DRDGOLD LIMITED

ANNUAL FINANCIAL STATEMENTS 2014

HUMAN INTELLECTUAL
SOCIAL NATURAL
CAPITALS
FINANCIAL
MANUFACTURED

ALTHOUGH FOUNDED AS A TYPICAL GOLD MINING VENTURE IN 1895 AT THE HEIGHT OF THE GOLD RUSH – IT IS THE SUBSEQUENT MERGERS AND ACQUISITIONS THAT HAVE RESULTED IN **A VERY DIFFERENT NEW MILLENNIUM BUSINESS**

Annual Financial Statements

(Supervised by acting CFO:
Mr AT Meyer CA (SA))
(issued on 30 September 2014)

Other information

* *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 2013, which we filed with the United States Securities and Exchange Commission on 25 October 2013. 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, is today a surface gold retreatment company. 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 of the Frankfurt Stock Exchange, the Berlin and Stuttgart OTC markets, as well as on Euronext Brussels in the form of International Depositary Receipts.

MINING RIGHTS AND PROPERTY

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

SHARE CAPITAL

Full details of authorised, issued and unissued share capital of the company as at 30 June 2014 are set out in note 17 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 28 November 2014. 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.

During the financial year, no additional shares were issued (2013: Nil).

DIRECTORATE

As at 30 June 2014 the board of directors comprised of two executive directors and five non-executive directors.

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

C C Barnes [1]	Resigned 31 December 2013
J Holtzhausen [2]	Appointed 25 April 2014
F D van der Westhuizen [1]	Appointed 1 January 2014, resigned 18 July 2014
A T Meyer [1] [3]	Appointed 29 July 2014

[1] Executive director

[2] Non-executive director

[3] Acting

In accordance with the provisions of the company's Memorandum of Incorporation (MOI), J Turk will retire at the forthcoming annual general meeting. He is eligible and has offered himself for re-election.

R P Hume will retire at the forthcoming annual general meeting. He has not offered himself for re-election.

DIRECTORS' INTERESTS IN SHARES

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

	30 June 2014		30 June 2013	
	Beneficial direct	Beneficial indirect	Beneficial direct	Beneficial indirect
Executive directors				
D J Pretorius [1]	**291 167**	**–**	187 167	–
C C Barnes [2]	**–**	**–**	–	–
F van der Westhuizen [3]	**–**	**–**	–	–
A T Meyer [4]	**–**	**–**	–	–
	291 167	**–**	187 167	–
Non-executive directors				
G C Campbell	**150 000**	**–**	100 000	–
R P Hume	**150 000**	**–**	150 000	–
J Turk	**–**	**243 000**	–	243 000
E A Jeneker	**–**	**–**	–	–
J Holtzhausen	**–**	**–**	–	–
	300 000	**243 000**	250 000	243 000
Total	**591 167**	**243 000**	437 167	243 000

(1) *50 000 shares were acquired from the treasury shares held by the group (refer to note 26). 54 500 shares were acquired in the market.*
(2) *Resigned 31 December 2013*
(3) *Appointed 1 January 2014, resigned 18 July 2014*
(4) *Appointed on 29 July 2014*

The full details of the total executive and non-executive directors' remuneration for the year ended 30 June 2014 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 0.3% 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 198 286 (2013: 2 560 500) share options under the share option scheme. Over the same period the directors' pre-tax gains on share options exercised were R0.3 million (2013: R4.9 million).

Due to the introduction of the phantom share scheme the directors have not granted any options in terms of the share option scheme in the current or previous financial year. 1 964 033 phantom shares (2013: 3 019 549) were granted in FY2014. In the current financial year the directors have exercised 53 271 (2013: Nil) phantom shares under the share option scheme.

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

SHARE OPTIONS AVAILABLE FOR ALLOCATION

	2014	2013
Balance remaining of 40 million options available for allocation at the beginning of the financial year	–	14 980 666
Number of options granted during the current financial year	–	–
Number of options lapsed during the current financial year	–	1 269 948
Adjustment to the number of share options available for issue due to the replacement of the share option scheme with the phantom share scheme	–	(16 250 614)
Balance remaining of 40 million options available for allocation at the end of the financial year	–	–

REVIEW OF OPERATIONS

The performance of our operations is comprehensively reviewed in the Integrated Report 2014 on pages 57 to 61.

SIGNIFICANT EVENTS

FLOTATION AND FINE-GRIND (FFG) CIRCUIT

The FFG was commissioned in late December 2013 but production was temporarily suspended on 2 April 2014 due to unsatisfactory gold recoveries from the circuit. The established Low Grade Section was brought back to steady state and gold production stabilized during the last quarter of FY2014.

The main causes for the unsatisfactory recoveries included carbon management in the Low Grade Section, thickener availability and management of the water balance. Apart from rectifying the main causes, the operational team also implemented a twin streaming process by isolating the Crown and City material from the main Elsburg material. By implementing this change the gold content in the individual feed supply streams can be measured before the product goes into the leach tanks. By comparing these assays with the final recoveries, management will be able to identify and correct, much earlier, any possible negative impacts. A number of smaller engineering upgrades are also being made during this "time-out" period.

In late August 2014 the FFG was restarted and currently treats one third of the Ergo plant throughput. Once the FFG shows steady, acceptable recoveries, the remainder of the Ergo plant throughput will also be treated through the FFG. It is anticipated that the FFG will treat the full Ergo planned throughput by the end of the 1st calendar quarter 2015.

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 2012

	Interim dividend number 5	Interim dividend number 6	Final dividend number 7	Final dividend number 8
Declaration date	22 August 2012	12 February 2013	20 August 2013	28 August 2014
Last date to trade ordinary shares cum dividend	5 October 2012	8 March 2013	4 October 2013	7 November 2014
Record date	12 October 2012	15 March 2013	11 October 2013	14 November 2014
Amount per ordinary share – South African cents	10.0	14.0	14.0	2.0
Payment date	15 October 2012	18 March 2013	14 October 2013	17 November 2014
Amount per ADS – United States cents [1]	12.03	13.42	11.76	1.6
Payment date	31 October 2012	25 March 2013	21 October 2013	24 November 2014

[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 Annual Financial Statements have been prepared by management under the supervision of Anthon Meyer, the acting 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 Annual 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 2014, 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, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing 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 30 September 2014 and signed by

R. P. Hume

R P Hume
Chairman: Audit and Risk Committee

A T Meyer
Acting chief financial officer

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 2014 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
30 September 2014

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 29 November 2013.

The biographical details of the committee are set out on pages 8 to 9 of the Integrated Report 2014 and the members' fees are included in the table of directors' remuneration set out on page 113 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 acting interim financial director, Anthon Meyer, 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 2013 (FY2013) and budgeted fees and terms of engagement for the year ended 30 June 2014 (FY2014) 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 2014 financial year as well as reviewed the results of the internal audits conducted during FY2014.

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 2014 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.

R. P. Hume

R P Hume
Chairman: Audit and Risk Committee
30 September 2014

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

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 2014, 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 9 to 79.

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 2014, 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 2014, 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
30 September 2014

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R'000	2013 R'000 Restated
Revenue	3	**1 809 434**	2 076 496
Cost of sales		**(1 687 270)**	(1 639 377)
Operating costs		**(1 598 300)**	(1 497 439)
Depreciation	10	**(159 999)**	(143 766)
Retrenchment costs	4	**(6 748)**	(565)
Movement in provision for environmental rehabilitation	18	**86 605**	(15 334)
Movement in gold in process		**(8 828)**	17 727
Gross profit from operating activities		**122 164**	437 119
Impairments	4	**(56 591)**	(187 866)
Administration expenses and general costs		**(78 120)**	(64 549)
Results from operating activities	4	**(12 547)**	184 704
Finance income	6	**27 980**	65 992
Finance expenses	7	**(52 295)**	(41 975)
Share of losses of equity accounted investments	13	**(313)**	(50 135)
(Loss)/profit before tax		**(37 175)**	158 586
Income tax	8	**(17 548)**	(60 928)
(Loss)/profit for the year		**(54 723)**	97 658
Attributable to			
Equity owners of the parent		**(45 808)**	49 420
Non-controlling interest		**(8 915)**	48 238
(Loss)/profit for the year		**(54 723)**	97 658
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign exchange profit on translation		**–**	9 134
Net fair value adjustment on available-for-sale investment		**(51 626)**	34 570
Fair value adjustment on available-for-sale investment		**(49 872)**	(72 113)
Impairment of available-for-sale investments reclassified to profit or loss		**–**	101 261
Non-controlling interest in fair value adjustment on available-for-sale investment		**(1 754)**	951
Deferred tax thereon		**–**	4 471
Total comprehensive income for the year		**(106 349)**	141 362
Attributable to			
Equity owners of the parent		**(95 680)**	92 173
Non-controlling interest		**(10 669)**	49 189
Total comprehensive income for the year		**(106 349)**	141 362
(Loss)/earnings per share attributable to equity owners of the parent			
Basic (loss)/earnings per share (cents)	9	**(12)**	13
Diluted basic (loss)/earnings per share (cents)	9	**(12)**	13

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 2014

	Note	2014 R'000	2013 R'000
Revenue	3	**21 924**	102 248
Operating costs		**(21 486)**	(19 221)
Depreciation	10	**(149)**	(145)
Retrenchment costs	4	**(1 325)**	(565)
Movement in provision for environmental rehabilitation	18	**–**	20 382
Impairments	4	**(41 803)**	(171 389)
Administration expenses and general costs		**(29 792)**	(30 384)
Results from operating activities	4	**(72 631)**	(99 074)
Finance income	6	**74 925**	224 206
Finance expenses	7	**(17 444)**	(18 029)
(Loss)/profit before tax		**(15 150)**	107 103
Income tax	8	**(7 446)**	(6 861)
(Loss)/profit for the year		**(22 596)**	100 242
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Net fair value adjustment on available-for-sale investment		**(44 881)**	30 912
Fair value adjustment on available-for-sale investment		**(44 881)**	(74 820)
Impairment of available-for-sale financial assets reclassified to profit or loss		**–**	101 261
Deferred tax thereon		**–**	4 471
Total comprehensive income for the year		**(67 477)**	131 154

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

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2014

GROUP 2013 R'000 Restated	GROUP 2014 R'000		Note	COMPANY 2014 R'000	COMPANY 2013 R'000 Restated
		ASSETS			
2 064 676	**1 970 344**	**Non-current assets**		**1 088 839**	1 132 988
1 756 333	**1 755 503**	Property, plant and equipment	10	**126**	231
305 141	**213 417**	Non-current investments and other assets	11	**36 860**	120 991
–	**–**	Investments in subsidiaries	12	**1 050 429**	1 008 877
313	**–**	Equity accounted investments	13	**–**	–
2 889	**1 424**	Deferred tax asset	20	**1 424**	2 889
604 324	**470 402**	**Current assets**		**206 582**	314 510
138 847	**147 189**	Inventories	14	**–**	5
82 734	**99 523**	Trade and other receivables	15	**13 443**	5 555
6 092	**5 885**	Current tax asset		**1 480**	1 726
376 651	**208 932**	Cash and cash equivalents	23	**191 659**	307 224
–	**8 873**	Assets held-for-sale	16	**–**	–
2 669 000	**2 440 746**	**Total assets**		**1 295 421**	1 447 498
		EQUITY AND LIABILITIES			
1 643 672	**1 481 211**	**Equity**		**1 130 848**	1 255 729
1 400 863	**1 249 071**	Equity of the owners of the parent		**1 130 848**	1 255 729
242 809	**232 140**	Non-controlling interest	17.2	**–**	–
782 730	**652 062**	**Non-current liabilities**		**76 564**	144 552
524 323	**451 203**	Provision for environmental rehabilitation	18	**–**	–
8 653	**9 275**	Post-retirement and other employee benefits	19	**1 064**	1 220
106 422	**116 084**	Deferred tax liability	20	**–**	–
143 332	**75 500**	Loans and borrowings	21	**75 500**	143 332
242 598	**307 473**	**Current liabilities**		**88 009**	47 217
217 286	**211 790**	Trade and other payables		**13 896**	22 390
24 294	**73 195**	Loans and borrowings	21	**73 195**	24 294
1 018	**1 958**	Post-retirement and other employee benefits	19	**918**	533
–	**20 530**	Liabilities held-for-sale	16	**–**	–
1 025 328	**959 535**	**Total liabilities**		**154 573**	191 769
2 669 000	**2 440 746**	**Total equity and liabilities**		**1 295 421**	1 447 498

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Number of ordinary shares	Number of cumulative preference shares
GROUP		
Balance at 30 June 2012 reported previously	**385 383 767**	**5 000 000**
Impact of change in accounting policies (refer note 1)		
Balance at 1 July 2012 Restated	**385 383 767**	**5 000 000**
Share issue expenses		
Share-based payments		
Share option buy-out		
Total comprehensive income for the year		
Fair value adjustment on available-for-sale investment		
Impairment of available-for-sale financial assets reclassified to profit or loss		
Deferred tax thereon		
Foreign exchange profit on translation		
Restated profit for the year		
Non-controlling interest on disposal of subsidiary		
Treasury shares disposed of by subsidiary		
Dividend on ordinary share capital		
Balance at 30 June 2013 Restated	**385 383 767**	**5 000 000**
Share issue expenses		
Share-based payments		
Share option buy-out		
Total comprehensive income for the year		
Fair value adjustment on available-for-sale investment		
Loss for the year		
Treasury shares disposed of by subsidiary		
Dividend on ordinary share capital		
Balance at 30 June 2014	**385 383 767**	**5 000 000**
COMPANY		
Balance at 30 June 2012	**385 383 767**	**5 000 000**
Share issue expenses		
Share-based payments		
Share option buy-out		
Total comprehensive income for the year		
Fair value adjustment on available-for-sale investment		
Impairment of available-for-sale financial assets reclassified to profit or loss		
Deferred tax thereon		
Loss for the year		
Dividend on ordinary share capital		
Balance at 30 June 2013	**385 383 767**	**5 000 000**
Share issue expenses		
Share-based payments		
Share option buy-out		
Total comprehensive income for the year		
Fair value adjustment on available-for-sale investment		
Loss for the year		
Dividend on ordinary share capital		
Balance at 30 June 2014	**385 383 767**	**5 000 000**

(1) *Revaluation and other reserves 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 17.1).*

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
4 089 117	**500**	**205 075**	**(2 797 500)**	**1 497 192**	**136 729**	**1 633 921**
			(16 398)	(16 398)	14 243	(2 155)
4 089 117	**500**	**205 075**	**(2 813 898)**	**1 480 794**	**150 972**	**1 631 766**
(180)				(180)		(180)
		1 166		1 166		1 166
		(24 052)		(24 052)		(24 052)
		42 753	49 420	92 173	49 189	141 362
		(72 113)		(72 113)	951	(71 162)
		101 261		101 261		101 261
		4 471		4 471		4 471
		9 134		9 134		9 134
			49 420	49 420	48 238	97 658
			(58 384)	(58 384)	58 384	–
350				350		350
			(91 004)	(91 004)	(15 736)	(106 740)
4 089 287	**500**	**224 942**	**(2 913 866)**	**1 400 863**	**242 809**	**1 643 672**
(1 060)				(1 060)		(1 060)
		520		520		520
		(2 734)		(2 734)		(2 734)
		(49 872)	(45 808)	(95 680)	(10 669)	(106 349)
		(49 872)		(49 872)	(1 754)	(51 626)
			(45 808)	(45 808)	(8 915)	(54 723)
247				247		247
			(53 085)	(53 085)		(53 085)
4 088 474	**500**	**172 856**	**(3 012 759)**	**1 249 071**	**232 140**	**1 481 211**
4 133 867	**500**	**53 952**	**(2 947 829)**	**1 240 490**		**1 240 490**
(180)				(180)		(180)
		809		809		809
		(24 052)		(24 052)		(24 052)
		30 912	100 242	131 154		131 154
		(74 820)		(74 820)		(74 820)
		101 261		101 261		101 261
		4 471		4 471		4 471
			100 242	100 242		100 242
			(92 492)	(92 492)		(92 492)
4 133 687	**500**	**61 621**	**(2 940 079)**	**1 255 729**		**1 255 729**
(1 060)				(1 060)		(1 060)
		344		344		344
		(2 734)		(2 734)		(2 734)
		(44 881)	(22 596)	(67 477)		(67 477)
		(44 881)		(44 881)		(44 881)
			(22 596)	(22 596)		(22 596)
			(53 954)	(53 954)		(53 954)
4 132 627	**500**	**14 350**	**(3 016 629)**	**1 130 848**		**1 130 848**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

GROUP				COMPANY	
2013 R'000 Restated	2014 R'000		Note	2014 R'000	2013 R'000
		CASH FLOWS FROM OPERATING ACTIVITIES			
2 076 496	**1 814 219**	Cash received from sales of precious metals/management fees		**21 924**	25 116
(1 634 175)	**(1 726 835)**	Cash paid to suppliers and employees		**(69 024)**	(68 566)
442 321	**87 384**	Cash generated by/(applied to) operations	22	**(47 100)**	(43 450)
27 337	**16 359**	Finance income		**14 439**	19 647
32 470	**–**	Dividends received		**–**	32 470
(4 097)	**(16 838)**	Finance expenses		**(16 375)**	(13 736)
4 185	**(6 214)**	Income tax received/(paid)		**(5 736)**	(5 825)
502 216	**80 691**	Net cash inflow/(outflow) from operating activities		**(54 772)**	(10 894)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(58 292)	**(7)**	Acquisition of non-current investments and other assets		**(7)**	(26 890)
1 839	**–**	Cash flow on disposal of investments		**–**	1 839
(368 478)	**(158 593)**	Additions to property, plant and equipment		**(44)**	(89)
(13 946)	**–**	Advance to equity accounted investment		**–**	–
31 970	**992**	Proceeds on disposal of property, plant and equipment		**–**	16 404
(22 476)	**(14 170)**	Environmental rehabilitation payments	18	**–**	–
–	**–**	Repayments of amounts owing by subsidiaries		**17 006**	53 605
(429 383)	**(171 778)**	Net cash (outflow)/inflow from investing activities		**16 955**	44 869
		CASH FLOWS FROM FINANCING ACTIVITIES			
(180)	**(1 060)**	Share issue expenses		**(1 060)**	(180)
350	**247**	Proceeds on disposal of treasury shares		**–**	–
163 332	**–**	Advances of loans and borrowings		**–**	163 332
(30 690)	**(20 000)**	Repayments of loans and borrowings		**(20 000)**	–
(24 052)	**(2 734)**	Share option buy-out		**(2 734)**	(24 052)
(103 063)	**(53 085)**	Dividends paid		**(53 954)**	(92 492)
5 697	**(76 632)**	Net cash inflow/(outflow) from financing activities		**(77 748)**	46 608
78 530	**(167 719)**	**Net increase/(decrease) in cash and cash equivalents**		**(115 565)**	80 583
298 035	**376 651**	Cash and cash equivalents at the beginning of the year		**307 224**	226 641
86	**–**	Foreign exchange movements		**–**	–
376 651	**208 932**	**Cash and cash equivalents at the end of the year**	23	**191 659**	307 224

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1 ACCOUNTING POLICIES

REPORTING ENTITY

DRDGOLD Limited (the company) is domiciled in South Africa. These 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 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 30 September 2014.

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 the 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. During the year under review, the group calculated a recoverable amount based on updated life-of-mine plans, a gold price of R453 121 a kilogram (2013: 410 473 a kilogram) in year one escalating at an average of 7.2% (2013: 6.7%) a year, and a discount rate of 26.3%. At a 10% lower gold price received, a R894.2 million impairment would be recognised and at a 4.7 percentage points (18%) increase in the discount rate to 31.0%, the group would begin impairment of the mining assets (refer to note 10).

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.

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;
- 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;
- changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates; and
- changes in 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.

(b) 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 net asset values of investees, 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.

(c) 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 8.3% (2013: 7.6%), average inflation rate of 6.0% (2013: 5.4%) 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).

(d) Estimate of tax

The group is subject to income tax in South Africa and Zimbabwe. 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.

(e) Fair value of share-based compensation

The fair value of options granted is determined using the Black-Scholes option pricing model. The significant inputs into the model are: vesting period and conditions, risk-free interest rate, volatility, market price on date of grant and issue price of grant. Other inputs are: performance criteria and employee retention rate (refer to note 19 for detail on the share option scheme and phantom share scheme.)

(f) Gold in lock-up

Gold in lock-up in certain plants is estimated based on the metallurgist's best estimate of the gold content and grade thereof.

(g) Assessment of contingencies

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

(h) Mineral reserves estimates

At the end of each financial year, the estimate of proved and probable mineral reserves is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the group's properties. In order to calculate mineral reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

1 ACCOUNTING POLICIES continued

(h) Mineral reserves estimates continued

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

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

Because the economic assumptions used to estimate mineral reserves change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves may change from period to period. Changes in reported mineral reserves may affect the group's financial results and financial position in a number of ways including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation, depletion and amortisation charged in profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

These adjustments are made prospectively where relevant.

(i) Estimate of deferred tax

The amount recognised as a deferred tax asset is generally determined using discounted future cash flows aligned to estimates used in the calculation of depreciation and rehabilitation liabilities. Management considers all factors that could possibly affect the probability that future taxable profit will be available against which unused tax credits can be utilised. These factors include profitability of operations and an estimate of the gold price. The amount recognised as a deferred tax asset is sensitive to the current gold spot price. The amount recognised at 30 June 2014 is based on a future gold price received of R453 121 a kilogram (2013: R410 473 a kilogram) in year one, escalating at an average of 7.2% (2013: 6.7%) a year.

Measurement of fair values

A number of the group and company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the group audit and risk committee.

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable 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 observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

1 ACCOUNTING POLICIES continued

USE OF ESTIMATES AND JUDGEMENTS continued

Measurement of fair values continued

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 25.

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, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT APPLICABLE

The following new standards, amendments to standards and interpretations with a date of initial application of 1 July 2013 are not applicable to the group:

IAS 27 – separate financial statements

IAS 27 (2012) supersedes IAS 27 (2008). IAS 27 (2012) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IAS 28 – investments in associates and joint ventures

IAS 28 (2012) supersedes IAS 28 (2008) and makes the following amendments:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

Amendments to IFRS 7 – financial instruments: disclosures: offsetting financial assets and financial liabilities

The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position, or are subject to enforceable master netting arrangements or similar agreements. Where the group applies offsetting in the financial statements, it will be required to provide additional disclosures in this regard.

IFRIC 20 – stripping costs in the production phase of a surface mine

The interpretation sets out principles for the recognition of production stripping costs in the statement of financial position. It is recognised that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalising such costs.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS ADOPTED

The group adopted the following new standards, amendments to standards and interpretations, which are applicable to the group, with a date of initial application of 1 July 2013:

IFRS 10 (2011) – consolidated financial statements, IFRS 11 – joint arrangements, IFRS 12 – disclosures of interests in other entities

IFRS 10 (2011) introduces a single control model to determine whether an investee should be consolidated. The new standard changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to control those returns through its power over the investee.

1 ACCOUNTING POLICIES continued

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS ADOPTED continued

IFRS 10 (2011) – consolidated financial statements, IFRS 11 – joint arrangements, IFRS 12 – disclosures of interests in other entities continued

Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the major factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the group's interest in those assets and liabilities.
- The group's interest in a joint venture which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

IFRS 12 brings together in a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests. As a result of IFRS 12, the group and company has expanded its disclosure about its interests in subsidiaries (refer note 12) and equity accounted investments (refer note 13).

IFRS 13 – fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the group has included additional disclosures in this regard (refer note 25).

In accordance with the transitional provisions of IFRS 13, the group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no impact on the measurements of the groups' assets and liabilities.

IAS 19 amended 2012 – employee benefits

The amended IAS 19 includes the following requirements:

- actuarial gains and losses are recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and
- expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

No actuarial gains or losses were recognised by the group in the current or preceding financial year due to no actuarial valuation being performed. Future actuarial gains or losses that may result from future actuarial valuations will be recognised immediately in other comprehensive income.

Impact of changes in accounting policies

Other than outlined below, these standards, amendments to standards and interpretations did not have any effect on the financial position or financial performance of the group or the company.

i) The group has adopted IFRS11 – Joint Arrangements with an effective date of 1 July 2013. The group's previous accounting policy was to proportionately consolidate investments in joint arrangements. With the adoption of IFRS 11 – Joint Arrangements the group applies equity accounting and have retrospectively restated the comparative information. The group re-evaluated its involvement in its joint arrangement and the investee continues to be classified as a joint venture.

ii) The group has adopted IFRS 10 Consolidated Financial Statements and has reassessed the control conclusion for its investees at 1 July 2013. The group's previous accounting policy was to consolidate the Guardrisk Cell Captive as a special purpose entity (SPE) on a line by line basis. With the adoption of IFRS 10 Consolidated Financial Statements the Guardrisk Cell Captive is not considered to be controlled by the group and is therefore not consolidated with an effective date of 1 July 2013.

The Cell Captive cell # 170, to which DRDGOLD is a shareholder, holds funds that may be applied only towards the settlement of the DRDGOLD group's environmental rehabilitation obligations under financial guarantees issued by Guardrisk Insurance Company Limited to the Department of Mineral Resources (DMR). The group is therefore considered to have a right to the funds held in the Guardrisk Cell Captive and therefore recognised a reimbursive right to these funds in the hands of Ergo under IFRIC 5 Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

1 ACCOUNTING POLICIES continued

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS ADOPTED continued

Impact of changes in accounting policies continued

The consolidated and separate statements of financial position at 30 June 2013, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended have been restated with the effects of IFRS 10, IFRIC 5 and IFRS 11 where relevant.

ADJUSTMENTS TO THE GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

At 30 June 2013	30 June 2013 as stated previously	IFRS 10 and IFRIC 5	IFRS 11	30 June 2013 Restated
	R'000	R'000	R'000	R'000
GROUP				
Non-current investments and other assets	307 070	(1 929)	–	305 141
Equity accounted investments	–	–	313	313
Trade and other receivables	82 745	(11)	–	82 734
Cash and cash equivalents	377 169	–	(518)	376 651
Other assets	1 904 161	–	–	1 904 161
Total assets	**2 671 145**	**(1 940)**	**(205)**	**2 669 000**
Deferred tax liability	100 765	5 657	–	106 422
Trade and other payables	220 491	(3 000)	(205)	217 286
Other liabilities	701 620	–	–	701 620
Total liabilities	**1 022 876**	**2 657**	**(205)**	**1 025 328**
Equity of the owners of the parent	1 427 035	(26 172)	–	1 400 863
Non-controlling interest	221 234	21 575	–	242 809
Equity	**1 648 269**	**(4 597)**	**–**	**1 643 672**
COMPANY				
Non-current investments and other assets	120 891	100	–	120 991
Investment in subsidiaries	1 008 977	(100)	–	1 008 877

At 1 July 2012	30 June 2012 as stated previously	IFRS 10 and IFRIC 5	IFRS 11	1 July 2012 restated
	R'000	R'000	R'000	R'000
GROUP				
Property, plant and equipment	1 641 557	–	(26 984)	1 614 573
Non-current investments and other assets	341 752	(1 842)	–	339 910
Equity accounted investments	–	–	27 368	27 368
Trade and other receivables	61 896	(675)	(679)	60 542
Cash and cash equivalents	298 506	–	(471)	298 035
Other assets	148 578	–	–	148 578
Total assets	2 492 289	(2 517)	(766)	2 489 006
Deferred tax liability	87 032	2 542	–	89 574
Trade and other payables	227 511	(2 904)	(766)	223 841
Other liabilities	543 825	–	–	543 825
Total liabilities	858 368	(362)	(766)	857 240
Equity of the owners of the parent	1 497 192	(16 398)	–	1 480 794
Non-controlling interest	136 729	14 243	–	150 972
Equity	1 633 921	(2 155)	–	1 631 766
COMPANY				
Non-current investments and other assets	194 956	100	–	195 056
Investment in subsidiaries	829 143	(100)	–	829 043

1 ACCOUNTING POLICIES continued

ADJUSTMENTS TO THE GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2013	Year ended 30 June 2013 as stated previously R'000	IFRS 10 and IFRIC 5 R'000	IFRS 11 R'000	Year ended 30 June 2013 Restated R'000
Impairments	(238 001)	–	50 135	(187 866)
Administration expenses and general costs	(78 070)	13 521	–	(64 549)
Results from operating activities	121 048	13 521	50 135	184 704
Finance income	65 968	24	–	65 992
Share of losses of equity accounted investments	–	–	(50 135)	(50 135)
Profit before tax	145 041	13 545	–	158 586
Income tax	(44 941)	(15 987)	–	(60 928)
Profit for the year	100 100	(2 442)	–	97 658
Attributable to:				
Equity owners of the parent	59 194	(9 774)	–	49 420
Non-controlling interest	40 906	7 332	–	48 238
Total comprehensive income for the year	143 804	(2 442)	–	141 362
Attributable to:				
Equity owners of the parent	101 947	(9 774)	–	92 173
Non-controlling interest	41 857	7 332	–	49 189
Earnings per share attributable to equity owners of the parent				
Basic earnings per share (cents)	16	(3)	–	13
Diluted basic earnings per share (cents)	16	(3)	–	13
Headline earnings per share (cents)	68	(2)	–	66
Diluted headline earnings per share (cents)	68	(2)	–	66

ADJUSTMENTS TO THE GROUP STATEMENT OF CASH FLOWS

Year ended 30 June 2013	Year ended 30 June 2013 as stated previously R'000	IFRS 10 and IFRIC 5 R'000	IFRS 11 R'000	Year ended 30 June 2013 Restated R'000
Net cash inflow from operating activities	502 263	–	(47)	502 216
Net cash outflow from investing activities	(429 383)	–	–	(429 383)
Additions to property, plant and equipment	(382 424)	–	13 946	(368 478)
Advance to equity accounted investment	–	–	(13 946)	(13 946)
Other net cash flows from investing activities	(46 959)	–	–	(46 959)
Net cash inflow from financing activities	5 697	–	–	5 697
Net increase in cash and cash equivalents	78 577	–	(47)	78 530
Cash and cash equivalents at the beginning of the year	298 506	–	(471)	298 035
Foreign exchange movements	86	–	–	86
Cash and cash equivalents at the end of the year	377 169	–	(518)	376 651

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 non-controlling interest shareholders, losses in subsidiaries are allocated to non-controlling interests even if doing so causes the non-controlling interest 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 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.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder which controls the group are accounted for as if the acquisitions had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. For this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the group controlling shareholder's consolidated financial statements. Any excess (shortfall) of the purchase consideration over the net asset value acquired is recognised in equity as a notional distribution to (contribution by) owners.

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 other comprehensive income 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 non-controlling interest.

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 other comprehensive income 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.

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

(i) Non derivative financial assets and financial liabilities – recognition and derecognition 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 and certain debt 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 other comprehensive income 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.

(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 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 as incurred.

Depreciation

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.

Exploration assets that are available for use are depreciated over their estimated useful lives. 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 seven (2013: eight) and eight (2013: nine) years;
- mine development – life-of-mine, currently between seven (2013: eight) and eight (2013: nine) years;
- mine plant facilities – life-of-mine, currently between six (2013: 18) months and eight (2013: nine) 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.

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 other comprehensive income, 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 other comprehensive income 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.

1 ACCOUNTING POLICIES continued

IMPAIRMENT continued

Available-for-sale financial assets continued

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 and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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. Expenditure deemed to be unsuccessful is recognised in profit or loss immediately.

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.

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 other comprehensive income.

1 ACCOUNTING POLICIES continued

INCOME TAX continued

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.

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.

1 ACCOUNTING POLICIES continued

EMPLOYEE BENEFITS continued

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 other comprehensive income 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 (currently every three years) 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 other comprehensive income. 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 other comprehensive income.

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.

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.

1 ACCOUNTING POLICIES continued

PROVISIONS

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

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.

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.

1 ACCOUNTING POLICIES continued

EXPENSES

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.

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 lower of their carrying amount and fair value less cost to sell. Any impairment loss on 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.

1 ACCOUNTING POLICIES continued

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 ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these financial statements, the following relevant standards and amendments to accounting standards 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 and amendments to accounting standards have not been early adopted by the group and a reliable estimate of the impact of the adoption thereof for the group is yet to be determined. The group expects to adopt the standards and amendments to accounting standards when effective.

Standard/interpretation		Effective date
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Recoverable amount disclosures for Non-financial Assets	1 January 2014
IAS 19	Defined Benefit Plans: Employee Contributions	1 July 2014
IAS 24	Related party disclosures	1 July 2014
IFRS 2	Share-based payments	1 July 2014
IFRS 3	Business combinations	1 July 2014
IFRS 8	Operating segments	1 July 2014
IFRS 13	Fair value measurements	1 July 2014
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

Each of these standards and interpretations is described briefly below:

IAS 32 – offsetting financial assets and financial liabilities

The amended IAS 32 requires disclosure of the actual and potential effects of netting arrangements on the entity's financial positioning, clarifies current offsetting criteria and addresses inconsistencies in their application.

IAS 36 amendment – recoverable amount disclosures for non-financial assets

The amendments reverse the unintended requirement in IFRS 13 fair value measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

IAS 19 – defined benefit plans: employee contributions

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for the practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

1 ACCOUNTING POLICIES continued

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED continued

IAS 19 – defined benefit plans: employee contributions continued

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered. The group's defined benefit plan meets these requirements and consequently the group intends to apply this amendment and will recognise the contributions as a reduction of the service costs in the period in which the related service is rendered. The amendments apply retrospectively for annual periods beginning on or after 1 July 2014 with early adoption permitted.

IAS 24 Related Party Disclosures – Definition of 'related party'

The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity.

For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of IAS 24 – e.g. loans.

IFRS 2 Share-based payments – Meaning of 'vesting condition'

IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and ' service condition'.

For a condition to be a performance condition, it needs to meet both of the following criteria:

- The counterparty has to complete a specified period of service – i.e. a service condition, which can be either explicit or implicit; and
- The specified performance target(s) has to met while the counterparty is rendering services.

  The period for achieving the performance target(s) cannot extend beyond of the service period, but it may start before the service period – provided that the commencement of the performance target is not substantially before the commencement of the service period. As such, performance targets achieved after the requisite service period would not be accounted for as a performance condition, but would instead be accounted for as a non-vesting condition.

A performance target need to be defined with reference to the entity's own operations or activities, or with reference to the price or value of the entity's equity instruments. In this context, 'entity' includes entities within the same group.

The amendment also clarifies both:

- How to distinguish between a market and a non-market performance condition; and
- The basis on which a performance condition can be differentiated from a non-vesting condition

For example, a share market index target would be a non-vesting condition – even if an entity's shares form part of that index – because such and index reflects not only the performance of the entity, but also the performance of the other entities outside the group.

Any failure to complete a specified service period – even due to the entity terminating an employee's employment – would represent failure to satisfy a service condition.

IFRS 3 : Business Combinations – Classification and measurement of contingent consideration

These amendments clarify the classification and measurement of contingent consideration in a business combination.

- When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32 Financial Instruments: Presentation, rather than to any other IFRSs.
- Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognised in profit or loss.

1 ACCOUNTING POLICIES continued

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED continued

IFRS 3 Business Combinations – Classification and measurement of contingent consideration continued

Consequential amendments are also made to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments to prohibit contingent consideration from subsequently being measured at amortised cost. In addition, IAS 37 Provisions, Contingent Liabilities and Contingent Assets is amended to exclude provisions related to contingent consideration.

Scope exclusion for the formation of joint arrangements

IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11 Joint Arrangements – i.e. including joint operations – in the financial statements of the joint arrangements themselves.

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

IFRS 8 has been amended to explicitly require the disclosure of judgements made by management in applying the aggregation criteria. The disclosures include:

- A brief description of the operating segments that have been aggregated; and
- The economic indicators that have been assessed in determining that the operating segments share similar economic characteristics.

In addition, 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.

IFRS 13 Fair Value Measurement – Measurement of short-term receivables and payables

The IASB has clarified that, in issuing IFRS 13 and making consequential amendments to IAS39 and IFRS 9, it did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

Scope of portfolio exception

The scope of the IFRS 13 portfolio exception – whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis if certain conditions are met – has been aligned with the scope of IAS 39 and IFRS 9.

IFRS 13 has been amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or a financial liability under IAS 32 – e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument

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.

IFRS 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of these standards is expected to have an impact on the group's financial assets, but no impact on the group's financial liabilities.

2 OPERATING SEGMENTS

The following summary describes the operations in each of the group's reportable operating segments:

- **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. Brakpan and Knights continues 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.

2014	Ergo	Corporate office and other reconciling items	Total
	R'000	R'000	R'000
Financial performance			
Segmental 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*	(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

* *The income tax excludes deferred tax.*

2014			Ergo	Corporate office and other reconciling items	Total
			R'000	R'000	R'000
Operating results #					
Ore milled	– surface	t000	23 908	–	23 908
Average yield	– surface	g/t	0.17	–	0.17
Gold produced	– surface	kg	4 134	–	4 134
	– surface	oz	132 909	–	132 909
Cash operating costs	– surface	R/kg	372 671	–	372 671
	– surface	$/oz	1 118	–	1 118
All-in sustaining costs		R/kg			401 691
		$/oz			1 205
All-in cost		R/kg			436 503
		$/oz			1 309
Gold price received	– revenue	R/kg	432 775	–	432 775
	– revenue	$/oz	1 298	–	1 298

Unaudited

2 OPERATING SEGMENTS continued

2014	Ergo	Corporate office and other reconciling items	Total
	R'000	R'000	R'000
Reconciliation of assets			
Property, plant and equipment	1 729 521	25 982	1 755 503
Other assets	345 329	339 914	685 243
Total assets	2 074 850	365 896	2 440 746
Reconciliation of liabilities			
Reportable segment liabilities	637 098	206 354	843 452
Tax and deferred tax	116 084	–	116 084
Total liabilities	753 182	206 354	959 536
Other material information			
Depreciation	(159 836)	(163)	(159 999)
Impairment of assets	(14 788)	(41 803)	(56 591)
Reconciliation of revenues			
Total revenues for reportable segments	1 809 434	–	1 809 434
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)
Reconciliation of profit/(loss)			
Segment 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 losses of 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)

Geographical information	Revenues	Property, plant and equipment
	R'000	R'000
South Africa	1 809 434	1 755 503
Zimbabwe	–	–
Total	1 809 434	1 755 503

Information about major customers

Due to regulatory authority, the group has only one major gold ore customer in each geographical area.

2 OPERATING SEGMENTS continued

2013 Restated	Ergo	Corporate office and other reconciling items	Total
	R'000	R'000	R'000 Restated
Financial performance			
Segmental revenue	2 076 496	–	2 076 496
Cash operating costs	(1 414 904)	–	(1 414 904)
Movement in gold in process	17 727	–	17 727
Operating profit	679 319	–	679 319
Finance income	3 187	53 310	56 497
Finance expense	(175)	(19 209)	(19 384)
Retrenchment costs	–	(565)	(565)
Administration expenses and general costs	(10 558)	(53 991)	(64 549)
Income tax*	(87)	(4 125)	(4 212)
Working profit/(loss) before capital expenditure	671 686	(24 580)	647 106
Additions to property, plant and equipment	(368 306)	(89)	(368 395)
Contributions to environmental rehabilitation trust funds	(14 592)	(12 818)	(27 410)
Advances to equity account investment	–	(13 946)	(13 946)
Additions to unlisted investments	–	(26 864)	(26 864)
Working profit/(loss) after capital expenditure	288 788	(78 297)	210 491

* *The income tax excludes deferred tax.*

2013 Restated			Ergo	Corporate office and other reconciling items	Total
			R'000	R'000	R'000
Operating results#					
Ore milled	– surface	t000	23 254	–	23 254
Average yield	– surface	g/t	0.20	–	0.20
Gold produced	– surface	kg	4 553	–	4 553
	– surface	oz	146 381	–	146 381
Cash operating costs	– surface	R/kg	310 763	–	310 763
	– surface	$/oz	1 094	–	1 094
All-in sustaining costs		R/kg			362 599
		$/oz			1 192
All-in cost		R/kg			433 669
		$/oz			1 442
Gold price received	– revenue	R/kg	458 084	–	458 084
	– revenue	$/oz	1 613	–	1 613

Unaudited

2 OPERATING SEGMENTS continued

2013 Restated	Ergo	Corporate office and other reconciling items	Total
	R'000	R'000	R'000
Reconciliation of assets			
Property, plant and equipment	1 729 482	26 851	1 756 333
Equity accounted investments	–	313	313
Other assets	380 716	531 638	912 354
Total assets	2 110 198	558 802	2 669 000
Reconciliation of liabilities			
Reportable segment liabilities	682 034	236 872	918 906
Tax and deferred tax	106 422	–	106 422
Total liabilities	788 456	236 872	1 025 328
Other material information			
Depreciation	(143 606)	(160)	(143 766)
Impairment of assets	(61 043)	(126 823)	(187 866)
Reconciliation of revenues			
Total revenues for reportable segments	2 076 496	–	2 076 496
Statement of cash flows			
Cash flows from operating activities	543 234	(41 018)	502 216
Cash flows from investing activities	(388 424)	(40 959)	(429 383)
Cash flows from financing activities	–	5 697	5 697
Reconciliation of profit/(loss)			
Segment working profit/(loss) before capital expenditure	671 686	(24 580)	647 106
– Depreciation	(143 606)	(160)	(143 766)
– Movement in provision for environmental rehabilitation	(35 694)	20 360	(15 334)
– Impairments	(61 043)	(126 823)	(187 866)
– Growth in environmental rehabilitation trust funds and reimbursive right	4 960	4 535	9 495
– Profit on disposal of property, plant and equipment	69	19 198	19 267
– Unwinding of provision for environmental rehabilitation	(31 982)	(1 555)	(33 537)
– Borrowing costs capitalised	10 946	–	10 946
– Ongoing rehabilitation expenditure	(45 444)	–	(45 444)
– Share of losses of equity accounted investments	–	(50 135)	(50 135)
– Net other operating costs	(31 857)	(24 501)	(56 358)
– Deferred tax	(53 979)	(2 737)	(56 716)
Profit/(loss) for the year	284 056	(186 398)	97 658

Geographical information Restated	Revenues	Equity accounted investments	Property, plant and equipment
	R'000	R'000	R'000
South Africa	2 076 496	–	1 756 333
Zimbabwe	–	313	–
Total	2 076 496	313	1 756 333

Information about major customers

Due to regulatory authority, the group has only one major gold ore customer in each geographical area.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		3 REVENUE		
		Revenue consists of the following principal categories:		
2 073 340	**1 807 145**	Gold revenue	**–**	–
3 156	**2 289**	By-product revenue	**–**	–
–	**–**	Management fees	**21 924**	25 116
–	**–**	Dividends received – local	**–**	32 470
–	**–**	Dividends received – subsidiaries	**–**	44 662
2 076 496	**1 809 434**	Total revenue	**21 924**	102 248
		4 RESULTS FROM OPERATING ACTIVITIES INCLUDE THE FOLLOWING:		
(7 160)	**(5 787)**	**Auditor's remuneration**	**(4 404)**	(5 542)
(6 702)	**(5 787)**	Audit fees – current year	**(4 404)**	(5 084)
(458)	**–**	Fees for other services	**–**	(458)
(9 072)	**(6 996)**	**Management, technical, administrative and secretarial service fees**	**(2 263)**	(1 840)
		Staff costs		
(287 908)	**(306 501)**	Included in staff costs are:	**(22 427)**	(27 915)
(265 950)	**(276 205)**	Salaries and wages	**(19 565)**	(23 377)
(4 515)	**(3 341)**	Share-based payments	**(1 365)**	(2 562)
(565)	**(6 748)**	Retrenchment costs	**(1 325)**	(565)
(16 878)	**(20 207)**	Post-retirement and other employee benefits	**(172)**	(1 411)
1 893	**8 813**	**Learnership grants**	**–**	–
		Grants received from the Mining Qualifications Authority offset against cost incurred.		
19 267	**992**	**Profit on disposal of property, plant and equipment**	**–**	5 000
(187 866)	**(56 591)**	**(Impairments)/reversal of impairments**	**(41 803)**	(171 389)
(61 043)	**(12 377)**	Property, plant and equipment	**–**	–
–	**(46 914)**	Impairment of available-for-sale financial assets	**(44 503)**	–
(101 261)	**–**	Impairment of available-for-sale financial assets reclassified from other comprehensive income	**–**	(101 261)
–	**2 700**	Investments in and loans to equity accounted investment	**2 700**	–
–	**–**	Net investment in equity accounted investment	**–**	(44 566)
(25 562)	**–**	Rehabilitation trust fund	**–**	(25 562)

During FY2014, the group recorded an impairment of R12.4 million (2013: R61 million) against property, plant and equipment based on the recoverable amount (value in use) of these assets being lower than their carrying amount. The full R12.4 million impairment recognised during FY2014 relates to the exploration assets in the Ergo operating segment associated with Ergo phase 2, being the uranium processing plant that is not considered to be economically viable given current uranium prices. The R61 million recognised during FY2013 was due to the reassessment of the viability of these assets and projects (R40 million for surface dumps, R12.4 million for plant and equipment and R8.6 million against shaft and infrastructure).

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		4 RESULTS FROM OPERATING ACTIVITIES INCLUDE THE FOLLOWING: continued		

The group recorded an impairment of R46.9 million (2013: R101.3 million) against available-for-sale financial assets (refer note 11).

Listed investments (R6.7 million, refer note 11): The recoverable amount (fair value less cost to sell) of the financial asset has remained significantly lower than its original cost price for a prolonged period. This relates to the company's investment in Village Main Reef Ltd (R5.3 million) and West Wits Mining Limited (R1.4 million).

Unlisted investments (R40.2 million, refer note 11): Following the adoption of a new Enterprise Resource Planning (ERP) system in 2013, Rand Refinery experienced implementation difficulties which led to a difference between the actual inventory and the accounting records of approximately 87 000oz of gold.

Due to the uncertainty around Rand Refinery's inventory and the time it is taking to resolve this matter, the group has assumed that the 87 000oz gold shortfall will not be recovered.

The shareholders of Rand Refinery have offered financial support in the form of an irrevocable subordinated loan of up to R1.2 billion (the "facility"). Rand Refinery can only draw on the Facility when there is confirmation that an actual gold shortfall exists.

DRDGOLD declined the option to provide funding on a pro-rate basis with other shareholders. Should it elect not provide such funding, its shareholding will be diluted, if other shareholders provide funding.

Management therefore estimated the fair value of the investment in Rand Refinery shares as zero. The accumulated revaluations recognised in Other Comprehensive Income has been derecognised and the initial cost of the investment has been recognised as an impairment in profit or loss for the year.

During FY2014, the group and company 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 (refer to note 13).

During FY2013, the company recorded an impairment of R44.6 million against its investment in Chizim Gold based on the recoverable amount (value in use) of the investment being lower than its carrying amount.

During FY2013 the group and company derecognised the DRDGOLD rehabilitation trust fund of R25.6 million due to the relinquishment of the fund to the buyer of the relating mining rights over the Durban Roodepoort Deep mine area.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
(2 021)	**(2 531)**	**Operating leases**	**(1 245)**	(1 078)
(30)	**(16)**	**Mining royalties**	**–**	–

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

2014 Group and company	Board fees R'000	Salary R'000	Bonuses & performance related payments R'000	Termination of contract related payments R'000	Pre-tax gain on share options R'000	Pension/ provident scheme contributions R'000	Total R'000
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	–	1 171 [(2)]	– [(2)]	–	53 [(3)]	–	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 Holtzhausen	124	–	–	–	–	–	124
	3 869	–	–	–	–	–	3 869
Prescribed officers							
C M Symons [(1)]	–	2 365	1 064	3 263	183	288	7 163
T J Gwebu	–	2 209	984	–	191	–	3 384
W J Schoeman	–	3 081	1 183	–	125	–	4 389
	–	7 655	3 231	3 263	499	288	14 936
Total	3 869	15 777	5 976	3 263	807	288	29 980

(1) Continues to render services to the group on a contract basis.
(2) Earned in capacity of a director only
(3) Exercised prior to appointment as director

2013 Group and company	Board fees R'000	Salary R'000	Bonuses & performance related payments R'000	Pre-tax gain on share options R'000	Pension/ provident scheme contributions R'000	Total R'000
Executive directors						
D J Pretorius	–	4 664	4 238	2 423	–	11 325
C C Barnes	–	3 367	931	2 505	–	6 803
	–	8 031	5 169	4 928	–	18 128
Non-executive directors						
G C Campbell	1 348	–	–	4	–	1 352
R P Hume	703	–	–	5	–	708
J Turk	647	–	–	–	–	647
E A Jeneker	729	–	–	–	–	729
	3 427	–	–	9	–	3 436
Prescribed officers						
C M Symons	–	2 209	1 304	2 043	267	5 823
T J Gwebu	–	2 075	1 181	1 132	–	4 388
W J Schoeman	–	2 830	1 340	389	–	4 559
	–	7 114	3 825	3 564	267	14 770
Total	3 427	15 145	8 994	8 501	267	36 334

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.

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

DRDGOLD PHANTOM SHARE SCHEME

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

2013	Granted during year*	Closing balance	Estimated fair value as at 30 June 2013
Group and company	Number	Number	R'000
Executive directors			
D J Pretorius	–	–	–
C C Barnes	261 350	261 350	290
31 October 2012 grant	261 350	261 350	290
Prescribed officers			
C M Symons	199 280	199 280	221
31 October 2012 grant	199 280	199 280	221
T J Gwebu	156 372	156 372	173
31 October 2012 grant	156 372	156 372	173
W J Schoeman	232 378	232 378	258
31 October 2012 grant	232 378	232 378	258
Subtotal	588 030	588 030	652
Total	849 380	849 380	942

** No phantom shares were granted to non-executive directors*
 # Granted/exercised prior to appointment as a director

5 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

DRDGOLD (1996) SHARE SCHEME

2014 Group and company	Opening balance Number	Average strike price R	Exercised during year [1] Number	Average gain R	Forfeited/ lapsed during year Number	Average strike price R	Closing balance [2] Number	Average strike price R
Executive directors								
D J Pretorius	–	–	–	–	–	–	–	–
C C Barnes	234 504	4.56	(163 311)	1.56	(71 193)	5.12	–	–
F D van der Westhuizen	53 525[3]	5.12	(34 975)[3]	1.51	–	–	18 550	5.12
Prescribed officers								
C M Symons	212 050	4.84	(127 000)	1.44	–	–	85 050	5.12
T J Gwebu	192 650	4.68	(125 900)	1.51	–	–	66 750	5.12
W J Schoeman	198 350	5.12	(99 175)	1.26	–	–	99 175	5.12

[1] *The share options that were exercised during the year ended 30 June 2014 related to the share option buy-out of vested share options under the share option scheme.*
[2] *No share options were held by non-executive directors during the year.*
[3] *Granted/exercised prior to appointment as a director.*

2013 Group and company	Opening balance Number	Average strike price R	Exercised during year [1] Number	Average gain R	Forfeited/ lapsed during year Number	Average strike price R	Closing balance Number	Average strike price R
Executive directors								
D J Pretorius	1 283 486	6.19	(1 283 486)	1.89	–	–	–	–
C C Barnes	1 453 667	4.84	(1 219 163)	2.05	–	–	234 504	4.56
Non-executive directors								
G C Campbell	37 994	19.74	(29 394)	0.14	(8 600)	29.10	–	–
R P Hume	39 157	19.93	(28 457)	0.19	(10 700)	29.10	–	–
J Turk	–	–	–	–	–	–	–	–
E A Jeneker	–	–	–	–	–	–	–	–
Prescribed officers								
C M Symons	1 282 976	5.44	(1 064 626)	1.92	(6 300)	29.10	212 050	4.84
T J Gwebu	958 158	5.01	(765 508)	1.48	–	–	192 650	4.68
W J Schoeman	396 700	5.12	(198 350)	1.96	–	–	198 350	5.12

[1] *The share options that were exercised in FY2013 related to the share option buy-out of vested share options under the share option scheme.*

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		6 FINANCE INCOME		
32 470	–	Dividends received	–	–
24 027	**15 740**	Interest received	**13 822**	20 201
–	–	Interest received from subsidiaries	**58 557**	55 289
–	**5**	Realised foreign exchange gains	–	–
–	**2 546**	Profit on disposal of equity accounted investment (refer note 13)	**2 546**	–
–	–	Profit on disposal of subsidiary	–	147 449
5 590	**4 618**	Growth in environmental rehabilitation trust funds (refer note 11)	–	1 267
3 905	**5 071**	Growth in reimbursive right (refer note 11)	–	–
65 992	**27 980**		**74 925**	224 206
		7 FINANCE EXPENSES		
(19 384)	**(17 810)**	Interest paid on bank loans and overdrafts	**(17 444)**	(18 029)
(33 537)	**(38 019)**	Unwinding of provision for environmental rehabilitation (refer note 18)	–	–
10 946	**3 534**	Borrowing costs capitalised (refer note 10)	–	–
(41 975)	**(52 295)**		**(17 444)**	(18 029)
		8 INCOME TAX		
(53 264)	**(9 724)**	Mining tax	–	1 786
(7 664)	**(7 824)**	Non-mining tax	**(7 446)**	(8 647)
(60 928)	**(17 548)**		**(7 446)**	(6 861)
		Comprising:		
		South African		
(4 187)	**(6 755)**	Current tax – current year	**(6 315)**	(4 099)
(25)	**334**	– prior year	**334**	–
(56 716)	**(11 127)**	Deferred tax	**(1 465)**	(2 762)
(60 928)	**(17 548)**		**(7 446)**	(6 861)

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. Non-mining income, which consists primarily of interest, is taxed at a standard rate of 28% (2013: 28%).

The tax rates for taxable mining and non-mining income for companies were 34% and 28%, respectively during both FY2013 and FY2014.

The formula for determining the South African gold mining tax rate for FY2014 and FY2013 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.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		8 INCOME TAX continued		
		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.		
		If a one percentage point increase in the average effective tax rate is applied it would increase the movement in deferred tax in the statement of profit or loss by R6.3 million to R17.4 million debit.		
		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.		
1 629 438	**1 672 506**	Estimated unredeemed capital expenditure at year-end (available for deduction against future mining income)	**131 504**	131 504
1 394 339	**1 392 642**	Estimated gross capital losses at year-end (available to reduce future capital gains)	**1 392 642**	1 394 339
86 107	**137 803**	Estimated assessed tax losses at year-end (available to reduce future taxable income)	**–**	–
3 109 884	**3 202 951**	Estimated tax losses and unredeemed capital expenditure carried forward	**1 524 146**	1 525 843
		Tax reconciliation		
		Major items causing the group's income tax provision to differ from the statutory rate were:		
(44 404)	**10 409**	Tax on net (profit)/loss before tax at South African corporate tax rate of 28%	**4 242**	(29 989)
27 101	**5 105**	Rate adjustment to reflect the actual realised company tax rates	**–**	–
(9 354)	**(4 947)**	Deferred tax rate adjustment	**–**	(1 496)
(46 323)	**(22 012)**	Non-deductible expenditure (a)	**(11 129)**	(48 110)
16 006	**1 276**	Exempt income (b)	**994**	69 411
(25)	**–**	Additional tax benefit relating to the prior year	**–**	–
1 291	**725**	Tax incentives	**–**	–
2 874	**475**	Temporary difference including tax losses recognised for which deferred tax assets were previously unrecognised	**(1 553)**	1 537
(13 070)	**(8 579)**	Current year losses for which no deferred tax was recognised	**–**	–
4 976	**–**	Other	**–**	1 786
(60 928)	**(17 548)**	**Income tax**	**(7 446)**	(6 861)

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000

8 INCOME TAX continued

(a) The group's non-deductible expenditure for the year ended 30 June 2014 includes R46.9 million (2013: 101.3 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 (2013: R50.1 million).

Included in the company's non-deductible expenditure for the year ended 30 June 2014, is an amount of R46.9 million (2013: R101.3 million) relating to the impairment of the available-for-sale investment in Village Main Reef Ltd. Included in the company's non-deductible expenditure for the year ended 30 June 2013 was R25.6 million relating to the impairment of the DRDGOLD Ltd rehabilitation trust fund and R44.6 million relating to the impairment of Chizim Gold's loan account (refer note 4).

(b) Included in the group's exempt 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 R2.54 million profit on disposal of the investment in West Wits SA Proprietary Limited of which 33,3% is excluded for capital gains tax. The 66.6% that has been included for capital gains tax have utilised capital losses that were previously unrecognised.

Included in the group's exempt income for the year ended 30 June 2013 were R32.5 million relating to dividends from local companies.

Included in the company's exempt income for the year ended 30 June 2013, R32.5 million relating to dividends received from local companies and R147.4 million relating to the profit on disposal of the company's 35% direct interest in ErgoGold to Ergo making use of roll-over relief provisions for tax purposes.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		9 EARNINGS PER SHARE		
		Basic		
		The calculation of earnings per ordinary share is based on the following:		
49 420	**(45 808)**	Basic earnings/(loss) attributable to equity owners of the parent		
379 178 208	**379 209 441**	Weighted average number of ordinary shares in issue adjusted for treasury shares		
		Headline		
		The basic earnings has been adjusted by the following to arrive at headline earnings:		
49 420	**(45 808)**	Basic earnings/(loss) attributable to equity owners of the parent		
212 878	**49 517**	Net impairments		
187 866	**56 591**	– Gross impairment		
50 135	**313**	– Gross impairment included in the share of losses of equity accounted investments		
(15 871)	**(3 845)**	– Non-controlling interest		
(9 252)	**(3 542)**	– Tax thereon		
(12 895)	**(465)**	Net profit on disposal of property, plant and equipment		
(19 267)	**(992)**	– Gross profit on disposal of property, plant and equipment		
3 709	**258**	– Non-controlling interest		
2 663	**269**	– Tax thereon		
–	**(2 546)**	Net profit on disposal of equity accounted investments		
–	**(2 546)**	– Gross profit on disposal of equity accounted investments		
249 403	**698**	Headline earnings attributable to ordinary shareholders		
		Diluted		
49 420	**(45 808)**	Basic earnings/(loss) attributable to equity owners of the parent		
49 420	**(45 808)**	Diluted basic earnings/(loss)		
199 983	**46 506**	Headline earnings adjustments		
249 403	**698**	Diluted headline earnings		
		Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares		
379 178 208	**379 209 441**	Weighted average number of ordinary shares in issue		
802 224	**–**	Number of staff options allocated		
379 980 432	**379 209 441**	Diluted weighted average number of ordinary shares		
13	**(12)**	Basic earnings/(loss) per ordinary share (cents)		
13	**(12)**	Diluted basic earnings/(loss) per ordinary share (cents)		
66	**–**	Headline earnings per ordinary share (cents)		
66	**–**	Diluted headline earnings per ordinary share (cents)		
		At 30 June 2014, 1.2 million options (2013: 0.7 million) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.		

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		10 PROPERTY, PLANT AND EQUIPMENT		
		Total		
2 532 338	**2 702 984**	Cost	**3 330**	3 286
2 185 882	**2 532 338**	Opening balance	**3 286**	18 197
368 395	**158 593**	Additions	**44**	89
10 946	**3 534**	Borrowing costs capitalised	**–**	–
(6 399)	**10 166**	Change in estimate of decommissioning asset	**–**	–
(26 486)	**(900)**	Disposals	**–**	(15 000)
–	**(747)**	Transferred to non-current assets held-for-sale	**–**	–
(776 005)	**(947 481)**	Accumulated depreciation and impairment	**(3 204)**	(3 055)
(571 309)	**(776 005)**	Opening balance	**(3 055)**	(2 910)
(143 766)	**(159 999)**	Depreciation	**(149)**	(145)
(61 043)	**(12 377)**	Impairment (refer note 4)	**–**	–
113	**900**	Disposals	**–**	–
1 756 333	**1 755 503**	Carrying value	**126**	231
		Mine property and development		
1 266 171	**1 325 761**	Cost	**–**	–
1 264 163	**1 266 171**	Opening balance	**–**	15 000
26 332	**–**	Additions	**–**	–
(26 356)	**(900)**	Disposals	**–**	(15 000)
2 032	**–**	Change in estimate of decommissioning asset	**–**	–
–	**61 237**	Transferred from exploration assets	**–**	–
–	**(747)**	Transferred to non-current assets held-for-sale	**–**	–
(427 617)	**(525 451)**	Accumulated depreciation and impairment	**–**	–
(333 858)	**(427 617)**	Opening balance	**–**	–
(85 164)	**(98 734)**	Depreciation	**–**	–
(8 595)	**–**	Impairment	**–**	–
–	**900**	Disposals	**–**	–
838 554	**800 310**	Carrying value	**–**	–
		Mine plant facilities (a)		
1 093 574	**1 276 207**	Cost	**–**	–
743 444	**1 093 574**	Opening balance	**–**	–
339 184	**154 582**	Additions	**–**	–
10 946	**3 534**	Borrowing costs capitalised (b)	**–**	–
–	**10 166**	Change in estimate of decommissioning asset	**–**	–
–	**14 351**	Transfers between asset categories	**–**	–
(332 963)	**(390 515)**	Accumulated depreciation and impairment	**–**	–
(224 459)	**(332 963)**	Opening balance	**–**	–
(56 056)	**(57 552)**	Depreciation	**–**	–
(52 448)	**–**	Impairment	**–**	–
760 611	**885 692**	Carrying value	**–**	–

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		10 PROPERTY, PLANT AND EQUIPMENT continued		
		Equipment and vehicles		
20 068	**24 079**	Cost	**3 330**	3 286
17 319	**20 068**	Opening balance	**3 286**	3 197
2 879	**4 011**	Additions	**44**	89
(130)	**–**	Disposals	**–**	–
(15 425)	**(19 138)**	Accumulated depreciation and impairment	**(3 204)**	(3 055)
(12 992)	**(15 425)**	Opening balance	**(3 055)**	(2 910)
(2 546)	**(3 713)**	Depreciation	**(149)**	(145)
113	**–**	Disposals	**–**	–
4 643	**4 941**	Carrying value	**126**	231
		Exploration assets (c)		
152 525	**76 937**	Cost	**–**	–
160 956	**152 525**	Opening balance	**–**	–
(8 431)	**–**	Change in estimate of decommissioning asset	**–**	–
–	**(75 588)**	Transfers between asset categories	**–**	–
–	**(12 377)**	Accumulated depreciation and impairment losses	**–**	–
–	**–**	Opening balance	**–**	–
–	**(12 377)**	Impairment	**–**	–
152 525	**64 560**		**–**	–

(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 are being made during this "time-out".

A depreciation charge of Rnil was recognised from this date up to 30 June 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) Borrowing costs are capitalised to qualifying assets at the rate applicable to the specific financing obtained (refer note 21).

(c) 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 two 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.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000 Restated
		11 NON-CURRENT INVESTMENTS AND OTHER ASSETS		
34 071	**34 097**	**Listed investments** (a)	**34 097**	34 071
151 303	**34 071**	Opening balance	**34 071**	151 303
–	**5 246**	Additions	**5 246**	–
–	**(6 734)**	Impairment (refer note 4)	**(6 734)**	–
(117 232)	**1 514**	Fair value adjustment	**1 514**	(117 232)
93 484	**171**	**Unlisted investments**	**171**	84 328
20 526	**93 484**	Opening balance	**84 328**	15 028
26 864	**7**	Additions	**7**	26 864
–	**(40 180)**	Impairment (refer note 4)	**(37 769)**	–
46 094	**(53 140)**	Fair value adjustment	**(46 395)**	42 436
2 592	**2 592**	**Loan to DRDSA Empowerment Trust** (b)	**2 592**	2 592
88 638	**93 709**	**Reimbursive right for environmental rehabilitation guarantees** (c)	**–**	–
57 323	**88 638**	Opening balance	**–**	–
27 410	**–**	Contributions	**–**	–
3 905	**5 071**	Growth (refer note 6)	**–**	–
86 356	**82 848**	**Investments in environmental rehabilitation trust funds** (d)	**–**	–
106 328	**86 356**	Opening balance	**–**	24 295
(25 562)	**–**	Impairment	**–**	(25 562)
–	**(8 126)**	Transferred to non-current assets held-for-sale (refer note 16)	**–**	–
5 590	**4 618**	Growth (refer note 6)	**–**	1 267
305 141	**213 417**	**Total non-current investments and other assets**	**36 860**	120 991

(a) On 11 February 2012, DRDGOLD, Village Main Reef Limited (Village) and Business Venture Investments No 1557 Proprietary Limited (a wholly owned subsidiary of Village) entered into a sale of shares and claims agreement, for the acquisition 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 Village.

The Agreement consist of two parts. Part A was completed on 1 June 2012 (date of disposal: which is the date control passed to Village). 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 Village. 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 but is in dispute at 30 June 2014. This matter has been referred for simultaneous expert determination and arbitration for which no date has been confirmed to date. Management believes that it is more likely than not, that this process will conclude favourably for the group.

Pending the outcome of the above (which will confirm the ownership of the shares), the 20 000 000 ordinary shares in Village remained in escrow (Escrow Shares).

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000 Restated

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 company.

(c) Cell Captive cell 170 to which DRDGOLD is a shareholder (refer unlisted investments) holds funds that may only be applied towards the settlement of the 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 2014 R'000	Carrying value 2014 R'000	Carrying value 2013 R'000
Listed investments consist of:					
Village Main Reef Ltd	8.49	85 714 286	**30 286**	**30 286**	34 071
West Wits Mining Limited	12.07	38 250 000	**3 811**	**3 811**	–
			34 097	**34 097**	34 071
Unlisted investments consist of:					
Rand Mutual Assurance Company Limited	#	1	**–**	**–**	–
Rand Refinery Proprietary Limited (refer note 4)	11	44 438	**–**	**–**	93 320
Guardrisk Insurance Company Limited (Cell Captive 170)*	#	20	**100**	**100**	100
Chamber of Mines Building Company Proprietary Limited	2	36 304	**71**	**71**	64
			171	**171**	93 484

 # 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 net equity of the cell captive 170.*

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000 Restated
		12 INVESTMENTS IN SUBSIDIARIES		
–	–	Shares at cost, less impairment loss	**113 177**	113 177
–	–	Net indebtedness, less impairment loss	**937 252**	895 700
–	–	Interest bearing loans owing by subsidiaries directly held	**649 498**	544 747
–	–	Interest bearing loans owing by other subsidiaries	**599 213**	662 412
–	–	Non-interest bearing loans owing by other subsidiaries	**143 920**	143 920
–	–	Impairments	**(143 920)**	(143 920)
–	–	Amounts owing to subsidiaries	**(311 459)**	(311 459)
		Interest bearing loans bear interest at prime minus four. The loans are unsecured and without any fixed repayment arrangements.		
–	–	Net investment in subsidiaries	**1 050 429**	1 008 877
		Disposal of subsidiary		
		Elsburg Gold Mining Joint Venture (ErgoGold)		
		During the year ended 30 June 2013, the company disposed of its 35% interest in ErgoGold to Ergo as part of the group restructuring on 1 July 2012 for R200.0 million. Through the disposal, the non-controlling interest obtained an additional 9.1% effective interest in ErgoGold accounted for as a movement in equity.		
		Fair value of proceeds on disposal	**–**	200 000
		Less: Carrying value of investment	**–**	(52 551)
		Profit on disposal of subsidiary	**–**	147 449

The following information relates to the company's financial interest in its subsidiaries at 30 June 2014:

	Number of shares [(1)]	% held [(1)]	Shares at cost less impairment [(1)]	Indebtedness 2014 R'000	Impairment 2014 R'000	Indebtedness 2013 R'000	Impairment 2013 R'000
Subsidiaries directly held							
Ergo Mining Operations Proprietary Limited [(2)] [(3)]	1 000 000	74	113 177	**649 498**	**–**	544 747	–
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			113 177	**338 039**	**–**	233 288	–
Other subsidiaries							
Ergo Mining Proprietary Limited [(3)]	–	–	–	**599 213**	**–**	662 412	–
West Witwatersrand Gold Mines Limited	–	–	–	**143 920**	**(143 920)**	143 920	(143 920)
Total				**743 133**	**(143 920)**	806 332	(143 920)

(1) *As at 30 June 2014 and 30 June 2013.*

(2) *Ergo Mining Operations Proprietary Limited (EMO) 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, but controls these entities by way of the terms of the constituting documents that grants the EMO group the ability to direct its relevant activities, as well as the group receiving substantially all of the returns related to their operation.*

(3) *The company has subordinated its claim against these subsidiaries in favour of all other creditors.*

13 EQUITY ACCOUNTED INVESTMENTS

13.1 JOINT VENTURES

Chizim Gold (Pvt) Limited (Chizim Gold)

During the year ended 30 June 2011 the group acquired a 50% interest in Chizim Gold, located in Zimbabwe for a nominal cash consideration pursuant to a joint venture agreement entered into on 9 December 2009. On 7 June 2013, a shareholders agreement was entered reducing the company's shareholding to 49%.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
49%	**49%**	Percentage held	**49%**	49%
		Net investment in joint venture		
27 368	**313**	Opening balance	**–**	30 620
27 368	**50 448**	Cost	**44 566**	30 620
–	**(50 135)**	Accumulated equity accounted losses/impairment	**(44 566)**	–
13 946	**–**	Advance to equity accounted investment	**–**	13 946
(50 135)	**(313)**	Share of losses of equity accounted investments (a)	**–**	–
9 134	**–**	Share of other comprehensive income of equity accounted investments (b)	**–**	–
–	**–**	Impairment (refer note 4)	**–**	(44 566)
313	**–**	Closing balance	**–**	–
50 448	**50 448**	Cost	**44 566**	44 566
(50 135)	**(50 448)**	Accumulated equity accounted losses/impairment	**(44 566)**	(44 566)

(a) 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.

(b) The share of other comprehensive income of equity accounted investments arose on the translation of the financial statements of the investee (refer note 17).

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		13 EQUITY ACCOUNTED INVESTMENTS continued		
		13.2 ASSOCIATES		
28.33%	–	*West Wits SA Proprietary Limited – percentage held*	–	28.33%
		During FY2014 DRDGOLD exercised its option under the agreement dated 7 November 2007 with various capital vendors to convert its 28.33% investment in West Wits SA Proprietary Limited into shares in West Wits Mining Limited.		
		DRDGOLD therefore reversed the R2.7 million impairment (refer note 4), derecognised the investment West Wits SA Proprietary Limited, and recognised a profit on the disposal of equity accounted investment of R2.5 million (refer note 6), and recognised 38 250 000 shares with a fair value of R5.2 million in West Wits Mining Limited (refer note 11).		
		Net investment in associate		
–	–	Opening balance	–	–
2 700	**2 700**	Cost	**2 700**	2 700
(2 700)	**(2 700)**	Accumulated equity accounted losses/impairment	**(2 700)**	(2 700)
–	**(2 700)**	Disposals	**(2 700)**	–
–	**2 700**	Reversal of impairment	**2 700**	–
–	–	Closing balance	–	–
–	–	Cost	–	–
–	–	Accumulated equity accounted losses/impairment	–	–
313	–	Carrying value of equity accounted investments	–	–
		14 INVENTORIES		
35 037	**43 033**	Gold in process	–	–
73 428	**88 541**	Consumable stores	–	5
30 382	**15 615**	Finished stock – bullion	–	–
138 847	**147 189**	Total inventories	–	5
		Inventory includes gold in process carried at net realisable value amounting to R2.4 million (2013: R31.7 million) and finished stock – bullion amounting to R1.9 million (2013: R21.9 million)		
		15 TRADE AND OTHER RECEIVABLES		
30 415	**25 630**	Trade receivables (gold)	–	–
17 110	**20 609**	Value added tax	**112**	–
403	**3 088**	Prepayments	**2 855**	–
177	**2 992**	Receivables from related parties	**2 700**	5
1 646	**1 027**	Interest receivable	**1 027**	1 643
39 343	**53 158**	Other receivables (a)	**6 749**	3 907
(6 360)	**(6 981)**	Allowance for impairment	–	–
82 734	**99 523**		**13 443**	5 555
		(a) Included in other receivables are receivables relating to property sales amounting to R19.9 million (2013: R22.5 million).		

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		16 ASSETS AND LIABILITIES HELD-FOR-SALE		
		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 FY2014. Accordingly these assets and liabilities are presented as a disposal group held-for-sale.		
		A sale is expected within 12 months, but regulatory approvals required for transactions of this nature may result in the sale taking place more than 12 months after reporting date.		
		As at 30 June 2014 the disposal group was stated at the historic carrying amount being the lower of carrying amount or fair value less costs to sell and was included within corporate office and other reconciling items for operating segment reporting purposes (refer note 2).		
		Assets held-for-sale		
–	**747**	Property, plant and equipment	**–**	–
–	**8 126**	Non-current investments and other assets	**–**	–
–	**8 873**		**–**	–
		Liabilities held-for-sale		
–	**20 530**	Provision for environmental rehabilitation	**–**	–
–	**20 530**		**–**	–
		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 (2013: 600 000 000) ordinary shares of no par value		
500	**500**	5 000 000 (2013: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
		Issued share capital		
4 133 687	**4 132 627**	385 383 767 (2013: 385 383 767) ordinary shares of no par value	**4 132 627**	4 133 687
(44 400)	**(44 153)**	6 155 559 (2013: 6 205 559) treasury shares held within the group		
500	**500**	5 000 000 (2013: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
4 089 787	**4 088 974**		**4 133 127**	4 134 187

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.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		17 EQUITY continued		
		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 DMR granted DRDGOLD a prospecting right over an area which was going to be too small to mine. When an application for a greater area was lodged, the DMR stated that the additional area was in an urban location and an application for a prospecting right could not be granted. The company is in the process of consulting with the relevant preference shareholder to cancel these preference shares.		
		Revaluation and other reserves		
5 882	**5 882**	Foreign exchange translation reserve (a)	**–**	–
186 459	**136 587**	Asset revaluation reserve (b)	**1 515**	**46 396**
32 601	**30 387**	Share-based payments reserve (c)	**12 835**	**15 225**
224 942	**172 856**		**14 350**	**61 621**

(a) The foreign exchange translation reserve represents the cumulative translation effect arising on the translation of the financial statements of the company's foreign operations.

(b) On the acquisition of ErgoGold in FY2009, 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 2014 related to the investment in Village Main Reef Limited amounting to R1.5 million.

The fair value adjustment on the available-for-sale investments at 30 June 2013 related to the investment in Village Main Reef Limited and amounted to R117.2 million loss. The cumulative fair value adjustment has been reclassified as an impairment through profit or loss amounting to R101.3 million.

The cumulative fair value reserve on the available-for-sale investment relating to the investment in Rand Refinery Proprietary Limited for FY2014 amounted to Rnil (2013: R53.2 million).

(c) During FY2014, the company offered participants a buy-out of their vested share options. The buy-out amounted to R2.7 million (2013: R24.1 million) (refer to note 19).

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		Dividends		
		The following dividends were declared and paid by the group:		
(91 004)	**(53 085)**	14 cents per qualifying ordinary share (2013: 24 cents).	**(53 954)**	(92 492)

After 30 June 2014, a dividend of 2 cents per qualifying share (R7.7 million) was approved by the directors as a final dividend for FY2014. The dividend has not been provided for and does not have any tax impact on the company. Dividend withholding tax is levied at 15% (2013: 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)

The following table summarises the information relating to each of the group's subsidiaries that have material NCI, before any intra-group eliminations:

	GROUP					
	2014			2013 Restated		
	EMO*	Intra-group elimination and consolidation entries	Total	EMO*	Intra-group eliminations and consolidation entries	Total
	R'000	R'000	R'000	R'000	R'000	R'000
NCI percentage	**26%**			26%		
Non-current assets	**1 940 218**			1 965 824		
Current assets	**263 818**			289 814		
Non-current liabilities	**575 498**			638 178		
Current liabilities	**1 012 419**			946 786		
Net assets	**616 119**			670 674		
Carrying amount of NCI	**160 191**	**71 949**	**232 140**	174 375	68 434	242 809
Revenue	**1 809 434**			2 076 496		
(Loss)/profit after tax	**(34 290)**			185 533		
OCI	**(6 745)**			3 658		
Total comprehensive income	**(41 035)**			189 191		
Profit allocated to NCI	**(8 915)**	**–**	**(8 915)**	48 238	–	48 238
OCI allocated to NCI	**(1 754)**	**–**	**(1 754)**	951	–	951
Cash flows from operating activities	**132 970**			428 478		
Cash flows from investing activities	**(168 118)**			(339 354)		
Cash flows from financing activities	**(17 006)**			(91 090)		
Net increase (decrease) in cash and cash equivalents	**(52 154)**			(1 966)		
Dividends paid	**–**			15 736		

* *Ergo Mining Operations Proprietary Limited*

Roll-up of Minority Interest

Khumo Gold SPV Proprietary Limited (Khumo) and the DRDSA Empowerment Trust, DRDGOLD's Black Economic Empowerment (BEE) partners, currently hold their respective investments of 20% and 6% in Ergo Mining Operations Proprietary Limited (EMO).

During March 2014 these BEE partners signed an agreement with DRDGOLD to sell their shares in EMO to DRDGOLD for a total consideration of 45.5 million new shares issued by DRDGOLD at a value of R191.1 million. This agreement was approved at a general meeting of the shareholders on 27 June 2014.

The transaction will become effective when the last suspensive condition, being the Section 102 approval by the Department of Mineral Resources (DMR) have been met.

The successful implementation of the transaction will result in the streamlining and simplification of DRDGOLD's corporate and financial reporting structures and EMO will be fully consolidated into DRDGOLD's financial results.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		18 PROVISION FOR ENVIRONMENTAL REHABILITATION		
504 327	**524 323**	Opening balance	**–**	20 382
(6 399)	**10 166**	(Decrease)/increase in provision (refer note 10)	**–**	–
33 537	**38 019**	Unwinding of provision (refer note 7)	**–**	–
(22 476)	**(14 170)**	Environmental rehabilitation payments	**–**	–
15 334	**(86 605)**	Charge/(benefit) to profit or loss	**–**	(20 382)
–	**(20 530)**	Transferred to non-current liabilities held-for-sale	**–**	–
524 323	**451 203**	Closing balance	**–**	–

Amounts have been contributed to irrevocable trusts and guarantees have been provided to the DMR (refer note 11 and 26).

The company intends to fund the ultimate rehabilitation costs from the money invested with the trust funds together with the Guardrisk Cell Captive as well as, at the time of mine closure, the proceeds on sale of remaining assets and gold from plant clean-up. The rehabilitation is expected to occur progressively towards the end-of-life of the respective dumps mined.

Movement in provision for environmental rehabilitation
A benefit to profit or loss amounting to R86.6 million was recognised resulting from a decrease in the estimated cost to rehabilitate. This is 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.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS		
		Non-current post-retirement and other employee benefits		
6 322	**6 657**	Liability for post-retirement medical benefits (a)	**–**	–
2 331	**2 618**	Liability for long term employee incentive scheme (b)	**1 064**	1 220
8 653	**9 275**		**1 064**	1 220
		Current post-retirement and other employee benefits		
1 018	**1 958**	Liability for long term employee incentive scheme (b)	**918**	533
1 018	**1 958**		**918**	533

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 has no legal or constructive obligation to pay further amounts.

Amount recognised in profit or loss is as follows:

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
(16 246)	**(19 611)**	Contribution payments	**(172)**	(1 411)

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS		
		(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 2012. 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:		
5 972	**6 322**	Opening balance	**–**	–
92	**84**	Current service cost	**–**	–
(282)	**(261)**	Benefits paid	**–**	–
540	**512**	Interest costs	**–**	–
6 322	**6 657**	Closing balance	**–**	–
		Amounts recognised in profit or loss are as follows:		
(92)	**(84)**	Current service cost and interest	**–**	–
(540)	**(512)**	Interest costs	**–**	–
(632)	**(596)**		**–**	–
		Principal actuarial assumptions at 30 June are:		
7.8%	**7.8%**	Health care cost inflation		
8.8%	**8.8%**	Discount rate		
0.9%	**0.9%**	Real discount rate		
60	**60**	Normal retirement age		
60.3	**60.3**	Expected average retirement age		
3 years	**3 years**	Spouse age gap		
100%	**100%**	Continuation at retirement		
85%	**85%**	Proportion married at retirement		

Assuming all other variables remain constant a one percent change in the stated assumptions would have the following effects:

	Variation 100bp	Health care cost inflation R'000	Mortality R'000	Resignation rate R'000
Effect on the aggregated service and interest cost	+1%	66	(58)	(4)
	-1%	(57)	68	3
Effect in past-service contractual liability	+1%	772	(679)	(33)
	-1%	(659)	792	33

The group expects to pay contributions of R0.3 million in FY2015.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		(b) Liability for long term employee incentive scheme		
–	**3 349**	Opening balance	**1 753**	–
3 349	**2 821**	Increase in liability current year	**1 021**	1 753
–	**(1 594)**	Benefits paid	**(792)**	–
3 349	**4 576**	Total liability of employee incentive scheme	**1 982**	1 753
(1 018)	**(1 958)**	Short term portion of employee incentive scheme	**(918)**	(533)
2 331	**2 618**	Long term portion of employee incentive scheme	**1 064**	1 220

19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS continued

DRDGOLD PHANTOM SHARE SCHEME

i) Details of the DRDGOLD phantom share scheme

The company operates a phantom share scheme, 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 FY2013 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 the 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

	Outstanding	
	Number of shares	Average price per share R
Balance at 30 June 2012	–	–
Granted	3 019 549	6.01
Balance at 30 June 2013	3 019 549	3.90
Granted	1 964 033	1.18
Exercised	(477 480)	3.27
Forfeited	(800 000)	3.27
Balance at 30 June 2014	**3 706 102**	**2.64**

Phantom shares granted are initially measured at fair value on grant date and subsequently on each reporting date. This fair value is recognised as an employee expense over the vesting period, adjusted to reflect actual levels of vesting, with the corresponding credit to an employee benefit liability, which is part of non-current and current liabilities.

Analysis of phantom share options:

		Unvested		
Year granted	Years to expiry	30 June 2015	30 June 2016	30 June 2017
2013	1 – 2	1 041 373	848 238	–
2014	1 – 3	327 344	744 583	744 564
Total		**1 368 717**	**1 592 821**	**744 564**

GROUP 2013 R'000	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS continued		
		iii) The fair value of the DRDGOLD phantom share options determined using the Black-Scholes option valuation model		
		Significant inputs into the model were:		
		Market price at date of grant (rand per share)		
6.08	**6.08**	31 October 2012 option grant		
	5.10	31 October 2013 option grant		
		Vesting periods (years)		
3	**3**	31 October 2012 option grant		
	3	31 October 2013 option grant		
		Volume weighted average price at date of grant (rand per share)		
6.20	**6.20**	31 October 2012 option grant		
	4.98	31 October 2013 option grant		
		Volume weighted average price at financial year end (rand per share)		
5.48	**3.16**	31 October 2012 option grant		
	3.16	31 October 2013 option grant		
		Average risk-free rate		
5.85%	**6.27%**	31 October 2012 option grant		
	6.68%	31 October 2013 option grant		
		Average volatility*		
16%	**18%**	31 October 2012 option grant		
	22%	31 October 2013 option grant		
		iv) The performance criteria of the phantom share options determined against group performance		
		Return on equity (minimum required)		
15%	**15%**	31 October 2012 option grant		
	15%	31 October 2013 option grant		
		Headline earnings per share (minimum required) (cents per share)		
0.64	**0.25**	31 October 2012 option grant		
	0.25	31 October 2013 option grant		
		Share price performance (minimum required) (JSE index)		
J150	**J150**	31 October 2012 option grant		
	J150	31 October 2013 option grant		
		Free cash flow management (minimum required)		
10%	**10%**	31 October 2012 option grant		
	10%	31 October 2013 option grant		

* *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.*

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 Share Option 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 (2013: R24.1 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.

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

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 exist for which the recognition of a liability is required.

Any options not exercised within a period of five years (issued prior to 2009: 10 years) from the original date of granting the option will expire and may not thereafter be exercised.

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

	Outstanding	
	Number of shares	Average price per share R
Balance at 30 June 2012	19 624 585	7.32
Exercised	(14 699 280)	6.61
Forfeited/lapsed	(1 269 948)	17.36
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**

Options to acquire the company's ordinary shares that were granted post 7 November 2002 and which remain unvested at 1 January 2005, are measured at fair value at grant date. This fair value is recognised as an employee expense over the vesting period, adjusted to reflect actual levels of vesting, with the corresponding credit to a revaluation and other reserve, which is part of equity.

Analysis of share options:

		Vested	Unvested
Range of exercise prices	Years to expiry	30 June 2014	30 June 2015
R5 > R10	0 – 3	**102 278**	958 250
R10 > R15	0 – 1	**177 500**	–
		279 778	958 250

GROUP 2013 R'000	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		19 POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS continued		
		iii) The fair value of the options of the DRDGOLD (1996) share scheme determined using the Black-Scholes option valuation model.		
		Significant inputs into the model were:		
		Market price at date of grant (rand per share)		
3.66	**3.66**	18 October 2010 option grant		
5.26	**5.26**	2 November 2011 option grant		
		Vesting periods (years)		
3	**3**	18 October 2010 option grant		
3	**3**	2 November 2011 option grant		
		Option strike price (rand per share)		
3.69	**3.69**	18 October 2010 option grant		
5.12	**5.12**	2 November 2011 option grant		
		Risk-free rate		
6.74%	**6.74%**	18 October 2010 option grant		
6.75%	**6.75%**	2 November 2011 option grant		
		Volatility*		
31%	**31%**	18 October 2010 option grant		
34%	**34%**	2 November 2011 option grant		

* *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.*

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		20 DEFERRED TAX		
		Balances arose from the following temporary differences:		
		Deferred tax asset		
(5)	**(4)**	Property, plant and equipment	**(4)**	(5)
2 894	**1 428**	Provisions, including rehabilitation provision	**1 428**	2 894
2 889	**1 424**		**1 424**	2 889
		Deferred tax liability		
(185 832)	**(186 770)**	Property, plant and equipment	**–**	–
75 701	**69 389**	Provisions, including rehabilitation provision	**–**	–
3 709	**1 297**	Other temporary differences	**–**	–
(106 422)	**(116 084)**		**–**	–
(103 533)	**(114 660)**	Net deferred mining and income tax (liability)/asset	**1 424**	2 889
		Reconciliation between deferred tax opening and closing balances		
(51 289)	**(103 533)**	Opening balance	**2 889**	1 180
4 471	**–**	Recognised in other comprehensive income	**–**	4 471
4 471	**–**	– Investments	**–**	4 471
(56 715)	**(11 127)**	Profit or loss (expense)/credit	**(1 465)**	(2 762)
(61 405)	**(937)**	– Property, plant and equipment	**1**	2 069
19 925	**(7 778)**	– Provisions, including rehabilitation provision	**(1 466)**	(537)
(16 836)	**–**	– Estimated assessed losses	**–**	(4 294)
1 601	**(2 412)**	– Other temporary differences	**–**	–
(103 533)	**(114 660)**	Closing balance	**1 424**	2 889

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. If a one percentage point increase in the effective tax rate is applied the deferred tax liability would amount to R122.3 million compared to the current R116.0 million (refer note 8).

Deferred tax assets have not been recognised in respect of tax losses of R38.6 million (2013: R24.1 million), unredeemed capital expenditure of R292.0 million (2013 Restated: R295.2 million) and capital losses of R258.6 million (2013: R260.3 million).

The deferred tax relating to the company's investment in subsidiaries and equity accounted investments is Rnil (2013: Rnil) because 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 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		21 LOANS AND BORROWINGS		
		Unsecured		
167 626	**148 695**	Domestic Medium Term Note Programme	**148 695**	167 626
167 626	**148 695**		**148 695**	167 626
(24 294)	**(73 195)**	Less: payable within one year included under current liabilities	**(73 195)**	(24 294)
143 332	**75 500**		**75 500**	143 332
		Loans and borrowings repayment schedule for capital amounts payable in the 12 months to:		
24 294	**–**	30 June 2014	**–**	24 294
67 832	**73 195**	30 June 2015	**73 195**	67 832
75 500	**75 500**	30 June 2016	**75 500**	75 500
167 626	**148 695**		**148 695**	167 626
		Analysis of gross loans and borrowings by currency:		
167 626	**148 695**	South African Rand	**148 695**	167 626
		Effective interest rates:		
		Unsecured liabilities		
9.1% – 10.2%	**8.9% – 10.6%**	Domestic Medium Term Note Programme	**8.9% – 10.6%**	9.1% – 10.2%

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. During FY2013, the group settled the last unsecured notes issued under the previous DMTN Programme which had a 24-month term and carried interest at the three-month JIBAR plus 5%.

On 3 July 2014, DRDGOLD repaid R73.2 million including capital and interest.

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		22 CASH GENERATED BY/(APPLIED TO) OPERATIONS		
158 586	**(37 175)**	Profit/(loss) before tax	**(15 150)**	107 103
		Adjusted for		
143 766	**159 999**	Depreciation	**149**	145
15 334	**(86 605)**	Movement in provision for environmental rehabilitation	**–**	(20 382)
(17 727)	**8 828**	Movement in gold in process	**–**	–
187 866	**56 591**	Impairments	**41 803**	171 389
(19 267)	**(992)**	Profit on disposal of property, plant and equipment	**(2)**	(5 000)
4 515	**3 341**	Share-based payments	**1 365**	2 562
(1 412)	**(2 172)**	Reversal of impairment on other receivables	**–**	(1 868)
350	**335**	Post-retirement and other employee benefits	**–**	–
50 135	**313**	Share of losses of equity accounted investments	**–**	–
(32 470)	**–**	Dividends received	**–**	(77 132)
(33 522)	**(27 980)**	Finance income	**(74 925)**	(224 206)
41 975	**52 295**	Finance expenses	**17 444**	18 029
498 129	**126 778**	Operating cash flows before working capital changes	**(29 316)**	(29 360)
(55 808)	**(39 394)**	**Working capital changes**	**(17 784)**	(14 090)
(18 852)	**(15 233)**	Change in trade and other receivables	**(8 504)**	3 502
(19 510)	**(17 170)**	Change in inventories	**5**	–
(17 446)	**(6 991)**	Change in trade and other payables	**(9 285)**	(17 592)
442 321	**87 384**	Cash generated by/(applied to) operations	**(47 100)**	(43 450)
		23 CASH AND CASH EQUIVALENTS		
		Included in cash and cash equivalents is restricted cash of R13.5 million (2013: R13.0 million) in the form of a guarantees.		
		An overdraft facility of R100 million is available to the group and company.		
27 275	**39 683**	Bank balances	**26 000**	14 104
349 376	**169 249**	Call deposits	**165 659**	293 120
376 651	**208 932**		**191 659**	307 224

GROUP 2013 R'000 Restated	GROUP 2014 R'000		COMPANY 2014 R'000	COMPANY 2013 R'000
		24 COMMITMENTS AND CONTINGENT LIABILITIES		
		Capital commitments		
12 460	**3 255**	Contracted for but not provided for in the financial statements	**–**	–
17 587	**32 979**	Authorised by the directors but not contracted for	**–**	–
30 047	**36 234**		**–**	–
		This capital expenditure will be financed from existing cash resources, cash generated from operations and negotiated funding facilities.		
		Operating lease commitments		
		The company leases its office building in terms of an operating lease. The company does not have an option to acquire the building at the termination of the lease. There is an escalation of 8% per annum imposed by the lease agreement.		
		Ergo leases its vehicles under various operating leases. There is an average escalation of 2.5% per annum imposed by these lease agreements.		
		The future minimum lease payments under non-cancellable operating leases are as follows:		
1 648	**2 110**	Not later than 1 year	**1 025**	942
1 781	**1 780**	Between 1 and 5 years	**–**	1 025
		Finance lease commitment		
		During FY2014 the group entered into an agreement for the supply of temporary power generation equipment and services. The lease term will commence during August 2014 for a term of five years at a fixed monthly payment. The group has the option to acquire the equipment at the termination of the lease.		
		Future minimum lease payments under non-cancellable finance leases are as follows:		
–	**4 896**	Not later than 1 year	**–**	–
–	**31 492**	Between 1 and 5 years	**–**	–

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 R26.8 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.

24 COMMITMENTS AND CONTINGENT LIABILITIES continued

CONTINGENT LIABILITIES continued

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 is co-disposed onto the Brakpan Tailings Storage facility. Partially treated water is then 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. In particular, if the spirit of cooperation that led to its conclusion is taken into the implementation and management of the project, this initiative has every chance of success.

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 and 23 other mining companies 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 DRDGOLD, ERPM and other mining companies 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 mining companies to pay as damages.

DRDGOLD and ERPM 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.

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

Dispute with the Ekurhuleni Municipality

The Ekurhuleni Municipality has brought an action against ERPM claiming an amount of R42.0 million in respect of outstanding rates and taxes which are allegedly owing. As at 30 June 2014, the difference between the invoiced amount and ERPM's calculations amounted to R55.8 million. ERPM has employed experts to investigate the allegations and it appears that this claim is unfounded. ERPM is defending this action and has employed Norton Rose Attorneys to represent it. There are sufficient defences to repel the claim, therefore an outflow of resources is remote

25 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 Proprietary Limited (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:

GROUP

	Carrying value	
	2014 R'000	2013 R'000 Restated
Financial assets		
Listed investments (refer note 11)	**34 097**	34 071
Unlisted investments (refer note 11)	**171**	93 484
Loans to black empowerment entities (refer note 11)	**2 592**	2 592
Investments in environmental rehabilitation trust funds (refer note 11)	**82 848**	86 356
Trade and other receivables (refer note 15)	**75 826**	65 221
Cash and cash equivalents	**208 932**	376 651
	404 466	658 375

25 FINANCIAL INSTRUMENTS continued

CREDIT RISK continued

COMPANY

	Carrying value 2014 R'000	Carrying value 2013 R'000
Financial assets		
Listed investments (refer note 11)	**34 097**	34 071
Unlisted investments (refer note 11)	**171**	84 228
Loans to subsidiaries (refer note 12)	**1 248 711**	1 207 159
Loans to black empowerment entities (refer note 11)	**2 592**	2 592
Trade and other receivables (refer note 15)	**10 476**	5 555
Cash and cash equivalents	**191 659**	307 224
	1 487 706	1 640 829

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

GROUP

	Carrying value 2014 R'000	Carrying value 2013 R'000 Restated
Trade receivables (gold) (refer note 15)	**25 630**	30 415
Receivables from related parties (refer note 15)	**2 992**	177
Other receivables, including disposal of property debtors (refer note 15)	**47 204**	34 629
	75 826	65 221

The ageing of trade and other receivables at 30 June:

	Gross value 2014 R'000	Impairment 2014 R'000	Gross value 2013 R'000 Restated	Impairment 2013 R'000 Restated
Not past due	**72 693**	**(31)**	62 654	(67)
Past due 0 – 30 days	**2 017**	**(128)**	652	(57)
Past due 31 – 120 days	**770**	**(522)**	1 302	(1 117)
Past due more than 120 days	**7 327**	**(6 300)**	6 973	(5 119)
	82 807	**(6 981)**	71 581	(6 360)

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 2014 R'000	Impairment 2013 R'000 Restated
Balance at 1 July	**(6 360)**	(7 820)
Impairments (recognised)/reversed	**(621)**	1 460
Balance at 30 June	**(6 981)**	(6 360)

The group has no significant concentration of credit risk.

25 FINANCIAL INSTRUMENTS continued

CREDIT RISK continued

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

COMPANY

	Carrying value	
	2014 R'000	2013 R'000
Receivables from related parties (refer note 15)	**2 700**	5
Other receivables (refer note 15)	**7 776**	5 550
	10 476	5 555

The ageing of trade and other receivables at 30 June:

	Gross value	Impairment	Gross value	Impairment
	2014 R'000	2014 R'000	2013 R'000	2013 R'000
Not past due	**9 581**	**–**	5 266	–
Past due 0 – 30 days	**65**	**–**	21	–
Past due 31 – 120 days	**128**	**–**	35	–
Past due more than 120 days	**702**	**–**	233	–
	10 476	**–**	5 555	–

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

	Impairment	
	2014 R'000	2013 R'000
Balance at 1 July	**–**	(1 868)
Impairments reversed	**–**	1 868
Balance at 30 June	**–**	–

The company has no significant concentration of credit risk.

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:

25 FINANCIAL INSTRUMENTS continued

LIQUIDITY RISK continued

GROUP

30 June 2014	Carrying amount R'000	Contractual cashflows R'000	6 months or less R'000	6-12 months R'000	2-5 years R'000
Unsecured					
Domestic Medium Term Note Programme	**148 695**	**(156 863)**	**(75 358)**	**(4 000)**	**(77 505)**
Trade and other payables	**182 136**	**(182 136)**	**(182 136)**	**–**	**–**
	330 831	**(338 999)**	**(257 494)**	**(4 000)**	**(77 505)**

30 June 2013 Restated	Carrying amount R'000	Contractual cashflows R'000	6 months or less R'000	6-12 months R'000	2-5 years R'000
Unsecured					
Domestic Medium Term Note Programme	167 626	(188 841)	(28 142)	–	(160 699)
Trade and other payables	190 266	(190 266)	(190 266)	–	–
	357 892	(379 107)	(218 408)	–	(160 699)

COMPANY

30 June 2014	Carrying amount R'000	Contractual cashflows R'000	6 months or less R'000	6-12 months R'000	2-5 years R'000
Domestic Medium Term Note Programme	**148 695**	**(156 863)**	**(75 358)**	**(4 000)**	**(77 505)**
Amounts owing to subsidiaries	**311 459**	**(311 459)**	**(311 459)**	**–**	**–**
Trade and other payables	**10 778**	**(10 778)**	**(10 778)**	**–**	**–**
	470 932	**(479 100)**	**(397 595)**	**(4 000)**	**(77 505)**

30 June 2013	Carrying amount R'000	Contractual cashflows R'000	6 months or less R'000	6-12 months R'000	2-5 years R'000
Domestic Medium Term Note Programme	167 626	(188 841)	(28 142)	–	(160 699)
Amounts owing to subsidiaries	311 459	(311 459)	(311 459)	–	–
Trade and other payables	17 654	(17 654)	(17 654)	–	–
	496 739	(517 954)	(357 255)	–	(160 699)

MARKET RISK

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

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold which is predominantly sold in US Dollars. 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.

25 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 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:

GROUP

30 June	Carrying value 2014 R'000	 2013 R'000 Restated
Variable interest rate instruments		
Financial assets	**291 780**	463 007
Financial liabilities	**(148 695)**	(167 626)
	143 085	295 381

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 2013.

	Equity and profit or (loss)			
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June	2014 R'000	2014 R'000	2013 R'000 Restated	2013 R'000 Restated
Variable interest rate instruments	**1 431**	**(1 431)**	2 954	(2 954)
Cashflow sensitivity	**1 431**	**(1 431)**	2 954	(2 954)

COMPANY

30 June	Carrying value 2014 R'000	 2013 R'000
Variable interest rate instruments		
Financial assets	**1 440 370**	1 514 383
Financial liabilities	**(148 695)**	(167 626)
	1 291 675	1 346 757

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points 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 2013.

25 FINANCIAL INSTRUMENTS continued

MARKET RISK continued

COMPANY

	Equity and profit or (loss)			
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June	2014 R'000	2014 R'000	2013 R'000	2013 R'000
Variable interest rate instruments	**12 917**	**(12 917)**	13 468	(13 468)
Cashflow sensitivity	**12 917**	**(12 917)**	13 468	(13 468)

Foreign currency risk

The group's reporting currency is the South African Rand. Although gold is sold in US Dollars, the company 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 group is also exposed to certain by-product commodity price risk. The company's cash and cash equivalent balances are held in South African rands; holdings denominated in other currencies are relatively insignificant.

The following represents the exposure to foreign currency risks:

GROUP

	Carrying value	
30 June	2014 USD'000	2013 USD'000 Restated
Trade and other receivables	**2 423**	3 082
Net statement of financial position exposure	**2 423**	3 082

The following significant exchange rates applied during the year:

	Spot rate at year end		Average rate	
30 June	2014	2013	2014	2013
1 US Dollar	**10.5784**	9.8675	**10.3706**	8.8328

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 2013.

	Impact	
30 June	2014 R'000	2013 R'000 Restated
Equity	**(2 563)**	(3 041)
Loss	**(2 563)**	(3 041)

25 FINANCIAL INSTRUMENTS continued

MARKET RISK continued

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.

COMPANY

The company does not have any significant exposure to foreign currency.

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 and all buy and sell decisions are approved by the Risk Committee when significant.

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:

GROUP

	Carrying value 2014 R'000	Equity and profit/(loss) 2014 R'000	Carrying value 2013 R'000	Equity and profit/(loss) 2013 R'000 Restated
Financial assets				
Available-for-sale financial assets	**34 268**	**(98 540)**	127 555	(34 221)
Loans and receivables	**370 198**	**20 358**	530 820	29 617
	404 466	**(78 182)**	658 375	(4 604)
Financial liabilities				
Financial liabilities measured at amortised cost	**330 831**	**(14 276)**	357 892	(8 438)
	330 831	**(14 276)**	357 892	(8 438)

COMPANY

	Carrying value 2014 R'000	Equity and profit/(loss) 2014 R'000	Carrying value 2013 R'000	Equity and profit/(loss) 2013 R'000 Restated
Financial assets				
Available-for-sale financial assets	**34 268**	**(89 385)**	118 299	(37 879)
Loans and receivables	**1 453 438**	**72 379**	1 522 530	76 757
	1 487 706	**(17 006)**	1 640 829	38 878
Financial liabilities				
Financial liabilities measured at amortised cost	**470 932**	**(17 444)**	496 739	(18 029)
	470 932	**(17 444)**	496 739	(18 029)

25 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 73.

GROUP

	Carrying value 2014 R'000	Fair value 2014 R'000	Carrying value 2013 R'000 Restated	Fair value 2013 R'000 Restated
Financial assets measured at fair value	**34 268**	**34 268**	127 555	127 555
Listed investments (refer note 11)	**34 097**	**34 097**	34 071	34 071
Unlisted investments (refer note 11)	**171**	**171**	93 484	93 484
Financial assets measured at amortised cost	**370 198**	**370 198**	530 820	530 820
Loans to black empowerment entities (refer note 11)	**2 592**	**2 592**	2 592	2 592
Investments in environmental rehabilitation trust funds (refer note 11)	**82 848**	**82 848**	86 356	86 356
Trade and other receivables (refer note 15)	**75 826**	**75 826**	65 221	65 221
Cash and cash equivalents	**208 932**	**208 932**	376 651	376 651
	404 466	**404 466**	658 375	658 375
Financial liabilities measured at amortised cost	**330 831**	**330 831**	357 892	357 892
Loans and borrowings (refer note 21)				
– non-current	**75 500**	**75 500**	143 332	143 332
– current	**73 195**	**73 195**	24 294	24 294
Trade and other payables	**182 136**	**182 136**	190 266	190 266
	330 831	**330 831**	357 892	357 892

COMPANY

	Carrying value 2014 R'000	Fair value 2014 R'000	Carrying value 2013 R'000	Fair value 2013 R'000
Financial assets measured at fair value	**34 268**	**34 268**	118 299	118 299
Listed investments (refer note 11)	**34 097**	**34 097**	34 071	34 071
Unlisted investments (refer note 11)	**171**	**171**	84 228	84 228
Financial assets measured at amortised cost	**1 453 438**	**1 453 438**	1 522 530	1 522 530
Loans to subsidiaries (refer note 12)	**1 248 711**	**1 248 711**	1 207 159	1 207 159
Loans to black empowerment entities (refer note 11)	**2 592**	**2 592**	2 592	2 592
Trade and other receivables (refer note 15)	**10 476**	**10 476**	5 555	5 555
Cash and cash equivalents	**191 659**	**191 659**	307 224	307 224
	1 487 706	**1 487 706**	1 640 829	1 640 829
Financial liabilities measured at amortised cost	**470 932**	**470 932**	496 739	496 739
Loans and borrowings (refer note 21)				
– non-current	**75 500**	**75 500**	143 332	143 332
– current	**73 195**	**73 195**	24 294	24 294
Amounts owing to subsidiaries (refer note 12)	**311 459**	**311 459**	311 459	311 459
Trade and other payables	**10 778**	**10 778**	17 654	17 654
	470 932	**470 932**	496 739	496 739

25 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 is 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 recent transactions in the underlying investment with external parties.

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 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% a year. 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.

25 FINANCIAL INSTRUMENTS continued

FAIR VALUE HIERARCHY

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observed for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- **Level 3:** inputs for the asset or liability that are not based on observed market data (unobserved inputs).

GROUP

30 June 2014	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets				
Listed investments	**30 097**	**4 000**	**–**	**34 097**
Unlisted investments	**–**	**–**	**171**	**171**
	30 097	**4 000**	**171**	**34 268**

30 June 2013	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets				
Listed investments	29 571	4 500	–	34 071
Unlisted investments	–	–	93 484	93 484
	29 571	4 500	93 484	127 555

COMPANY

30 June 2014	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets				
Listed investments	**30 097**	**4 000**	**–**	**34 097**
Unlisted investments	**–**	**–**	**171**	**171**
	30 097	**4 000**	**171**	**34 268**

30 June 2013	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets				
Listed investments	29 571	4 500	–	34 071
Unlisted investments	–	–	84 228	84 228
	29 571	4 500	84 228	118 299

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

	2014	2013
Level 2		
Discount rate	**50%**	50%
Constraints on liquidity resulting from escrow agreement (refer note 12)		
Level 3		
Other inputs	**refer note 4**	–

25 FINANCIAL INSTRUMENTS continued

FAIR VALUE HIERARCHY continued

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

GROUP

Available-for-sale financial assets	2014 Level 2 R'000	2014 Level 3 R'000	2013 Level 2 R'000 Restated	2013 Level 3 R'000 Restated
Balance at beginning of the year	**4 500**	**93 484**	151 303	20 526
Acquired during the year	**–**	**7**	–	26 864
Fair value adjustment	**200**	**(53 140)**	(117 232)	46 094
Impairment	**(700)**	**(40 180)**	–	–
Transfers to level 1	**–**	**–**	(29 571)	–
Balance at end of year	**4 000**	**171**	4 500	93 484
Impairment recognised in profit or loss	**(700)**	**(40 180)**	(101 261)	–
Gain/(loss) recognised in other comprehensive income	**200**	**(53 140)**	(11 499)	46 094
– Fair value adjustment recognised in other comprehensive income	**200**	**(53 140)**	(112 760)	46 094
– Impairment released to profit or loss	**–**	**–**	101 261	–

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 12). 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.

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

COMPANY

Available-for-sale financial assets	2014 Level 2 R'000	2014 Level 3 R'000	2013 Level 2 R'000	2013 Level 3 R'000
Balance at beginning of the year	**4 500**	**84 328**	151 303	15 028
Acquired during the year	**–**	**7**	–	26 864
Fair value adjustment	**200**	**(46 395)**	(117 232)	42 436
Impairment	**(700)**	**(37 769)**	–	–
Transfer to level 1	**–**	**–**	(29 571)	–
Balance at end of year	**4 000**	**171**	4 500	84 328
Impairment recognised in profit or loss	**(700)**	**(37 769)**	(101 261)	–
Gain/(loss) recognised in other comprehensive income	**200**	**(46 395)**	(11 499)	42 436
– Fair value adjustment recognised in other comprehensive income	**200**	**(46 395)**	(112 760)	42 436
– Impairment released to profit or loss	**–**	**–**	101 261	–

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

GROUP			COMPANY	
2013 R'000 Restated	2014 R'000		2014 R'000	2013 R'000
		26 RELATED PARTY TRANSACTIONS		
		Key management personnel remuneration		
		Short-term benefits		
76 405	**68 939**	– Salaries, bonuses and performance payments	**28 758**	29 436
		Long service awards		
4 515	**3 341**	– Share-based payment expense	**1 365**	2 562
282	**261**	– Post-retirement medical benefits	**–**	–
81 202	**72 541**		**30 123**	31 998

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. During FY2014, nil (2013: 62 614) treasury shares were used to settle share options exercised by key management personnel.

Post-retirement medical benefits and long term employee incentive scheme balances for key management personnel as at 30 June 2014 amounts to R6.7 million (2013: R6.3 million) and R2.6 million (2013: R2.3 million), respectively.

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 FY2014 the company earned:

- management fees from Ergo Mining Operations Proprietary Limited (EMO) amounting to R21.9 million (2013: R25.1 million)
- interest from EMO amounting to R30.0 million (2013: R23.0 million) and from Ergo Mining Proprietary Limited amounting to R28.5 million (2013: R32.2 million).

BALANCES OUTSTANDING AT 30 JUNE 2014

- Subsidiaries (refer note 12)
- Equity accounted investments including associates and joint ventures (refer note 13).

During FY2014, EMO disposed of 50 000 (2013: nil) ordinary shares in the company (held as treasury shares for consolidation purposes) to D J Pretorius at market value. As at 30 June 2014, EMO held 6 155 559 (2013: 6 205 559) treasury shares.

TRANSACTIONS WITH OTHER ENTITIES IN WHICH AN OWNERSHIP INTEREST IS HELD

Guardrisk Insurance Company Limited (Guard Risk)

During FY2014 Ergo paid insurance premiums to the Guardrisk Cell Captive amounting to Rnil (2013: R21.0 million).

Guardrisk issued environmental guarantees to the DMR amounting to R305.7 million (2013: R305.7 million) relating to the environmental liabilities (note 18). These guarantees are funded by the assets in Guardrisk Insurance Company Limited (Cell Captive) (refer note 11).

Rand Refinery Proprietary Limited (Rand Refinery)

The group has entered into an agreement with 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.

27 CAPITAL MANAGEMENT continued

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

Mr Gwebu, executive: legal, compliance and company secretary of DRDGOLD, was a director of Rand Refinery and a member of its Remuneration Committee and chairman of the Social and Ethics Committee until 3 September 2014 when he resigned as director. Mr Charles Symons replaced him as director of Rand Refinery with effect from 3 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 R25.6 million (2013: R30.4 million) relate to metals sold
- The group received a dividend of Rnil (2013: R6.8 million) 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 (2013: R0.2 million).

SALE OF SHARES

The non-controlling shareholders entered into an agreement with DRDGOLD for the sale of their shares in EMO (refer note 17.2).

27 CAPITAL MANAGEMENT

The primary objective of the board of directors (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 debt to equity ratio as at 30 June was as follows:

	2014 R'000	2013 R'000 Restated
Total liabilities	**959 535**	1 025 328
Less: Cash and cash equivalents	**(208 932)**	(376 651)
Net liabilities	**750 603**	648 677
Total equity	**1 481 211**	1 643 672
Net debt to equity ratio as 30 June	**0.51**	0.39

28 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2014 and the date of issue of these financial statements, except as outlined below:

On 25 July 2014, DRDGOLD announced that its subsidiaries Ergo Mining Operations Proprietary Limited (EMO) and East Rand Proprietary Mines Limited (ERPM) collectively had entered into an agreement to dispose of certain underground mining and prospecting rights held by ERPM, and certain other assets on the related mining areas, for an agreed consideration of R220 million. The carrying values of these assets and their related liabilities as at 30 June 2014 are outlined in note 16.

The disposal is subject to the fulfilment of various suspensive conditions including regulatory approvals required for disposals of this nature. A number of these suspensive conditions had not been fulfilled at the date of this report.

ADMINISTRATION AND CONTACT DETAILS

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

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Fax: +27 (0) 11 743 1544

DIRECTORS

Geoffrey Campbell*
Independent non-executive chairman [2, 3#, 4]

Niël Pretorius
Chief executive officer [4#, 5]

Anthon Meyer
Acting chief financial officer

Johan Holtzhausen
Independent non-executive director [1]

Robert Hume
Independent non-executive director [1#, 2, 3, 4]

Edmund Jeneker
Independent non-executive director
[1, 2#, 3, 4, 5#]

James Turk**
Independent non-executive director [1, 2, 4]

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

Euronext Brussels
IDRs
Share Code: DRD
BE0004520582

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, as well as the Euronext Brussels, in the form of International Depositary Receipts.

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

SHARE TRANSFER SECRETARIES

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United Kingdom
(and bearer office)
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Australia
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GENERAL

JSE sponsor
One Capital

Auditor
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 Committee*
2 *Member of the Remuneration Committee*
3 *Member of the Nominations Committee*
4 *Member of the Risk Committee*
5 *Member of the Social and Ethics Committee*

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