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## FORWARD-LOOKING STATEMENTS

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

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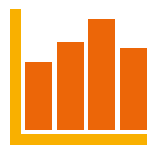
## HIGHLIGHTS



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](http://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](http://www.drdgold.com)

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

Queries should be addressed to:

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Chief Financial Officer  
**Tel:** +27 (0)11 470 2608  
**Email:** [riaan.davel@drdgold.com](mailto:riaan.davel@drdgold.com)

### 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*
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### SUITE OF REPORTS



## 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 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 10<sup>th</sup> 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

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.

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.

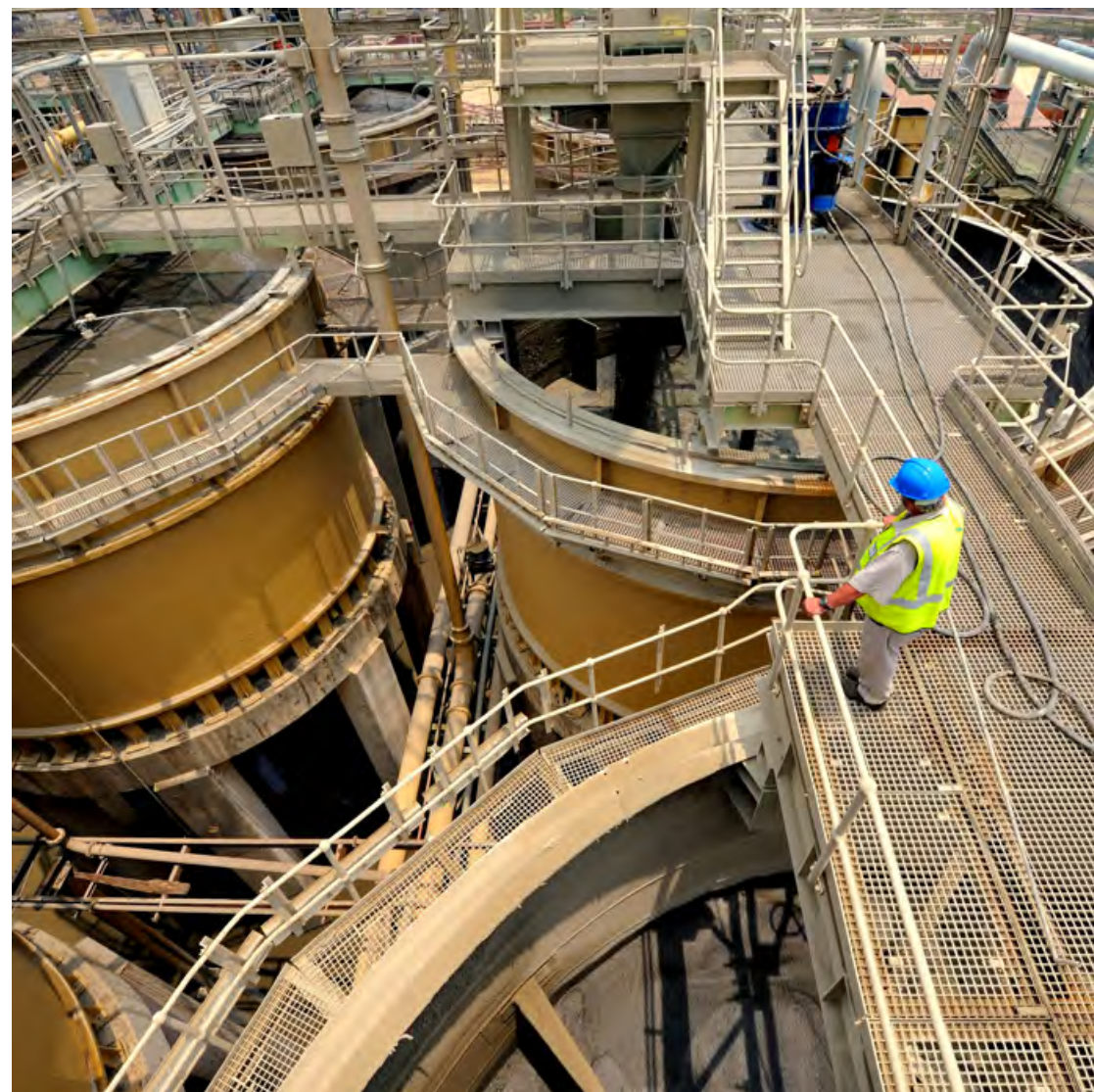
So, although its full steam ahead with planned infrastructure, we continue to look very hard at our overheads and cost structure in the new budget run. As it is, the closure of the Crown plant and the Crown legacy sites will bring about a cost saving of R72 million in the coming year while the newly 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.

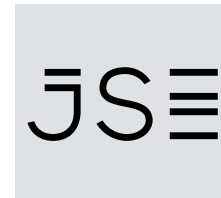
This ownership structure is compliant with the Mining Charter and has the approval of the Department of Mineral Resources (DMR).

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



#### Secondary listing



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

*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.*



PEOPLE. PLANET. PROFIT.



### 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 10<sup>th</sup> 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.



## 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



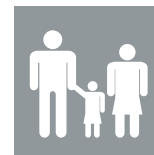
MANUFACTURED  
CAPITAL



HUMAN  
CAPITAL



SOCIAL AND  
RELATIONSHIP  
CAPITAL



NATURAL  
CAPITAL



## CREATING VALUE

Shareholders and  
investors

Employees

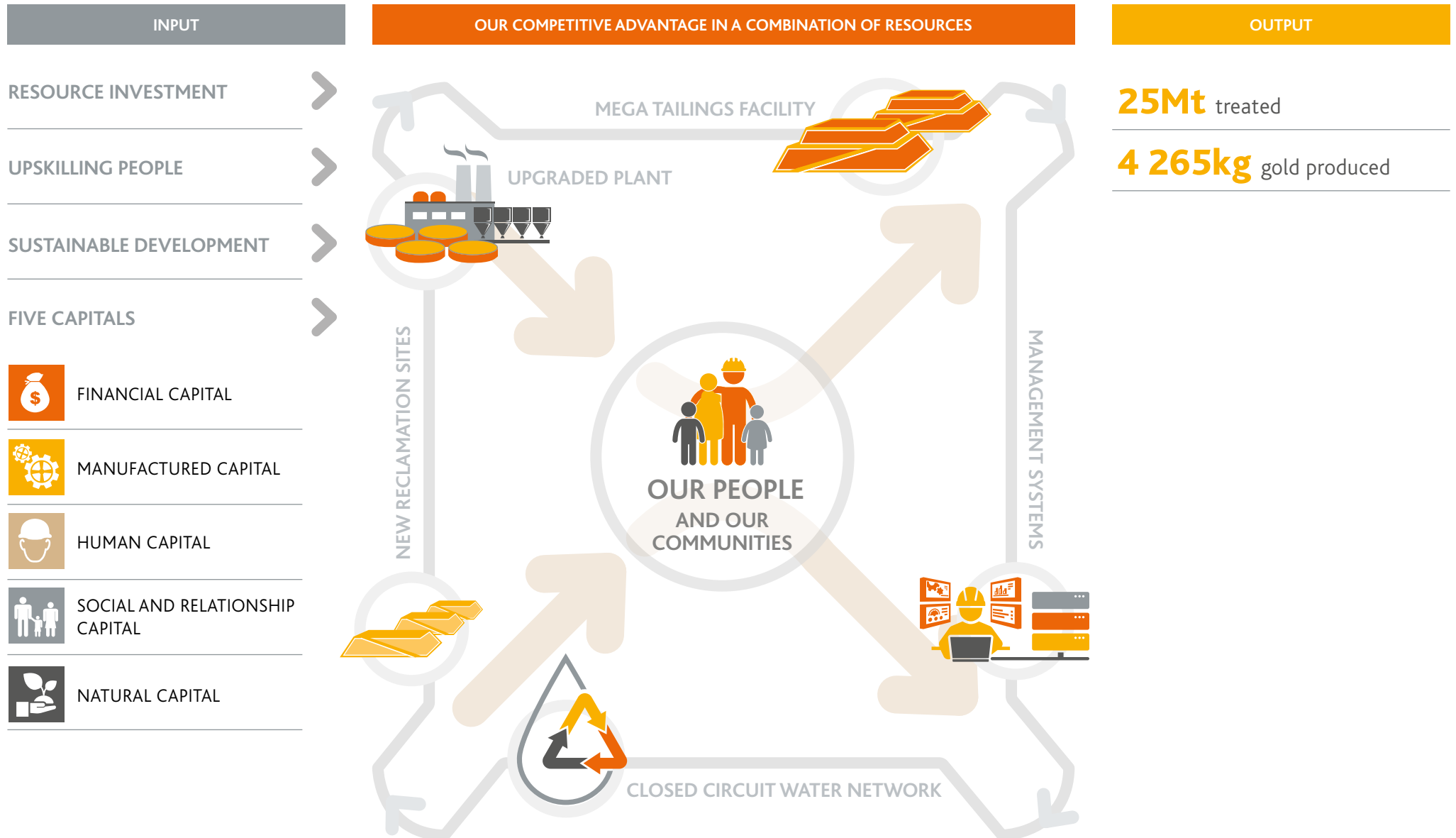
Suppliers and  
service providers

Communities

Government and  
regulators



Media

## OUR BUSINESS MODEL *continued*






## OUR BUSINESS MODEL *continued*

Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
 <p><b>FINANCIAL CAPITAL</b> 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.</p>	<ul style="list-style-type: none"> <li>• NYSE/JSE listing</li> <li>• Debt-free balance sheet</li> <li>• Cash of R253.7 million</li> <li>• Free cash flow generated by operations</li> </ul>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Market capitalisation of R1.8 billion</li> <li>• Final dividend declared of 5cps</li> <li>• Revenue of R2 339.9 million</li> <li>• Value of R2 260 million<sup>LA</sup> distributed</li> <li>• Free cash outflow of R45.1 million, considering specific working capital movements</li> </ul>
 <p><b>MANUFACTURED CAPITAL</b> 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.</p>	<ul style="list-style-type: none"> <li>• Our flagship Ergo plant in Brakpan including flotation/fine-grind (FFG) process</li> <li>• Better use of technology and analysis to keep the Ergo plant stable</li> <li>• Extensive pipeline infrastructure</li> <li>• Mega Tailings storage facility</li> <li>• R116 million spent on capital projects including R43.4 million on growth capital</li> <li>• Centralised water distribution system</li> <li>• R4.1 million invested in tonnage and grade verification</li> </ul>	<p>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:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• R116 million spent on capital projects including R43.4 million on growth capital</li> <li>• Gold production in the final quarter of FY2017 met the production target</li> <li>• Use of externally sourced potable water decreased by 26%</li> </ul>
		<p>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.</p>	<ul style="list-style-type: none"> <li>• 62.5% increase in our Mineral Reserves and increase in our life-of-mine (LoM) plan to 12 years</li> </ul>



<sup>LA</sup> Limited assurance

## OUR BUSINESS MODEL *continued*


Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
 <p><b>HUMAN CAPITAL</b> 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.</p>	<ul style="list-style-type: none"> <li>• Experienced team</li> <li>• Relatively small skilled permanent workforce (850 employees)</li> <li>• Specialist service providers (1 365 contractors)</li> </ul>	<p>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:</p> <ul style="list-style-type: none"> <li>• Training initiatives</li> <li>• Talent management</li> <li>• Best Life project</li> <li>• Home ownership initiative</li> <li>• Baobab programme and communication</li> </ul> <p>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.</p> <p>The health and safety of our employees remain a priority. We have therefore initiated the following campaigns:</p> <ul style="list-style-type: none"> <li>• Time out for Safety</li> <li>• Red Job Card System</li> <li>• Weekly walk about</li> <li>• Walkways</li> </ul>	<ul style="list-style-type: none"> <li>• R412 million<sup>1A</sup> in salaries and benefits</li> <li>• 20% women in mining</li> <li>• 68% historically disadvantaged South Africans (HDSAs) in management, core and critical skills positions</li> <li>• 1 371 employee training sessions at a cost of R9.6 million</li> <li>• 58 employees retrenched at a cost of R23 million</li> </ul> <ul style="list-style-type: none"> <li>• 1<sup>1A</sup> fatality</li> <li>• Lost time injury frequency rate (LTIFR): 2.91<sup>1A</sup></li> <li>• Reportable injury frequency rate (RIFR): 1.53<sup>1A</sup></li> </ul>



<sup>1A</sup> Limited assurance



## OUR BUSINESS MODEL *continued*


Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
 <p><b>SOCIAL AND RELATIONSHIP CAPITAL</b></p> <p>Our social and relationship capital extends to our people and neighbouring communities by improving quality of life, poverty alleviation and youth education.</p>	<ul style="list-style-type: none"> <li>Ergo Business Development Academy (EBDA), flagship for development and training established in the community</li> <li>Employee assistance programme</li> <li>Broad-based agricultural livelihoods programme for East Rand communities</li> <li>Infrastructure improvement projects at several schools</li> <li>Maths, science and accountancy upliftment programmes at schools on West Rand and East Rand</li> </ul>	<p>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:</p> <ul style="list-style-type: none"> <li>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</li> <li>In and around Ergo, more than 700 families grow their own vegetables and several produce a surplus sold in their communities</li> </ul>	<ul style="list-style-type: none"> <li>BBBEE procurement spend: R1 448.8 million (85.5% of our total discretionary spend)</li> <li>R25 million<sup>1A</sup> socio-economic development spend</li> <li>476 community members in learnership programmes</li> <li>724 learners benefited from our maths and science programme</li> <li>225 learners benefited from our accountancy programme</li> </ul>



<sup>1A</sup> Limited assurance



## OUR BUSINESS MODEL *continued*

Key Resources	Key inputs	Activities to enhance key resources and trade-offs between capitals	Outcomes
 <p><b>NATURAL CAPITAL</b> 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.</p>	<ul style="list-style-type: none"> <li>• Surface Mineral Resource of 11.8Moz</li> <li>• Water, electricity and chemical reagent consumption</li> <li>• Containment and remediation of our impacts on the environment</li> <li>• R41.9 million spend on environmental rehabilitation activities</li> </ul>	<p>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.</p> <p>We invested further in projects which have yielded or are expected to yield a natural dividend in the future, including the following:</p> <ul style="list-style-type: none"> <li>• Tonnage and grade verification, which resulted in Mineral Reserve conversion</li> <li>• Centralised water distribution system and other water saving initiatives</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• 62.5% increase in our Mineral Reserves</li> <li>• Total water consumption down 8% and potable water consumption down 26%</li> <li>• Electricity consumption up 0.5% to 376 723MWh<sup>LA</sup></li> <li>• Total carbon emissions down 1% to 379 332<sup>LA</sup> tonnes CO<sub>2</sub>e</li> <li>• Dust emissions down to 0.4%</li> <li>• 35 hectares of vegetation established on our tailings deposition facilities</li> <li>• 90 hectares of land rehabilitated and NNR clearance obtained for redevelopment</li> </ul>



<sup>LA</sup> 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.

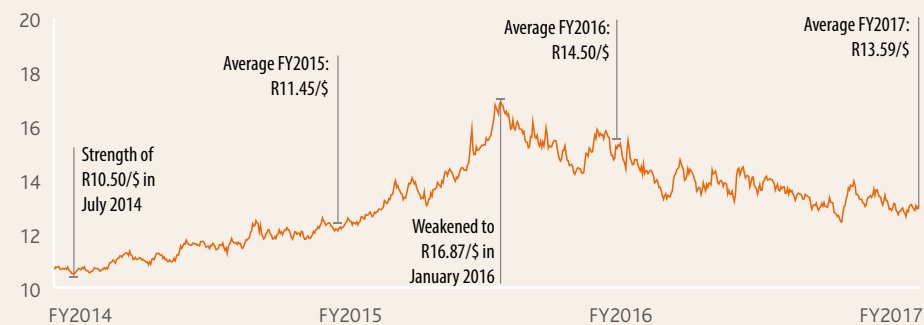
The gold price is significantly affected by macro-economic factors, such as fluctuations in inflation, interest rates, exchange rates, changes in reserve policy by central banks, and global or regional political and economic crises. In times of inflation and currency devaluation, gold is often seen as 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	EMPLOYEES	SUPPLIERS AND SPECIALIST SERVICE PROVIDERS	COMMUNITIES	GOVERNMENT AND REGULATORY AUTHORITIES	MEDIA
<ul style="list-style-type: none"> <li>• Operating and financial performance</li> <li>• Share price performance and dividends</li> <li>• Governance</li> <li>• Sustainability of the group</li> <li>• Management of risk</li> <li>• Identification of business opportunities</li> <li>• Stability within the industry</li> <li>• Labour issues</li> <li>• Safety performance</li> <li>• Gold price</li> </ul>	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Training and development</li> <li>• Wages and benefits</li> <li>• Retirement provision</li> <li>• Medical aid provision</li> <li>• Home ownership</li> <li>• Health and safety</li> <li>• Group performance</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability of the Group</li> <li>• Financial performance</li> <li>• Employment practices</li> <li>• Local procurement</li> <li>• Preferential procurement</li> <li>• Performance of service providers</li> <li>• Business training</li> <li>• Support and quality control</li> </ul>	<ul style="list-style-type: none"> <li>• Local economic development</li> <li>• Employment and local job creation</li> <li>• Corporate social investment (CSI) projects</li> <li>• Dust control</li> <li>• Health-, safety- and security-related issues</li> <li>• Environmental impact</li> <li>• Rehabilitation</li> <li>• Skills development</li> <li>• Training programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Licence to operate</li> <li>• Water licence</li> <li>• Environmental management plan (EMP)</li> <li>• SLP</li> <li>• BBBEE compliance</li> <li>• Labour relations</li> <li>• Conditions of employment</li> <li>• Health and safety</li> <li>• Employment equity</li> <li>• Education and training</li> <li>• Local economic development</li> <li>• Environmental impact and rehabilitation</li> <li>• Taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results</li> <li>• Corporate activity</li> <li>• Environmental issues</li> <li>• Health and safety</li> <li>• Marketing</li> <li>• Community related topics</li> </ul>

#### 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.

## TOP 10 RISK PROFILE

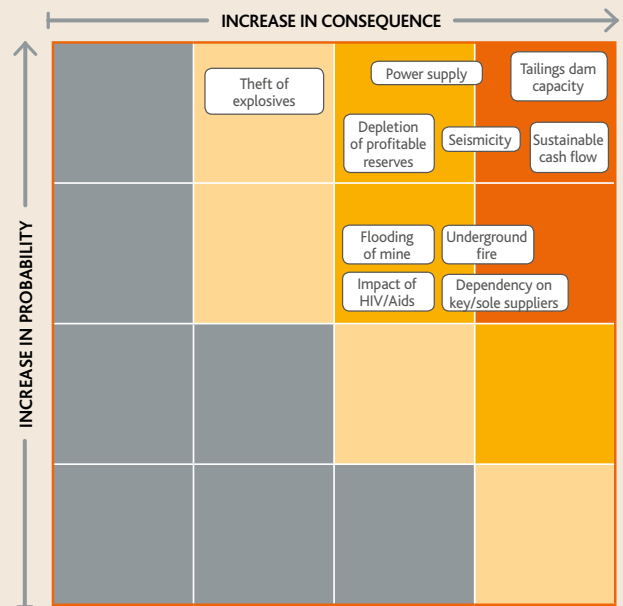
The substantial reduction in our top 10 risks is due to a deliberate strategy to address risks head-on and strive toward "no risk exposure".

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

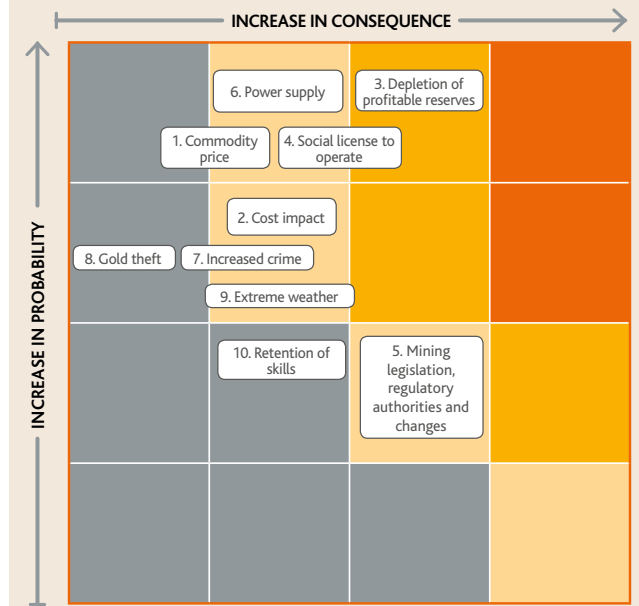
- Our exit from underground mining concentrating solely on surface retreatment of mine dumps, reduced our labour-related and health and safety risks
- All surface operations at Ergo was rationalised
- The FFG circuit at Ergo was introduced to mitigate decreasing head grade
- Generators were installed 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



### OUR RISK PROFILE 10 YEARS AGO



### RISKS AS AT 30 JUNE 2017



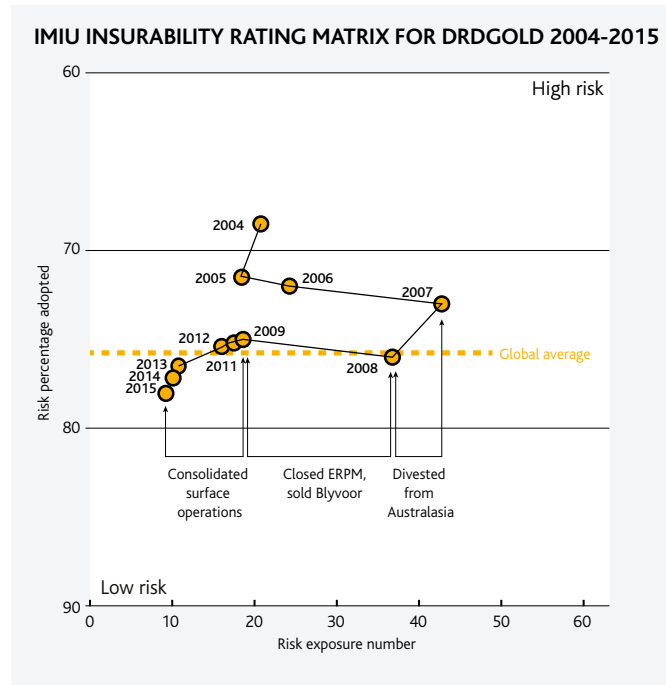
## AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES *continued*

### 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 DRDGOLD'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.









## 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.	 




### LEGEND

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

### OUR MAJOR RISKS






Key risk	Mitigating actions	Strategic focus areas
<p><b>1. Commodity price</b></p> <p>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.</p> <p>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.</p>	<p>Key gold price trends and market indicators are constantly monitored to ensure an effective response to commodity price and exchange rate fluctuations.</p> <p>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.</p> <p>The Group focuses on reducing risk, controlling costs and improving margins.</p> <p>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.</p>	    
<p><b>2. Cost impact</b></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Operating and capital costs are monitored and reviewed regularly by management and the Board.</p> <p>The procurement department manages purchases, contracts and tenders. Power conservation and reduction initiatives are implemented at the operations.</p> <p>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.</p>	    

## AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES *continued*

Key risk	Mitigating actions	Strategic focus areas
<p><b>3. Depletion of profitable reserves</b></p> <p>Since the early 1970s, sand dumps holding higher grades, targeted for reclamation have mostly been depleted.</p> <p>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.</p>	<p>Our investment in technology to improve recovery efficiencies may offset the impact of diminishing head grades.</p> <p>Securing additional higher-grade surface resources within our current footprint may also offset the impact of diminishing head grades.</p>	
<p><b>4. Social licence to operate</b></p> <p>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.</p>	<p>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.</p>	
<p><b>5. Mining legislation, regulatory authorities and changes</b></p> <p>DRDGOLD, like other mining companies in South Africa, is subject to extensive mining regulations.</p> <p>A revised Mining Charter was published by the Department of Mineral Resources in June 2017.</p> <p>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.</p>	<p>The Group adheres to the country's laws, and applicable regulations and policies.</p> <p>DRDGOLD monitors changes, and engages with government and regulators to ensure compliance.</p> <p>The Group also maintains close relationships with authorities at regional and national level so that any issues can be addressed speedily.</p> <p>DRDGOLD is a member of the Chamber of Mines, which is currently opposing the revised Mining Charter.</p>	



## AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES *continued*

Key risk	Mitigating actions	Strategic focus areas
<p><b>6. Power supply</b></p> <p>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.</p>	<p>Generators have been installed to prevent challenges experienced from recurring when some parts of the circuits are without power.</p> <p>We began a long-term project to evaluate the feasibility of alternative power-generation technologies.</p>	
<p><b>7. Increased crime</b></p> <p>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.</p>	<p>DRDGOLD maintains close relationships with leaders in the communities surrounding its operations.</p> <p>The Group's security service provider and in-house security managers increase staff complements as required.</p> <p>Surveillance equipment allows for continuous monitoring of properties by security personnel.</p>	
<p><b>8. Gold theft</b></p> <p>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.</p>	<p>Steps are taken to monitor high-risk areas and to minimise the opportunity for illegal activities.</p> <p>Sophisticated access control systems have also been introduced to identify material on a person leaving high-risk areas.</p>	
<p><b>9. Extreme weather</b></p> <p>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.</p>	<p>The Group has policies and procedures in place to ensure health and safety compliance.</p> <p>A safe working environment is created for all employees.</p> <p>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.</p>	
<p><b>10. Retention of skills</b></p> <p>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.</p>	<p>The phantom share incentive scheme serves as a long-term incentive to retain senior employees.</p> <p>Certain key employees are retained with lock-in contracts.</p> <p>Competitive bonus schemes and salaries are used to attract and retain talent.</p> <p>Individual development programmes are designed to fill senior positions with high-potential employees.</p>	



## 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
 <p>OUR RESOURCE</p> <p>Optimal, sustainable exploitation of large surface gold resource</p>	<p>Exploit our 11.8Moz surface gold resource sustainably, to enable DRDGOLD to provide value to as many stakeholders for as long as possible.</p>	<p>To expand our tailings deposition facility by approximately 800Mt within the next five years.</p> <p>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.</p> <p>To seek out opportunities through co-operation or acquisitions that are suitable for the expansion or roll-out of our business model.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	<p>Total value distributed</p> <p>Share price, in comparison to gold index</p> <p>Mineral Reserve conversion</p>	<p>R2 260 million<sup>LA</sup></p> <p>Underperformed against the JSE Gold Index</p> <p>Converted 1.6Moz of Mineral Resources to Mineral Reserves increasing our Mineral Reserves by 62.5%</p>	<p>R2 378 million<sup>LA*</sup></p> <p>Outperformed JSE Gold Index</p>	<p>Continue our investment in tonnage and grade verification.</p> <p>Further studies to inform our decision regarding the expansion of our Tailings Deposition Facility.</p> <p>Seek out investment and growth opportunities to expand our business model and the life of DRDGOLD.</p>
 <p>GENERATING CASH</p> <p>Controlling costs and maximising margins, enabling our business to generate cash</p>	<p>Ensure full value is realised from our product by focusing on consistent volumes and managing costs.</p>	<p>To contain our cash operating costs within budget and below mining inflation.</p> <p>To contain our cash operating cost per tonne within budget and below mining inflation.</p> <p>Stable, predictable volume throughput of 2.1 Mt/month.</p> <p>To generate positive free cash flow to distribute to our shareholders and invest in other capitals to ensure the sustainable business of DRDGOLD.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• 5% increase in total cash operating costs and cash operating cost per tonne</li> <li>• Total all-in sustaining costs remained stable at R2 264.4 million (FY2016: R2 229.0 million)</li> </ul> <p>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.</p>	<p>Total cash operating cost</p> <p>Cash operating cost per tonne (R/tonne)</p> <p>Operating margin</p> <p>All-in sustaining cost (AISC) margin</p> <p>Tonnes throughput</p> <p>Free cash flow (utilised)/generated</p>	<p>R2 087.9 million</p> <p>R84/tonne</p> <p>11.0%</p> <p>3.2%</p> <p>25.0Mt</p> <p>(R45.1 million)</p>	<p>R1 991.2 million</p> <p>R80/tonne</p> <p>17.9%</p> <p>8.4%</p> <p>24.8Mt</p> <p>R308.7 million</p>	<p>Continue our focus on cost saving initiatives such as:</p> <ul style="list-style-type: none"> <li>• Central Water Facility and impact on potable water consumption and related costs</li> <li>• Containing our overall cost increase to 2% of consumables</li> <li>• Saving on reagent consumption and related costs through plant efficiencies</li> </ul>

<sup>LA</sup> 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
 <p>TECHNOLOGY</p> <p>Using technologies that enhance operating efficiencies and minimise impact on environment</p>	<p>Improve gold recovery and operational efficiencies through continued research and development.</p>	<p>To operate and monitor the plant efficiently to enable a stable plant.</p>	<p>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.</p> <p>The recovered grade was lower due to a decline in the head grade and the difficulties encountered in mining the Crown material.</p>	<p>Recovered gold</p>	0.171g/t	0.180g/t	<p>Continue our focus on: Improving plant efficiency and recoveries through the partnership with the Wits School of Chemical Engineering and other initiatives.</p>
 <p>LIMITING IMPACT</p> <p>Restoring mining footprint, limiting burden on natural resources, and limiting impact of ongoing operations on environment and communities</p>	<p>We manage the use of potable water and power in our operation, we reduce dust emissions through our extensive vegetation programme.</p>	<p>Decrease and maintain the use of external potable water to 20% of total water used.</p> <p>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.</p> <p>Decrease our reliance on Eskom power supply and invest in alternative power generation technologies by 2025.</p>	<p>We invested in the following projects that contributed to a decrease in potable water usage:</p> <ul style="list-style-type: none"> <li>• Central Water Facility</li> <li>• Gland Service Infrastructure</li> <li>• Rondebult waste water treatment works</li> </ul> <p>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.</p>	<p>Potable water usage</p> <p>Potable water used as a percentage of total water used</p> <p>Dust exceedances</p> <p>Electricity used</p>	<p>5 490M<sup>LA</sup></p> <p>20% of total water used</p> <p>5<sup>LA</sup> exceedances (0.4%)</p> <p>376 723MWh<sup>LA</sup></p>	<p>7 376M<sup>LA</sup></p> <p>27% of total water used</p> <p>22<sup>LA</sup> exceedances (1.6%)</p> <p>374 891MWh<sup>LA</sup></p>	<p>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.</p> <p>Continue engaging with relevant stakeholders including the community through our Dust Forum to understand and address key concerns.</p> <p>Continue our vegetation programme and clearing of land through our mining activities.</p> <p>Invest in research and development opportunities, such as the project on alternative power generation.</p>



<sup>LA</sup> 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
 <p>OUR PEOPLE</p> <p>Taking care of our people</p>	<p>Employee wellness, financial literacy and knowledge based labour force.</p>	<p>To create a safe working environment:</p> <ul style="list-style-type: none"> <li>• 0 fatalities</li> <li>• Maintain Reportable Injury Frequency Rate (RIFR) and Lost Time Injury Frequency Rate (LRIFR) below one standard deviation of the preceding five year rolling average</li> </ul> <p>To offer competitive and market related remuneration to all our employees.</p> <p>To keep on developing our people by offering training and other initiatives.</p>	<p>One employee died as a result of civil unrest while on duty.</p> <p>Our reported safety measures reported worsened slightly mainly due to an enhancement in methodology of how we calculate manhours.</p> <p>Value distributed to employees decreased by 2%, mainly due to the retrenchment of 58 employees relating to our Crown operation.</p> <p>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.</p> <p>We invested in training and development initiatives for our employees, including the Talent Management programme.</p> <p>We implemented multi-disciplinary self managed work teams as part of our Baobab programme.</p>	<p>Safety measures</p> <p>Value distributed to employees</p>	<p>Fatalities: 1<sup>LA</sup></p> <p>LTIFR: 2.91<sup>LA</sup></p> <p>RIFR: 1.53<sup>LA</sup></p> <p>R412 million<sup>LA</sup></p> <p>1 371 employee training sessions at a cost of R9.6 million</p>	<p>Fatalities: 0<sup>LA</sup></p> <p>LTIFR: 2.68<sup>LA</sup></p> <p>RIFR: 1.42<sup>LA</sup></p> <p>R421 million<sup>LA</sup></p> <p>1 251 employee training sessions at a cost of R6.9 million</p>	<p>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.</p>
 <p>OUR COMMUNITIES</p> <p>Supporting neighbouring communities</p>	<p>Quality of life (health impacts), poverty alleviation and youth education.</p>	<p>Improving the quality of life for our communities by investing 1% of total working cost spend on socio-economic development.</p>	<p>We focused on the following projects as part of our socio-economic development spend:</p> <ul style="list-style-type: none"> <li>• Broad-Based Agricultural livelihood Project</li> <li>• Kopano Ke Matla Project</li> </ul> <p>In FY2017, 724 learners took advantage of our maths and science programme and 225 learners took advantage of our accountancy programme.</p>	<p>Socio-economic development spend</p>	<p>R25.0 million<sup>LA</sup></p>	<p>R23.1 million<sup>LA</sup></p>	<p>Continue and scale the Broad Based Agricultural Livelihoods programme in the East Rand and to introduce and extend the project to the West Rand.</p>



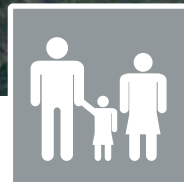
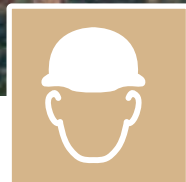
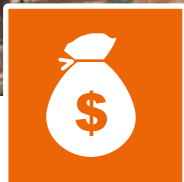
<sup>LA</sup> Limited assurance

# VALUE CREATION

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

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# 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 %
<b>VALUE ADDED</b>				
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	–
<b>Total value added</b>	<b>2 393</b>	<b>100</b>	<b>2 480*</b>	<b>100</b>
<b>VALUE DISTRIBUTED</b>				
<b>Suppliers</b>				
Paid to suppliers for materials and services	1 764	74	1 673	68
<b>Employees</b>				
Salaries, wages and other benefits	412 <sup>LA</sup>	17	421 <sup>LA</sup>	17
<b>Community</b>				
Socio-economic development spend	25	1	23	1
<b>Government</b>				
Current taxation	2	–	–	–
<b>Providers of capital</b>				
Dividends to ordinary shareholders	51	2	253	10
Share transactions	–	–	4	–
Interest on borrowings	6	–	4	–
<b>Total value distributed</b>	<b>2 260<sup>LA</sup></b>	<b>94</b>	<b>2 378<sup>LA*</sup></b>	<b>96</b>
<b>Re-invested in the Group</b>	<b>133</b>	<b>6</b>	<b>102</b>	<b>4</b>
<b>Total value added</b>	<b>2 393</b>	<b>100</b>	<b>2 480</b>	<b>100</b>



<sup>LA</sup> 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

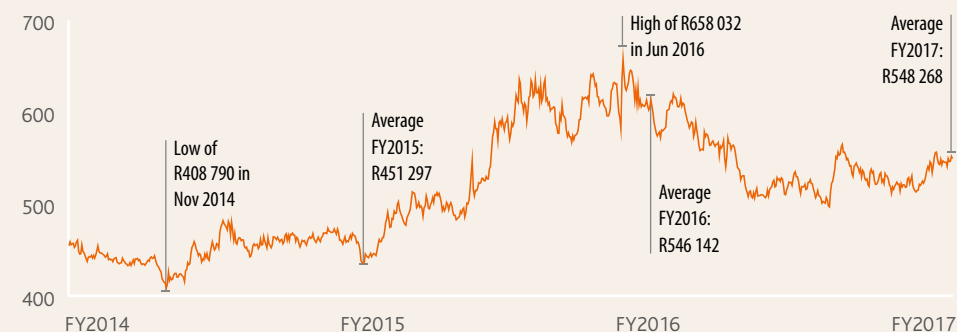
While throughput was stable at 25.0Mt (FY2016: 24.8Mt), the average yield was 5% lower at 0.171g/t (FY2016: 0.180g/t) and consequently, gold production was 4% lower at 4 265kg (FY2016: 4 462kg). The decrease in the yield reflected the difficulty in mining the Crown legacy sites and the bigger than expected 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.

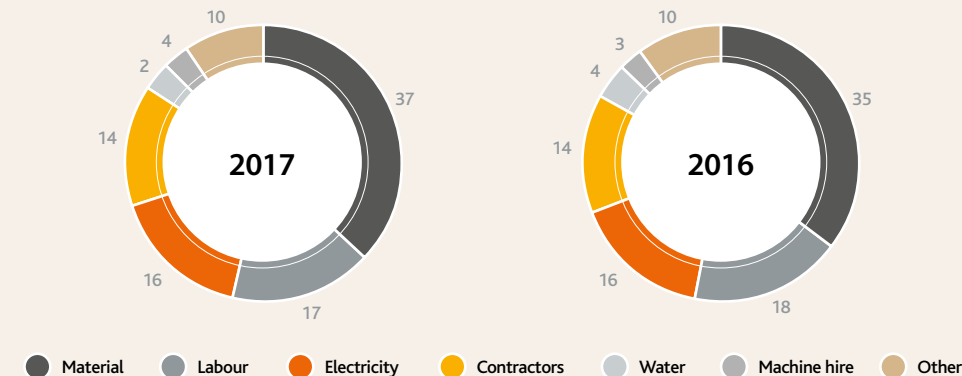
It is encouraging to note that water expenses decreased by 13% from R82.1 million in FY2016 to R71.1 million in FY2017 due to the investment in the gland service infrastructure and centralised water distribution system.

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
<b>Total assets</b>	<b>2 287.4</b>	<b>2 419.1</b>
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
<b>Total equity and liabilities</b>	<b>2 287.4</b>	<b>2 419.1</b>

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).

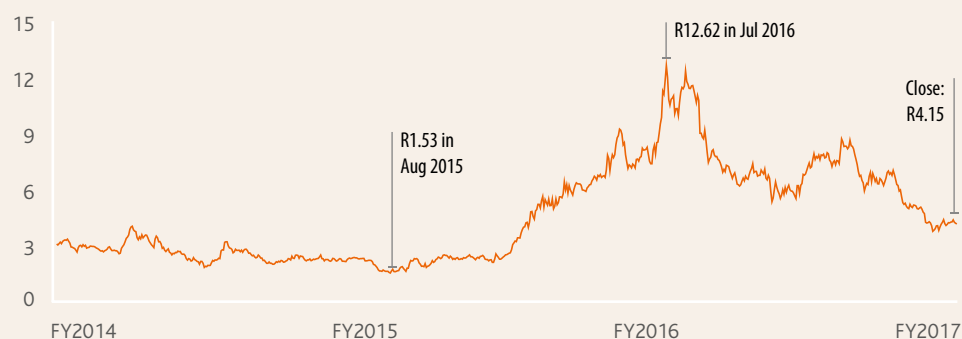
An overdraft facility of R100 million is available to the Group.

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<sup>1</sup> 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.

<sup>1</sup> 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.

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

### 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 Elsberg 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



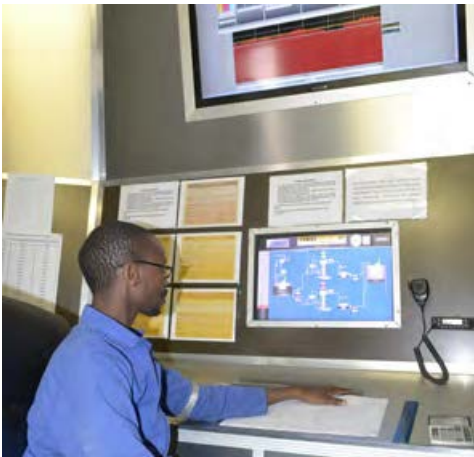
## MANUFACTURED CAPITAL *continued*

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



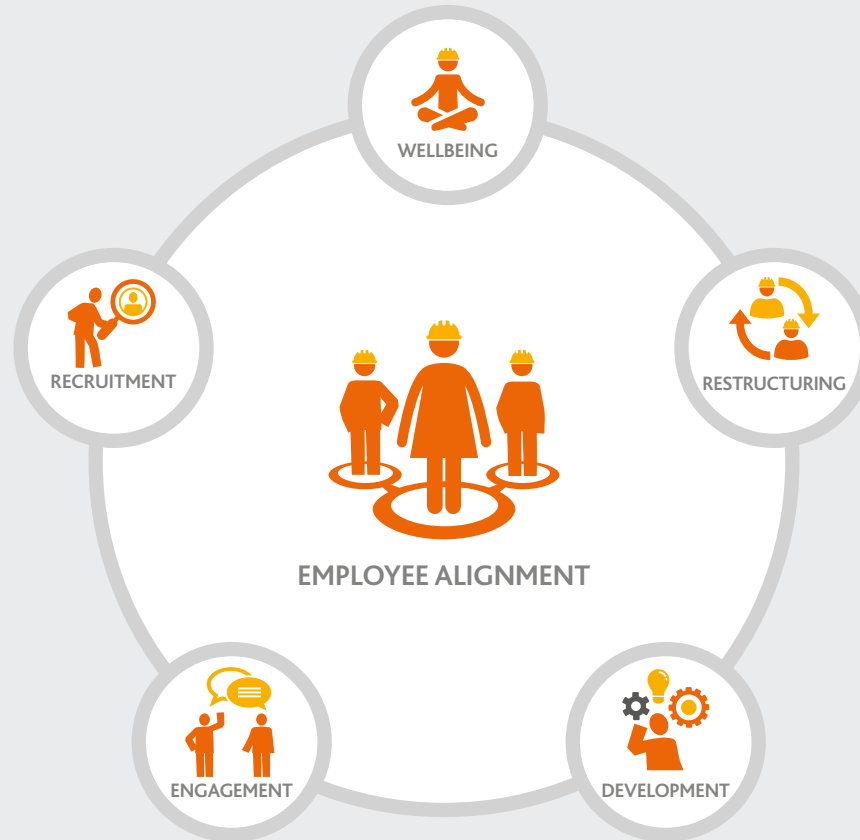
DRDGOLD invests substantially in developing our people to provide them with

market-related skills, and to ensure that we run our business efficiently and cost-effectively with our stakeholders' interests in mind.

## 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.



### 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**



## 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	<b>Best Life</b> <ul style="list-style-type: none"> <li>Value importance of employee wellbeing</li> <li>Social issues affect performance</li> <li>Indebtedness affects focus</li> </ul>	<ul style="list-style-type: none"> <li>Free access to professional services such as social workers and psychologist</li> <li>Access to new on-site financial clinics               <ul style="list-style-type: none"> <li>Planning and payment – assist with personal budgets and insurance</li> <li>Provide – assist with home loan application and vehicle financing</li> </ul> </li> <li>Protect – unfortunate event planning, wills and family support</li> <li>Prosper – savings and retirement planning</li> </ul>
	<b>Home ownership</b> <ul style="list-style-type: none"> <li>Ergo does not provide traditional mine accommodation to employees</li> <li>Employees should be given the opportunity to provide shelter for their families</li> <li>In line with Mining Charter</li> </ul>	<ul style="list-style-type: none"> <li>R75 000 interest free purchase price discounted home loan to qualifying employees               <ul style="list-style-type: none"> <li>Qualifying factors:                   <ul style="list-style-type: none"> <li>for first time home owners</li> <li>loan approved by registered credit provider</li> </ul> </li> <li>category 4 to 9 employment band</li> </ul> </li> </ul>
 RESTRUCTURING	<b>Crown plant closure</b> <ul style="list-style-type: none"> <li>Address costs</li> <li>Reduce distance between operating sites and plants – moving towards the east</li> <li>R72 million expected benefit in FY2018</li> </ul>	<ul style="list-style-type: none"> <li>Consultations between affected employees, organised labour and management as prescribed by Section 189 of Labour Relations Act</li> <li>46 employees reallocated to remaining plants</li> <li>58 employees retrenched at a cost of R23 million of which 47 employees elected voluntary severance packages</li> </ul>
 EMPLOYEE DEVELOPMENT	<b>Training initiatives</b> <ul style="list-style-type: none"> <li>Increase job satisfaction and productivity</li> <li>Increase wellbeing of employees</li> <li>Align with our SLP</li> </ul>	<ul style="list-style-type: none"> <li>Training initiatives focused on skills essential to our business</li> <li>Give employees opportunity to gain experience in acting roles</li> <li>Assist employees with tuition fees for formal qualifications</li> <li>Make provision for reskilling of employees for future downscaling and retrenchments</li> </ul>
	<b>Talent management</b> <ul style="list-style-type: none"> <li>Retain skilled staff in key positions</li> <li>Equip employees for future leadership roles</li> </ul>	<ul style="list-style-type: none"> <li>Employees identified as part of talent pool</li> <li>Critical positions identified</li> <li>Mentors/coaches appointed</li> <li>Quarterly performance discussions between protégés and mentors/coaches</li> <li>Addressing gaps in individual development plans</li> </ul>
 EMPLOYEE ENGAGEMENT	<b>Communication and Metworx (now called Baobab) programme</b> <ul style="list-style-type: none"> <li>Create an environment where employees are committed to a positive contribution to the success of the Group</li> <li>Align employees with Group overall strategic objective of maximising value from existing assets</li> </ul>	<ul style="list-style-type: none"> <li>Daily text messages on topics such as:               <ul style="list-style-type: none"> <li>production</li> <li>health and safety</li> <li>congratulatory or motivational messages from management</li> </ul> </li> <li>Introduction of Baobab programme at Ergo plant, focusing on behavioural engineering, and addressing:               <ul style="list-style-type: none"> <li>teamwork</li> <li>connectivity to core business</li> <li>accountability</li> <li>empowerment</li> <li>productivity</li> </ul> </li> </ul>

## 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		–	–
<b>Union affiliation (in the collective bargaining unit)</b>			
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
<b>Women in mining</b>			
Women in management	%	23	17
Women in core disciplines	%	11	12
Total women in mining	%	20	17
Employee salaries and benefits	Rm	412 <sup>LA</sup>	421 <sup>LA</sup>
Salaries as a % of operating cost	%	17	18



<sup>LA</sup> 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 <sup>LA</sup>	— <sup>LA</sup>
Reportable injuries	9	9
Frequency rate*	1.53 <sup>LA</sup>	1.42 <sup>LA</sup>
Lost time injury	17	17
Frequency rate*	2.91 <sup>LA</sup>	2.68 <sup>LA</sup>
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



<sup>LA</sup> 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.

### 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 spend 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.



### 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

### 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



## 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 <sup>2</sup>	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	–
<b>Total</b>			<b>6 970 706</b>	<b>8 823 823</b>

## 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
<b>Total</b>	<b>7 328 580</b>	<b>6 292 908</b>

### 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.

	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	–
<b>Total</b>	<b>428 741</b>	<b>507 802</b>

### 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.



## 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
<b>Tailings complex (vegetation, dust suppression and cladding, among others)</b>		
Crown complex	13.7	23.4
Brakpan/Withok	10.6	5.7
Daggafontein	2.3	2.0
<b>Reclamation sites (vegetation and dust suppression, among others)</b>		
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
<b>Total</b>	<b>41.9</b>	<b>49.6</b>

### 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		2016	
	Mℓ	%	Mℓ	%
Potable water sourced externally	5 490 <sup>LA</sup>	20	7 376 <sup>LA</sup>	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	—*	—	—
<b>Total water used</b>	<b>27 748<sup>LA</sup></b>	<b>100</b>	<b>30 293<sup>LA</sup></b>	<b>100</b>

<sup>LA</sup> 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.

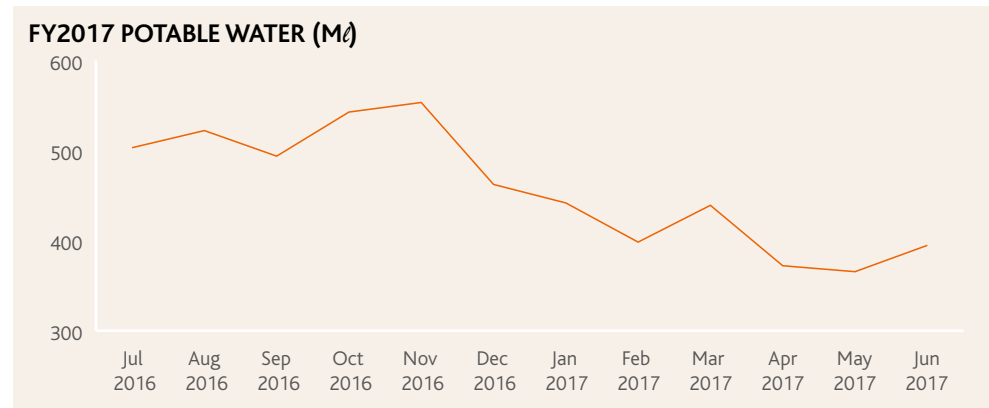
#### GLAND SERVICE INFRASTRUCTURE

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<sup>1</sup> 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.

<sup>1</sup>Please refer to [www.drdgold.co.za](http://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
<b>Crown</b>		
Total sites monitored	678	863
Exceedances	5 <sup>LA</sup>	17
Percentage	0.74	1.96
<b>ERPM</b>		
Total sites monitored	230	300
Exceedances	–	3
Percentage	–	1.00
<b>Ergo</b>		
Total sites monitored	228	230
Exceedances	–	2
Percentage	–	0.87
Exceedances	5 <sup>LA</sup>	22 <sup>LA</sup>



<sup>LA</sup> 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 <sup>LA</sup>	374 891 <sup>LA</sup>
Diesel consumption <sup>1</sup>	litres	918 369 <sup>LA</sup>	1 082 105 <sup>LA</sup>
Emissions <sup>2</sup>			
Scope 1	tonnes CO <sub>2</sub> e	2 490 <sup>LA</sup>	2 900 <sup>LA</sup>
Scope 2	tonnes CO <sub>2</sub> e	376 723 <sup>LA</sup>	378 481 <sup>LA</sup>
Scope 3	tonnes CO <sub>2</sub> e	119	130
Total	tonnes CO <sub>2</sub> e	379 332 <sup>LA</sup>	381 511 <sup>LA</sup>
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

<sup>1</sup> Diesel consumption was lower in FY2017 due to the reduction in mechanical sand reclamation and the shift to hydraulic reclamation of slimes

<sup>2</sup> 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<sub>2</sub>e)



<sup>LA</sup> Limited assurance

### PRIMARY MATERIAL CONSUMPTION

	2017 tonnes	2016 tonnes
Cyanide*	8 981 <sup>LA</sup>	8 507 <sup>LA</sup>
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.



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).

<b>Gold Mineral Resources</b>	<b>50.6Moz</b>
<b>Gold Mineral Reserves</b>	<b>3.0Moz</b>

### 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
<b>Mineral Reserves at 30 June 2016</b>	<b>170.93</b>	<b>0.33</b>	<b>1.84</b>
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
<b>Mineral Reserves at 30 June 2017</b>	<b>299.21</b>	<b>0.31</b>	<b>2.99</b>

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<sub>3</sub>O<sub>8</sub>, 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

### 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



## 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 Mpariseni 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 (SAGC) 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
Mpariseni 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 than 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
<b>ERPM* (100%)</b>								
Underground	4.65	7.168	33.34	1.07	11.95	8.024	95.86	3.08
<b>Total</b>	<b>4.65</b>	<b>7.168</b>	<b>33.34</b>	<b>1.07</b>	<b>11.95</b>	<b>8.024</b>	<b>95.86</b>	<b>3.08</b>
<b>Ergo (100%)</b>								
Surface	299.21	0.311	93.03	2.99	386.00	0.249	96.30	3.10
<b>Total</b>	<b>299.21</b>	<b>0.311</b>	<b>93.03</b>	<b>2.99</b>	<b>386.00</b>	<b>0.249</b>	<b>96.30</b>	<b>3.10</b>
<b>EMO and DRDGOLD (100%)</b>								
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
<b>Total</b>	<b>303.87</b>	<b>0.418</b>	<b>126.38</b>	<b>4.06</b>	<b>397.95</b>	<b>0.483</b>	<b>192.17</b>	<b>6.18</b>
<b>Total Mineral Resources as at 30 June 2016</b>	<b>166.55</b>	<b>0.484</b>	<b>80.59</b>	<b>2.59</b>	<b>559.78</b>	<b>0.440</b>	<b>246.13</b>	<b>7.91</b>
	INFERRED				TOTAL			
	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz
<b>ERPM* (100%)</b>								
Underground	160.62	6.725	1 080.17	34.73	177.22	6.824	1 209.38	38.88
<b>Total</b>	<b>160.62</b>	<b>6.725</b>	<b>1 080.17</b>	<b>34.73</b>	<b>177.22</b>	<b>6.824</b>	<b>1 209.38</b>	<b>38.88</b>
<b>Ergo (100%)</b>								
Surface	879.80	0.200	176.26	5.67	1 565.02	0.234	365.60	11.75
<b>Total</b>	<b>879.80</b>	<b>0.200</b>	<b>176.26</b>	<b>5.67</b>	<b>1 565.02</b>	<b>0.234</b>	<b>365.60</b>	<b>11.75</b>
<b>EMO and DRDGOLD (100%)</b>								
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
<b>Total</b>	<b>1040.42</b>	<b>1.208</b>	<b>1256.43</b>	<b>40.40</b>	<b>1 742.24</b>	<b>0.904</b>	<b>1 574.98</b>	<b>50.64</b>
<b>Total Mineral Resources as at 30 June 2016</b>	<b>1 007.22</b>	<b>1.240</b>	<b>1 249.25</b>	<b>40.17</b>	<b>1 733.55</b>	<b>0.909</b>	<b>1 575.98</b>	<b>50.67</b>

\* 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
<b>Ergo and DRDGOLD (100%)</b>												
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
<b>Total</b>	<b>90.44</b>	<b>0.303</b>	<b>27.41</b>	<b>0.88</b>	<b>208.78</b>	<b>0.314</b>	<b>65.62</b>	<b>2.11</b>	<b>299.21</b>	<b>0.311</b>	<b>93.03</b>	<b>2.99</b>
<b>Mineral Reserves as at 30 June 2016</b>	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
<b>Summarised Group operating results</b>				
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
<b>Group performance indicators</b>				
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
<b>Asset and debt management</b>				
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

 <sup>LA</sup> Limited assurance  
\* Restated

		2017	2016	2015
<b>Market value and shareholder returns</b>				
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
<b>Group sustainability indicators</b>				
Total economic value distributed	Rm	2 260 <sup>LA</sup>	2 378 <sup>LA*</sup>	1 872 <sup>LA</sup>
Value distributed to employees – salaries, wages and benefits	Rm	412 <sup>LA</sup>	421 <sup>LA</sup>	365 <sup>LA</sup>
Fatalities		1 <sup>LA</sup>	— <sup>LA</sup>	— <sup>LA</sup>
LTIFR		2.91 <sup>LA</sup>	2.68 <sup>LA</sup>	2.27 <sup>LA</sup>
RIFR		1.53 <sup>LA</sup>	1.42 <sup>LA</sup>	1.06 <sup>LA</sup>
Cyanide consumption	tonnes	8 981 <sup>LA</sup>	8 508 <sup>LA</sup>	7 195 <sup>LA</sup>
CO <sub>2</sub> emissions direct	tonnes	2 490 <sup>LA</sup>	2 900 <sup>LA</sup>	3 444 <sup>LA</sup>
CO <sub>2</sub> emissions indirect	tonnes	376 723 <sup>LA</sup>	378 481 <sup>LA</sup>	396 882 <sup>LA</sup>
Electricity consumption	MWh	376 723 <sup>LA</sup>	374 891 <sup>LA</sup>	370 767 <sup>LA</sup>
Diesel consumption	litres	918 369 <sup>LA</sup>	1 082 105 <sup>LA</sup>	1 285 118 <sup>LA</sup>
Potable water consumption	1000m <sup>3</sup>	5 490 <sup>LA</sup>	7 376 <sup>LA</sup>	5 682 <sup>LA</sup>
Dust exceedances		5 <sup>LA</sup>	22 <sup>LA</sup>	31 <sup>LA</sup>
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 <sup>LA</sup>	23.1 <sup>LA</sup>	19.5 <sup>LA</sup>
<b>Exchange rates</b>				
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.



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 historical mining footprint around Johannesburg in our retreatment of mine dumps.



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

### 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 Jenecker (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](#)



**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

### SUBSIDIARY NON-EXECUTIVES



**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](#)*



**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](http://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 <sup>#</sup>	✓	✓	✓	N/A
WJ Schoeman <sup>#</sup>	✓	✓	✓	N/A
TVBN Mnyango <sup>*§</sup>	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

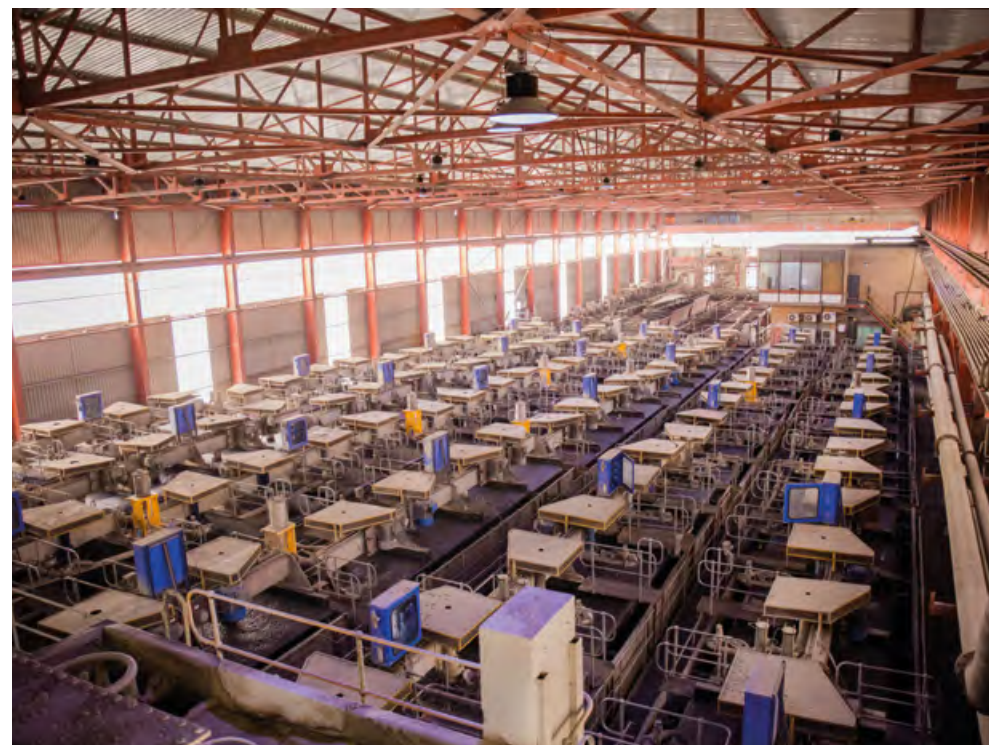
### RESPONSIBILITIES OF COMPANY SECRETARY

#### 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
<b>Non-executive Directors</b>	Board retainer and committee fees	Not applicable	Not applicable
<b>Executive management (CEO and CFO)</b>	Guaranteed cost to Group	Performance bonus	Cash-settled phantom share plan
<b>Senior management</b>	Guaranteed cost to Group	Performance bonus	Cash-settled phantom share plan
<b>Middle and junior management</b>	Guaranteed basic salary and Group contributions to pension and medical aid	Profit share bonus	Not applicable
<b>Unionised and non-unionised employees</b>	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
<b>Net free cash flow</b>	Free cash outflow of R45.1 million compared to free cash inflow of R308.7 million in FY2016	Not achieved
<b>Production</b>	4% decline in gold produced	Not achieved
<b>Costs</b>	Both operating costs and capital expenditure below budget	Achieved
<b>Share price</b>	Five percentage points below index of gold stocks	Not achieved
<b>Internal controls over financial reporting</b>	No material non-compliance	Achieved
<b>Safety</b>	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
<b>Resource optimisation</b>	Increase in Mineral Reserves by 62.5%	Achieved
<b>Growth and strategic development</b>	<p>Closure of West Rand sites (R72 million annual saving estimated for FY2018)</p> <ul style="list-style-type: none"> <li>Commissioning of new reclamation sites on Central Rand</li> <li>Implementation and roll out of throughput information management system (plant stabilised and R13 million saving in costs of reagents estimated for FY2018)</li> </ul>	Achieved
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Reduction in potable water use of 26% (R24 million annual saving estimated)</li> <li>Construction and commissioning of centralised water distribution facility</li> <li>90 hectares of previously sterilised land rehabilitated and cleared for redevelopment</li> </ul>	Achieved
<b>Environmental practice</b>	Reduction of dust emissions to below 0.4% of all samples taken through continuous vegetation and dust suppression	Achieved
<b>Social value</b>	<ul style="list-style-type: none"> <li>Poverty alleviation: Urban farms established for 649 families</li> <li>Youth education: 949 learners at seven schools participating in mathematics, science and accountancy programmes</li> </ul>	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

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

	2017	2016
Average salary increases	%	%
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 <sup>1,2</sup>	Pre-tax gain on share options exercised <sup>3</sup>	Incentives related to this cycle <sup>4</sup>	Total remuneration related to this cycle
<b>Executive directors</b>				
DJ Pretorius	5 731	–	–	5 731
AJ Davel	3 220	–	–	3 220
	<b>8 951</b>	<b>–</b>	<b>–</b>	<b>8 951</b>
<b>Non-executive Directors</b>				
GC Campbell	1 536	–	–	1 536
J Turk	655	–	–	655
EA Jeneke	767	–	–	767
J Holtzhausen	684	–	–	684
TBVN Mnyango	361	–	–	361
	<b>4 003</b>	<b>–</b>	<b>–</b>	<b>4 003</b>
<b>Prescribed officers</b>				
CM Symons <sup>5,6</sup>	232	–	–	232
WJ Schoeman	3 050	–	–	3 050
R Masemene	2 371	–	–	2 371
	<b>5 653</b>	<b>–</b>	<b>–</b>	<b>5 653</b>
<b>Total</b>	<b>18 607</b>	<b>–</b>	<b>–</b>	<b>18 607</b>

<sup>1</sup> Total remuneration paid during the year includes encashed leave

<sup>2</sup> No incentives accrued relating to the 2017 cycle

<sup>3</sup> 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

<sup>4</sup> 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

<sup>5</sup> Service period concluded on 31 July 2016

<sup>6</sup> Includes pension scheme contributions of R28 263 (FY2016: R329 552)

Amounts in R'000		2016		
Directors/Prescribed officers	Total remuneration paid during the year <sup>1,2</sup>	Pre-tax gain on share options exercised <sup>3</sup>	Incentives related to this cycle <sup>4</sup>	Total remuneration related to this cycle
<b>Executive directors</b>				
DJ Pretorius	5 478	–	4 988	10 466
AJ Davel	3 077	–	2 949	6 026
	<b>8 555</b>	<b>–</b>	<b>7 937</b>	<b>16 492</b>
<b>Non-executive Directors</b>				
GC Campbell	1 499	–	–	1 499
J Turk	672	–	–	672
EA Jeneke	869	–	–	869
J Holtzhausen	703	–	–	703
TBVN Mnyango	–	–	–	–
	<b>3 743</b>	<b>–</b>	<b>–</b>	<b>3 743</b>
<b>Prescribed officers</b>				
CM Symons <sup>6</sup>	3 059	–	2 668	5 727
WJ Schoeman	2 929	304	2 949	6 182
R Masemene	1 968	55	1 360	3 383
	<b>7 956</b>	<b>359</b>	<b>6 977</b>	<b>15 292</b>
<b>Total</b>	<b>20 254</b>	<b>359</b>	<b>14 914</b>	<b>35 527</b>

## REMUNERATION REPORT *continued*

### DRDGOLD PHANTOM SHARE SCHEME

	2017						
Directors/Prescribed officers	Opening balance Number	Granted Number	Vested Number	Proceeds <sup>1</sup> R	Average exercise price R/share	Forfeited/lapsed Number	Closing balance Number
<b>Executive directors</b>							
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
<b>Prescribed officers</b>							
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
<b>Total</b>	<b>6 409 040</b>	<b>–</b>	<b>(363 852)</b>	<b>1 906 248</b>		<b>(85 319)</b>	<b>5 959 869</b>
<b>Executive directors</b>							
	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
<b>Prescribed officers</b>							
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
<b>Total</b>	<b>1 036 634</b>	<b>5 729 535</b>	<b>(357 129)</b>	<b>732 182</b>		<b>–</b>	<b>6 409 040</b>

No long-term incentive allocations were made in FY2017.

<sup>1</sup> 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 <sup>(LA)</sup> on selected information – see the Independent Assurance Statement on pages 89-90.

GENERAL STANDARD DISCLOSURES		Page
<b>STRATEGY AND ANALYSIS</b>		
<b>G4-1:</b> 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	5
	CEO'S STRATEGIC REVIEW	6
<b>ORGANISATIONAL PROFILE</b>		
<b>G4-3:</b> Report the name of the organisation	ABOUT THIS REPORT	4
<b>G4-4:</b> Report the primary brands, products and services	WHO WE ARE	9
	WHAT WE DO	10
<b>G4-5:</b> Report the location of the organisation's headquarters	ADMINISTRATION AND CONTACT DETAILS	91
<b>G4-6:</b> 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	9
	WHERE WE OPERATE	12
<b>G4-7:</b> Report the nature of ownership and legal form	WHO WE ARE	9
<b>G4-8:</b> Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	OUR OPERATING ENVIRONMENT	20

GENERAL STANDARD DISCLOSURES		Page
<b>G4-9:</b> Report the scale of the organisation, including:	WHAT SETS US APART	11
• Total number of employees	WHERE WE OPERATE	12
• Total number of operations	OUR BUSINESS MODEL	14-16
• Net sales (for private-sector organisations) or net revenues (for public-sector organisations)	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES	26
• Total capitalisation broken down in terms of debt and equity (for private-sector organisations)	OUR STRATEGY	31
• Quantity of products or services provided	FINANCIAL CAPITAL	34-38
	MANUFACTURED CAPITAL	40
	HUMAN CAPITAL	42
	THREE-YEAR REVIEW	59
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<b>G4-10:</b> Report the composition of the workforce, including:	HUMAN CAPITAL	41-43
• 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		
<b>G4-11:</b> Report the percentage of total employees covered by collective bargaining agreements	HUMAN CAPITAL	43

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GENERAL STANDARD DISCLOSURES		Page	GENERAL STANDARD DISCLOSURES		Page
<b>G4-12:</b> Describe the organisation's supply chain	OUR BUSINESS MODEL	14	<b>G4-16:</b> List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul>	OUR OPERATING ENVIRONMENT	21
	OUR OPERATING ENVIRONMENT	20-21		AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES	27
	CREATING VALUE FOR OUR STAKEHOLDERS	23			
	FINANCIAL CAPITAL	34			
	SOCIAL AND RELATIONSHIP CAPITAL	47			
	OUR INVESTMENT CASE	60			
<b>G4-13:</b> Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain, including: <ul style="list-style-type: none"> <li>• Changes in the location of, or changes in, operations, including facility openings, closings and expansions</li> <li>• Changes in the share capital structure and other capital formation, maintenance and alteration operations (for private-sector organisations)</li> <li>• Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination</li> </ul>	HIGHLIGHTS	3	<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
	CEO'S STRATEGIC REVIEW	6-7	<b>G4-17:</b>	ABOUT THIS REPORT	4
	WHO WE ARE	9	a. List all entities included in the organisation's consolidated financial statements or equivalent documents	WHO WE ARE	9
	OUR BUSINESS MODEL	17-18	b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report		
	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES	24, 26			
	OUR STRATEGY	30, 32	<b>G4-18:</b>	ABOUT THIS REPORT	4
	FINANCIAL CAPITAL	34-37	a. Explain the process for defining the report content and the aspect boundaries		
HUMAN CAPITAL	41-42	b. Explain how the organisation has implemented the reporting principles for defining report content			
NATURAL CAPITAL	53				
THREE-YEAR REVIEW	59	<b>G4-19:</b> List all the material aspects identified in the process for defining report content	ABOUT THIS REPORT	4	
<b>G4-14:</b> Report whether and how the precautionary approach or principle is addressed by the organisation	NATURAL CAPITAL	50	OUR BUSINESS MODEL	14-19	
<b>G4-15:</b> 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	OUR OPERATING ENVIRONMENT	20-21	
	WHO WE ARE	9	CREATING VALUE FOR OUR STAKEHOLDERS	22-23	
	OUR OPERATING ENVIRONMENT	21	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES	24-28	
	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES	27	OUR STRATEGY	29	
	HUMAN CAPITAL	42-44			
	SOCIAL AND RELATIONSHIP CAPITAL	47			
	CORPORATE GOVERNANCE REVIEW	65, 67 and 71			
	REMUNERATION REPORT	73			

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GENERAL STANDARD DISCLOSURES		Page	GENERAL STANDARD DISCLOSURES		Page
<b>G4-20:</b> For each material aspect, report the aspect boundary within the organisation, as follows: <ul style="list-style-type: none"> <li>Whether the aspect is material within the organisation</li> <li>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:               <ul style="list-style-type: none"> <li>The list of entities or groups of entities included in G4-17 for which the aspect is not material</li> <li>The list of entities or groups of entities included in G4-17 for which the aspect is material</li> </ul> </li> </ul> Any specific limitation regarding the aspect boundary within the organisation	ABOUT THIS REPORT	4	<b>STAKEHOLDER ENGAGEMENT</b>		
	OUR BUSINESS MODEL	14-19	<b>G4-24:</b> Provide a list of stakeholder groups engaged by the organisation	CREATING VALUE FOR OUR STAKEHOLDERS	22-23
	OUR OPERATING ENVIRONMENT	20-21	<b>G4-25:</b> Report the basis for identification and selection of stakeholders with whom to engage	CREATING VALUE FOR OUR STAKEHOLDERS	22-23
	CREATING VALUE FOR OUR STAKEHOLDERS	22-23	<b>G4-26:</b> Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagements was undertaken specifically as part of the report preparation process	CREATING VALUE FOR OUR STAKEHOLDERS	22-23
<b>G4-21:</b> For each material aspect, report the aspect boundary outside the organisation, as follows: <ul style="list-style-type: none"> <li>Whether the aspect is material outside of the organisation</li> <li>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</li> <li>Any specific limitation regarding the aspect boundary outside the organisation</li> </ul>	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES	24-28	<b>G4-27:</b> Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting, and report the stakeholder groups that raised each of the key topics and concerns	CREATING VALUE FOR OUR STAKEHOLDERS	22-23
	OUR STRATEGY	29	<b>REPORT PROFILE</b>		
	FINANCIAL CAPITAL	34	<b>G4-28:</b> Reporting period (such as fiscal or calendar year) for information provided	ABOUT THIS REPORT	4
	ABOUT THIS REPORT	4	<b>G4-29:</b> Date of the most recent previous report	ABOUT THIS REPORT	4
<b>G4-22:</b> Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	OUR STRATEGY	29	<b>G4-30:</b> Reporting cycle (such as annual or biennial)	ABOUT THIS REPORT	4
	FINANCIAL CAPITAL	34	<b>G4-31:</b> Provide the contact point for questions regarding the report or its contents	ABOUT THIS REPORT	4
<b>G4-23:</b> Report significant changes from previous reporting periods in the scope and aspect boundaries	ABOUT THIS REPORT	4	<b>G4-32:</b>		
	ABOUT THIS REPORT	4	a. Report the "in accordance" option the organisation has chosen	ABOUT THIS REPORT	4
	ABOUT THIS REPORT	4	b. Report the GRI content index for the chosen option	GRI INDEX	82-88
			c. Report the reference to the external assurance report	INDEPENDENT ASSURANCE STATEMENT	89-90

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<b>G4-33:</b>	CORPORATE GOVERNANCE REVIEW	67-68
a. Report the organisation's policy and current practice with regard to seeking external assurance for the report	INDEPENDENT ASSURANCE STATEMENT	89-90
b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided		
c. Report the relationship between the organisation and the assurance providers		
d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report		
<b>GOVERNANCE</b>		
<b>G4-34:</b> 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
	CORPORATE GOVERNANCE REVIEW	64-72
<b>ETHICS AND INTEGRITY</b>		
<b>G4-56:</b> Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	CORPORATE GOVERNANCE REVIEW	64, 71
<b>SPECIFIC STANDARD DISCLOSURES</b>		
DISCLOSURE ON MANAGEMENT APPROACH (DMA) AND INDICATORS		Page
<b>CATEGORY: ECONOMIC</b>		
<b>ASPECT: ECONOMIC PERFORMANCE</b>		
<b>G4-EC1:</b> Direct economic value generated and distributed	HIGHLIGHTS	3
	OUR BUSINESS MODEL	14-19
	FINANCIAL CAPITAL	34-38
	THREE-YEAR REVIEW	59

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<b>ASPECT: INDIRECT ECONOMIC IMPACTS</b>		
<b>G4-EC7:</b> Development and impact of infrastructure investments and services supported	HIGHLIGHTS	3
	CEO'S STRATEGIC REVIEW	6-7
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	OUR OPERATING ENVIRONMENT	21
	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES	24, 26
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	SOCIAL AND RELATIONSHIP CAPITAL	47, 49
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<b>G4-EC8:</b> Significant indirect economic impacts, including the extent of impacts	WHAT SETS US APART	11
	OUR BUSINESS MODEL	14-19
	OUR OPERATING ENVIRONMENT	20
	CREATING VALUE FOR OUR STAKEHOLDERS	22-23
	HUMAN CAPITAL	41-46
	SOCIAL AND RELATIONSHIP CAPITAL	47-49
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	OUR INVESTMENT CASE	60
<b>ASPECT: PROCUREMENT PRACTICES</b>		
<b>G4-EC9:</b> Proportion of spending on local suppliers at significant locations of operation	OUR BUSINESS MODEL	18
	CREATING VALUE FOR OUR STAKEHOLDERS	23
	FINANCIAL CAPITAL	34
	SOCIAL AND RELATIONSHIP CAPITAL	47-49
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### SPECIFIC STANDARD DISCLOSURES

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<b>CATEGORY: ENVIRONMENTAL</b>		
<b>ASPECT: MATERIALS</b>		
<b>G4-EN1:</b> Materials used by weight or volume	NATURAL CAPITAL	54
<b>G4-EN2:</b> Percentage of materials used that are recycled input materials	NATURAL CAPITAL	51-52
<b>ASPECT: ENERGY</b>		
<b>G4-EN3:</b> Energy consumption within the organisation	OUR BUSINESS MODEL OUR STRATEGY MANUFACTURED CAPITAL NATURAL CAPITAL THREE-YEAR REVIEW	19 31 39-40 53-54 59
<b>G4-EN4:</b> Energy consumption outside of the organisation	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES OUR STRATEGY MANUFACTURED CAPITAL NATURAL CAPITAL	24, 28 31 39-40 53-54
<b>G4-EN6:</b> Reduction of energy consumption	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES OUR STRATEGY MANUFACTURED CAPITAL NATURAL CAPITAL	28 31 39-40 53
<b>ASPECT: WATER</b>		
<b>G4-EN8:</b> Total water withdrawal by source	NATURAL CAPITAL	51
<b>G4-EN9:</b> Water sources significantly affected by withdrawal of water	NATURAL CAPITAL	51-52
<b>G4-EN10:</b> Percentage and total volume of water recycled and reused	NATURAL CAPITAL	51-52
<b>ASPECT: BIODIVERSITY</b>		
<b>MM1:</b> Amount of land (owned or leased and managed for production activities or extractive use) disturbed or rehabilitated	HIGHLIGHTS CEO'S STRATEGIC REVIEW WHAT WE DO WHAT SETS US APART OUR BUSINESS MODEL OUR OPERATING ENVIRONMENT OUR STRATEGY NATURAL CAPITAL	3 6-7 10 11 19 20 31 50, 53

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<b>MM2:</b> The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	CREATING VALUE FOR OUR STAKEHOLDERS NATURAL CAPITAL	23 50
<b>ASPECT: EMISSIONS</b>		
<b>G4-EN15:</b> Direct GHG emissions (Scope 1)	NATURAL CAPITAL	54
<b>G4-EN16:</b> Energy indirect GHG emissions (Scope 2)	NATURAL CAPITAL	54
<b>G4-EN17:</b> Other indirect GHG emissions (Scope 3)	NATURAL CAPITAL	54
<b>G4-EN19:</b> Reduction of GHG emissions	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES MANUFACTURED CAPITAL NATURAL CAPITAL	28 39-40 53
<b>ASPECT: EFFLUENTS AND WASTE</b>		
<b>G4-EN22:</b> Total water discharge by quality and destination	NATURAL CAPITAL	51-52
<b>G4-EN24:</b> Total number and volume of significant spills	NATURAL CAPITAL	50
<b>G4-EN26:</b> Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	NATURAL CAPITAL	52
<b>ASPECT: COMPLIANCE</b>		
<b>G4-EN29:</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	NATURAL CAPITAL	50
<b>G4-EN31:</b> Total environmental protection expenditures and investments by type	OUR BUSINESS MODEL FINANCIAL CAPITAL NATURAL CAPITAL	19 37 50-51, 53

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<b>CATEGORY: SOCIAL – LABOUR PRACTICES AND DECENT WORK</b>		
<b>ASPECT: EMPLOYEMENT</b>		
<b>G4-LA1:</b> Total number and rates of new employee hires, and employee turnover by age group, gender and region	OUR BUSINESS MODEL HUMAN CAPITAL	17 41-43
<b>G4-LA2:</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	HIGHLIGHTS WHAT SETS US APART OUR BUSINESS MODEL	3 11 17
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<b>ASPECT: LABOUR/MANAGEMENT RELATIONS</b>		
<b>G4-LA4:</b> Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	HUMAN CAPITAL	42-43
<b>MM4:</b> Number of strikes and lock-outs exceeding one week's duration by country	None	
<b>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>G4-LA5:</b> Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	HUMAN CAPITAL	43-46
<b>G4-LA6:</b> Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalities, by region and by gender	CEO'S STRATEGIC REVIEW OUR BUSINESS MODEL OUR STRATEGY HUMAN CAPITAL THREE-YEAR REVIEW	7 17 32 44-46 59
<b>G4-LA7:</b> Workers with high incidence or high risk of diseases related to their occupation	HUMAN CAPITAL	45-46
<b>ASPECT: TRAINING AND EDUCATION</b>		
<b>G4-LA9:</b> Average hours of training per year per employee by gender, and by employee category	HUMAN CAPITAL	43

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<b>G4-LA10:</b> Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	OUR BUSINESS MODEL HUMAN CAPITAL SOCIAL AND RELATIONSHIP CAPITAL	17 42 49
<b>G4-LA11:</b> Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	HUMAN CAPITAL	42-43
<b>ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>G4-LA12:</b> Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	HUMAN CAPITAL DIRECTORS AND MANAGEMENT CORPORATE GOVERNANCE REVIEW	43 62-63 65-66
<b>ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES</b>		
<b>G4-LA15:</b> Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	SOCIAL AND RELATIONSHIP CAPITAL	47
<b>ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS</b>		
<b>G4-LA16:</b> Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms		No grievances
<b>CATEGORY: SOCIAL – HUMAN RIGHTS</b>		
<b>ASPECT: INVESTMENT</b>		
<b>G4-HR1:</b> Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	OUR OPERATING ENVIRONMENT SOCIAL AND RELATIONSHIP CAPITAL CORPORATE GOVERNANCE REVIEW	20 47 71
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<b>G4-HR3:</b> Total number of incidents of discrimination and corrective actions taken	HUMAN CAPITAL	43



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<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>G4-HR4:</b> Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	HUMAN CAPITAL	43
<b>ASPECT: ASSESSMENT</b>		
<b>G4-HR9:</b> Total number and percentage of operations that have been subject to human rights reviews or impact assessments	HUMAN CAPITAL CORPORATE GOVERNANCE REVIEW	42-43 71
<b>CATEGORY: SOCIAL – SOCIETY</b>		
<b>ASPECT: LOCAL COMMUNITIES</b>		
<b>G4-SO1:</b> Percentage of operations with implemented local community engagement, impact assessments and development programmes	CREATING VALUE FOR OUR STAKEHOLDERS AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES OUR STRATEGY FINANCIAL CAPITAL SOCIAL AND RELATIONSHIP CAPITAL THREE-YEAR REVIEW	22-23 27 29, 31-32 34 47-49 59
<b>G4-SO2:</b> Operations with significant actual or potential negative impacts on local communities	OUR OPERATING ENVIRONMENT CREATING VALUE FOR OUR STAKEHOLDERS SOCIAL AND RELATIONSHIP CAPITAL	20 23 47-49
<b>ASPECT: ANTI-CORRUPTION</b>		
<b>G4-SO3:</b> Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	AN ANALYSIS OF OUR RISKS AND OPPORTUNITIES CORPORATE GOVERNANCE REVIEW	28 64, 71
<b>G4-SO4:</b> Communication and training on anti-corruption policies and procedures	CREATING VALUE FOR OUR STAKEHOLDERS CORPORATE GOVERNANCE REVIEW	22 64, 71

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<b>G4-SO5:</b> Confirmed incidents of corruption and actions taken	CORPORATE GOVERNANCE REVIEW	64
<b>ASPECT: COMPLIANCE</b>		
<b>G4-SO8:</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	NATURAL CAPITAL CORPORATE GOVERNANCE REVIEW	50 64
<b>ASPECT: CLOSURE PLANNING</b>		
<b>MM10:</b> Number and percentage of operations with closure plans	CEO'S STRATEGIC REVIEW WHAT SETS US APART OUR BUSINESS MODEL OUR OPERATING ENVIRONMENT OUR STRATEGY HUMAN CAPITAL NATURAL CAPITAL THREE-YEAR REVIEW	6-7 11 17, 19 20 31 42 50-54 59

## 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 'A' 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
<b>Natural Capital</b>	Total water used Total potable water consumed Energy and fuel used Direct CO <sub>2</sub> e (scope 1) emissions Indirect CO <sub>2</sub> e (scope 2) emissions Total CO <sub>2</sub> e emissions Total dust exceedances Cyanide	Ergo Mining Proprietary Limited (Ergo), the reclamation operation owned and managed by DRDGOLD
<b>Human Capital</b>	Fatalities LTIFR RIFR	
<b>Social Capital</b>	Rand value spent on socio-economic development projects	
<b>Financial Capital</b>	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)

### OFFICES

#### Registered and corporate

1 Sixty, Jan Smuts Building  
2<sup>nd</sup> Floor, North-Tower  
160 Jan Smuts Avenue  
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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 <sup>2#</sup>

#### Niël Pretorius

Chief Executive Officer <sup>3</sup>

#### Riaan Davel

Chief Financial Officer

#### Johan Holtzhausen

Independent Non-executive Director <sup>1#,#2</sup>

#### Edmund Jeneker

Independent Non-executive Director <sup>1,2#,#3#</sup>

#### James Turk\*\*

Independent Non-executive  
Director <sup>1,2</sup>

#### Toko Mnyango

Independent Non-executive  
Director <sup>3</sup>

### COMPANY SECRETARY

Reneiloe Masemene

### INVESTOR AND MEDIA RELATIONS

#### James Duncan

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#### United Kingdom/Europe

##### Phil Dexter

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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 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

#### 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

<sup>1</sup> Member of the Audit and Risk Committee

<sup>2</sup> Member of the Remuneration and  
Nominations Committee

<sup>3</sup> Member of the Social and Ethics Committee

