DRDGOLD LIMITED

ANNUAL FINANCIAL STATEMENTS 2015

CONTENTS

* *Audited*

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

These risks include, without limitation, those described in the section entitled "Risk Factors" included in our Form 20-F for the fiscal year ended 30 June 2014, which we filed with the United States Securities and Exchange Commission (SEC) on 31 October 2014. You should not place undue reliance on these forward-looking statements, which speak only as of the date thereof. We do not undertake any obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report or the occurrence of unanticipated events. Any forward-looking statement included in this report has not been reviewed or reported on by DRDGOLD's auditors.

DIRECTORS' REPORT

NATURE OF BUSINESS

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

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

MINING RIGHTS AND PROPERTY

A schedule detailing the group's mining rights and property is available at the group's registered address.

SHARE CAPITAL

Details of the 45 500 000 new shares that were issued and listed during the financial year (2014: Nil) as well as the authorised, issued and unissued share capital of the company as at 30 June 2015 are set out in note 17.1 to the financial statements.

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

The authorities granted to directors in respect of control over unissued shares expire on the date of the annual general meeting (AGM) of members to be held on 4 November 2015. Members will, therefore, be requested to consider resolutions at the forthcoming AGM, placing under the control of the directors the then remaining unissued ordinary shares not required for purposes of the share option scheme.

DIRECTORATE

As at 30 June 2015, the board of directors comprised of two executive directors and four non-executive directors.

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

F D van der Westhuizen (1)	Appointed 1 January 2014, resigned 18 July 2014
A T Meyer (1) (2)	Appointed 29 July 2014, resigned 31 December 2014
R Hume (3)	Retired 31 October 2014
A J Davel (1)	Appointed 6 January 2015

(1) Executive director
(2) Acting
(3) Non-executive director

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

DIRECTORS' REPORT
continued

DIRECTORS' INTERESTS IN SHARES

The interests of the directors during the year ended, up to the date of this report, in the ordinary share capital of the company as at 30 June were as follows:

	30 JUNE 2015		30 JUNE 2014	
	Beneficial direct	Beneficial indirect	Beneficial direct	Beneficial indirect
Executive directors				
D J Pretorius [(1)] [(3)]	**401 167**	–	291 167	–
C C Barnes	–	–	–	–
F van der Westhuizen	–	–	–	–
A T Meyer	–	–	–	–
A J Davel	–	–	–	–
	401 167	–	291 167	–
Non-executive directors				
G C Campbell [(2)]	**200 000**	–	150 000	–
R P Hume	–	–	150 000	–
J Turk	–	**243 000**	–	243 000
E A Jeneker	–	–	–	–
J A Holtzhausen	–	–	–	–
	200 000	**243 000**	300 000	243 000
Total	**601 167**	**243 000**	591 167	243 000

(1) All shares acquired during the year ended 30 June 2015 were acquired in the market (2014: 50 000 shares were acquired from the treasury shares held by the group. 54 500 shares were acquired in the market)

(2) All shares acquired during the year ended 30 June 2015 were acquired in the market

(3) 100 000 shares were acquired in the market subsequent to 30 June 2015

The full details of the total executive and non-executive directors' remuneration for the year ended 30 June 2015 are provided in note 5 to the financial statements.

SHARE OPTION SCHEME AND PHANTOM SHARE SCHEME

The cash-settled phantom share scheme was approved by the board of directors at the October 2012 board meeting. This phantom share scheme has replaced the DRDGOLD (1996) share option scheme (the share option scheme) as an incentive tool for executive and senior employees whose skills and experience are recognised as being essential to the company's performance. As part of the phasing out of the share option scheme, the board of directors approved the voluntary buy-out of the then vested share options in terms of the share option scheme rules (refer note 19). The remaining number of issued and exercisable share options under the share option scheme is approximately 0.2% of the issued ordinary share capital.

The participants in the phantom share scheme and share option scheme are fully taxed, based on individual tax directives obtained from the South African Revenue Service on any gains realised on the exercise of the options.

In the current financial year, the directors have exercised Nil (2014: 198 286) share options under the share option scheme. Over the same period the directors' pre-tax gains on share options exercised were Nil (2014: R0.3 million).

2 615 207 phantom shares (2014: 1 964 033) were granted in FY2015. In the current financial year, the directors have exercised Nil (2014: 53 271) phantom shares under the DRDGOLD phantom share scheme.

Details of options held by directors are contained in note 5 to the financial statements.

DIRECTORS' REPORT
continued

REVIEW OF OPERATIONS

The performance of our operations is reviewed in the Integrated Report 2015 on pages 20 to 22.

SIGNIFICANT EVENTS

FLOTATION AND FINE-GRIND (FFG) CIRCUIT

Work to integrate the new FFG circuit with the older carbon-in-leach (CIL) circuits at the Ergo plant was rewarded with an increasingly stable operational environment during the year, and delivery of performance from the FFG circuit within the parameters of what we had anticipated at the outset.

DIVIDENDS

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

DIVIDENDS DECLARED SINCE 1 JULY 2013

	Final dividend number 7	Final dividend number 8	Final dividend number 9
Declaration date	20 August 2013	28 August 2014	27 August 2015
Last date to trade ordinary shares cum dividend	4 October 2013	7 November 2014	2 October 2015
Record date	11 October 2013	14 November 2014	9 October 2015
Amount per ordinary share – South African cents	14.0	2.0	10.0
Payment date	14 October 2013	17 November 2014	12 October 2015
Amount per ADS – United States cents [(1)]	11.76	1.6	6.5
Payment date	21 October 2013	24 November 2014	19 October 2015

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

SUBSIDIARIES

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

FINANCIAL STATEMENTS AND GOING CONCERN

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of DRDGOLD Limited, comprising the statements of financial position at 30 June 2015, 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 separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements of DRDGOLD Limited, as identified in the first paragraph, were approved by the board of directors on 17 September 2015 and signed by:

J A Holtzhausen
Chairman: Audit and Risk Committee
Authorised director

A J 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 2015 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.

T J Gwebu
Company secretary
17 September 2015

REPORT OF THE AUDIT AND RISK COMMITTEE

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

The members of the committee responsible for audit related matters were formally appointed by the shareholders at the AGM held on 28 November 2014.

The biographical details of the committee are set out on pages 44 of the Integrated Report 2015 and the members' fees are set out on page 47 of the same report.

FINANCIAL DIRECTOR

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

EXTERNAL AUDITORS

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

- is satisfied with the independence and objectivity of the external auditors;
- has approved the external auditor's fees and terms of engagement for the year ended 30 June 2014 (FY2014) and budgeted fees and terms of engagement for the year ended 30 June 2015 (FY2015) financial year; and
- has approved the non-audit related services performed by the external auditors in accordance with the policy established and approved by the board.

INTERNAL AUDITORS

The Audit and Risk Committee considered and confirmed the audit plan for the 2015 financial year as well as reviewed the results of the internal audits conducted during FY2015.

GENERAL

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

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

The Audit and Risk Committee has evaluated the financial statements of DRDGOLD Limited for the year ended 30 June 2015 and based on the information provided to the Audit and Risk Committee, considers that the group complies, in all material respects, with the requirements of the Companies Act, IFRS and the JSE Listings Requirements.

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

J.A. Holtzhausen.

J A Holtzhausen
Chairman: Audit and Risk Committee
17 September 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DRDGOLD LIMITED

We have audited the consolidated and separate financial statements of DRDGOLD Limited, which comprise the statements of financial position at 30 June 2015, 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, as set out on pages 8 to 70.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of DRDGOLD Limited at 30 June 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 30 June 2015, we have read the directors' report, the company secretary's statement and the report of the Audit and Risk Committee for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per **J Le Roux**
Chartered Accountant (SA)
Registered Auditor
Director
17 September 2015

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
Revenue	3	**2 105 298**	1 809 434
Cost of sales		**(1 946 331)**	(1 687 270)
Operating costs		**(1 786 880)**	(1 598 300)
Depreciation	10	**(193 301)**	(159 999)
Retrenchment costs	4	**(7 150)**	(6 748)
Movement in provision for environmental rehabilitation	18	**20 443**	86 605
Movement in gold in process		**20 557**	(8 828)
Gross profit from operating activities		**158 967**	122 164
Impairments	4	**(7 904)**	(56 591)
Administration expenses and general costs		**(56 162)**	(78 120)
Results from operating activities	4	**94 901**	(12 547)
Finance income	6	**51 497**	27 980
Finance expenses	7	**(49 603)**	(52 295)
Share of losses of equity accounted investments	13	**–**	(313)
Profit/(loss) before tax		**96 795**	(37 175)
Income tax	8	**(28 599)**	(17 548)
Profit/(loss) for the year		**68 196**	(54 723)
Attributable to:			
Equity owners of the parent		**67 807**	(45 808)
Non-controlling interest	17.2	**389**	(8 915)
Profit/(loss) for the year		**68 196**	(54 723)
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		**(757)**	(51 626)
Fair value adjustment on available-for-sale investments	11	**19 118**	(49 872)
Fair value adjustment on available-for-sale investment reclassified to profit or loss		**(19 875)**	–
Non-controlling interest in fair value adjustment on available-for-sale investment	17.2	**–**	(1 754)
Foreign exchange translation reserve reclassified to profit or loss	17.1	**(5 882)**	–
Items that will never be reclassified to profit or loss, net of tax			
Actuarial loss	19	**(539)**	–
Total comprehensive income for the year		**61 018**	(106 349)
Attributable to:			
Equity owners of the parent		**60 629**	(95 680)
Non-controlling interest		**389**	(10 669)
Total comprehensive income for the year		**61 018**	(106 349)
Earnings/(loss) per share attributable to equity owners of the parent			
Basic earnings/(loss) per share (cents)	9	**17**	(12)
Diluted earnings/(loss) per share (cents)	9	**17**	(12)

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

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
Revenue	3	**10 560**	21 924
Operating costs		**(10 649)**	(21 486)
Depreciation	10	**(144)**	(149)
Retrenchment costs	4	**(2 974)**	(1 325)
Impairments	4	**(4 829)**	(41 803)
Administration expenses and general costs		**(36 236)**	(29 792)
Results from operating activities	4	**(44 272)**	(72 631)
Finance income	6	**95 145**	74 925
Finance expenses	7	**(7 468)**	(17 444)
Profit/(loss) before tax		**43 405**	(15 150)
Income tax	8	**4 185**	(7 446)
Profit/(loss) for the year		**47 590**	(22 596)
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		**(757)**	(44 881)
Fair value adjustment on available-for-sale investments	11	**19 118**	(44 881)
Fair value adjustment on available-for-sale investment reclassified to profit or loss		**(19 875)**	–
Total comprehensive income for the year		**46 833**	(67 477)

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

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		Note	COMPANY 2015 R'000	COMPANY 2014 R'000
		ASSETS			
1 970 344	**1 894 054**	**Non-current assets**		**1 049 806**	1 088 839
1 755 503	**1 698 774**	Property, plant and equipment	10	**84**	126
213 417	**194 082**	Non-current investments and other assets	11	**5 881**	36 860
–	**–**	Investments in subsidiaries	12	**1 042 643**	1 050 429
1 424	**1 198**	Deferred tax asset	20	**1 198**	1 424
470 402	**608 984**	**Current assets**		**249 859**	206 582
147 189	**168 729**	Inventories	14	**–**	–
99 523	**93 273**	Trade and other receivables	15	**8 051**	13 443
5 885	**13 241**	Current tax asset		**13 241**	1 480
208 932	**324 375**	Cash and cash equivalents	24	**228 567**	191 659
8 873	**9 366**	Assets held-for-sale	16	**–**	–
2 440 746	**2 503 038**	**Total assets**		**1 299 665**	1 295 421
		EQUITY AND LIABILITIES			
1 481 211	**1 529 925**	**Equity**		**1 262 594**	1 130 848
1 249 071	**1 529 925**	Equity of the owners of the parent	17	**1 262 594**	1 130 848
232 140	**–**	Non-controlling interest		**–**	–
652 062	**669 495**	**Non-current liabilities**		**454**	76 564
451 203	**493 291**	Provision for environmental rehabilitation	18	**–**	–
9 275	**9 242**	Post-retirement and other employee benefits	19	**454**	1 064
116 084	**147 801**	Deferred tax liability	20	**–**	–
–	**19 161**	Finance lease obligation	22	**–**	–
75 500	**–**	Loans and borrowings	21	**–**	75 500
307 473	**303 618**	**Current liabilities**		**36 617**	88 009
211 790	**258 353**	Trade and other payables		**12 790**	13 896
–	**2 000**	Finance lease obligation	22	**–**	–
73 195	**23 096**	Loans and borrowings	21	**23 096**	73 195
1 958	**2 557**	Post-retirement and other employee benefits	19	**731**	918
20 530	**17 612**	Liabilities held-for-sale	16	**–**	–
959 535	**973 113**	**Total liabilities**		**37 071**	164 573
2 440 746	**2 503 038**	**Total equity and liabilities**		**1 299 665**	1 295 421

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Number of ordinary shares	Number of cumulative preference shares
Group		
Balance at 30 June 2013	**385 383 767**	**5 000 000**
Total comprehensive income		
Loss for the year		
Other comprehensive income		
Fair value adjustment on available-for-sale investments		
Transactions with the owners of the parent		
Share issue expenses		
Dividend on ordinary share capital		
Share-based payments		
Share option buy-out		
Treasury shares disposed of by subsidiary		
Balance at 30 June 2014	**385 383 767**	**5 000 000**
Total comprehensive income		
Profit for the year		
Other comprehensive income		
Fair value adjustment on available-for-sale investments		
Fair value adjustment on available-for-sale investments reclassified to profit or loss		
Foreign exchange translation reserve reclassified to profit or loss		
Actuarial loss		
Transactions with the owners of the parent		
Acquisition of non-controlling interest without a change in control		
Share issue	45 500 000	
Transaction costs		
Dividend		
Share-based payments		
Share option reserve transferred to retained earnings		
Balance at 30 June 2015	**430 883 767**	**5 000 000**
Company		
Balance at 30 June 2013	**385 383 767**	**5 000 000**
Total comprehensive income		
Loss for the year		
Other comprehensive income		
Fair value adjustment on available-for-sale investments		
Transactions with the owners of the company		
Share issue expenses		
Dividend on ordinary share capital		
Share-based payments		
Share option buy-out		
Balance at 30 June 2014	**385 383 767**	**5 000 000**
Total comprehensive income		
Profit for the year		
Other comprehensive income		
Fair value adjustment on available-for-sale investments		
Fair value adjustment on available-for-sale investments reclassified to profit or loss		
Transactions with the owners of the company		
Issue of shares	45 500 000	
Transaction costs		
Dividend		
Share-based payments		
Share option reserve transferred to retained earnings		
Balance at 30 June 2015	**430 883 767**	**5 000 000**

[1] Revaluation and other reserves at 30 June 2015 comprise asset revaluation reserves (refer note 17). Revaluation and other reserves at 30 June 2014 comprise share-based payment reserves, foreign currency translation reserve and asset revaluation reserves. The foreign exchange differences arose on translation of a foreign joint venture in Zimbabwe (refer note 17).

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

Share capital R'000	Cumulative preference share capital R'000	Revaluation and other reserves [1] R'000	Retained earnings R'000	Equity of the owners of the parent R'000	Non-controlling interest R'000	Total equity R'000
4 089 287	**500**	**224 942**	**(2 913 866)**	**1 400 863**	**242 809**	**1 643 672**
			(45 808)	(45 808)	(8 915)	(54 723)
		(49 872)		(49 872)	(1 754)	(51 626)
		(49 872)		(49 872)	(1 754)	(51 626)
(1 060)				(1 060)		(1 060)
			(53 085)	(53 085)		(53 085)
		520		520		520
		(2 734)		(2 734)		(2 734)
247				247		247
4 088 474	**500**	**172 856**	**(3 012 759)**	**1 249 071**	**232 140**	**1 481 211**
			67 807	67 807	389	68 196
		(6 639)	(539)	(7 178)		(7 178)
		19 118		19 118		19 118
		(19 875)		(19 875)		(19 875)
		(5 882)		(5 882)		(5 882)
			(539)	(539)		(539)
96 460			135 189	231 649	(232 529)	(880)
(4 015)				(4 015)		(4 015)
			(7 585)	(7 585)		(7 585)
		176		176		176
		(30 563)	30 563	–		–
4 180 919	**500**	**135 830**	**(2 787 324)**	**1 529 925**		**1 529 925**
4 133 687	**500**	**61 621**	**(2 940 079)**	**1 255 729**		**1 255 729**
			(22 596)	(22 596)		(22 596)
		(44 881)		(44 881)		(44 881)
		(44 881)		(44 881)		(44 881)
(1 060)				(1 060)		(1 060)
			(53 954)	(53 954)		(53 954)
		344		344		344
		(2 734)		(2 734)		(2 734)
4 132 627	**500**	**14 350**	**(3 016 629)**	**1 130 848**		**1 130 848**
			47 590	47 590		47 590
		(757)		(757)		(757)
		19 118		19 118		19 118
		(19 875)		(19 875)		(19 875)
96 460				96 460		96 460
(4 015)				(4 015)		(4 015)
			(7 708)	(7 708)		(7 708)
		176		176		176
		(13 012)	13 012	–		–
4 225 072	**500**	**757**	**(2 963 735)**	**1 262 594**		**1 262 594**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		Note	COMPANY 2015 R'000	COMPANY 2014 R'000
		CASH FLOWS FROM OPERATING ACTIVITIES			
1 814 219	**2 087 926**	Cash received from sales of precious metals/management fees		**10 560**	21 924
(1 726 835)	**(1 802 729)**	Cash paid to suppliers and employees		**(50 906)**	(69 024)
87 384	**285 197**	Cash generated by/(applied to) operations	23	**(40 346)**	(47 100)
16 359	**13 883**	Finance income		**12 779**	14 439
(16 838)	**(11 944)**	Finance expenses		**(10 568)**	(16 375)
(6 214)	**(3 523)**	Income tax paid		**(7 348)**	(5 736)
80 691	**283 613**	Net cash inflow/(outflow) from operating activities		**(45 483)**	(54 772)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(7)	**–**	Acquisition of non-current investments and other assets		**–**	(7)
–	**46 387**	Proceeds on disposal of non-current investments and other assets		**46 387**	–
(158 593)	**(90 856)**	Additions to property, plant and equipment		**(102)**	(44)
992	**17 392**	Proceeds on disposal of property, plant and equipment		**–**	–
(14 170)	**(9 034)**	Environmental rehabilitation payments	18	**–**	–
–	**(803)**	Contribution to environmental obligation funds		**–**	–
–	**(851)**	Acquisition of non-controlling interest		**(851)**	–
–	**–**	Repayments of amounts owing by subsidiaries		**167 069**	17 006
–	**96**	Repayments of amounts included in non-current investments and other assets		**96**	–
(171 778)	**(37 669)**	Net cash (outflow)/inflow from investing activities		**212 599**	16 955
		CASH FLOWS FROM FINANCING ACTIVITIES			
(1 060)	**–**	Share issue expenses		**–**	(1 060)
247	**–**	Proceeds on disposal of treasury shares		**–**	–
–	**(416)**	Repayment of finance lease obligation		**–**	–
(20 000)	**(122 500)**	Repayments of loans and borrowings		**(122 500)**	(20 000)
(2 734)	**–**	Share option buy-out		**–**	(2 734)
(53 085)	**(7 585)**	Dividends paid		**(7 708)**	(53 954)
(76 632)	**(130 501)**	Net cash outflow from financing activities		**(130 208)**	(77 748)
(167 719)	**115 443**	**Net increase/(decrease) in cash and cash equivalents**		**36 908**	(115 565)
376 651	**208 932**	Cash and cash equivalents at the beginning of the year		**191 659**	307 224
208 932	**324 375**	**Cash and cash equivalents at the end of the year**	24	**228 567**	191 659

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES

REPORTING ENTITY

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

The consolidated financial statements comprise the company, its subsidiaries (collectively the "group" and individually "group companies") and interest in equity accounted investments.

BASIS OF ACCOUNTING

The consolidated and separate 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 and separate financial statements were approved by the board of directors on 17 September 2015. Details of the group's accounting policies are outlined in this note.

FUNCTIONAL AND PRESENTATION CURRENCY

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

USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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

(a) Recoverable amount of mining assets and depreciation

The recoverable amounts of mining assets are determined using discounted future cash flows. Management also considers such factors as the market capitalisation of the group, the quality of the individual ore body and the country risk in determining the recoverable amount. At year-end, the market capitalisation of the group was lower than its net asset value, which management has considered as an impairment indicator. During the year under review, the group calculated a recoverable amount based on updated life-of-mine plans, a gold price of R480 481 a kilogram (2014: R453 121 a kilogram) in year one escalating at an average of approximately 9.6% (2014: 7.2%) a year over the ten-year life of mine, and a weighted average cost of capital of 14.0%. The pre-tax discount rate calculated on an iterative method from the post-tax discount rate is 21.7%. The group would begin impairment of the mining assets at a 4.8 percentage points (34.4%) increase in the discount rate to 18.8%, or a 2.9% decrease in budgeted gold production or 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.

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *continued*

USE OF ESTIMATES AND JUDGEMENTS *continued*

(a) Recoverable amount of mining assets and depreciation *continued*

Factors could include:

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

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

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

An average discount rate of 8.4% (2014: 8.3%), average inflation rate of 6.0% (2014: 6.0%) and expected life-of-mine according to the life-of-mine plans were used in the calculation of the estimated net present value of the rehabilitation liability (refer to note 18).

(c) Estimate of tax

The group is subject to income tax in South Africa. Significant judgement is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made. A 1% increase in the effective tax rate will result in an increase in the deferred tax liability at 30 June 2015 of approximately R7.3 million (2014: R6.3 million).

(d) Valuation of financial instruments

If the value of a financial instrument cannot be obtained from an active market, the group has established fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis and option pricing models, refined to reflect the issuer's specific circumstances.

BASIS OF MEASUREMENT

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

CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the group has consistently applied the accounting policies set out below to all periods presented in these consolidated and separate financial statements.

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ADOPTED

The group adopted all the new standards, amendments to standards and interpretations, which are applicable to the group, with a date of initial application of 1 July 2014. The adoption of these standards did not have a significant impact on these financial statement other than outlined below:

IFRS 8 Operating segments – Disclosures on the aggregation of operating segments

Inter alia, this amendment clarifies that the reconciliation of the total of the reportable segments' assets to the entity's assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

As this information is not regularly provided to the entity's chief operating decision maker, the reconciliation is not disclosed (refer note 2).

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *continued*

BASIS OF CONSOLIDATION

Non-controlling interests (NCI)
NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

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.

In the absence of an agreement with NCI shareholders, losses in subsidiaries are allocated to NCI even if doing so causes the NCI to have a deficit balance.

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.

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

Loss of control
When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at the fair value when control is lost, which is deemed to be the cost price, and, depending on the nature of the remaining investment, is either recognised as an associate, joint venture or as a financial instrument.

Interest in equity accounted investments
The group's interest in equity accounted investments comprises interests in an associate and a joint venture.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the group financial statements include the group's share of profit or loss and other comprehensive income ("OCI") of equity accounted investees, until the date on which significant influence or joint control ceases. Any losses from associates and joint ventures are brought to account in the consolidated financial statements until the interest in such associates and joint ventures are written down to zero. Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such associates and joint ventures.

Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of another entity.

Investments in associates and joint ventures are carried at cost, less accumulated impairment in the separate financial statements of the company.

Transactions eliminated on consolidation
Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1 ACCOUNTING POLICIES *continued*

FOREIGN CURRENCY

Foreign currency transactions

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

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

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into South African rands at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to South African rands at exchange rates at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in OCI and accumulated within equity in the foreign currency translation reserve. When a foreign operation is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal. On partial disposal of a subsidiary that includes a foreign operation, the relevant portion of such cumulative amount is reattributed to NCI.

Net investment in foreign operations

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in OCI and presented within equity in the foreign currency translation reserve in the consolidated financial statements.

FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

(ii) Non-derivative financial assets – measurement

Loans and receivables

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

1 ACCOUNTING POLICIES *continued*

FINANCIAL INSTRUMENTS *continued*

(ii) Non-derivative financial assets – measurement *continued*

Cash and cash equivalents

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

Available-for-sale financial assets

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

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

(iii) Non-derivative financial liabilities – measurement

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

PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

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

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

Development costs, which are capitalised, consist primarily of expenditure that gives access to proved and probable mineral reserves. Capitalised development costs include expenditure incurred to develop new ore bodies, to define future mineralisation in existing ore bodies and to expand the capacity of a mine. Mine development costs to maintain production are expensed as incurred. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred (refer to accounting policy on borrowing costs capitalised). Mine development costs capitalised, include acquired, proved and probable mineral reserves at the acquisition date.

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

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

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

Any gains or losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss. When assets are sold which have been revalued on acquisition for consolidation purposes, the amounts included in the revaluation reserve are transferred to retained earnings (refer to note 17.1).

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *continued*

PROPERTY, PLANT AND EQUIPMENT *continued*

Subsequent expenditure

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

Depreciation

Depreciation of all tangible property, plant and equipment commences when the relevant item of property, plant and equipment is available for use in the manner intended by management.

Depreciation of mining properties (including mineral rights), mine development and mine plant facilities are computed using the units-of-production method based on estimated proved and probable mineral reserves, which are calculated using the group's life-of-mine business plans and a gold price at the end of each financial year. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. Changes in management's estimates of the quantities of the economically recoverable reserves impact depreciation on a prospective basis.

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

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

- mine properties – life-of-mine, currently between six (2014: seven) and ten (2014: eight) years;
- mine development – life-of-mine, currently between six (2014: seven) and ten (2014: eight) years;
- mine plant facilities – life-of-mine, currently between six (2014: six) months and ten (2014: eight) years; and
- equipment and vehicles – three to five years.

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

Leased assets

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

IMPAIRMENT

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence (e.g. delinquency of a debtor and indications that a debtor will enter bankruptcy) that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets measured at amortised cost

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

1 ACCOUNTING POLICIES *continued*

IMPAIRMENT *continued*

Available-for-sale financial assets

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

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

Non-financial assets

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

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

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

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

Exploration assets

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

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

INVENTORIES

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

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

Bullion is stated at the lower of cost and net realisable value.

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

1 ACCOUNTING POLICIES *continued*

INCOME TAX

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

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

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

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

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

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

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

SHARE CAPITAL

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

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

Dividends
Dividends are recognised as a liability in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *continued*

EMPLOYEE BENEFITS

Defined contribution plans

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

Long-service benefits

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

Post-retirement medical benefits

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

When the benefits of a plan are changed, the portion of the changed benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in OCI.

Termination benefits

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

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

SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share based payment awards

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

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *continued*

SHARE-BASED PAYMENT TRANSACTIONS *continued*

Cash settled share based payment awards

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date, based on the fair value of the share appreciation rights. Any changes in the liability are recognised as employee benefit expenses in profit or loss. The fair value of the options granted is measured using the Black-Scholes option pricing model at each reporting date.

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

PROVISIONS

Decommissioning liabilities

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced. Accordingly, an asset is recognised and included within mining properties.

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

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

Restoration liabilities

The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are recognised in profit or loss as a cost of production. Gross restoration liabilities are estimated at the present value of the expenditures expected to settle the obligation.

Rehabilitation obligation funds

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

REVENUE RECOGNITION

Gold bullion and by-products

The group recognises revenue from the sale of gold bullion and by-products at the fair value of the consideration received or receivable. Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. These criteria are usually met when Rand Refinery sells the refined gold (refer note 26).

Company revenue

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *continued*

GOVERNMENT GRANTS

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

FINANCE INCOME

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

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

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

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

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

Borrowing costs capitalised
Interest on borrowings relating to the financing of qualifying major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

SEGMENT REPORTING

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

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

1 ACCOUNTING POLICIES *continued*

ASSETS HELD-FOR-SALE

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

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

Once classified as held-for-sale, intangible assets and property, plant and equipment, are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

EARNINGS OR LOSS PER SHARE

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

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the entity were in issue but not yet effective and may therefore have an impact on future financial statements. These new standards, amendments to standards and interpretations have not been early adopted by the group and an estimate of the impact of the adoption thereof for the group is yet to be completed. The group expects to adopt the standards, amendments to standards and interpretations when they become effective, except IAS 1 Presentation of Financial Statements which management is considering for early adoption for the year ending 30 June 2016.

Standard/interpretation		Effective date
IAS 1	Presentation of Financial Statements	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

IAS 1 Presentation of Financial Statements

Key clarifications included in this amendment includes the following:

- There is an emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard.
- The order of notes to the financial statements is not prescribed. Instead, companies can choose their own order, and can also combine, for example, accounting policies with notes on related subjects.
- It has been made explicit that companies:
  - Should disaggregate line items on the statement of financial position and in the statement of profit or loss and OCI if this provides helpful information to users; and
  - Can aggregate line items on the statement of financial position if the line items specified by IAS 1 are immaterial.
- Specific criteria are provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
- The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1's approach of splitting items that may, or that will never, be reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *continued*

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED *continued*

IFRS 15 Revenue from contracts with customers

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

IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurements of financial assets. Under IFRS 9 (2009) financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to the financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

2 OPERATING SEGMENTS

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

- **Ergo** is a surface retreatment operation and treats old slime and sand dumps to the south of Johannesburg's central business district as well as the East and Central Rand goldfields. The operation comprises four plants. Ergo and Knights continue to operate as metallurgical plants but Crown and City Deep have been converted to pump/milling stations.
- **Corporate office and other reconciling items** are taken into consideration in the strategic decision-making process of the CODM and are therefore included in the disclosure here, even though they do not earn revenue. They do not represent a separate segment.

The reportable segments, as described below, are the group's strategic divisions. The strategic divisions reflect different operational locations reported on separately to the executive committee (chief operating decision maker or CODM). The group's revenue stream consists of the sale of gold bullion.

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

[1] Income tax excludes deferred tax.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

2 OPERATING SEGMENTS *continued*

2015 *continued*	**Ergo R'000**	**Corporate office and other reconciling items R'000**	**Total R'000**
Reconciliation of profit/(loss) for the year			
Working profit/(loss) before capital expenditure	374 729	(59 968)	314 761
– Depreciation	(193 144)	(157)	(193 301)
– Movement in provision for environmental rehabilitation	15 840	4 603	20 443
– Impairments	(3 075)	(4 829)	(7 904)
– Fair value adjustment on available-for-sale investment reclassified to profit or loss	–	19 875	19 875
– Profit on disposal of equity accounted investment	–	5 882	5 882
– Growth in environmental rehabilitation trust funds and reimbursive right	7 586	3 748	11 334
– Profit on disposal of property, plant and equipment	2 344	10 823	13 167
– Unwinding of provision for environmental rehabilitation	(37 306)	(1 685)	(38 991)
– Ongoing rehabilitation expenditure	(30 630)	(1 098)	(31 728)
– Net other operating costs	(961)	(12 437)	(13 398)
– Deferred tax	(31 717)	(227)	(31 944)
Profit/(loss) for the year	103 666	(35 470)	68 196
Statement of cash flows			
Cash flows from operating activities	284 961	(1 348)	283 613
Cash flows from investing activities	(98 030)	60 361	(37 669)
Cash flows from financing activities	(416)	(130 085)	(130 501)
Reportable segment assets			
Property, plant and equipment	1 676 172		
Reportable segment liabilities			
All liabilities excluding deferred tax	744 390		

GEOGRAPHICAL INFORMATION AND INFORMATION ABOUT MAJOR CUSTOMERS

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

2 OPERATING SEGMENTS *continued*

2014	Ergo R'000	Corporate office and other reconciling items R'000	Total R'000
Financial performance			
Revenue	1 809 434	–	1 809 434
Cash operating costs	(1 540 622)	–	(1 540 622)
Movement in gold in process	(8 828)	–	(8 828)
Operating profit	259 984	–	259 984
Finance income	1 011	17 279	18 290
Finance expense	(270)	(17 540)	(17 810)
Retrenchment costs	(1 074)	(5 674)	(6 748)
Administration expenses and general costs	(3 236)	(74 884)	(78 120)
Income tax [1]	(439)	(5 982)	(6 421)
Working profit/(loss) before capital expenditure	255 976	(86 801)	169 175
Additions to property, plant and equipment	(158 548)	(45)	(158 593)
Additions to listed investments	–	(5 246)	(5 246)
Additions to unlisted investments	–	(7)	(7)
Working profit/(loss) after capital expenditure	97 428	(92 099)	5 329

[1] Income tax excludes deferred tax.

	Ergo R'000	Corporate office and other reconciling items R'000	Total R'000
Reconciliation of profit/(loss) for the year			
Working profit/(loss) before capital expenditure	255 976	(86 801)	169 175
– Depreciation	(159 836)	(163)	(159 999)
– Movement in provision for environmental rehabilitation	82 281	4 324	86 605
– Impairments	(14 788)	(41 803)	(56 591)
– Growth in environmental rehabilitation trust funds and reimbursive right	6 423	3 266	9 689
– Profit on disposal of property, plant and equipment	90	902	992
– Unwinding of provision for environmental rehabilitation	(36 300)	(1 719)	(38 019)
– Borrowing costs capitalised	3 534	–	3 534
– Ongoing rehabilitation expenditure	(29 973)	(14)	(29 987)
– Share of loss on equity accounted investments	–	(313)	(313)
– Net other operating costs	(15 005)	(13 677)	(28 682)
– Deferred tax	(9 662)	(1 465)	(11 127)
Profit/(loss) for the year	82 740	(137 463)	(54 723)
Statement of cash flows			
Cash flows from operating activities	211 270	(130 579)	80 691
Cash flows from investing activities	(171 727)	(51)	(171 778)
Cash flows from financing activities	–	(76 632)	(76 632)
Reportable segment assets			
Property, plant and equipment	1 729 521		
Reportable segment liabilities			
All liabilities excluding deferred tax	637 098		

GEOGRAPHICAL INFORMATION AND INFORMATION ABOUT MAJOR CUSTOMERS

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000			COMPANY 2015 R'000	COMPANY 2014 R'000
		3	**REVENUE**		
			Revenue consists of the following principal categories:		
1 807 145	**2 103 046**		Gold revenue	**–**	–
2 289	**2 252**		By-product revenue	**–**	–
–	**–**		Management fees	**10 560**	21 924
1 809 434	**2 105 298**		**Total revenue**	**10 560**	21 924
		4	**RESULTS FROM OPERATING ACTIVITIES**		
			Include the following:		
(5 787)	**(7 580)**		**Auditors' remuneration**	**(5 844)**	(4 404)
(5 787)	**(6 539)**		Audit fees – current year	**(4 878)**	(4 404)
–	**(966)**		Under provision – prior year	**(966)**	–
–	**(75)**		Fees for other services	**–**	–
(6 996)	**(7 061)**		**Management, technical, administrative and secretarial service fees**	**(3 465)**	(2 263)
			Staff costs		
(306 501)	**(366 761)**		Included in staff costs are:	**(20 273)**	(22 427)
(276 205)	**(337 235)**		Salaries and wages	**(17 052)**	(19 565)
(3 341)	**(1 753)**		Share-based payments	**(247)**	(1 365)
(6 748)	**(7 150)**		Retrenchment costs	**(2 974)**	(1 325)
(20 207)	**(20 623)**		Post-retirement and other employee benefits	**–**	(172)
992	**13 166**		**Profit on disposal of property, plant and equipment**	**–**	–
(2 531)	**(2 768)**		**Operating leases**	**(1 179)**	(1 245)
(56 591)	**(7 904)**		**(Impairments)/reversal of impairments**	**(4 829)**	(41 803)
(12 377)	**(3 075)**		Property, plant and equipment (a)	**–**	–
(46 914)	**(3 614)**		Non-current investments and other assets (b)	**(3 614)**	(44 503)
2 700	**–**		Investments in and loans to equity accounted investment (c)	**–**	2 700
–	**(1 215)**		Cash and cash equivalents	**(1 215)**	–
(16)	**–**		**Mining royalties**	**–**	–
8 813	**21 428**		**Learnership grant**	**–**	–
			Grants received from the Mining Qualifications Authority to recover costs incurred by EBDA		

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

4 RESULTS FROM OPERATING ACTIVITIES *continued*

Group unless stated otherwise

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

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

R3.1 million (2014: R12.4 million) in the Ergo operating segment. The R3.1 million impairment recorded in FY2015 relate to the Soweto cluster included under mine development costs which was assessed to be uneconomically viable to mine. The R12.4 million recorded in FY2014 relates to the exploration assets associated with phase 2 of the Uranium plant that is not considered to be economically viable given the current uranium prices.

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

Listed shares:

Group and Company

R3.6 million (2014: R6.7 million) due to the fair value of these shares having remained significantly lower than its original cost price for a pro-longed period. These include:

- Village Main Reef Limited: R2.3 million (2014: R5.3 million); and
- West Wits Mining Limited: R1.3 million (2014: R1.4 million).

Unlisted investments:

- **Group:** nil (2014: R40.2 million); and
- **Company:** nil (2014: R37.8 million).

Following the adoption of a new Enterprise Resource Planning (ERP) system in 2013, Rand Refinery Proprietary Limited ("Rand Refinery") experienced implementation difficulties which led to an imbalance between physical gold and silver on hand and what Rand Refinery owed its depositors and bullion bankers per the metallurgical trial balance. Rand Refinery's investigations to determine the root cause of the imbalance are still ongoing.

As a precautionary measure following the challenges experienced by the implementation of the software system, Rand Refinery's major shareholders have extended Rand Refinery an irrevocable, subordinated loan facility of up to R1.2 billion. The facility is convertible to equity after a period of two years. DRDGOLD declined the option to provide funding on a *pro-rata* basis with other major shareholders which may result in its shareholding being diluted, if the funding provided by the other shareholders are converted into equity. During late calendar 2014, Rand Refinery drew down R1.02 billion on the shareholders' loan.

During the year ended 30 June 2014, the accumulated revaluations recognised in Other Comprehensive Income was derecognised and the initial cost of the investment was impaired in profit or loss due to the imbalance identified.

(c) Equity accounted investments (refer note 13):

Group and Company

During the year ended 30 June 2014, the group recorded a reversal of an impairment of R2.7 million against the investment in West Wits SA Proprietary Limited due to the disposal of the shares for an interest in West Wits Mining Limited, at an amount in excess of the original acquisition cost.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

2015	Board fees R'000	Salary and other contributions R'000	Bonuses and performance related payments R'000	Termination of contract related payments R'000	Pre-tax gain on share options R'000	Leave encashed R'000	Total R'000
Company							
Executive directors							
D J Pretorius	–	**4 775**	–	–	–	**769**	**5 544**
F D van der Westhuizen[3]	–	**133**	–	**1 946**	–	–	**2 079**
A T Meyer	–	**893**	–	–	–	–	**893**
A J Davel	–	**1 427**	–	–	–	–	**1 427**
	–	**7 228**	–	**1 946**	–	**769**	**9 943**
Non-executive directors							
G C Campbell	**1 453**	–	–	–	–	–	**1 453**
R P Hume	**262**	–	–	–	–	–	**262**
J Turk	**676**	–	–	–	–	–	**676**
E A Jeneker	**763**	–	–	–	–	–	**763**
J A Holtzhausen	**690**	–	–	–	–	–	**690**
	3 844	–	–	–	–	–	**3 844**
Group							
Prescribed officers							
C M Symons[1]	–	**2 851**[4]	**405**	–	–	–	**3 256**
T J Gwebu[2]	–	**1 610**	**330**	**1 466**	–	**40**	**3 446**
W J Schoeman	–	**2 885**[5]	**187**	–	–	–	**3 072**
R Masemene	–	**1 296**	**143**	–	–	**329**	**1 768**
	–	**8 642**	**1 065**	**1 466**	–	**369**	**11 542**
Total	**3 844**	**15 870**	**1 065**	**3 412**	–	**1 138**	**25 329**
2014							
Group and company							
Executive directors							
D J Pretorius	–	4 832	1 359	–	–	–	6 191
C C Barnes	–	2 119	1 386	–	255	–	3 760
F D van der Westhuizen[3]	–	1 171	–	–	53	–	1 224
	–	8 122	2 745	–	308	–	11 175
Non-executive directors							
G C Campbell	1 514	–	–	–	–	–	1 514
R P Hume	747	–	–	–	–	–	747
J Turk	692	–	–	–	–	–	692
E A Jeneker	792	–	–	–	–	–	792
J A Holtzhausen	124	–	–	–	–	–	124
	3 869	–	–	–	–	–	3 869
Prescribed officers							
C M Symons[1]	–	2 653[4]	1 064	3 263	183	–	7 163
T J Gwebu	–	2 209	984	–	191	–	3 384
W J Schoeman	–	3 081	1 183	–	125	–	4 389
	–	7 943	3 231	3 263	499	–	14 936
Total	**3 869**	**16 065**	**5 976**	**3 263**	**807**	**–**	**29 980**

(1) Retrenched during FY2014. Subsequently appointed on a fixed-term contract basis

(2) Retrenched during FY2015. Ceased to function as prescribed officer effective 31 December 2014

(3) Salary earned in capacity of director only. Pre-tax gain on share options earned prior to appointment as director

(4) Includes pension scheme contributions of R309 139 (2014: R287 918)

(5) Includes payment for loss of office of R177 292

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

The remuneration of executive directors and prescribed officers comprises a basic salary and an annual bonus for directors and bi-annual bonus for prescribed officers. Non-executive directors receive board fees which are approved at each annual general meeting of the company.

DRDGOLD PHANTOM SHARE SCHEME

2015	Opening balance Number	Granted during year Number	Exercised during year Number	Exercise price R	Forfeited/ lapsed during year Number	Closing balance Number	Fair value as at 30 June 2015 R'000
Company							
Executive directors							
F D van der Westhuizen	172 294	–	–	–	(172 294)	–	–
2012 grant	48 565	–	–	–	(48 565)	–	–
2013 grant	123 729	–	–	–	(123 729)	–	–
A J Davel	–	205 207	–	–	–	205 207	381
2014 grant	–	205 207	–	–	–	205 207	381
Group							
Prescribed officers							
C M Symons (1)	106 425	204 757	(106 425)		–	204 757	381
2012 grant	83 033	–	(83 033)	1.93	–	–	–
2013 grant	23 392	–	(23 392)	–	–	–	–
2014 grant	–	204 757	–	–	–	204 757	381
T J Gwebu (2)	251 749	–	(85 395)		(50 600)	115 754	296
2012 grant	130 310	–	(65 155)	1.93	–	65 155	198
2013 grant	121 439	–	(20 240)	–	(50 600)	50 599	98
W J Schoeman	372 457	205 207	(126 626)		–	451 038	767
2012 grant	193 648	–	(96 824)	1.93	–	96 824	97
2013 grant	178 809	–	(29 802)	–	–	149 007	289
2014 grant	–	205 207	–	–	–	205 207	381
R Masemene	108 564	101 351	(34 283)		–	175 632	310
2012 grant (3)	48 565	–	(24 283)	1.93	–	24 282	24
2013 grant (3)	59 999	–	(10 000)	–	–	49 999	97
2014 grant	–	101 351	–	–	–	101 351	189
Total	1 011 489	716 522	(352 729)	–	(222 894)	1 152 388	2 135

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

DRDGOLD PHANTOM SHARE SCHEME *continued*

2014	Opening balance Number	Granted during year Number	Exercised during year Number	Exercise price R	Forfeited/ lapsed during year Number	Closing balance Number	Fair value as at 30 June 2014 R'000
Group and company							
Executive directors							
C C Barnes	**261 350**	**–**	**(43 558)**		**(217 792)**	**–**	**–**
2012 grant	261 350	–	(43 558)	3.27	(217 792)	–	–
2013 grant	–	–	–	–	–	–	–
F D van der Westhuizen	**58 278**	**123 729**	**(9 713)**		**–**	**172 294**	**159**
2012 grant [4]	58 278	–	(9 713)	3.27	–	48 565	74
2013 grant [4]	–	123 729	–	–	–	123 729	85
Prescribed officers							
C M Symons [1]	**199 280**	**140 366**	**(33 213)**		**(200 008)**	**106 425**	**147**
2012 grant	199 280	–	(33 213)	3.27	(83 034)	83 033	134
2013 grant	–	140 366	–	–	(116 974)	23 392	13
T J Gwebu	**156 372**	**121 439**	**(26 062)**		**–**	**251 749**	**282**
2012 grant	156 372	–	(26 062)	3.27	–	130 310	198
2013 grant	–	121 439	–	–	–	121 439	84
W J Schoeman	**232 378**	**178 809**	**(38 730)**		**–**	**372 457**	**418**
2012 grant	232 378	–	(38 730)	3.27	–	193 648	295
2013 grant	–	178 809	–	–	–	178 809	123
Total	**907 658**	**564 343**	**(151 276)**	**–**	**(417 800)**	**902 925**	**1 006**

(1) Retrenched during FY2014. Subsequently appointed on a fixed-term contract basis

(2) Retrenched during FY2015. Ceased to function as prescribed officer effective 31 December 2014

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

(4) Granted/exercised prior to appointment as a director during January 2014

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

DRDGOLD (1996) SHARE SCHEME

2015	Opening balance Number	Average strike price R	Exercised during year [5] Number	Forfeited/ lapsed during year Number	Average strike price R	Closing balance Number	Average strike price R
Company							
Executive directors							
F van der Westhuizen	**18 550**	**5.12**	**–**	**(18 550)**	**5.12**	**–**	**–**
	18 550		**–**	**(18 550)**		**–**	
Group							
Prescribed officers							
C M Symons [1]	**85 050**	**5.12**	**–**	**(85 050)**	**5.12**	**–**	**–**
T J Gwebu [2]	**66 750**	**5.12**	**–**	**–**	**–**	**66 750**	**5.12**
W J Schoeman	**99 175**	**5.12**	**–**	**–**	**–**	**99 175**	**5.12**
R Masemene [3]	**17 300**	**5.12**	**–**	**–**	**–**	**17 300**	**5.12**
	268 275		**–**	**(85 050)**		**183 225**	
	286 825		**–**	**(103 600)**		**183 225**	

2014							
Group and company							
Executive directors							
C C Barnes	234 504	4.56	(163 111)	(71 393)	5.12	–	–
F van der Westhuizen [4]	53 525	5.12	(34 975)	–	–	18 550	5.12
	288 029		(198 086)	(71 393)		18 550	
Prescribed officers							
C M Symons [1]	212 050	4.84	(127 000)	–	–	85 050	5.12
T J Gwebu	192 650	4.68	(125 900)	–	–	66 750	5.12
W J Schoeman	198 350	5.12	(99 175)	–	–	99 175	5.12
	603 050		(352 075)	–		250 975	
	891 079		(550 161)	(71 393)		269 525	

(1) Retrenched during FY2014. Subsequently appointed on a fixed-term contract basis
(2) Retrenched during FY2015. Ceased to function as prescribed officer effective 31 December 2014
(3) Granted prior to appointment as a prescribed officer during August 2014
(4) Granted prior to appointment as a director on 1 January 2014
(5) The share options that were exercised for the year ended 30 June 2014 related to the buy-out of vested share options under the share option scheme

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000			COMPANY 2015 R'000	COMPANY 2014 R'000
		6	**FINANCE INCOME**		
15 740	**14 406**		Interest received	**13 297**	13 822
–	**–**		Interest received from subsidiaries	**61 973**	58 557
4 618	**5 562**		Growth in environmental rehabilitation trust funds (refer note 11 and 16)	**–**	–
5 071	**5 772**		Growth in reimbursive right (refer note 11)	**–**	–
–	**19 875**		Fair value adjustment on available-for-sale investment reclassified to profit or loss (refer note 11)	**19 875**	–
2 546	**5 882**		Profit on disposal of equity accounted investment (refer note 13)	**–**	2 546
5	**–**		Realised foreign exchange gains	**–**	–
27 980	**51 497**			**95 145**	74 925
		7	**FINANCE EXPENSES**		
(17 810)	**(10 612)**		Interest paid on bank loans and overdrafts	**(7 468)**	(17 444)
3 534	**–**		Borrowing costs capitalised (refer note 10)	**–**	–
(38 019)	**(38 991)**		Unwinding of provision for environmental rehabilitation (refer note 18)	**–**	–
(52 295)	**(49 603)**			**(7 468)**	(17 444)
		8	**INCOME TAX**		
(9 724)	**(31 805)**		Mining tax	**–**	–
(7 824)	**3 206**		Non-mining tax	**4 185**	(7 446)
(17 548)	**(28 599)**			**4 185**	(7 446)
			Comprising:		
			South African		
(6 755)	**(1 067)**		Current tax – current year	**–**	(6 315)
334	**4 412**		– prior year	**4 412**	334
(11 127)	**(28 857)**		Deferred tax – current year	**(227)**	(1 465)
–	**(3 087)**		– prior year	**–**	–
(17 548)	**(28 599)**			**4 185**	(7 446)

In South Africa, mining tax on mining income is determined based on a formula which takes into account the profit and revenue from a gold mining company during the year. The formula for determining the South African gold mining tax rate for the years ended 30 June 2015 and 30 June 2014 is: Y = 34 – 170/X where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to mining income derived, expressed as a percentage. Non-mining income, which consists primarily of interest, is taxed at a standard rate of 28% (2014: 28%).

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

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

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

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		8 INCOME TAX *continued*		
		Tax reconciliation		
		Major items causing the group's income tax provision to differ from the statutory rate were:		
10 409	**(27 103)**	Tax on net (profit)/loss before tax at South African corporate tax rate of 28%	**(12 153)**	4 242
5 105	**8 580**	Rate adjustment to reflect the actual realised company tax rates	**–**	–
(4 947)	**(10 028)**	Deferred tax rate adjustment	**–**	–
(22 012)	**(3 726)**	Non-deductable expenditure (a)	**(1 646)**	(11 129)
1 276	**8 423**	Exempt income and other non-taxable income (b)	**22 917**	994
–	**1 326**	Over provided in prior periods	**4 412**	–
725	**3 126**	Tax incentives	**–**	–
475	**1 789**	Other temporary differences	**(49)**	(1 553)
(8 579)	**(10 986)**	Current year losses for which no deferred tax was recognised	**(9 296)**	–
(17 548)	**(28 599)**	**Taxation charge**	**4 185**	(7 446)
1 672 506	**1 469 638**	Estimated unredeemed capital expenditure at year-end (available for deduction against future mining income)	**131 504**	131 504
1 392 642	**1 452 383**	Estimated gross capital losses at year-end (available to reduce future capital gains)	**1 452 383**	1 392 642
137 803	**165 357**	Estimated assessed tax losses at year-end (available to reduce future taxable income)	**33 199**	–
3 202 951	**3 087 378**	Estimated tax losses and unredeemed capital expenditure carried forward	**1 617 086**	1 524 146

(a) The group's non-deductable expenditure for the year ended 30 June 2015 includes R4.8 million related to impairments of available-for-sale investments and other assets (2014: R46.9 million relating to the impairment of available-for-sale financial assets (refer to note 4) and share of losses of equity accounted investments of R0.3 million).

(b) Included in the group's exempt income and other non-taxable income for the year ended 30 June 2015 are:

- R19.8 million relating to the fair value adjustment on available-for-sale investments reclassified to profit or loss; and
- R5.9 million relating to the profit on disposal of equity accounted investment.

Included in the group's exempt income and other non-taxable income for the year ended 30 June 2014 are:

- R2.7 million relating to the reversal of the impairment of the investment in West Wits SA Proprietary Limited; and
- R0.8 million relating to the portion of the R2.5 million profit on disposal of the investment in West Wits SA Proprietary Limited which is excluded for capital gains tax. The remaining portion has been included for capital gains tax and utilised capital losses that were previously unrecognised.

Company

(a) Included in the company's non-deductible expenditure for the year ended 30 June 2015, is an amount of R4.8 million relating to the impairment of the available-for-sale investments and other assets (2014: R46.9 million relating to the impairment of the available-for-sale investments).

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

- R19.8 million relating to the fair value adjustment on available-for-sale investments reclassified to profit or loss; and
- R62.0 million relating to interest received from subsidiaries that is no longer taxable due to changes in income tax legislation.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP 2015 R'000	GROUP 2014 R'000
9 EARNINGS PER SHARE		
Basic		
The calculation of earnings per ordinary share is based on the following:		
Basic earnings/(loss) attributable to equity owners of the parent	**67 807**	(45 808)
Headline		
The basic earnings has been adjusted by the following to arrive at headline earnings:		
Basic earnings/(loss) attributable to equity owners of the parent	**67 807**	(45 808)
Net impairments	**6 488**	49 517
– Gross impairment	**7 904**	56 591
– Gross impairment included in the share of losses of equity accounted investments	**–**	313
– Non-controlling interest	**(799)**	(3 845)
– Tax thereon	**(617)**	(3 542)
Net profit on disposal of property, plant and equipment	**(9 869)**	(465)
– Gross profit on disposal of property, plant and equipment	**(13 166)**	(992)
– Non-controlling interest	**2 838**	258
– Tax thereon	**459**	269
Profit on disposal of equity accounted investment	**(5 882)**	(2 546)
Fair value adjustment on available-for-sale investments reclassified to profit or loss	**(19 875)**	–
Headline earnings attributable to ordinary shareholders	**38 669**	698
Diluted		
Basic earnings/(loss) attributable to equity owners of the parent	**67 807**	(45 808)
Diluted basic earnings/(loss)	**67 807**	(45 808)
Headline earnings adjustments	**(29 138)**	46 506
Diluted headline earnings	**38 669**	698
	Number of shares	**Number of shares**
Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue	**389 699 441**	379 209 441
Diluted weighted average number of ordinary shares	**389 699 441**	379 209 441
	Cents per share	**Cents per share**
Basic earnings/(loss) per ordinary share (cents)	**17**	(12)
Diluted earnings/(loss) per ordinary share (cents)	**17**	(12)
Headline earnings per ordinary share (cents)	**10**	*
Diluted headline earnings per ordinary share (cents)	**10**	*

At 30 June 2015, 0.8 million options (2014: 1.2 million) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

** Less than one cent*

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		10 PROPERTY, PLANT AND EQUIPMENT		
		Total		
2 702 984	**2 840 335**	Cost	**3 432**	3 330
2 532 338	**2 702 984**	Opening balance	**3 330**	3 286
158 593	**113 335**	Additions	**102**	44
3 534	**–**	Borrowing costs capitalised	**–**	–
(900)	**(5 640)**	Disposals	**–**	–
10 166	**29 656**	Change in estimate of decommissioning asset	**–**	–
(747)	**–**	Transferred to non-current assets held for sale	**–**	–
(947 481)	**(1 141 561)**	Accumulated depreciation and impairment	**(3 348)**	(3 204)
(776 005)	**(947 481)**	Opening balance	**(3 204)**	(3 055)
(159 999)	**(193 301)**	Depreciation	**(144)**	(149)
(12 377)	**(3 075)**	Impairment (refer note 4)	**–**	–
900	**2 296**	Disposals	**–**	–
1 755 503	**1 698 774**	Carrying value	**84**	126
		Mine property and development		
1 325 761	**1 321 607**	Cost	**–**	–
1 266 171	**1 325 761**	Opening balance	**–**	–
–	**6 628**	Additions	**–**	–
(900)	**(3 326)**	Disposals	**–**	–
–	**(7 456)**	Change in estimate of decommissioning asset	**–**	–
61 237	**–**	Transferred from exploration assets	**–**	–
(747)	**–**	Transferred to non-current assets held-for-sale (refer note 16)	**–**	–
(525 451)	**(624 645)**	Accumulated depreciation and impairment	**–**	–
(427 617)	**(525 451)**	Opening balance	**–**	–
(98 734)	**(99 194)**	Depreciation	**–**	–
900	**–**	Disposals	**–**	–
800 310	**696 962**	Carrying value	**–**	–
		Mine plant facilities (a,b)		
1 276 207	**1 420 930**	Cost	**–**	–
1 093 574	**1 276 207**	Opening balance	**–**	–
154 582	**103 734**	Additions	**–**	–
3 534	**–**	Borrowing costs capitalised (c)	**–**	–
–	**(2 250)**	Disposals	**–**	–
10 166	**43 125**	Change in estimate of decommissioning asset	**–**	–
14 351	**–**	Transferred from exploration assets	**–**	–
(390 515)	**(481 711)**	Accumulated depreciation and impairment	**–**	–
(332 963)	**(390 515)**	Opening balance	**–**	–
(57 552)	**(90 371)**	Depreciation	**–**	–
–	**(3 075)**	Impairment	**–**	–
–	**2 250**	Disposals	**–**	–
885 692	**938 888**	Carrying value	**–**	–

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		10 PROPERTY, PLANT AND EQUIPMENT *continued*		
		Equipment and vehicles		
24 079	**26 988**	Cost	**3 432**	3 330
20 068	**24 079**	Opening balance	**3 330**	3 286
4 011	**2 973**	Additions	**102**	44
–	**(64)**	Disposals	**–**	–
(19 138)	**(22 828)**	Accumulated depreciation and impairment	**(3 348)**	(3 204)
(15 425)	**(19 138)**	Opening balance	**(3 204)**	(3 055)
(3 713)	**(3 736)**	Depreciation	**(144)**	(149)
–	**46**	Disposals	**–**	–
4 941	**4 160**	Carrying value	**84**	126
		Exploration assets (d)		
76 937	**70 924**	Cost	**–**	–
152 525	**76 937**	Opening balance	**–**	–
–	**(6 013)**	Change in estimate of decommissioning asset	**–**	–
(75 588)	**–**	Transferred to mine properties and development and mine plant facilities	**–**	–
(12 377)	**(12 377)**	Accumulated depreciation and impairment losses	**–**	–
–	**(12 377)**	Opening balance	**–**	–
(12 377)	**–**	Impairment	**–**	–
64 560	**58 547**	Carrying value	**–**	–

Group

(a) Flotation and fine-grind ("FFG") circuit

The FFG was commissioned in late December 2013 at a cost of R389 million. Depreciation amounting to R10.8 million was recognised from this date up to March 2014 resulting in a carrying amount of R378.2 million at this date.

Production was suspended temporarily on 2 April 2014 due to a drop in gold recovery subsequent to the commissioning of the FFG. This was done to restore the established Low Grade Section to steady state in order to isolate the cause(s) of the erratic metallurgical performance. A number of small engineering upgrades were made during this "time-out".

A depreciation charge of nil was recognised from this date up to 31 August 2014 based on zero units being produced (mine plant facilities are depreciated on a units-of-production basis (refer note 1)).

The initial estimate of the remaining useful life of the plant (based on a units-of-production basis) has therefore decreased by the amount of lost production during the temporary suspension. The carrying amount of the FFG circuit will be depreciated over the remaining units-of-production when production recommences.

(b) Plant facilities acquired under finance lease

Mine plant facilities include power generation equipment with a carrying value of R22.6 million at 30 June 2015 that was acquired during the year ended 30 June 2015 by way of a finance lease (refer note 22).

(c) Borrowing costs

Borrowing costs are capitalised to qualifying assets at the rate applicable to the specific financing obtained (refer note 21).

(d) Exploration assets

At 30 June 2014, the exploration assets relate to the tailings complex that historically formed part of phase two of the Ergo project which is currently planned to be utilised in surface gold retreatment. Property and plant associated with Phase 2 of the Ergo project that has been utilised in the construction of the FFG has been transferred to mine development costs and mine plant facilities. The remaining assets that relate to Ergo Phase 2 were impaired.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		11 NON-CURRENT INVESTMENTS AND OTHER ASSETS		
34 097	**3 226**	**Listed investments (a)**	**3 226**	34 097
34 071	**34 097**	Opening balance	**34 097**	34 071
5 246	**–**	Additions	**–**	5 246
–	**(46 375)**	Disposals	**(46 375)**	–
(6 734)	**(3 614)**	Impairment (refer note 4)	**(3 614)**	(6 734)
1 514	**19 118**	Fair value adjustment	**19 118**	1 514
171	**159**	**Unlisted investments**	**159**	171
93 484	**171**	Opening balance	**171**	84 328
7	**–**	Additions	**–**	7
–	**(12)**	Disposals	**(12)**	–
(40 180)	**–**	Impairment (refer note 4)	**–**	(37 769)
(53 140)	**–**	Fair value adjustment	**–**	(46 395)
2 592	**2 496**	**Loan to DRDSA Empowerment Trust (b)**	**2 496**	2 592
93 709	**100 284**	**Reimbursive right for environmental rehabilitation guarantees (c)**	**–**	–
88 638	**93 709**	Opening balance	**–**	–
–	**803**	Contributions	**–**	–
5 071	**5 772**	Growth (refer note 6)	**–**	–
82 848	**87 917**	**Investments in environmental rehabilitation trust funds (d)**	**–**	–
86 356	**82 848**	Opening balance	**–**	–
(8 126)	**–**	Transferred to non-current assets held-for-sale (refer note 16)	**–**	–
4 618	**5 069**	Growth (refer note 6)	**–**	–
213 417	**194 082**	**Total non-current investments and other assets**	**5 881**	36 860

(a) On 11 February 2012, DRDGOLD, Village Main Reef Limited ("VMR") and Business Venture Investments No 1557 Proprietary Limited (a wholly owned subsidiary of VMR), entered into a sale of shares and claims agreement, for the disposal of DRDGOLD's entire interest in and claims against Blyvooruitzicht Gold Mining Company Proprietary Limited (Blyvoor) for R1 and 85 714 286 new ordinary shares of VMR.

The Agreement consist of two parts. Part A was completed on 1 June 2012 (date of disposal; which is the date control passed to VMR). The effective date used for recordal of the disposal was 31 May 2012 – for accounting purposes, the end of the financial month. Part B has certain conditions precedent which can be waived in full by VMR.

These include the successful conversion of Blyvoor's old order mining right to a new order mining right under the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002), and obtaining the consent of the Department of Minerals and Resources for the sale.

The first of the Part B conditions precedent being the notarial execution and registration of the new order mining rights after Blyvoor successfully applied for the conversion of the rights, became due during the year ended 30 June 2014. While the fulfilment of this last condition precedent is in dispute, the parties entered into a settlement agreement by which to leave the factual dispute unresolved, not to pursue arbitration and to settle the escrow shares and dividends equally between the parties.

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

11 NON-CURRENT INVESTMENTS AND OTHER ASSETS *continued*

(b) The terms and conditions of the loans to the DRDSA Empowerment Trust are linked to the payments of dividends from Ergo Mining Operations Proprietary Limited to the trust up to the completion of the flip-up (refer note 17.2) and thereafter the payment of dividends from DRDGOLD to the trust.

(c) Cell Captive cell # 170, to which DRDGOLD is a shareholder (refer to unlisted investments), holds funds that may only be applied towards the settlement of DRDGOLD group's environmental rehabilitation obligations under financial guarantees issued by Guardrisk Insurance Company Limited to the DMR (refer note 18).

(d) The monies in the environmental rehabilitation trust funds are held in the Crown Rehabilitation Trust (refer note 12) and are invested primarily in low-risk interest-bearing debt securities and may only be used for environmental rehabilitation purposes (refer note 18).

	% held	Number of shares	Fair value 2015 R'000	Carrying value 2015 R'000	Carrying value 2014 R'000
Listed investments consist of:					
Village Main Reef Limited	–	–	–	–	30 286
West Wits Mining Limited ("West Wits Mining")	12.07	38 250 000	**3 226**	**3 226**	3 811
			3 226	**3 226**	34 097
Unlisted investments consist of:					
Rand Mutual Assurance Company Limited	#	1	–	–	–
Rand Refinery Proprietary Limited (refer note 4)	11	44 438	–	–	–
Guardrisk Insurance Company Limited (Cell Captive #170) *	#	20	**100**	**100**	100
Chamber of Mines Building Company Proprietary Limited	3	30 160	**59**	**59**	71
			159	**159**	171

Represents a less than 1% shareholding
* 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 170 after settlement of the reimbursive right

	COMPANY 2015 R'000	2014 R'000
12 INVESTMENTS IN SUBSIDIARIES		
Shares at cost, less impairment loss [1]	**210 488**	113 177
Net indebtedness, less impairment loss	**832 155**	937 252
Interest bearing loans owing by subsidiaries directly held	**544 279**	649 498
Interest bearing loans owing by subsidiaries not directly held	**599 335**	599 213
Non-interest bearing loans owing by subsidiaries	**143 920**	143 920
Impairments	**(143 920)**	(143 920)
Amounts owing to subsidiaries	**(311 459)**	(311 459)
Interest bearing loans bear interest at the prime interest rate minus four percentage points. The loans are unsecured and without any fixed repayment arrangements unless stated otherwise.		
Net investment in subsidiaries	**1 042 643**	1 050 429

12 INVESTMENTS IN SUBSIDIARIES *continued*

The following information relates to the company's financial interest in its subsidiaries at 30 June 2015:

	Number of shares [2]	% Held [2]	Shares at cost less impairment [2]	Indebtedness 2015 R'000	Impairment 2015 R'000	Indebtedness 2014 R'000	Impairment 2014 R'000
Subsidiaries directly held							
Ergo Mining Operations Proprietary Limited [1,3,5]	1 000 000	100	210 488	**544 279**	**–**	649 498	–
Argonaut Financial Services Proprietary Limited	100	100	–	**(1 055)**	**–**	(1 055)	–
Crown Consolidated Gold Recoveries Limited	51 300 000	100	–	**(245 316)**	**–**	(245 316)	–
Hartebeestfontein Gold Mining Company Limited	1	100	–	**–**	**–**	–	–
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	118 505 000	100	–	**(42 092)**	**–**	(42 092)	–
Roodepoort Gold Mine Proprietary Limited	1	100	–	**–**	**–**	–	–
West Witwatersrand Gold Holdings Limited	99 000 000	100	–	**(22 996)**	**–**	(22 996)	–
Total			**210 488**	**232 820**	**–**	338 039	–
Subsidiaries not directly held							
Ergo Mining Proprietary Limited [4,5]	–	–	–	**599 335**	**–**	599 213	–
West Witwatersrand Gold Mines Limited	–	–	–	**143 920**	**(143 920)**	143 920	(143 920)
Total				**743 255**	**(143 920)**	743 133	(143 920)
Total			**210 488**	**976 075**	**(143 920)**	1 081 172	(143 920)

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

(2) As at 30 June 2014 and 30 June 2015 respectively unless stated otherwise.

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

(4) Repayments per the loan agreements are based on free cash flows on a quarterly basis. However, DRDGOLD reserves the right to call for payment of the loan at any time.

(5) The company considers the provision of financial support to, and the subordination of the amounts owing to it by its subsidiaries annually based on the liquidity requirements of the company and the respective subsidiaries. The company has subordinated its claim against these subsidiaries in favour of all other creditors and in terms of this subordination agreements, DRDGOLD will not call for repayment of the loans:
- within 367 days from 1 October 2014; or
- until all other liabilities are paid; or
- the total assets of the lender, fairly valued, exceeds its total liabilities.

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		13 EQUITY ACCOUNTED INVESTMENTS		
		13.1 JOINT VENTURES		
		Chizim Gold (Pvt) Limited ("Chizim Gold") – Zimbabwe		
		During the year ended 30 June 2015, DRDGOLD disposed of its Chizim Gold shares and loan account for US$1. The foreign exchange translation reserve amounting to R5.9 million was reclassified to profit or loss on the disposal.		
49%	**0%**	Percentage held	**0%**	49%
		Investment in joint venture		
313	**–**	Opening balance	**–**	–
50 448	**50 448**	Cost	**44 566**	44 566
(50 135)	**(50 448)**	Accumulated impairment	**(44 566)**	(44 566)
(313)	**–**	Share of losses of equity accounted investments (a)	**–**	–
–	**–**	Disposed at carrying value	**–**	–
–	**–**	Closing balance	**–**	–
50 448	**–**	Cost	**–**	44 566
(50 448)	**–**	Accumulated impairment	**–**	(44 566)
		13.2 ASSOCIATES		
		West Wits SA Proprietary Limited ("West Wits SA")		
		During the year ended 30 June 2014, DRDGOLD exercised its option under the agreement with various capital vendors dated 7 November 2007, to convert its 28.33% investment in West Wits SA into shares in West Wits Mining.		
		DRDGOLD therefore, reversed the R2.7 million impairment (refer note 4), derecognised the investment West Wits SA, and recognised a profit on the disposal of an equity accounted investment of R2.5 million (refer note 6), and recognised 38.25 million shares with a fair value of R5.2 million in West Wits Mining (refer note 11).		
0.00%	**0.00%**	Percentage held	**0.00%**	0.00%
		Investment in associate		
–	**–**	Opening balance	**–**	–
2 700	**–**	Cost	**–**	2 700
(2 700)	**–**	Accumulated impairment	**–**	(2 700)
2 700	**–**	Reversal of impairment	**–**	2 700
(2 700)	**–**	Disposals	**–**	(2 700)
–	**–**	Closing balance	**–**	–
–	**–**	Carrying value of equity accounted investments	**–**	–

Group

Share of losses of equity accounted investments

(a) Chizim

The share of losses of equity accounted investments relate to impairments recognised at Chizim Gold level. On 30 June 2013, the entity stopped conducting feasibility studies on certain exploration tenements in Zimbabwe. On this date, the company impaired its investment in full and the group recognised the impairment of the non-current exploration assets through its share of the equity accounted losses of the investee. The remaining net current assets were impaired during the year ended 30 June 2014.

GROUP 2014 R'000	GROUP 2015 R'000			COMPANY 2015 R'000	COMPANY 2014 R'000
		14	**INVENTORIES**		
43 033	**60 555**		Gold in process	**–**	–
88 541	**90 689**		Consumable stores	**–**	–
15 615	**17 485**		Finished stock – Bullion	**–**	–
147 189	**168 729**		**Total inventories**	**–**	–

Group

Inventory includes gold in process carried at net realisable value amounting to R5.3 million (2014: R2.4 million) and finished stock – bullion amounting to R15 million (2014: R1.9 million) after a R1.8 million write down to net realisable value (2014: R0.8 million).

GROUP 2014 R'000	GROUP 2015 R'000			COMPANY 2015 R'000	COMPANY 2014 R'000
		15	**TRADE AND OTHER RECEIVABLES**		
25 630	**43 002**		Trade receivables (gold)	**–**	–
20 609	**22 892**		Value added tax	**–**	112
3 088	**3 589**		Prepayments	**208**	2 855
2 992	**2 804**		Receivables from related parties	**2 703**	2 700
1 027	**1 545**		Interest receivable	**1 545**	1 027
53 158	**25 906**		Other receivables	**3 595**	6 749
(6 981)	**(6 465)**		Allowance for impairment	**–**	–
99 523	**93 273**			**8 051**	13 443

Group

Included in other receivables are receivables relating to property sales amounting to nil (2014: R19.9 million).

GROUP 2014 R'000	GROUP 2015 R'000			COMPANY 2015 R'000	COMPANY 2014 R'000
		16	**ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE**		
			Assets held-for-sale		
747	**747**		Property, plant and equipment	**–**	–
8 126	**8 619**		Non-current investments and other assets	**–**	–
–	**8 126**		Opening balance	**–**	–
–	**493**		Growth (refer note 6)	**–**	–
8 126	**–**		Transferred from non-current investments and other assets	**–**	–
8 873	**9 366**				
			Liabilities held-for-sale		
20 530	**17 612**		Provisions	**–**	–
–	**20 530**		Opening balance	**–**	–
–	**1 685**		Unwinding of provision (refer note 7)	**–**	–
–	**(4 603)**		Benefit to profit or loss	**–**	–
20 530	**–**		Transferred from provision for environmental rehabilitation	**–**	–
20 530	**17 612**				

Group

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

While significant progress has been made in the fulfilment of the regulatory approvals required for the completion of this transaction since 30 June 2014, not all of the required approvals have been obtained at 30 June 2015 as a result of circumstances beyond the entity's control. Management has taken timely action and remains confident that the outstanding regulatory approvals will be obtained in due course.

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		17 EQUITY		
		17.1 EQUITY OF THE OWNERS OF THE PARENT		
		Details of equity of the owners of the parent are provided in the Statements of Changes in Equity		
		Authorised share capital		
		600 000 000 (2014: 600 000 000) ordinary shares of no par value		
500	**500**	5 000 000 (2014: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
		Issued share capital		
4 132 627	**4 225 071**	430 883 767 (2014: 385 383 767) ordinary shares of no par value (a)	**4 225 071**	4 132 627
(44 153)	**(44 153)**	6 155 559 (2014: 6 155 559) treasury shares held within the group		
–	**–**	5 000 000 (2014: 5 000 000) cumulative preference shares of (b)		
500	**500**	10 cents each	**500**	500
4 088 974	**4 181 418**		**4 225 571**	4 133 127
		Revaluation and other reserves		
5 882	**–**	Foreign exchange translation reserve (c)	**–**	–
136 587	**135 830**	Asset revaluation reserve (d)	**757**	1 515
30 387	**–**	Share-based payments reserve (e)	**–**	12 835
172 856	**135 830**		**757**	14 350
		Dividends (f)		
		The following dividends were declared and paid:		
(53 085)	**(7 585)**	2 cents per qualifying ordinary share (2014: 14 cents)	**(7 708)**	(53 954)

Group and company unless stated otherwise

(a) Share capital

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.

(b) Cumulative preference shares

The terms of issue of the cumulative preference shares were that they carried the right, in priority to the company's ordinary shares, to receive a dividend equal to 3% of the gross future revenue generated by the exploitation or the disposal of Argonaut's mineral rights acquired from Randgold and Exploration Company Limited in September 1997. The Department of Mineral Resources ("DMR") granted DRDGOLD a prospecting right over an area which was too small to mine. When an application for a greater area was lodged, the DMR stated that as the additional area was in an urban location, the application for a prospecting right could not be granted.

(c) Foreign exchange translation reserve (Group)

This represents the cumulative translation effect arising on the translation of the financial statements of the company's foreign operations and was derecognised on DRDGOLD's disposal of the foreign operations during the year ended 30 June 2015.

(d) Asset revaluation reserve (Group)

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

The fair value adjustment on available-for-sale investments at 30 June 2015 relate to the investment in West Wits Mining Limited amounting to R0.8 million (2014: Village Main Reef Limited amounting to R1.5 million).

17 EQUITY *continued*

17.1 EQUITY OF THE OWNERS OF THE PARENT *continued*

(e) Share-based payments reserve

During the year ended 30 June 2014, the company completed a buy-out of all the vested share options offered during the year ended 30 June 2013. The buy-out amounted to R2.7 million. The share option reserve was transferred to retained earnings upon the last of the outstanding options vesting during FY2015.

(f) Dividends

After 30 June 2015, a dividend of 10 cents per qualifying share (R43.1 million) was approved by the directors as a final dividend for 2015. The dividend has not been provided for and does not have any tax impact on the company. Dividend tax is levied at 15% (2014: 15%) (certain exemptions apply) and will be withheld from the dividend depending on the classification of the beneficial owner of the relevant share.

17.2 NON CONTROLLING INTEREST ("NCI")

All the suspensive conditions for DRDGOLD's acquisition of the 20% and 6% interest in the issued share capital of EMO held by Khumo Gold SPV Proprietary Limited and the DRDSA Empowerment Trust respectively, EMO's broad based empowerment shareholders, were fulfilled on 26 March 2015. As a result, DRDGOLD acquired the remaining 26% of EMO at the end of the third quarter of the year ended 30 June 2015, making it a wholly-owned subsidiary of DRDGOLD with no remaining NCI in the group subsequent to this date (refer to note 12).

The following tables summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	GROUP					
	2015			2014		
	EMO R'000	Intra-group eliminations and consolidation entries R'000	Total R'000	EMO R'000	Intra-group eliminations and consolidation entries R'000	Total R'000
At 30 June 2015:						
NCI percentage	–			26%		
Non-current assets	–			1 940 218		
Current assets	–			263 818		
Non-current liabilities	–			575 498		
Current liabilities	–			1 012 419		
Net assets	–			616 119		
Carrying amount of NCI	–	–	–	160 191	71 949	232 140
Year ended 30 June 2015 up to the date of derecognition:						
Revenue	1 545 046			1 809 434		
Profit/(loss) for the period	1 495			(34 290)		
Other comprehensive income ("OCI")	–			(6 745)		
Total comprehensive income	1 495			(41 035)		
Profit allocated to NCI	389		389	(8 915)	–	(8 915)
OCI allocated to NCI	–		–	(1 745)	–	(1 745)
NCI derecognised	–	–	(232 529)	–	–	–
Cash flows from operating activities	65 726			132 970		
Cash flows from investing activities	(48 805)			(168 118)		
Cash flows from financing activities	–			(17 006)		
Net increase/(decrease) in cash and cash equivalents	16 921			(52 154)		
Dividends paid	–			–		

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		18 PROVISION FOR ENVIRONMENTAL REHABILITATION		
524 323	**451 203**	Opening balance	**–**	–
10 166	**29 656**	Increase in provision (a)	**–**	–
38 019	**37 306**	Unwinding of provision (refer note 7)	**–**	–
(14 170)	**(9 034)**	Environmental rehabilitation payments	**–**	–
(86 605)	**(15 840)**	Benefit to profit or loss (b)	**–**	–
(20 530)	**–**	Transferred to non-current liabilities held-for-sale	**–**	–
451 203	**493 291**	Closing balance	**–**	–

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

At 30 June 2015, the group held funds in rehabilitation trust funds amounting to R87.9 million (2014: R82.8 million) and in the Guardrisk Cell Captive amounting to R100.3 million (2014: R93.7 million). In addition, Guardrisk Insurance Company Limited issued environmental guarantees to the DMR amounting to R404 million (2014: R305.7 million). These guarantees are funded by the funds held in the Guardrisk Cell Captive.

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

(a) Increase in provision
The increase in provision resulted from an increases in the estimated cost of decommissioning as follows:

2015: The R29.7 million increase in provision is mostly attributable to the increase in the capacity of the Brakpan deposition site that was debited to property, plant and equipment (refer note 10).

(b) Benefit to profit or loss
The benefit recognised to profit or loss resulted from a decrease in the estimated cost of restoration as follows:

2015: The R15.8 million benefit is mostly attributable to a decrease in the oversized material that management expects to rehabilitate.

2014: The R86.6 million benefit was based on the implementation of a different technique to vegetate the Crown complex as well as the increased use of "grey water" in rehabilitation. An updated survey and work performed during the year resulted in a decrease of the area to be vegetated.

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS		
		Non-current post-retirement and other employee benefits		
6 657	**7 563**	Liability for post-retirement medical benefits (a)	**–**	–
2 618	**1 679**	Liability for long term employee incentive scheme (b)	**454**	1 064
9 275	**9 242**		**454**	1 064
		Current post-retirement and other employee benefits		
1 958	**2 557**	Liability for long term employee incentive scheme (b)	**731**	918
1 958	**2 557**		**731**	918
		Contribution funds		
		The group participates in a number of multi-employer, industry-based retirement plans. All plans are governed by the Pension Funds Act, 1956.		
		The group pays fixed contributions to external institutions and will have no legal or constructive obligation to pay further amounts.		
		Amount recognised in profit or loss is as follows:		
(19 611)	**(19 952)**	Contribution payments	**–**	(172)
		(a) Post-retirement medical benefits		
		A provision for post-retirement medical benefits has been raised, based on the latest calculations using a projected unit credit method, of independent actuaries performed as at 30 June 2015. Post-retirement medical benefits are actuarially valued every three years. The obligation is unfunded.		
		Amounts recognised in the statement of financial position are as follows:		
6 322	**6 657**	Opening balance	**–**	–
84	**101**	Current service cost	**–**	–
–	**539**	Actuarial loss	**–**	–
(261)	**(304)**	Benefits paid	**–**	–
512	**570**	Interest costs	**–**	–
6 657	**7 563**	Closing balance	**–**	–
		Amounts recognised in profit or loss are as follows:		
(84)	**(101)**	Current service cost and interest	**–**	–
(512)	**(570)**	Interest costs	**–**	–
(596)	**(671)**		**–**	–
		Amounts recognised in the statement of other comprehensive income are as follows:		
–	**(539)**	Actuarial loss		
–	**(539)**		**–**	–

GROUP 2014 R'000	GROUP 2015 R'000			COMPANY 2015 R'000	COMPANY 2014 R'000
		19	**POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS** *continued*		
			Principal actuarial assumptions at the statement of financial position date:		
7.8%	**7.37%**		Health care cost inflation		
8.8%	**8.16%**		Discount rate		
0.9%	**0.74%**		Real discount rate		
60.0	**60.0**		Normal retirement age		
60.3	**63.3**		Expected average retirement age		
3 years	**3 years**		Spouse age gap		
100%	**100%**		Continuation at retirement		
85%	**100%**		Proportion married at retirement		
			There are currently no long-term assets set aside in respect of post-retirement medical benefit liabilities.		
			(b) Liability for long term employee incentive scheme		
3 349	**4 576**		Opening balance	**1 982**	1 753
2 821	**1 577**		Increase in liability	**71**	1 021
(1 594)	**(1 917)**		Benefits paid	**(868)**	(792)
4 576	**4 236**		Total liability of employee incentive scheme	**1 185**	1 982
(1 958)	**(2 557)**		Short term portion of employee incentive scheme	**(731)**	(918)
2 618	**1 679**		Long term portion of employee incentive scheme	**454**	1 064

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

DRDGOLD PHANTOM SHARE SCHEME

i) Details of the scheme

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

The phantom share granted has a zero base value, however, the number of options granted is determined by price in respect of each share which is the subject of the option, the volume weighted average price of a share on the JSE for the seven days on which the JSE is open for trading, preceding the day on which the employee is granted the option. The allocation date will be the date when the directors approve allocation of share options. Each option remains in force until date of vesting, subject to the terms of the option plan. Options granted under the Phantom Share Scheme vest primarily according to the following schedule over a maximum of a three year period:

Percentage vested in each period grant:		Period after the original date of grant of the option:
Performance criteria	**Retention criteria**	
33%	0%	one year
33%	50%	two years
33%	50%	three years

ii) Share option activity: DRDGOLD Phantom Share Scheme

Reconciliation of outstanding shares	Number of shares	Average price per share
Balance at 30 June 2013	3 019 549	3.90
Granted	1 964 033	1.18
Exercised	(477 480)	3.27
Forfeited/lapsed	(800 000)	3.27
Balance at 30 June 2014	3 706 102	2.64
Granted	2 615 207	1.31
Exercised	(1 292 833)	1.48
Forfeited/lapsed	(502 826)	2.70
Balance at 30 June 2015	**4 525 650**	**1.89**

Analysis of phantom share options:

			Unvested			
Year granted	**Years to expiry**	**Vested 30 June 2015**	**30 June 2016**	**30 June 2017**	**30 June 2018**	**Total**
2013	1	–	763 631	–	–	763 631
2014	1 – 2	–	646 222	535 284	–	1 181 506
2015	1 – 3	–	435 870	1 072 328	1 072 315	2 580 513
		–	1 845 723	1 607 612	1 072 315	4 525 650

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS *continued*		
		iii) The fair value of the phantom share options determined using the Black-Scholes option valuation model.		
		Significant inputs into the model were:		
1 – 3	**1 – 3**	**Vesting periods (years) (all grants)**	**1 – 3**	1 – 3
		Market price at date of grant (Rand per share)		
6.08	**6.08**	2012 grant	**6.08**	6.08
5.10	**5.10**	2013 grant	**5.10**	5.10
	3.04	2014 grant	**3.04**	
		Volume weighted average price at date of grant (rand per share)		
6.20	**6.20**	2012 grant	**6.20**	6.20
4.98	**4.98**	2013 grant	**4.98**	4.98
	3.27	2014 grant	**3.27**	
		Average Risk-free rate		
6.3%	**6.5%**	2012 grant	**6.5%**	6.3%
6.7%	**6.7%**	2013 grant	**6.7%**	6.7%
	7.0%	2014 grant	**7.0%**	
		Average volatility*		
17.5%	**5.2%**	2012 grant	**5.2%**	17.5%
21.9%	**13.4%**	2013 grant	**13.4%**	21.9%
	24.2%	2014 grant	**24.2%**	
3.16	**2.31**	**Volume weighted average price at reporting date (Rand per share)**	**2.31**	3.16
		iv) The minimum performance criteria of the phantom share options determined against the group performance		
		All grants:		
0.25	**0.08**	**Headline earnings per share (Rand)**	**0.08**	0.25
15%	**15%**	**Return on equity**	**15%**	15%
10%	**10%**	**Free cash flow**	**10%**	10%
		Share price performance:		
		Outperform JSE Gold index		

* The volatility is measured at the standard deviation of the expected share price returns and is based on statistical analysis of daily share prices over the last three years.

19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS *continued*

SHARE OPTION SCHEME

i) Details of the DRDGOLD (1996) share scheme

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

During the year ended 30 June 2014, the company made an offer to buy-out only the share options that have vested at the date of the offer. This offer was made at fair value based on the Black-Scholes option valuation model amounting to R2.7 million and was accepted by all the participants.

The rules of the DRDGOLD (1996) share scheme do not grant employees the choice of settlement of their vested share options in cash or equity instruments. Communications with the participants regarding the buy-out were unambiguous in stating that no further offer to buy out share options, whether vested or unvested, were promised in the future. No intention currently exists to make any further offers to buy out any share options, whether vested or unvested. As a result, no constructive obligation for further buy-outs of share options exists for which the recognition of a liability is required.

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

ii) Share option activity: DRDGOLD (1996) Share Scheme

Reconciliation of outstanding options	Number of shares	Average price per shares R
Balance at 30 June 2013	3 655 357	6.68
Exercised	(1 836 761)	6.98
Forfeited/lapsed	(580 568)	7.06
Balance at 30 June 2014	**1 238 028**	**5.96**
Forfeited/lapsed	(470 678)	7.81
Balance at 30 June 2015	**767 350**	**5.12**

All options outstanding at 30 June 2015 have vested, have a strike price of R5.12 and expire on 31 October 2015.

iii) The fair value of the options of the DRDGOLD (1996) share scheme are determined using the Black-Scholes option valuation model and applying the following significant inputs

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		Market price at date of grant (rand per share)		
3.66		18 October 2010 option grant [1]		3.66
5.26	**5.26**	2 November 2011 option grant	**5.26**	5.26
		Vesting periods (years)		
3		18 October 2010 option grant [1]		3
3	**3**	2 November 2011 option grant	**3**	3
		Option strike price (rand per share)		
3.69		18 October 2010 option grant [1]		3.69
5.12	**5.12**	2 November 2011 option grant	**5.12**	5.12
		Risk-free rate		
6.74%		18 October 2010 option grant [1]		6.74%
6.75%	**6.75%**	2 November 2011 option grant	**6.75%**	6.75%
		Volatility [2]		
31%		18 October 2010 option grant [1]		31%
34%	**34%**	2 November 2011 option grant	**34%**	34%

(1) All options under this grant have vested and were exercised as part of the share option buy-out completed during the year ended 30 June 2014.

(2) The volatility is measured at the standard deviation of the expected share price returns and is based on statistical analysis of daily share prices over the last three years before grant date.

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		20 DEFERRED TAX		
		Balances arose from the following temporary differences:		
		Deferred tax asset		
(4)	**19**	Property, plant and equipment	**19**	(4)
1 428	**1 179**	Provisions, including rehabilitation provision	**1 179**	1 428
1 424	**1 198**		**1 198**	1 424
		Deferred tax liability		
(186 770)	**(234 709)**	Property, plant and equipment	**–**	–
69 389	**82 661**	Provisions, including rehabilitation provision	**–**	–
1 297	**4 247**	Other temporary differences [(a)]	**–**	–
(116 084)	**(147 801)**		**–**	–
(114 660)	**(146 603)**	Net deferred mining and income tax (liability)/asset	**1 198**	1 424
		Reconciliation between deferred taxation opening and closing balances		
(103 533)	**(114 660)**	Opening balance	**1 424**	2 889
(11 127)	**(31 943)**	Recognised in profit or loss	**(226)**	(1 465)
(937)	**(47 916)**	– Property, plant and equipment	**23**	1
(7 778)	**13 023**	– Provisions, including rehabilitation provision	**(249)**	(1 466)
(2 412)	**2 950**	– Other temporary differences [(a)]	**–**	–
(114 660)	**(146 603)**	Closing balance	**1 198**	1 424

[(a)] Includes the temporary differences on the finance lease obligation

Group

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

Deferred tax assets have not been recognised in respect of tax losses of R46.3 million (2014: R38.6 million), unredeemed capital expenditure of R275.6 million (2014: R292.0 million) and capital losses of R271.1 million (2014: R260.0 million).

Company

Deferred tax assets have not been recognised in respect of tax losses of R9.3 million (2014: nil), unredeemed capital expenditure of R36.8 million (2014: 36.8 million) and capital losses of R271.1 million (2014: R260.0 million).

The deferred tax relating to the investment in subsidiaries and equity accounted investments is nil (2014: nil). These investments are to be realised through dividend distributions which are exempt under current tax legislation. As a result, there are also no temporary differences.

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		21 LOANS AND BORROWINGS		
		Unsecured		
148 695	**23 096**	Domestic Medium Term Note Programme	**23 096**	148 695
148 695	**23 096**		**23 096**	148 695
(73 195)	**(23 096)**	Less: payable within one year included under current liabilities	**(23 096)**	(73 195)
75 500	**–**		**–**	75 500
		Loans and borrowings repayment schedule for capital amounts payable in the 12 months to:		
73 195	**–**	30 June 2015	**–**	73 195
75 500	**23 096**	30 June 2016	**23 096**	75 500
148 695	**23 096**		**23 096**	148 695
		Effective interest rates:		
8.9% – 10.6%	**10.8%–11.1%**	Domestic Medium Term Note Programme	**10.8%–11.1%**	8.9% – 10.6%

Group and Company

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

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

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		22 FINANCE LEASE OBLIGATION		
		Secured		
–	**21 161**	Aggreko Energy Rental Proprietary Limited	**–**	–
–	**21 161**		**–**	–
–	**(2 000)**	Less: payable within one year included under current liabilities	**–**	–
–	**19 161**		**–**	–

Group

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

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

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Less than one year	**5 304**	–	**3 304**	–	**2 000**	–
Between one and five years	**27 105**	–	**7 944**	–	**19 161**	–
More than five years	**–**	–	**–**	–	**–**	–
	32 409	–	**11 248**	–	**21 161**	–

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		23 CASH GENERATED BY/(APPLIED TO) OPERATIONS		
(37 175)	**96 795**	Profit/(loss) before tax	**43 405**	(15 150)
		Adjusted for		
159 999	**193 301**	Depreciation	**144**	149
(86 605)	**(20 443)**	Movement in provision for environmental rehabilitation	**–**	–
8 828	**(20 557)**	Movement in gold in process	**–**	–
56 591	**6 689**	Impairments	**3 614**	41 803
(992)	**(13 166)**	Profit on disposal of property, plant and equipment	**–**	–
3 341	**1 753**	Share-based payment expense	**247**	1 365
(2 172)	**(74)**	Reversal of impairment on trade receivables	**–**	–
335	**367**	Post-retirement employee benefits	**–**	–
313	**–**	Share of loss of equity accounted investments	**–**	–
(27 980)	**(51 497)**	Finance income	**(95 145)**	(74 925)
52 295	**49 603**	Finance expenses	**7 468**	17 444
126 778	**242 771**	Operating cash flows before working capital changes	**(40 267)**	(29 314)
(39 394)	**42 426**	**Working capital changes**	**(79)**	(17 786)
(15 233)	**1 926**	Change in trade and other receivables	**1 895**	(8 504)
(17 170)	**(984)**	Change in inventories	**–**	5
(6 991)	**41 484**	Change in trade and other payables	**(1 974)**	(9 287)
87 384	**285 197**	Cash generated by/(applied to) operations	**(40 346)**	(47 100)
		24 CASH AND CASH EQUIVALENTS		
39 683	**103 888**	Bank Balances	**11 872**	26 000
169 249	**220 487**	Call deposits	**216 695**	165 659
208 932	**324 375**		**228 567**	191 659

Group

Included in cash and cash equivalents is restricted cash of R14.3 million (2014: R13.5 million) in the form of a guarantee and R11.4 million (30 June 2014: nil) relating to cash held in escrow relating to the electricity dispute with Ekurhuleni Metropolitan Municipality discussed under Note 25.

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

GROUP 2014 R'000	GROUP 2015 R'000		COMPANY 2015 R'000	COMPANY 2014 R'000
		25 COMMITMENTS AND CONTINGENT LIABILITIES		
		Capital commitments		
3 255	**10 119**	Contracted for but not provided for in the financial statements	**–**	–
32 979	**67 555**	Authorised by the directors but not contracted for	**–**	–
36 234	**77 674**		**–**	–
		Operating lease commitments		
		The future minimum lease payments under non-cancellable operating leases are as follows:		
2 110	**1 068**	Not later than 1 year	**–**	1 025
1 780	**1 313**	Between 1 and 5 years	**–**	–

Group and Company

The company leased its office building in terms of an operating lease up to 30 June 2015. The lease agreement included an escalation of 8% per annum and did not include an option to acquire the building at the termination of the lease. The lease was not renewed on its expiry.

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

CONTINGENT LIABILITIES

Environmental

At Durban Roodepoort Deep mine, rehabilitation and other responsibilities like the National Nuclear Regulator Certificate of Registration requirements have been taken over by DRD Proprietary Limited (a subsidiary of Mintails South Africa Proprietary Limited ("Mintails SA"). A liability transfer on the prescribed form in terms of section 43(2) of the MRPDA was submitted to the DMR in July 2010. The DRD Village was sold to a property developer (Dino Properties Proprietary Limited ("Dino Properties"). The DRD Village was registered at the Deed Office into the name of Dino Properties on 16 October 2012. The legal transfer of the liability would be dependent on the DMR's assessment of *inter alia* Mintail SAs financial capability. DRDGOLD therefore still has a contingent liability until such legal transfer is effected, amounting to R63.4 million less the trust fund amount of R28.5 million. We are still awaiting approval of the transfer of environmental liabilities from the DMR.

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 these 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, they are an encouraging development. Through this agreement, Ergo also secured the right to purchase up to 30Mega Litres of partially treated AMD from TCTA at cost, in order to reduce Ergo's reliance on potable water for mining and processing purposes. However, due to the high sulphate levels contained in the treated water, Ergo will limit the use of this water to 10ML per day.

25 COMMITMENTS AND CONTINGENT LIABILITIES *continued*

CONTINGENT LIABILITIES *continued*

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.

Occupational health – Silicosis

In January 2013, DRDGOLD, ERPM ("the Companies") and 23 other mining companies ("the Respondents") were served with a court application for a class action issued in the South Gauteng High Court by alleged former mineworkers and dependants of deceased mineworkers. In the pending application the applicants allege that the Companies and the Respondents conducted underground mining operations in such a negligent manner that the former mineworkers contracted silicosis. The applicants have not yet quantified the amounts which they would like the Respondents to pay as damages.

The Companies have instructed Malan Scholes Attorneys to defend the case. The Companies are currently gathering information in preparation for the matter. An answering affidavit opposing the application for the certification of a class action was filed with the High Court on 24 June 2014. The hearing in respect of the certification of a class action is scheduled to be heard during October 2015.

Taking into account that the silicosis claim is still at certification stage and should anyone bring similar claims against the Companies in future, those claimants would need to provide evidence proving that silicosis was contracted while in the employment of the Companies and that it was contracted due to negligence on the Companies' part. The link between the cause negligence by the Companies (while in its employ) and the effect (the silicosis) will be an essential part of any case. It is therefore uncertain as to the costs the Companies would incur in the future and due to the uncertainty of the outcome of these claims, no reliable estimation can be made for the possible liability.

Ekurhuleni Metropolitan Municipality Electricity Tariff Dispute

In December 2014, an application (in the South Gauteng High Court) was filed and served on *inter alia* the Ekurhuleni Metropolitan Municipality ("Municipality") and Eskom Holdings SOC Limited 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. 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.

Subsequent to December 2014 up to 30 June 2015, the Municipality has invoiced Ergo for approximately R13.4 million in surcharges of which R11.4 million has been paid into an attorney's trust account at 30 June 2015 pending the final determination of the dispute.

Ekurhuleni rates and taxes dispute

The Municipality has brought an action against ERPM claiming an amount of R43 million in respect of outstanding rates and taxes which are allegedly owing. ERPM has employed experts to investigate the allegations and believes that this claim is unfounded. ERPM is defending this action on the belief that there are sufficient defences to repel the claim, therefore an outflow of resources is remote. At 30 June 2015, the difference between the amount claimed by the municipality and the amount accepted by ERPM as due has increased to R60 million resulting from subsequent invoices.

26 FINANCIAL INSTRUMENTS

OVERVIEW

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

RISK MANAGEMENT FRAMEWORK

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

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

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

CREDIT RISK

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

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

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

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

	Carrying value	
	2015 R'000	**2014 R'000**
Group		
Non-current investments and other assets		
Listed investments (refer note 11)	**3 226**	34 097
Unlisted investments (refer note 11)	**159**	171
Loans to black empowerment entities (refer note 11)	**2 496**	2 592
Investments in environmental rehabilitation trust funds (refer note 11)	**87 917**	82 848
Trade and other receivables (refer note 15)	**66 792**	75 826
Cash and cash equivalents	**324 375**	208 932
	484 965	404 466

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

26 FINANCIAL INSTRUMENTS *continued*

CREDIT RISK *continued*

	Carrying value 2015 R'000	2014 R'000
Company		
Non-current investments and other assets		
Listed investments (refer note 11)	**3 226**	34 097
Unlisted investments (refer note 11)	**159**	171
Loans to subsidiaries (refer note 12)	**1 143 614**	1 248 711
Loans to black empowerment entities (refer note 11)	**2 496**	2 592
Trade and other receivables (refer note 15)	**7 843**	10 476
Cash and cash equivalents	**228 567**	191 659
	1 385 905	1 487 706

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

	Carrying value 2015 R'000	2014 R'000
Group		
Trade receivables (gold) (refer note 15)	**43 002**	25 630
Receivables from related parties (refer note 15)	**2 804**	2 992
Other receivables including disposal of property debtors (refer note 15)	**20 986**	47 204
	66 792	75 826
Company		
Receivables from related parties (refer note 15)	**2 703**	2 700
Other receivables (refer note 15)	**5 140**	7 776
	7 843	10 476

The ageing of trade and other receivables at 30 June:

	Gross value 2015 R'000	Impairment 2015 R'000	Gross value 2014 R'000	Impairment 2014 R'000
Group				
Not past due	**53 630**	**(14)**	72 693	(31)
Past due 0-30 days	**1 149**	**(55)**	2 017	(128)
Past due 31-120 days	**2 754**	**(1 105)**	770	(522)
Past due more than 120 days	**15 724**	**(5 291)**	7 327	(6 300)
	73 257	**(6 465)**	82 807	(6 981)
Company				
Not past due	**4 272**	**–**	9 581	–
Past due 0-30 days	**23**	**–**	65	–
Past due 31-120 days	**23**	**–**	128	–
Past due more than 120 days	**3 525**	**–**	702	–
	7 843	**–**	10 476	–

26 FINANCIAL INSTRUMENTS *continued*

CREDIT RISK *continued*

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

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

	Impairment	
	2015 R'000	**2014 R'000**
Group		
Balance at 1 July	**(6 981)**	(6 360)
Impairments reversed/(recognised)	**74**	(621)
Bad debt written off against related receivable	**442**	–
Balance at 30 June	**(6 465)**	(6 981)

No movement occurred in the allowance for impairment in respect of trade receivables during the year in the Company.

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

MARKET RISK

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

Commodity risk and price sensitivity

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

A change of 10% in the Rand gold price at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014 and excludes income tax.

	Equity and profit or (loss)			
	10% increase	**10% decrease**	**10% increase**	**10% decrease**
	2015 R'000	**2015 R'000**	**2014 R'000**	**2014 R'000**
Group				
Gold and silver revenue	**210 530**	**(210 530)**	180 943	(180 943)
Cash flow sensitivity	**210 530**	**(210 530)**	180 943	(180 943)

26 FINANCIAL INSTRUMENTS *continued*

MARKET RISK *continued*

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. Funding deficits for the group's mining operations have been financed through the issue of additional shares and external borrowings. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.

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

	Carrying value 2015 R'000	Carrying value 2014 R'000
Group		
Variable interest rate instruments		
Financial assets	**412 292**	291 780
Financial liabilities	**(44 257)**	(148 695)
	368 035	143 085
Company		
Variable interest rate instruments		
Financial assets	**1 372 181**	1 440 370
Financial liabilities	**(23 096)**	(148 695)
	1 349 085	1 291 675

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014 and excludes income tax.

	Equity and profit or (loss)			
	100bp increase 2015 R'000	100bp decrease 2015 R'000	100bp increase 2014 R'000	100bp decrease 2014 R'000
Group				
Variable interest rate instruments	**3 680**	**(3 680)**	1 431	(1 431)
Cash flow sensitivity	**3 680**	**(3 680)**	1 431	(1 431)
Company				
Variable interest rate instruments	**13 491**	**(13 491)**	12 917	(12 917)
Cash flow sensitivity	**13 491**	**(13 491)**	12 917	(12 917)

26 FINANCIAL INSTRUMENTS *continued*

MARKET RISK *continued*

Foreign currency risk

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

The following significant exchange rates applied during the year:

	Spot rate at year end		Average rate	
	2015	**2014**	**2015**	**2014**
1 US Dollar	**12.1649**	10.5784	**11.4475**	10.3706

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

	2015 USD'000	**2014 USD'000**
Trade and other receivables	**3 535**	2 423
Net statement of financial position exposure	**3 535**	2 423

Sensitivity analysis

A 10 percent strengthening of the Rand against the currencies mentioned at 30 June would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014. A 10% weakening of the rand against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

	2015 R'000	**2014 R'000**
Equity	**(4 300)**	(2 563)
Loss	**(4 300)**	(2 563)

Company

The company did not have any exposure to foreign currency movements. A sensitivity analysis is therefore not presented.

Other market price risk

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2015

26 FINANCIAL INSTRUMENTS *continued*

MARKET RISK *continued*

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

	Carrying value 2015 R'000	Profit/ (loss) 2015 R'000	OCI 2015 R'000	Total equity 2015 R'000	Carrying value 2014 R'000	Profit/ (loss) 2014 R'000	OCI 2014 R'000	Total equity 2014 R'000
Group								
Financial assets								
Available-for-sale financial assets	**3 385**	**16 261**	**(757)**	**15 504**	34 268	(46 914)	(51 626)	(98 540)
Loans and receivables	**481 580**	**18 754**	**–**	**18 754**	370 198	20 358	–	20 358
	484 965	**35 015**	**(757)**	**34 258**	404 466	(26 556)	(51 626)	(78 182)
Financial liabilities								
Financial liabilities measured at amortised cost	**256 130**	**(10 612)**	**–**	**(10 612)**	330 831	(14 276)	–	(14 276)
	256 130	**(10 612)**	**–**	**(10 612)**	330 831	(14 276)	–	(14 276)
Company								
Financial assets								
Available-for-sale financial assets	**3 385**	**16 261**	**(757)**	**15 504**	34 268	(44 503)	(44 881)	(89 384)
Loans and receivables	**1 382 520**	**74 055**		**74 055**	1 453 438	72 379	–	72 379
	1 385 905	**90 316**	**(757)**	**89 559**	1 487 706	27 876	(44 881)	(17 005)
Financial liabilities								
Financial liabilities measured at amortised cost	**344 321**	**(7 468)**	**–**	**(7 468)**	470 932	(17 444)	–	(17 444)
	344 321	**(7 468)**	**–**	**(7 468)**	470 932	(17 444)	–	(17 444)

26 FINANCIAL INSTRUMENTS *continued*

LIQUIDITY RISK

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

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

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

	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6-12 months R'000	2-5 years R'000
Group					
30 June 2015					
Loans and borrowings	**23 096**	**(23 096)**	**(23 096)**	**–**	**–**
Finance lease obligation	**21 161**	**(32 409)**	**(2 652)**	**(2 652)**	**(27 105)**
Trade and other payables	**211 873**	**(211 873)**	**(211 873)**	**–**	**–**
	256 130	**(267 379)**	**(237 621)**	**(2 652)**	**(27 105)**
30 June 2014					
Loans and borrowings	148 695	(156 863)	(75 358)	(4 000)	(77 505)
Finance lease obligation	–	–	–	–	–
Trade and other payables	182 136	(182 136)	(182 136)	–	–
	330 831	(338 999)	(257 494)	(4 000)	(77 505)
Company					
30 June 2015					
Amounts owing to subsidiaries	**311 459**	**(311 459)**	**(311 459)**	**–**	**–**
Loans and borrowings	**23 096**	**(23 096)**	**(23 096)**	**–**	**–**
Trade and other payables	**9 766**	**(9 766)**	**(9 766)**	**–**	**–**
	344 321	**(344 321)**	**(344 321)**	**–**	**–**
30 June 2014					
Amounts owing to subsidiaries	311 459	(311 459)	(311 459)	–	–
Loans and borrowings	148 695	(156 863)	(75 358)	(4 000)	(77 505)
Trade and other payables	10 778	(10 778)	(10 778)	–	–
	470 932	(479 100)	(397 595)	(4 000)	(77 505)

26 FINANCIAL INSTRUMENTS *continued*

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The classification of the group's financial instruments are discussed on page 64.

	Carrying value 2015 R'000	Fair value 2015 R'000	Carrying value 2014 R'000	Fair value 2014 R'000
Group				
Financial assets measured at fair value	**3 385**	**3 385**	34 268	34 268
Listed investments (refer note 11)	**3 226**	**3 226**	34 097	34 097
Unlisted investments (refer note 11)	**159**	**159**	171	171
Financial assets not measured at fair value	**481 580**	**481 580**	370 198	370 198
Loans to black empowerment entities (refer note 11)	**2 496**	**2 496**	2 592	2 592
Investments in environmental rehabilitation trust funds (refer note 11)	**87 917**	**87 917**	82 848	82 848
Trade and other receivables (refer note 15)	**66 792**	**66 792**	75 826	75 826
Cash and cash equivalents	**324 375**	**324 375**	208 932	208 932
	484 965	**484 965**	404 466	404 466
Financial liabilities not measured at fair value	**257 723**	**257 723**	331 453	331 453
Loans and borrowings (refer note 21)				
– non-current	**–**	**–**	75 500	75 500
– current	**23 096**	**23 096**	73 195	73 195
Finance lease obligation (refer note 22)				
– non-current	**19 161**	**19 161**	–	–
– current	**2 000**	**2 000**	–	–
Trade and other payables	**211 873**	**211 873**	182 136	182 136
	256 130	**256 130**	330 831	330 831
Company				
Financial assets measured at fair value	**3 385**	**3 385**	34 268	34 268
Listed investments (refer note 11)	**3 226**	**3 226**	34 097	34 097
Unlisted investments (refer note 11)	**159**	**159**	171	171
Financial assets not measured at fair value	**1 382 520**	**1 382 520**	1 453 438	1 453 438
Loans to subsidiaries (refer note 12)	**1 143 614**	**1 143 614**	1 248 711	1 248 711
Loans to black empowerment entities (refer note 11)	**2 496**	**2 496**	2 592	2 592
Trade and other receivables (refer note 15)	**7 843**	**7 843**	10 476	10 476
Cash and cash equivalents	**228 567**	**228 567**	191 659	191 659
	1 385 905	**1 385 905**	1487 706	1487 706
Financial liabilities not measured at fair value	**344 321**	**344 321**	470 932	470 932
Loans and borrowings (refer note 21)				
– non-current	**–**	**–**	75 500	75 500
– current	**23 096**	**23 096**	73 195	73 195
Amounts owing to subsidiaries (refer note 12)	**311 459**	**311 459**	311 459	311 459
Trade and other payables	**9 766**	**9 766**	10 778	10 778
	344 321	**344 321**	470 932	470 932

26 FINANCIAL INSTRUMENTS *continued*

FAIR VALUE OF FINANCIAL INSTRUMENTS *continued*

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

Financial instruments measured at fair value

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

Listed investments

The fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges and adjusted with a discount factor for any liquidity constraints where appropriate.

Unlisted investments

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

FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

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

Loans to black empowerment entities

The fair value of these loans cannot be reliably estimated due to the unavailability of market information.

Inter-company loans

The fair value of these loans cannot be reliably estimated and are therefore carried at amortised cost.

Cash and cash equivalents and investments in environmental trust funds

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

Trade and other receivables

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

Loans and borrowings

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

Trade and other payables

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

FAIR VALUE HIERARCHY

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

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

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

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

26 FINANCIAL INSTRUMENTS *continued*

FAIR VALUE HIERARCHY *continued*

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group				
30 June 2015				
Available-for-sale financial assets				
Listed securities	**3 226**	**–**	**–**	**3 226**
Unlisted securities	**–**	**–**	**159**	**159**
	3 226	**–**	**159**	**3 385**
30 June 2014				
Available-for-sale financial assets				
Listed securities	30 097	4 000	–	34 097
Unlisted securities	–	–	171	171
	30 097	4 000	171	34 268
Company				
30 June 2015				
Available-for-sale financial assets				
Listed securities	**3 226**	**–**	**–**	**3 226**
Unlisted securities	**–**	**–**	**159**	**159**
	3 226	**–**	**159**	**3 385**
30 June 2014				
Available-for-sale financial assets				
Listed securities	30 097	4 000	–	34 097
Unlisted securities	–	–	171	171
	30 097	4 000	171	34 268

The group applied the following unobservable inputs in the measurement of the fair value of Level 2 and Level 3 financial instruments:

	2015	2014
Level 2:		
Discount rate	–	50%
Constraints on liquidity resulting from escrow agreement (refer note 11)		
Level 3:		
Other inputs	–	refer note 4

26 FINANCIAL INSTRUMENTS *continued*

FAIR VALUE HIERARCHY *continued*

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

Available-for-sale financial assets	2015 Level 2 R'000	2015 Level 3 R'000	2014 Level 2 R'000	2014 Level 3 R'000
Group				
Balance at beginning of the year	**4 000**	**171**	4 500	93 484
Acquired during the year	**–**	**–**	–	7
Fair value adjustment	**2 425**	**–**	200	(53 140)
Impairment	**(300)**	**–**	(700)	(40 180)
Disposed	**(6 125)**	**(12)**	–	–
Balance at end of year	**–**	**159**	4 000	171
Fair value adjustment reclassified to profit or loss	**2 625**	**–**	–	–
Impairment recognised in profit or loss	**(300)**	**–**	(700)	(40 180)
(Loss)/gain recognised in other comprehensive income	**(200)**	**–**	200	(53 140)
– Fair value adjustment recognised in other comprehensive income	**2 425**	**–**	200	(53 140)
– Fair value adjustment reclassified to profit or loss	**(2 625)**	**–**	–	–
	2 125	**–**	(500)	(93 320)
Company				
Balance at beginning of the year	**4 000**	**171**	4 500	84 328
Acquired during the year	**–**	**–**	–	7
Fair value adjustment	**2 425**	**–**	200	(46 395)
Impairment	**(300)**	**–**	(700)	(37 769)
Disposed	**(6 125)**	**(12)**	–	–
Balance at end of year	**–**	**159**	4 000	171
Fair value adjustment reclassified to profit or loss	**2 625**	**–**	–	–
Impairment recognised in profit or loss	**(300)**	**–**	(700)	(37 769)
(Loss)/gain recognised in other comprehensive income	**(200)**	**–**	200	(46 395)
– Fair value adjustment recognised in other comprehensive income	**2 425**	**–**	200	(46 395)
– Fair value adjustment reclassified to profit or loss	**(2 625)**	**–**	–	–
	2 125	**–**	(500)	(84 164)

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

The available-for-sale financial assets Level 2 comprises investments in listed shares which are held in escrow (refer note 11).

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

27 CAPITAL MANAGEMENT

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

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

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

	2015 R'000	2014 R'000
Total liabilities	**973 114**	959 535
Less: Cash and cash equivalents	**(324 375)**	(208 932)
Net liabilities	**648 739**	750 603
Total equity (capital)	**1 529 924**	1 481 211

GROUP			COMPANY	
2014 R'000	2015 R'000		2015 R'000	2014 R'000
		28 RELATED PARTY TRANSACTIONS		
		Key management personnel remuneration		
		Short-term benefits		
68 939	**54 496**	– Salaries, bonusses and performance payments	**11 981**	28 758
		Long service awards		
3 341	**1 753**	– Share-based payment expense	**247**	1 365
261	**304**	– Post-retirement medical benefits	**–**	–
72 541	**56 553**		**12 228**	30 123

The group has related party relationships with its subsidiaries, equity accounted investments and with its directors and key management personnel. Details of transactions with directors are set out in note 5. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company.

Post-retirement medical benefits and long term employee incentive scheme balances for key management personnel as at 30 June 2015 amounts to R7.6 million (2014: R6.7 million) and R4.2 million (2014: R4.6 million), respectively.

28 RELATED PARTY TRANSACTIONS *continued*

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

The company's executive directors review the terms and conditions of all loans to ensure that the terms of the loans are similar to those offered by financial institutions.

TRANSACTIONS WITH SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS:

During the year ended 30 June 2015, the company earned:

- management fees from EMO amounting to R10.6 million (2014: R21.9 million)
- interest from EMO amounting to R30.7 million (2014: R30.3 million) and from Ergo Mining Proprietary Limited amounting to R31.3 million (2014: R28.5 million).

Balances outstanding at 30 June 2015:

- Subsidiaries – refer to note 12
- Equity acounted investments including associates and joint ventures – refer to note 13

During the year ended 30 June 2015, EMO disposed of nil (2014: 50 000) ordinary shares in the company (held as treasury shares for consolidation purposes) to DJ Pretorius as a mining right conversion bonus as required by his employment agreement. As at 30 June 2015, EMO held 6 155 559 (2014: 6 155 559) treasury shares.

TRANSACTIONS WITH OTHER ENTITIES IN WHICH AN OWNERSHIP INTEREST IS HELD:

Guardrisk Insurance Company Limited

During the year ended 30 June 2015, Ergo paid fees to the Guardrisk Cell Captive relating to the environmental guarantees issued by Guardrisk to the DMR as outlined on note 18 amounting to R9.9 million (2014: nil), which included a R0.8 million contribution (refer note 11).

Rand Refinery Proprietary Limited

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

- The group currently owns shares in Rand Refinery (which is jointly owned by South African mining companies) (refer note 11).
- Trade receivables to the amount of R43.0 million (2014: R25.6 million) relate to metals sold.
- The group received a dividend of R nil (2014: nil) from Rand Refinery.

Consultancy agreement

On 23 June 2008, EMO approved a consultancy agreement with Khumo Gold, which owns 20% of EMO and Blyvoor. The agreement provides for a monthly retainer of R0.3 million (2014: R0.3 million).

Sale of shares

During the year ended 30 June 2015, DRDGOLD acquired the 20% and 6% interest in the issued share capital of EMO held by Khumo and the Empowerment Trust respectively (refer to note 17.2).

SHAREHOLDER INFORMATION

AS AT 30 JUNE 2015

		No. of holders	% of total shareholders	No. of shares	% of total issued share capital
1)	**ANALYSIS OF SHAREHOLDINGS**				
	1 – 5 000	4 317	79.60	3 458 173	0.80
	5 001 – 10 000	354	6.53	2 818 359	0.65
	10 001 – 50 000	482	8.88	11 513 334	2.67
	50 001 – 100 000	104	1.92	7 482 367	1.74
	100 001 – 1 000 000	131	2.42	36 051 313	8.37
	1 000 001 – and more	35	0.65	369 560 221	85.77
	Totals	**5 423**	**100.00**	**430 883 767**	**100.00**
2)	**MAJOR SHAREHOLDERS**				
	(1% and more of the shares in issue)				
	Bank of New York			209 240 558	48.56
	Khumo Gold SPV Proprietary Limited			35 000 000	8.12
	Abax Investments			16 143 630	3.75
	Investec			14 051 793	3.26
	Citibank			10 822 548	2.51
	DRDSA Empowerment Trust			10 500 000	2.44
	Clearstream Banking S.A. Luxembourg			10 381 676	2.41
	KBC Securities N.V. Clients			9 508 509	2.21
	State Street Bank and Trust			8 066 481	1.87
	Ergo Mining Operations Proprietary Limited			6 155 559	1.43
	Euroclear France S.A.			5 708 230	1.32
	Peregrine Equities Proprietary Limited			5 441 143	1.26
3)	**SHAREHOLDER SPREAD**				
	Non-public:	4	0.07	6 999 726	1.62
	Directors	3	0.05	844 167	0.20
	Subsidiary	1	0.02	6 155 559	1.42
	Public	5 419	99.93	423 884 041	98.38
	Totals	**5 423**	**100.00**	**430 883 767**	**100.00**
4)	**DISTRIBUTION OF SHAREHOLDERS**				
	Individuals	4 803	88.57	32 509 704	7.54
	Institutions and bodies corporate	620	11.43	398 374 063	92.46
	Total	**5 423**	**100.00**	**430 883 767**	**100.00**

ADMINISTRATION AND CONTACT DETAILS

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

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East Rand Proprietary Mines Limited
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DIRECTORS

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

Niël Pretorius
Chief Executive Officer [3]

Riaan Davel
Chief Financial Officer [3]

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

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

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

COMPANY SECRETARY

Themba Gwebu

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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, the Berlin and Stuttgart OTC markets.

In addition, DRDGOLD trades warrants of various denominations on the Marché Libre Paris.

SHARE TRANSFER SECRETARIES

South Africa
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Fax: +27 (0) 86 674 2450

United Kingdom
(and bearer office)
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The Registry PXS
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United Kingdom
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Australia
Computershare Investor Service Proprietary Limited
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GENERAL

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One Capital

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KPMG Inc.

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

Bankers
Standard Bank of South Africa Limited
ABSA Capital

Website
www.drdgold.com

* *British*
** *American*

Committee memberships during FY2014
\# *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*