DRDGOLD LIMITED

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ANNUAL FINANCIAL STATEMENTS 2017

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

DIRECTORS' REPORT

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

SIGNIFICANT EVENTS

Clean up and closure of various Crown sites

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

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

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

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

Revised Mineral Resources and Mineral Reserves

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

REVIEW OF OPERATIONS

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

DIRECTORATE

Composition of the board

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

Rotation of directors

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

Directors' interest in shares

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

SHAREHOLDERS

The company does not have a controlling shareholder and its directors provide strategic direction on behalf of its shareholders. DRDGOLD has a primary listing on the JSE Limited (JSE) and a secondary listing on the New York Stock Exchange Limited (NYSE). The company's shares are also traded on the Marché Libre Paris, the Regulated Unofficial Market on the Frankfurt Stock Exchange and the Berlin and Stuttgart OTC markets.

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

DIVIDENDS

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

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

GOING CONCERN

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

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors are responsible for the preparation and fair presentation of the consolidated and company annual financial statements of DRDGOLD Limited, comprising the statements of financial position at 30 June 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

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

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

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

APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

JA Holtzhausen
Chairman: Audit and Risk Committee
Authorised director

AJ Davel
Chief Financial Officer
Authorised director

COMPANY SECRETARY'S STATEMENT

I certify, in accordance with Section 88(2)(e) of the Companies Act of South Africa, that to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 June 2017, all such returns as are required of a public company in terms of the Companies Act, and that all such returns appear to be true, correct and up to date.

R Masemene
Company Secretary
25 October 2017

REPORT OF THE AUDIT AND RISK COMMITTEE

The legal responsibilities of the Audit and Risk Committee ("the Committee") of the DRDGOLD Limited group are set out in the Companies Act. These responsibilities, together with the requirements of the JSE and compliance with appropriate governance and international best practice, are incorporated in the Committee's charter. The Committee's charter was revised in April 2017 and sets out the Committee's terms of reference.

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

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

DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

FINANCIAL STATEMENTS

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

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

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

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

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

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

CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

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

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

EXTERNAL AUDITORS

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

- is satisfied with the independence and objectivity of the external auditors;
- has approved the external auditor's fees and terms of engagement for the year ended 30 June 2016 and budgeted fees and terms of engagement for the financial year ended 30 June 2017; and
- has approved the non-audit related services performed by the external auditors in accordance with the policy established and approved by the board.

INTERNAL AUDITORS

The internal audit function is performed in-house, with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits performed are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal controls and corporate governance processes.

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

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

INTERNAL CONTROLS

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

Separate meetings are held with management and external and internal audit representatives to discuss any challenges and other matters that they wish to discuss. The head of internal audit and risk and the external auditors have unlimited access to the chairman of the Committee.

To the best of their knowledge, and based on the information and explanations given by management and the group internal audit function as well as discussions with the independent external auditors on the results of their audits, the Committee is satisfied that the internal financial control environment continued to function effectively.

COMBINED ASSURANCE AND RISK MANAGEMENT

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

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

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

SOLVENCY AND LIQUIDITY

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DRDGOLD Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

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

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DRDGOLD Limited at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

1. Provision for environmental rehabilitation

Refer to note 8 of the consolidated financial statements.

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

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

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

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

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

1. Contingent liability related to occupational lung diseases

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

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

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of DRDGOLD Limited for 15 years.

KPMG Inc.

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

Suite 301
Medforum Building,
Heunis Street Secunda
2302

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

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

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

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

1 ACCOUNTING POLICIES

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

Basis of accounting
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa. The consolidated financial statements were approved by the board of directors on 25 October 2017.

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

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

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

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

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

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

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

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

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

Non-controlling interests (NCI)
NCI are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's subsequent share of changes in equity.
Changes in the Group's interest in a subsidiary which do not lead to loss of control are accounted for as equity transactions with equity owners in their capacity as equity owners and no profit or loss is recognised.

1 ACCOUNTING POLICIES *continued*

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

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

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

• Consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity: Certain line items disclosure were rationalised to focus on material information and certain line items were renamed or added where such presentation facilitate improved presentation of relevant financial information.

• With effect from 1 July 2016, the accumulated available for sale and other reserves, comprising asset revaluation reserves, were transferred to retained earnings and subsequent changes in the fair value of available for sale financial instruments are recognised directly in retained earnings.

• The notes to the consolidated financial statements are presented in an order that gives prominence to the areas of our activities that the Group considers to be the most relevant to understand our financial performance and position. This new grouping has been detailed on the index to these consolidated financial statements on page 1.

• Accounting policies previously presented in Note 1 as a single note, have in 2017 been placed within the relevant notes to the consolidated financial statements, where possible. Changes were made in the wording of these policies to more clearly set out the accounting policies relevant to the Group and do not represent changes in accounting policies.

• Information about significant judgements, assumptions and estimation uncertainties previously presented in Note 1 as a single note were placed within the relevant notes alongside the significant accounting policy to which they relate.

• Results from operating activities, operating lease commitments, liability for post-retirement medical benefits and finance lease obligations: various disclosures were rationalised to focus on material financial information.

• Financial instrument disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 24 summarises the financial instrument disclosure that has been included throughout the consolidated financial statements.

• Related party disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 25 summarises the related party disclosure that has been included throughout the consolidated financial statements.

1 ACCOUNTING POLICIES *continued*

New standards, amendments to standards and interpretations not yet adopted

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

IAS 12 Income taxes amendments (Recognition of deferred tax assets for unrealised losses) (Effective date 1 January 2017)

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

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

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised, such as the exclusion of tax deductions resulting from the reversal of deductible temporary differences.

The Group includes entities that are not expected to generate recurring taxable income, and have unrecognised deferred tax assets. Some of these entities were establised in excess of a hundred years ago and own land that is carried at historical cost, but may have value in excess of its carrying value that could result in a deferred tax asset under the amended accounting standard. The impact of this amended accounting standard has not been quantified at this stage due to the significant assumptions, estimates and judgement required to estimate the potential future taxable profits.

IFRS 2 Share-based payment amendments (Effective date 1 January 2018)

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

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

IFRS 9 Financial Instruments (Effective date 1 January 2018)

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

A preliminary assessment indicated that IFRS 9 will not have a significant impact on the Group due to the short term nature of financial assets measured at amortised cost and the insignificant movements related to available-for-sale financial assets. The final assessment of the impact of IFRS 9 will be finalised in due course.

IFRS 15 Revenue from contracts with customers (Effective date 1 January 2018)

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

A preliminary assessment indicated that IFRS 15 will not have a significant impact on the Group due to the short term nature of the revenue cycle. The final assessment of the impact of IFRS 15 will be finalised in due course.

IFRS 16 Leases (Effective date 1 January 2019)

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

The assessment of the impact of this new accounting standard requires an extensive assessment of the leases of the Group which is ongoing. The total impact of this new accounting standard can therefore not be quantified with certainty at this stage.

2 REVENUE

ACCOUNTING POLICIES

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

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

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

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

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

MARKET RISK

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

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

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

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

3 RESULTS FROM OPERATING ACTIVITIES

3.1 COST OF SALES

Amounts in R million	Note	2017	2016
Cost of sales		**(2 307.9)**	(2 236.8)
Operating costs (a)		**(2 109.3)**	(2 030.2)
Depreciation	7	**(179.8)**	(180.2)
Retrenchment costs (b)		**(23.0)**	-
Change in estimate of environmental rehabilitation	8 , 22	**(0.6)**	(19.3)
Movement in gold in process and finished stock		**4.8**	(7.1)

(a) Operating costs

The most significant components of operating costs include:

	2017	2016
Materials	**(783.9)**	(719.5)
Labour including short term incentives, excluding retrenchment costs	**(351.0)**	(362.1)
Electricity	**(344.2)**	(325.4)
Specialist service providers	**(299.7)**	(282.4)
Water	**(71.1)**	(82.1)

(b) Retrenchment costs

	2017	2016
The final clean up and closure of various sites in the Crown complex during the year ended 30 June 2017 resulted in the retrenchment costs incurred. All retrenchments were concluded and settled at reporting date.	**(23.0)**	-

3.2 OTHER INCOME

ACCOUNTING POLICIES

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2017

4 FINANCE INCOME

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

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

5 FINANCE EXPENSE

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

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

6 EARNINGS PER SHARE

ACCOUNTING POLICIES
Earnings per share is calculated based on the net profit or loss after tax for the year, divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings or loss per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on earnings or loss per share.

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

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

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

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

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

7 PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Impairment of property, plant and equipment

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

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

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

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

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

Sensitivity analysis

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

Depreciation

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future varies significantly from current forecast production. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating mineral reserves and resources. These factors could include:
• changes in mineral reserves and resources;
• the grade of mineral reserves and resources may vary from time to time;
• differences between actual commodity prices and commodity price assumptions;
• unforeseen operational issues at mine sites including planned extraction efficiencies; and
• changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates.

Mineral reserves and resources estimates

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

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

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

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

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

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

7 PROPERTY, PLANT AND EQUIPMENT *continued*

ACCOUNTING POLICIES

Recognition and measurement
Property, plant and equipment comprise mine plant facilities and equipment, mine property and development (including mineral rights) and exploration assets. These assets are initially measured at cost, where after they are measured at cost less accumulated depreciation and accumulated impairment losses.
Cost includes expenditure that is directly attributable to the acquisition or construction of the asset, as well as the costs of dismantling and removing an asset and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
Exploration and evaluation costs are capitalised as exploration assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project.

Depreciation
Depreciation of mine plant facilities and equipment, as well as mining property and development (including mineral rights) are calculated using the units of production method which is based on the life-of-mine of each site.
The life-of-mine is primarily based on proved and probable mineral reserves and may include some resources. It reflects the estimated quantities of economically recoverable gold that can be recovered from reclamation sites based on the gold price estimated at the end of the financial year. Changes in the life-of-mine will impact depreciation on a prospective basis. The life-of-mine is prepared using a methodology that takes account of current information to assess the economically recoverable gold from specific reclamation sites and includes the consideration of historical experience.
The depreciation method, estimated useful lives and residual values are reassessed annually and adjusted if appropriate. Any changes to useful lives may affect prospective depreciation rates and asset carrying values.
The current estimated useful lives for mine property and development, as well as mine plant facilities and equipment are based on the life-of-mine of each site, currently between two (2016: six) and 12 (2016: 10) years.

Impairment
Non-financial assets
The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Each metallurgical plant or combination of plants that, together with its deposition facility, is capable of operating independently is considered to be a CGU.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

Leased assets
Upon initial recognition, the leased asset and liability are measured at amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned property, plant and equipment.

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

7 PROPERTY, PLANT AND EQUIPMENT *continued*

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

(a) Leased plant and equipment

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

(b) Depreciation

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

CONTRACTUAL COMMITMENTS

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

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

8 PROVISION FOR ENVIRONMENTAL REHABILITATION

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

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

ACCOUNTING POLICIES

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

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

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

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

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

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

9 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS

ACCOUNTING POLICIES

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

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

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

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

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

CREDIT RISK

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

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

MARKET RISK

Interest rate risk
A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the balance of the funds, remain constant. The analysis excludes income tax.

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

10 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are non-derivative financial assets categorised as loans and receivables and comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.
Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

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

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

CREDIT RISK

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

MARKET RISK

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

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

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

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

11 CASH GENERATED BY OPERATIONS

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

12 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

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

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

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

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

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

CREDIT RISK

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

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

12 TRADE AND OTHER RECEIVABLES *continued*

Ageing of trade receivables and other receivables:

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

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour. Impairments were raised due to the uncertainty around the recoverability and timing of the expected cash flows.

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

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

MARKET RISK

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

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

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

A 10% strengthening of the Rand against the US Dollar at 30 June would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant.

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

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

13 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

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

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

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

LIQUIDITY RISK

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

14 INVENTORIES

ACCOUNTING POLICIES

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

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

Consumable stores are stated at cost less allowances for obsolescence. Cost of consumables is based on the weighted average cost principle and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

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

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

15 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

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

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

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

ACCOUNTING POLICIES

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

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

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

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

15.1 INCOME TAX EXPENSE

Tax on gold mining income is determined based on a formula: $Y = 34 - 170/X$ where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to gold mining income derived, expressed as a percentage. Non-mining income, which consists primarily of interest accrued, is taxed at a standard rate of 28%.

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

15 INCOME TAX *continued*

15.1 INCOME TAX EXPENSE *continued*

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

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

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

15 INCOME TAX *continued*

15.2 DEFERRED TAX

Deferred tax assets and liabilities relate to the following:

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

Movement in the net deferred tax liability is as follows:

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

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

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

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

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

16 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

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

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

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

16.1 LIABILITY FOR LONG TERM INCENTIVE SCHEME

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

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

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

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

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

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

16 EMPLOYEE BENEFITS *continued*

16.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Short term benefits/emoluments

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

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

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

16 EMPLOYEE BENEFITS *continued*

16.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in long term incentive scheme

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

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

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

16 EMPLOYEE BENEFITS *continued*

16.3 RELATED PARTY TRANSACTIONS

Interests in contracts

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

Key management personnel remuneration

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

17 CAPITAL MANAGEMENT

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that optimises the cost of capital, ensures that the Group remains in a sound financial position and matches the Group's strategy.

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

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

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

18 EQUITY

ACCOUNTING POLICIES

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

Repurchase and reissue of ordinary shares (treasury shares)
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from share capital.

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

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

(a) Unissued shares
In terms of an ordinary resolution passed at the previous annual general meeting, the remaining unissued ordinary shares in the company are under the control of the directors until the next general meeting.
No shares were issued during the year ended 30 June 2017 (2016: 546 000 shares were issued relating to share options exercised under the DRDGOLD (1996) share scheme).

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

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

19 OPERATING SEGMENTS

ACCOUNTING POLICIES

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

Ergo is a surface retreatment operation and treats old slime and sand dumps to the south of Johannesburg's central business district as well as the East and Central Rand goldfields. The operation comprises four plants. The Ergo and Knights plants continue to operate as metallurgical plants. The City Deep plant continues to operate as a pump/milling station feeding the metallurgical plants. The Crown plant operated as a pump/milling station feeding the metallurgical plants until March 2017 when it ceased all operations.

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

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

19 OPERATING SEGMENTS *continued*

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

20 INTEREST IN SUBSIDIARIES

ACCOUNTING POLICIES

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

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

21 INVESTMENTS IN OTHER ENTITIES

ACCOUNTING POLICIES

The Group's listed and unlisted investments in equity securities are classified as available-for-sale financial assets. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI.

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

[#] *Represents a less than 1% shareholding.*

** Represents a less than R0.1 million carrying value.*

^ Class A 170 shares are held in Guardrisk Insurance Company Limited that entitles the holder to 100% of the residual net equity of the Cell Captive A 170 after settlement of the reimbursive right.

(a) Rand Refinery

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

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

MARKET RISK

Other market price risk

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

Listed investments

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

Unlisted investments

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

22 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

ACCOUNTING POLICIES
Non-current assets or disposal groups, comprising non-current asset and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.
Such assets or disposal groups are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial application as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Non-current assets and disposal groups cease to be classified as held for sale if it is not highly probable that they will be recovered primarily through sale rather than continuing use.
Such assets that cease to be classified as held for sale are measured at the lower of their carrying amount before such assets were classified as held for sale, adjusted for any depreciation that would have been recognised had such assets not been classified as held for sale, and their recoverable amount at the date of the subsequent decision not to sell.

Amounts in R million	Note	2017	2016
Assets held for sale			
Property, plant and equipment *		**-**	5.8
Opening balance		**5.8**	0.8
Transferred (to)/from property, plant and equipment	7	**(0.8)**	5.0
Disposal (a)		**(5.0)**	-
Non-current investments and other assets		**-**	9.2
Opening balance		**9.2**	8.6
Growth	4	**0.7**	0.6
Transferred to cash and cash equivalents in environmental rehabilitation trust fund	9	**(9.9)**	-
		-	15.0

* Consists of land that is carried at cost and is not depreciated.

Amounts in R million	Note	2017	2016
Liabilities held for sale			
Provisions		**-**	15.6
Opening balance		**15.6**	17.6
Unwinding of provision	5	**1.2**	1.5
Change in estimate of environmental rehabilitation recognised in profit or loss	3.1	**-**	(2.1)
Environmental rehabilitation payments	11	**-**	(1.4)
Transferred to provision for environmental rehabilitation	8	**(16.8)**	-
		-	15.6

In line with the Group's strategy to exit underground mining operations, management committed to a plan to sell certain of the underground mining and prospecting rights held by East Rand Proprietary Mines Limited ("ERPM") including the related liabilities late during the financial year ended 30 June 2014. Since that date, these assets and liabilities have been presented as a disposal Group held for sale from that date due to a sale being expected within 12 months.

All regulatory approvals required for this disposal have been obtained, with the exception of the approval required under Section 11 of the Mineral and Petroleum Resource Development Act (Section 11 Approval) as a result of circumstances beyond ERPM's control.

DRDGOLD and the purchaser also concluded the restructure of the payment terms requested by the purchaser during the current financial year.

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

Management remains committed to the disposal and will continue to pursue its rights under the disposal agreement and the ultimate conclusion of the transaction.

(a) Property disposal
A property with a carrying value of R5 million was classified as held for sale based on a sales agreement entered during June 2016. The disposal for R18 million was concluded during the current financial year.

23 CONTINGENT LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Group.
Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.
When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

Occupational Lung Diseases

In January 2013, DRDGOLD, ERPM ("DRDGOLD Respondents") and 23 other mining companies ("Other Respondents") (collectively referred to as "Respondents") were served with a court application issued in the High Court of South Africa ("Court") for a class certification ("Certification Application") on behalf of former mineworkers and dependants of deceased mineworkers ("Applicants"). In the application the Applicants allege that the Respondents conducted underground mining operations in a negligent and complicit manner causing the former mineworkers to contract occupational lung diseases. The Applicants have as yet not quantified the amounts which they are demanding from the Respondents in damages.

On 13 May 2016, the Court granted an order for, *inter alia* (1) certification of two industry-wide classes: a silicosis class and a tuberculosis class, both of which cover current and former underground mineworkers who have contracted the respective diseases (or the dependants of mineworkers who died of those diseases); and (2) that the common law be developed to provide that in instances where a claimant claiming general damages passed away, the claim for general damages will be transmitted to the estate of the deceased claimant.

The DRDGOLD Respondents served a notice of appeal against the aforementioned findings on 22 July 2016, and 27 September 2016 respectively. The appeal has been set down for hearing from 19 to 23 March 2018.

The Respondent companies formed a Working Group consisting of representatives from each company to consider and discuss issues pertaining to the action.

DRDGOLD withdrew from the Working Group in January 2016. The remaining members of the Working Group have since indicated that they would be seeking a possible settlement of the class action and have all raised accounting provisions at 30 June 2017 due to progress made by the Working Group towards settlement of the claims.

DRDGOLD took the view that it is too early to consider settlement of the matter, mainly for the following reasons:
• the Applicants have as yet not issued and served a summons (claim) in the matter;
• there is no indication of the number of potential claimants that may join the class action against the DRDGOLD respondents;
• many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.

In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

23 CONTINGENT LIABILITIES *continued*

Ekurhuleni Metropolitan Municipality ("Ekurhuleni") Electricity Tariff Dispute

Main Application

In December 2014, an application (in the Court) was filed and served on, *inter alia*, the Ekurhuleni Metropolitan Municipality ("Municipality") and Eskom Holdings SOC Limited ("Eskom") in terms of which Ergo contends, amongst other things, that the Municipality does not “supply” electricity to Ergo from a “supply main” as contemplated in the Municipality’s Electricity By-Laws of 2002 ("Main Application"). The Municipality is not licensed to supply electricity to Ergo in terms of the Municipality’s Temporary Distribution Licence. The Municipality is not entitled to render tax invoices to Ergo for the supply and consumption of electricity from the substation. The Municipality is furthermore not competent to add a surcharge or premium of approximately 40% (forty percent) of the rate at which Eskom ordinarily charges Ergo on its Megaflex rate. Ergo is not indebted to the Municipality for the supply and consumption of electricity and is not obliged to tender payment for any amounts claimed in the invoices rendered by the Municipality in excess of its actual consumption therefore as determined by Eskom on a monthly basis. The Municipality is indebted to Ergo in the amount of approximately R43 million in respect of the surcharges and premiums that were erroneously paid to the Municipality in the *bona fide* and reasonable belief that the Municipality was competent to supply electricity to it. The hearing in respect of the Main Application has been set down for hearing on 5 December 2018.

Subsequent to December 2014 up to 30 June 2017, the Municipality has invoiced Ergo for approximately R91.8 million in surcharges of which R86.1 million has been paid into an attorney's trust account at 30 June 2017 pending the final determination of the Main Application. This amount paid into the attorneys’ trust account represents the difference between the Megaflex tariff and the surcharge levied by the Municipality.

Urgent Application

Subsequent to Ergo electing to pay the surcharge levied by the Municipality into the trust account of its attorneys, the Municipality, on 25 May 2015 threatened to terminate the electricity supply at the Substation in terms of the provisions of the By-Laws described above. The Municipality was, furthermore, contending that Ergo was allegedly in arrears of its account and was seeking to employ its debt collection and credit control measures in relation to the alleged arrears. Ergo proceeded to launch an urgent application at the South Gauteng High Court, Johannesburg, to interdict the Municipality from terminating the electricity supply at the Substation. On 3 May 2016, the Court found in favour of Ergo and interdicted and prohibited the Municipality from terminating or otherwise interfering with the supply of electricity at the Substation. The Municipality subsequently, and ultimately, petitioned the Supreme Court of Appeal ("SCA") for leave to appeal against the judgment. The appeal hearing was heard by the full bench of the South Gauteng High Court, Johannesburg on 20 and 21 June 2017. Judgment in respect thereof was handed down on 29 August 2017 and the full bench found in favour of the Municipality. Ergo filed its petition for leave to appeal to the SCA on 26 September 2017.

Environmental

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

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

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

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

24 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives and policies and processes for measuring and managing risk. The Group's management of capital is disclosed in note 17. This note must be read with the quantitative disclosures included throughout these consolidated financial statements.

Financial risk management framework

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

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

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

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.
The Group's financial instruments do not represent a concentration of credit risk due to the exposure to credit risk being managed as disclosed in the follwing notes:

NOTE 9 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 10 CASH AND CASH EQUIVALENTS
NOTE 12 TRADE AND OTHER RECEIVABLES

MARKET RISK

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

Commodity price risk

Additional disclosures are included in the following note:
NOTE 2 REVENUE

Other market risk

Additional disclosures are included in the following note:
NOTE 21 INVESTMENTS IN OTHER ENTITIES

Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash from its operations and is obliged to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.
Additional disclosures are included in the following notes:
NOTE 9 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 10 CASH AND CASH EQUIVALENTS

24 FINANCIAL INSTRUMENTS *continued*

MARKET RISK *continued*

Foreign currency risk

The Group enters into transactions denominated in foreign currencies, such as gold sales denominated in US dollar, in the ordinary course of business. This exposes the Group to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following notes:

NOTE 12 TRADE AND OTHER RECEIVABLES
NOTE 10 CASH AND CASH EQUIVALENTS

LIQUIDITY RISK

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

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
Additional disclosures are included in the following note:

NOTE 13 TRADE AND OTHER PAYABLES

25 RELATED PARTIES

Disclosures are included in the following notes:

NOTE 16.3 RELATED PARTY TRANSACTIONS
NOTE 20 INTEREST IN SUBSIDIARIES
NOTE 18 EQUITY

26 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2017 and the date of issue of these financial statements other than included in the preceding notes to the consolidated financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

Amounts in R million	Note	2017	2016
Revenue	2	**26.9**	20.1
Operating costs		**(27.1)**	(20.2)
Administration expenses and other costs		**(26.3)**	(57.7)
Results from operating activities	3	**(26.5)**	(57.8)
Finance income	4	**78.7**	81.4
Finance expenses		**(2.3)**	(0.4)
Profit before tax		**49.9**	23.2
Income tax	10.1	**(1.9)**	0.5
Profit for the year		**48.0**	23.7
Other comprehensive income			
Items that are or may be reclassified to profit or loss, net of tax			
Net fair value adjustment on available-for-sale investments	14	**(0.3)**	4.4
Total other comprehensive income for the year		**(0.3)**	4.4
Total comprehensive income for the year		**47.7**	28.1

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2017

Amounts in R million	Note	2017	2016
ASSETS			
Non-current assets		**931.9**	773.3
Property, plant and equipment		**0.1**	0.2
Net investments in subsidiaries	5	**918.1**	757.3
Investments in other entities	14	**8.8**	9.0
Deferred tax asset	10.2	**4.9**	6.8
Current assets		**132.7**	298.2
Trade and other receivables	8	**8.5**	13.0
Cash and cash equivalents	6	**124.2**	278.6
Current tax asset		**-**	6.6
TOTAL ASSETS		**1 064.6**	1 071.5
EQUITY AND LIABILITIES			
Equity			
Equity	13	**1 030.8**	1 034.9
Non-current liabilities		**11.9**	9.8
Liability for long term incentive scheme	11.1	**11.9**	9.8
Current liabilities		**21.9**	26.8
Trade and other payables	9	**16.7**	26.8
Current tax liability		**5.2**	-
TOTAL LIABILITIES		**33.8**	36.6
TOTAL EQUITY AND LIABILITIES		**1 064.6**	1 071.5

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

Amounts in R million	Note	Share capital	Available for sale and other reserves	Retained earnings	Total equity
Balance at 30 June 2015		**4 225.6**	**0.7**	**(2 963.7)**	**1 262.6**
Total comprehensive income					
Profit for the year				23.7	23.7
Other comprehensive income	14		4.4		4.4
Transactions with the owners					
Dividend on ordinary share capital	13			(258.6)	(258.6)
Shares issued for cash		2.8			2.8
Balance at 30 June 2016		**4 228.4**	**5.1**	**(3 198.6)**	**1 034.9**
Total comprehensive income					
Profit for the year				48.0	48.0
Other comprehensive income	14			(0.3)	(0.3)
Transactions with the owners					
Dividend on ordinary share capital	13			(51.8)	(51.8)
Available for sale and other reserves transferred to retained earnings	1		(5.1)	5.1	-
Balance at 30 June 2017		**4 228.4**	**-**	**(3 197.6)**	**1 030.8**
Note		13			

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

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

Amounts in R million	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received		**26.9**	20.1
Cash paid to suppliers and employees		**(66.0)**	(55.2)
Cash applied to operations	7	**(39.1)**	(35.1)
Finance income received		**17.0**	19.4
Finance expenses paid		**(0.1)**	(0.6)
Income tax received		**11.8**	1.5
Net cash outflow from operating activities		**(10.4)**	(14.8)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(0.1)**	(0.1)
Amounts advanced to subsidiaries		**(97.1)**	-
Repayments of amounts owing by subsidiaries		**-**	347.2
Other		**5.0**	(3.8)
Net cash (outflow)/inflow from investing activities		**(92.2)**	343.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans and borrowings		**-**	(22.5)
Dividends paid on ordinary share capital	13	**(51.8)**	(258.6)
Proceeds from the issue of shares		**-**	2.8
Net cash outflow from financing activities		**(51.8)**	(278.3)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(154.4)**	50.2
Cash and cash equivalents at the beginning of the year		**278.6**	228.6
Foreign exchange movements		**-**	(0.2)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**124.2**	278.6

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2017

1 ACCOUNTING POLICIES

Reporting entity
DRDGOLD ("Company") is primarily a Holding Company holding investments in subsidiaries involved in the retreatment of surface gold. DRDGOLD Limited is domiciled in South Africa with a registration number of 1895/000926/06. The registered address of the Company is 1 Sixty Jan Smuts Building, 2nd Floor - North Tower, 160 Jan Smuts Avenue, Rosebank, 2196.

Basis of accounting
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa. The financial statements were approved by the board of directors on 25 October 2017.

Functional and presentation currency
The Company's functional and presentation currency is South African rand due to all of the Company's operations being located in South Africa. The amounts in these financial statements are rounded to the nearest hundred thousand unless stated otherwise.

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

NOTE 10 INCOME TAX

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

NOTE 15 CONTINGENT LIABILITIES

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

IAS 1 Disclosure Initiative: Changes to the presentation of the financial statements and notes to the financial statements
In order to facilitate improved reading of the financial statements, DRDGOLD has made various changes to the presentation of the financial statements and notes to the financial statements to give prominence to material financial statement disclosures.
In applying materiality to financial statement disclosures, we consider both the amount and nature of each item. The main changes to the presentation of the financial statements and notes thereon in 2017 are as follows and were made retrospectively for all periods presented in order to facilitate improve comparability:
• The notes to the financial statements are presented in an order that gives prominence to the areas of our activities that the Company considers to be the most relevant to understand our financial performance and position. This new grouping has been detailed on the index to these financial statements on page 1.
• The statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity: Certain line items disclosure were rationalised to focus on material information and certain line items were renamed or added where such presentation facilitate improved presentation of relevant financial information.
• With effect from 1 July 2016, the accumulated available for sale and other reserves, comprising asset revaluation reserves, were transferred to retained earnings and subsequent changes in the fair value of available for sale financial instruments are recognised directly in retained earnings.
• Accounting policies previously presented in Note 1 as a single note, have in 2017 been placed within the relevant notes to the financial statements, where possible. Changes were made in the wording of these policies to more clearly set out the accounting policies relevant to the Company and do not represent changes in accounting policies.

1 ACCOUNTING POLICIES *continued*

IAS 1 Disclosure Initiative: Changes to the presentation of the financial statements and notes to the financial statements (continued)

• Information about significant judgements, assumptions and estimation uncertainties previously presented in Note 1 as a single note were placed within the relevant notes alongside the significant accounting policy to which they relate.
• Financial instrument disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 16 summarises the financial instrument disclosure that has been included throughout the financial statements.
• Related party disclosure previously presented in a separate note have been placed within the notes to which they relate. Note 17 summarises the related party disclosure that has been included throughout the financial statements.

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

IAS 12 Income taxes amendments (Recognition of deferred tax assets for unrealised losses) (Effective date 1 January 2017)
The amendments provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised, such as the exclusion of tax deductions resulting from the reversal of deductible temporary differences.
This amended accounting standard is not expected to have a significant impact on the financial statements.

IFRS 2 Share-based payment amendments (Effective date 1 January 2018)
Measurement of cash-settled share-based payments – There is currently no guidance in IFRS 2 on how to measure the fair value of the liability in a cash-settled share based payment. The amendments clarify that a cash-settled share-based payment is measured using the same approach as for equity-settled share-based payments – i.e. the modified grant date method. Therefore, in measuring the liability, market and non-vesting conditions are taken into account in measuring its fair value and the number of awards to receive cash is adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions.
A preliminary assessment indicated that IFRS 2 will not have a significant impact on the Company as market and non-vesting conditions are being taken into account in measuring its fair value and the number of awards to receive cash is already adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions. The final assessment of the impact of IFRS 2 will be finalised in due course.

IFRS 9 Financial Instruments (Effective date 1 January 2018)
This standard will include changes in the measurement bases of the financial assets to amortised cost and fair value through other comprehensive income ("OCI"). Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are different. In addition, the IFRS 9 impairment model has been changed from an “incurred loss” model from IAS 39 to an “expected credit loss” model.
A preliminary assessment indicated that IFRS 9 will not have a significant impact on the Company due to the short term nature of financial assets measured at amortised cost and the insignificant movements related to available-for-sale financial assets. The final assessment of the impact of IFRS 9 will be finalised in due course.

IFRS 15 Revenue from contracts with customers (Effective date 1 January 2018)
The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
A preliminary assessment indicated that IFRS 15 will not have a significant impact on the Company due to the short term nature of the revenue cycle. The final assessment of the impact of IFRS 15 will be finalised in due course.

2 REVENUE

ACCOUNTING POLICIES

The company recognises revenue from rendering corporate services to subsidiary companies when the services have been rendered and to the stage of completion thereof and it is measured at fair value. The stage of completion is determined on the basis of cost incurred to date in relation to the total expected cost.

Amounts in R million	Note	2017	2016
Corporate service fees	5	**26.9**	20.1
		26.9	20.1

3 RESULTS FROM OPERATING ACTIVITIES

Amounts in R million	Note	2017	2016
Results from operating activities include the following:			
Remuneration			
Board fees		**3.7**	3.7
Salaries including accruals for short term incentives		**26.1**	34.0
Increase in long term incentive liability	11.1	**2.3**	9.4

4 FINANCE INCOME

ACCOUNTING POLICIES

Finance income includes interest received.

Amounts in R million	Note	2017	2016
Interest on cash and cash equivalents	6	**16.3**	19.5
Interest on amounts receivable from subsidiaries	5	**62.4**	61.9
		78.7	81.4

5 NET INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICIES

Investment in subsidiaries
Subsidiaries are entities controlled by DRDGOLD. DRDGOLD controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost less any accumulated impairment.

Amounts owing to the company
Amounts owing to the company are non-derivative financial assets categorised as loans and receivables.

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

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

Amounts owing by the company
Amounts owing by the company are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

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

Amounts in R million	2017	2016
Investment in subsidiaries at cost		
Ergo Mining Operations Proprietary Limited	**210.5**	210.5
	210.5	210.5
Amounts owing to the company		
Ergo Mining Proprietary Limited ("Ergo") (1)	**599.9**	599.9
Ergo Mining Operations Proprietary Limited ("EMO") (2)	**419.2**	258.4
West Witwatersrand Gold Mines Limited	**-**	-
Cost	**143.9**	143.9
Impairment	**(143.9)**	(143.9)
	1 019.1	858.3
Amounts owing by the company		
Crown Consolidated Gold Recoveries Limited	**(245.3)**	(245.3)
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	**(42.1)**	(42.1)
West Witwatersrand Gold Holdings Limited	**(23.0)**	(23.0)
Argonaut Financial Services Proprietary Limited	**(1.1)**	(1.1)
	(311.5)	(311.5)
Net investment in subsidiaries	**918.1**	757.3

All loans are unsecured, interest free and have no fixed terms of repayment, except as follows:
(1) The loan bears interest at the prime interest rate minus four percentage points. The loan is unsecured and DRDGOLD may call for payment of the loan at any time.
(2) The loan bears interest at the prime interest rate minus four percentage points. The loan is unsecured and without any fixed repayment arrangements. DRDGOLD subordinated its claim in favour of all other creditors and in terms of this subordination agreements, DRDGOLD will not call for repayment of the loans until the total assets of the borrower, fairly valued, exceeds its total liabilities; or all other liabilities are paid.
The company and its major subsidiary, Ergo, will jointly continue to provide EMO with the financial support required to meet its obligations incurred in the ordinary course of business, including the obligations of EMO's subsidiary ERPM. The company has also undertaken not to call for payment of such loans within 367 days commencing on the date of signature of the borrower’s most recently issued financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
for the year ended 30 June 2017

5 NET INVESTMENTS IN SUBSIDIARIES *continued*

Transactions with subsidiaries

Amounts in R million	Note	2017	2016
Corporate services fees from Ergo Mining Proprietary Limited	2	**26.9**	20.1
Interest received from Ergo Mining Proprietary Limited		**38.8**	35.4
Interest received from Ergo Mining Operations Proprietary Limited		**23.6**	26.5
	4	**62.4**	61.9

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of the amount owing to DRDGOLD Limited.

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

MARKET RISK

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

Amounts in R million	2017	2016
100bp increase	**10.2**	8.6
100bp (decrease)	**(10.2)**	(8.6)

LIQUIDITY RISK

Amounts owing by DRDGOLD Limited do not have any fixed payment terms and may be called for at any time.

RELATED PARTY RELATIONSHIPS

A complete list of subsidiaries is provided below:

Name of entity	Activity
Subsidiaries directly held	
Ergo Mining Operations Proprietary Limited	Holding company
Crown Consolidated Gold Recoveries Limited	Dormant
West Witwatersrand Gold Holdings Limited	Dormant
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	Dormant
Argonaut Financial Services Proprietary Limited	Dormant
Roodepoort Gold Mine Proprietary Limited	Dormant
Subsidiaries indirectly held	
Ergo Mining Proprietary Limited	Surface gold mining
East Rand Proprietary Mines Limited	Care and maintenance
Crown Gold Recoveries Proprietary Limited	Non - operational
West Witwatersrand Gold Mines Limited	Dormant
Crown Mines Limited	Dormant
City Deep Limited	Dormant
Consolidated Main Reef and Estate Limited	Dormant
Hartebeestfontein Gold Mining Company Limited	Dormant

All subsidiaries are 100% owned by DRDGOLD and are incorporated in South Africa.

6 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are non-derivative financial assets categorised as loans and receivables and comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.
Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Amounts in R million	Note	2017	2016
Bank balances		**21.6**	36.0
Call deposits		**102.6**	242.6
		124.2	278.6
Interest relating to cash and cash equivalents	4	**16.3**	19.5

CREDIT RISK

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

MARKET RISK

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

Amounts in R million	2017	2016
100bp increase	**1.2**	2.8
100bp (decrease)	**(1.2)**	(2.8)

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

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

7 CASH APPLIED TO OPERATIONS

Amounts in R million	Note	2017	2016
Profit before tax		**49.9**	23.2
Adjusted for			
Depreciation		**0.1**	0.1
Increase in long term incentive liability	11.1	**2.3**	9.4
Finance income	4	**(78.7)**	(81.4)
Finance expenses		**2.3**	0.4
Operating cash flows before working capital changes		**(24.1)**	(48.3)
Working capital changes		**(15.0)**	13.2
Change in trade and other receivables		**(1.0)**	0.1
Change in trade and other payables		**(14.0)**	13.1
Cash applied to operations		**(39.1)**	(35.1)

8 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

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

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

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

Amounts in R million	2017	2016
Value Added Tax	**1.4**	-
Other receivables	**7.1**	13.0
	8.5	13.0

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of its other receivables, excluding Value Added Tax. None of the Company's other receivables are past due.

The Company manages its exposure to credit risk on trade receivables by providing corporate services on a retainer basis. The Company manages its exposure to credit risk on other receivables by dealing with a number of counterparties, ensuring that these counterparties are of good credit standing and transacting on a secured or cash basis where considered necessary. Receivables are regularly monitored and assessed for recoverability.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

9 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

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

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

Amounts in R million	Note	2017	2016
Trade payables		**3.6**	15.9
Other creditors and accruals		**4.7**	0.4
Accrued leave pay		**1.7**	1.2
Provision for incentives		**-**	9.3
Payroll accruals		**6.7**	-
		16.7	26.8

LIQUIDITY RISK

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

10 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management periodically evaluates positions taken where tax regulations are subject to interpretation.

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

ACCOUNTING POLICIES

Income tax expense comprises current and deferred tax.

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

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

10.1 INCOME TAX EXPENSE

Amounts in R million	2017	2016
Non-mining tax	**(1.9)**	0.5
	(1.9)	0.5
Comprising:		
Current tax - prior year	**-**	(5.1)
Deferred tax - current year	**(1.9)**	5.6
	(1.9)	0.5
Tax reconciliation		
Major items causing the Company's income tax expense to differ from the statutory rate were:		
Tax on net profit before tax at the South African corporate tax rate of 28%	**(14.0)**	(6.5)
Exempt income (a)	**6.6**	11.3
Utilisation of tax losses for which deferred tax assets were previously unrecognised (b)	**5.9**	0.9
Under provided in prior periods	**-**	(5.1)
Other differences	**(0.4)**	(0.1)
Income tax	**(1.9)**	0.5
Estimated, unrecognised assessed tax losses at year-end (available to reduce future taxable income)	**9.5**	29.6
Estimated, unrecognised unredeemed capital expenditure at year-end (available for deduction against future mining income)	**131.5**	131.5
Estimated, unrecognised capital losses at year-end (available to reduce future capital gains)	**1 451.7**	1 452.4

(a) Exempt income
Exempt income consists of R23.6 million interest received from subsidiaries that is not taxable (2016: R40.2 million).

(b) Utilisation of tax losses for which deferred tax assets were previously unrecognised
Despite the Company not normally generating recurring taxable income, and therefore having unrecognised deferred tax assets, it generated taxable income during the year ended 30 June 2017.

10 INCOME TAX *continued*

10.2 DEFERRED TAX

Deferred tax assets relate to the following:

Amounts in R million	2017	2016
Provisions	**4.9**	6.8
	4.9	6.8

Movement in the deferred tax asset is as follows:

Amounts in R million	2017	2016
Opening balance	**6.8**	1.2
Recognised in profit or loss	**(1.9)**	5.6
Provisions	**(1.9)**	5.6
Closing balance	**4.9**	6.8

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

Amounts in R million	2017	2016
Tax losses	**2.7**	8.4
Unredeemed capital expenditure	**36.8**	36.8
Capital losses	**325.2**	271.1

Deferred tax assets have not been recognised as the company is not expected to generate future taxable profits against which the tax losses and unredeemed capital expenditure can be utilised.

11 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

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

11.1 LIABILITY FOR LONG TERM INCENTIVE SCHEME

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

Amounts in R million	Note	2017	2016
Opening balance		**9.8**	1.2
Increase in long term incentive liability	7	**2.3**	9.4
Transferred between Group companies		**1.3**	-
Benefits paid		**(1.5)**	(0.8)
Total liability for long term incentive scheme		**11.9**	9.8

Reconciliation of outstanding phantom shares	2017		2016	
	Shares Number	Weighted average price per share R	Shares Number	Weighted average price per share R
Opening balance	7 944 894		904 932	
Granted	-	-	7 325 643	2.26
Vested and paid*	(265 786)	5.64	(285 681)	2.09
Forfeited/lapsed	(85 503)		-	
Closing balance	7 593 605		7 944 894	

Ageing of outstanding phantom shares:	30 June 2018	30 June 2019	30 June 2020	30 June 2021	Total
Granted October 2014*	267 962				267 962
Granted November 2015		1 465 129	2 197 693	3 662 821	7 325 643
** Granted before amendment*	267 962	1 465 129	2 197 693	3 662 821	7 593 605

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

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

11 EMPLOYEE BENEFITS *continued*

11.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Short term benefits/emoluments

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

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

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

11 EMPLOYEE BENEFITS *continued*

11.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in long term incentive scheme

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

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

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

11 EMPLOYEE BENEFITS *continued*

11.3 RELATED PARTY TRANSACTIONS

Interests in contracts

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

Key management personnel remuneration

Amounts in R million	2017	2016
Short-term benefits		
- Board fees paid	**3.7**	3.7
- Salaries paid	**19.4**	15.8
- Incentives relating to this cycle	**-**	11.3
- Pre-tax gain on share option exercised	**-**	0.2
	23.1	31.0
Long-term benefits		
- Long term incentive expense	**2.3**	9.4
	2.3	9.4

12 CAPITAL MANAGEMENT

The primary objective of managing the Company's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that optimises the cost of capital, ensures that the Group remains in a sound financial position and matches the Group's strategy.

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

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

13 EQUITY

ACCOUNTING POLICIES

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

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

Amounts in R million	2017	2016
Authorised share capital		
600 000 000 (2016: 600 000 000) ordinary shares of no par value		
5 000 000 (2016: 5 000 000) cumulative preference shares of 10 cents each	**0.5**	0.5
Issued share capital		
431 429 767 (2016: 431 429 767) ordinary shares of no par value (a)	**4 227.9**	4 227.9
5 000 000 (2016: 5 000 000) cumulative preference shares of 10 cents each	**0.5**	0.5
	4 228.4	4 228.4
Dividends (b)		
Dividends paid during the year:		
Prior year final dividend		
SA cents per share	**12**	10
Total	**51.8**	43.1
Interim dividends		
SA cents per share	**-**	50
Total	**-**	215.5
Total	**51.8**	258.6

(a) Unissued shares
In terms of an ordinary resolution passed at the previous Annual General Meeting, the remaining unissued ordinary shares in the Company are under the control of the directors until the next Annual General Meeting.
No shares were issued during the year ended 30 June 2017 (2016: 546 000 shares were issued relating to share options exercised under the DRDGOLD (1996) share scheme).

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

RELATED PARTY TRANSACTIONS

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

14 INVESTMENTS IN OTHER ENTITIES

ACCOUNTING POLICIES

The Company's listed and unlisted investments in equity securities are classified as available-for-sale financial assets. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI.

Amounts in R million	Shares held	% held	2017	2016
Listed investments (Fair value hierarchy Level 1):			**8.6**	8.9
West Wits Mining Limited ("WWM")	47 812 500	10.5%	**8.6**	8.9
Unlisted investments (Fair value hierarchy Level 3):			**0.2**	0.1
Rand Refinery Proprietary Limited ("Rand Refinery") (1)	40 078	10.0%	**-**	-
Guardrisk Insurance Company Limited (Cell Captive A170) ^	20	#	**0.1**	0.1
Chamber of Mines Building Company Proprietary Limited	30 160	3.0%	**0.1**	*
Rand Mutual Assurance Company Limited	1	#	**-**	-
			8.8	9.0
Fair value adjustment on available for sale financial assets recognised in OCI			(0.3)	4.4

Represents a less than 1% shareholding.
** Represents a less than R0.1 million carrying value.*
^ Class A170 shares are held in Guardrisk Insurance Company Limited that entitles the holder to 100% of the residual net equity of the Cell Captive A170 after settlement of the reimbursive right.

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

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

MARKET RISK

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

15 CONTINGENT LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Company.
Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.
When the Company has a present obligation, an outflow of economic resources is assessed as probable and the Company can reliably measure the obligation, a provision is recognised.

Occupational Lung Diseases

In January 2013, DRDGOLD, ERPM (“DRDGOLD Respondents”) and 23 other mining companies (“Other Respondents”) (collectively referred to as "Respondents") were served with a court application issued in the High Court of South Africa (“Court") for a class certification (“Certification Application”) on behalf of former mineworkers and dependants of deceased mineworkers (“Applicants”). In the application the Applicants allege that the Respondents conducted underground mining operations in a negligent and complicit manner causing the former mineworkers to contract occupational lung diseases. The Applicants have as yet not quantified the amounts which they are demanding from the Respondents in damages.

On 13 May 2016, the Court granted an order for, *inter alia* (1) certification of two industry-wide classes: a silicosis class and a tuberculosis class, both of which cover current and former underground mineworkers who have contracted the respective diseases (or the dependants of mineworkers who died of those diseases); and (2) that the common law be developed to provide that in instances where a claimant claiming general damages passed away, the claim for general damages will be transmitted to the estate of the deceased claimant.

The DRDGOLD Respondents served a notice of appeal against the aforementioned findings on 22 July 2016, and 27 September 2016 respectively. The appeal has been set down for hearing from 19 to 23 March 2018.

The Respondent companies formed a Working Group consisting of representatives from each company to consider and discuss issues pertaining to the action.

DRDGOLD withdrew from the Working Group in January 2016. The remaining members of the Working Group have since indicated that they would be seeking a possible settlement of the class action and have all raised accounting provisions at 30 June 2017 due to progress made by the Working Group towards settlement of the claims.

DRDGOLD took the view that it is too early to consider settlement of the matter, mainly for the following reasons:
• the Applicants have as yet not issued and served a summons (claim) in the matter;
• there is no indication of the number of potential claimants that may join the class action against the DRDGOLD respondents;
• many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.
In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

16 FINANCIAL INSTRUMENTS

Overview

The Company has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the Company's exposure to each of the above risks, the Company's objectives and policies and processes for measuring and managing risk. The Company's management of capital is disclosed in note 12. This note must be read with the quantitative disclosures included throughout these financial statements.

Financial risk management framework

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

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

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

CREDIT RISK

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

The Company's financial instruments do not represent a concentration of credit risk due to the exposure to credit risk being managed as disclosed in the follwing notes:

NOTE 5 NET INVESTMENTS IN SUBSIDIARIES
NOTE 6 CASH AND CASH EQUIVALENTS
NOTE 8 TRADE AND OTHER RECEIVABLES

MARKET RISK

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

Other market risk

Additional disclosures are included in the following note:

NOTE 14 INVESTMENTS IN OTHER ENTITIES

Interest rate risk

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

Additional disclosures are included in the following notes:

NOTE 5 NET INVESTMENTS IN SUBSIDIARIES
NOTE 6 CASH AND CASH EQUIVALENTS

16 FINANCIAL INSTRUMENTS *continued*

MARKET RISK continued

Foreign currency risk
The Company receives cash denominated in US dollar resulting from the Group's gold sales in the ordinary course of business. This exposes the Company to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following note:
NOTE 6 CASH AND CASH EQUIVALENTS

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

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
Additional disclosures are included in the following note:
NOTE 5 NET INVESTMENTS IN SUBSIDIARIES
NOTE 9 TRADE AND OTHER PAYABLES

17 RELATED PARTIES

Disclosures are included in the following notes:
NOTE 5 NET INVESTMENTS IN SUBSIDIARIES
NOTE 11.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS
NOTE 11.3 RELATED PARTY TRANSACTIONS
NOTE 13 EQUITY

18 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2017 and the date of issue of these financial statements other than included in the preceding notes to the financial statements.

SHAREHOLDER INFORMATION
at 30 June 2017

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
1) Analysis of shareholders				
1 - 5 000	4 940	79.78%	3 898 139	0.90%
5 001 - 10 000	436	7.04%	3 359 614	0.78%
10 001 - 50 000	564	9.11%	13 315 244	3.09%
50 001 - 100 000	114	1.84%	8 346 804	1.93%
100 001 - 1 000 000	102	1.65%	27 360 605	6.34%
1 000 001 - AND MORE	36	0.58%	375 149 361	86.96%
	6 192	100.00%	431 429 767	100.00%

2) Major shareholders
(1% and more of shares in issue)

	Number of shares	% of total issued share capital
Bank of New York Mellon	224 769 156	52.10%
Khumo Gold SPV (Pty) Limited ("Khumo") *	35 000 000	8.11%
BNYMSANV	22 011 823	5.10%
Clearstream Banking S.A. Luxembourg	12 804 023	2.97%
Citiclient Nominees No 8 NY GW	11 123 542	2.58%
DRDSA Empowerment Trust	10 500 000	2.43%
Ergo Mining Operations Proprietary Limited	9 361 071	2.17%
KBC Securities N.V Clients	7 469 136	1.73%
Investec Value Fund	5 862 496	1.36%
JPMC-Vanguard BBH lending account	5 382 847	1.25%

* Khumo entered into a securities lending arrangement with a financial institution to hedge up to 13 million of its DRDGOLD shares, but will continue to hold a beneficial interest in all 35 million of its DRDGOLD Shares until the expiry of the Lock-in Period. Refer to the SENS announcement dated 16 March 2017 for more detail about this arrangement. At 30 June 2017 Khumo hedged 10 670 000 of its DRDGOLD shares.

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
3) Shareholder spread				
Non-public	4	0.07%	9 809 179	2.27%
Directors	3	0.05%	448 108	0.10%
Subsidiary	1	0.02%	9 361 071	2.17%
Public	6 188	99.93%	421 620 588	97.73%
	6 192	100.00%	431 429 767	100.00%

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
4) Distribution of shareholders				
Individuals	5 603	90.49%	35 072 498	8.13%
Institutions and bodies corporate	589	9.51%	396 357 269	91.87%
	6 192	100.00%	431 429 767	100.00%

ADMINISTRATION AND CONTACT DETAILS

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

OFFICES

Registered and corporate
1 Sixty, Jan Smuts Building
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Fax: +27 (0) 86 524 3061

OPERATIONS

Ergo Mining Proprietary Limited
PO Box 12442
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South Africa
Tel: +27 (0) 11 742 1003
Fax: +27 (0) 11 743 1544

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

DIRECTORS

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

Niël Pretorius
Chief Executive Officer [3]

Riaan Davel
Chief Financial Officer

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

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

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

Toko Mnyango
Independent Non-executive Director [3]

COMPANY SECRETARY

Reneiloe Masemene

INVESTOR AND MEDIA RELATIONS

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E-mail:
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STOCK EXCHANGE LISTINGS

JSE
Ordinary shares
Share Code: DRD
ISIN: ZAE000058723

NYSE
ADRs
Trading Symbol: DRD
CUSIP: 26152H301

MARCHÉ LIBRE PARIS
Ordinary shares
Share Code: MLDUR
ISIN: ZAE000058723

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

SHARE TRANSFER SECRETARIES

South Africa
Link Market Service South Africa Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein
2001 Johannesburg
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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
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101 Barclay Street
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United States of America
Tel: +1 212 815 8223
Fax: +1 212 571 3050

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GENERAL

JSE sponsor
One Capital

Auditor
KPMG Inc.

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

Bankers
ABSA Capital
Standard Bank of South Africa Limited

Website
www.drdgold.com

* *British*
** *American*

Committee memberships during FY2017
[#] *Denotes committee chairman*
[1] *Member or the Audit and Risk Committee*
[2] *Member of the Remuneration and Nominations Committee*
[3] *Member of the Social and Ethics Committee*

DRDGOLD
LIMITED

www.drdgold.com

FORWARD-LOOKING STATEMENTS

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

These risks include, without limitation, those described in the section entitled "Risk Factors" included in our Form 20-F for the fiscal year ended 30 June 2017, which we filed with the United States Securities and Exchange Commission (SEC) on 31 October 2017. You should not place undue reliance on these forward-looking statements, which speak only as of the date thereof. We do not undertake any obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report or the occurrence of unanticipated events. Any forward-looking statement included in this report has not been reviewed or reported on by DRDGOLD's auditors.