we can. There is a potentially attractive financial return and it remains the most important contribution we make towards enhancing the quality of life of the communities in which we operate.

Crown Gold Recoveries was established in the early 1980s to reprocess the many mine dumps and slimes dams to the south and west of Johannesburg. Now, after more than 30 years of operation, it has finally closed its doors. It processed in excess of 230 million tonnes, clearing in excess of a thousand hectares of land that had previously been occupied by tailings. It produced more than 3.2 million ounces of gold from material that had been discarded as mine waste. It was a remarkable story at the time that preceded our awareness of sustainable value-add.

Through the years, however, legacy issues arose with two sites that required particular attention before we completely and permanently withdrew our reclamation and processing infrastructure. In order to reduce closure and rehabilitation costs, the bulk of remaining material on these sites was reclaimed and processed through our production circuit – essentially, rehabilitation through mining. It imposed a heavy burden on both costs and production, impacting in particular on throughput capacity. This is behind us now and, since the beginning of April 2017, both production momentum and trends have been positive. In our new mining mix, out of the total of 64 000 daily production tonnes, 3 000 tonnes were mined at roughly R260 per tonne. These have now been replaced by approximately 5 000 tonnes per day at a cash cost per unit of roughly R80 per tonne.

In order to take full advantage of every tonne delivered to the plant, we redesigned our plant throughput and production information management protocols. Critical parameters are measured on a 24/7 basis through our automated tracking system, analysed daily, and have in excess of 40 000 automated data collection points. This enables our team to spot movements within these parameters and to keep key drivers within a predetermined range. As a consequence, conversations around the operational management table have become far more analytical and far less "command and control" in content. This, too, has enabled the team to

CEO'S STRATEGIC REVIEW *continued*

be far more precise in determining reagent dosages resulting, by way of example, in an anticipated saving in the cost of cyanide alone of approximately R12 million this year.

After some much-needed maintenance to its carbon-in-leach tanks early in the year, Knights resumed its run as a solid and reliable contributor. Its mining profile benefits from the commissioning of the 4L23 dump, and the combination of consistent volume throughput and its full integration into the engineering, water supply and waste disposal infrastructure of Ergo.

Just as the weather has become far more severe in the past five years, the social climate in which we operate is also changing. Theft of infrastructure, lengths of pipe and cable have always been part of our day to day reality. However, the theft of close to 500 metres of HDPE pipe between the Rondebult sewage treatment plant and the Elsburg Tailings Complex was an event on a scale not experienced before.

In another very disturbing incident, a member of our security staff, Mr Mederiko Yakobe, died due to civil unrest. Mr Yakobe was struck by moving equipment while fleeing rioting community members, following the tragic death of a young child who fell down a shaft of the former Balmoral mine. These events talk to our future strategy insofar as volume sensitivity and reclamation from complex and remote areas are concerned.

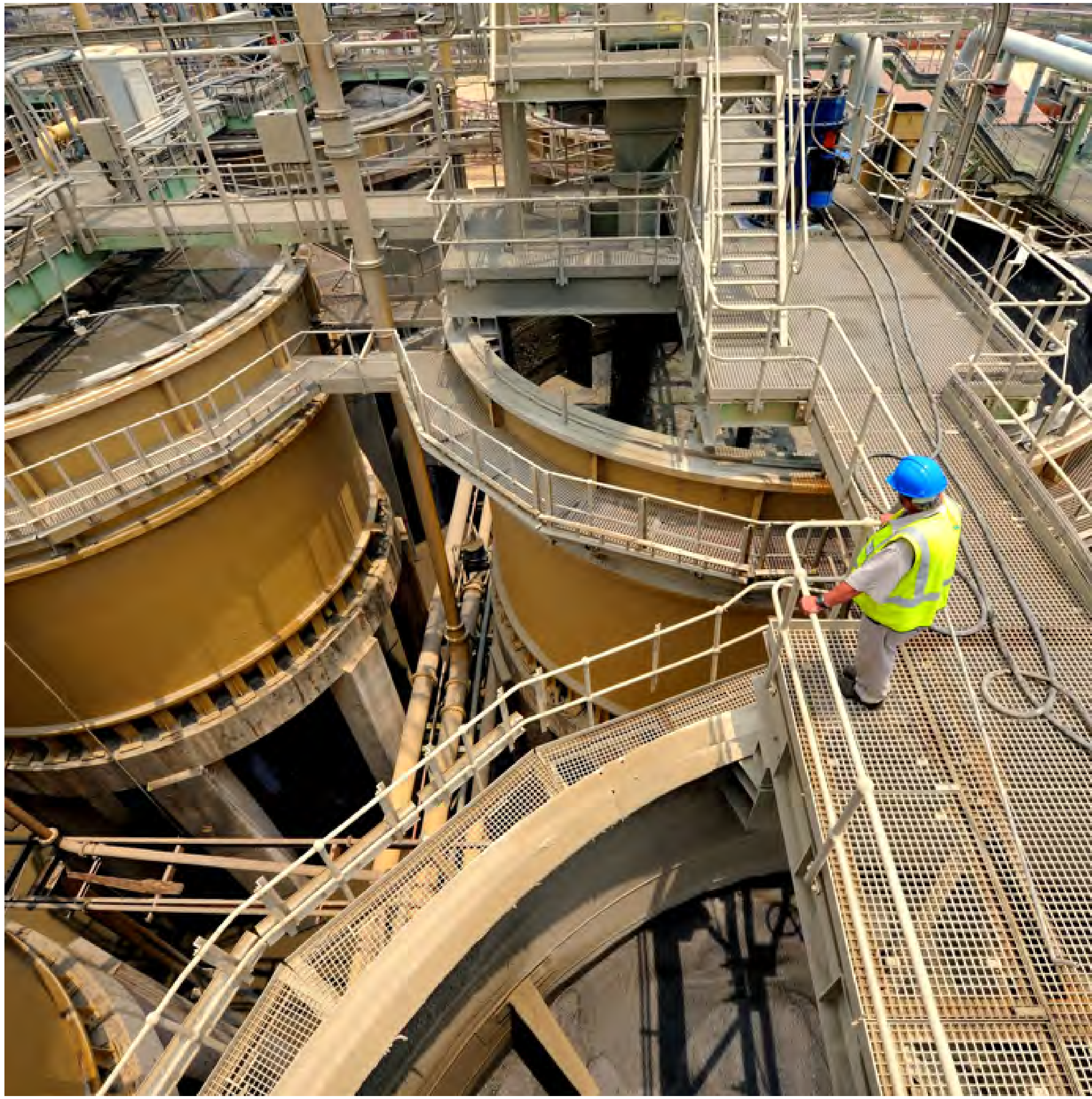
So, although its full steam ahead with planned infrastructure, we continue to look very hard at our overheads and cost structure in the new budget run. As it is, the closure of the Crown plant and the Crown legacy sites will bring about a cost saving of R72 million in the coming year while the newly commissioned centralised water treatment and distribution facility will not only reduce the use of potable water by 26% but drop total water costs by approximately R2 million per month.

Our initiatives to create social and natural capital, especially environmental restoration, youth education and poverty alleviation, are finally starting to pay off. In the past 10 years, we released approximately 1 564 hectares of land from National Nuclear Regulator (NNR) control, thus affording land owners the opportunity to develop their land. In the past two years alone, 152 hectares has been released. Over the same period, we established vegetation on 548 hectares of tailings dam slopes and tops, both on our tailings facilities in the west and on our Brakpan/Withok facility in the east. In 2016 alone, we vegetated more hectares than we did in the 10 years before 2007. Dust emissions exceeding the regulatory limit dropped from 111 in 2008 to five in 2017, bearing testimony to the success of the vegetation programme.

Our youth education drive is still firing on all cylinders. We have now provided extra mathematics, science and accountancy classes to more than 949 pupils at seven schools in our areas of influence. In and around Ergo, more than 700 families now grow their own vegetables, and several of them are able to produce a surplus, which is sold within their communities. As part of our social and labour plan (SLP) for 2018 onwards, we are considering expanding the supply and marketing infrastructure within which these vegetable growers operate in order to open up better business opportunities for them.

We will remember 2017 as a testing year as we pursued our strategic goal of maximising value through sustainable and responsible mining. We will also remember it as a year of significant change that has positioned DRDGOLD strongly for the future.

Niël Pretorius
Chief Executive Officer
25 October 2017



ABOUT DRDGOLD

DRDGOLD is among the world leaders in gold production from tailings retreatment. We optimally exploit our surface gold resources, a legacy of more than a century of gold mining, while adding economic value and releasing land back to the greater Johannesburg for redevelopment.

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WHO WE ARE

DRDGOLD is a South African gold producer and a world leader in the recovery of gold from the retreatment of surface tailings. Its network of assets is unrivalled in South Africa and, with its consolidated businesses operating as a single entity, it is focused on optimising these assets in order to increase gold production.

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

GROUP STRUCTURE

DRDGOLD is 90% held by public shareholders with 10% held by its black economic empowerment (BBBEE) 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 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.

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 markets.

At the end of FY2017, our company had 431 429 767 ordinary shares in issue and a market capitalisation of R1.8 billion.

GROUP STRUCTURE

WHAT WE DO

OUR INTENTION

DRDGOLD has a positive impact on the Johannesburg landscape by sustainably and profitably cleaning up the legacy of more than a century of gold mining.

OUR PURPOSE

We stay in business to sustainably and profitably mine, through reclamation, what has been left behind in the legacy tailings of the Witwatersrand, created over the past century. We strive to improve quality of life for residents of the greater Johannesburg by cleaning up this legacy, by investing in environmental containment measures to suppress dust and contain acid mine drainage (AMD) while operating as an "urban miner", moving historic mining waste to a world-class tailings facility, and opening up valuable land for development.

By anticipating risk and adapting to circumstances, DRDGOLD has managed to remain operational where other mines have closed, broadening its value add to include "people" and "planet", and striving to do so for many years to come.

The 1932 image below shows the proliferation of mine dumps on the Johannesburg landscape. The more recent images show how DRDGOLD's core business – dump retreatment – has released vast tracts of rehabilitated land suitable for redevelopment.

"REHABILITATION THROUGH MINING"

FROM MINE DUMP

TO RECLAMATION SITE

TO INDUSTRIAL AREA

WHAT SETS US APART

OUR COMPETITIVE ADVANTAGE

Local and global economics, which are beyond our control, affect the price of gold. Technology, however, is in our realm of control and plays a vital role in unlocking gold potential and extending the lives of our operations. The DRDGOLD Board is committed to investigating research and development opportunities that would enable further reclamation of our Mineral Resource and improve our gold recoveries in terms of yield grade, as well as minimise environmental impact.

Our competitive advantage is vested in:

- Knowledge and infrastructure to move vast quantities of material over long distances through urban areas
- A supporting and caring culture
- Knowledge and technology to recover gold from low-grade material
- World-class knowledge to sustainably rehabilitate tailings dams
- Using water and electricity in a responsible way
- Astute use of technology to manage the operation on a 24/7/365 basis

PEOPLE. PLANET. PROFIT.

PEOPLE

Continuous training to devolve decision-making and horizontal integration of skills through self-directed work teams has resulted in an increasingly knowledge-based workforce. Employee wellbeing, including education in financial literacy and confidential counselling, remains a fundamental aspect of our strategy to retain our accomplished employees.

PLANET

As a gold mining company, we acknowledge our responsibilities to minimise our impact on the environment and pursue ways to enhance the quality of life experienced by communities around our operations.

OUR MINING RESULTS IN REHABILITATION

PROFIT

We are among world leaders in gold production from tailings retreatment. Optimal, sustainable orebody exploitation is key to 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.

HOW WE ARE DIFFERENT

Our mechanised process is not labour-intensive and our own employees, deployed mainly in core mineral extraction and processing areas, are supported by independent service providers who mostly provide logistical, security and environmental services.

We add value by cleaning up the historic mining footprint around Johannesburg in our retreatment of mine dumps. This year, DRDGOLD restored 90 hectares of previously sterilised land to landowners following rehabilitation and clearance from the NNR.

Adding value for our shareholders is important and, for the 10th year in a row, DRDGOLD has declared dividends.

PEOPLE

We have lower health and safety risks than traditional underground mines as our surface operations are not exposed to risks such as seismicity, underground fires, flooding or fall of rock.

	DRDGOLD	Industry
Labour as a percentage of operating cost (%)	17	45
Production per employee (kg gold produced/total employees and contractors)	1.93	1.20
Average pay per employee (excluding contractors) per annum (R'000)	485	264

PLANET

We are one of the few mines in South Africa that perform concurrent rehabilitation on our tailings deposition facilities. During the past three years, we have vegetated 106ha of our Crown, Brakpan/Withok and Daggafontein tailings deposition facilities.

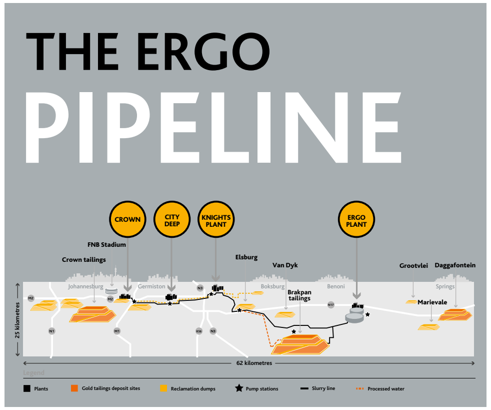
PROFIT

We have minimal debt on our balance sheet, affording us the opportunity to expand or invest in projects we believe will fit with our business model, in South Africa or anywhere in the world where mining has left a legacy of tailings dams.

WHERE WE OPERATE

View the operational map

View the Ergo pipeline



DRDGOLD's consolidated Ergo operation covers an area of approximately 62km from east to west and 25km from north to south, near the original city of Johannesburg, on the central and eastern Witwatersrand of South Africa. The flagship metallurgical plant, Ergo, is some 50km east of Johannesburg in Brakpan, the Knights plant is in Germiston, and the milling and pump stations are located at City Deep.

OUR BUSINESS MODEL AND STRATEGY

Rehabilitation through mining: DRDGOLD adds value to the economy by producing gold through the retreatment of mine dumps. Technology plays a vital role in unlocking value and extending the lives of our operations.

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OUR BUSINESS MODEL

Our business is best understood in terms of the five capitals that, as a whole, create value for our stakeholders. The success of our business relies on this holistic, balanced approach to ensure we continue to operate profitably in the short, mid and long term, creating value for our shareholders. We pursue maximum value by understanding the overlap between the capitals employed and affected in the course of business.

PEOPLE. PLANET. PROFIT.

KEY RESOURCES

Our business is best understood in terms of the five capitals that, as a whole, create value

STRATEGIC FOCUS AREAS

- Optimal, sustainable exploitation of large surface gold resource
- Controlling costs and maximising margins, enabling our business to generate cash
- Using technologies that enhance operating efficiencies and minimise impact on environment
- Restoring mining footprint, limiting burden on natural resources, and limiting impact of ongoing operations on environment and communities
- Taking care of our people
- Supporting neighbouring communities

BUSINESS MODEL

- Focus exclusively on **surface retreatment**
- Drive **sustainable growth** through technological innovation
- Deliver **profitable returns** to shareholders

KEY OPPORTUNITIES AND RISKS

OPPORTUNITIES

- Regional **consolidation** of surface retreatment operations
- **South African operators** more risk-averse but can pursue collaboration

RISKS

- **Power:** availability and stability of supply
- **Regulatory uncertainty**

FINANCIAL CAPITAL

MANUFACTURED CAPITAL

HUMAN CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

NATURAL CAPITAL

CREATING VALUE

- Shareholders and investors
- Employees
- Suppliers and service providers
- Communities
- Government and regulators
- Media

OUR BUSINESS MODEL *continued*

INPUT

RESOURCE INVESTMENT

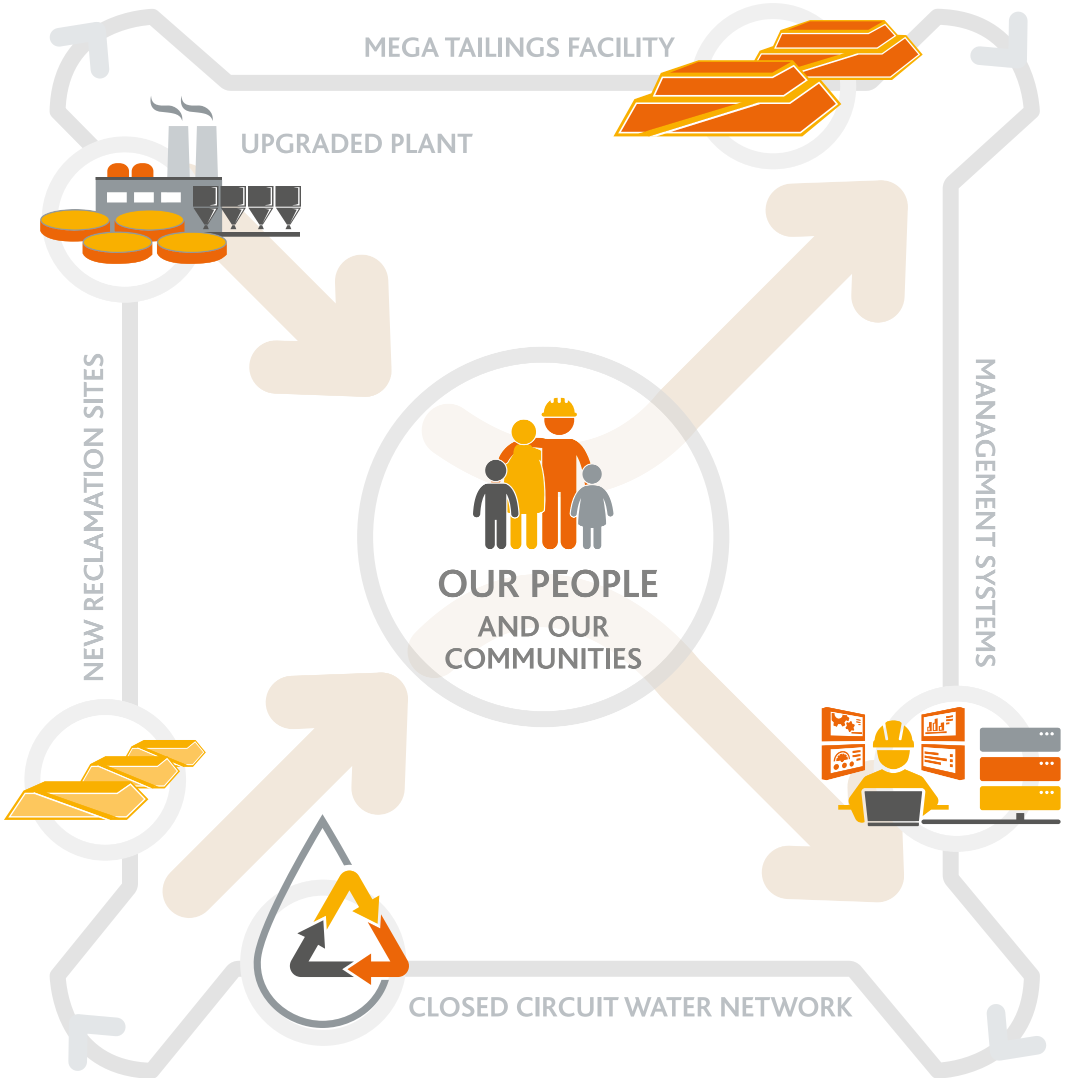
UPSKILLING PEOPLE

SUSTAINABLE DEVELOPMENT

FIVE CAPITALS

- FINANCIAL CAPITAL
- MANUFACTURED CAPITAL
- HUMAN CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- NATURAL CAPITAL

OUR COMPETITIVE ADVANTAGE IN A COMBINATION OF RESOURCES



OUTPUT

25Mt treated

4 265kg gold produced

OUR BUSINESS MODEL *continued*

Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
FINANCIAL CAPITAL Our financial capital is the return on investment and the revenue we generate from the sale of our product and from our providers of capital (shareholders). It is a critical input in conducting our business activities and investing in other forms of capital.	• NYSE/JSE listing • Debt-free balance sheet • Cash of R253.7 million • Free cash flow generated by operations	The trade-off this year has been the benefits in terms of natural capital, and the longer term positive impact on the environment, from the Crown clean-up. Our financial capital decreased in the short term but not in the long term as it is even more difficult and costly to go back and complete legacy sites later. We also expect cost savings from our exit from Crown.	• Market capitalisation of R1.8 billion • Final dividend declared of 5cps • Revenue of R2 339.9 million • Value of R2 260 million[LA] distributed • Free cash outflow of R45.1 million, considering specific working capital movements
	• Major capital projects completed	We have undertaken a detailed review of our cost structures and have invested in capital projects, which we expect to yield a return in decreased potable water use and reagent consumption with financial capital benefits in the long term.	• R116 million spent on capital projects including R43.4 million on growth capital
MANUFACTURED CAPITAL Our manufactured and intellectual capital is the specialised technology we use to fine-grind gold-bearing material to achieve recovery efficiencies previously beyond the reach of typical metallurgical processes. We will continue to invest in projects that would yield a return and ensure our sustainable future.	• Our flagship Ergo plant in Brakpan including flotation/fine-grind (FFG) process • Better use of technology and analysis to keep the Ergo plant stable • Extensive pipeline infrastructure • Mega Tailings storage facility • R116 million spent on capital projects including R43.4 million on growth capital • Centralised water distribution system	We invest in research and development opportunities, which provide a return not only in terms of financial capital, but also contribute to other capitals as part of our optimal value chain. Our focus and trade-offs for FY2017 were: • Better use of our technology and analysis tool to increase our manufactured capital and, in turn, a more stable plant that enables us to generate better efficiencies and enhance financial capital • We invested financial capital in our centralised water distribution system in the short term, and expect an increase in financial capital in the long term through cost savings and a decrease in potable water consumption, thus enhancing natural capital	• Gold production in the final quarter of FY2017 met the production target • Use of externally sourced potable water decreased by 26%
	• R4.1 million invested in tonnage and grade verification	By spending financial capital on tonnage and grade verification, and studies to enlarge our tailings deposition facility in the medium term, we potentially unlock financial capital in the long term by enabling more gold resources to be mined for longer and thus deliver on our strategy.	• 62.5% increase in our Mineral Reserves and increase in our life-of-mine (LoM) plan to 12 years

[LA] *Limited assurance*

OUR BUSINESS MODEL *continued*

Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
HUMAN CAPITAL Our human capital is the investment in our people and the development of their skills to ensure that we run our business efficiently and cost-effectively. Every employee has the right to work in a safe and secure environment.	• Experienced team • Relatively small skilled permanent workforce (850 employees) • Specialist service providers (1 365 contractors)	Our employees' wellbeing is important to us. We invest financial capital in various initiatives to ensure that employees' personal goals are aligned with the strategic objectives of the Group, including: • Training initiatives • Talent management • Best Life project • Home ownership initiative • Baobab programme and communication With our exit from Crown, we retrenched 58 employees at a cost of R23 million, of which 47 employees elected voluntary severance packages. Our exit from the Crown plant and relevant sites is expected to yield a cost benefit of approximately R72 million in FY2018.	• R412 million[LA] in salaries and benefits • 20% women in mining • 68% historically disadvantaged South Africans (HDSAs) in management, core and critical skills positions • 1 371 employee training sessions at a cost of R9.6 million • 58 employees retrenched at a cost of R23 million
		The health and safety of our employees remain a priority. We have therefore initiated the following campaigns: • Time out for Safety • Red Job Card System • Weekly walk about • Walkways	• 1[LA] fatality • Lost time injury frequency rate (LTIFR): 2.91[LA] • Reportable injury frequency rate (RIFR): 1.53[LA]

[LA] *Limited assurance*

OUR BUSINESS MODEL *continued*

Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
SOCIAL AND RELATIONSHIP CAPITAL Our social and relationship capital extends to our people and neighbouring communities by improving quality of life, poverty alleviation and youth education.	• Ergo Business Development Academy (EBDA), flagship for development and training established in the community • Employee assistance programme • Broad-based agricultural livelihoods programme for East Rand communities • Infrastructure improvement projects at several schools • Maths, science and accountancy upliftment programmes at schools on West Rand and East Rand	Our future existence depends on our social licence to operate and our investment in our communities is guided by our current SLP, which comes to an end in December 2017. During FY2017, we invested financial capital in the following activities: • Youth education remains a priority – DRDGOLD has facilitated lessons in maths, science and accountancy for more than 949 pupils at seven schools in areas of influence • In and around Ergo, more than 700 families grow their own vegetables and several produce a surplus sold in their communities	• BBBEE procurement spend: R1 448.8 million (85.5% of our total discretionary spend) • R25 million[LA] socio-economic development spend • 476 community members in learnership programmes • 724 learners benefited from our maths and science programme • 225 learners benefited from our accountancy programme

[LA] *Limited assurance*

OUR BUSINESS MODEL *continued*

Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
NATURAL CAPITAL Our natural capital includes the environmental resources at our disposal for consumption during the production process. Our positive impact is in the improvement of the greater Johannesburg landscape by reclaiming old mine dumps and tailings dams, and thus rehabilitating for further development.	• Surface Mineral Resource of 11.8Moz	Our most significant trade-off this year was between natural and financial capital as we embarked on cleaning up and closing two of the old Crown legacy sites and the Crown plant.	• 62.5% increase in our Mineral Reserves
	• Water, electricity and chemical reagent consumption • Containment and remediation of our impacts on the environment • R41.9 million spend on environmental rehabilitation activities	We invested further in projects which have yielded or are expected to yield a natural dividend in the future, including the following: • Tonnage and grade verification, which resulted in Mineral Reserve conversion • Centralised water distribution system and other water saving initiatives • Concurrent rehabilitation and vegetation of our tailings deposition facilities, which decrease dust emissions and improve the quality of life of those living within our area of influence	• Total water consumption down 8% and potable water consumption down 26% • Electricity consumption up 0.5% to 376 723MWh[LA] • Total carbon emissions down 1% to 379 332[LA] tonnes CO_2e • Dust emissions down to 0.4% • 35 hectares of vegetation established on our tailings deposition facilities • 90 hectares of land rehabilitated and NNR clearance obtained for redevelopment

[LA] *Limited assurance*

OUR OPERATING ENVIRONMENT

FLUCTUATIONS IN THE RAND GOLD PRICE

As a South African gold mining company, we are exposed to fluctuations in the US$ ($) price of gold and the rand/dollar exchange rate.

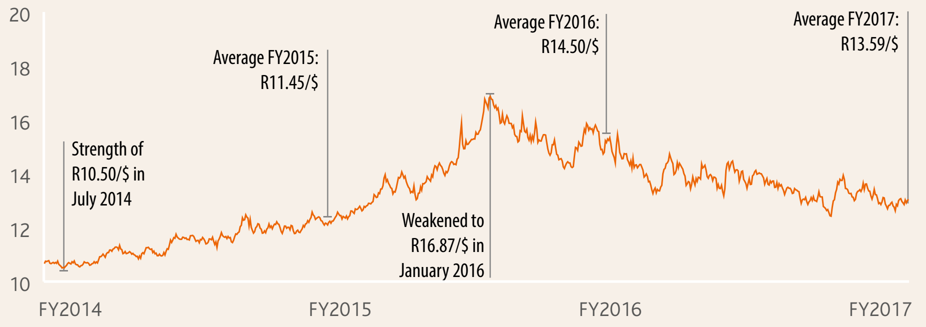
The gold price is significantly affected by macro-economic factors, such as fluctuations in inflation, interest rates, exchange rates, changes in reserve policy by central banks, and global or regional political and economic crises. In times of inflation and currency devaluation, gold is often seen as a safe haven, increasing purchases and price of gold and support for its price.

The US$ gold price has been more stable in the past 3 years, ranging from highs of $1 366/oz in July 2016 to lows of $1 051/oz in December 2015.

Exchange rates are influenced by global economic trends and by the market forces of supply and demand. As the price of gold is denominated in dollars and we realise our revenues in rand, the appreciation of the dollar against the rand increases our profitability, whereas the depreciation of the dollar against the rand reduces our profitability.

The value of the rand against the dollar has moved significantly in the past three years, ranging from strengths of R10.50/$ in July 2014 to weakness of R16.87/$ in January 2016.

FLUCTUATIONS IN THE EXCHANGE RATE



OUR RESPONSE

We sell the gold produced at spot price to obtain maximum benefit from prevailing gold prices and we do not enter into any currency hedging or gold forward sale agreements. As a R/kg price-taker, we need to manage our costs and gold recoveries in our operations very carefully.

SOCIAL LICENCE TO OPERATE

Johannesburg has a unique history, but for mining, there would be no city. The mines however did not come to the city; the city came to the mines. As a consequence, environmental and waste disposal practices that were designed, and that may have been adequate in a less densely populated environment, are simply inadequate in today's day and age. DRDGOLD's entire operating footprint is the legacy footprint of mining in Johannesburg. An integral part of our mining process is to remedy the shortcomings of that legacy. While it is true that, in the course of our operations, there can be high levels of dust and other disturbances, the end result is a better environment and a legacy that is of value to the wider community. We aim, as a company, to improve the quality of life of people living within our areas of influence. As such, in addition to our socio-economic investments, we seek to preserve, protect and improve the state of the footprint on which we operate in order to also yield a dividend beneficial to the natural environment.

OUR RESPONSE

We follow a programme of concurrent rehabilitation and vegetation of our tailings deposition facilities, which decreases dust emissions. The surface reclamation process at Ergo has several environmental merits as it removes potential pollution sources and opens up land for development.

OUR OPERATING ENVIRONMENT *continued*

LIMITED NATURAL RESOURCES

In a country that is water scarce, our operations should endeavour to limit the impact on this natural resource while still ensuring that we can continue mining optimally for as long as possible.

Our surface retreatment operations are reliant on water to transport the slimes or sand from reclaimed areas to the processing plant and to the tailings facilities.

OUR RESPONSE

Over the past few years, we have invested in projects to reduce our reliance on potable water consumption, for example at the Rondebult waste water works, the installation of gland service infrastructure, and our centralised water facility. These projects have contributed to a 26% saving in potable water consumption for FY2017.

REGULATIONS AND THEIR EFFECTS ON OUR BUSINESS

The mining industry in South Africa is extensively regulated through legislation and regulations issued by government's administrative bodies. These involve directives with respect to health and safety, mining and exploration of minerals, and managing the impact of mining operations on the environment. A change in regulatory or government policies could adversely affect our business.

A revised Mining Charter was published by the Department of Mineral Resources on 15 June 2017 with the following main features:

- A new ownership target of 30% for black shareholders is established to be paid for with the proceeds of dividends. The unpaid balance after 10 years would be "written off"
- Companies with black shareholders below this threshold would be required to top up black ownership to 30% within 12 months of the promulgation of the Charter
- A special dividend of 1% of revenue is established for black shareholders over and above normal dividend flows
- Black shareholders who acquire shares in terms of the Charter may only sell to another black person
- Foreign suppliers would be required to pay 1% of the value of their sales to the Mining Transformation and Development Agency (MTDA)
- Most of training and education spend will be redirected to tertiary institutions and the MTDA – a fund to be established with no clear function or governance structure

The Chamber of Mines, on behalf of its members, is applying to court to have the Charter set aside. The Minister of Mineral Resources has undertaken not to implement the Charter until judgment has been handed down in respect of the application. The case is to be heard on 13 and 14 December 2017 by a full bench of judges in the North Gauteng High Court. In its current form, the revised Mining Charter will adversely impact the industry and our business.

OUR RESPONSE

DRDGOLD is a member of the Chamber of Mines, which is currently opposing the revised Mining Charter.

CREATING VALUE FOR OUR STAKEHOLDERS

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. Operating in an urban setting, there are various economic, social, regulatory, community and environmental influences we need to navigate to ensure long-term sustainability.

COMMUNICATING INVESTOR VALUE TO STAKEHOLDERS

OUR GROUP AND BOARD

- Works to create value from investments with regard to market listings and regulations
- Ensures SLPs are in place
- Communicates regularly with government regarding mining, water, environmental affairs, education and labour

COMMUNICATION TOOLS AND METHODS

- Workplace meetings
- Short message service
- *Asikhulume*: an internal, bi-annual, printed newsletter for all employees
- Independent, anonymous tip-off line to report fraud or crime
- Community forums
- Formal workplace briefing procedure
- Induction and refresher training
- Monthly "future forum" meetings with organised labour

DISSEMINATION 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 webcasts
- Various investor conferences
- Investor roadshows for small groups and one-on-one meetings

DRDGOLD's Board is committed to representing a fair and transparent review of the Group's position to stakeholders. We ensure 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.






CREATING VALUE FOR OUR STAKEHOLDERS *continued*

OUR 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
- Home ownership
- 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
- Support and quality control

COMMUNITIES

- Local economic development
- Employment and local job creation
- Corporate social investment (CSI) projects
- Dust control
- Health-, safety- and security-related issues
- Environmental impact
- Rehabilitation
- Skills development
- Training programmes

GOVERNMENT AND REGULATORY AUTHORITIES

- Licence to operate
- Water licence
- Environmental management plan (EMP)
- SLP
- BBBEE compliance
- Labour relations
- Conditions of employment
- Health and safety
- Employment equity
- Education and training
- Local economic development
- Environmental impact and rehabilitation
- Taxation

MEDIA

- Financial results
- Corporate activity
- Environmental issues
- Health and safety
- Marketing
- Community related topics

QUALITY OF STAKEHOLDER RELATIONSHIPS

We set ourselves the task of pursuing and creating real value for our stakeholders along defined parameters and outcomes. We continuously measure our performance against our strategic objectives in order to ensure that we remain on track and that our contribution in this regard remains relevant.

Our stakeholder groups' key interests are linked to our business model and strategic objectives and informs the way we manage our business.

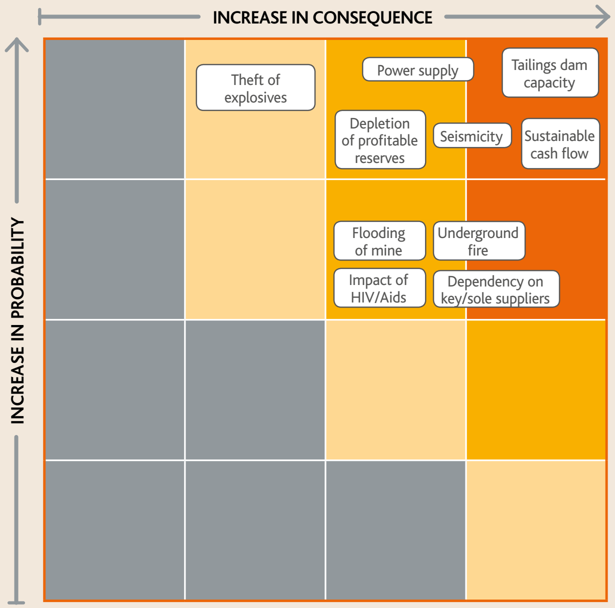
AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES

DRDGOLD is not a typical gold mining company as we focus exclusively on surface retreatment and not underground mining. Our slimes retreatment focus places our business in a different risk environment compared to conventional mining.

RISK MANAGEMENT

Our Board oversees risk challenges and has delegated the implementation of risk mitigation policies to management. DRDGOLD implemented enterprise-wide risk management more than a decade ago and uses this to inform and advise on threats that could prevent the Group from achieving its objectives.

OUR RISK PROFILE 10 YEARS AGO



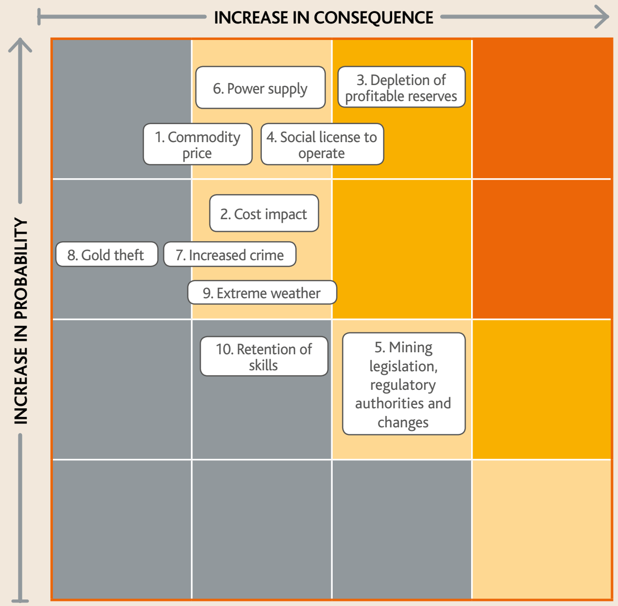
TOP 10 RISK PROFILE

The substantial reduction in our top 10 risks is due to a deliberate strategy to address risks head-on and strive toward "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, reduced our labour-related and health and safety risks
- All surface operations at Ergo was rationalised
- The FFG circuit at Ergo was introduced to mitigate decreasing head grade
- Generators were installed at critical points in our operation to mitigate power interruptions by Eskom
- Dependence on potable water was reduced by investing in the Rondebult waste water treatment works, the gland service infrastructure and the central water facility
- Our human resources (HR) strategies were implemented to address skills shortages and improve labour relations.
- Our procurement policies and procedures were reviewed and additional suppliers were introduced for critical reagents

RISKS AS AT 30 JUNE 2017



AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES *continued*

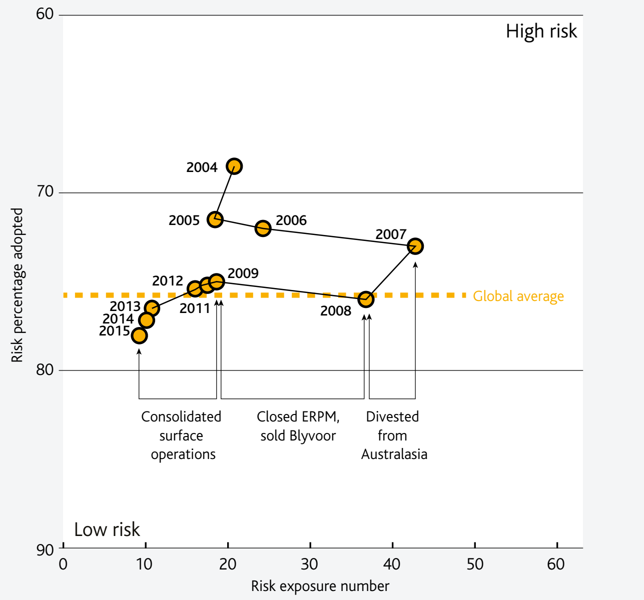
BENCHMARKING

International Mining Industry Underwriters Limited (IMIU), a London-based company specialising in risk surveys of mining operations worldwide, has been contracted by DRDGOLD since 2001. Since 2004, IMIU has presented a combined risk rating for the Group as part of its survey report.

The DRDGOLD operational risk survey trend correlates directly with the Board decisions over the same period. The consequences of the board's decisions on DRGOLD's operational risk and divestment from underground mining, is undoubtedly the main reason for the decrease in the risk profile (as can be seen in the matrix).

The matrix shows the combined operating risk figure for DRDGOLD, calculated by IMIU with a model they have developed inhouse. The risk exposure number is a function of data captured during the onsite survey. The risk percentage adopted is the number of risk measures implemented in relation to risk mitigation recommendations at the start of the surveys in 2001. It also benchmarks DRDGOLD against a global survey of other mining companies. The optimal point on the matrix is where the x-axis and the y-axis intersect, indicating a position of "no risk" exposure.

IMIU INSURABILITY RATING MATRIX FOR DRDGOLD 2004-2015



AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES *continued*

KEY OPPORTUNITIES

Key opportunity	Strategic focus areas
We have access to a large surface gold resource which could be exploited beyond our current LoM with the possible expansion of our tailings deposition facility and improvement of efficiencies at our Ergo plant.	
Ergo is a leading surface retreatment operator with established infrastructure and a network affording a significant competitive advantage.	
We have minimal debt on our balance sheet.	
We have strong, experienced management team.	
Our workforce is relatively small.	
We have fewer health and safety risks than traditional mining companies.	
Our operations are automated 365 days, 24/7, using technology extensively.	
Our operational model is flexible.	
Rehabilitation through mining releases valuable land for redevelopment and removes pollution sources.	

OUR MAJOR RISKS

Key risk	Mitigating actions	Strategic focus areas
1. Commodity price		
DRDGOLD's revenue and earnings are dependent on the prevailing gold price. Historically, the gold price has fluctuated widely and is affected by a number of factors over which the company has no control. DRDGOLD's profitability may be negatively affected if revenue from gold sales drops below the cost of production for an extended period. As most of the Group's operating costs are in rand while gold is generally priced in dollars, its financial condition could be materially harmed in the future by an appreciation in the value of the rand.	Key gold price trends and market indicators are constantly monitored to ensure an effective response to commodity price and exchange rate fluctuations. In recent years, it has not been DRDGOLD's policy to enter into forward contracts to reduce its exposure to fluctuations in the dollar gold price or the exchange rate movements of the rand. The Group focuses on reducing risk, controlling costs and improving margins. DRDGOLD continues to invest in manufactured capital to help manage recoveries and enhance extraction efficiencies, and remain resilient in the face of a volatile gold price.	
2. Cost impact		
DRDGOLD's operating costs mainly comprise labour, steel, electricity, water, reagents, fuels, lubricants, and other oil- and petroleum-based products. Many of these consumables are linked to the price of oil and steel, and fluctuate accordingly. The majority of the South African labour force is unionised and wage increase demands have, in recent years, been above the prevailing rates of inflation. DRDGOLD's mining operations are dependent on electrical power supplied by Eskom, which has, over the years, imposed tariff increases that have had an adverse effect on DRDGOLD's operating costs. The winter tariff imposed by the power utility is particularly onerous. Eskom has announced further above-inflation increases in future.	Operating and capital costs are monitored and reviewed regularly by management and the Board. The procurement department manages purchases, contracts and tenders. Power conservation and reduction initiatives are implemented at the operations. Two new initiatives, including the gland service infrastructure and the centralised water facility, were completed successfully during the year and cost savings, as well as reliance on potable water are expected to reduce further.	

LEGEND

- Optimal, sustainable exploitation of large surface gold resource
- Controlling costs and maximising margins, enabling our business to generate cash
- Using technologies that enhance operating efficiencies and minimise impact on environment
- Restoring mining footprint, limiting burden on natural resources, and limiting impact of ongoing operations on environment and communities
- Taking care for our people
- Supporting neighbouring communities

AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES *continued*

Key risk	Mitigating actions	Strategic focus areas
3. Depletion of profitable reserves		
Since the early 1970s, sand dumps holding higher grades, targeted for reclamation have mostly been depleted. Our Mineral Resources now mostly include slime reclamation sites, which contain lower head grades. A sustained decrease in the head grade delivered to the plant could materially affect the Group's operating and financial results.	Our investment in technology to improve recovery efficiencies may offset the impact of diminishing head grades. Securing additional higher-grade surface resources within our current footprint may also offset the impact of diminishing head grades.	
4. Social licence to operate		
Our social licence to operate refers to the level of acceptance or approval by local communities and stakeholders (including local government) of the Group's operations and methods of conducting business. A social licence to operate is based on the principle that a company needs not only official government permits and licences to conduct its business but also the support of those living and working in its operational jurisdictions. The company may not always be able to control the circumstances that affect its social licence to operate.	Our ongoing commitment to improving stakeholder engagement with our employees and surrounding communities, and our strategic objective to support our neighbouring communities by improving quality of life, poverty alleviation and youth education mitigates the risk.	
5. Mining legislation, regulatory authorities and changes		
DRDGOLD, like other mining companies in South Africa, is subject to extensive mining regulations. A revised Mining Charter was published by the Department of Mineral Resources in June 2017. The Minister of Mineral Resources has provided a written undertaking that the revised Mining Charter will not be implemented until judgment has been handed down in respect of the Chamber's review application scheduled to be heard on 13 and 14 December 2017 by a full bench of judges in the North Gauteng High Court. The third revision of the Mining Charter, if implemented, will adversely affect the industry and our business.	The Group adheres to the country's laws, and applicable regulations and policies. DRDGOLD monitors changes, and engages with government and regulators to ensure compliance. The Group also maintains close relationships with authorities at regional and national level so that any issues can be addressed speedily. DRDGOLD is a member of the Chamber of Mines, which is currently opposing the revised Mining Charter.	

AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES *continued*

Key risk	Mitigating actions	Strategic focus areas
6. Power supply The power outages experienced in 2008 have decreased over the past few years. Future power supply security and relevant cost implications, due to various factors beyond our control, remain a risk and may have major implications for our operational processes, translating into significant production losses.	Generators have been installed to prevent challenges experienced from recurring when some parts of the circuits are without power. We began a long-term project to evaluate the feasibility of alternative power-generation technologies.	
7. Increased crime Employees are sometimes threatened or attacked as criminals attempt to gain access to Group property and steal assets. In most cases, this involves the theft of copper cable, production pipelines and scrap metal. These activities could adversely affect the Group's operational output and/or endanger the lives of employees.	DRDGOLD maintains close relationships with leaders in the communities surrounding its operations. The Group's security service provider and in-house security managers increase staff complements as required. Surveillance equipment allows for continuous monitoring of properties by security personnel.	
8. Gold theft The highest risk of theft is at the last stages of production in the gold rooms where extracted gold is visible, and is a target area. Employees are recruited and trained by external parties to steal high grade material or gold.	Steps are taken to monitor high-risk areas and to minimise the opportunity for illegal activities. Sophisticated access control systems have also been introduced to identify material on a person leaving high-risk areas.	
9. Extreme weather Climate change has an influence on weather patterns, which could result in a severe weather event within Ergo's area of operation, and this could adversely impact on operational output. Major property, infrastructure and/or environmental damage as well as loss of human life could be caused by extreme weather events.	The Group has policies and procedures in place to ensure health and safety compliance. A safe working environment is created for all employees. Tailings deposition facilities are managed to ensure that, in the event of extreme weather, storm damage to infrastructure is limited and any consequence of a major failure is restricted.	
10. Retention of skills DRDGOLD competes globally with other mining companies to attract and retain key human resources. The need to recruit, develop and retain skilled employees is critical with respect to HDSAs and women in mining in South Africa. Due to the limited availability of skills and experience, there is no guarantee that the Group will attract and retain the necessary personnel.	The phantom share incentive scheme serves as a long-term incentive to retain senior employees. Certain key employees are retained with lock-in contracts. Competitive bonus schemes and salaries are used to attract and retain talent. Individual development programmes are designed to fill senior positions with high-potential employees.	

OUR STRATEGY

OUR STRATEGIC FOCUS AREAS

- **OUR RESOURCE** – Optimal, sustainable exploitation of large surface gold resource
- **GENERATING CASH** – Controlling costs and maximising margins, enabling our business to generate cash
- **TECHNOLOGY** – Using technologies that enhance operating efficiencies and minimise impact on environment
- **LIMITING IMPACT** – Restoring mining footprint, limiting burden on natural resources, and limiting impact of ongoing operations on environment and communities
- **OUR PEOPLE** – Taking care of our people
- **OUR COMMUNITIES** – Supporting neighbouring communities

STRATEGIC OBJECTIVES

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

DRDGOLD's strategic thinking is informed by principles of sustainable development. Our goal is to optimally exploit our entire resource over the long term, thereby seeking sustainable benefits with respect to the capitals – financial, manufactured, natural, human, and social and relationship.

We also aim to align and overlap the interests of each of these capitals so that an investment in any one translates into value-add in as many of the others as possible. We therefore seek to achieve an enduring and harmonious alignment between the capitals by analysing the feasibility of each investment.

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.

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

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.

DRDGOLD has embraced 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.

Our strategic objectives are linked to our material risks and opportunities. We have thus determined the relevance of the issues reported by the Group, and the significance of these issues 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 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 for the benefit of youth, with education and poverty alleviation within our surrounding communities in mind.

OUR STRATEGY *continued*

Strategic focus area	What do we do	Strategic targets	What we achieved in FY2017	Performance indicators	2017	2016	2018 priorities
OUR RESOURCE Optimal, sustainable exploitation of large surface gold resource	Exploit our 11.8Moz surface gold resource sustainably, to enable DRDGOLD to provide value to as many stakeholders for as long as possible.	To expand our tailings deposition facility by approximately 800Mt within the next five years. To convert as much of our Mineral Resource base into Mineral Reserves to enable us to make an informed decision about the future expansion of our Tailings Deposition Facility. To seek out opportunities through co-operation or acquisitions that are suitable for the expansion or roll-out of our business model.	Our total value distributed decreased by 5% year-on-year, mainly due to the decrease in dividends distributed to ordinary shareholders from R253 million in FY2016 to R51 million. Our share price moved quite significantly in the past two years, from lows of R1.53 in FY2016 to a high of R12.62 in FY2017. The share price closed at R4.15 for FY2017 which was five percentage points below the comparison to the gold index. We invested financial capital in tonnage and grade verification during FY2017 which resulted in an increase of 56.8% of our Measured Mineral Resource and 62.5% of our Mineral Reserve.	Total value distributed Share price, in comparison to gold index Mineral Reserve conversion	R2 260 million[LA] Underperformed against the JSE Gold Index Converted 1.6Moz of Mineral Resources to Mineral Reserves increasing our Mineral Reserves by 62.5%	R2 378 million[LA,*] Outperformed JSE Gold Index	Continue our investment in tonnage and grade verification. Further studies to inform our decision regarding the expansion of our Tailings Deposition Facility. Seek out investment and growth opportunities to expand our business model and the life of DRDGOLD.
GENERATING CASH Controlling costs and maximising margins, enabling our business to generate cash	Ensure full value is realised from our product by focusing on consistent volumes and managing costs.	To contain our cash operating costs within budget and below mining inflation. To contain our cash operating cost per tonne within budget and below mining inflation. Stable, predictable volume throughput of 2.1 Mt/month. To generate positive free cash flow to distribute to our shareholders and invest in other capitals to ensure the sustainable business of DRDGOLD.	Although our operating margin and all-in sustaining cost margin decreased from FY2016 due to the decrease in gold production and the knock on effect of the Crown cleanup and the gold price that remained stable year-on-year, we were able to contain our increase in costs to the following: • 5% increase in total cash operating costs and cash operating cost per tonne • Total all-in sustaining costs remained stable at R2 264.4 million (FY2016: R2 229.0 million) Free cash outflow was R45.1 million in comparison with free cash inflow of R308.7 million generated in FY2016. The decline in the free cash flow was partially due to significant working capital movements in comparison with the prior financial year.	Total cash operating cost Cash operating cost per tonne (R/tonne) Operating margin All-in sustaining cost (AISC) margin Tonnes throughput Free cash flow (utilised)/ generated	R2 087.9 million R84/tonne 11.0% 3.2% 25.0Mt (R45.1 million)	R1 991.2 million R80/tonne 17.9% 8.4% 24.8Mt R308.7 million	Continue our focus on cost saving initiatives such as: • Central Water Facility and impact on potable water consumption and related costs • Containing our overall cost increase to 2% of consumables • Saving on reagent consumption and related costs through plant efficiencies

[LA] *Limited assurance*

* *Restated*

OUR STRATEGY *continued*

Strategic focus area	What do we do	Strategic targets	What we achieved in FY2017	Performance indicators	2017	2016	2018 priorities
TECHNOLOGY Using technologies that enhance operating efficiencies and minimise impact on environment	Improve gold recovery and operational efficiencies through continued research and development.	To operate and monitor the plant efficiently to enable a stable plant.	Enhancements to Ergo plant's electronic monitoring system and continuous interpretation of information has resulted in improvements in plant efficiency in the last quarter of FY2017. The recovered grade was lower due to a decline in the head grade and the difficulties encountered in mining the Crown material.	Recovered gold	0.171g/t	0.180g/t	Continue our focus on: Improving plant efficiency and recoveries through the partnership with the Wits School of Chemical Engineering and other initiatives.
LIMITING IMPACT Restoring mining footprint, limiting burden on natural resources, and limiting impact of ongoing operations on environment and communities	We manage the use of potable water and power in our operation, we reduce dust emissions through our extensive vegetation programme.	Decrease and maintain the use of external potable water to 20% of total water used. Maintain dust exceedances to below 6% for the entire monitoring network by maintaining our vegetation programme (50ha per annum) on our tailings deposition facilities and to complete the vegetation programme of the Crown complex by 2022. Decrease our reliance on Eskom power supply and invest in alternative power generation technologies by 2025.	We invested in the following projects that contributed to a decrease in potable water usage: • Central Water Facility • Gland Service Infrastructure • Rondebult waste water treatment works Our concurrent rehabilitation and vegetation programme on our various tailings deposition facilities achieved positive results in that we only recorded five exceedances (0.4%) during FY2017.	Potable water usage Potable water used as a percentage of total water used Dust exceedances Electricity used	5 490Mℓ[LA] 20% of total water used 5[LA] exceedances (0.4%) 376 723MWh[LA]	7 376Mℓ[LA] 27% of total water used 22[LA] exceedances (1.6%) 374 891MWh[LA]	Continue our commitment to reduce our reliance on limited potable water resources by focusing on the completion of the Goudkoppies waste water treatment works negotiations with Johannesburg Water. Continue engaging with relevant stakeholders including the community through our Dust Forum to understand and address key concerns. Continue our vegetation programme and clearing of land through our mining activities. Invest in research and development opportunities, such as the project on alternative power generation.

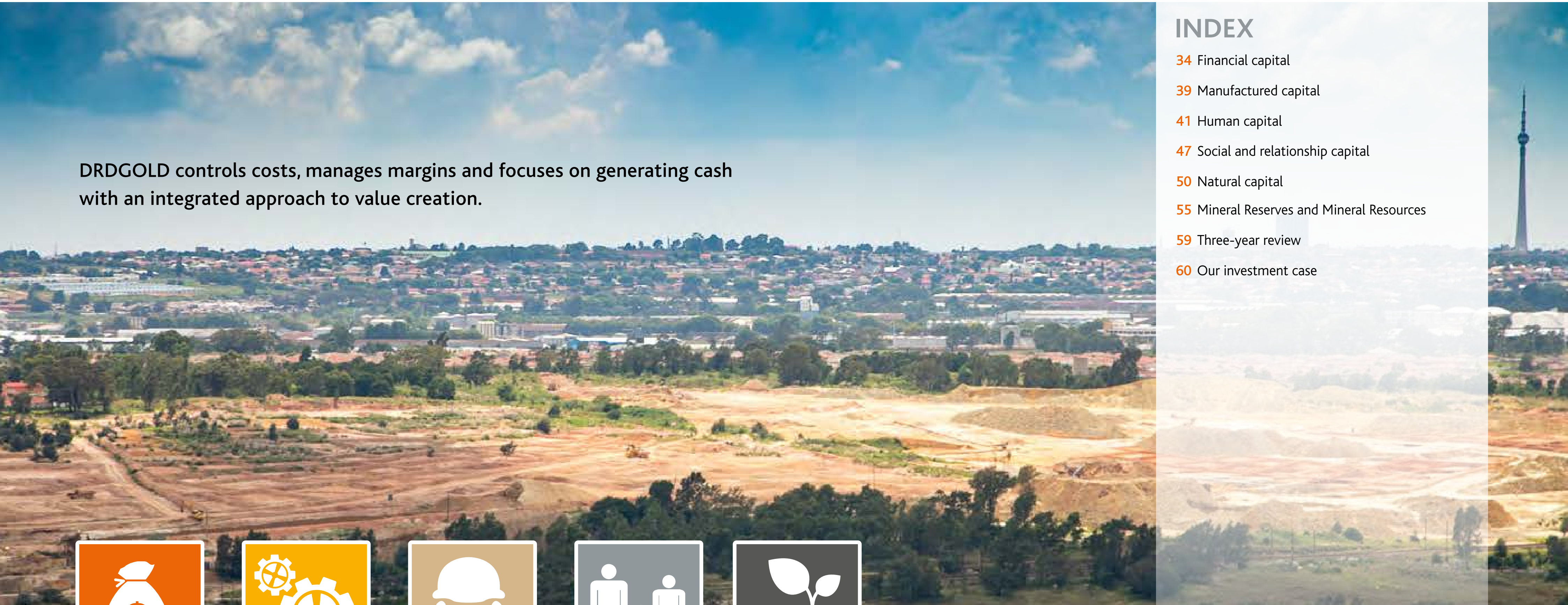
[LA] *Limited assurance*

OUR STRATEGY *continued*

Strategic focus area	What do we do	Strategic targets	What we achieved in FY2017	Performance indicators	2017	2016	2018 priorities
OUR PEOPLE Taking care of our people	Employee wellness, financial literacy and knowledge based labour force.	To create a safe working environment: • 0 fatalities • Maintain Reportable Injury Frequency Rate (RIFR) and Lost Time Injury Frequency Rate (LRIFR) below one standard deviation of the preceding five year rolling average	One employee died as a result of civil unrest while on duty. Our reported safety measures reported worsened slightly mainly due to an enhancement in methodology of how we calculate manhours.	Safety measures	Fatalities: 1[LA] LTIFR: 2.91[LA] RIFR: 1.53[LA]	Fatalities: 0[LA] LTIFR: 2.68[LA] RIFR: 1.42[LA]	Continue to prioritise the wellbeing and safety of our employees. During FY2018, our focus on our people's safety and competence will be enhanced by the Accelerated Capability Development Programme where on the job learning will be tracked and formalised.
			Value distributed to employees decreased by 2%, mainly due to the retrenchment of 58 employees relating to our Crown operation.	Value distributed to employees	R412 million[LA]	R421 million[LA]	
		To offer competitive and market related remuneration to all our employees.	We performed an annual benchmarking exercise to compare the company remuneration packages to the industry. The results of the benchmarking exercise indicate that our remuneration packages are above the industry.				
		To keep on developing our people by offering training and other initiatives.	We invested in training and development initiatives for our employees, including the Talent Management programme.		1 371 employee training sessions at a cost of R9.6 million	1 251 employee training sessions at a cost of R6.9 million	
			We implemented multi-diciplinary self managed work teams as part of our Baobab programme.				
OUR COMMUNITIES Supporting neighbouring communities	Quality of life (health impacts), poverty alleviation and youth education.	Improving the quality of life for our communities by investing 1% of total working cost spend on socio-economic development.	We focused on the following projects as part of our socio-economic development spend: • Broad-Based Agricultural livelihood Project • Kopano Ke Matla Project In FY2017, 724 learners took advantage of our maths and science programme and 225 learners took advantage of our accountancy programme.	Socio-economic development spend	R25.0 million[LA]	R23.1 million[LA]	Continue and scale the Broad Based Agricultural Livelihoods programme in the East Rand and to introduce and extend the project to the West Rand.

[LA] *Limited assurance*

VALUE CREATION



DRDGOLD controls costs, manages margins and focuses on generating cash with an integrated approach to value creation.

INDEX

FIVE CAPITALS OF VALUE CREATION

FINANCIAL CAPITAL

Our financial capital is the money we generate from the sale of our product (gold bars) and receive from our providers of capital (shareholders). 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. Delivering financial value is what qualifies us as a business and enables us to pursue integrated, sustainable value-add.

HIGHLIGHTS

Tenth annual consecutive dividend declaration of **5cps**

Operating profit decreased 41% to **R256.8m**

All-in sustaining cost margin decreased to **3.2%**

Headline earnings **0.2cps**

Free cash outflow **(R45.1m)**

Average gold price received **R548 268 per kg**

CFO REVIEW

MANAGING THE TRADE-OFFS BETWEEN CAPITALS

It has been a challenging year, from a financial capital perspective, as a result of our decision to focus our efforts on completing the recovery of material from a number of legacy reclamation sites on the West Rand.

The trade-off has been that natural capital and the environment benefited while our infrastructure was still in place on the West Rand, saving on financial capital in the long term as it is more difficult and costly to go back and complete legacy sites at a later date.

Despite these challenges, we were able to continue our ten-year dividend paying history with the declaration of a dividend of 5 cents per share (cps).

With the funds at our disposal, and with minimal external debt, we run our operation and transform the other capital resources in an integrated manner to make our business sustainable and to fulfil our mandate to all our stakeholders. For example:

- Our investment in the Central Water Facility (manufactured capital) will enable us to save R24 million a year (financial capital) and decrease our use of potable water (natural capital)

Although total value distributed decreased by 5% year-on-year, we were able to make an economic contribution to various stakeholders, including shareholders, suppliers, employees and communities. Consequently, while doing challenging clean-up of the environment, we continue to add value to the South African economy.

VALUE-ADDED STATEMENT

	2017 Rm	2017 %	2016 Rm	2016 %
VALUE ADDED				
Sale of precious metals	2 340	98	2 433	99
Income from investments	40	2	37	1
Income from disposal of property, plant and equipment	13	–	10	–
Total value added	2 393	100	2 480*	100
VALUE DISTRIBUTED				
Suppliers				
Paid to suppliers for materials and services	1 764	74	1 673	68
Employees				
Salaries, wages and other benefits	412[LA]	17	421[LA]	17
Community				
Socio-economic development spend	25	1	23	1
Government				
Current taxation	2	–	–	–
Providers of capital				
Dividends to ordinary shareholders	51	2	253	10
Share transactions	–	–	4	–
Interest on borrowings	6	–	4	–
Total value distributed	2 260[LA]	94	2 378[LA]*	96
Re-invested in the Group	133	6	102	4
Total value added	2 393	100	2 480	100

[LA] Limited assurance

** Restated*

FINANCIAL CAPITAL *continued*

KEY PERFORMANCE INDICATORS

		2017	2016
Gold production	kg	4 265	4 462
	oz	137 114	143 457
Gold sold	kg	4 268	4 455
	oz	137 211	143 232
Cash operating costs	R per kg	489 549	446 153
	US$ per oz	1 122	958
All-in sustaining cost	R per kg	530 930	499 425
	US$ per oz	1 216	1 072
Average gold price received	R per kg	548 268	546 142
	US$ per oz	1 254	1 165
Operating profit	Rm	256.8	434.8
Operating margin	%	11.0	17.9
All-in sustaining cost margin	%	3.2	8.4
Headline earnings	Rm	0.8	53.8
	SA cps	0.2	12.6
Dividend declared	cps	5	62

While throughput was stable at 25.0Mt (FY2016: 24.8Mt), the average yield was 5% lower at 0.171g/t (FY2016: 0.180g/t) and consequently, gold production was 4% lower at 4 265kg (FY2016: 4 462kg). The decrease in the yield reflected the difficulty in mining the Crown legacy sites and the bigger than expected knock-on effect on our treatment system of treating the relatively low volumes of material from these sites.

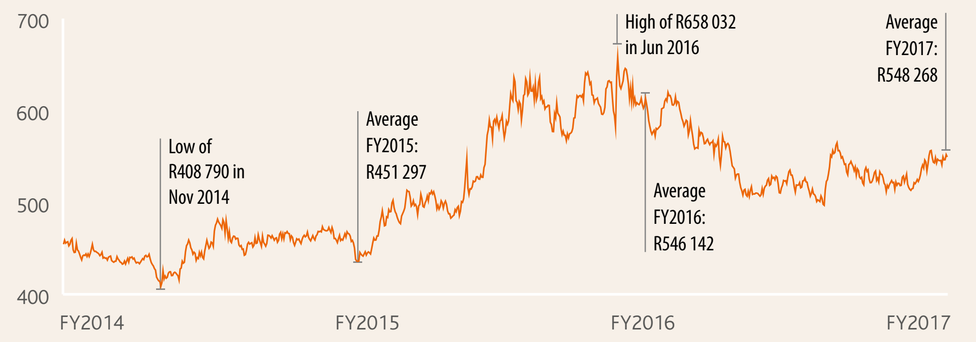
Cash operating costs increased 10% to R489 549/kg (FY2016: R446 153/kg). Contributing factors were lower gold production and the clean-up of the Crown legacy sites which proved more difficult and costly than anticipated. We expect the cost benefit in FY2018 year of eliminating the overall Crown footprint to be in the order of R72 million.

All-in sustaining costs increased by 6% to R530 930/kg (FY2016: R499 425/kg) due to a decrease in production and an increase in cash operating costs per kilogram.

Notwithstanding the challenges encountered this year, we declared a final dividend of 5cps (FY2016: 62cps).

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.

RAND GOLD PRICE PER KILOGRAM (R'000)



FINANCIAL CAPITAL *continued*

SUMMARISED GROUP STATEMENT OF PROFIT OR LOSS

	2017 Rm	2016 Rm
Revenue	2 339.9	2 433.1
Cost of sales	(2 307.9)	(2 236.8)
Gross profit from operating activities	32.0	196.3
Administration expenses and general costs	(69.4)	(87.2)
Profit on disposal of property, plant and equipment	12.9	10.5
Finance (expenses)/income – net	(12.2)	(10.8)
(Loss)/profit before tax	(36.7)	108.8
Income tax	50.4	(46.9)
Profit for the year	13.7	61.9

Lower gold production, sales and a stable average gold price received of R548 268/kg (FY2016: R546 142/kg), resulted in a 4% decrease in revenue.

Cost of sales increased by 3%. Cost of sales is mainly made up of materials, labour, electricity, contractors, water and depreciation.

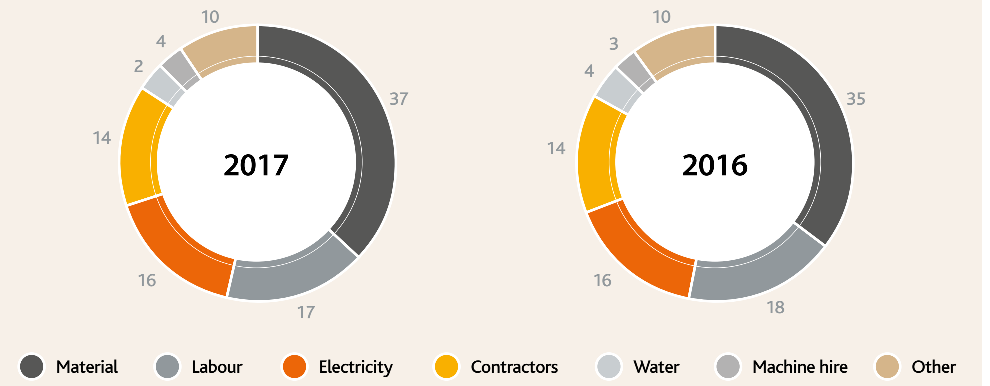
It is encouraging to note that water expenses decreased by 13% from R82.1 million in FY2016 to R71.1 million in FY2017 due to the investment in the gland service infrastructure and centralised water distribution system.

The decrease is mainly due to the decrease in the share-based payment expense from R29.9 million in FY2016 to R10.0 million as a result of the decrease in the DRDGOLD share price to R4.15 at reporting date.

For deferred tax purposes, the Group applies a forecast weighted average tax rate, considering the expected timing of the reversal of temporary differences.

The forecast weighted average deferred tax rate decreased from 23.1% to 18.6% as a result of a decrease in forecast profitability of Ergo, mainly as a result of a lower forecasted gold price.

OPERATING COSTS (%)



FINANCIAL CAPITAL *continued*

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

	2017 Rm	2016 Rm
Property, plant and equipment	1 497.6	1 600.5
Investments in rehabilitation obligation funds	227.7	202.1
Other non-current assets	13.8	15.8
Inventories	180.3	160.7
Trade and other receivables	114.3	66.5
Cash and cash equivalents	253.7	351.8
Other current assets	–	21.7
Total assets	**2 287.4**	**2 419.1**
Equity	1 302.4	1 339.6
Provision for environmental rehabilitation	531.8	522.9
Deferred tax liability	140.5	194.7
Post-retirement and other employee benefits	39.0	38.2
Finance lease obligation	16.8	19.2
Trade and other payables	251.7	288.9
Other current liabilities	5.2	15.6
Total equity and liabilities	**2 287.4**	**2 419.1**

Property, plant and equipment includes additions of R116.3 million, offset by depreciation of R179.8 million and change in estimate of decommissioning liabilities of R34.4 million.

Management invested R43.4 million in growth capital, related mainly to the Central Water Facility, tonnage and grade verification. The latter resulted in an increase in our Mineral Reserves and Measured Mineral Resources, and the possible future expansion of our tailings deposition facility.

The use of these funds in the environmental rehabilitation trust and the Cell Captive is restricted, and may only be used for environmental rehabilitation activities within the DRDGOLD group of companies.

The increase in these investments is due to interest earned.

The Group has a healthy working capital position with a current ratio of 2.1:1 for FY2017 (FY2016: 2.0:1).

Included in cash and cash equivalents is restricted cash of R108.8 million (FY2016: R62.9 million).

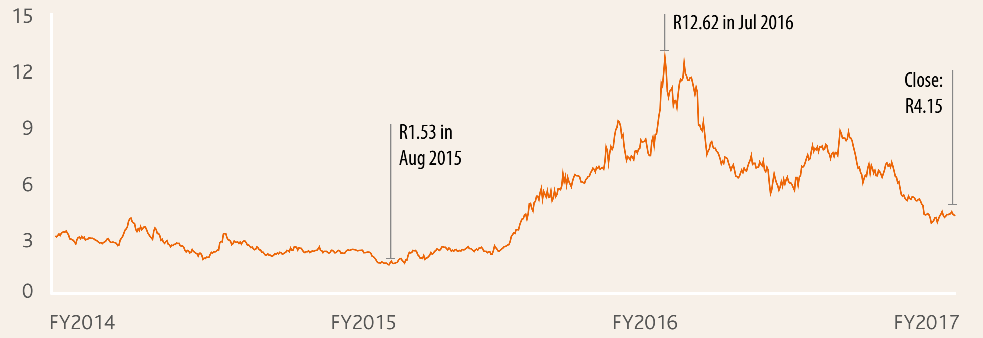
An overdraft facility of R100 million is available to the Group.

The provision for environmental rehabilitation increased mainly due to the unwinding of the provision of R45.3 million and the reclassification of the ERPM provision from non-current liabilities held for sale. The increase was offset by environmental rehabilitation payments incurred during the year of R19.5 million and a change in estimate of R34.4 million, which was credited against the related assets.

The decommissioning and restoration liabilities are funded by a combination of funds that have been set aside in an environmental rehabilitation trust fund as well as environmental guarantees issued by Guardrisk Insurance Company Limited to the DMR amounting to R427.3 million (FY2016: R427.2 million).

The Group has minimal external debt and therefore remains unleveraged.

DRDGOLD SHARE PRICE



FINANCIAL CAPITAL *continued*

SUMMARISED GROUP STATEMENT OF CASH FLOWS

	2017 Rm	2016 Rm
Net cash flows from operating activities	51.6	415.9
Net cash flows from investing activities	(96.7)	(107.2)
Net cash flows from financing activities	(53.0)	(281.1)
Net (decrease)/increase in cash and cash equivalents	(98.1)	27.6
Cash and cash equivalents at the beginning of the year	351.8	324.4
Foreign exchange translation	–	(0.2)
Cash and cash equivalents at the end of the year	253.7	351.8
Included in net cash flows from operating activities:		
Working capital changes	(117.8)	81.9
Change in trade and other receivables	(57.6)	33.7
Change in inventories	(14.8)	1.0
Change in trade and other payables	(45.4)	47.2

Free cash outflow[1] was R45.1 million in comparison with free cash inflow of R308.7 million generated in the previous financial year. The decline in the free cash flow was partially due to significant working capital movements compared with the prior financial year. Trade and other receivables, including gold debtors and VAT received subsequent to year end, amounted to R34.5 million and R23.4 million respectively.

[1] *Cash flow from operating activities less cash flow from investing activities*

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 manufactured capital to help us manage recoveries, and are encouraged by the prospect of growing our capacity and LoM into the future.

OUTLOOK

We will continue to pursue our strategy of optimally exploiting our large surface gold resource, controlling costs and maximising margins to enable our business to generate cash. We have rigorously addressed costs for the longer term by investing in manufactured capital during FY2017 and expect returns on this investment during FY2018 and onwards.

We are encouraged that gold production in the final quarter of FY2017 and first quarter of FY2018 met the production target and our core Ergo plant is stable.

During FY2018, we are planning gold production of between 138 000 ounces and 145 000 ounces at cash operating costs of approximately R480 000/kg.

MANUFACTURED CAPITAL

Ergo has the technology and infrastructure to recover gold from low-grade tailings material on a 24/7/365 basis.

MANAGING THE TRADE-OFFS BETWEEN CAPITALS

By better using our extended technology and analysis tools, we increase our manufactured capital. In turn, a more stable plant enables us to generate better efficiencies and enhance financial capital.

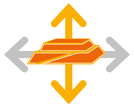
By investing financial capital in our Centralised Water Distribution System in the short term, we increase financial capital in the long term through cost savings and saving on potable water, therefore enhancing natural capital.

By spending financial capital on tonnage and grade verification, and studies to increase our Tailings Deposition Facility in the medium term, we potentially unlock financial capital in the long term by enabling us to mine more gold resources for longer and deliver on our strategy.

HIGHLIGHTS

Better use of technology and analysis to keep Ergo plant stable

Centralised water distribution system completed



R4.1 million invested in tonnage and grade verification resulted in an increase in our Measured Mineral Resources by 56.8% and Mineral Reserves by 62.5%

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, Van Dyk and Ezekiel reclamation sites. A further 0.6Mtpm is delivered from the City Deep area (including 4L2, 3L42 and externally sourced sand).

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.

The Ergo plant has treatment capacity of 1.8Mtpm based on 92% availability. Vast quantities of material is delivered monthly to the plant and, as each old dump or dam is depleted, others are brought on stream.

TAILINGS DEPOSITION FACILITY

We invested approximately R4.1 million in tonnage and grade verification during FY2017, which resulted in a 56.8% increase in our Measured Mineral Resource and a 62.5% increase in Mineral Reserves. The existing tailings deposition facility will be able to accommodate this material. In our previous Annual Integrated Report, we indicated our intention to increase the capacity of our Tailings Deposition Facility. We also intend continuing with our tonnage and grade verification programme, which will determine the next steps in the possible future expansion of our operations.

CENTRAL WATER FACILITY

During the financial year, work to centralise our water distribution system to the central water facility, adjacent to the Trans Caledon Tunnel Authority (TCTA) pumping infrastructure, situated on the old East Rand Proprietary Mines Limited (ERPM) footprint, was completed. This facility provides significant water storage capacity, the equivalent of two days' process requirements for the combined Knights and City Deep plants and reclamation areas. As a result, reliance on the relatively small water storage facility at the now disused ERPM plant has been eliminated. This facility also has the ability to introduce up to 10Mℓ of treated AMD into the process circuit per day if required.

Adjustments to the Ergo plant's water reticulation system were also completed during the year, allowing the use of clarified process water for slurry pump gland service. As a result, we expect to see a consequent saving in the usage and associated cost of potable water of some R24 million a year.

RESEARCH AND DEVELOPMENT

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

PARTNERSHIP WITH WITS SCHOOL OF CHEMICAL AND METALLURGICAL ENGINEERING

Ergo will invest approximately R6 million, over a five year period with the University of the Witwatersrand (WITS), to fund appropriate research projects by post-graduate students with a view to improving Ergo's operating efficiencies as well as the evaluation of alternative process options.

ALTERNATIVE POWER GENERATION

Power consumption currently accounts for 16% of our operational costs. Also, due to the number of power failures and the severity of a power failure on our operations, we began a project to evaluate whether or not we could produce our own power as an alternative to Eskom supply. Not only is the availability of power in the future uncertain, but stable and reliable supply

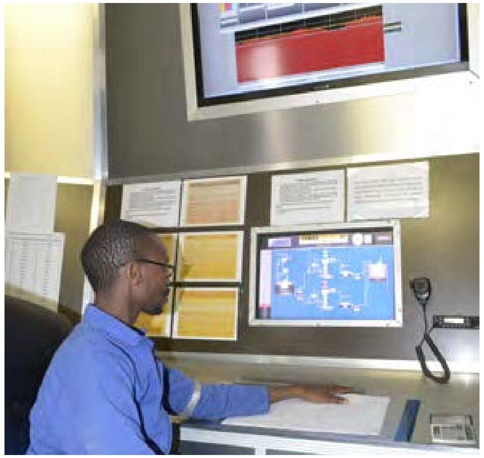
MANUFACTURED CAPITAL *continued*

is required to ensure stable, uninterrupted production. The project includes the evaluation of technology options, capital and operating costs, regulatory requirements, base load assessments and possible funding options.

This is a long-term project and we are still in the early stages. However, if successful, this project will mitigate one of our major risks: sustainable and affordable power supply.

INFORMATION AND COMMUNICATION TECHNOLOGY

Advanced information and communication technology (ICT) is used in plant operations, and to reduce power and water consumption. Plant operation, 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.



ERGO PLANT ELECTRONIC MONITORING SYSTEM

Our core Ergo plant's electronic monitoring system provides management with continuous information on every facet of the plant's performance. Prompt interpretation of this information has resulted in faster, better identification and remediation of challenges, and a consequent improvement in plant efficiency. Flowing from this, there have been cost benefits, including a saving of R1.3 million a month in the cost of reagents.

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 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.

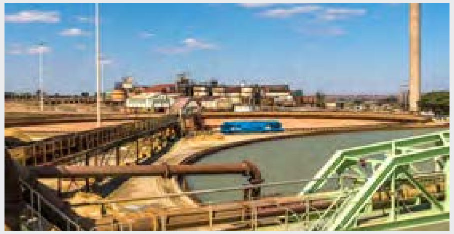
OUTLOOK

As indicated in our strategic targets, we intend to optimally exploit our large surface resources by continuing with our exploration and resource verification programme, which could lead to the next steps towards increasing our tailings deposition facility, and in turn, increase Ergo's life significantly.

We aim to maintain over 2Mtpm and produce between 138 000oz and 145 000oz of gold per annum.

We will continue investing in research and development opportunities, which will provide a return not only in financial capital, but also manufactured and natural capital, such as the project for alternative power generation.

OUR MANUFACTURED CAPITAL



TWO PLANTS, 1 MILLING STATION

PIPELINE/PUMPING INFRASTRUCTURE

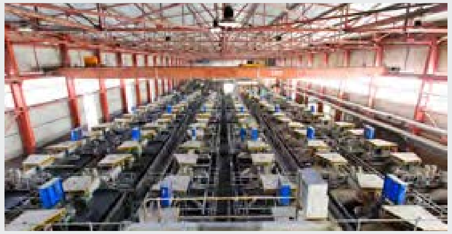
ACCESS RIGHTS

ERGO PLANT ELECTRONIC MONITORING SYSTEM

WATER

TAILINGS STORAGE FACILITY

RETICULATION SYSTEM



FLOTATION TECHNOLOGY

HUMAN CAPITAL

DRDGOLD invests 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 stakeholders' interests in mind.

HIGHLIGHTS

68% HDSAs in management, core and critical skills positions

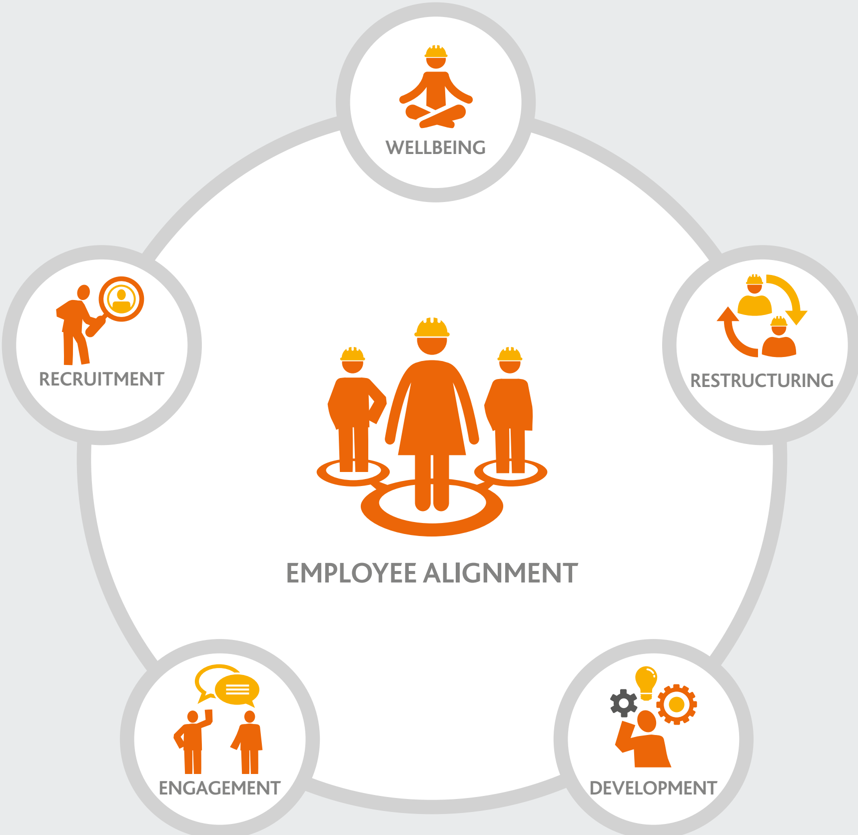
Women in mining rose to **20%**

1 371 employee training sessions at a cost of **R9.6million**

MANAGING THE TRADE-OFFS BETWEEN CAPITALS

As our employees and their wellbeing are important to us, we invest financial capital in various initiatives to ensure that employees reach their full potential. Personal goals of employees are aligned with the strategic objectives of the company and as a result, we achieve sustainable benefits in respect of all our capitals.

With our exit from Crown we retrenched 58 employees, of which 47 elected voluntary severance packages, at a cost of R23 million. We expect cost benefits from the exit from Crown and, as a result, an increase in our financial capital in the short and medium term.



HUMAN CAPITAL *continued*

OUR PEOPLE

During FY2017, our primary focus was on aligning our employees' personal goals with the strategic objectives of the Group and recognising every person's contribution to the success of DRDGOLD. We provided full-time employment for 850 (FY2016: 924) people while our main service providers employed an additional 1 365 (FY2016: 1 560) employees to our operations.

What we do		Why we do it	How we do it

WELLBEING	**Best Life**	• Value importance of employee wellbeing
		• Social issues affect performance
		• Indebtedness affects focus
			• Free access to professional services such as social workers and psychologist
			• Access to new on-site financial clinics
			  • Planning and payment – assist with personal budgets and insurance
			  • Provide – assist with home loan application and vehicle financing
			  • Protect – unfortunate event planning, wills and family support
			  • Prosper – savings and retirement planning

WELLBEING	**Home ownership**	• Ergo does not provide traditional mine accommodation to employees
		• Employees should be given the opportunity to provide shelter for their families
		• In line with Mining Charter
			• R75 000 interest free purchase price discounted home loan to qualifying employees
			  • Qualifying factors:
			    • for first time home owners
			    • loan approved by registered credit provider
			    • category 4 to 9 employment band

RESTRUCTURING	**Crown plant closure**	• Address costs • Reduce distance between operating sites and plants – moving towards the east • R72 million expected benefit in FY2018	• Consultations between affected employees, organised labour and management as prescribed by Section 189 of Labour Relations Act • 46 employees reallocated to remaining plants • 58 employees retrenched at a cost of R23 million of which 47 employees elected voluntary severance packages
EMPLOYEE DEVELOPMENT	**Training initiatives**	• Increase job satisfaction and productivity • Increase wellbeing of employees • Align with our SLP	• Training initiatives focused on skills essential to our business • Give employees opportunity to gain experience in acting roles • Assist employees with tuition fees for formal qualifications • Make provision for reskilling of employees for future downscaling and retrenchments
EMPLOYEE DEVELOPMENT	**Talent management**	• Retain skilled staff in key positions • Equip employees for future leadership roles	• Employees identified as part of talent pool • Critical positions identified • Mentors/coaches appointed • Quarterly performance discussions between protégés and mentors/coaches • Addressing gaps in individual development plans

EMPLOYEE ENGAGEMENT	**Communication and Metworx (now called Baobab) programme**	• Create an environment where employees are committed to a positive contribution to the success of the Group
		• Align employees with Group overall strategic objective of maximising value from existing assets
			• Daily text messages on topics such as:
			  • production
			  • health and safety
			  • congratulatory or motivational messages from management
			• Introduction of Baobab programme at Ergo plant, focusing on behavioural engineering, and addressing:
			  • teamwork
			  • connectivity to core business
			  • accountability
			  • empowerment
			  • productivity

HUMAN CAPITAL *continued*

REMUNERATION

DRDGOLD offers competitive remuneration packages and profit share incentives to our employees and makes use of independent annual surveys to ensure that guaranteed packages are fair, competitive and market-related.

In FY2017 the average gross basic salary for entrance level employees was R9 655 per month compared to R8 777 in FY2016.

The DRDGOLD wage cycle does not correspond with that of the gold mining industry. The industrial relations climate 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 agreement was reached with the National Union of Mineworkers (NUM) and the United Association of South Africa (UASA) in August 2016 for an average increase of 8.2% per annum.

RECRUITMENT

DRDGOLD complies with the Mining Charter requirements for the hiring, development and retention of HDSAs, particularly women (10% of all our new recruits are women and all female applicants are prioritised when vacancies and internships become available). The total percentage of women at our operations increased from 17% in FY2016 to 20% in FY2017.

As part of our objective to align employees with the goals of the Group, our recruitment process ensures that the right person and skills are matched to the job requirements.

20% of workforce comprises women

FUTURE HUMAN RESOURCE DEVELOPMENT PROGRAMMES

We are currently implementing an Accelerated Capability Development Programme within the operations. The programme will be piloted in the engineering section before being rolled out in the metallurgy sections. This programme addresses two main fields: safety and competence building. It facilitates the development of a competent workforce using the existing system of planned task observation. Line managers will ensure that employees are fully competent in the tasks they are given by conducting planned task observation and assessing competence of the individual to undertake a task.

This helps ensure we have fewer incidents caused by a lack of knowledge and competence to undertake the specific task. The results of the planned task observations and assessments will be stored electronically and will give each line manager the ability to track performance against set standards. It will also enable the operations to quantify, to some degree of certainty, the competency levels of their teams.

This system will greatly support theoretical (classroom) training as it affords employees the opportunity to physically demonstrate that they understand what was taught and that they are capable of performing to the required standard.

This programme recognises that, while classroom training is vitally important, a vast amount of learning takes place through hands-on experience.

68% HDSAs in management, core and critical skills positions

		2017	2016
Permanent employees		850	924
Specialist service providers		1 365	1 560
Employee turnover	%	17	8
Human rights incidents		–	–
Union affiliation (in the collective bargaining unit)			
NUM	%	59	49
AMCU	%	19	20
UASA	%	13	17
Non-union	%	9	14
Employee training	Rm	9.6	6.9
Training days		6 673	6 228
Number of employee training sessions		1 371	1 251
Contributions made to future reskilling fund	Rm	5.7	1.8
Women in mining			
Women in management	%	23	17
Women in core disciplines	%	11	12
Total women in mining	%	20	17
Employee salaries and benefits	Rm	412[LA]	421[LA]
Salaries as a % of operating cost	%	17	18

[LA] *Limited assurance*

HDSA AS A PERCENTAGE OF TOTAL EMPLOYEES

	2017			2016		
	Male	Female	HDSA (%)	Male	Female	HDSA (%)
Top management	3	–	33	4	–	50
Senior management	2	1	33	2	1	33
Middle management	35	11	43	32	7	41
Junior management	265	39	72	265	33	70

HUMAN CAPITAL *continued*

HEALTH AND SAFETY

DRDGOLD considers our people to be our most valuable asset. We continue to focus our health and safety campaigns on creating a workplace where all our employees return safely to their families at the end of every work day.

Regrettably, on 27 February 2017, Mr Mederiko Yakobe, a security contract employee at our 4A6 reclamation site lost his life. This very unfortunate event was incited by community unrest in the Jerusalem informal settlement following a tragic incident when a child fell into an abandoned mine shaft. Although the shaft is not under the control or ownership of DRDGOLD, the Group assisted with the rescue operation led by the Mine Rescue Services and the DMR. Two Section 54 notices were issued following the fatality at 4A6, addressing emergency evacuation procedures and dedicated walkways close to trackless mobile machines.

HEALTH AND SAFETY MANAGEMENT

We realise the shortcomings of the public health care system in South Africa and the consequent negative effect on the wellbeing of our employees. All permanent employees are required to be members of a private medical aid scheme. The Group subsidises two thirds of the total member contribution. During FY2017, the Group contributed R35.3 million (FY2016: R33.8 million) to private medical aids on behalf of employees. In addition, we employ a part-time health practitioner, three permanent nurses and retain the services of a private medical emergency response team to ensure our people receive quality medical treatment at our operations. We recognise the importance of treating injuries as part of our duty of care and, therefore, several employees are trained in different levels of first aid.

HEALTH AND SAFETY ACTIVITIES

Our health strategy aims to reduce and ultimately eliminate health threats through regular monitoring of our permanent and contracted employees. All our operational sites are monitored monthly for hazards and risks, which are ranked in terms of severity, duration of exposure and probability of a negative outcome. All visitors to our sites are made aware of safety hazards and emergency procedures through our induction process. Community members, including illegal miners, are made aware of the hazards of accessing mine dumps through safety signs at all of our reclamation and deposition sites.

As part of our daily risk assessments, weekly safety topics, monthly contractors meetings and annual inductions, the following health and safety campaigns were launched during FY2017.

Time out for safety

To keep employees engaged and conscious of their surroundings, a daily text message is sent to all our employees, encouraging them to work safely and to report unsafe working conditions.

Red job card system

All unsafe conditions are escalated to the relevant engineer or plant superintendent where these hazards are classified according to severity and a deadline is set to repair the unsafe condition:

- A-class hazard – immediately or within 24 hours
- B-class hazard – within 48 hours
- C-class hazard – within seven days

Weekly walkabout

A weekly walkabout has been introduced at the Ergo plant, comprising a team of employees from each discipline (such as electrical, fitting and boiler-making), the safety department and part-time safety representatives. During the walkabout in the chosen section, the team identifies potential hazards and remedial action is taken through the red job card system.

Walkways

To reduce injuries relating to employees using unsafe walkways, Ergo embarked on a campaign to ensure walkways are stable and properly demarcated. Employees are frequently briefed about the hazards presented by walkways and this forms part of our induction process.

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, as well as research outcomes.

HUMAN CAPITAL *continued*

REVIEW OF OUR SAFETY PERFORMANCE

	2017	2016
Number of fatalities	1[LA]	–[LA]
Reportable injuries	9	9
Frequency rate*	1.53[LA]	1.42 [LA]
Lost time injury	17	17
Frequency rate*	2.91[LA]	2.68 [LA]
Minor injuries	42	45
Part-time health and safety representatives	118	126
Ratio of part-time health and safety representatives to one employee	1:21	1:23
Section 54 notices	2	–
Section 55 notices	5	5

* *In FY2017, an enhanced man hour methodology was introduced for calculating the frequency rate, which forms the basis of a new baseline going forward. Previously, a factor was used to calculate the manhours, but for this financial year and going forward, actual manhours are used*

[LA] *Limited assurance*

HEALTH PERFORMANCE

As part of our strategy to educate and empower employees with knowledge, a number of health-related topics were addressed in FY2017 through pamphlets and medical surveillance. The following topics were part of this ongoing initiative:

- How healthy are you
- What your blood type means
- A modern lifestyle and fatigue
- How to lose holiday weight
- A future without HIV
- Sexually transmitted infection
- Tuberculosis (TB)
- Cervical cancer awareness
- How to treat a headache
- How to do self-breast exam

	2017	2016
Medical examinations performed	3 786	4 005
Employees tested for HIV	193	188
Employees counselled for HIV	236	200
Number of TB cases reported	13	2
NIHL cases reported	4	4
Cases of silicosis and asbestosis reported	–	–

HUMAN CAPITAL *continued*

NOISE-INDUCED HEARING LOSS

Noise-induced hearing loss (NIHL) is caused by repeated or prolonged exposure to sounds at or above 85 decibels (dB). At our operations, noise can reach 105.6dB. Although there are 32 areas with noise above 85dB, we do not operate equipment or machinery measuring more than 107dB. The industry milestone to be achieved by 2024 was reached by DRDGOLD in FY2016. Any excessively noisy equipment is immediately reported to an engineer for corrective action. Hearing protection is issued to all employees and visitors to our plants. The use of protective equipment is covered during our induction programme and signs, at demarcated noise zones and entrances to the plants, indicate where hearing protection should be worn.

All cases of NIHL are referred to Rand Mutual Assurance, a private insurance company for occupational injuries.

The table below indicates the status of claims.

	Number of cases	Cases concluded	Pending cases
Reported in FY2015	3	2	1
Reported in FY2016	4	3	1
Reported in FY2017	4	–	4

OUTCOMES

The following outcomes were received on cases reported in FY2016:

- A reclamation foreman at Knights, who had worked in the mining industry for 18 years, received compensation for permanent disability in FY2017
- A shift foreman working at Ergo since 1983 received compensation for permanent disability in FY2017
- A boilermaker working at Knights since 1987 received compensation for permanent disability in FY2017

SILICOSIS AND DUST

No cases of silicosis and asbestosis were reported in FY2017 (FY2016: 0).

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

There was a decrease in over-exposure to silica dust in FY2017. Our silica reduction strategy, described below, has been rolled out at the operations:

- The mine is divided into areas of similar exposures – homogeneous exposure groups and employees working in homogeneous exposure groups that are over-exposed receive dust masks
- Employees are continuously reminded to damp down or clean equipment before working on it, in order to prevent dust liberation into the air
- Spillages are cleaned as soon as they occur to prevent drying and liberation of dust into the air
- Vehicles are cleaned regularly and all new vehicles are fitted with air conditioners
- Employees' silica exposure levels are monitored and all over-exposures are investigated to determine the cause, employees are counselled on preventative measures and, where possible, recommendations are implemented by the relevant foreman
- Dust awareness is included in the four steps to safety checklists
- The silica reduction strategy has been incorporated into the annual induction
- 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 the milestone and statutory reports

OUTLOOK

DRDGOLD will continue to prioritise the wellbeing and safety of our employees. During FY2018, the focus on our people's safety and competence will be enhanced by the Accelerated Capability Development Programme, through on the job learning.

SOCIAL AND RELATIONSHIP CAPITAL

We strive to build healthy communities in the areas where our operations are located in parts of Johannesburg and Ekurhuleni – through local economic growth and development initiatives. DRDGOLD remains committed to educational support through projects that will benefit our communities.

HIGHLIGHTS

Total socio-economic development spend of **R25m**[LA]

476 community members on learnerships

724 learners benefited from our maths and science programmes

225 learners benefited from our accountancy programme

85.5% of our total discretionary spend was with BBBEE companies

MANAGING THE TRADE-OFFS BETWEEN CAPITALS

Our future existence is dependent on our social licence to operate and one of our strategic focus areas is to support our neighbouring communities. We therefore invest financial capital in projects that we believe will improve the quality of life in our neighbouring communities by alleviating poverty and improving youth education. These projects include:

- Our broad-based agricultural livelihoods programme
- Our maths, science and accountancy extra classes at seven schools in our areas of influence

SOCIAL LICENCE TO OPERATE

Our investment in communities is guided by our current SLP which comes to an end in December 2017 and was developed in compliance with the Mineral and Petroleum Resources Development Act. Progress made towards our SLP commitments are reviewed and monitored monthly.

Acceptance by communities who can be affected by our mining activities upholds our social licence to operate and can be withdrawn at any time. To mitigate the risk of unrest, we continue to engage with our surrounding communities and respond to their concerns and commitments.

We use South African companies to supply our consumables, and to conduct off-site repairs and on-site services. All procurement of goods and services is in line with the national promotion of BBBEE companies and the Mining Charter. During FY2017, our total discretionary spent was 85.5% with BBBEE companies, compared to 86.4% in the previous year.

BROAD-BASED AGRICULTURAL PROJECT

The broad-based agricultural livelihoods programme was launched two years ago in the communities of Tsakane, Geluksdal and Daveyton, adjacent to our tailings deposition facility. The focus of the project has been on empowering individuals, households, existing micro-farmers and co-operatives to produce vegetables and crops at their homes to, firstly, address food security challenges and, secondly, to enable them to enter the economic mainstream by selling excess produce. At the end of FY2017, the programme had benefited 649 households with more than 40 training sessions (covering the eight key topics of the low-cost organic crop production methodology used) with seven groups. Demand for infrastructure, particularly tall crop tunnels, has continued to exceed expectations with 80 tall crop tunnels delivered to date.

Click here to view video 'Farmers with Dignity'

KOPANO KE MATLA PROJECT (SEWING PROJECT)

The Johannesburg metropolitan municipality's integrated development plan has identified the need for women empowerment initiatives as one of their objectives. The poverty rate within the municipality is 45.5% and there is a high rate of dependency on social grants.

Woman-led enterprises, like Kopano Ke Matla, a sewing project in Meadowlands, Soweto, has been supported by DRDGOLD since 2012. The initiative includes:

- Ensuring equipment ownership and a secure venue
- Facilitating an enterprise growth strategy, business and career planning
- Facilitating market and product development
- Manufacturing of product lines
- Targeted on-the-job training and mentorship, synchronised with manufacturing
- Mentoring with regard to purchasing, sales and promotion activities, record keeping and financial management processes
- Provision of essential equipment and resources
- An internship and empowerment programme

Click here to view video 'Ergo project feedback'

SOCIAL AND RELATIONSHIP CAPITAL *continued*

As we realise it is an enormous task for government and private companies to eradicate poverty in South Africa, we invest in community projects, believing that we are making a positive contribution to our communities, and in turn our country.

EDUCATING OUR COMMUNITIES

BURSARIES

During the 2017 academic year, DRDGOLD awarded bursaries to eight students in the fields of engineering and metallurgy. Four former bursary students who graduated at the end of the 2016 academic year are now serving internships within the DRDGOLD operations. A total of R719 834 was spent on bursaries during FY2017 (FY2016: R548 750).

MATHS, SCIENCE AND ACCOUNTANCY

Our maths, science and accounting intervention programme have been welcomed wholeheartedly by learners, teachers and principals at supported schools. More and more learners are attempting to bridge any perceived gaps in their education, particular in maths and science as these subjects are key to achieving university entrance and success thereafter.

Project	Outcome	Area	2017 R	2016 R
Vegetation rehabilitation	Local youth employment	Soweto and Geluksdal	2 112 316	2 076 281
Enterprise development	Developing small business initiatives	Geluksdal	127 764	219 539
Crown logistics	Established employee transport co-operative	Ekurhuleni and Johannesburg	470 103	454 104
Broad-based livelihoods	Local economic development	Tsakane	2 746 305	3 302 669
Kopano Ke Matla	Local economic development	Meadowlands, Soweto	759 075	1 190 758
Lindelani poultry project	Develop small business initiatives	Lindelani (Benoni)	72 925	–
Geluksdal Primary School	Tiling of classrooms	Geluksdal	449 993	–
Bopanang Primary School	Painting of classrooms	Soweto	38 275	24 593
Spillage clean-up	Temporary employment of Elsburg community members to clean spillage	Ekurhuleni	189 200	–
Palesa Primary School	Construction of a security guard house	Meadowlands, Soweto	–	19 830
Buhlebemfundo Secondary School	Refurbishment of library	Tsakane	–	77 520
Funukukhanya Primary School	Paving of 1 480m^2	Tsakane	–	291 209
Tswelelang Primary School	Construction of shaded and paved assembly area	Meadowlands, Soweto	–	95 534
Drommedaris Primary School	Construction of library	Reiger Park	–	1 071 786
Marketing	CSI banner		4 750	–
Total			6 970 706	**8 823 823**

SOCIAL AND RELATIONSHIP CAPITAL *continued*

In regular quarterly meetings with the relevant principals of the schools we support, we have received tremendous gratitude for the efforts of our teachers. Their passion and drive is inspirational. Some even gave up their weekends to assist learners who could not find the time to attend extracurricular sessions.

During FY2017, DRDGOLD adopted the maths and science programme in schools where we were running only the accounting programme (Bopasenatla) and Labani High School in the last quarter.

Although the year-end results were still lower than we would have liked, our month-on-month reports reflect an increase in averages in our pre- and post-test results. One of the pupils from Tsakane Secondary School achieved six distinctions in the matric exams and the school achieved a 100% pass rate in maths and science since participating in this initiative from FY2015.

LEARNERSHIPS

In line with the national strategy to eliminate the shortage of skills, we provide artisan training for our youth, and learnerships (a structured learning programme leading to a lifelong skill) were given to 476 community members during FY2017 (FY2016: 551). We also assisted 265 community members complete their trade tests successfully to obtain a national certificate (FY2016: 124).

Project	2017 R	2016 R
Maths, science and accountancy	990 369	942 561
Adult education and training	2 373 333	2 110 479
National diploma (N1 and N2 courses)	602 310	331 900
Artisan training	2 642 734	2 359 218
Bursaries	719 834	548 750
Total	**7 328 580**	**6 292 908**

CORPORATE SOCIAL INVESTMENT

DRDGOLD has focused its CSI programme on initiatives that benefit the communities surrounding operations within the Johannesburg and Ekurhuleni municipalities. Ideally, these initiatives should have a positive impact on the communities affected by the Group's operations, and leave a lasting legacy. Legitimate stakeholders are consulted to understand their interests and concerns.

OUTLOOK

In preparation for finalising our next five-year (January 2018 to December 2023) SLPs, consultations have taken place with the Johannesburg and Ekurhuleni municipalities to ensure that the projects we implement are in line with the municipalities' local economic development (LED) requirements.

As the broad-based agricultural livelihoods programme on the East Rand has proved to be successful, we are considering upscaling this initiative to ensure more participants move from subsistence to small-scale commercial farming over the next five years.

The Johannesburg municipality is also interested in introducing the broad-based agricultural livelihoods programme on the West Rand.

On the East Rand and West Rand, infrastructure development initiatives are also being considered for schools as part of the LED initiatives in the new SLP.

	2017 R	2016 R
Blankets and clothing	276 137	299 853
Youth for Christ: job-creation project	–	157 949
School bags and pencil cases	–	25 000
Braamfischerville grass-cutting campaign	–	15 000
Compass: cash donation for food	20 000	10 000
Alexandra: a community fundraising	73 250	–
Matla a Bana: emergency comfort packs for victims of abuse	9 354	–
SAME foundation: donation towards hospital antenatal unit refurbishment	50 000	–
Total	**428 741**	**507 802**

NATURAL CAPITAL

Through extensive training and motivation of our workforce to reach production targets and achieve extraction efficiencies, we are able to maintain and grow our investment in innovative technology and projects that minimise our consumption of natural capital (energy, potable water and land). Rehabilitation, one of DRDGOLD's core activities, removes pollution sources which helps clean and redevelop our areas of operation. We also undertake concurrent rehabilitation of all of our tailings facilities to vastly reduce any negative environmental impacts experienced by surrounding communities.

MANAGING THE TRADE-OFFS BETWEEN CAPITALS

By investing financial capital in our Centralised Water Distribution System in the short term, we increase financial capital in the long term through costs savings, which enhances our natural capital.

By performing concurrent rehabilitation and vegetation on our tailings storage facilities and investing financial capital in the short and medium term, we decrease dust emissions and improve the quality of life of those living within our areas of influence. This means that, in addition to investments we make in social and economic capital, we seek to preserve, protect and even improve the state of the footprint on which we operate (in many instances an inherited legacy) in order to also yield a natural dividend.

By spending financial capital on tonnage and grade verification and on studies to increase our Tailings Deposition Facility in the short term, we potentially unlock financial capital in the long term by enabling DRDGOLD to mine more gold resources for longer, delivering on our strategy and ensuring that more land is rehabilitated and released for development, to contribute to our natural capital.

Our significant trade-off this year has been that natural capital and the environment benefited from the Crown clean-up while our infrastructure was still in place on the West Rand, saving on financial capital in the long term as it is more difficult and costly to go back and complete legacy sites at a later date.

HIGHLIGHTS

- Centralised water distribution system completed
- **35 hectares** of our tailings deposition facilities vegetated
- Externally sourced potable water use decreased by **26%**
- **90 hectares** of land rehabilitated and NNR clearance obtained for redevelopment
- Dust emissions down to **0.4%**
- Treated AMD water, purchased from TCTA was utilised for the first time to reduce our dependency on potable water and reduce the impact of AMD on the environment
- **R41.9 million** spent on environmental rehabilitation activities

Environmental management is a key aspect during the project planning phase of new reclamation sites as prevention is more effective than mitigation. Before we embark on any new mining projects, we compile an external environmental impact assessment and environmental management programme (EMP). These reports are discussed and reviewed by our stakeholders in a full public participation process. As a result, we are able to identify, address and minimise the effects of our activities on the environment, and recognise the potential impacts our activities may have on surrounding communities.

Our environmental management systems and policies have been designed in compliance with South Africa's National Environmental Management Act 107 of 1998 and related legislation. Internal and external audits are recorded in a database to ensure compliance. Our EMP treats all Ergo sites as one operation and assesses the environmental impacts of mining at reclamation sites, plants and tailings deposition facilities. It also outlines the closure process, including financial provisions. We are, therefore, able to systematically audit and monitor our activities. Regulation 55 audits, in terms of the requirements of the Mineral and Petroleum Resources Development Act 28 of 2002, are undertaken by independent consultants and submitted to the DMR as required.

The Group actively manages and monitors the consumption of natural resources (including potable water and energy consumption). At monthly management meetings, consumption is analysed and trends interpreted to identify excessive use and to investigate discrepancies.

DRDGOLD's environmental spend in FY2017 was R41.9 million (FY2016: R49.6 million).

A further R7.1 million (FY2016: R5.8 million) was spent on dust monitoring and suppression.

No fines of monetary value or significant non-monetary sanctions for non-compliance with environmental laws and regulations were imposed on the Group in FY2017.

NATURAL CAPITAL *continued*

ENVIRONMENTAL MANAGEMENT EXPENDITURE

	2017 Rm	2016 Rm
Tailings complex (vegetation, dust suppression and cladding, among others)		
Crown complex	13.7	23.4
Brakpan/Withok	10.6	5.7
Daggafontein	2.3	2.0
Reclamation sites (vegetation and dust suppression, among others)		
Crown sites	9.3	2.7
Rehabilitation insurance expense	1.7	7.8
Historic spillage clean-ups	2.8	3.2
Ergo sites	0.7	3.0
Demolition of plant and infrastructure	0.8	1.8
Total	**41.9**	**49.6**

OUR PRIORITIES

WATER AND WASTE WATER MANAGEMENT

We are pleased to report that our efforts to reduce reliance on potable water have paid off during FY2017. Total water used has decreased by 8% to 27 748Mℓ and there has been a 26% reduction in external potable water usage to 5 490Mℓ.

	2017 Mℓ	2017 %	2016 Mℓ	2016 %
Potable water sourced externally	5 490[LA]	20	7 376[LA]	24
Rondebult waste water	386	1	942	3
Surface water extracted	3 280	12	3 150	11
Water recycled in process	18 500	67	18 825	62
TCTA water (AMD)	92	–*	–	–
Total water used	**27 748[LA]**	**100**	**30 293[LA]**	**100**

[LA] Limited assurance

** less than 1%*

During the past two years, our strategy to reduce reliance on potable water was implemented by investing in the following projects:

CENTRAL WATER FACILITY

The Central Water Facility was commissioned during the last quarter of FY2017 to store and distribute water emanating from the Rondebult waste water treatment works, treated AMD water from TCTA and recycled water from our Brakpan/Withok Tailings Deposition Facility. The centrally located water facility allows us to distribute water more efficiently throughout the operations. We expect that, due to more water being available from this facility, we will further reduce requirements for potable water from Rand Water. Further investigations are underway to increase pumping capacity from the Brakpan/Withok Tailings Deposition Facility so that more recycled water can be utilised from the Central Water Facility.

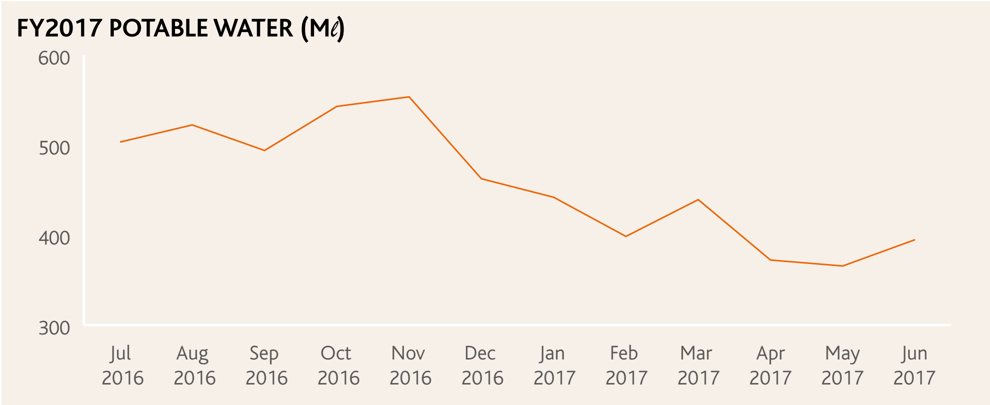
Our Knights operation has increased and upgraded its water pipeline distribution network so that more recycled water can be used in the circuit.

GLAND SERVICE INFRASTRUCTURE

The Group installed new gland service infrastructure at the Ergo plant in October 2016 to allow for the use of recycled process water for gland service requirements. This initiative has resulted in a reduction of approximately 70Mℓ a month of potable water use. Not only is this more environmentally sustainable but it has resulted in significant cost savings.

NATURAL CAPITAL *continued*

SAVINGS IN POTABLE WATER CONSUMPTION AT THE ERGO PLANT SINCE THE INCEPTION OF THE NEW GLAND SERVICE INFRASTRUCTURE



RONDEBULT WASTE WATER TREATMENT WORKS

The filtration plant at the Rondebult waste water treatment works operated by the East Rand Water Care Company was installed in FY2015. The Rondebult waste water treatment works provides Ergo with up to 10Mℓ of recycled water a day for use in reclamation activities.

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 386Mℓ of this water in FY2017 (FY2016: 942Mℓ). The decrease was due to a shortage of available water at the Rondebult treatment facility as well as issues with pipeline theft.

GOUDKOPPIES WASTE WATER TREATMENT WORKS

Ergo has entered final negotiations 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 providing 20Mℓ a day through a 7 000m long, 500mm diameter 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, therefore, reduce further.

The TCTA pump station and plant, which extracts and treats AMD 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 use up to 30Mℓ of treated AMD water a day from the TCTA facility[1] for our operations. In FY2017, AMD water, purchased from TCTA entered our system for the first time.

These projects demonstrate the Group's commitment to reduce its reliance on limited potable water resources currently under strain across South Africa.

[1] *Please refer to www.drdgold.co.za for details on our views of AMD and the agreement with TCTA*

DUST SUPPRESSION

Dust fall-out has reduced steadily in recent years due to our rehabilitation programmes and mitigation measures. We achieved positive results for dust monitoring and containment – of the 1 136 measurements, five exceedances (0.4%) were recorded over the entire operation. The monitoring reports are sent to regulators, municipalities, and interested and affected parties.

Only one reportable exceedance was captured in FY2017 within our monitoring network as one monitoring site exceeded more than twice the residential dust exceedance limits within the 12-month period. A full investigation was undertaken to the cause of the exceedance and it was determined that the exceedance was as a result of an ongoing residential development just west of our Lycaste reclamation site. Details were presented at the quarterly Dust Forum and it was concluded that the development had, in fact, generated the excessive dust.

After a review of our monitoring network in FY2016, DRDGOLD decommissioned a number of the monitoring sites within the Crown network as mining activities have been completed.

DUST MONITORING

	2017	2016
Crown		
Total sites monitored	678	863
Exceedances	5[LA]	17
Percentage	0.74	1.96
ERPM		
Total sites monitored	230	300
Exceedances	–	3
Percentage	–	1.00
Ergo		
Total sites monitored	228	230
Exceedances	–	2
Percentage	–	0.87
Exceedances	5[LA]	22[LA]

[LA] *Limited assurance*

NATURAL CAPITAL *continued*

REHABILITATION

In accordance with South African mining legislation, all mining companies are required to rehabilitate the land on which they work to a determined standard for alternative use. DRDGOLD's business involves the reclamation of previously discarded material deposited, in many cases, by other companies, most of which are no longer in business. As a result, we deal with legacy environmental issues. Nevertheless, we take our environmental responsibilities seriously and we are steadily rehabilitating land previously sterilised by mine residue.

DRDGOLD has spent more than R301 million on various rehabilitation activities (including controlling dust) in the five years preceding FY2017.

In FY2017, we vegetated a total of 16ha (FY2016: 24ha) at the Crown Complex. We are on track to complete this programme by 2022 and it could be accelerated if additional water is secured.

Concurrent rehabilitation is ongoing on active tailings facilities with 14ha (FY2016: 8ha) of side slope cladding completed at the Brakpan/Withok Tailings Deposition Facility and 5ha (FY2016: 4ha) at the Daggafontein Tailings Facility.

In FY2016, we decided to complete the recovery of material from a number of legacy reclamation sites and to close the Crown plant. The clean-up of the legacy sites proved more difficult and costly than expected and we had to resort, in the main, to mechanical lifting of residual material from the legacy sites. By the end of FY2017, most of the legacy sites had been cleared and substantial progress had been made on the rehabilitation of the Crown plant site. It is expected to be completed by the end of CY2017.

Ergo compiled 12 closure applications for submission to the DMR for completely rehabilitated sites in FY2017. We await final radiation land clearance certificates from the NNR.

The NNR issued a land clearance certificate for approximately 90ha of a rehabilitated historic tailings dam footprint for alternative land use in FY2017. The site approved for a large industrial park is being developed by a prominent contractor.

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 marginally year-on-year, mainly due to the Eskom factor applied.

Our electricity consumption remained stable year-on-year as did our production, demonstrating that our strategy of sizing pumps for maximum efficiency, using variable speed drives, soft starts, and continuously monitoring consumption is effective in optimising electrical power consumption.

Power factor correction equipment has been commissioned at the Brakpan/Withok tailings pump station. This has not necessarily improved our consumption but has assisted in stabilising the local power grid.

Around-the-clock pipeline and minute-by-minute power use monitoring worked well in FY2017 and the operation did not experience load shedding.

DRDGOLD is investigating alternative sources of energy, including solar and gas fired power plants. This is a long-term project and we are still in the early stages of research. If successful, this project will mitigate one of our major risks – sustainable power supply.

LOAD CURTAILMENT

In terms of our load curtailment agreement with Eskom, we are alerted when the national grid is under pressure and load shedding is imminent. This allows the operations team to take certain non-essential equipment off line and reduce consumption by 10% to 20%, as required to prevent a complete power outage. In return, DRDGOLD is not part of the area load shedding schedule and is, therefore, able to maintain uninterrupted tonnage to the plant.

Gold extraction efficiency may be marginally affected during load curtailment but the risk of total plant shutdown, associated interruptions and potential damage to equipment and the process are reduced.

Crown plant prior to demolition

Crown plant demolition activities undertaken to date

NATURAL CAPITAL *continued*

ENERGY CONSUMPTION AND EMISSIONS

		2017	2016
Electricity consumption	MWh	376 723[LA]	374 891[LA]
Diesel consumption[1]	litres	918 369[LA]	1 082 105[LA]
Emissions[2]			
Scope 1	tonnes CO_2e	2 490[LA]	2 900[LA]
Scope 2	tonnes CO_2e	376 723[LA]	378 481[LA]
Scope 3	tonnes CO_2e	119	130
Total	tonnes CO_2e	379 332[LA]	381 511[LA]
Nitrogen Oxides (NOx) emissions	tonnes	1 703	1 656
Sulphur Oxides (SOx) emissions	tonnes	3 105	3 096
Volatile organic compounds		5	6
Carbon monoxide	tonnes	14	16
Particulate emissions	tonnes	118	144

[1] *Diesel consumption was lower in FY2017 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). The global warming potential of the GHG emissions is expressed as carbon dioxide equivalent (CO_2e)*

[LA] *Limited assurance*

PRIMARY MATERIAL CONSUMPTION

	2017 tonnes	2016 tonnes
Cyanide*	8 981[LA]	8 507[LA]
Steel (grinding)	4 001	5 408
Hydrochloric acid	3 480	3 876
Caustic soda	5 058	4 279
Lime	45 760	42 640
Carbon	1 392	1 034

* *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 FY2017 due to the FFG circuit, which employs an intensive cyanidation process*

OUTLOOK

In the coming year, we will continue to focus on ensuring that our operations have as little impact on surrounding communities as possible. We hope to achieve this by systematically removing pollution sources (historic sand and slime dams we reclaim), by continuing to vegetate the Crown tailings complex, and cladding the exposed side slopes of the Brakpan/Withok and Daggafontein tailings deposition facilities.

Although we have made great strides with the ongoing rehabilitation activities at our Crown and CMR sites, additional work is still required to achieve land clearance from the NNR. This ongoing rehabilitation is expected to continue for a further 18 months.

In the medium term, we plan to release more previously sterilised land, which has been rehabilitated for development and, in the long term, leave a self-sustaining, contained super-tailings deposition facility.

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 138 000oz to 145 000oz from a surface Mineral Resource of 11.8Moz.

HIGHLIGHTS

Increase in Mineral Reserves from **1.8Moz to 3.0Moz**

Increase in Measured Mineral Resources by **56.8%** from 2.6Moz to 4.1Moz

DRDGOLD's Mineral Resources remained stable at 50.6Moz, in comparison to 50.7Moz in FY2016, after depletion for the year. At the end of FY2017, Mineral Reserves contained 3.0Moz of gold (FY2016: 1.8Moz).

Gold Mineral Resources	50.6Moz
Gold Mineral Reserves	3.0Moz

FEASIBILITY STUDIES

DRDGOLD began a drilling programme and pre-feasibility study (PFS) in September 2016, aimed at re-evaluating its surface gold tailings. The PFS focused on tailings on the East Rand, to the east of the Ergo plant, with the aim of adding these to the Mineral Reserve base. This included the evaluation of 7L15, Grootvlei (6L16, 6L17 and 6L17A), 5A10, 5L27 and 4L3 – some of which require substantial capital investment. Measured Mineral Resources from surface resources increased by 97% from 1.5Moz (161.9Mt @ 0.29g/t Au) in FY2016 to 3.0Moz (299.2Mt @ 0.31g/t Au) in FY2017.

Mineral Resources that have been upgraded had good historic data but required infill drilling and confirmation of grades and volumes in order to upgrade the Inferred or Indicated Mineral Resources to an Indicated or Measured Mineral Resource. Additions to the Mineral Resources are from dams, which have always been included under the Ergo mineral rights, but which have not been previously included in Mineral Resources due to lack of exploration drilling. Mineral Reserves increased from 1.8Moz (170.9Mt @ 0.33g/t Au) to 3.0Moz (299.2Mt @0.31g/t Au) in FY2017.

MINERAL RESERVE RECONCILIATION

	Tonnes Mt	Grade Au g/t	Au ounces Moz
Mineral Reserves at 30 June 2016	170.93	0.33	1.84
Depletion of Reserves	(23.59)	0.34	(0.19)
Survey adjustments	(19.98)	0.30	(0.26)
New Mineral Reserves	171.85	0.29	1.60
Mineral Reserves at 30 June 2017	299.21	0.31	2.99

Changes in the Mineral Reserves reflect both the changes in the Mineral Resources and a longer operating life than previously reported. The survey adjustments mostly includes a reduction in tonnages from the Elsburg Tailings Complex which is due to the re-evaluation of the position of the base of the dam which could not be accurately positioned in the earlier evaluations due to water saturated slimes causing drilling problems and poor quality pre-deposition topographic maps.

The current Mineral Reserves reflect an operating life of 12 years rather than 10 years, as reported in FY2016.

GEOLOGICAL SETTING, MINERALISATION AND DEPOSIT TYPE

Ergo's surface deposits are the waste products of the processing of gold and uranium ores of the Witwatersrand Supergroup carried out since the 1890s. The deposits consist of gold, uranium and sulphur-bearing sand dumps and slimes dams, and the composition reflects the major constituents of the Witwatersrand Basin: quartz (70%-80%), mica (10%), chlorite and chloritoid (9%-18%) and pyrite (1%-2%). Au, U_3O_8, Zr and Cr may be minor constituents averaging <100ppm each. Deposits possess structure determined by the geometry, material source and processing plants in which the original ores were processed.

EVALUATION METHODOLOGY

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

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 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.

Underground Mineral Resources were last estimated in FY2007 and no mining has taken place since 2008. Mineral Resources were estimated from sampling data from surface boreholes and underground face sampling. Estimation methods were standard statistical and geostatistical processes (ordinary kriging) common in the Witwatersrand at the time of estimation. A block model was then generated and used to overlay the potential mining areas, which are then evaluated for

MINERAL RESERVES AND MINERAL RESOURCES *continued*

inclusion into a mine plan. Classification was based on sampling density and confidence in the estimation.

The entire process is reviewed by independent consultants to ensure that the accepted industry and deposit-type norms and procedures have been followed.

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 2016 edition of 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, resource and mining consulting firm, which provides services and advice to the mineral industry internationally.

The review of DRDGOLD's Mineral Resources and Mineral Reserves estimation was conducted by Kathleen Jane Body (Pr.Sci.Nat.) and Dr Steven Rupprecht (Pr.Eng). 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.

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 PERSONS

The information in this report, relating to Mineral Resources and Mineral Reserves, is based on information compiled by the Competent Persons who consent to the inclusion in this Report of the matters based on information in the form and context in which it appears. The Competent Persons also confirm that these disclosures are in compliance with the SAMREC Code and Section 12.11 of the JSE listing requirements.

The designated Competent Person for the surface Mineral Resources in terms of the SAMREC Code, is Mr Mpfariseni Mudau (BSc, MSc (Eng)) Pr. Sci. Nat. 400305/12. Mr Mudau is a geologist with 11 years' experience in mineral exploration and mineral resource estimation of precious metals. Mr Mudau is a director of RVN Group Proprietary Limited and contracted to EMO, a subsidiary of DRDGOLD. Mr Mudau is independent of DRDGOLD, its subsidiaries and related companies.

Mr Gary John Viljoen, 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 Reserves and underground Mineral Resources. He holds a Mine Surveyor's Certificate of Competency and is a registered member of the South African Council of Geomatics (SACG) as a Professional Mine Surveyor and his membership number is GPr MS 0256. Mr Viljoen has 24 years' relevant experience in the mining industry and in working with the type of deposits mined.

Competent Persons	Title	Qualifications	Years
Mpfariseni Mudau Pr.Sci.Nat. 400305/12	Director of RVN Group Proprietary Limited	BSc, MSc (Eng)	11
Gary John Viljoen SAGC GPr MS0256	Independent contractor	Mine Surveyor's Certificate of Competency	24

OTHER KEY ASSUMPTIONS

MINERAL RESOURCES

The assumption is that the current mining method is suitable for all dumps. No selective mining will take place – the entire dump is processed (including Inferred Mineral Resources) and the average grade of the dump must be above cut-off grade. The assumption is that the current extraction process is suitable. Assumptions on cut-off per Mineral Resource area include 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.

Source area/ plant	Recovery %	Opex R/t	Estimated cut-off grade g/t
Ergo	47.4	65.95	0.208

MINERAL RESERVES

In addition to the Mineral Resource assumptions, infrastructure must be in place or planned to access dumps and dispose of residues. The LoM includes Inferred Mineral Resources, which cannot be selected out during mining and some purchased sand. These constitute 2.7% of the tonnage included in the LoM and have been excluded from the Mineral Reserves declared.

The exclusion of the Inferred Mineral Resources and purchased sand does not have a material effect on the Mineral Reserves.

EXPLORATION

The Group did not incur any significant expenditure on activities for exploration properties during the year. No expenditure on exploration properties is planned for FY2018.

DECLARATION

The gold price used for determination of Mineral Reserves and Mineral Resources under SAMREC is R565 000/kg (US$1 280/oz and R13.73/US$). For compliance with SEC, DRDGOLD's Form 20-F (to be filed with SEC) will also quote the Mineral Reserves using the three-year average gold price of R514 785/kg (US$1 216/oz and R13.17/US$).

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 without 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.

MINERAL RESERVES AND MINERAL RESOURCES *continued*

EXPLORATION PROPERTIES

ERPM EXTENSIONS 1 AND 2

ERPM has a new order mining right covering an area of 1 252ha adjacent to 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.

Based on recent regulatory developments in the South African mining industry negatively impacting sentiment and impeding growth and expansion in the South African mining industry, management believes that the probability of obtaining the Section 11 Approval is no longer "highly probable" as defined for the purpose of presenting the assets and liabilities sold as a disposal group held for sale. These assets and liabilities have therefore been reclassified based on their underlying nature.

Management remains committed to the disposal and will continue to pursue its rights under the disposal agreement and the ultimate conclusion of the transaction (refer to note 22 of the AFS).

MINERAL RESOURCES as at 30 June 2017

	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	299.21	0.311	93.03	2.99	386.00	.249	96.30	3.10
Total	299.21	0.311	93.03	2.99	386.00	0.249	96.30	3.10
EMO and DRDGOLD (100%)								
Underground	4.65	7.168	33.34	1.07	11.95	8.024	95.86	3.08
Surface	299.21	0.311	93.03	2.99	386.00	0.249	96.307	3.10
Total	303.87	0.418	126.38	4.06	397.95	0.483	192.17	6.18
Total Mineral Resources as at 30 June 2016	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	879.80	0.200	176.26	5.67	1 565.02	0.234	365.60	11.75
Total	879.80	0.200	176.26	5.67	1 565.02	0.234	365.60	11.75
EMO and DRDGOLD (100%)								
Underground	160.62	6.725	1 080.17	34.73	177.22	6.824	1 209.38	38.88
Surface	879.80	0.200	176.26	5.67	1 565.02	0.234	365.60	11.75
Total	1040.42	1.208	1256.43	40.40	1 742.24	0.904	1 574.98	50.64
Total Mineral Resources as at 30 June 2016	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 as at 30 June 2017

	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	90.44	0.303	27.41	0.88	208.78	0.314	65.62	2.11	299.21	0.311	93.03	2.99
Total	90.44	0.303	27.41	0.88	208.78	0.314	65.62	2.11	299.21	0.311	93.03	2.99
Mineral Reserves as at 30 June 2016	127.72	0.307	39.25	1.26	43.21	0.416	17.99	0.58	170.93	0.335	57.23	1.84

THREE-YEAR REVIEW

		2017	2016	2015
Summarised Group operating results				
Ore milled	t'000	24 958	24 842	23 750
Yield	g/t	0.171	0.180	0.197
Gold produced	kg	4 265	4 462	4 670
	oz	137 114	143 457	150 145
Gold sold	kg	4 268	4 455	4 665
	oz	137 211	143 232	149 984
Average price received	R/kg	548 268	546 142	451 297
	$/oz	1 254	1 165	1 226
Cash operating costs	R/kg	489 549	446 153	372 932
	$/oz	1 122	958	1 013
Sustaining capital expenditure	Rm	72.9	80.5	113.3
All-in sustaining costs	R/kg	530 930	499 425	411 548
	$/oz	1 216	1 072	1 118
Group performance indicators				
Operating margin	%	11.0	17.9	18.3
All-in sustaining cost margin	%	3.2	8.4	8.7
Headline earnings per share	cents	0.2	12.6	10.0
Return on equity	%	0.1	4.0	2.5
Asset and debt management				
Current ratio	times	2.1	1.9	2.0
Debt to equity ratio	to one	0.01	0.01	0.03
Interest cover	times	53.3	77.0	27.9
Net asset value per share	cents	302	310	355

[LA] *Limited assurance*

* *Restated*

		2017	2016	2015
Market value and shareholder returns				
Market price per share	cents	415	853	234
Ordinary shares in issue		431 429 767	431 429 767	430 883 767
Market capitalisation	Rm	1 790.4	3 680.1	1 008.3
Price earnings ratio	times	2 262.6	67.5	23.6
Market/book ratio	times	1.4	2.7	0.7
Dividend declared per share	cents	5	62	10
Dividend yield	%	1.2	7.3	4.3
Group sustainability indicators				
Total economic value distributed	Rm	2 260[LA]	2 378[LA,*]	1 872[LA]
Value distributed to employees – salaries, wages and benefits	Rm	412[LA]	421[LA]	365[LA]
Fatalities		1[LA]	–[LA]	–[LA]
LTIFR		2.91[LA]	2.68[LA]	2.27[LA]
RIFR		1.53[LA]	1.42[LA]	1.06[LA]
Cyanide consumption	tonnes	8 981[LA]	8 508[LA]	7 195[LA]
CO_2 emissions direct	tonnes	2 490[LA]	2 900[LA]	3 444[LA]
CO_2 emissions indirect	tonnes	376 723[LA]	378 481[LA]	396 882[LA]
Electricity consumption	MWh	376 723[LA]	374 891[LA]	370 767[LA]
Diesel consumption	litres	918 369[LA]	1 082 105[LA]	1 285 118[LA]
Potable water consumption	1000m³	5 490[LA]	7 376[LA]	5 682[LA]
Dust exceedances		5[LA]	22[LA]	31[LA]
Concurrent vegetation of tailings deposition facilities	hectares	35	36	35
Land rehabilitated and clearance from NNR	hectares	90	62	194
Socio economic development spend	Rm	25.0[LA]	23.1[LA]	19.5[LA]
Exchange rates				
Average rate	R:US$	13.5927	14.4989	11.4475
Closing rate	R:US$	13.0476	14.6800	12.1649

OUR INVESTMENT CASE

Investing in DRDGOLD provides exposure to our portfolio of surface gold assets that we mine optimally and sustainably, and our competitive advantage, including our knowledge and infrastructure to move vast quantities of material over long distances, human talent and unique technology, creating long-term shareholder return.

P3

PEOPLE. PLANET. PROFIT.

PEOPLE

Our mechanised process is not labour-intensive and our own employees, deployed mainly in core mineral extraction and processing areas, are supported by independent service providers who mostly provide logistical, security and environmental services.

PLANET

We add value by cleaning up the historical mining footprint around Johannesburg in our retreatment of mine dumps.

PROFIT

We have minimal debt on our balance sheet, providing us with the opportunity to expand or invest in projects that we believe will fit our business model, in South Africa or anywhere in the world where mining took place and tailings dams exist.

VALUE TO OUR STAKEHOLDERS

- Shareholders and investors – dividends, share price growth, exposure to gold market
- Employees – learning and development, safe working environment, job security, financial benefit
- Suppliers and specialist surface providers – part of sustainable business, financial benefit
- Government – taxes, cleaner environment, better Johannesburg to live in
- Communities – improved quality of life, poverty alleviation, youth education

GOVERNANCE REVIEW

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DIRECTORS AND MANAGEMENT

NON-EXECUTIVE DIRECTORS

Geoff Campbell (56)

BSc (Geology)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Chairman: Nominations *Remuneration and Nominations Committee*

View biography

Johan Holtzhausen (71)

BSc, BCompt (Hons), CA (SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman: *Audit and Risk Committee*

Member: *Remuneration and Nominations Committee*

View biography

Edmund Jeneker (55)

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

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairman: *Social and Ethics Committee*

Chairman: Remuneration *Remuneration and Nominations Committee*

Member: *Audit and Risk Committee*

View biography

James Turk (70)

BA (International Economics)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member: *Audit and Risk Committee*

Member: *Remuneration and Nominations Committee*

View biography

Toko Mnyango (52)

Dip Juris, BJuris

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member: *Social and Ethics Committee*

View biography

EXECUTIVE DIRECTORS

Niël Pretorius (50)

BProc, LLB

CHIEF EXECUTIVE OFFICER

Member: *Social and Ethics Committee*

View biography

Riaan Davel (41)

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

CHIEF FINANCIAL OFFICER

View biography

DIRECTORS AND MANAGEMENT *continued*

MANAGEMENT

Reneiloe Masemene (36)

LLB, LLM

COMPANY SECRETARY, GROUP LEGAL COUNSEL AND PRESCRIBED OFFICER

View biography

Jaco Schoeman (43)

National Diploma (Analytical Chemistry), BTech (Analytical Chemistry)

OPERATIONS DIRECTOR: ERGO MINING OPERATIONS PROPRIETARY LIMITED

View biography

Henry Gouws (48)

National Higher Diploma (Extraction Metallurgy), MDP

MANAGING DIRECTOR: ERGO

View biography

Mark Burrell (55)

BCom Accounting, MDP

FINANCIAL DIRECTOR: ERGO

View biography

SUBSIDIARY NON-EXECUTIVES

Thulo Mogotsi Moletsane (49)

BA, LLB

NON-EXECUTIVE DIRECTOR: ERGO MINING OPERATIONS PROPRIETARY LIMITED

View biography

Charles Symons (63)

BCom, MBL, Dip Extractive Metallurgy

NON-EXECUTIVE DIRECTOR: ERGO MINING OPERATIONS PROPRIETARY LIMITED

***Chairman:** Oversight Committee*

View biography

CORPORATE GOVERNANCE REVIEW

APPLICATION OF THE KING IV CODE ON CORPORATE GOVERNANCE

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

Leadership

1. ***"The Board should lead ethically and effectively."***

The directors on our Board are the custodians of corporate governance at DRDGOLD. They work diligently, guided by the 2017 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 endeavours to uphold the highest standards of ethics, transparency and good governance in the interests of all stakeholders. To this end, DRDGOLD promotes and adopts stringent compliance practices.

The Board is the ultimate guardian of DRDGOLD's corporate governance, ethics and values, and is supported in this regard by the Social and Ethics Committee. DRDGOLD's policies, procedures, practices and Code of Ethics, as well as mandatory disclosure standards, are regulated by, *inter alia*, the Companies Act 71 of 2008 (Companies Act), the JSE Listings Requirements and the King IV Report on Governance for South Africa 2016 (King IV) and international best practice.

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 has satisfied all the regulatory requirements of the JSE and NYSE.

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 is also accountable for the achievement of strategy and outcomes over time – see page 29 of this report.

ORGANISATIONAL ETHICS

2. ***"The Board should govern the ethics of the company in a way that supports the establishment of an ethical culture."***

The Board has developed and approved a Code of Ethics, which instils a culture of responsible leadership and high ethical standards. Any contravention of this code is regarded as a serious matter. The Code of Ethics is available on the Group's website for all stakeholders.

Management ensures that each senior employee who joins the Group receives a copy of the Code of Ethics, signs it and is bound by its terms. The Code of Ethics is also part of induction training for all new employees.

One way of managing ethics is through the Group's anonymous hotline. DRDGOLD has created an anonymous and confidential environment for employees to make such reports with a hotline facility through Deloitte. The procedures in place govern the reporting and investigations of alleged improper and/or illegal activities as well as the protection given to employees who report these incidents.

To promote the awareness, 500 posters were distributed throughout the Group during May 2017 and a section with information on the hotline is included in every *Asikhulume* internal newsletter. From time to time, information is also attached to employees' salary advices.

In addition to the hotline, the Security Department also receives information, from informants or other persons and opens cases. In some of these cases, charges were laid with the police, employees were dismissed and some are being investigated further.

HONESTY WITH REGULATORS AND OTHER GOVERNMENT OFFICIALS

Directors, officers and employees must comply with laws in countries where the Group conducts 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 of 1977, United States law which prohibits 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, and was not involved in any incidents of corruption in FY2017.

RESPONSIBLE CORPORATE CITIZENSHIP

3. ***"The Board should ensure that the company is and is seen to be a responsible corporate citizen."***

The Board sets the direction for good corporate citizenship by compliance, firstly, with laws and regulations, and with its own policies and procedures. As set out in this report, it also aligns corporate citizenship with the Group's purpose and strategy, and measures those outcomes. The Board has established the Social and Ethics Committee, which monitors progress in the Group's corporate citizenship responsibilities.

CORPORATE GOVERNANCE REVIEW *continued*

STRATEGY, PERFORMANCE AND REPORTING

STRATEGY AND PERFORMANCE

4. ***"The Board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainability development are all inseparable elements of the value creation process."***

For more detailed information on:

- Purpose (see page 10)
- Risks and opportunities (see pages 24 to 28)
- Business model (see pages 14 to 19)
- Strategy and performance (see pages 29 to 32)
- Value creation process (see pages 33 to 54)

REPORTING

5. ***"The Board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long term prospects."***

The Board sets the direction, approach and conduct of the Group's reporting. For more information, see:

- AFS
- NOM
- About this report

GOVERNING STRUCTURES AND DELEGATION

PRIMARY ROLES AND RESPONSIBILITIES OF THE GOVERNING BODY

6. ***"The Board should serve as the focal point and custodian of corporate governance in the company."***

The Board's duties include authorising acquisitions and disposals, major capital expenditure, stakeholder interaction 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 Group advisors as well as visits to operations.

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.

All directors have access to the advice and services of the Company Secretary who is responsible, reporting to the Board, for ensuring the Group'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 the course of action would be in the best interests of the Group. A structured and efficient procedure has been incorporated into the Board Charter. The Board Charter and the terms of reference of the various committees were reviewed to incorporate King IV principles and approved by the Board in April 2017.

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 Group property, information and records.

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

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

There is a provision in the Group's Memorandum of Incorporation (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.

Refer to page 68 for details on attendance at meetings. The Board is satisfied that it has discharged its responsibilities in relation to its Charter.

COMPOSITION OF THE GOVERNING BODY

7. ***"The Board should comprise a balance of knowledge, skills, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively."***

DRDGOLD has a unitary Board, which comprises seven directors – five of whom are Independent Non-executive Directors and two executive directors. The Board comprises directors with a variety of skills and backgrounds who complement each other in the execution of their duties for the Group.

CORPORATE GOVERNANCE REVIEW *continued*

Each director brings to the Board particular expertise, as well as appropriate professional experience. Unlike the executive directors who are involved with day-to-day management as salaried employees, the Non-executive Directors provide independent perspectives and judgment, and do not receive salaries as remuneration.

Refer to page 62 for biographies of directors.

GENDER DIVERSITY POLICY

DRDGOLD supports the principles and aims of gender diversity at Board level. In this regard, and as required by the JSE Listings Requirements, the Board approved a gender diversity policy in August 2016. The Board appointed Ms Toko Mnyango on 1 December 2016. Details of her appointment were duly announced on SENS, and her particulars are included on page 62 of this Report and on the website, www.drdgold.com.

NOMINATION, ELECTION AND APPOINTMENT OF MEMBERS TO THE GOVERNING BODY

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(s) until shareholders are able to confirm the appointment at the first annual general meeting (AGM) following the appointment.

In accordance with DRDGOLD's 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.

INDEPENDENCE AND CONFLICTS

The five Non-executive Directors of the Board are all independent in accordance with the definitions of King IV.

Declarations of all interests and related parties are obtained prior to any Board meeting.

CHAIR OF THE GOVERNING BODY

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 IV.

COMMITTEES OF THE GOVERNING BODY

8. *"The Board should ensure that its arrangement for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties."*

GENERAL BOARD COMMITTEES

As recommended by King IV, and required by the 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
- Social and Ethics Committee

All committees are governed by specific terms of reference. The duties and responsibilities of directors on these committees are outlined in a Board-approved Charter and employ 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.

See pages 69 to 72 for the functioning of these committees.

EVALUATION OF THE PERFORMANCE OF THE GOVERNING BODY

9. *"The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness."*

Annually a Board performance evaluation process is conducted by an external party on the performance and effectiveness of the Board as a whole, the committees, the Chairperson and the Company Secretary.

The evaluation is performed through interviews and questionnaires, which directors and management complete.

CORPORATE GOVERNANCE REVIEW *continued*

The latest evaluation was performed in August 2017 and confirmed that the Board and its relevant committees was effective. The Board was found to be compliant and value-adding within its delineated role and accountability and functioning effectively within all regulatory, strategic and operational parameters. However, and notwithstanding the positive review of the effectiveness of the Board, there were a few challenges that were flagged by the Board for ongoing attention. The issues raised were done so in the spirit of the Board taking accountability for its own continuous improvement, effectiveness and strategic value-add.

The concerns were largely attributed to a convergence of some key external and internal challenges.

On the external side, margin pressure in commodities generally, lower rand gold price, increased political volatility and negative impact on investment confidence as a result of the uncertainty about the Mining Charter.

In respect of the internal challenges, lower levels of production, efficiencies and recoveries, mainly as a result of the final clean-up on the Crown sites.

The concerns raised were neither indicative nor a reflection of the Board's confidence in management. On the contrary, the Board remains generally satisfied and confident in management's persistence in developing a more analytical and rigorous management style and approach to understanding and addressing any challenges.

APPOINTMENT AND DELEGATION TO MANAGEMENT

10. "The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities."

CEO APPOINTMENT AND ROLE

Niël Pretorius is the appointed CEO and responsible to lead strategy implementation.

DELEGATION

An approved delegation of authority framework is in place and is updated periodically.

PROFESSIONAL CORPORATE GOVERNANCE SERVICES TO THE GOVERNING BODY

Ms Reneiloe Masemene is the appointed Company Secretary who provides guidance to the directors about their duties, responsibilities and powers.

GOVERNANCE FUNCTIONAL AREAS

RISK GOVERNANCE

11. "The Board should govern risk in a way that supports the company in setting and achieving its strategic objectives."

The terms of reference for the Audit and Risk Committee incorporate the terms that address risk – see pages 24 to 28 of this Report for a detailed analysis of DRDGOLD's risks and opportunities.

TECHNOLOGY AND INFORMATION GOVERNANCE

12. "The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives."

TECHNOLOGY

The Board has appointed the Group risk manager to report to the Audit and Risk Committee on information technology (IT) governance issues on a regular basis. The Group has relevant policies and procedures in place to establish IT governance.

INFORMATION

The Group has policies and procedures in place to ensure the integrity of external communication to stakeholders. These procedures include the combined assurance model as described in the Report of the Audit and Risk Committee, included in the AFS.

COMPLIANCE GOVERNANCE

13. "The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen."

The Board has delegated compliance governance to the legal division, which is headed by Group Legal Counsel.

Group Legal Counsel ensures continuous compliance with legal developments through monitoring, communication and implementation. Seminars, conferences, and subscriptions to law journals assist in keeping the Group up to date with legal developments. The Group also receives updates from a panel of South African and US-based law firms, which provide legal advisory services from time to time.

CORPORATE GOVERNANCE REVIEW *continued*

REMUNERATION GOVERNANCE

14. "The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term."

Refer to the Remuneration Report on pages 73 to 80 of this report

ASSURANCE

15. "The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports."

The Audit and Risk Committee considers combined assurance, the assurance of external reports and internal audit. Please refer to pages 69 to 70 for a discussion on the Audit and Risk Committee, and the Report of the Audit and Risk Committee, included in the AFS

STAKEHOLDERS

16. "In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time."

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 – refer to the discussion on stakeholders on pages 22 and 23 of this report.

DRDGOLD encourages pro-active shareholder engagement and equal treatment of all shareholders.

The Group framework of authority deals with the relationship between the holding company and the operating subsidiaries, but represents a simple Group structure with management at both levels directly involved in the day-to-day running of the Group.

ATTENDANCE BY DIRECTORS AT BOARD MEETINGS HELD DURING FY2017

Director	Designation	24 Aug 2016	21 Sep 2016	27 Oct 2016	9 Feb 2017	25 Apr 2017
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	✓	✓	✓	✓	✓
T Mnyango*	Independent Non-executive	N/A	N/A	N/A	✓	✓

✓ *Includes attendance through teleconference or video conference facilities*

* *Appointed 1 December 2016*

CORPORATE GOVERNANCE REVIEW *continued*

DETAILED COMMITTEE REPORTS

AUDIT AND RISK COMMITTEE

JA Holtzhausen (Chairman), EA Jeneker and J Turk

In August 2014, the Board combined the Audit Committee and the Risk Committee to form the Audit and Risk Committee.

All members of the Audit and Risk Committee are independent according to the definition set out in the NYSE rules. DRDGOLD also complies with the JSE Listings Requirements, in terms of which all members of the Audit and Risk Committee must be Independent Non-executive Directors. The committee's Charter deals with all aspects relating to its functioning.

The Audit and Risk Committee Charter was revised in April 2017 and sets out the committee's terms of reference. Responsibilities include:

- External auditors, audit process and financial reporting
- Internal audit
- Integrated reporting and assurance model
- Oversee the development and annual review of a policy and plan for risk management
- Ensure that risk management assessments are performed on a continuous basis
- Ensure that reporting on risk management assessment is complete, timely, accurate and accessible
- Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensure that continuous risk monitoring by management takes place

The Audit and Risk Committee meets each quarter with the external auditors, the Group's manager: Risk and Internal Audit, and the CFO. The committee reviews the audit plans of the internal auditors to ascertain the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls. It also reviews the annual and interim financial statements prior to their approval by the Board.

The committee is responsible for making recommendations to appoint, reappoint or remove the external auditors as well as determining their remuneration and terms of engagement. In accordance with its policy, the committee pre-approves all audit and non-audit services provided by the external auditors. KPMG Inc was reappointed by shareholders at the 2016 AGM to perform DRDGOLD's external audit function.

The internal audit function is performed in-house with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits are performed at all DRDGOLD operating units and aim to review, evaluate and improve the effectiveness of risk management, internal controls and corporate governance processes.

Significant deficiencies, material weaknesses, instances of non-compliance, and exposure to high risk and development needs are brought to the attention of operational management for resolution. The committee members have access to all the records of the internal audit team.

DRDGOLD's internal and external auditors have unrestricted access to the Chairman of the Audit and Risk Committee and, where necessary, to the Chairman of the Board and the CFO. All significant findings arising from audit procedures are brought to the attention of the committee and, if necessary, to the Board.

Section 404 of SOx stipulates that management is required to assess the effectiveness of the internal controls surrounding the financial reporting process. The results of this assessment are reported in the form of a management attestation report that has to be filed with the SEC as part of the Form 20-F. Additionally, DRDGOLD's external auditors are required to express an opinion on the operating effectiveness of internal controls over financial reporting, which is also contained in the company's Form 20-F. In terms of the JSE Listings Requirements, the Audit and Risk Committee is satisfied that appropriate financial reporting procedures are in place and are operating.

An important aspect of risk management is the transfer of risk to third parties to protect the Group from disaster. DRDGOLD's major assets and potential business interruption and liability claims are therefore covered by the Group insurance policy, which encompasses all the operations. Most of these policies are held through insurance companies operating in the UK, Europe and South Africa. The various risk management initiatives undertaken within the Group, as well as the strategy to reduce costs without compromising cover, have been successful and resulted in substantial insurance cost savings for the Group.

For the year under review, the Audit and Risk Committee members were all satisfied with the overall functioning of the committee. The Board was also satisfied that the committee members, collectively, have the requisite academic qualifications and/or experience in, *inter alia*, economics, finance, accounting, law, corporate governance, commerce, industry and human resources management as required by Section 94(5) of the Companies Act read with Regulation 42 thereof.

In terms of the Companies Act and the JSE Listings Requirements, the Audit and Risk Committee considered and was satisfied about the adequacy of the expertise and experience of the CFO, Riaan Davel.

CORPORATE GOVERNANCE REVIEW *continued*

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 presents the state of affairs of the Group at the end of each financial year, in conformity with IFRS and the Companies Act. The AFS includes amounts based on judgments 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 2017 and the financial performance and cash flows for the year then ended, and deal with all significant matters.

The directors have reviewed the Group's business plan and cash flow forecast for the year ending FY2018. 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.

The Audit and Risk Committee is satisfied that KPMG and Mr Okkie Potgieter, the designated auditor, are independent of DRDGOLD, and the Group is satisfied with the quality of service.

ATTENDANCE BY MEMBERS AT THE AUDIT AND RISK COMMITTEE MEETINGS HELD DURING FY2017

Director	8 Jul 2016	24 Aug 2016	21 Sep 2016	27 Oct 2016	9 Feb 2017	25 Apr 2017
JA Holtzhausen	✓	✓	✓	✓	✓	✓
EA Jeneker	✓	✓	✓	✓	✓	✓
J Turk	✓	✓	✓	✓	✓	✓
GC Campbell*	✓	✓	✓	✓	✓	N/A

✓ *Includes attendance through teleconference or video conference facilities*

* *Resigned April 2017*

REMUNERATION AND NOMINATIONS COMMITTEE

GC Campbell (Chairman: Nominations), EA Jeneker (Chairman: Remuneration), JA Holtzhausen and J Turk

In August 2014, the Remuneration Committee and the Nominations Committee were combined into the Remuneration and Nominations Committee. The committee meets on an *ad hoc* basis. All members of this committee are Independent Non-executive Directors. It is chaired by the Board Chairman when matters relating to nominations are discussed and by an Independent Non-executive Director, when matters relating to remuneration are discussed – as per the King IV recommendations.

The primary remuneration role of the committee is to execute the following functions:

- Determine and develop the company's remuneration policy
- Determine the criteria necessary to measure the performance of executive directors
- Incentivise executive directors and senior management
- Oversee the general operation of the share option scheme or any other similar incentive schemes
- Apply the principles of good corporate governance and best practice in respect of remuneration matters

The committee has an obligation to offer competitive packages that will attract and retain executives of the highest calibre, and encourage and reward superior performance. Industry surveys are provided for comparative purposes, and to assist the committee in the formulation of remuneration policies that are market related.

The key nominations responsibilities of the committee include the following:

- Ensure the establishment of a formal process for the appointment of directors
- Ensure that inexperienced directors are developed through a mentorship programme
- Ensure that directors receive regular briefings on changes in risks, laws and the appropriate contribution
- Drive an annual process to evaluate the Board, Board committees and individual directors
- Ensure that formal succession plans for the board, chief executive officer and senior management appointments are developed and implemented

For the year under review, the Remuneration and Nominations Committee members were all satisfied with the overall functioning of the committee.

CORPORATE GOVERNANCE REVIEW *continued*

ATTENDANCE BY MEMBERS AT REMUNERATION AND NOMINATIONS COMMITTEE MEETINGS HELD DURING FY2017

Director	25 Aug 2016	28 Oct 2016	9 Feb 2017	25 Apr 2017
GC Campbell	✓	✓	✓	✓
EA Jeneker	✓	✓	✓	✓
J Turk	✓	✓	✓	✓
JA Holtzhausen	✓	✓	✓	✓

✓ *Includes attendances through teleconference or video conference facilities*

SOCIAL AND ETHICS COMMITTEE

EA Jeneker (Chairman), DJ Pretorius, and TVBN Mnyango

The Social and Ethics Committee executes its duties in terms of Section 72(4) of the Companies Act as well as any additional duties assigned to it by the Board. Although management is tasked with the day to day operational sustainability of the business, the Board remains ultimately responsible for sustainability and has delegated certain duties in this regard to the Social and Ethics Committee.

A formal Charter, delineating the terms of reference of the Social and Ethics Committee is in place. It guides the Committee in ensuring that DRDGOLD conducts its business in an ethical, responsible and properly governed manner. The Social and Ethics Committee also has oversight for reviewing and/or developing policies, governance structures and practices for sustainability.

The terms of reference of the Social and Ethics Committee were approved by the Board in April 2017 and its objectives are to:

- Promote transformation within the Group and economic empowerment of previously disadvantaged communities, particularly within the areas where the Group conducts business
- Strive towards achieving equality at all levels of the Group, as required by the South African Constitution and other legislation, taking into account the demographics of the country
- Conduct business in a manner that is conducive to the attainment of internationally acceptable environmental and sustainability standards

The following terms of reference were approved by the Board to enable the committee to function effectively in order to make recommendations to the Board:

- To monitor the Group's activities with regard to the 10 principles set out in the United Nations Global Compact Principles and the Organisation for Economic Co-operation and Development recommendations regarding corruption, the Employment Equity Act 55 of 1998 and the Broad Based Black Economic Empowerment Act 53 of 2003
- Records of sponsorship, donations and charitable giving
- The environment, health and public safety, including the impact of the Group's activities and of its products or services
- Labour and employment
- Review and recommend the Group's Code of Ethics
- Review and recommend any corporate citizenship policies
- Review significant cases of employee conflicts of interests, misconduct or fraud, or any other unethical activity by employees or the Group

For the financial year under review, the Social and Ethics Committee members were all satisfied with the overall functioning of the committee.

CORPORATE GOVERNANCE REVIEW *continued*

ATTENDANCE BY MEMBERS AT SOCIAL AND ETHICS COMMITTEE MEETINGS HELD DURING FY2017

Director	11 Aug 2016	21 Oct 2016	26 Jan 2017	20 Apr 2017
EA Jeneker	✓	✓	✓	✓
DJ Pretorius	✓	✓	✓	✓
AJ Davel#	✓	✓	✓	N/A
WJ Schoeman #	✓	✓	✓	N/A
TVBN Mnyango*$	N/A	N/A	N/A	✓

✓ *Includes attendances through teleconference or video conference facilities*
* *Appointed February 2017*
# *Resigned February 2017*
$ *Thulo Mogotsi Moletsane, a director of EMO, attends as an invitee*

RESPONSIBILITIES OF COMPANY SECRETARY

Ms Reneiloe Masemene, Company Secretary of DRDGOLD

In her capacity as Company Secretary, and during the period under review, her responsibilities have included performance of the following duties:

- Providing directors with guidance in their duties, responsibilities and power
- Making directors aware of laws relevant to or affecting the Group
- Reporting to the Board on any failure to comply with the Group's MOI
- Ensuring that minutes of all shareholder meetings, Board meetings and the meetings of any committees of the directors, or of the Group's Audit and Risk Committee, are properly recorded in accordance with the Companies Act
- Drafting the Board Charter and terms of reference of the various committees of the Group
- Drafting the Gender Diversity Policy of the Group
- Ensuring dispatch to shareholders of the AFS in accordance with the law

In August 2017, the Group appointed an independent facilitator to evaluate the performance of the Board and Company Secretary during the remainder of the financial year. Questionnaires were completed and interviews were conducted with each director. The questionnaires included a section on the performance of the Company Secretary. The report states that the Company Secretary is effective in the performance of her duties. The Board is satisfied that Ms Masemene proved to be competent, qualified and experienced as the Company Secretary of DRDGOLD. The Board confirms that Ms Masemene is not a director of DRDGOLD and that there is an arm's length relationship between her and the Board, which is based only on professionalism.

REMUNERATION REPORT

Edmund Jeneker
Chairman: Remuneration Committee

"The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term."

PRINCIPLE 14, KING IV

CHAIRMAN'S LETTER

It is with pleasure that I present the annual remuneration report for 2017 on behalf of the Remuneration Committee and the Board of directors.

This report focuses on two sections: Part A focuses on remuneration governance and policy and Part B focuses on remuneration of executive directors, prescribed officers, senior management, and fees paid to Non-executive Directors.

During the past year, the Remuneration Committee has continued to review the Remuneration Policy to ensure alignment with the principles of King IV and applied the principles where applicable. It must be noted that King IV has only become effective from the last quarter of the 2017 financial year. DRDGOLD is committed to ensuring full compliance as King IV is implemented, and acknowledges that King IV is in line with best practice and governance standards.

With regard to remuneration, we have focused on aligning remuneration with performance as a key principle of DRDGOLD's Remuneration Policy. Remuneration comprises short-term incentives and long-term incentives for executive management, prescribed officers and senior management, based on agreed performance indicators that in turn are aligned with the short- and long-term goals and strategies of the Group.

During the past year, Non-executive Directors' fees were amended in terms of tax binding general ruling 40 and 41 issued by SARS with effect from 1 June 2017.

In the 2016 financial year, our remuneration policy received a 78% advisory vote from our shareholders. We have engaged with some of our institutional shareholders and proxy advisors, and wish to acknowledge the feedback received in the interests of good governance and remuneration best practice.

Edmund Jeneker
Chairman: Remuneration Committee
25 October 2017

PART A – REMUNERATION GOVERNANCE AND POLICY

REMUNERATION GOVERNANCE

The Remuneration Committee consists only of independent Non-executive Directors and oversees DRDGOLD's Remuneration Policy, its implementation and ensuring remuneration best practice within the Group. The CEO and CFO are standing invitees to the meetings. They have no vote at the meetings and are not present when their remuneration is discussed.

The Remuneration Committee held four meetings during the financial year ending 30 June 2017 with attendance as follows:

Committee Members	Meetings attended
Edmund Jeneker (Chairman)	4/4
Geoffrey Campbell	4/4
James Turk	4/4
Johan Holtzhausen	4/4

All members are Independent Non-executive Directors

REMUNERATION POLICY

OUR REMUNERATION POLICY IS ALIGNED WITH STRATEGY

DRDGOLD is committed to remunerating fairly, responsibly and transparently in order to promote the achievement of strategic objectives and positive outcomes, resulting in rewards aligned with the attraction and retention of human capital, and aligned with shareholder interests.

While remuneration differentiation is based on objective and fair compensable factors, DRDGOLD pays equally for work of equal value. Remuneration is therefore fairly and equitably distributed within occupational levels. We will continue to ensure that competitive reward strategies are in place to facilitate the recruitment and retention of high-performing staff at all levels in support of good corporate governance and to safeguard stakeholders' interests. Each element of our remuneration structure is aligned with stakeholder value and appropriately linked to achieving our business strategy and goals.

CHANGES TO OUR REMUNERATION POLICY

At the end of June 2016, Remco introduced a further modifier to the short-term incentive scheme for key executives and senior management. It serves to reduce the cash pool available by up to 15% if certain production targets are not met. (Refer to the clause on short-term incentives on page 75 for more details in this regard.)

On 4 November 2015, the Remuneration Committee approved the revised long-term incentive scheme for key executives and senior management in order to drive the longer-term strategies of DRDGOLD and the alignment of participants' interests with shareholders' interests. Both share price performance and individual performance drive the long-term incentive scheme. (Refer to the clause on long-term incentives on page 76 for more details in this regard.)

On 4 August 2016, Ergo signed a two-year wage settlement with the NUM and UASA for a wage increase, averaging 8.2%, effective on 1 July 2016 and 1 July 2017.

- 10% per annum for categories 4 to 5
- 9% per annum for categories 6 to 9
- 7% per annum for categories 10 to 16

The Remuneration Committee approved an annual increase for all prescribed officers and senior management of 6% for the 2016 and 2017 financial years. (Refer to the implementation report page 77 for more information.)

REMUNERATION REPORT *continued*

NON-EXECUTIVE REMUNERATION

DRDGOLD focuses on rewarding Non-executive Directors fairly for their contribution to the performance of the Group. Non-executive Directors' fees are benchmarked annually against mining South African and non-South African industry Non-executive Director fees to ensure that they remain competitive.

Non-executive Directors are paid fixed retainers made up of a base fee and committee fee.

In addition, Non-executive Directors are reimbursed for travel expenses on official business where necessary, as well as other direct business-related expenses.

They do not participate in the short- or the long-term incentive schemes as participation could be seen to compromise their independence and the impartiality of their oversight role.

The proposed fees for 2018 are set out in the NOM on page 6.

REMUNERATION STRUCTURE

Level	Total guaranteed package and benefits	Short-term incentive	Long-term incentive
Non-executive Directors	Board retainer and committee fees	Not applicable	Not applicable
Executive management (CEO and CFO)	Guaranteed cost to Group	Performance bonus	Cash-settled phantom share plan
Senior management	Guaranteed cost to Group	Performance bonus	Cash-settled phantom share plan
Middle and junior management	Guaranteed basic salary and Group contributions to pension and medical aid	Profit share bonus	Not applicable
Unionised and non-unionised employees	Guaranteed basic salary and Group contributions to pension and medical aid	Profit share bonus	Not applicable

KEY ELEMENTS OF THE REMUNERATION POLICY

There are three main elements that make up DRDGOLD's reward approach, as follows:

REWARD ELEMENT 1

GUARANTEED PAY – REMUNERATION STRATEGY

The guaranteed 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 South African mining sector. In applying the above, benchmarking is measured annually by 21st Century to compare the fairness and market competitiveness of guaranteed packages at the different job levels. Benchmarking is based on South African national and industry companies. We believe these organisations are our competitors for sought-after skills, and therefore deemed to be a reasonable, relevant and defensible selection from which key skills could be gained or to whom key skills could be lost.

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.

REWARD ELEMENT 2

SHORT-TERM INCENTIVE REMUNERATION STRATEGY

The CEO and CFO participate in an annual short-term incentive scheme. Payments and awards in terms of this scheme are premised on two distinct components: the Group's ability to pay awards, considering its financial and operating performance, and the performance of the CEO and CFO, based on their individual key performance indicators (KPIs).

KPIs are designed to reward performance in terms of short-term goals, most notably net free cash flow, production, costs, share price performance, internal controls over financial reporting, and safety and in terms of longer-term integrated sustainability goals, most notably resource optimisation, growth and strategic development, sustainability, environmental practice and social value. In terms of performance standards relating to, *inter alia*, safety and compliance, the incentive award is treated as a negative incentive, in the event of breaches or transgressions (in other words, it will cause the award, if any, to reduce).

In view of the fact that we pursue integrated or overlapping value creation, the Remuneration Committee does not allocate specific or fixed percentages to individual key performance areas or KPIs, electing instead to consider performance as a whole, determine which KPIs were met and which were not, and then determine an award which, in its view, is fair to both the Group and the individual.

In applying the above, the performance of the CEO and CFO was measured as follows:

Short-term goals

Key performance indicator	Description	Measure
Net free cash flow	Free cash outflow of R45.1 million compared to free cash inflow of R308.7 million in FY2016	Not achieved
Production	4% decline in gold produced	Not achieved
Costs	Both operating costs and capital expenditure below budget	Achieved
Share price	Five percentage points below index of gold stocks	Not achieved
Internal controls over financial reporting	No material non-compliance	Achieved
Safety	No events or trends giving rise to negative incentive (management cautioned to address trend in LTIR)	Achieved

REMUNERATION REPORT *continued*

Long-term goals

Key performance indicator	Description	Measure
Resource optimisation	Increase in Mineral Reserves by 62.5%	Achieved
Growth and strategic development	Closure of West Rand sites (R72 million annual saving estimated for FY2018) • Commissioning of new reclamation sites on Central Rand • Implementation and roll out of throughput information management system (plant stabilised and R13 million saving in costs of reagents estimated for FY2018)	Achieved
Sustainability	• Reduction in potable water use of 26% (R24 million annual saving estimated) • Construction and commissioning of centralised water distribution facility • 90 hectares of previously sterilised land rehabilitated and cleared for redevelopment	Achieved
Environmental practice	Reduction of dust emissions to below 0.4% of all samples taken through continuous vegetation and dust suppression	Achieved
Social value	• Poverty alleviation: Urban farms established for 649 families • Youth education: 949 learners at seven schools participating in mathematics, science and accountancy programmes	Achieved

Short-term incentives awarded to the CEO and CFO are capped at 100% of their guaranteed pay for on-target performance.

The Remuneration Committee considered the above, as well as the overall Group performance and cash position, and resolved not to make short-term incentive awards to either the CEO or CFO for the year under review.

Hence, for the year ended 30 June 2017, the annual short-term incentive payment, as a percentage of guaranteed pay in respect of FY2017 was as follows:

- CEO: 0%
- CFO: 0%

SHORT-TERM INCENTIVE (STI) FOR SENIOR MANAGEMENT – REMUNERATION STRATEGY

The revised management short-term incentive for all employees in jobs graded 19 (Paterson DU) and above is funded by corporate performance against measures and modifiers in the business strategy. It is decided annually in advance, and paid *pro-rata* to target short-term incentive measures and individual achievement against agreed goals (the performance rating in terms of the performance management system).

A pool-based incentive scheme, based on free cash flow, has been adopted because it drives a strong teamwork culture with all participants working primarily towards a single goal, maximising free cash flow which is an easy measure to understand, influence and maximise. Consistently increasing free cash flow should translate into an increasing share price, thereby aligning participant and shareholder interests.

To drive strategic initiatives, the short-term incentive pool is modified by up to 20% for isolated non-achievements of targets and up to 50% for systemic or repetitive non-compliance. The modifiers are approved in advance by the Remuneration Committee. These strategic initiatives and their measures are assessed and approved by Exco at the beginning of each financial year to ensure that current strategies are driven in that year. These strategic modifiers and their weightings are communicated to participants at the beginning of each financial year to ensure understanding and compliance.

The Group performance measures for all senior employees were set out by the Remuneration Committee and the weightings for FY2017 are as follows:

- Environmental: 4%
- Safety: 4%
- Social development: 4%
- Labour development: 4%
- Transformation: 4%

A further modifier to the short-term incentive scheme for senior employees will reduce the cash pool by up to an additional 15% if certain production targets are not met. This provides flexibility between 96% and 100% of production budgets as indicated below:

- 0%–95.99%: 15%
- 96%–96.99%: 12%
- 97%–97.99%: 9%
- 98%–98.99%: 6%
- 99%–99.99%: 0%

In addition, senior managers individual key performance ratings should meet the following criteria in order for the STI payment to be made:

- A: Rating 3 or more – 100% of the *pro-rata* pool allocation will be paid
- B: Rating 2 < 2.99 – only 25% of the *pro-rata* pool allocation will be paid
- C: Rating less than 2 – no allocation will be paid
- Short-term incentives for senior management are capped at 100% of their total guaranteed package

Governance and administration

- The Remuneration Committee has the authority to amend, in part or in its entirety, or withdraw the incentive scheme, at any time and will review the incentive scheme each year to ensure that the correct strategies of DRDGOLD are being driven by the incentive scheme
- STI payments are made after DRDGOLD's AFS have been signed off by the external auditors

REMUNERATION REPORT *continued*

REWARD ELEMENT 3

LONG-TERM INCENTIVE FOR KEY EXECUTIVES AND SENIOR MANAGEMENT REMUNERATION STRATEGY

Long-term incentives are designed to retain key staff and allow for an opportunity to earn rewards determined with reference to the share price performance of the Group through so-called "phantom" shares. It is indirectly the shareholders' reward of key executives and senior management staff through the value the market places on the value of DRDGOLD stock.

In October 2012, DRDGOLD substituted its share-option scheme with a phantom share scheme designed to retain key executives and senior members of management. Benefits awarded in terms of this scheme included vanilla retention shares:

- Return on equity – 20%
- Headline earnings per share – 30%
- Share price – 30%
- Free cash flow margin – 30%

In terms of the rules of this scheme, the CFO will receive the equivalent value of 85 503 DRDGOLD shares on 31 October 2017 as a retention benefit. The amount payable will be calculated with reference to the value of the seven-day volume weighted average price (VWAP) of the DRDGOLD Ltd share price that concludes on 21 October 2017 (the vesting date).

The CEO of DRDGOLD does not participate in this scheme.

On 4 November 2015, the former scheme was substituted by a simplified phantom share scheme aimed primarily at retaining key executives and senior members of management. Provided that, over the period during which the benefits in terms of this scheme vest, participants are substantially in compliance with their key duties, a retention benefit calculated with reference to the share price performance of DRDGOLD Ltd. will become payable to the participating members on certain fixed dates.

In line with King IV recommendations, vesting of the phantom shares is measured over the three, four and five-year vesting periods subject to individual performance and service conditions. The scheme has a finite term of five years hence no top-up awards are made when the shares vest. In order for individuals to receive a settlement payment of vested phantom shares, they are required to be in active service and not under notice of resignation at the settlement payment date in order to receive such settlement payments.

The service conditions are as follows:

- **Dismissal and resignation** – all shares forfeited
- **Retrenchment and retirement** – Board has discretion to allow vesting and payment of shares that would vest in the 12 months following the last day of service
- **Death** – Board has discretion to allow vesting and payment to the estate for shares that would vest in the 12 months following the date of death

Executive management

In terms of the revised phantom share scheme, the CEO and CFO will receive the following long-term retention awards, being the equivalent value of DRDGOLD shares, as at the vesting date, each year:

	Nov 2018 Number	Nov 2019 Number	Nov 2020 Number
CEO	464 602	696 903	1 161 504
CFO	261 007	391 510	652 516

Senior management

An allocation of 16 899 966 phantom shares were made to senior management. The allocation of shares is as per the rules of the revised phantom share scheme, which are the same as the rules for the CFO and CEO as mentioned above.

The Remuneration Committee has the authority to amend, in part or in its entirety, or withdraw the long-term incentive scheme at any time.

The Remuneration Committee reviews the incentive scheme each year in order to ensure that the strategies of DRDGOLD are being driven by the incentive scheme.

EXECUTIVE EMPLOYMENT CONTRACTS

Executive directors have minimum term employment contracts with DRDGOLD. Following expiry, such minimum period service agreements may be terminated upon notice of up to three months, provided that such termination is otherwise substantively and procedurally fair. Other than accumulated retrenchment entitlements, there are no lump sum payments on termination, loss of office awards, automatic entitlement to short- and long-term incentives other than in terms of the Group's approved share incentive plans.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The current fees payable to Non-executive Directors, which were approved by the shareholders at the AGM, on 4 November 2015, are as follows:

Non-executive Director's role	Annual retainer fee
Chairperson of the Board	1 309 923
Board member	582 188
Audit and Risk Committee chairperson	29 110
Member	21 832
Remuneration and Nominations Committee chairperson	21 832
Member including chairperson	21 832

Ad hoc work rates

- Daily fee: R21 832
- Hourly rate: R2 911
- 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 FY2015, FY2016 and FY2017.

REMUNERATION REPORT *continued*

NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY

In line with King IV, the remuneration policy and implementation are tabled for separate non-binding advisory votes by the shareholders at the DRDGOLD AGM. DRDGOLD welcomes feedback from shareholders and, in the event that less than 75% support for the remuneration policy is achieved at the AGM, we welcome the opportunity to discuss with shareholders who are invited to send their reasons in writing. DRDGOLD will then arrange further engagement with them in this regard.

PART B: IMPLEMENTATION REPORT OF REMUNERATION POLICY FOR FY2017

TOTAL GUARANTEED PAY OUTCOMES

Executive directors	Movement %	2017 R'000	2016 R'000
CEO (Niël Pretorius)	4.6	5 731	5 478
CFO (Riaan Davel)	4.6	3 220	3 077

Average salary increases	2017 %	2016 %
Prescribed officers (July each year)	6	6
Senior management (January each year)	6	6
Middle and junior management (July each year)	8.2	8.2
Unionised and non-unionised (July each year)	8.2	8.2
Consumer Price Index	5.1	6.3

REMUNERATION REPORT *continued*

TOTAL REMUNERATION

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Amounts in R'000 — 2017

Directors/Prescribed officers	Total remuneration paid during the year[1,2]	Pre-tax gain on share options exercised[3]	Incentives related to this cycle[4]	Total remuneration related to this cycle
Executive directors				
DJ Pretorius	5 731	–	–	5 731
AJ Davel	3 220	–	–	3 220
	8 951	–	–	8 951
Non-executive Directors				
GC Campbell	1 536	–	–	1 536
J Turk	655	–	–	655
EA Jeneker	767	–	–	767
J Holtzhausen	684	–	–	684
TBVN Mnyango	361	–	–	361
	4 003	–	–	4 003
Prescribed officers				
CM Symons[5,6]	232	–	–	232
WJ Schoeman	3 050	–	–	3 050
R Masemene	2 371	–	–	2 371
	5 653	–	–	5 653
Total	18 607	–	–	18 607

Amounts in R'000 — 2016

Directors/Prescribed officers	Total remuneration paid during the year[1,2]	Pre-tax gain on share options exercised[3]	Incentives related to this cycle[4]	Total remuneration related to this cycle
Executive directors				
DJ Pretorius	5 478	–	4 988	10 466
AJ Davel	3 077	–	2 949	6 026
	8 555	**–**	**7 937**	**16 492**
Non-executive Directors				
GC Campbell	1 499	–	–	1 499
J Turk	672	–	–	672
EA Jeneker	869	–	–	869
J Holtzhausen	703	–	–	703
TBVN Mnyango	–	–	–	–
	3 743	**–**	**–**	**3 743**
Prescribed officers				
CM Symons[6]	3 059	–	2 668	5 727
WJ Schoeman	2 929	304	2 949	6 182
R Masemene	1 968	55	1 360	3 383
	7 956	359	6 977	15 292
Total	**20 254**	**359**	**14 914**	**35 527**

[1] *Total remuneration paid during the year includes encashed leave*

[2] *No incentives accrued relating to the 2017 cycle*

[3] *The gain on share options exercised relate to the last remaining share options held by the prescribed officers that were exercised during the year ended 30 June 2016*

[4] *The revised short-term incentive scheme that became effective for senior management commencing for the year ended 30 June 2016 included a transitional provision that the incentives accruing to the 2016 cycle was inclusive of the long-term incentive payment that would vest and become payable during October 2016 as outlined in the '"DRDGOLD Phantom Share scheme" table on the following page*

[5] *Service period concluded on 31 July 2016*

[6] *Includes pension scheme contributions of R28 263 (FY2016: R329 552)*

REMUNERATION REPORT *continued*

DRDGOLD PHANTOM SHARE SCHEME

	2017						
Directors/Prescribed officers	**Opening balance Number**	**Granted Number**	**Vested Number**	**Proceeds[1] R**	**Average exercise price R/share**	**Forfeited/lapsed Number**	**Closing balance Number**
Executive directors							
DJ Pretorius	2 323 009	–	–	–	–	–	2 323 009
AJ Davel	1 476 039	–	(85 503)	560 079	6.55	–	1 390 536
	3 799 048	–	(85 503)	560 079	6.55	–	3 713 545
Prescribed officers							
CM Symons	170 633	–	(85 314)	558 847	6.55	(85 319)	–
WJ Schoeman	1 533 441	–	(125 805)	921 053	7.32	–	1 407 636
R Masemene	905 918	–	(67 230)	426 348	6.34	–	838 688
	2 609 992	–	(278 349)	1 906 248		(85 319)	2 246 324
Total	6 409 040	–	(363 852)	1 906 248		(85 319)	5 959 869
Executive directors	**2016**						
DJ Pretorius	–	2 323 009	–	–	–	–	2 323 009
AJ Davel	205 207	1 305 033	(34 201)	64 845	1.90	–	1 476 039
	205 207	**3 628 042**	**(34 201)**	**64 845**		**–**	**3 799 048**
Prescribed officers							
CM Symons	204 757	–	(34 124)	64 703	1.90	–	170 633
WJ Schoeman	451 038	1 305 033	(222 630)	464 460	2.09	–	1 533 441
R Masemene	175 632	796 460	(66 174)	138 174	2.09	–	905 918
	831 427	**2 101 493**	**(322 928)**	**667 337**		**–**	**2 609 992**
Total	**1 036 634**	**5 729 535**	**(357 129)**	**732 182**		**–**	**6 409 040**

No long-term incentive allocations were made in FY2017.

[1] *These proceeds are included in the "Incentives related to the 2016 cycle" column in the table on the previous page*

REMUNERATION REPORT *continued*

DIRECTORS' SERVICE CONTRACTS

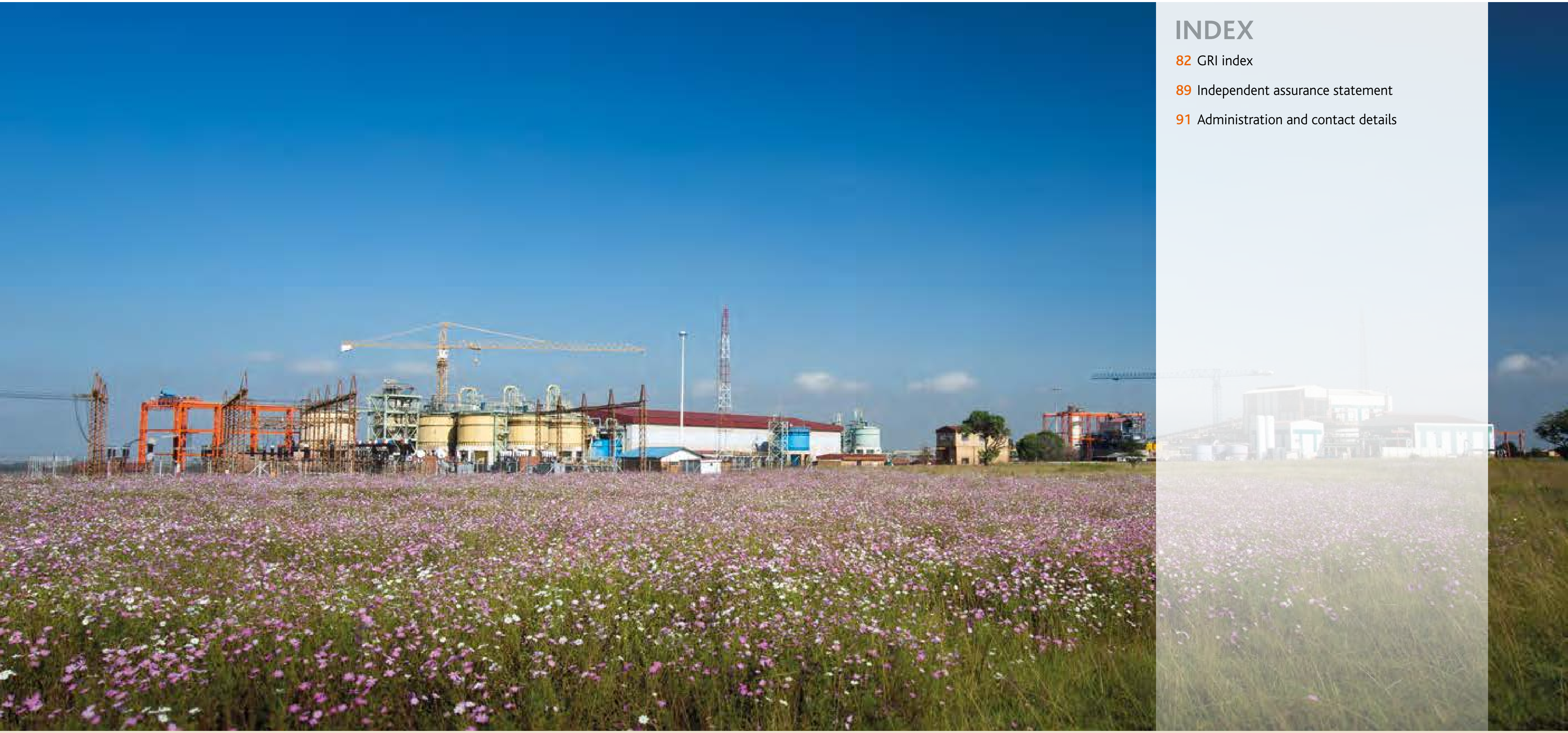
Service contracts have been concluded with executive directors as well as the Non-executive Directors. Contracts with the executive directors are minimum-term contracts (the Group undertakes not to terminate service before a fixed date, after which it continues indefinitely) whereas agreements with Non-executive Directors are fixed-term contracts (they expire unless expressly renewed).

Details of the service contracts are set out in the table below.

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

Director	Title	Date of appointment/ re-appointment	Unexpired term of service contract as at 30 June 2017
DJ Pretorius	Chief Executive Officer	1 July 2015	12 months
AJ Davel	Chief Financial Officer	1 January 2015	6 months
GC Campbell	Non-executive Chairman	1 November 2015	4 months
J Turk	Non-executive Director	1 November 2016	4 months
EA Jeneker	Non-executive Director	1 November 2015	4 months
TVBN Mnyango	Non-executive Director	1 December 2016	17 months
J Holtzhausen	Non-executive Director	25 April 2016	10 months

OTHER REPORTING AND ADMINISTRATION DETAILS



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GRI INDEX

REPORTING IN LINE WITH GRI

The G4 guidelines of the GRI have been adopted as the basis for this report. DRDGOLD has reported in accordance with the "core" option.

KPMG has provided limited assurance ([LA]) on selected information – see the Independent Assurance Statement on pages 89-90.

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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	CHAIRMAN'S LETTER CEO'S STRATEGIC REVIEW	5 6
ORGANISATIONAL PROFILE		
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G4-4: Report the primary brands, products and services	WHO WE ARE WHAT WE DO	9 10
G4-5: Report the location of the organisation's headquarters	ADMINISTRATION AND CONTACT DETAILS	91
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	WHO WE ARE WHERE WE OPERATE	9 12
G4-7: Report the nature of ownership and legal form	WHO WE ARE	9
G4-8: Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	OUR OPERATING ENVIRONMENT	20

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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	WHAT SETS US APART WHERE WE OPERATE OUR BUSINESS MODEL AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES OUR STRATEGY FINANCIAL CAPITAL MANUFACTURED CAPITAL HUMAN CAPITAL THREE-YEAR REVIEW OUR INVESTMENT CASE	11 12 14-16 26 31 34-38 40 42 59 60
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	HUMAN CAPITAL	41-43
G4-11: Report the percentage of total employees covered by collective bargaining agreements	HUMAN CAPITAL	43

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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	HIGHLIGHTS	3
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	HUMAN CAPITAL	41-42
	NATURAL CAPITAL	53
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G4-14: Report whether and how the precautionary approach or principle is addressed by the organisation	NATURAL CAPITAL	50
G4-15: List externally developed economic, environmental and social Charters, principles or other initiatives to which the organisation subscribes or which it endorses	ABOUT THIS REPORT	4
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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	OUR OPERATING ENVIRONMENT	21
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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	ABOUT THIS REPORT	4
G4-19: List all the material aspects identified in the process for defining report content	ABOUT THIS REPORT	4
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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
  • The list of entities or groups of entities included in G4-17 for which the aspect is material
Any specific limitation regarding the aspect boundary within the organisation
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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	ABOUT THIS REPORT OUR BUSINESS MODEL OUR OPERATING ENVIRONMENT CREATING VALUE FOR OUR STAKEHOLDERS AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES OUR STRATEGY	4 14-19 20-21 22-23 24-28 29
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b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided		
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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	DIRECTORS AND MANAGEMENT	62-63
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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 2017 Integrated Annual Report of DRDGOLD Limited (DRDGOLD) for the year ended 30 June 2017 ("the Report"). This engagement was conducted by a multi-disciplinary 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 Global Reporting Initiative Sustainability Reporting Guidelines, supported by DRDGOLD's internally developed guidelines (collectively referred to as DRDGOLD's reporting criteria).

TABLE 1: SCOPE OF THE 2017 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	
	Cyanide	
Human Capital	Fatalities	
	LTIFR	
	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 maintains 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 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:

INDEPENDENT ASSURANCE STATEMENT *continued*

- 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 on a sample basis and performed analytical procedures 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
- 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 2017, 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
25 October 2017

ADMINISTRATION AND CONTACT DETAILS

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

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Fax: +27 (0) 11 743 1544

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DIRECTORS

Geoff Campbell*
Independent Non-executive Chairman [2#]

Niël Pretorius
Chief Executive Officer [3]

Riaan Davel
Chief Financial Officer

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]

Toko Mnyango
Independent Non-executive Director [3]

COMPANY SECRETARY

Reneiloe Masemene

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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 JSE and on the 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, and the Berlin and Stuttgart OTC markets.

SHARE TRANSFER SECRETARIES

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One Capital

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KPMG Inc.

Attorneys
Edward Nathan Sonnenbergs Inc.
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Skadden, Arps, Slate, Meagher and Flom (UK) LLP

Bankers
ABSA Capital
Standard Bank of South Africa Limited

Website
www.drdgold.com

* *British*
** *American*

Committee memberships during FY2017
 # 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

DRDGOLD
LIMITED

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ANNUAL FINANCIAL STATEMENTS 2017

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The preparation of the audited consolidated and company annual financial statements for the year ended 30 June 2017 were prepared under the supervision of the Group's Chief Financial Officer: Mr AJ Davel CA(SA).

DIRECTORS' REPORT

The directors have pleasure in submitting this report and the consolidated financial statements of DRDGOLD Limited ("DRDGOLD") for the year ended 30 June 2017.

SIGNIFICANT EVENTS

Clean up and closure of various Crown sites

Over a period of more than 30 years our resources in the western Witwatersrand had become depleted. We took a decision at the end of the 2016 financial year that the 2017 financial year would see us execute a set of necessary actions as follows:

• complete the recovery of material from several legacy reclamation sites and to close the Crown plant – in full and timely compliance with our environmental obligations; and

• commission three new reclamation sites in the center and to the east of the Witwatersrand which – with a fourth to be commissioned by the third quarter of the 2018 financial year – would see us well into the future.

By the end of the 2017 financial year most of the legacy sites had been cleared and substantial progress had been made on the rehabilitation of the Crown plant site, which is expected to be completed by the end of calendar year 2017.

Revised Mineral Resources and Mineral Reserves

The Group increased its Measured Mineral Resources by 56.8% and our Mineral Reserves by 62.5% (after accounting for depletion in the second half of the 2017 financial year).

REVIEW OF OPERATIONS

The performance of our operations is reviewed in the financial capital section of the Integrated Report 2017.

DIRECTORATE

Composition of the board

TBVN Mnyango was appointed as non-executive director effective 1 December 2016. There were no further changes to the board during the year ended 30 June 2017 up to the date of this report.

Rotation of directors

In accordance with the provisions of the company's Memorandum of Incorporation (MOI), AJ Davel, GC Campbell and EA Jeneker will retire at the forthcoming annual general meeting. They are eligible and have offered themselves for re-election.

Directors' interest in shares

At 30 June 2017, the chief executive officer, DJ Pretorius held 5 108 shares (30 June 2016: 376 167) after disposing of 371 059 shares in the market during the year. Non-executive director GC Campbell holds 200 000 (30 June 2016: 200 000) shares in DRDGOLD. Non-executive director J Turk has an indirect, non-beneficial interest in 243 000 shares (30 June 2016: 243 000) in DRDGOLD. None of the directors' immediate families and associates held any direct shareholding in the company's issued share capital. No other director held or acquired any shares in the company during the year ended 30 June 2017. There were no changes in the directors' interest in shares between the end of the financial year end and the date of the approval of the financial statements.

SHAREHOLDERS

The company does not have a controlling shareholder and its directors provide strategic direction on behalf of its shareholders. DRDGOLD has a primary listing on the JSE Limited (JSE) and a 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.

Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented in the shareholders' information section in the consolidated financial statements.

DIVIDENDS

DRDGOLD's dividend policy is to return excess cash over and above the predetermined cash buffer to its shareholders. Dividends are proposed by the Audit and Risk Committee and approved by the board of directors of DRDGOLD based on the quarterly management accounts presented to the board.

Details of the dividends declared by the company appears in note 18 to the consolidated financial statements.

GOING CONCERN

The consolidated financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The directors believe that the Group has adequate resources to continue as a going concern for the foreseeable future.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors are responsible for the preparation and fair presentation of the consolidated and company annual financial statements of DRDGOLD Limited, comprising the statements of financial position at 30 June 2017, 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 consolidated and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated and company annual financial statements of DRDGOLD Limited, as identified in the first paragraph, were approved by the board of directors on 25 October 2017 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 2017, 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
25 October 2017

REPORT OF THE AUDIT AND RISK COMMITTEE

The legal responsibilities of the Audit and Risk Committee ("the 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 Committee's charter. The Committee's charter was revised in April 2017 and sets out the Committee's terms of reference.

The members of the committee responsible for audit related matters were formally appointed by the shareholders at the AGM held on 25 November 2016.

The biographical details of the committee's members are set out on page 62 of the 2017 Integrated Report and the members' fees are set out on page 76 of the same report.

DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

FINANCIAL STATEMENTS

The Committee has reviewed the group's significant accounting matters which include:

- Impairment of Property, Plant and Equipment
- Provision for Environmental Rehabilitation; and
- Taxation matters

The Committee also reviewed the following key audit matters included in the external audit report on pages 8 to 13:

- Impairment of Property, Plant and Equipment
- Provision for Environmental Rehabilitation; and
- Taxation matters

The Committee has reviewed the accounting policies and the financial statements of DRDGOLD Limited for the year ended 30 June 2017 and based on the information provided to the Committee, considers that the group complies, in all material respects, with the requirements of the Companies Act, IFRS and the JSE Listings Requirements.

The 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.

CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

As required by the JSE Listings Requirement 3.84(h), the Committee has satisfied itself that the Chief Financial Officer, Riaan Davel, has the appropriate expertise and experience to fulfil the role and that he had performed appropriately during the year under review.

The Committee is satisfied with the expertise and experience of the finance function and adequacy of resources employed by it.

EXTERNAL AUDITORS

The 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 2016 and budgeted fees and terms of engagement for the financial year ended 30 June 2017; 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 internal audit function is performed in-house, with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits performed are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal controls and corporate governance processes.

The Committee considered the effectiveness of the internal audit function, confirmed the audit plan for the 2017 financial year and reviewed the results of the internal audits conducted during the 2017 financial year.

Both the internal and external auditors have unrestricted access to the Committee, the Committee Chairman and the Chairman of the Board, ensuring that the auditors are able to maintain their independence.

INTERNAL CONTROLS

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Under Section 404 of the Sarbanes Oxley Act of 2002, management assesses the internal controls surrounding the financial reporting process as at the end of each financial year.

Separate meetings are held with management and external and internal audit representatives to discuss any challenges 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 Committee.

To the best of their knowledge, and based on 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 Committee is satisfied that the internal financial control environment continued to function effectively.

COMBINED ASSURANCE AND RISK MANAGEMENT

We use a combined assurance model to provide us with assurance obtained from management and from internal and external assurance providers. KPMG Inc assured our Annual Financial Statements and the effectiveness of internal control over financial reporting, while KPMG Services Proprietary Limited provided limited assurance on key sustainability information in our Integrated Report. The group's financial, operating, compliance and risk management controls are assessed by internal audit, overseen by the Committee. An independent review of our Mineral Reserves and Resources was conducted by Red Bush Geoservices Proprietary Limited.

The Committee considered combined assurance in responding to significant risks and material matters through the company's operation, internal auditors, external auditors and other inspections.

The Committee is satisfied that an effective control environment exists for management decision making and external reporting.

SOLVENCY AND LIQUIDITY

The Committee is satisfied that the Board has adequately performed solvency and liquidity tests in terms of Section 46 of the Companies Act, as and when required during the year under review.

For the period under review, the Committee is satisfied that it has regulated its affairs in compliance with its mandate, and has discharged its duties and responsibilities in terms of the JSE Listings Requirements, the Companies Act and the King Code of Corporate Governance.

J A Holtzhausen
Chairman: Audit and Risk Committee
25 October 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DRDGOLD Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of DRDGOLD Limited (the group and company) set out on pages 14 to 70, which comprise the consolidated and company statements of financial position at 30 June 2017, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DRDGOLD Limited at 30 June 2017, 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

WE HAVE IDENTIFIED THE FOLLOWING KEY AUDIT MATTERS PERTAINING TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1. Provision for environmental rehabilitation

Refer to note 8 of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Given the nature of its operations, the group has obligations to close, restore and rehabilitate its sites that are spread out over a large area due to the group's extensive surface mining footprint. The key judgements and assumptions made by management, with the assistance of an independent expert, in estimating the future environmental rehabilitation costs are based on the group's environmental management plans that are developed in accordance with regulatory requirements, the life-of-mine plan and the planned method of rehabilitation. In addition, discount rates, inflation rates and discount periods as per the expected life-of-mine plan were used in determining the provision for environmental rehabilitation. Due to the inherent uncertainty in estimating future environmental rehabilitation costs the valuation of the provision for environmental rehabilitation was considered a key audit matter.	With the support of our own environmental specialist, we performed a detailed assessment of the provision for environmental rehabilitation. Our audit procedures included: • testing internal controls designed and applied by management to ensure that the provision for environmental rehabilitation was appropriately recognised and valued; • assessing the professional competence and objectivity of management's independent expert; • challenging management's and the independent expert's assumptions by comparing to external data sources and our own expectations based on our knowledge and experience of the industry; • assessing whether the group's environmental rehabilitation provision is aligned to the group's environmental management plans and the applicable laws and regulations; and • evaluating whether the accounting treatment applied in determining the provision for environmental rehabilitation and the related disclosures are in accordance with the applicable financial reporting framework.

2. Impairment assessment of the cash generating unit included in property, plant and equipment and valuation of deferred tax liability

Refer to note 7 and 15.2 of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Impairment indicators at year end have been identified related to the group's only cash-generating unit ("CGU"), given the reduction in the Rand gold price which impacts the profitability of the CGU. This necessitated an impairment assessment to be performed by management to determine the recoverable amount of the assets. Given the changes in the forecasted profitability, management were required to reassess the forecasted weighted average tax rate used to determine the deferred tax liability. No impairment was recognised as a result of the impairment assessment performed. The forecasted weighted average deferred tax rate decreased from 23.1% to 18.6%. Key judgements, assumptions and estimates used by the group to determine the life-of-mine plan and calculate the recoverable amount of its assets and the forecasted weighted average tax rate are inherently uncertain and could materially change over time. These judgements and assumptions include reserves and resources estimates, production estimates and the related costs, future capital expenditure and economic factors such as the spot and future dollar gold prices, discount rates and foreign currency exchange rates and taxation. Due to the significant judgements applied the impairment assessment of the cash generating unit and the valuation of the deferred tax liability was considered a key audit matter.	Our procedures relating to the impairment assessment of the cash generating unit and the valuation of the deferred tax liability included: • testing internal controls designed and applied by management to ensure that its impairment assessment and its forecasted weighted average tax rate analysis was appropriately performed; • critically assessing the competence and independence of the independent mineral resources expert; • comparing the assumptions used by management to externally derived data as well as our own assessments based on our industry knowledge and experience in relation to key inputs such as the spot and future dollar gold prices, foreign exchange rates, cost inflation and discount rates; • performing sensitivity analyses to consider the impact of changes in assumptions and estimates used in the impairment assessment; • assessing management's evaluation of tax uncertainties and judgements used in the forecasted weighted average tax rate; and • assessing the adequacy of the group's disclosures of significant accounting judgments and estimates used to determine the recoverable amount of the cash generating unit and deferred tax liability.

WE HAVE IDENTIFIED THE FOLLOWING KEY AUDIT MATTER PERTAINING TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS:

1. Contingent liability related to occupational lung diseases

Refer to note 23 of the consolidated financial statements and note 15 of the separate financial statements.

Key audit matter	How the matter was addressed in our audit
In January 2013 DRDGOLD and ERPM ("DRDGOLD Respondents"), together with other mining companies, were served with a court application for a class action on behalf of former mineworkers and dependents of deceased mineworkers relating to occupational lung diseases. A Working Group, was established, of which DRDGOLD has subsequently withdrawn, to consider and discuss issues pertaining to the action. During the current financial year, the members of the Working Group announced that they are pursuing settlement of the class actions and recognised accounting provisions, due to the progress they made towards settlement of the claims. DRDGOLD's view regarding the merits of the case has not changed since the prior year given that uncertainty still exists with regards to the costs and/or probable exposure of the DRDGOLD respondents. Management have applied judgement based on the legal proceedings during the current year in concluding that the occupational lung disease remains a contingent liability and that it is not appropriate that a provision be recognised at year end. The consideration of whether to recognise a provision or continue disclosing the occupational lung diseases matter as a contingent liability was considered a key audit matter for the consolidated and separate financial statements.	Our procedures over the contingent liability related to the occupational lung diseases matter included: • testing internal controls designed and applied by management to ensure that the contingent liability analysis with regards to the occupational lung diseases class action was appropriately performed; • evaluating and critically assessing management's conclusions on why the occupational lung diseases class action did not qualify to be recognised as a provision. Our evaluations, including an assessment made by our technical accounting specialists, was based on our understanding of the current legal and factual status of the matter. This understanding was further corroborated based on receiving independent confirmation from external legal counsel; • assessing the adequacy of the disclosures made in respect of the contingent liability related to the occupational lung diseases matter.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Company Secretary's Statement and the Report of the Audit and Risk Committee as required by the Companies Act of South Africa and the Directors' responsibility statement, the shareholder information and the integrated report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company, or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 15 years.

KPMG Inc.

Per O C Potgieter
Chartered Accountant (SA)
Registered Auditor
Director
31 October 2017

Suite 301
Medforum Building,
Heunis Street Secunda
2302

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

Amounts in R million	Note	2017	2016
Revenue	2	**2 339.9**	2 433.1
Cost of sales	3.1	**(2 307.9)**	(2 236.8)
Gross profit from operating activities		**32.0**	196.3
Other income	3.2	**12.9**	10.5
Administration expenses and other costs		**(69.4)**	(87.2)
Results from operating activities		**(24.5)**	119.6
Finance income	4	**40.0**	36.8
Finance expense	5	**(52.2)**	(47.6)
(Loss)/profit before tax		**(36.7)**	108.8
Income tax	15.1	**50.4**	(46.9)
Profit for the year		**13.7**	61.9
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		**(0.3)**	4.4
Total other comprehensive income for the year		**(0.3)**	4.4
Total comprehensive income for the year		**13.4**	66.3
Earnings per share			
Basic earnings per share (SA cents per share)	6	**3.2**	14.7
Diluted earnings per share (SA cents per share)	6	**3.2**	14.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017

Amounts in R million	Note	2017	2016
ASSETS			
Non-current assets		**1 739.1**	1 818.4
Property, plant and equipment	7	**1 497.6**	1 600.5
Investments in rehabilitation obligation funds	9	**227.7**	202.1
Investments in other entities	21	**8.8**	9.0
Deferred tax asset	15.2	**5.0**	6.8
Current assets		**548.3**	600.7
Inventories	14	**180.3**	160.7
Trade and other receivables	12	**114.3**	66.5
Cash and cash equivalents	10	**253.7**	351.8
Current tax asset		**-**	6.7
Assets held for sale	22	**-**	15.0
TOTAL ASSETS		**2 287.4**	2 419.1
EQUITY AND LIABILITIES			
Equity			
Equity	18	**1 302.4**	1 339.6
Non-current liabilities		**728.0**	775.0
Provision for environmental rehabilitation	8	**531.7**	522.9
Deferred tax liability	15.2	**140.5**	194.7
Employee benefits	16	**39.0**	38.2
Finance lease obligation	7	**16.8**	19.2
Current liabilities		**257.0**	304.5
Trade and other payables	13	**251.8**	288.9
Current tax liability		**5.2**	-
Liabilities held for sale	22	**-**	15.6
TOTAL LIABILITIES		**985.0**	1 079.5
TOTAL EQUITY AND LIABILITIES		**2 287.4**	2 419.1

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

Amounts in R million	Note	Share capital	Available for sale and other reserves	Retained earnings	Total equity
Balance at 30 June 2015		**4 181.4**	**135.8**	**(2 787.3)**	**1 529.9**
Total comprehensive income					
Profit for the year				61.9	61.9
Other comprehensive income	21		4.4		4.4
Transactions with the owners of the parent					
Dividend on ordinary share capital	18			(252.9)	(252.9)
Shares issued for cash		2.8			2.8
Treasury shares acquired through subsidiary		(6.5)			(6.5)
Balance at 30 June 2016		**4 177.7**	**140.2**	**(2 978.3)**	**1 339.6**
Total comprehensive income					
Profit for the year				13.7	13.7
Other comprehensive income	21			(0.3)	(0.3)
Transactions with the owners of the parent					
Dividend on ordinary share capital	18			(50.6)	(50.6)
Available for sale and other reserves transferred to retained earnings	1		(140.2)	140.2	-
Balance at 30 June 2017		**4 177.7**	**-**	**(2 875.3)**	**1 302.4**
Note		18			

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2017

Amounts in R million	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of precious metals		**2 305.4**	2 476.1
Cash paid to suppliers and employees		**(2 283.9)**	(2 077.9)
Cash generated by operations	11	**21.5**	398.2
Finance income received		**23.8**	22.3
Finance expenses paid		**(3.7)**	(5.0)
Income tax received		**10.0**	0.4
Net cash inflow from operating activities		**51.6**	415.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(110.6)**	(99.8)
Proceeds on disposal of property, plant and equipment		**20.5**	7.0
Environmental rehabilitation payments	8	**(11.6)**	(10.6)
Other		**5.0**	(3.8)
Net cash outflow from investing activities		**(96.7)**	(107.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings		**-**	(22.5)
Repayment of finance lease obligation		**(2.4)**	(2.0)
Dividends paid on ordinary share capital	18	**(50.6)**	(252.9)
Proceeds from the issue of shares		**-**	2.8
Acquisition of treasury shares		**-**	(6.5)
Net cash outflow from financing activities		**(53.0)**	(281.1)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(98.1)**	27.6
Cash and cash equivalents at the beginning of the year		**351.8**	324.4
Foreign exchange movements		**-**	(0.2)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**253.7**	351.8

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2017

1 ACCOUNTING POLICIES

Reporting entity
The DRDGOLD Group is primarily involved in the retreatment of surface gold. The consolidated financial statements comprise the company and its subsidiaries who are all wholly owned and have only South African operations (collectively the "Group" and individually "Group Companies"). DRDGOLD Limited is domiciled in South Africa with a registration number of 1895/000926/06. The registered address of the company is 1 Sixty Jan Smuts Building, 2nd Floor - North Tower, 160 Jan Smuts Avenue, Rosebank, 2196.

Basis of accounting
The consolidated 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 consolidated financial statements were approved by the board of directors on 25 October 2017.

Functional and presentation currency
The Group's functional and reporting currency is South African rand due to all of the Group's operations being located in South Africa. The amounts in these consolidated financial statements are rounded to the nearest hundred thousand unless stated otherwise. Significant exchange rates applied during the year are set out in the table below:

South African rand / US dollar	2017	2016
Spot rate at year end	13.05	14.68
Average rate for the financial year	13.59	14.50

Use of accounting assumptions, estimates and judgements
The preparation of the consolidated financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses.
Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.
Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

NOTE 7 PROPERTY, PLANT AND EQUIPMENT
NOTE 8 PROVISION FOR ENVIRONMENTAL REHABILITATION
NOTE 15 INCOME TAX

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

NOTE 22 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE
NOTE 23 CONTINGENT LIABILITIES

Basis of measurement
The consolidated financial statements are prepared on the historical cost basis, unless otherwise stated.

Basis of consolidation
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 consolidated financial statements from the date that control commences until the date that control ceases.

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 consolidated financial statements.

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.

1 ACCOUNTING POLICIES *continued*

IAS 1 Disclosure Initiative: Changes to the presentation of the consolidated financial statements and notes to the consolidated financial statements

In order to facilitate improved reading of the consolidated financial statements, DRDGOLD has made various changes to the presentation of the consolidated financial statements and notes to the consolidated financial statements to give prominence to material financial statement disclosures.

In applying materiality to financial statement disclosures, we consider both the amount and nature of each item. The main changes to the presentation of the consolidated financial statements and notes thereon in 2017 are as follows and were made retrospectively for all periods presented in order to facilitate improve comparability:

- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity: Certain line items disclosure were rationalised to focus on material information and certain line items were renamed or added where such presentation facilitate improved presentation of relevant financial information.
- With effect from 1 July 2016, the accumulated available for sale and other reserves, comprising asset revaluation reserves, were transferred to retained earnings and subsequent changes in the fair value of available for sale financial instruments are recognised directly in retained earnings.
- The notes to the consolidated financial statements are presented in an order that gives prominence to the areas of our activities that the Group considers to be the most relevant to understand our financial performance and position. This new grouping has been detailed on the index to these consolidated financial statements on page 1.
- Accounting policies previously presented in Note 1 as a single note, have in 2017 been placed within the relevant notes to the consolidated financial statements, where possible. Changes were made in the wording of these policies to more clearly set out the accounting policies relevant to the Group and do not represent changes in accounting policies.
- Information about significant judgements, assumptions and estimation uncertainties previously presented in Note 1 as a single note were placed within the relevant notes alongside the significant accounting policy to which they relate.
- Results from operating activities, operating lease commitments, liability for post-retirement medical benefits and finance lease obligations: various disclosures were rationalised to focus on material financial information.
- Financial instrument disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 24 summarises the financial instrument disclosure that has been included throughout the consolidated financial statements.
- Related party disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 25 summarises the related party disclosure that has been included throughout the consolidated financial statements.

1 ACCOUNTING POLICIES *continued*

New standards, amendments to standards and interpretations not yet adopted
At the date of authorisation of these consolidated financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the Group were in issue but not yet effective and may therefore have an impact on future consolidated financial statements. These new standards, amendments to standards and interpretations will be adopted at their effective dates.

IAS 12 Income taxes amendments (Recognition of deferred tax assets for unrealised losses) (Effective date 1 January 2017)
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.
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.
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, such as the exclusion of tax deductions resulting from the reversal of deductible temporary differences.
The Group includes entities that are not expected to generate recurring taxable income, and have unrecognised deferred tax assets. Some of these entities were establised in excess of a hundred years ago and own land that is carried at historical cost, but may have value in excess of its carrying value that could result in a deferred tax asset under the amended accounting standard. The impact of this amended accounting standard has not been quantified at this stage due to the significant assumptions, estimates and judgement required to estimate the potential future taxable profits.

IFRS 2 Share-based payment amendments (Effective date 1 January 2018)
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.
A preliminary assessment indicated that IFRS 2 will not have a significant impact on the Group as market and non-vesting conditions are being taken into account in measuring its fair value and the number of awards to receive cash is already adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions. The final assessment of the impact of IFRS 2 will be finalised in due course.

IFRS 9 Financial Instruments (Effective date 1 January 2018)
This standard will include changes in the measurement bases of the financial assets to amortised cost and fair value through other comprehensive income ("OCI"). 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.
A preliminary assessment indicated that IFRS 9 will not have a significant impact on the Group due to the short term nature of financial assets measured at amortised cost and the insignificant movements related to available-for-sale financial assets. The final assessment of the impact of IFRS 9 will be finalised in due course.

IFRS 15 Revenue from contracts with customers (Effective date 1 January 2018)
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.
A preliminary assessment indicated that IFRS 15 will not have a significant impact on the Group due to the short term nature of the revenue cycle. The final assessment of the impact of IFRS 15 will be finalised in due course.

IFRS 16 Leases (Effective date 1 January 2019)
The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. 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 in the Statement of Financial position. No significant changes have been included for lessors.
The assessment of the impact of this new accounting standard requires an extensive assessment of the leases of the Group which is ongoing. The total impact of this new accounting standard can therefore not be quantified with certainty at this stage.

2 REVENUE

ACCOUNTING POLICIES

Revenue comprise the sale of gold bullion and silver bullion (produced as a by-product).

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured. Revenue is stated at the fair value of the consideration received or receivable, which is based on the afternoon London Bullion Market fixing price on the date the significant risks and rewards of ownership have been transferred to the buyer.

The significant risks and rewards of ownership have been transferred when Rand Refinery Limited ("Rand Refinery"), acting as an agent for the sale of all gold produced by the Group, delivers the gold to the buyer and the sales price is fixed, as evidenced by the certificate of sale.

Rand Refinery performs the final refinement of all gold produced. In exchange for this service, Rand Refinery receives a variable refining fee plus fixed marketing and administration fees which is included in operating costs.

Amounts in R million	2017	2016
Gold revenue	**2 336.1**	2 429.7
Silver revenue	**3.8**	3.4
Total revenue	**2 339.9**	2 433.1

MARKET RISK

Commodity price sensitivity

Combined impact of both US Dollar price of gold and South African Rand/US Dollar exchange rate

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

A change of 10% in the average Rand gold price received during the financial year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant and specifically excludes the impact on income tax.

Amounts in R million	2017	2016
10% increase in the Rand gold price	**234.0**	243.3
10% decrease in the Rand gold price	**(234.0)**	(243.3)

3 RESULTS FROM OPERATING ACTIVITIES

3.1 COST OF SALES

Amounts in R million	Note	2017	2016
Cost of sales		**(2 307.9)**	(2 236.8)
Operating costs (a)		**(2 109.3)**	(2 030.2)
Depreciation	7	**(179.8)**	(180.2)
Retrenchment costs (b)		**(23.0)**	-
Change in estimate of environmental rehabilitation	8 , 22	**(0.6)**	(19.3)
Movement in gold in process and finished stock		**4.8**	(7.1)
(a) Operating costs			
The most significant components of operating costs include:			
Materials		**(783.9)**	(719.5)
Labour including short term incentives, excluding retrenchment costs		**(351.0)**	(362.1)
Electricity		**(344.2)**	(325.4)
Specialist service providers		**(299.7)**	(282.4)
Water		**(71.1)**	(82.1)
(b) Retrenchment costs			
The final clean up and closure of various sites in the Crown complex during the year ended 30 June 2017 resulted in the retrenchment costs incurred. All retrenchments were concluded and settled at reporting date.		**(23.0)**	-

3.2 OTHER INCOME

ACCOUNTING POLICIES

Income is recognised where it is probable that the economic benefits associated with a transaction will flow to the Group and they can be reliably measured.

Other income is generally income earned from transactions outside the course of the Group's ordinary activities and may include gains or losses on disposal of property, plant and equipment.

Amounts in R million	2017	2016
Profit on disposal of property, plant and equipment	**12.9**	10.5
	12.9	10.5

4 FINANCE INCOME

ACCOUNTING POLICIES
Finance income includes interest received and growth in the environmental rehabilitation obligation funds.

Amounts in R million	Note	2017	2016
Interest on loans and receivables	10	**23.6**	22.3
Growth in environmental rehabilitation trust funds	9 , 22	**7.5**	6.5
Growth in reimbursive right	9	**8.9**	8.0
		40.0	36.8

5 FINANCE EXPENSE

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

Amounts in R million	Note	2017	2016
Interest on financial liabilities measured at amortised cost		**(3.7)**	(4.4)
Unwinding of provision for environmental rehabilitation	8 , 22	**(46.5)**	(43.0)
Other finance expenses		**(2.0)**	(0.2)
		(52.2)	(47.6)

6 EARNINGS PER SHARE

ACCOUNTING POLICIES
Earnings per share is calculated based on the net profit or loss after tax for the year, 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 has a dilutive effect on earnings or loss per share.

Amounts in R million	2017	2016
Basic		
The calculation of earnings per ordinary share is based on the following:		
Basic earnings	**13.7**	61.9
Headline		
The basic earnings has been adjusted by the following to arrive at headline earnings:		
Net profit on disposal of property, plant and equipment	**(12.9)**	(8.1)
- Profit on disposal of property, plant and equipment	**(12.9)**	(10.5)
- Tax thereon	**-**	2.4
Headline earnings	**0.8**	53.8

Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares

Number of shares	2017	2016
Weighted average number of ordinary shares in issue	**422 068 696**	422 157 987
Number of staff options (1)	**-**	34 075
Diluted weighted average number of ordinary shares	**422 068 696**	422 192 062

(1) All staff options have lapsed at 30 June 2017 and therefore have no dilutive effect.

Cents per share	2017	2016
Basic earnings per ordinary share	**3.2**	14.7
Diluted earnings per ordinary share	**3.2**	14.7
Headline earnings per ordinary share	**0.2**	12.6
Diluted headline earnings per ordinary share	**0.2**	12.6

7 PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Impairment of property, plant and equipment

The recoverable amount of the cash-generating-unit is determined using discounted future cash flows based on the life-of-mine plan. These calculations require the use of assumptions and estimates and are inherently uncertain and could change materially over time.

These assumptions and estimates include the market capitalisation of the Group, mineral reserves and resource estimates, production estimates, spot and future gold prices, foreign currency exchange rates, discount rates, estimates of costs to produce and future capital expenditure in determining the recoverable amount.

At year-end, the market capitalisation of the Group was higher than its net asset value. The decline in the rand gold price was however considered as an impairment indicator.

The Group has only one cash generating unit ("CGU") and calculated a recoverable amount based on updated life-of-mine plans, a gold price of R565 000 per kilogram in year one escalating at an average of approximately 5.9% a year over the twelve-year life of mine, and a weighted average cost of capital of 12.4%.

The carrying amount of the CGU excludes exploration assets of the Group as no impairment indicators relating to these assets were identified in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources* .

Sensitivity analysis

The Group would begin impairment of the mining assets if the discount rate were to increase from 12.4% to 20.5%, or a 2.1% decrease in budgeted gold production or Rand gold price over the remaining life of the operation. The above sensitivities do not include a positive terminal value, relating to the disposal of any assets at the end of the useful life.

Depreciation

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future varies significantly 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. These factors could include:
• changes in mineral reserves and resources;
• the grade of mineral reserves and resources may vary 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.

Mineral reserves and resources estimates

The Group is required to determine and report mineral reserves and resources in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code).

In order to calculate mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of mineral reserves and resources requires the size, shape and depth of reclamation sites to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the assumptions used to estimate mineral reserves and resources change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves and resources may change from period to period.

Mineral reserves and resource estimates determined by management are reviewed by an independent mineral resources expert.

Changes in reported mineral reserves and resources may affect the Group's life-of-mine plan, financial results and financial position in a number of ways including the following:
• asset carrying values may be affected due to changes in estimated future cash flows;
• depreciation charged in profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
• decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves and resources affect expectations about the timing or cost of these activities; and
• the carrying value of deferred tax assets and liabilities may change due to changes in estimates of the likely recovery of the tax benefits and charges.

7 PROPERTY, PLANT AND EQUIPMENT *continued*

ACCOUNTING POLICIES

Recognition and measurement

Property, plant and equipment comprise mine plant facilities and equipment, mine property and development (including mineral rights) and exploration assets. These assets are initially measured at cost, where after they are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the asset, as well as the costs of dismantling and removing an asset and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Exploration and evaluation costs are capitalised as exploration assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project.

Depreciation

Depreciation of mine plant facilities and equipment, as well as mining property and development (including mineral rights) are calculated using the units of production method which is based on the life-of-mine of each site.

The 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 estimated 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.

The depreciation method, estimated useful lives and residual values are reassessed annually and adjusted if appropriate. Any changes to useful lives may affect prospective depreciation rates and asset carrying values.

The current estimated useful lives for mine property and development, as well as mine plant facilities and equipment are based on the life-of-mine of each site, currently between two (2016: six) and 12 (2016: 10) years.

Impairment

Non-financial assets

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Each metallurgical plant or combination of plants that, together with its deposition facility, is capable of operating independently is considered to be a CGU.

The recoverable amount of an asset or CGU 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. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Exploration assets

Exploration assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When a license is relinquished or a project is abandoned, the related costs are recognised in profit or loss immediately.

Leased assets

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.

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.

7 PROPERTY, PLANT AND EQUIPMENT *continued*

Amounts in R million	Note	Mine plant facilities and equipment (a)	Mine property and development	Exploration assets	Total
30 June 2017					
Cost		**1 667.6**	**1 230.0**	**77.4**	**2 975.0**
Opening balance		**1 519.5**	**1 310.4**	**74.9**	**2 904.8**
Additions		**37.6**	**65.3**	**13.4**	**116.3**
Disposals		**(2.8)**	**(3.9)**	**-**	**(6.7)**
Change in estimate of decommissioning asset	8	**27.0**	**(60.9)**	**(0.5)**	**(34.4)**
Transfers between classes of property, plant and equipment		**92.1**	**(81.7)**	**(10.4)**	**-**
Transferred from non-current assets held for sale	22	**-**	**0.8**	**-**	**0.8**
Transferred to inventory		**(5.8)**	**-**	**-**	**(5.8)**
Accumulated depreciation and impairment		**(760.8)**	**(706.9)**	**(9.7)**	**(1 477.4)**
Opening balance		**(598.7)**	**(693.2)**	**(12.4)**	**(1 304.3)**
Depreciation (b)	3.1	**(108.7)**	**(71.1)**	**-**	**(179.8)**
Disposals		**2.8**	**3.9**	**-**	**6.7**
Transfers between classes of property, plant and equipment		**(56.2)**	**53.5**	**2.7**	**-**
Carrying value		**906.8**	**523.1**	**67.7**	**1 497.6**
30 June 2016					
Cost		1 519.5	1 310.4	74.9	2 904.8
Opening balance		1 447.8	1 321.7	70.9	2 840.4
Additions		95.7	3.5	0.8	100.0
Disposals		(17.5)	(0.2)	-	(17.7)
Change in estimate of decommissioning asset	8	(6.5)	(9.6)	3.2	(12.9)
Transferred to non-current assets held for sale	22	-	(5.0)	-	(5.0)
Accumulated depreciation and impairment		(598.7)	(693.2)	(12.4)	(1 304.3)
Opening balance		(504.5)	(624.7)	(12.4)	(1 141.6)
Depreciation	3.1	(111.7)	(68.5)	-	(180.2)
Disposals		17.5	-	-	17.5
Carrying value		920.8	617.2	62.5	1 600.5

(a) Leased plant and equipment
Ergo leases temporary power generation equipment with a carrying value of R16.8 million (2016: R19.2 million) from Aggreko Energy Rental Proprietary Limited under a finance lease with an outstanding balance of R16.8 million (2016: R19.2 million) and an effective interest rate of 17.9%. The finance lease is repayable R2.8 million in 2018, R3.2 million in 2019 and R10.8 million in 2020, the latter including R9.9 million for the option to acquire the leased equipment at the end of the lease term. Interest is payable R2.5 million in 2018, R2.0 million in 2019 and R0.4 million in 2020.

(b) Depreciation
Depreciation expense remained flat compared to the previous year and consists of the following:
• Depreciation expense increased for the Crown assets due to the decision taken by management to perform final clean up and closure of various sites that previously formed part of the Crown operations. The depreciation of the carrying value of these assets have therefore been accelerated. These assets are carried at scrap value at reporting
• The net increase in the expected units-of-production in Ergo's life of mine due to the mineral reserve conversion effective on 1 January 2017 resulted in a net decrease in the depreciation charge amounting to R13.9 million.
The decrease in the expected units-of-production in Ergo's life of mine that become effective on 1 July 2017 is expected to result in an increase in the annual depreciation charge recognised amounting to R16.8 million.

CONTRACTUAL COMMITMENTS

Amounts in R million	2017	2016
Contracted for but not provided for in the consolidated financial statements	**11.2**	8.6

Capital expenditure is financed from existing cash resources and cash generated from operations.

8 PROVISION FOR ENVIRONMENTAL REHABILITATION

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Estimates of future environmental rehabilitation costs are determined with the assistance of an independent expert and are based on the Group's environmental management plans which are developed in accordance with regulatory requirements, the life-of-mine plan and the planned method of rehabilitation which is influenced by developments in trends and technology.
An average discount rate of 8.8% (2016: 8.8%), average inflation rate of 5.9% (2016: 6.3%) 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.

ACCOUNTING POLICIES

The net present value of the estimated rehabilitation cost as at reporting date is provided for in full. These estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.
Annual changes in the provision consist of financing expenses relating to the change in the present value of the provision and inflationary increases in the provision, as well as changes in estimates.
The present value of dismantling and removing the asset created before production commenced (decommissioning liabilities) are capitalised to property, plant and equipment against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of property, plant and equipment. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset. Cash costs incurred to rehabilitate these disturbances are charged to the provision and are presented as investing activities in the statement of cash flows.
The present value of environmental rehabilitation costs relating to activities after production commenced (restoration liabilities) as well as changes therein are expensed as incurred and presented as operating costs. Cash costs incurred to rehabilitate these disturbances are presented as operating activities in the statement of cash flows.
The cost of ongoing rehabilitation is recognised in profit or loss as incurred.

Amounts in R million	Note	2017	2016
Opening balance		**522.9**	493.3
Unwinding of provision	5	**45.3**	41.5
Change in estimate of environmental rehabilitation recognised in profit or loss	3.1	**0.6**	21.4
Change in estimate of environmental rehabilitation recognised to decommissioning asset (a)	7	**(34.4)**	(12.9)
Environmental rehabilitation payments		**(19.5)**	(20.4)
To reduce decommissioning liabilities		**(11.6)**	(10.6)
To reduce restoration liabilities	11	**(7.9)**	(9.8)
Transferred from non-current liabilities held for sale	22	**16.8**	-
Closing balance		**531.7**	522.9
Environmental rehabilitation payments to reduce the liability		**(19.5)**	(20.4)
Ongoing rehabilitation expenditure (b)	19	**(22.4)**	(27.8)
Total cash spent on environmental rehabilitation *		**(41.9)**	(48.2)

** These costs do not include the increased operating costs relating to the clean up and closure of the Crown sites.*

(a) Change in estimate recognised to decommissioning asset
The decrease is mostly attributable to changes in estimates relating to the method of rehabilitating reclamation sites and the change in the life-of-mine plan, specifically the Crown sites.

(b) Other rehabilitation activities
The Group also performs ongoing environmental rehabilitation arising from its current activities concurrently with production. These costs do not represent a reduction of the above liability and are expensed as operating costs.

Gross cost to rehabilitate
The Group estimates that, based on current environmental and regulatory requirements, the total undiscounted rehabilitation cost is approximately R639.5 million (2016: R630.7 million).

9 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS

ACCOUNTING POLICIES

Cash and cash equivalents in environmental rehabilitation trust funds
Cash and cash equivalents in environmental rehabilitation trust funds comprise low-risk, interest-bearing cash and cash equivalents and are non-derivative financial assets categorised as loans and receivables.

Reimbursive right for environmental rehabilitation guarantees
Funds held in the cell captive that secure the environmental rehabilitation guarantees issued are recognised as a right to receive a reimbursement and is measured at the lower of the amount of the consolidated environmental rehabilitation liability recognised and the consolidated fair value of the fund assets.
Changes in the carrying value of the fund assets, other than those resulting from contributions and payments, are recognised in finance income.

Funding of environmental rehabilitation activities (refer note 8)
Ongoing rehabilitation expenditure and environmental rehabilitation payments to reduce the environmental rehabilitation obligations are mostly funded by cash generated from operations. In addition, contributions have been made to an environmental rehabilitation trust and a cell captive for the sole use of future environmental rehabilitation payments.

Guardrisk Insurance Company Limited ("Guardrisk") issued guarantees amounting to R427.3 million (2016: R427.2 million) to the Department of Mineral Resources ("DMR") on behalf of DRDGOLD related to the environmental obligations. The funds in the cell captive serves as collateral for these guarantees.

Amounts in R million	Note	2017	2016
Cash and cash equivalents in environmental rehabilitation trust funds		**110.5**	93.8
Opening balance		**93.8**	87.9
Transferred from non-current assets held-for-sale	22	**9.9**	-
Growth	4	**6.8**	5.9
Reimbursive right for environmental rehabilitation guarantees		**117.2**	108.3
Opening balance		**108.3**	100.3
Growth	4	**8.9**	8.0
		227.7	202.1

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of the investments held in the environmental rehabilitation trust funds.

The Group manages its exposure to credit risk by diversifying these investments across a number of major financial institutions, as well as investing funds in low-risk, interest-bearing cash and cash equivalents.

MARKET RISK

Interest rate risk
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 the balance of the funds, remain constant. The analysis excludes income tax.

Amounts in R million	2017	2016
100bp increase	**1.1**	0.9
100bp (decrease)	**(1.1)**	(0.9)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the cash and cash equivalents in the environmental rehabilitation trust funds approximate their carrying value due to their short-term maturities.

10 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are non-derivative financial assets categorised as loans and receivables and 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.

Amounts in R million	Note	2017	2016
Bank balances		**151.1**	99.7
Call deposits		**102.6**	252.1
		253.7	351.8
Included in cash and cash equivalents is restricted cash relating to:			
- Cash (including interest) held in escrow relating to the electricity tariff dispute with Ekurhuleni Metropolitan Municipality	23	**92.7**	47.7
- Guarantees		**16.1**	15.2
Interest relating to cash and cash equivalents	4	**23.6**	22.3

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

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of its cash and cash equivalents.
The Group manages its exposure to credit risk by investing cash and cash equivalents across a number of major financial institutions, considering the credit ratings of these financial institutions.

MARKET RISK

Interest rate risk
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 the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2017	2016
100bp increase	**2.5**	3.5
100bp (decrease)	**(2.5)**	(3.5)

Foreign currency risk
US Dollars received on settlement of the trade debtors are exposed to fluctuations in the US Dollar/South African Rand exchange rate until it is converted to South African Rands. US Dollars not converted to South African Rands at reporting date are as follows:

Figures in USD million	2017	2016
Foreign denominated cash at 30 June	-	2.3

Foreign denominated cash is held in a foreign currency bank account accruing negligible interest and is usually converted to South African Rand on the day of receipt. Foreign cash is therefore not exposed to interest rate risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents
The fair value of cash and cash equivalents approximate their carrying value due to their short-term maturities.

11 CASH GENERATED BY OPERATIONS

Amounts in R million	Note	2017	2016
(Loss)/profit before tax		**(36.7)**	108.8
Adjusted for			
Depreciation	7	**179.8**	180.2
Profit on disposal of property, plant and equipment	3.2	**(12.9)**	(10.5)
Change in estimate of environmental rehabilitation	8 , 22	**0.6**	19.3
Environmental rehabilitation payments	8 , 22	**(7.9)**	(11.2)
Movement in gold in process and finished stock	3.1	**(4.8)**	7.1
Increase in long term incentive liability	16	**10.0**	29.9
Reversal of accrual		**-**	(22.7)
Finance income	4	**(40.0)**	(36.8)
Finance expense	5	**52.2**	47.6
Other non-cash items		**(1.0)**	4.6
Operating cash flows before working capital changes		**139.3**	316.3
Working capital changes		**(117.8)**	81.9
Change in trade and other receivables		**(57.6)**	33.7
Change in inventories		**(14.8)**	1.0
Change in trade and other payables		**(45.4)**	47.2
Cash generated by operations		**21.5**	398.2

12 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade and other receivables, excluding Value Added Tax, are non-derivative financial assets categorised as loans and receivables.

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Trade receivables relate to gold sold on the bullion market by Rand Refinery in its capacity as an agent. Settlement is received two working days from gold sold date.

Amounts in R million	2017	2016
Trade receivables	**34.5**	-
Value Added Tax	**50.8**	23.6
Other receivables	**38.7**	54.0
Allowance for impairment	**(9.7)**	(11.1)
	114.3	66.5

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of its trade receivables and other receivables.

The Group manages its exposure to credit risk on trade receivables by maintaining a short term cycle to settlement of 2 working days. The Group manages its exposure to credit risk on other receivables by dealing with a number of counterparties, ensuring that these counterparties are of good credit standing and transacting on a secured or cash basis where considered necessary. Receivables are regularly monitored and assessed for recoverability.

12 TRADE AND OTHER RECEIVABLES *continued*

Ageing of trade receivables and other receivables:

Amounts in R million	2017	2016
Receivables that are past due but not impaired at 30 June	**10.4**	16.8
Receivables that are past due and impaired at 30 June	**9.7**	11.1

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 trade and other receivables during the year was as follows:

Amounts in R million	2017	2016
Balance at 1 July	**(11.1)**	(6.5)
Net of impairments raised and bad debt recovered	**1.0**	(4.6)
Bad debt written off against related receivable	**0.4**	-
Balance at 30 June	**(9.7)**	(11.1)

MARKET RISK

Interest rate risk
Trade and other receivables do not earn interest and are therefore not subject to interest rate risk.

Foreign currency risk
Gold sales, and thus trade receivables, are denominated in US Dollars and are therefore exposed to fluctuations in the US Dollar/South African Rand exchange rate. All foreign currency transactions are entered into at spot rates and no hedges are entered into.

Figures in USD million	2017	2016
Foreign denomination of trade receivables at 30 June	**2.7**	-

A 10% 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 remain constant.

Amounts in R million	2017	2016
Strengthening of the Rand against the US Dollar	**(3.5)**	-
Weakening of the Rand against the US Dollar	**3.5**	-

FAIR VALUE OF FINANCIAL INSTRUMENTS
The fair value of trade and other receivables approximate their carrying value due to their short-term maturities.

13 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables, excluding payroll accruals, accrued leave pay and provision for performance based incentives, are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Group derecognises a financial liability when its contractual rights are discharged, or cancelled or expire.

Amounts in R million	Note	2017	2016
Trade payables		**130.4**	167.9
Other creditors and accruals		**70.5**	58.0
Accrued leave pay		**30.8**	29.0
Provision for performance based incentives		**2.2**	27.1
Payroll accruals		**17.9**	6.9
		251.8	288.9
Interest relating to trade and other payables included in profit or loss	5	**(0.8)**	(1.1)

LIQUIDITY RISK

Trade payables and other creditors and accruals are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade payables and other creditor and accruals approximate their carrying value due to their short-term maturities.

14 INVENTORIES

ACCOUNTING POLICIES

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 cost less allowances for obsolescence. 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.

Amounts in R million	Note	2017	2016
Consumable stores		**101.9**	87.1
Gold in process		**55.1**	48.8
Finished stock - Gold Bullion		**23.3**	24.8
Total inventories		**180.3**	160.7
Inventory carried at net realisable value includes:			
Gold in process		**45.3**	-
Finished stock - Gold Bullion		**19.3**	-
Write down to net realisable value included in movement in gold in process and finished stock		**10.2**	-

15 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management periodically evaluates positions taken where tax regulations are subject to interpretation. This includes the treatment of Ergo as a single mining operation pursuant to the relevant ring-fencing legislation.

The deferred tax liability is calculated by applying a forecast weighted average tax rate that is based on a prescribed formula. The calculation of the forecast weighted average tax rate requires the use of assumptions and estimates and are inherently uncertain and could change materially over time. These assumptions and estimates include expected future profitability and timing of the reversal of the temporary differences.
Due to the forecast weighted average tax rate being based on a prescribed formula that increase the effective tax rate with an increase in forecast future profitability, and *vice versa* , the tax rate can vary significantly year on year and can move contrary to current period financial performance.
A 100 basis points increase in the effective tax rate will result in an increase in the net deferred tax liability at 30 June 2017 of approximately R7.4 million (2016: R8.1 million).

The assessment of the probability that future taxable profits will be available against which the tax losses and unredeemed capital expenditure can be utilised requires the use of assumptions and estimates and are inherently uncertain and could change materially over time.

ACCOUNTING POLICIES

Income tax expense comprises current and deferred tax. Each company is taxed as a separate entity and tax is not set-off between the companies.

Current tax
Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets relating to unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

15.1 INCOME TAX EXPENSE

Tax on gold mining income is determined based on a formula: $Y = 34 - 170/X$ 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 gold mining income derived, expressed as a percentage. Non-mining income, which consists primarily of interest accrued, is taxed at a standard rate of 28%.

All mining capital expenditure is deducted in the year it is incurred to the extent that it does not result in an assessed loss. Capital expenditure not deducted from mining income is carried forward as unutilised capital allowances to be deducted from future mining income.

15 INCOME TAX *continued*

15.1 INCOME TAX EXPENSE *continued*

Amounts in R million	2017	2016
Mining tax	**54.2**	(46.9)
Non-mining tax	**(3.8)**	-
	50.4	(46.9)
Comprising:		
Current tax - current year	**(1.9)**	(0.5)
Current tax - prior year	**-**	(5.1)
Deferred tax - current year	**53.4**	(42.1)
Deferred tax - prior year	**(1.1)**	0.8
	50.4	(46.9)
Tax reconciliation		
Major items causing the Group's income tax expense to differ from the statutory rate were:		
Tax on net loss/(profit) before tax at the South African corporate tax rate of 28%	**10.3**	(30.5)
Rate adjustment to reflect the actual realised company tax rates	**(7.9)**	4.4
Deferred tax rate adjustment (a)	**37.5**	(21.7)
Exempt income and other non-taxable income	**5.4**	-
Utilisation of tax losses for which deferred tax assets were previously unrecognised (b)	**5.9**	7.5
Current year tax losses for which no deferred tax was recognised	**(2.0)**	-
Over/(under) provided in prior periods	**1.1**	(4.3)
Other differences	**0.1**	(2.3)
Income tax	**50.4**	(46.9)
Estimated, unrecognised assessed tax losses at year-end (available to reduce future taxable income)	**133.8**	146.9
Estimated, unrecognised unredeemed capital expenditure at year-end (available for deduction against future mining income)	**1 236.9**	1 208.7
Estimated, unrecognised capital losses at year-end (available to reduce future capital gains)	**1 451.7**	1 452.4

(a) Deferred tax rate adjustment
The forecast weighted average deferred tax rate decreased from 23.1% to 18.6% as a result of a decrease in forecast profitability of Ergo (2016: increased from 20.1% to 23.1% due to the impact of the higher forecast gold price).

(b) Utilisation of tax losses for which deferred tax assets were previously unrecognised
Group entities that are not expected to generate recurring taxable income, and therefore have unrecognised deferred tax assets, generated taxable income during the year ended 30 June 2017 resulting in the utilisation of unrecognised losses.

15 INCOME TAX *continued*

15.2 DEFERRED TAX

Deferred tax assets and liabilities relate to the following:

Amounts in R million	2017	2016
Deferred tax asset		
Provisions	**5.0**	6.8
	5.0	6.8
Deferred tax liability		
Property, plant and equipment	**(223.8)**	(306.9)
Provisions, including rehabilitation provision	**80.2**	107.8
Other temporary differences (1)	**3.1**	4.4
	(140.5)	(194.7)
Net deferred mining and income tax liability	**(135.5)**	(187.9)

Movement in the net deferred tax liability is as follows:

Amounts in R million	2017	2016
Opening balance	**(187.9)**	(146.6)
Recognised in profit or loss	**52.4**	(41.3)
Property, plant and equipment	**83.1**	(72.2)
Provisions, including rehabilitation provision	**(29.4)**	30.7
Other temporary differences (1)	**(1.3)**	0.2
Closing balance	**(135.5)**	(187.9)

(1) Includes the temporary differences on the finance lease obligation.

Deferred tax assets have not been recognised in respect of the following:

Amounts in R million	2017	2016
Tax losses	**20.5**	28.5
Unredeemed capital expenditure	**272.9**	272.9
Capital losses	**325.2**	271.1

Deferred tax assets have not been recognised for Group entities that are not expected to generate future taxable profits against which the tax losses and unredeemed capital expenditure can be utilised.

16 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

Cash-settled share-based payments
Cash-settled share-based payments are measured at fair value and remeasured at each reporting date to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment in profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Post-retirement medical benefit
The Group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Amounts in R million	Note	2017	2016
Liability for long term incentive scheme	16.1	**30.7**	30.3
Liability for post-retirement medical benefits		**8.3**	7.9
		39.0	38.2

16.1 LIABILITY FOR LONG TERM INCENTIVE SCHEME

Terms of the November 2015 grant made under the DRDGOLD Group's amended long term incentive scheme are:
- The scheme has a finite term of 5 years and thus no top-up awards are made when the shares vest;
- The phantom shares are issued at a zero exercise price and will vest after 3 years (20%), 4 years (30%) and 5 years (50%) respectively subject to individual service and performance conditions being met; and
- The phantom shares will be settled at the 7 day volume weighted average price ("VWAP") of the DRDGOLD share.

Amounts in R million	Note	2017	2016
Opening balance		**30.3**	4.3
Increase in long term incentive liability	11	**10.0**	29.9
Vested and paid*		**(9.6)**	(3.9)
Total liability for long term incentive scheme		**30.7**	30.3

Reconciliation of outstanding phantom shares	2017		2016	
	Shares Number	Weighted average price per share R	Shares Number	Weighted average price per share R
Opening balance	23 169 191		4 525 650	
Granted	-	-	20 527 978	2.26
Vested and paid*	(1 502 747)	6.39	(1 858 491)	2.09
Forfeited/lapsed	(521 910)		(25 946)	
Closing balance	21 144 534		23 169 191	

Ageing of outstanding phantom shares:	30 June 2018	30 June 2019	30 June 2020	30 June 2021	Total
Granted October 2014*	955 067				955 067
Granted November 2015		4 037 893	6 056 840	10 094 734	20 189 467
** Granted before amendment*	955 067	4 037 893	6 056 840	10 094 734	21 144 534

Fair value
The fair value of the liability for the long term incentive scheme is mostly influenced by the DRDGOLD Limited share price. Other inputs influencing the fair value are the forward dividend yield and estimates of staff retention and performance conditions. The inputs most significantly influencing the measurement of the fair values are as follows:

	2017	2016	Grant date
7 day VWAP of the DRDGOLD Limited share	**4.23**	**8.03**	**2.26**
Forward dividend yield	**0.7%**	**2.6%**	**4.3%**

16 EMPLOYEE BENEFITS *continued*

16.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Short term benefits/emoluments

Amounts in R 000	2017				2016
Directors / Prescribed Officers	Total remuneration paid during the year (1,2)	Remuneration paid during the year (1)	Pre-tax gain on share options exercised (3)	Incentives related to this cycle (4)	Total remuneration related to this cycle
Executive directors					
D J Pretorius	**5 731**	5 478	-	4 988	10 466
A J Davel	**3 220**	3 077	-	2 949	6 026
	8 951	8 555	-	7 937	16 492
Non-executive directors					
G C Campbell	**1 536**	1 499	-	-	1 499
J Turk	**655**	672	-	-	672
E A Jeneker	**767**	869	-	-	869
J Holtzhausen	**684**	703	-	-	703
T B V N Mnyango	**361**	-	-	-	-
	4 003	3 743	-	-	3 743
Prescribed officers					
C M Symons (5,6)	**232**	3 059	-	2 668	5 727
W J Schoeman	**3 050**	2 929	304	2 949	6 182
R Masemene	**2 371**	1 968	55	1 360	3 383
	5 653	7 956	359	6 977	15 292
Total	**18 607**	20 254	359	14 914	35 527

(1) Total remuneration paid during the year includes encashed leave.
(2) No short term incentives accrued relating to the 2017 cycle.
(3) The gain on share options exercised relate to the last remaining share options held by the prescribed officers that were exercised during the year ended 30 June 2016.
(4) The revised short term incentive scheme that became effective for senior management commencing for the year ended 30 June 2016 included a transitional provision that the incentives accruing to the 2016 cycle was inclusive of the long term incentive payment that would vest and become payable during October 2016 as outlined in "Participation in long term incentive scheme" table on the following page.
(5) Service period concluded on 31 July 2016.
(6) Includes pension scheme contributions of R28 263 (2016: R329 552).

Non-executive directors are paid board fees made up of a base fee and committee fees. The Company's MOI makes provision for directors' fees to be determined at the Annual General Meeting.

16 EMPLOYEE BENEFITS *continued*

16.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in long term incentive scheme

Directors / Prescribed Officers	Opening balance Number	Granted Number	Vested Number	Proceeds (1) R	Average exercise price R/share	Forfeited / lapsed Number	Closing balance Number
2017							
Executive directors							
D J Pretorius	2 323 009	-	-	-	-	-	2 323 009
A J Davel	1 476 039	-	(85 503)	560 079	6.55	-	1 390 536
	3 799 048	**-**	**(85 503)**	**560 079**		**-**	**3 713 545**
Prescribed officers							
C M Symons	170 633	-	(85 314)	558 847	6.55	(85 319)	-
W J Schoeman	1 533 441	-	(125 805)	921 053	7.32	-	1 407 636
R Masemene	905 918	-	(67 230)	426 348	6.34	-	838 688
	2 609 992	**-**	**(278 349)**	**1 906 248**		**(85 319)**	**2 246 324**
Total	**6 409 040**	**-**	**(363 852)**	**2 466 327**		**(85 319)**	**5 959 869**

(1) These proceeds are included in the "Incentives related to the 2016 cylce" column in the short term benefits/emoluments table on the previous page.

2016							
Executive directors							
D J Pretorius	-	2 323 009	-	-	-	-	2 323 009
A J Davel	205 207	1 305 033	(34 201)	64 845	1.90	-	1 476 039
	205 207	**3 628 042**	**(34 201)**	**64 845**		**-**	**3 799 048**
Prescribed officers							
C M Symons	204 757	-	(34 124)	64 703	1.90	-	170 633
W J Schoeman	451 038	1 305 033	(222 630)	464 460	2.09	-	1 533 441
R Masemene	175 632	796 460	(66 174)	138 174	2.09	-	905 918
	831 427	**2 101 493**	**(322 928)**	**667 337**		**-**	**2 609 992**
Total	**1 036 634**	**5 729 535**	**(357 129)**	**732 182**		**-**	**6 409 040**

16 EMPLOYEE BENEFITS *continued*

16.3 RELATED PARTY TRANSACTIONS

Interests in contracts

None of the directors, officers or major shareholders of DRDGOLD or, to the knowledge of DRDGOLD's management, their families, had any interest, direct or indirect, in any transaction during the year ended 30 June 2017 or the preceding financial years, or in any proposed transaction which has affected or will materially affect DRDGOLD or its subsidiaries. None of the directors or officers of DRDGOLD or any associate of such director or officer is currently or has been at any time during the past financial year materially indebted to DRDGOLD.

Key management personnel remuneration

Amounts in R million	2017	2016
Short-term benefits		
- Board fees paid	**5.0**	3.7
- Salaries paid	**52.9**	51.5
- Incentives relating to this cycle	**-**	33.8
- Pre-tax gain on share option exercised	**-**	1.7
	57.9	90.7
Long-term benefits		
- Long term incentive expense	**10.0**	29.9
- Contributions to post-retirement medical benefit	**0.4**	0.3
	10.4	30.2

17 CAPITAL MANAGEMENT

The primary objective of 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, ensures that the Group remains in a sound financial position and matches the Group's strategy.

The Group has no external debt in line with its aim for the existing operations to remain unleveraged. All funding requirements during the past financial year have been financed by existing cash resources and cash generated from operations.

The Group will consider the appropriate capital management strategy for specific growth projects as and when required.

Lease arrangements that are not in the legal form of a finance lease, but is accounted for as such based on its terms and conditions, are not considered to be debt.

18 EQUITY

ACCOUNTING POLICIES

Ordinary share capital
Ordinary shares and the cumulative preference 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.

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 as a deduction from share capital.

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 vest.

Amounts in R million	2017	2016
Authorised share capital		
600 000 000 (2016: 600 000 000) ordinary shares of no par value		
5 000 000 (2016: 5 000 000) cumulative preference shares of 10 cents each	**0.5**	0.5
Issued share capital		
431 429 767 (2016: 431 429 767) ordinary shares of no par value (a)	**4 227.9**	4 227.9
9 361 071 (2016: 9 361 071) treasury shares held within the Group (b)	**(50.7)**	(50.7)
5 000 000 (2016: 5 000 000) cumulative preference shares of 10 cents each	**0.5**	0.5
	4 177.7	4 177.7
Dividends (c)		
Dividends paid during the year net of treasury shares:		
Prior year final dividend		
SA cents per share	**12**	10
Total	**50.6**	42.2
Interim dividends		
SA cents per share	**-**	50
Total	**-**	210.7
Total	**50.6**	252.9

(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 general meeting.
No shares were issued during the year ended 30 June 2017 (2016: 546 000 shares were issued relating to share options exercised under the DRDGOLD (1996) share scheme).

(b) Treasury shares
Shares in DRDGOLD Limited are held in treasury by Ergo Mining Operations Proprietary Limited ("EMO").
No shares were acquired in the market during the year ended 30 June 2017 (2016: 3 205 512).
Dividends amounting to R1.1 million (2016: R5.6 million) were received on these shares.

(c) Dividends
After 30 June 2017, a dividend of 5 cents per qualifying share (R21.1 million) was approved by the directors as a final dividend for 2017. The dividend has not been provided for and does not have any tax impact on the company.

for the year ended 30 June 2017

19 OPERATING SEGMENTS

ACCOUNTING POLICIES

Operating segments are reported in a manner consistent with internal reports that the Group's chief operating decision maker (CODM) reviews regularly in allocating resources and assessing performance of operating segments. The CODM has been identified as the Group's Executive Committee.
The Group has one revenue stream, the sale of gold. To identify operating segments, management reviewed various factors, including operational structure and mining infrastructure. It was determined that an operating segment consists of a single or multiple metallurgical plants that, together with its deposition facility, is capable of operating independently.
When assessing profitability, the CODM considers, *inter alia* , the revenue and production costs of each segment. The net of these amounts is the operating profit or loss. Therefore, operating profit has been disclosed in the segment report as the primary measure of profit or loss. The CODM also considered other costs that, in addition to the operating profit or loss, result in the working profit or loss.

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. The Ergo and Knights plants continue to operate as metallurgical plants. The City Deep plant continues to operate as a pump/milling station feeding the metallurgical plants. The Crown plant operated as a pump/milling station feeding the metallurgical plants until March 2017 when it ceased all operations.

Corporate office and other reconciling items (collectively referred to as **"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.

2017 **Amounts in R million**	**Ergo**	**Other reconciling items**	**Total**
Financial performance			
Revenue	2 339.9	-	2 339.9
Cash operating costs	(2 087.9)	-	(2 087.9)
Movement in gold in process	4.8	-	4.8
Operating profit	256.8	-	256.8
Interest income	6.8	16.8	23.6
Interest expense	(3.3)	(2.4)	(5.7)
Retrenchment costs	(23.0)	-	(23.0)
Administration expenses and general costs	(4.5)	(64.9)	(69.4)
Current tax	(1.9)	-	(1.9)
Working profit/(loss) before capital expenditure	230.9	(50.5)	180.4
Additions to property, plant and equipment	(116.2)	(0.1)	(116.3)
Additions to listed investments	-	(0.1)	(0.1)
Working profit/(loss) after capital expenditure	114.7	(50.7)	64.0
Reconciliation of profit/(loss) for the year			
Working profit/(loss) before capital expenditure	230.9	(50.5)	180.4
- Depreciation	(179.7)	(0.1)	(179.8)
- Movement in provision for environmental rehabilitation	(0.6)	-	(0.6)
- Growth in environmental rehabilitation trust funds and reimbursive right	10.9	5.5	16.4
- Profit on disposal of property, plant and equipment	0.2	12.7	12.9
- Unwinding of provision for environmental rehabilitation	(45.3)	(1.2)	(46.5)
- Ongoing rehabilitation expenditure	(22.4)	-	(22.4)
- Net other operating (costs)/income	(30.3)	31.3	1.0
- Deferred tax	54.2	(1.9)	52.3
Profit/(loss) for the year	17.9	(4.2)	13.7
Statement of cash flows			
Cash flows from operating activities	32.5	19.1	51.6
Cash flows from investing activities	(116.6)	19.9	(96.7)
Cash flows from financing activities	(2.4)	(50.6)	(53.0)

19 OPERATING SEGMENTS *continued*

2016 Amounts in R million	Ergo	Other reconciling items	Total
Financial performance			
Revenue	2 433.1	-	2 433.1
Cash operating costs	(1 991.2)	-	(1 991.2)
Movement in gold in process	(7.1)	-	(7.1)
Operating profit	434.8	-	434.8
Interest income	2.8	19.6	22.4
Interest expense	(4.1)	(0.5)	(4.6)
Administration expenses and general costs	(4.5)	(82.7)	(87.2)
Current tax	(0.5)	(5.1)	(5.6)
Working profit/(loss) before capital expenditure	428.5	(68.7)	359.8
Additions to property, plant and equipment	(100.0)	-	(100.0)
Additions to listed investments	-	(1.3)	(1.3)
Working profit/(loss) after capital expenditure	328.5	(70.0)	258.5
Reconciliation of profit/(loss) for the year			
Working profit/(loss) before capital expenditure	428.5	(68.7)	359.8
- Depreciation	(180.1)	(0.1)	(180.2)
- Movement in provision for environmental rehabilitation	(21.4)	2.1	(19.3)
- Growth in environmental rehabilitation trust funds and reimbursive right	9.8	4.7	14.5
- Profit on disposal of property, plant and equipment	9.3	1.2	10.5
- Unwinding of provision for environmental rehabilitation	(41.5)	(1.5)	(43.0)
- Ongoing rehabilitation expenditure	(27.8)	-	(27.8)
- Net other operating (costs)/income	(29.6)	18.3	(11.3)
- Deferred tax	(46.9)	5.6	(41.3)
Profit/(loss) for the year	100.3	(38.4)	61.9
Statement of cash flows			
Cash flows from operating activities	414.8	1.1	415.9
Cash flows from investing activities	(105.6)	(1.6)	(107.2)
Cash flows from financing activities	(2.0)	(279.1)	(281.1)

20 INTEREST IN SUBSIDIARIES

ACCOUNTING POLICIES

Significant subsidiaries of the Group are those subsidiaries with the most significant contribution to the Group's profit or loss or assets.

Ergo Mining Proprietary Limited is the only significant subsidiary of the Group, is wholly owned and is incorporated and operates in South Africa only.

21 INVESTMENTS IN OTHER ENTITIES

ACCOUNTING POLICIES

The Group's listed and unlisted 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.

Amounts in R million	Shares held	% held	2017	2016
Listed investments (Fair value hierarchy Level 1):			**8.6**	8.9
West Wits Mining Limited ("WWM")	47 812 500	10.5%	**8.6**	8.9
Unlisted investments (Fair value hierarchy Level 3):			**0.2**	0.1
Rand Refinery Proprietary Limited ("Rand Refinery") (a)	44 438	11.0%	**-**	-
Guardrisk Insurance Company Limited (Cell Captive A170) ^	20	#	**0.1**	0.1
Chamber of Mines Building Company Proprietary Limited	30 160	3.0%	**0.1**	*
Rand Mutual Assurance Company Limited	1	#	**-**	-
			8.8	9.0
Fair value adjustment on available for sale financial assets recognised in OCI			(0.3)	4.4

 # Represents a less than 1% shareholding.
** Represents a less than R0.1 million carrying value.*
^ Class A 170 shares are held in Guardrisk Insurance Company Limited that entitles the holder to 100% of the residual net equity of the Cell Captive A 170 after settlement of the reimbursive right.

(a) Rand Refinery
The irrevocable, subordinated loan facility that was extended to Rand Refinery by its major shareholders was converted to redeemable preference shares on 5 June 2017. DRDGOLD's interest in Rand Refinery has therefore not been diluted as a result of the conversion, but the redeemable preference shares remain a significant commitment on the future cash flows of Rand Refinery.

The estimated fair value of the investment in Rand Refinery shares remains *de minimis* due to the uncertainty regarding Rand Refinery's future free cash flows and the lack of marketability of the shares held.

MARKET RISK

Other market price risk
Equity price risk arises from changes in quoted market prices of listed investments as well as changes in the fair value of unlisted investments due to changes in the underlying net asset values.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Listed investments
The fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges and constitute level 1 instruments on the fair value hierarchy.

Unlisted investments
The valuations are based on either the net asset values of these companies, or the consideration of unobservable financial information which is compared to information available in the market regarding other market participants' view on the value of the company and constitute level 3 instruments on the fair value hierarchy.

22 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

SIGNIFICANT ACCOUNTING JUDGEMENTS
The assessment of whether the disposal is highly probable require the exercise of significant judgement and estimates of the outcome of future events that are not wholly within the control of the Group.

ACCOUNTING POLICIES
Non-current assets or disposal groups, comprising non-current 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 measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial application as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Non-current assets and disposal groups cease to be classified as held for sale if it is not highly probable that they will be recovered primarily through sale rather than continuing use.
Such assets that cease to be classified as held for sale are measured at the lower of their carrying amount before such assets were classified as held for sale, adjusted for any depreciation that would have been recognised had such assets not been classified as held for sale, and their recoverable amount at the date of the subsequent decision not to sell.

Amounts in R million	Note	2017	2016
Assets held for sale			
Property, plant and equipment *		**-**	5.8
Opening balance		**5.8**	0.8
Transferred (to)/from property, plant and equipment	7	**(0.8)**	5.0
Disposal (a)		**(5.0)**	-
Non-current investments and other assets		**-**	9.2
Opening balance		**9.2**	8.6
Growth	4	**0.7**	0.6
Transferred to cash and cash equivalents in environmental rehabilitation trust fund	9	**(9.9)**	-
		-	15.0

* Consists of land that is carried at cost and is not depreciated.

Amounts in R million	Note	2017	2016
Liabilities held for sale			
Provisions		**-**	15.6
Opening balance		**15.6**	17.6
Unwinding of provision	5	**1.2**	1.5
Change in estimate of environmental rehabilitation recognised in profit or loss	3.1	**-**	(2.1)
Environmental rehabilitation payments	11	**-**	(1.4)
Transferred to provision for environmental rehabilitation	8	**(16.8)**	-
		-	15.6

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 East Rand Proprietary Mines Limited ("ERPM") including the related liabilities late during the financial year ended 30 June 2014. Since that date, 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.

All regulatory approvals required for this disposal have been obtained, with the exception of the approval required under Section 11 of the Mineral and Petroleum Resource Development Act (Section 11 Approval) as a result of circumstances beyond ERPM's control.

DRDGOLD and the purchaser also concluded the restructure of the payment terms requested by the purchaser during the current financial year.

Based on recent regulatory developments in the South African mining industry negatively impacting sentiment and impeding growth and expansion in the South African mining industry, management believes that the probability of obtaining the Section 11 Approval is no longer "highly probable" as defined for the purpose of presenting the assets and liabilities sold as a disposal Group held for sale. These assets and liabilities have therefore been reclassified based on their underlying nature.

Management remains committed to the disposal and will continue to pursue its rights under the disposal agreement and the ultimate conclusion of the transaction.

(a) Property disposal
A property with a carrying value of R5 million was classified as held for sale based on a sales agreement entered during June 2016. The disposal for R18 million was concluded during the current financial year.

23 CONTINGENT LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Group.
Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.
When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

Occupational Lung Diseases

In January 2013, DRDGOLD, ERPM ("DRDGOLD Respondents") and 23 other mining companies ("Other Respondents") (collectively referred to as "Respondents") were served with a court application issued in the High Court of South Africa ("Court") for a class certification ("Certification Application") on behalf of former mineworkers and dependants of deceased mineworkers ("Applicants"). In the application the Applicants allege that the Respondents conducted underground mining operations in a negligent and complicit manner causing the former mineworkers to contract occupational lung diseases. The Applicants have as yet not quantified the amounts which they are demanding from the Respondents in damages.

On 13 May 2016, the Court granted an order for, *inter alia* (1) 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); and (2) that the common law be developed to provide that in instances where a claimant claiming general damages passed away, the claim for general damages will be transmitted to the estate of the deceased claimant.

The DRDGOLD Respondents served a notice of appeal against the aforementioned findings on 22 July 2016, and 27 September 2016 respectively. The appeal has been set down for hearing from 19 to 23 March 2018.

The Respondent companies formed a Working Group consisting of representatives from each company to consider and discuss issues pertaining to the action.

DRDGOLD withdrew from the Working Group in January 2016. The remaining members of the Working Group have since indicated that they would be seeking a possible settlement of the class action and have all raised accounting provisions at 30 June 2017 due to progress made by the Working Group towards settlement of the claims.

DRDGOLD took the view that it is too early to consider settlement of the matter, mainly for the following reasons:
- the Applicants have as yet not issued and served a summons (claim) in the matter;
- there is no indication of the number of potential claimants that may join the class action against the DRDGOLD respondents;
- many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.

In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

23 CONTINGENT LIABILITIES *continued*

Ekurhuleni Metropolitan Municipality ("Ekurhuleni") Electricity Tariff Dispute

Main Application

In December 2014, an application (in the Court) was filed and served on, *inter alia*, the Ekurhuleni Metropolitan Municipality ("Municipality") and Eskom Holdings SOC Limited ("Eskom") in terms of which 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 ("Main Application"). 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 therefore 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. The hearing in respect of the Main Application has been set down for hearing on 5 December 2018.

Subsequent to December 2014 up to 30 June 2017, the Municipality has invoiced Ergo for approximately R91.8 million in surcharges of which R86.1 million has been paid into an attorney's trust account at 30 June 2017 pending the final determination of the Main Application. This amount paid into the attorneys’ trust account represents the difference between the Megaflex tariff and the surcharge levied by the Municipality.

Urgent Application

Subsequent to Ergo electing to pay the surcharge levied by the Municipality into the trust account of its attorneys, the Municipality, on 25 May 2015 threatened to terminate the electricity supply at the Substation in terms of the provisions of the By-Laws described above. The Municipality was, furthermore, contending that Ergo was allegedly in arrears of its account and was seeking to employ its debt collection and credit control measures in relation to the alleged arrears. Ergo proceeded to launch an urgent application at the South Gauteng High Court, Johannesburg, to interdict the Municipality from terminating the electricity supply at the Substation. On 3 May 2016, the Court found in favour of Ergo and interdicted and prohibited the Municipality from terminating or otherwise interfering with the supply of electricity at the Substation. The Municipality subsequently, and ultimately, petitioned the Supreme Court of Appeal ("SCA") for leave to appeal against the judgment. The appeal hearing was heard by the full bench of the South Gauteng High Court, Johannesburg on 20 and 21 June 2017. Judgment in respect thereof was handed down on 29 August 2017 and the full bench found in favour of the Municipality. Ergo filed its petition for leave to appeal to the SCA on 26 September 2017.

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 Mega Litres ("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 long-term 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.

24 FINANCIAL INSTRUMENTS

Overview

The Group 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 17. This note must be read with the quantitative disclosures included throughout these consolidated financial statements.

Financial 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 due to the exposure to credit risk being managed as disclosed in the follwing notes:

NOTE 9 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 10 CASH AND CASH EQUIVALENTS
NOTE 12 TRADE AND OTHER RECEIVABLES

MARKET RISK

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

Commodity price risk

Additional disclosures are included in the following note:
NOTE 2 REVENUE

Other market risk

Additional disclosures are included in the following note:
NOTE 21 INVESTMENTS IN OTHER ENTITIES

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.
Additional disclosures are included in the following notes:
NOTE 9 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 10 CASH AND CASH EQUIVALENTS

24 FINANCIAL INSTRUMENTS *continued*

MARKET RISK *continued*

Foreign currency risk

The Group enters into transactions denominated in foreign currencies, such as gold sales denominated in US dollar, in the ordinary course of business. This exposes the Group to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following notes:

NOTE 12 TRADE AND OTHER RECEIVABLES
NOTE 10 CASH AND CASH EQUIVALENTS

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.
Additional disclosures are included in the following note:

NOTE 13 TRADE AND OTHER PAYABLES

25 RELATED PARTIES

Disclosures are included in the following notes:

NOTE 16.3 RELATED PARTY TRANSACTIONS
NOTE 20 INTEREST IN SUBSIDIARIES
NOTE 18 EQUITY

26 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2017 and the date of issue of these financial statements other than included in the preceding notes to the consolidated financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

Amounts in R million	Note	2017	2016
Revenue	2	**26.9**	20.1
Operating costs		**(27.1)**	(20.2)
Administration expenses and other costs		**(26.3)**	(57.7)
Results from operating activities	3	**(26.5)**	(57.8)
Finance income	4	**78.7**	81.4
Finance expenses		**(2.3)**	(0.4)
Profit before tax		**49.9**	23.2
Income tax	10.1	**(1.9)**	0.5
Profit for the year		**48.0**	23.7
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	14	**(0.3)**	4.4
Total other comprehensive income for the year		**(0.3)**	4.4
Total comprehensive income for the year		**47.7**	28.1

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2017

Amounts in R million	Note	2017	2016
ASSETS			
Non-current assets		**931.9**	773.3
Property, plant and equipment		**0.1**	0.2
Net investments in subsidiaries	5	**918.1**	757.3
Investments in other entities	14	**8.8**	9.0
Deferred tax asset	10.2	**4.9**	6.8
Current assets		**132.7**	298.2
Trade and other receivables	8	**8.5**	13.0
Cash and cash equivalents	6	**124.2**	278.6
Current tax asset		**-**	6.6
TOTAL ASSETS		**1 064.6**	1 071.5
EQUITY AND LIABILITIES			
Equity			
Equity	13	**1 030.8**	1 034.9
Non-current liabilities		**11.9**	9.8
Liability for long term incentive scheme	11.1	**11.9**	9.8
Current liabilities		**21.9**	26.8
Trade and other payables	9	**16.7**	26.8
Current tax liability		**5.2**	-
TOTAL LIABILITIES		**33.8**	36.6
TOTAL EQUITY AND LIABILITIES		**1 064.6**	1 071.5

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

Amounts in R million	Note	Share capital	Available for sale and other reserves	Retained earnings	Total equity
Balance at 30 June 2015		**4 225.6**	**0.7**	**(2 963.7)**	**1 262.6**
Total comprehensive income					
Profit for the year				23.7	23.7
Other comprehensive income	14		4.4		4.4
Transactions with the owners					
Dividend on ordinary share capital	13			(258.6)	(258.6)
Shares issued for cash		2.8			2.8
Balance at 30 June 2016		**4 228.4**	**5.1**	**(3 198.6)**	**1 034.9**
Total comprehensive income					
Profit for the year				48.0	48.0
Other comprehensive income	14			(0.3)	(0.3)
Transactions with the owners					
Dividend on ordinary share capital	13			(51.8)	(51.8)
Available for sale and other reserves transferred to retained earnings	1		(5.1)	5.1	-
Balance at 30 June 2017		**4 228.4**	**-**	**(3 197.6)**	**1 030.8**
Note		13			

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

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

Amounts in R million	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received		**26.9**	20.1
Cash paid to suppliers and employees		**(66.0)**	(55.2)
Cash applied to operations	7	**(39.1)**	(35.1)
Finance income received		**17.0**	19.4
Finance expenses paid		**(0.1)**	(0.6)
Income tax received		**11.8**	1.5
Net cash outflow from operating activities		**(10.4)**	(14.8)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(0.1)**	(0.1)
Amounts advanced to subsidiaries		**(97.1)**	-
Repayments of amounts owing by subsidiaries		**-**	347.2
Other		**5.0**	(3.8)
Net cash (outflow)/inflow from investing activities		**(92.2)**	343.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings		**-**	(22.5)
Dividends paid on ordinary share capital	13	**(51.8)**	(258.6)
Proceeds from the issue of shares		**-**	2.8
Net cash outflow from financing activities		**(51.8)**	(278.3)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(154.4)**	50.2
Cash and cash equivalents at the beginning of the year		**278.6**	228.6
Foreign exchange movements		**-**	(0.2)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**124.2**	278.6

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2017

1 ACCOUNTING POLICIES

Reporting entity
DRDGOLD ("Company") is primarily a Holding Company holding investments in subsidiaries involved in the retreatment of surface gold. DRDGOLD Limited is domiciled in South Africa with a registration number of 1895/000926/06. The registered address of the Company is 1 Sixty Jan Smuts Building, 2nd Floor - North Tower, 160 Jan Smuts Avenue, Rosebank, 2196.

Basis of accounting
The 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 financial statements were approved by the board of directors on 25 October 2017.

Functional and presentation currency
The Company's functional and presentation currency is South African rand due to all of the Company's operations being located in South Africa. The amounts in these financial statements are rounded to the nearest hundred thousand unless stated otherwise.

Use of accounting assumptions, estimates and judgements
The preparation of the financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets and liabilities, income and expenses.
Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.
Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the notes:
NOTE 10 INCOME TAX
Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the notes:
NOTE 15 CONTINGENT LIABILITIES

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

IAS 1 Disclosure Initiative: Changes to the presentation of the financial statements and notes to the financial statements
In order to facilitate improved reading of the financial statements, DRDGOLD has made various changes to the presentation of the financial statements and notes to the financial statements to give prominence to material financial statement disclosures.
In applying materiality to financial statement disclosures, we consider both the amount and nature of each item. The main changes to the presentation of the financial statements and notes thereon in 2017 are as follows and were made retrospectively for all periods presented in order to facilitate improve comparability:
• The notes to the financial statements are presented in an order that gives prominence to the areas of our activities that the Company considers to be the most relevant to understand our financial performance and position. This new grouping has been detailed on the index to these financial statements on page 1.
• The statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity: Certain line items disclosure were rationalised to focus on material information and certain line items were renamed or added where such presentation facilitate improved presentation of relevant financial information.
• With effect from 1 July 2016, the accumulated available for sale and other reserves, comprising asset revaluation reserves, were transferred to retained earnings and subsequent changes in the fair value of available for sale financial instruments are recognised directly in retained earnings.
• Accounting policies previously presented in Note 1 as a single note, have in 2017 been placed within the relevant notes to the financial statements, where possible. Changes were made in the wording of these policies to more clearly set out the accounting policies relevant to the Company and do not represent changes in accounting policies.

1 ACCOUNTING POLICIES *continued*

IAS 1 Disclosure Initiative: Changes to the presentation of the financial statements and notes to the financial statements (continued)

• Information about significant judgements, assumptions and estimation uncertainties previously presented in Note 1 as a single note were placed within the relevant notes alongside the significant accounting policy to which they relate.
• Financial instrument disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 16 summarises the financial instrument disclosure that has been included throughout the financial statements.
• Related party disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 17 summarises the related party disclosure that has been included throughout the financial statements.

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 Company 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 will be adopted at their effective dates.

IAS 12 Income taxes amendments (Recognition of deferred tax assets for unrealised losses) (Effective date 1 January 2017)
The amendments provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised, such as the exclusion of tax deductions resulting from the reversal of deductible temporary differences.
This amended accounting standard is not expected to have a significant impact on the financial statements.

IFRS 2 Share-based payment amendments (Effective date 1 January 2018)
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.
A preliminary assessment indicated that IFRS 2 will not have a significant impact on the Company as market and non-vesting conditions are being taken into account in measuring its fair value and the number of awards to receive cash is already adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions. The final assessment of the impact of IFRS 2 will be finalised in due course.

IFRS 9 Financial Instruments (Effective date 1 January 2018)
This standard will include changes in the measurement bases of the financial assets to amortised cost and fair value through other comprehensive income ("OCI"). 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.
A preliminary assessment indicated that IFRS 9 will not have a significant impact on the Company due to the short term nature of financial assets measured at amortised cost and the insignificant movements related to available-for-sale financial assets. The final assessment of the impact of IFRS 9 will be finalised in due course.

IFRS 15 Revenue from contracts with customers (Effective date 1 January 2018)
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.
A preliminary assessment indicated that IFRS 15 will not have a significant impact on the Company due to the short term nature of the revenue cycle. The final assessment of the impact of IFRS 15 will be finalised in due course.

2 REVENUE

ACCOUNTING POLICIES

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 it is measured at fair value. The stage of completion is determined on the basis of cost incurred to date in relation to the total expected cost.

Amounts in R million	Note	2017	2016
Corporate service fees	5	**26.9**	20.1
		26.9	20.1

3 RESULTS FROM OPERATING ACTIVITIES

Amounts in R million	Note	2017	2016
Results from operating activities include the following:			
Remuneration			
Board fees		**3.7**	3.7
Salaries including accruals for short term incentives		**26.1**	34.0
Increase in long term incentive liability	11.1	**2.3**	9.4

4 FINANCE INCOME

ACCOUNTING POLICIES

Finance income includes interest received.

Amounts in R million	Note	2017	2016
Interest on cash and cash equivalents	6	**16.3**	19.5
Interest on amounts receivable from subsidiaries	5	**62.4**	61.9
		78.7	81.4

5 NET INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICIES

Investment in subsidiaries
Subsidiaries are entities controlled by DRDGOLD. DRDGOLD 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. Investments in subsidiaries are carried at cost less any accumulated impairment.

Amounts owing to the company
Amounts owing to the company are non-derivative financial assets categorised as loans and receivables.

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Amounts owing by the company
Amounts owing by the company are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company derecognises a financial liability when its contractual rights are discharged, or cancelled or expire.

Amounts in R million	2017	2016
Investment in subsidiaries at cost		
Ergo Mining Operations Proprietary Limited	**210.5**	210.5
	210.5	210.5
Amounts owing to the company		
Ergo Mining Proprietary Limited ("Ergo") (1)	**599.9**	599.9
Ergo Mining Operations Proprietary Limited ("EMO") (2)	**419.2**	258.4
West Witwatersrand Gold Mines Limited	**-**	-
Cost	**143.9**	143.9
Impairment	**(143.9)**	(143.9)
	1 019.1	858.3
Amounts owing by the company		
Crown Consolidated Gold Recoveries Limited	**(245.3)**	(245.3)
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	**(42.1)**	(42.1)
West Witwatersrand Gold Holdings Limited	**(23.0)**	(23.0)
Argonaut Financial Services Proprietary Limited	**(1.1)**	(1.1)
	(311.5)	(311.5)
Net investment in subsidiaries	**918.1**	757.3

All loans are unsecured, interest free and have no fixed terms of repayment, except as follows:
(1) The loan bears interest at the prime interest rate minus four percentage points. The loan is unsecured and DRDGOLD may call for payment of the loan at any time.
(2) The loan bears interest at the prime interest rate minus four percentage points. The loan is unsecured and without any fixed repayment arrangements. DRDGOLD subordinated its claim 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 borrower, fairly valued, exceeds its total liabilities; or all other liabilities are paid.
The company and its major subsidiary, Ergo, will jointly continue to provide EMO with the financial support required to meet its obligations incurred in the ordinary course of business, including the obligations of EMO's subsidiary ERPM. The company has also 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.

5 NET INVESTMENTS IN SUBSIDIARIES *continued*

Transactions with subsidiaries

Amounts in R million	Note	2017	2016
Corporate services fees from Ergo Mining Proprietary Limited	2	**26.9**	20.1
Interest received from Ergo Mining Proprietary Limited		**38.8**	35.4
Interest received from Ergo Mining Operations Proprietary Limited		**23.6**	26.5
	4	**62.4**	61.9

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of the amount owing to DRDGOLD Limited.

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

MARKET RISK

Interest rate risk
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 the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2017	2016
100bp increase	**10.2**	8.6
100bp (decrease)	**(10.2)**	(8.6)

LIQUIDITY RISK

Amounts owing by DRDGOLD Limited do not have any fixed payment terms and may be called for at any time.

RELATED PARTY RELATIONSHIPS

A complete list of subsidiaries is provided below:

Name of entity	Activity
Subsidiaries directly held	
Ergo Mining Operations Proprietary Limited	Holding company
Crown Consolidated Gold Recoveries Limited	Dormant
West Witwatersrand Gold Holdings Limited	Dormant
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	Dormant
Argonaut Financial Services Proprietary Limited	Dormant
Roodepoort Gold Mine Proprietary Limited	Dormant
Subsidiaries indirectly held	
Ergo Mining Proprietary Limited	Surface gold mining
East Rand Proprietary Mines Limited	Care and maintenance
Crown Gold Recoveries Proprietary Limited	Non - operational
West Witwatersrand Gold Mines Limited	Dormant
Crown Mines Limited	Dormant
City Deep Limited	Dormant
Consolidated Main Reef and Estate Limited	Dormant
Hartebeestfontein Gold Mining Company Limited	Dormant

All subsidiaries are 100% owned by DRDGOLD and are incorporated in South Africa.

6 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are non-derivative financial assets categorised as loans and receivables and 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.

Amounts in R million	Note	2017	2016
Bank balances		**21.6**	36.0
Call deposits		**102.6**	242.6
		124.2	278.6
Interest relating to cash and cash equivalents	4	**16.3**	19.5

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of its cash and cash equivalents.
The Company manages its exposure to credit risk by investing cash and cash equivalents across a number of major financial institutions, considering the credit ratings of these financial institutions.

MARKET RISK

Interest rate risk
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 the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2017	2016
100bp increase	**1.2**	2.8
100bp (decrease)	**(1.2)**	(2.8)

Foreign currency risk
US Dollars are exposed to fluctuations in the US Dollar/South African Rand exchange rate until it is converted to South African Rands. US Dollars not converted to South African Rands at reporting date are as follows:

Figures in USD million	2017	2016
Foreign denominated cash at 30 June	**-**	2.3

Foreign denominated cash is held in a foreign currency bank account accruing negligable interest and is usually converted to South African Rand on the day of receipt. Foreign cash is therefore not exposed to interest rate risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents
The fair value of cash and cash equivalents approximate their carrying value due to their short-term maturities.

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2017

7 CASH APPLIED TO OPERATIONS

Amounts in R million	Note	2017	2016
Profit before tax		**49.9**	23.2
Adjusted for			
Depreciation		**0.1**	0.1
Increase in long term incentive liability	11.1	**2.3**	9.4
Finance income	4	**(78.7)**	(81.4)
Finance expenses		**2.3**	0.4
Operating cash flows before working capital changes		**(24.1)**	(48.3)
Working capital changes		**(15.0)**	13.2
Change in trade and other receivables		**(1.0)**	0.1
Change in trade and other payables		**(14.0)**	13.1
Cash applied to operations		**(39.1)**	(35.1)

8 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade and other receivables, excluding Value Added Tax, are non-derivative financial assets categorised as loans and receivables.

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Amounts in R million	2017	2016
Value Added Tax	**1.4**	-
Other receivables	**7.1**	13.0
	8.5	13.0

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of its other receivables, excluding Value Added Tax. None of the Company's other receivables are past due.

The Company manages its exposure to credit risk on trade receivables by providing corporate services on a retainer basis. The Company manages its exposure to credit risk on other receivables by dealing with a number of counterparties, ensuring that these counterparties are of good credit standing and transacting on a secured or cash basis where considered necessary. Receivables are regularly monitored and assessed for recoverability.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade and other receivables approximate their carrying value due to their short-term maturities.

9 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables, excluding payroll accruals, accrued leave pay and provision for performance based incentives, are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The company derecognises a financial liability when its contractual rights are discharged, or cancelled or expire.

Amounts in R million	Note	2017	2016
Trade payables		**3.6**	15.9
Other creditors and accruals		**4.7**	0.4
Accrued leave pay		**1.7**	1.2
Provision for incentives		**-**	9.3
Payroll accruals		**6.7**	-
		16.7	26.8

LIQUIDITY RISK

Trade payables and other creditors and accruals are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade payables and other creditor and accruals approximate their carrying value due to their short-term maturities.

10 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management periodically evaluates positions taken where tax regulations are subject to interpretation.

The assessment of the probability that future taxable profits will be available against which the tax losses and unredeemed capital expenditure can be utilised requires the use of assumptions and estimates and are inherently uncertain and could change materially over time.

ACCOUNTING POLICIES

Income tax expense comprises current and deferred tax.

Current tax
Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

10.1 INCOME TAX EXPENSE

Amounts in R million	2017	2016
Non-mining tax	**(1.9)**	0.5
	(1.9)	0.5
Comprising:		
Current tax - prior year	**-**	(5.1)
Deferred tax - current year	**(1.9)**	5.6
	(1.9)	0.5
Tax reconciliation		
Major items causing the Company's income tax expense to differ from the statutory rate were:		
Tax on net profit before tax at the South African corporate tax rate of 28%	**(14.0)**	(6.5)
Exempt income (a)	**6.6**	11.3
Utilisation of tax losses for which deferred tax assets were previously unrecognised (b)	**5.9**	0.9
Under provided in prior periods	**-**	(5.1)
Other differences	**(0.4)**	(0.1)
Income tax	**(1.9)**	0.5
Estimated, unrecognised assessed tax losses at year-end (available to reduce future taxable income)	**9.5**	29.6
Estimated, unrecognised unredeemed capital expenditure at year-end (available for deduction against future mining income)	**131.5**	131.5
Estimated, unrecognised capital losses at year-end (available to reduce future capital gains)	**1 451.7**	1 452.4

(a) Exempt income
Exempt income consists of R23.6 million interest received from subsidiaries that is not taxable (2016: R40.2 million).

(b) Utilisation of tax losses for which deferred tax assets were previously unrecognised
Despite the Company not normally generating recurring taxable income, and therefore having unrecognised deferred tax assets, it generated taxable income during the year ended 30 June 2017.

10 INCOME TAX *continued*

10.2 DEFERRED TAX

Deferred tax assets relate to the following:

Amounts in R million	2017	2016
Provisions	**4.9**	6.8
	4.9	6.8

Movement in the deferred tax asset is as follows:

Amounts in R million	2017	2016
Opening balance	**6.8**	1.2
Recognised in profit or loss	**(1.9)**	5.6
Provisions	**(1.9)**	5.6
Closing balance	**4.9**	6.8

Deferred tax assets have not been recognised in respect of the following:

Amounts in R million	2017	2016
Tax losses	**2.7**	8.4
Unredeemed capital expenditure	**36.8**	36.8
Capital losses	**325.2**	271.1

Deferred tax assets have not been recognised as the company is not expected to generate future taxable profits against which the tax losses and unredeemed capital expenditure can be utilised.

11 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

Cash-settled share-based payments
Cash-settled share-based payments are measured at fair value and remeasured at each reporting date to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment in profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

11.1 LIABILITY FOR LONG TERM INCENTIVE SCHEME

The terms of the November 2015 grant made under the DRDGOLD Group's amended long term incentive scheme are:
• The scheme has a finite term of 5 years and thus no top-up awards are made when the shares vest;
• The phantom shares are issued at a zero exercise price and will vest after 3 years (20%), 4 years (30%) and 5 years (50%) respectively subject to individual service and performance conditions being met; and
• The phantom shares will be settled at the 7 day volume weighted average price ("VWAP") of the DRDGOLD share.

Amounts in R million	Note	2017	2016
Opening balance		**9.8**	1.2
Increase in long term incentive liability	7	**2.3**	9.4
Transferred between Group companies		**1.3**	-
Benefits paid		**(1.5)**	(0.8)
Total liability for long term incentive scheme		**11.9**	9.8

Reconciliation of outstanding phantom shares	2017		2016	
	Shares Number	Weighted average price per share R	Shares Number	Weighted average price per share R
Opening balance	7 944 894		904 932	
Granted	-	-	7 325 643	2.26
Vested and paid*	(265 786)	5.64	(285 681)	2.09
Forfeited/lapsed	(85 503)		-	
Closing balance	7 593 605		7 944 894	

Ageing of outstanding phantom shares:	30 June 2018	30 June 2019	30 June 2020	30 June 2021	Total
Granted October 2014*	267 962				267 962
Granted November 2015		1 465 129	2 197 693	3 662 821	7 325 643
** Granted before amendment*	267 962	1 465 129	2 197 693	3 662 821	7 593 605

Fair value
The fair value of the liability for the long term incentive scheme is mostly influenced by the DRDGOLD Limited share price. Other inputs influencing the fair value are the forward dividend yield and estimates of staff retention and performance conditions. The inputs most significantly influencing the measurement of the fair values are as follows:

	2017	2016	Grant date
7 day VWAP of the DRDGOLD Limited share	**4.23**	**8.03**	**2.26**
Forward dividend yield	**0.7%**	**2.6%**	**4.3%**

11 EMPLOYEE BENEFITS *continued*

11.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Short term benefits/emoluments

Amounts in R 000	**2017**				**2016**
Directors / Prescribed Officers	**Total remuneration paid during the year (1,2)**	**Remuneration paid during the year (1)**	**Pre-tax gain on share options exercised (3)**	**Incentives related to this cycle (4)**	**Total remuneration related to this cycle**
Executive directors					
D J Pretorius	**5 731**	5 478	-	4 988	10 466
A J Davel	**3 220**	3 077	-	2 949	6 026
	8 951	8 555	-	7 937	16 492
Non-executive directors					
G C Campbell	**1 536**	1 499	-	-	1 499
J Turk	**655**	672	-	-	672
E A Jeneker	**767**	869	-	-	869
J Holtzhausen	**684**	703	-	-	703
T B V N Mnyango	**361**	-	-	-	-
	4 003	3 743	-	-	3 743
Prescribed officers					
C M Symons (5,6)	**232**	3 059	-	2 668	5 727
W J Schoeman	**3 050**	2 929	304	2 949	6 182
R Masemene	**2 371**	1 968	55	1 360	3 383
	5 653	7 956	359	6 977	15 292
Total	**18 607**	20 254	359	14 914	35 527

(1) Total remuneration paid during the year includes encashed leave.
(2) No short term incentives accrued relating to the 2017 cycle.
(3) The gain on share options exercised relate to the last remaining share options held by the prescribed officers that were exercised during the year ended 30 June 2016.
(4) The revised short term incentive scheme that became effective for senior management commencing for the year ended 30 June 2016 included a transitional provision that the incentives accruing to the 2016 cycle was inclusive of the long term incentive payment that would vest and become payable during October 2016 as outlined in "Participation in long term incentive scheme" table on the following page.
(5) Service period concluded on 31 July 2016.
(6) Includes pension scheme contributions of R28 263 (2016: R329 552).

Non-executive directors are paid board fees made up of a base fee and committee fees. The Company's MOI makes provision for directors' fees to be determined at the Annual General Meeting.

11 EMPLOYEE BENEFITS *continued*

11.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in long term incentive scheme

Directors / Prescribed Officers	Opening balance Number	Granted Number	Vested Number	Proceeds (1) R	Average exercise price R/share	Forfeited / lapsed Number	Closing balance Number
2017							
Executive directors							
D J Pretorius	2 323 009	-	-	-	-	-	2 323 009
A J Davel	1 476 039	-	(85 503)	560 079	6.55	-	1 390 536
	3 799 048	**-**	**(85 503)**	**560 079**		**-**	**3 713 545**
Prescribed officers							
C M Symons	170 633	-	(85 314)	558 847	6.55	(85 319)	-
W J Schoeman	1 533 441	-	(125 805)	921 053	7.32	-	1 407 636
R Masemene	905 918	-	(67 230)	426 348	6.34	-	838 688
	2 609 992	**-**	**(278 349)**	**1 906 248**		**(85 319)**	**2 246 324**
Total	**6 409 040**	**-**	**(363 852)**	**2 466 327**		**(85 319)**	**5 959 869**

(1) These proceeds are included in the "Incentives related to the 2016 cylce" column in the short term benefits/emoluments table on the previous page.

Directors / Prescribed Officers	Opening balance Number	Granted Number	Vested Number	Proceeds (1) R	Average exercise price R/share	Forfeited / lapsed Number	Closing balance Number
2016							
Executive directors							
D J Pretorius	-	2 323 009	-	-	-	-	2 323 009
A J Davel	205 207	1 305 033	(34 201)	64 845	1.90	-	1 476 039
	205 207	**3 628 042**	**(34 201)**	**64 845**		**-**	**3 799 048**
Prescribed officers							
C M Symons	204 757	-	(34 124)	64 703	1.90	-	170 633
W J Schoeman	451 038	1 305 033	(222 630)	464 460	2.09	-	1 533 441
R Masemene	175 632	796 460	(66 174)	138 174	2.09	-	905 918
	831 427	**2 101 493**	**(322 928)**	**667 337**		**-**	**2 609 992**
Total	**1 036 634**	**5 729 535**	**(357 129)**	**732 182**		**-**	**6 409 040**

11 EMPLOYEE BENEFITS *continued*

11.3 RELATED PARTY TRANSACTIONS

Interests in contracts

None of the directors, officers or major shareholders of DRDGOLD or, to the knowledge of DRDGOLD's management, their families, had any interest, direct or indirect, in any transaction during the year ended 30 June 2017 or the preceding financial year, or in any proposed transaction which has affected or will materially affect DRDGOLD or its subsidiaries. None of the directors or officers of DRDGOLD or any associate of such director or officer is currently or has been at any time during the past financial year materially indebted to DRDGOLD.

Key management personnel remuneration

Amounts in R million	**2017**	**2016**
Short-term benefits		
- Board fees paid	**3.7**	3.7
- Salaries paid	**19.4**	15.8
- Incentives relating to this cycle	**-**	11.3
- Pre-tax gain on share option exercised	**-**	0.2
	23.1	31.0
Long-term benefits		
- Long term incentive expense	**2.3**	9.4
	2.3	9.4

12 CAPITAL MANAGEMENT

The primary objective of managing the Company'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, ensures that the Group remains in a sound financial position and matches the Group's strategy.

The Group has no external debt in line with its aim for the existing operations to remain unleveraged. All funding requirements during the past financial year have been financed by existing cash resources and cash generated from operations.

The Group will consider the appropriate capital management strategy for specific growth projects as and when required.

13 EQUITY

ACCOUNTING POLICIES

Ordinary share capital
Ordinary shares and the cumulative preference 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.

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 vest.

Amounts in R million	2017	2016
Authorised share capital		
600 000 000 (2016: 600 000 000) ordinary shares of no par value		
5 000 000 (2016: 5 000 000) cumulative preference shares of 10 cents each	**0.5**	0.5
Issued share capital		
431 429 767 (2016: 431 429 767) ordinary shares of no par value (a)	**4 227.9**	4 227.9
5 000 000 (2016: 5 000 000) cumulative preference shares of 10 cents each	**0.5**	0.5
	4 228.4	4 228.4
Dividends (b)		
Dividends paid during the year:		
Prior year final dividend		
SA cents per share	**12**	10
Total	**51.8**	43.1
Interim dividends		
SA cents per share	**-**	50
Total	**-**	215.5
Total	**51.8**	258.6

(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.
No shares were issued during the year ended 30 June 2017 (2016: 546 000 shares were issued relating to share options exercised under the DRDGOLD (1996) share scheme).

(b) Dividends
After 30 June 2017, a dividend of 5 cents per qualifying share (R21.1 million) was approved by the directors as a final dividend for 2017. The dividend has not been provided for and does not have any tax impact on the company.

RELATED PARTY TRANSACTIONS

Treasury shares
Shares in DRDGOLD Limited are held in treasury by EMO.
No shares were acquired in the market during the year ended 30 June 2017 (2016: 3 205 512).
Dividends amounting to R1.1 million (2016: R5.6 million) were paid on these shares.

14 INVESTMENTS IN OTHER ENTITIES

ACCOUNTING POLICIES

The Company's listed and unlisted 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.

Amounts in R million	Shares held	% held	2017	2016
Listed investments (Fair value hierarchy Level 1):			**8.6**	8.9
West Wits Mining Limited ("WWM")	47 812 500	10.5%	**8.6**	8.9
Unlisted investments (Fair value hierarchy Level 3):			**0.2**	0.1
Rand Refinery Proprietary Limited ("Rand Refinery") (1)	40 078	10.0%	**-**	-
Guardrisk Insurance Company Limited (Cell Captive A170) ^	20	#	**0.1**	0.1
Chamber of Mines Building Company Proprietary Limited	30 160	3.0%	**0.1**	*
Rand Mutual Assurance Company Limited	1	#	**-**	-
			8.8	9.0
Fair value adjustment on available for sale financial assets recognised in OCI			(0.3)	4.4

[#] Represents a less than 1% shareholding.
** Represents a less than R0.1 million carrying value.*
^ Class A170 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.

(1) Rand Refinery
The irrevocable, subordinated loan facility that was extended to Rand Refinery by its major shareholders was converted to redeemable preference shares on 5 June 2017. DRDGOLD's interest in Rand Refinery has therefore not been diluted as a result of the conversion, but the redeemable preference shares remain a significant commitment on the future cash flows of Rand Refinery.

The estimated fair value of the investment in Rand Refinery shares remains *de minimis* due to the uncertainty regarding Rand Refinery's future free cash flows and the lack of marketability of the shares held.

MARKET RISK

Other market price risk
Equity price risk arises from changes in quoted market prices of listed investments as well as changes in the fair value of unlisted investments due to changes in the underlying net asset values.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Listed investments
The fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges and constitute level 1 instruments on the fair value hierarchy.

Unlisted investments
The valuations are based on either the net asset values of these companies, or the consideration of unobservable financial information which is compared to information available in the market regarding other market participants' view on the value of the company and constitute level 3 instruments on the fair value hierarchy.

15 CONTINGENT LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Company.
Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.
When the Company has a present obligation, an outflow of economic resources is assessed as probable and the Company can reliably measure the obligation, a provision is recognised.

Occupational Lung Diseases

In January 2013, DRDGOLD, ERPM (“DRDGOLD Respondents”) and 23 other mining companies (“Other Respondents”) (collectively referred to as "Respondents") were served with a court application issued in the High Court of South Africa (“Court") for a class certification (“Certification Application”) on behalf of former mineworkers and dependants of deceased mineworkers (“Applicants”). In the application the Applicants allege that the Respondents conducted underground mining operations in a negligent and complicit manner causing the former mineworkers to contract occupational lung diseases. The Applicants have as yet not quantified the amounts which they are demanding from the Respondents in damages.

On 13 May 2016, the Court granted an order for, *inter alia* (1) 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); and (2) that the common law be developed to provide that in instances where a claimant claiming general damages passed away, the claim for general damages will be transmitted to the estate of the deceased claimant.

The DRDGOLD Respondents served a notice of appeal against the aforementioned findings on 22 July 2016, and 27 September 2016 respectively. The appeal has been set down for hearing from 19 to 23 March 2018.

The Respondent companies formed a Working Group consisting of representatives from each company to consider and discuss issues pertaining to the action.

DRDGOLD withdrew from the Working Group in January 2016. The remaining members of the Working Group have since indicated that they would be seeking a possible settlement of the class action and have all raised accounting provisions at 30 June 2017 due to progress made by the Working Group towards settlement of the claims.

DRDGOLD took the view that it is too early to consider settlement of the matter, mainly for the following reasons:
- the Applicants have as yet not issued and served a summons (claim) in the matter;
- there is no indication of the number of potential claimants that may join the class action against the DRDGOLD respondents;
- many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.

In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

16 FINANCIAL INSTRUMENTS

Overview
The Company 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 Company's exposure to each of the above risks, the Company's objectives and policies and processes for measuring and managing risk. The Company's management of capital is disclosed in note 12. This note must be read with the quantitative disclosures included throughout these financial statements.

Financial risk management framework
The board of directors ("Board") has overall responsibility for the establishment and oversight of the DRDGOLD Group's ("the Group") 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.
The Company's financial instruments do not represent a concentration of credit risk due to the exposure to credit risk being managed as disclosed in the follwing notes:
NOTE 5 NET INVESTMENTS IN SUBSIDIARIES
NOTE 6 CASH AND CASH EQUIVALENTS
NOTE 8 TRADE AND OTHER RECEIVABLES

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

Other market risk
Additional disclosures are included in the following note:
NOTE 14 INVESTMENTS IN OTHER ENTITIES

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 Company 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.
Additional disclosures are included in the following notes:
NOTE 5 NET INVESTMENTS IN SUBSIDIARIES
NOTE 6 CASH AND CASH EQUIVALENTS

16 FINANCIAL INSTRUMENTS *continued*

MARKET RISK continued

Foreign currency risk

The Company receives cash denominated in US dollar resulting from the Group's gold sales in the ordinary course of business. This exposes the Company to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following note:

NOTE 6 CASH AND CASH EQUIVALENTS

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

The Company 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.

Additional disclosures are included in the following note:

NOTE 5 NET INVESTMENTS IN SUBSIDIARIES

NOTE 9 TRADE AND OTHER PAYABLES

17 RELATED PARTIES

Disclosures are included in the following notes:

NOTE 5 NET INVESTMENTS IN SUBSIDIARIES

NOTE 11.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

NOTE 11.3 RELATED PARTY TRANSACTIONS

NOTE 13 EQUITY

18 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2017 and the date of issue of these financial statements other than included in the preceding notes to the financial statements.

SHAREHOLDER INFORMATION
at 30 June 2017

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
1) Analysis of shareholders				
1 - 5 000	4 940	79.78%	3 898 139	0.90%
5 001 - 10 000	436	7.04%	3 359 614	0.78%
10 001 - 50 000	564	9.11%	13 315 244	3.09%
50 001 - 100 000	114	1.84%	8 346 804	1.93%
100 001 - 1 000 000	102	1.65%	27 360 605	6.34%
1 000 001 - AND MORE	36	0.58%	375 149 361	86.96%
	6 192	100.00%	431 429 767	100.00%

2) Major shareholders
(1% and more of shares in issue)

Bank of New York Mellon	224 769 156	52.10%
Khumo Gold SPV (Pty) Limited ("Khumo") *	35 000 000	8.11%
BNYMSANV	22 011 823	5.10%
Clearstream Banking S.A. Luxembourg	12 804 023	2.97%
Citiclient Nominees No 8 NY GW	11 123 542	2.58%
DRDSA Empowerment Trust	10 500 000	2.43%
Ergo Mining Operations Proprietary Limited	9 361 071	2.17%
KBC Securities N.V Clients	7 469 136	1.73%
Investec Value Fund	5 862 496	1.36%
JPMC-Vanguard BBH lending account	5 382 847	1.25%

* Khumo entered into a securities lending arrangement with a financial institution to hedge up to 13 million of its DRDGOLD shares, but will continue to hold a beneficial interest in all 35 million of its DRDGOLD Shares until the expiry of the Lock-in Period. Refer to the SENS announcement dated 16 March 2017 for more detail about this arrangement. At 30 June 2017 Khumo hedged 10 670 000 of its DRDGOLD shares.

3) Shareholder spread

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
Non-public	4	0.07%	9 809 179	2.27%
Directors	3	0.05%	448 108	0.10%
Subsidiary	1	0.02%	9 361 071	2.17%
Public	6 188	99.93%	421 620 588	97.73%
	6 192	100.00%	431 429 767	100.00%

4) Distribution of shareholders

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
Individuals	5 603	90.49%	35 072 498	8.13%
Institutions and bodies corporate	589	9.51%	396 357 269	91.87%
	6 192	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
1 Sixty, Jan Smuts Building
2nd Floor, North-Tower
160 Jan Smuts Avenue
Rosebank, 2196
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 12442
Selcourt
1567, Springs
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

Geoff Campbell*
Independent Non-executive Chairman [2#]

Niël Pretorius
Chief Executive Officer [3]

Riaan Davel
Chief Financial Officer

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]

Toko Mnyango
Independent Non-executive Director [3]

COMPANY SECRETARY

Reneiloe Masemene

INVESTOR AND MEDIA RELATIONS

James Duncan
R&A Strategic Communications
Tel: +27 (0) 11 880 3924
Fax: +27 (0) 11 880 3788
Mobile: +27 (0) 79 336 4010
E-mail: james@rasc.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, and 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 (in Australia)
Fax: +61 8 9323 2033

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

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

GENERAL

JSE sponsor
One Capital

Auditor
KPMG Inc.

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

Bankers
ABSA Capital
Standard Bank of South Africa Limited

Website
www.drdgold.com

* *British*
** *American*

Committee memberships during FY2017
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

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 2017, which we filed with the United States Securities and Exchange Commission (SEC) on 31 October 2017. 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.