

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 of this Circular apply throughout this Circular including this cover page (unless the context indicates a contrary intention).

If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, accountant, attorney or other financial advisor.

If you have disposed of some or all of your ordinary shares in DRDGOLD, then this Circular should be handed to the purchaser of such shares or the Broker, CSDP, banker, accountant, attorney or other financial advisor.

Full details of the actions required by Shareholders or holders of any other documents of title in respect of DRDGOLD Shares are set out on page 2 of this Circular.



(Incorporated in the Republic of South Africa)
Registration number 1895/000926/06
JSE share code: DRD
ISIN: ZAE000058723
NYSE trading symbol: DRD
("DRDGOLD" or the "Company")

CIRCULAR TO DRDGOLD SHAREHOLDERS

relating to:

- the proposed acquisition by the Company of Khumo Gold SPV Proprietary Limited's 20% interest in Ergo Mining Operations Proprietary Limited in exchange for 35 000 000 new DRDGOLD ordinary shares; and
- the proposed acquisition by the Company of the DRDSA Empowerment Trust's 6% interest in Ergo Mining Operations Proprietary Limited in exchange for 10 500 000 new DRDGOLD ordinary shares,

and incorporating:

- a notice of general meeting; and
 - a form of proxy (*blue*) for use by Certificated Shareholders and "own-name" Dematerialised Shareholders only.
-

Corporate advisor and
sponsor to DRDGOLD

Corporate advisor
to Khumo

Independent expert

ONE CAPITAL AFTERGUARD



Attorneys

Tax attorneys

Reporting accountants

MALANSCHOLES
ATTORNEYS



KPMG
cutting through complexity

Date of issue: 6 May 2014

This Circular is available in English only. Copies may be obtained at the registered address of the Company and the Transfer Secretary whose details are set out in the "Corporate information and advisors" section of this Circular.

CORPORATE INFORMATION AND ADVISORS

Company secretary and registered office

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DRDGOLD Limited
Quadrum Office Park
1st Floor, Building 1
50 Constantia Boulevard
Constantia Kloof Ext 28
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South Africa
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Website

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Date and place of incorporation

16 February 1895
Pretoria, South Africa

Corporate Advisor and Sponsor to DRDGOLD

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Johannesburg
2196
South Africa
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Attorneys

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(Registration number 2006/028137/21)
East Building
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Houghton
Johannesburg
(Postnet Suite 324, Private Bag X1, Melrose Arch
Johannesburg, 2076)

Independent expert

PricewaterhouseCoopers Corporate Finance Proprietary Limited
(Registration number 1970/003711/07)
2 Eglin Road
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2157
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(Private Bag X36, Sunninghill, 2157)

Independent reporting accountants and auditors

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Corporate Advisor to Khumo

Afterguard Advisors Proprietary Limited
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Tax attorneys

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(Registration number 2006/018200/21)
150 West Street
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2196
(PO Box 783347, Sandton, 2146)

Transfer secretaries

South Africa

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(Registration number 2000/007239/07)
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Braamfontein
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Level 2
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ADR depositary

The Bank of New York Mellon
101 Barclay Street
New York
10286
United States of America
Tel: +1 212 815 8223
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French agents

CACEIS Corporate Trust
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Form of proxy (<i>blue</i>)	Attached

ACTION REQUIRED BY SHAREHOLDERS

The definitions commencing on page 5 of this Circular apply mutatis mutandis to this section.

This Circular is important and requires your immediate attention. If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, accountant, attorney or other financial advisor. If you have disposed of your Shares, this Circular should be forwarded to the purchaser of such Shares or the Broker, CSDP or other agent through whom the disposal was effected.

The General Meeting of Shareholders will be held at 09:00 on Friday, 27 June 2014 at the registered office of the Company, at Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof Ext 28, Roodepoort, 1709, South Africa, to consider and, if deemed fit, to pass the ordinary resolutions as set out in the Notice forming part of this Circular.

DRDGOLD preference shareholders may attend the General Meeting but are not entitled to vote.

Action required by Certificated Shareholders

- (i) You are entitled to attend and vote, or be represented by proxy, at the General Meeting.
- (ii) If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to the Transfer Secretary, Link Market Services South Africa (Proprietary) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, corner Biccard, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), emailed to: Meetfax@linkmarketservices.co.za or faxed to: 086 674 2450, to be received no later than 09:00 on Wednesday, 25 June 2014.

Action required by Dematerialised Shareholders

If you hold Dematerialised Shares other than with "own name" registration:

(i) Voting at the General Meeting

- Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter cast your vote in accordance with your instructions.
- If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish them with your voting instructions.
- If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- You must **not** complete the attached form of proxy (*blue*).

(ii) Attendance and representation at the General Meeting

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting and your Broker or CSDP will issue the necessary letter of representation to you to attend the General Meeting.

If you hold dematerialised shares with "own name" registration:

(i) Voting and attendance at the General Meeting

You may attend the General Meeting in person and may vote at the General Meeting.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions contained therein and returning it to the Transfer Secretary, to be received no later than 09:00 on Wednesday, 25 June 2014.

Holders of share warrants to bearer

The holder of a share warrant to bearer who wishes to attend or be represented at the General Meeting must deposit his share warrant at the bearer reception office of Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or must deposit his share warrant at the office of the French agents, CACEIS Corporate Trust, 14 rue Rouget de Lisle, 92862 Issy-les-Moulineaux, Cedex 9, France, in both cases no later than 48 hours before the date appointed for the holding of the General Meeting (which period excludes Saturdays, Sundays and public holidays) and shall otherwise comply with the "Conditions governing share warrants" currently in force. Thereupon a form of proxy or an attendance form under which such share warrant holder may be represented at the General Meeting shall be issued.

ADR holders

Holders of ADRs will receive forms of proxy printed by The Bank of New York Mellon, which should be completed and returned in accordance with the instructions printed on such forms of proxy. Beneficial holders who hold their ADRs in book entry form should receive their proxy card and voting instructions from their broker/s.

DRDGOLD does not take responsibility and will not be held liable for any failure on the part of a CSDP, nominee or Broker of a Shareholder holding dematerialised Shares to notify such shareholder of the General Meeting or any business to be conducted thereat, or to validly authorise a Shareholder to attend or vote thereat.

IMPORTANT DATES AND TIMES

2014

Record date for Shareholders in order to be eligible to receive this Circular	Friday, 25 April
Circular posted to Shareholders on	Tuesday, 6 May
Details of the General Meeting released on SENS on	Tuesday, 6 May
Documents available for inspection from	Wednesday, 7 May
Last day to trade in Shares in order to be eligible to participate in and vote at the General Meeting	Thursday, 12 June
Record date in order to be eligible to participate in and vote at the General Meeting	Friday, 20 June
Last day to lodge forms of proxy with the Transfer Secretary to vote at the General Meeting by 09:00 on (see note 4 below)	Wednesday, 25 June
General Meeting to be held at 09:00 on	Friday, 27 June
Results of General Meeting released on SENS on	Friday, 27 June

Notes:

1. These dates and times are subject to change. Any changes will be released on SENS.
2. All times given in this Circular are South African times.
3. Forms of proxy submitted for the General Meeting will remain valid in respect of any adjourned or postponed general meeting.
4. Any form of proxy not delivered to the Transfer Secretary by this time may be handed to the Chairperson of the General Meeting at any time before the appointed proxy exercises any of the Shareholder's rights at the General Meeting.

DEFINITIONS

In this Circular and its appendices, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column, the singular includes the plural and *vice versa* and words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other gender:

"ADR"	American Depositary Receipts;
"Agreements"	collectively, the Khumo Agreement and the Trust Agreement;
"Attorneys"	Malan Scholes Incorporated (registration number 2006/028137/21), a private company duly incorporated under the company laws of South Africa;
"BEE"	black economic empowerment;
"Blyvoor"	Blyvooruitzicht Gold Mining Company Limited (registration number 1937/009743/06), a public company incorporated in South Africa;
"Board"	the board of directors of DRDGOLD whose names are listed on page 10 of this Circular;
"Broker"	a "stockbroker" as defined in the Financial Markets Act;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"Certificated Shareholder"	a holder of certificated Shares, being Shares which have not yet been dematerialised in terms of Strate, title to which is represented by share certificates or other documents of title;
"Circular"	this Circular to Shareholders dated 6 May 2014 and all annexures thereto including the Notice and form of proxy;
"Closing Date"	the 10th business day following the Effective Date;
"Companies Act"	Companies Act, No 71 of 2008, as amended;
"Consideration Shares"	collectively, the Khumo Consideration Shares and the Trust Consideration Shares;
"Corporate Advisor and Sponsor"	One Capital Advisory Proprietary Limited, trading as One Capital (registration number 2009/021943/07), a private company duly incorporated under the company laws of South Africa;
"Corporate Advisor to Khumo"	Afterguard Advisors Proprietary Limited (registration number 2006/039121/07), a private company duly incorporated under the company laws of South Africa;
"CSDP"	a "participant" as defined in section 1 of the Financial Markets Act, being a person authorised by a licenced central depository to perform custody and administration services or settlement services or both in terms of the central depository rules;
"Deemed Dividend"	the formula used to account for dividends paid by DRDGOLD in the Reference Period, and is the total Rand value of dividends paid divided by the sum of the total number of shares in respect of which dividends are paid and the Khumo Consideration Shares;
"Dematerialised"	the process by which shares held by the holder of certificated shares are converted to and held in electronic form as uncertificated shares in terms of the Strate system and recorded in the sub-register of shareholders maintained by a CSDP;

“Dematerialised Shareholder”	a holder of Shares which have been incorporated into the Strate system and which are no longer evidenced by physical documents of title, the evidence of ownership of which is determined electronically;
“Distribution Amount”	the DRDGOLD Dividends Amount plus the LA Proceeds less the EMO Distributions Amount;
“DMR”	the Department of Mineral Resources;
“DRDGOLD” or “the Company” or “the Group”	DRDGOLD Limited (registration number 1895/000926/06), a public company duly registered and incorporated with limited liability under the company laws of South Africa, the entire issued share capital of which is listed on the JSE;
“DRDGOLD Dividends Amount”	the aggregate value, in respect of the Khumo Consideration Shares/ Trust Consideration Shares, of the dividends deemed to accrue to such shares during the Reference Period in accordance with the Deemed Dividend formula; and the interest deemed to have accrued on such Deemed Dividends assuming they were deposited in the Escrow Account from each relevant dividend’s payment date, payable in cash by DRDGOLD to Khumo and the DRDSA Trust on the Reference Period Calculation Date;
“DRDSA Trust”	the trustees for the time being of the DRDSA Empowerment Trust, a trust lodged with the Master of the High Court under reference number I/T2208/2008;
“Effective Date”	the date of the fulfilment or waiver, as the case may be, of the Suspensive Conditions;
“EMO”	Ergo Mining Operations Proprietary Limited (registration number 2005/033662/07), a private company duly incorporated under the company laws of South Africa;
“EMO Distributions Amount”	the aggregate amount of all cash Distributions declared and paid by EMO in respect of the Sale Shares during the Reference Period less any Tax payable by the Seller thereon;
“EPS”	earnings per share;
“ERGO”	Ergo Mining Proprietary Limited (registration number 2007/004886/07), a private company duly incorporated under the company laws of South Africa;
“Escrow Account”	individual separate interest-bearing trust accounts, each for the benefit of the Sellers;
“ERPM”	East Rand Proprietary Mines Limited (registration number 1893/000773/06), a public company duly incorporated under the company laws of South Africa;
“Exchange”	the securities exchange operated by the JSE;
“Financial Markets Act”	the Financial Markets Act, No 19 of 2012;
“General Meeting”	the general meeting of Shareholders to be held at 09:00 on Friday, 27 June 2014 at the registered office of the Company, at Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof Ext 28, Roodepoort, 1709, South Africa;
“HEPS”	headline earnings per share;
“Historically Disadvantaged Person”	a historically disadvantaged person as defined in section 1 of the MPRDA;
“IAS”	International Accounting Standard;

“Independent Expert” or “PwC”	PricewaterhouseCoopers Corporate Finance Proprietary Limited, registration number 1970/003711/07, a private company duly incorporated under the company laws of South Africa;
“Insolvency Condition”	the Suspensive Condition to the Transaction pursuant to which, subject to waiver or extension by DRDGOLD, by the third business day after the Effective Date, no Insolvency Event shall have occurred at EMO;
“Insolvency Event”	<p>an event which, as per the Agreement, shall be deemed to have occurred in relation to the EMO if:</p> <ul style="list-style-type: none"> – EMO is placed in liquidation, whether provisionally or finally, or enters into business rescue at the instance of any creditor or otherwise, compulsorily or voluntarily; or – any asset/s of EMO is/are attached under a writ of execution issued out of any court, and EMO fails, within 30 days of the date upon which such attachment came to the notice of EMO, to take the necessary steps to have such attachment set aside or thereafter fails to pursue such steps expeditiously and diligently; or – EMO adopts, or gives any notice, or takes any steps, to convene a meeting of its shareholders to adopt a resolution placing EMO in liquidation, whether provisional or final, or initiate business rescue proceedings; or – EMO makes or attempts to make or recommends a general offer of compromise with any or all of its creditors; or – the directors of EMO request the appointment of a liquidator or business rescue practitioner for EMO; or – EMO has any judgement or other award (“Judgement”) made against it and it fails to: <ul style="list-style-type: none"> (1) appeal against such Judgement (if such Judgement is appealable) or to apply for the rescission thereof (if such Judgement is a default Judgement) within the prescribed time limits or thereafter fails to prosecute such appeal or application expeditiously and diligently or ultimately fails in such appeal or application; or (2) satisfy such Judgement within 30 days after the date upon which it becomes aware thereof or, if it lodges an appeal or application referred to in (1) above within the prescribed time limits, within three days after any other event referred to in (1) above; or – EMO is insolvent or is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due; or – EMO becomes financially distressed within the meaning of the term as defined in the Companies Act; or – EMO makes or attempts to make any disposition of, or removes any of, its property or assets with the intent of or in circumstances which would have the effect of prejudicing its creditors or preferring one creditor over another; or – EMO has received any application for, or any written statement of an intention to seek, the liquidation of EMO and such application or statement is not merely frivolous or vexatious;

“JSE”	JSE Limited (registration number 2005/022939/06), a private company duly incorporated under the company laws of South Africa and licenced to operate an exchange under the Financial Markets Act;
“Khumo”	Khumo Gold SPV Proprietary Limited;
“Khumo Acquisition”	the acquisition by the Company of 200 000 EMO ordinary shares from Khumo and all Khumo’s claims against EMO in exchange for the Khumo Consideration Shares;
“Khumo Agreement”	the formal signed share sale and subscription agreement, and all addenda thereto dated 17 March 2014, entered into between DRDGOLD and Khumo regarding the Khumo Acquisition;
“Khumo Consideration Shares”	35 000 000 new issued DRDGOLD Shares;
“LA”	letter of allocation;
“LA Proceeds”	in the event that DRDGOLD implements a rights offer which closes during the Reference Period, an aggregate cash amount to be paid by the Company to the Sellers, equal to: <ul style="list-style-type: none"> – the VWAP of an LA, for the relevant period that LAs were trading during the relevant rights offer, – multiplied by the number of LAs that the Sellers would have received had the Khumo Consideration Shares and the Trust Consideration Shares been issued and allotted to the Sellers on the Signature Date;
“Last Practicable Date”	30 April 2014, being the last practicable date before finalisation of this Circular;
“Listings Requirements”	The JSE Listings Requirements, as amended from time to time;
“Lock-In Period”	the three-year period, from the Closing Date, within which Khumo and the DRDSA Trust shall be prevented from disposing of or creating any encumbrance over the Consideration Shares;
“Minister”	the Minister of Mineral Resources of South Africa and shall include any official in the DMR to which the Minister has delegated her authority to administer any of the provisions of the MPRDA;
“MOI”	Memorandum of Incorporation;
“MPRDA”	Mineral and Petroleum Resources Development Act, 28 of 2002, as amended by the Mineral and Petroleum Resources Development Amendment Act, 49 of 2008;
“NAV”	net asset value;
“NTAV”	net tangible asset value;
“Notice”	the Notice of General Meeting forming part of this Circular;
“Reference Period”	the period between the Signature Date and the Closing Date;
“Reference Period Calculation Date”	the 20th business day after the end of the Reference Period;
“Reporting Accountants”	KPMG Inc. (registration number 1999/021543/21), a company duly incorporated in accordance with the laws of South Africa;
“Section 102 Consents”	the required consents from the Minister pursuant to the provisions of section 102 of the MPRDA, to amend the terms of the mining and/or prospecting rights currently held by EMO and its subsidiaries to reflect the terms of the Transaction;

"SENS"	the stock exchange news service of the JSE;
"Sale Shares"	260 000 EMO ordinary shares;
"Shareholders"	holders of Shares;
"Sellers"	collectively, Khumo and the DRDSA Trust;
"Share"	an ordinary share of no par value in the share capital of DRDGOLD;
"Signature Date"	the date of signature of the Agreements by the last of its signatories, this being Monday, 17 March 2014;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of South Africa, licensed to operate a central securities depository in terms of the Financial Markets Act;
"Suspensive Conditions"	the suspensive conditions to the Transaction, as set out in paragraph 3.2 of this Circular;
"Tax"	any tax, duty, levy, surcharge or imposition of any nature whatever, and any penalties or interest payable in respect thereof, which may be lawfully imposed under the laws of South Africa, including secondary tax on companies and any tax on dividends;
"Tax attorneys"	Edward Nathan Sonnenbergs Incorporated (registration number 2006/018200/21), a limited liability company duly registered and incorporated under the company laws of South Africa;
"Transaction"	collectively, the Khumo Acquisition and the Trust Acquisition;
"Transfer Secretary"	Link Market Services South Africa (Proprietary) Limited (registration number 2000/007239/07), a private company duly registered and incorporated under the company laws of South Africa;
"Trust Acquisition"	the acquisition by the Company of 60 000 EMO ordinary shares from the DRDSA Trust and all the DRDSA Trust's claims against EMO in exchange for the Trust Consideration Shares;
"Trust Agreement"	the formal signed share sale and subscription agreement, and all addenda thereto dated 17 March 2014, entered into between DRDGOLD and the DRDSA Trust regarding the Trust Acquisition;
"Trust Consideration Shares"	10 500 000 new issued DRDGOLD Shares;
"VWAP"	volume weighted average price; and
"ZAR" or "Rand" or "R"	South African Rand.



(Incorporated in the Republic of South Africa)
Registration number 1895/000926/06
JSE share code: DRD
ISIN: ZAE000058723
NYSE trading symbol: DRD

Directors

GC Campbell* (*Non-executive chairman*) (*British*)

DJ Pretorius (*Chief executive officer*)

FD van der Westhuizen (*Chief financial officer*)

RP Hume*

EA Jeneker*

J Turk* (*American*)

**Independent*

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

DRDGOLD is a mid-tier, unhedged gold producer and a world leader in surface gold tailings retreatment. The Company is structured in a way that has the majority of its operations housed in its operating subsidiary, EMO. DRDGOLD currently owns 74% of the issued share capital of EMO.

Khumo holds a 20% interest in the issued share capital of EMO comprising 200 000 EMO ordinary shares. The remaining 6% (60 000 EMO shares) of EMO's issued share capital is owned by the DRDSA Trust.

On Monday, 17 March 2014, DRDGOLD entered into the Khumo Agreement with Khumo, the Company's black economic empowerment partner, to acquire Khumo's 20% interest in the issued share capital of EMO and all its claims against EMO in exchange for 35 000 000 new DRDGOLD Shares.

DRDGOLD also simultaneously entered into the Trust Agreement with the DRDSA Trust, EMO's broad-based empowerment shareholder, to acquire its 6% interest in the issued share capital of EMO and all its claims against EMO in exchange for 10 500 000 new DRDGOLD Shares.

The Khumo Acquisition and the Trust Acquisition collectively comprise the Transaction; however, the Khumo Acquisition is not dependent on the successful completion of the Trust Acquisition whereas the Trust Acquisition is conditional upon the successful completion of the Khumo Acquisition. In the event that it is successfully implemented, the Transaction will represent a valid opportunity for all its participants to benefit from:

- the achievement of a tangible and sustainable value realisation mechanism by DRDGOLD's BEE partners after the expiry of a three-year lock-in period;
- the introduction of further operational and capital management flexibility for DRDGOLD over its core business; whilst
- ensuring regulatory compliance and certainty in respect of the Group's existing mining rights.

The purpose of this Circular is to provide Shareholders with the relevant information relating to the Transaction and the implications thereof so as to enable them to make an informed decision as to whether or not they should vote in favour of the ordinary resolutions necessary to authorise the Company to implement the Transaction.

In accordance with the Listings Requirements, the Transaction is Categorised as a category 2 transaction and the Khumo Acquisition is classified as a related party transaction. The related party relationships pertaining to the Khumo Acquisition are more fully described in paragraph 6 of this Circular.

2. RATIONALE FOR THE TRANSACTION

Khumo and the DRDSA Trust have been DRDGOLD's BEE partners since 2005 and 2006 respectively, and, save for certain pre-emptive rights in favour of the other EMO shareholders, their respective interests in EMO are unencumbered and freely transferable. Furthermore, EMO controls DRDGOLD's operations through its wholly owned subsidiaries Ergo and ERPM thereby providing Khumo and the DRDSA Trust with control over and a beneficial interest in 26% of the Company's operations.

In light of the above, DRDGOLD proposes the Transaction for the following reasons:

- The Transaction remains subject to obtaining the requisite Section 102 Consents. The successful procurement of the Section 102 Consents will ensure that the mining and prospecting rights currently held by the DRDGOLD group shall not be compromised as a result of any dilution in the BEE ownership credentials of EMO and/or DRDGOLD.
- Implementation of the Transaction will result in DRDGOLD acquiring the entire issued share capital of EMO thereby providing DRDGOLD with unfettered control over EMO and its operations and cash flow. Furthermore, assuming that the Transaction is successfully implemented, all cash distributions paid by EMO after the Signature Date shall accrue for DRDGOLD's benefit furthering its ability to efficiently manage capital within its corporate/operating structures.
- 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.
- Khumo and the DRDSA Trust have both agreed to the lock-in period which provides increased certainty regarding their continued participation as DRDGOLD's BEE partners.
- The Transaction presents an opportunity to provide Khumo and the DRDSA Trust with the ability to realise the value of their interests in EMO on the Exchange which is a liquid market and most likely to provide fair value, thereby furthering the objectives of BEE in South Africa.

3. DETAILS OF THE TRANSACTION

3.1 Salient information on EMO

EMO owns the following operations on behalf of DRDGOLD:

- 100% of Ergo, being DRDGOLD's gold recovery/tailings retreatment operations comprising a series of metallurgical plants and pipelines on the central and eastern Witwatersrand of South Africa. The consolidated Ergo operation processes approximately 2 million tonnes of gold bearing material per month; and
- 100% of ERPM, which holds gold exploration assets together with certain small scale gold mining/recovery operations which have been or are in the process of being placed on care and maintenance or disposed of by DRDGOLD.

3.2 Suspensive Conditions

The Khumo Acquisition remains subject to the fulfilment or, as the case may be, waiver of the following suspensive conditions namely that:

- by no later than 2 June 2014, all the necessary approvals for entering into and completing the Transaction must be obtained from the Issuer Regulation Division of the JSE in terms of the Listings Requirements, other than any approval related to the listing of the Consideration Shares on the Exchange;
- by no later than 15 July 2014, Shareholders and the Khumo shareholders pass all resolutions and otherwise give all approvals necessary to approve the entering into of the Agreements and the implementation of the Transaction;
- on the first anniversary of the Signature Date, the Section 102 Consents are granted and are unconditional or subject to conditions acceptable to DRDGOLD;
- the Insolvency Condition; and
- on the third business day following the fulfilment of the Suspensive Conditions the JSE grants all approvals necessary for the listing of the Khumo Consideration Shares on the Exchange.

The Trust Acquisition is subject to, *mutatis mutandis*, the suspensive conditions to the Khumo Acquisition (as listed above) however, the Trust Acquisition is subject to the further suspensive condition that the Khumo Acquisition becomes unconditional. Accordingly, the Trust Acquisition is conditional upon the implementation of the Khumo Acquisition.

DRDGOLD is entitled to waive the Insolvency Condition. None of the other Suspensive Conditions are capable of waiver. Furthermore, DRDGOLD has the once-off right to extend the date for fulfilment of each of the Suspensive Conditions for a period of up to 60 days.

3.3 Purchase consideration

The purchase consideration:

- in relation to the Khumo Acquisition, is an amount of R147 000 000 and will be settled by the issue and allotment of the Khumo Consideration Shares; and
- in relation to the Trust Acquisition is an amount of R44 100 000 and will be settled by the issue and allotment of the Trust Consideration Shares;

on the Closing Date.

The Consideration Shares will be issued at a price of R4.20, on the Closing Date, at which point the EMO interests will transfer into the name of DRDGOLD.

In order to ensure that the value of the Khumo Consideration Shares, Trust Consideration Shares and Sale Shares is retained throughout the Reference Period, the Agreements provide for the following cash payments in addition to the purchase considerations above:

- All cash distributions paid by EMO in respect of the Sale Shares during the Reference Period ("**EMO Distributions Amount**") will be paid into an interest-bearing escrow account for the benefit of DRDGOLD. The EMO Distributions Amount and the interest accrued thereon shall be paid from the Escrow Account to DRDGOLD on the Reference Period Calculation Date.
- In the event that DRDGOLD pays cash dividends during the Reference Period, for each relevant dividend declaration, the following formula will be used to calculate the dividends that will be deemed to accrue separately to each of the Khumo Consideration Shares and the Trust Consideration Shares:

$$\text{Deemed Dividend} = \frac{\text{Total Rand value of dividends paid}}{\text{Total number of shares in respect of which dividends are paid + the Khumo Consideration Shares}}$$

- The "**DRDGOLD Dividends Amount**" in respect of the Khumo Consideration Shares and/or the Trust Consideration Shares shall equal the aggregate value of:
 - the dividends deemed to accrue to such shares during the Reference Period in accordance with the formula presented above; and
 - the interest deemed to have accrued on such Deemed Dividends assuming they were deposited in the Escrow Account from each relevant dividend's payment date, payable in cash by DRDGOLD to Khumo and the DRDSA Trust on the Reference Period Calculation Date.
- In the event that DRDGOLD implements a rights offer which closes during the Reference Period, DRDGOLD shall, on the Closing Date, pay each of Khumo and the DRDSA Trust an aggregate amount ("**LA Proceeds**"), in cash, equal to the volume weighted average price of a letter of allocation for the relevant period that LAs were trading during the relevant rights offer multiplied by the number of LAs that they would have received, had the Khumo Consideration Shares and the Trust Consideration Shares, respectively. This shall be calculated using the unadjusted relevant rights offer ratio per Share as published on SENS at that time.
- The DRDGOLD Dividends Amount plus the LA Proceeds less the EMO Distributions Amount shall equal the "**Distribution Amount**".
- If the Distribution Amount is calculated to be a positive number that:
 - in relation to the Khumo Acquisition, exceeds R20 000 000, then the Distribution Amount shall be limited to R20 000 000 by first reducing the DRDGOLD Dividends Amount and secondly reducing the LA Proceeds, in aggregate, by such amount/s as is required to reduce the Distribution Amount to R20 000 000; and

- in relation to the Trust Acquisition, exceeds R6 000 000, then the Distribution Amount shall be limited to R6 000 000, then the Distribution Amount shall be limited to R6 000 000 by first reducing the DRDGOLD Dividends Amount and secondly reducing the LA Proceeds, in aggregate, by such amount/s as is required to reduce the Distribution Amount to R6 000 000.

3.4 Lock-in period

Both Khumo and the DRDSA Trust shall, in accordance with the Transaction Agreements, be prevented from disposing of or creating any encumbrance over their DRDGOLD shares received pursuant to the Transaction for a period of three years from the Closing Date.

3.5 Section 102 Consent

EMO and its subsidiaries, will be required (with the cooperation of DRDGOLD and Khumo) to complete and lodge with the DMR, applications for the Section 102 Consents from the Minister, to amend the terms of the existing mining rights and prospecting rights to reflect the relevant terms of the Transaction, prior to the implementation of the Transaction. It is anticipated that it will take between six to 12 months to obtain such Section 102 Consents.

3.6 Warranties

The Transaction is subject to limited warranties that are normal for a transaction of this nature. In addition, for the duration of the Reference Period, the Sellers warrant to DRDGOLD that:

- they are the sole beneficial owner of the Sale Shares and no third party has any right, title or interest of whatsoever nature in and to the Sale Shares;
- they will not dispose of or create any encumbrance over any of the Sale Shares to any other party other than DRDGOLD and the Sellers are able and entitled to transfer to DRDGOLD, free and unencumbered ownership of the Sale Shares;
- the Sale Shares constitute 100% of the shares held by the Sellers in the issued share capital of EMO;
- they shall not subscribe for or acquire any shares in the issued share capital of the EMO or enter into any agreement to do so;
- they shall irrevocably support the grant of all approvals of the Transaction that may be required under all applicable laws, in particular the Section 102 Consents;
- they shall, after having made due enquiry, not make any false or misleading statements, representations or otherwise in relation to any matters pertaining to the Section 102 Consents to the Company, EMO or any other party, including the Minister, the DMR and its representatives and/or employees;
- they shall continue to qualify as Historically Disadvantaged Persons; and
- they shall not advance any funds on shareholders' loan account or otherwise to EMO.

4. FINANCIAL EFFECTS

The table below sets out the *pro forma* financial effects of the Transaction on DRDGOLD's earnings per share, headline earnings per share, net asset value, net tangible asset value per share, diluted EPS and diluted HEPS as disclosed in the unreviewed results of the Company for the six-month period ended 31 December 2013.

The *pro forma* financial effects are the responsibility of the Board and have been prepared for illustrative purposes only to provide information about how the Transaction may impact Shareholders at the relevant reporting dates and because of their nature may not give a fair reflection of the Company's financial position, changes in equity, results of operations or cash flows or future earnings after the Transaction has been implemented.

The *pro forma* financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the audited, published financial statements of DRDGOLD for the year ended 30 June 2013.

	Before the Transaction (Rm) (i)	After the Khumo Acquisition (Rm) (ii) (iii)	Change after the Khumo Acquisition	After the Transaction	Change from the "Before the Transaction" column to after the Transaction
	(cents)	(cents)	(%)	(cents)	(%)
EPS	(4.0)	(5.8)	(45.0)	(6.1)	(52.5)
HEPS	(3.0)	(4.5)	(50.0)	(4.9)	(63.3)
Diluted EPS	(4.0)	(5.8)	(45.0)	(6.1)	(52.5)
Diluted HEPS	(3.0)	(4.5)	(50.0)	(4.9)	(63.3)
NAV per share	351.4	360.2	2.5	362.7	3.2
NTAV per share	351.4	360.2	2.5	362.7	3.2
Number of shares in issue	385 383 767	420 383 767	9.1	430 883 767	11.8
Weighted average number of shares in issue	379 190 980	414 190 980	9.2	424 690 980	12.0

Assumptions and notes:

- The figures included in the "Before the Transaction" column have been extracted without adjustment from the unreviewed financial results of DRDGOLD for the six months ended 31 December 2013.
- Acquisition of the 200 000 EMO shares held by Khumo representing 20% of the total 26% non-controlling interest by issuing 35 000 000 new Shares at an average price of R4.20 per Share. The Khumo Acquisition is accounted for as a transaction with owners in their capacity as owners in accordance with paragraph 23 of IFRS 10, *Consolidated Financial Statements*. The difference of R16.2 million between the carrying value of the non-controlling interest and the purchase consideration is accounted for in equity. Khumo has no loan claims against EMO.
- Transaction costs have been accounted for as a deduction from equity in accordance with paragraph 35 of IAS32, *Financial Instruments: Presentation* and amount to R3.5 million. The transaction costs are not deductible for tax purposes, being of a capital nature.
- Acquisition of the 60 000 EMO shares held by the DRDSA Trust representing 6% of the total 26% non-controlling interest by issuing 10 500 000 new Shares at an average price of R4.20 per Share. The acquisition is accounted for as a transaction with owners in their capacity as owners in accordance with paragraph 23 of IFRS 10, *Consolidated Financial Statements*. The difference of R4.9 million between the carrying value of the non-controlling interest and the purchase consideration is accounted for in equity. The DRDSA Trust has no loan claims against EMO.
- All adjustments with the exception of transaction costs are expected to have a continuing impact on DRDGOLD.

The Reporting Accountants' reasonable assurance report, relating to the *pro forma* consolidated statements of profit and loss and other comprehensive income and *pro forma* condensed consolidated statement of financial position provided in Annexure 2 is set out in Annexure 3 to this Circular.

5. MAJOR SHAREHOLDERS

As at the Last Practicable Date, insofar as is known to the Board, the following Shareholders (excluding directors) directly or indirectly, are beneficially interested in 5% or more of the issued share capital of DRDGOLD:

Shareholder	Number of shares	%
Total Shares* held as ADRs by the Bank of New York Mellon	192 515 029	49.95
<i>Individual ADR shareholdings* exceeding 5% of the total issued share capital of DRDGOLD (included in the above total)</i>		
– Skagen AS	36 422 880	9.45
– Van Eck Associates Corp.	32 079 130	8.32
Soges Fiducem SA	22 168 744	5.75
Total	214 683 773	55.71

*1 ADR = 10 Shares

6. RELATED PARTY AND VOTING

Khumo owns in excess of 10% of EMO's issued share capital and EMO is a subsidiary of DRDGOLD, making Khumo a material shareholder as per section 10.1(b)(i) of the Listings Requirements.

Furthermore, Dr Paseka Ncholo is a director of EMO. He is also the controlling shareholder of Khumo Bathong Gold (Pty) Ltd, of which Khumo is a wholly owned subsidiary. Accordingly, Dr Paseka Ncholo is classified, in accordance with the Listings Requirements, as a related party to Khumo.

The Khumo Acquisition is therefore, in terms of the Listings Requirements, classified as a related party transaction requiring Shareholder approval by way of a majority vote on an ordinary resolution (as set out in the Notice attached to this Circular). Any Shares held by Khumo or Dr Paseka Ncholo, will not be entitled to vote at the General Meeting.

However, the presence and votes of the related party Shareholders referred above will be taken into account in determining the quorum for the General Meeting.

7. FAIRNESS OPINION

Furthermore, in terms of the Listings Requirements, it is required that the Company appoints an independent expert acceptable to the JSE to opine on the fairness of the Khumo Acquisition. The Board has appointed PWC as the independent expert, to provide the independent fairness opinion. They are of the opinion that the terms and conditions of the Transaction are fair to shareholders. PWC's opinion in this regard is set out in Annexure 1 of this Circular.

8. LITIGATION

In the 12 months preceding the date of this Circular, the following legal proceedings arose or remain pending for the Group:

8.1 Litigation regarding environmental issues

On 2 August 2006 and 4 September 2006, two virtually identical applications were brought against DRDGOLD and its directors for relief under the MPRDA by the Legal Resources Centre on behalf of the residents of two communities, Davidsonville and Kagiso, who reside adjacent to tailings deposition sites of the now dormant Durban Roodepoort Deep mine and of West Witwatersrand mine, respectively. While no financial compensation is sought, the communities are seeking orders for the revision of the environmental management programmes of both sites, and for the sites to be rehabilitated and closed in accordance with standards of the MPRDA. DRDGOLD has filed its Appearance to Defend and Answering Affidavits in respect of both matters in the High Court. The responsibility rests with the respondents' attorneys to either apply to court for a date of hearing or file replying affidavits. In these two cases, no specific amount was claimed, therefore there cannot be any outflow of resources embodying economic benefits.

8.2 Lawsuit by French shareholders

In August 2008 the company received by post a summons issued in the Tribunal De Grande Instance (District Court) of Paris by the Association for the Defence of the Shareholders of East Rand ("**the Association**") against Ergo Mining Operations Proprietary Limited.

The claim is based on the following allegations:

- a. that the members of the Association were shareholders of ERPM;
- b. that the non-audited ERPM results of the six-month period from July to December 1998 were misleading regarding the "healthiness" of ERPM prior to its winding up in 1999;
- c. that the 1999 liquidation of ERPM was fraudulently approved by 15% of shareholders who were representatives of the South African state against the interests of French shareholders; and
- d. that the subsequent scheme of arrangement to remove ERPM from liquidation in 1999 was approved by 15% of shareholders without consultation with French shareholders.

On the basis of these allegations, the Association is claiming a payment of €5 million for damages, €10 000 for costs and costs of suit. EMO has raised the point that the French courts lack jurisdiction to hear the matter and also filed its defences on the merits of the case. On 24 May 2011 the court refused the Association's application for postponement and the case was struck off the roll. In view of the fact that a period of more than two years has passed since the case was struck off the roll, the proceedings have lapsed. The probability that an outflow of resources embodying economic benefits will be required to settle the obligation is remote.

8.3 **Claim for alleged damages at Blyvooruitzicht Gold Mining Company Limited**

Duffuel Proprietary Limited and Paul Frederick Potgieter are suing DRDGOLD, EMO, Blyvoor and the latter's directors for alleged pollution of peat reserves which they claim to sell to the mushroom industry. The following amounts are claimed against DRDGOLD, EMO, Blyvoor and the latter's directors:

- a. R41 051 000 for loss of peat reserves;
- b. R23 657 910 for removal and transportation of the polluted peat;
- c. R2 025 000 for required permits and authorisations;
- d. R1 650 000 for installation of pipelines; and
- e. R192 000 for importation of water.

The defendants are defending this action and a plea setting out the basis of our defence has been filed at court. The parties will now apply to court for a date of hearing. An investigation conducted so far in this matter indicates that the probability of an outflow of resources is remote. The plaintiffs withdrew the action against all defendants.

8.4 **Action by Ekurhuleni Municipality**

The Ekurhuleni Municipality has brought an action against ERPM claiming an amount of R42 million, which increased to an amount of approximately R54 million as at 13 May 2013, in respect of outstanding rates and taxes which are allegedly owing. 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 the probability of an outflow of resources is not probable.

8.5 **Silicosis litigation**

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.

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.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of DRDGOLD, whose names are set out on page 10 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by law and the Listings Requirements.

None of the directors of DRDGOLD have any beneficial interest in the Transaction, or have or will have their remuneration varied as a result of the Transaction.

10. MATERIAL CHANGES

There has been no material change in the financial or trading position of the Company since the publication of the audited annual financial statements of the Company for the year ended 30 June 2013.

Notwithstanding the above, on 4 April 2014, the Company published an announcement on SENS regarding the status of its newly developed flotation and fine grind circuit ("**FFG**"). The FFG has been installed at the Company's Ergo operation and involves the introduction of a flotation circuit, a set of fine grind mills and a cyanide leach and carbon in pulp circuit. Readers of this Circular are encouraged to read the aforementioned announcement in terms of which the Company advised its shareholders that the commissioning of the FFG has been temporarily delayed as a result of metallurgical issues which is expected to be resolved in coming months. The impact of this delay in the commissioning of the FFG on the financial or trading position of DRDGOLD will only be established once the FFG is recommissioned.

11. MATERIAL CONTRACTS

Other than the agreements detailed below, DRDGOLD has not entered into any material agreements, other than in the ordinary course of business during the two years preceding the date of this Circular or at any time which contain an obligation or settlement that is material to the Company, at the date of this Circular:

- ZAR2 000 000 000 Domestic Medium Term and High Yield Note Programme ("**DMTN Programme**") agreement entered into between DRDGOLD ("**Issuer**"), Crown Gold Recoveries Proprietary Limited ("**Crown**"), ERPM, EMO, Ergo and ABSA Bank Limited ("**ABSA**") dated 30 June 2012.

Under this agreement the Issuer may from time to time issue loan notes to certain investors. The maximum aggregate nominal amount of all such notes from time to time outstanding under the DMTN Programme may not exceed R2 000 000 000 (two billion South African Rand). Crown, ERPM, EMO and Ergo ("**Guarantors**") are joint and several guarantors in favour of the Issuer. The Guarantors guarantee to the holders of the notes the due and punctual performance by the Issuer of its payment obligations under the DMTN Programme. The notes may be listed on the JSE. ABSA Capital, a division of ABSA, has been appointed dealer and arranger of the notes.

- Sale of Shares and Claims Agreement entered into by Village Main Reef Limited ("**Village**"), DRDGOLD ("**Seller**"), Business Venture Investments No 1557 Proprietary Limited ("**Purchaser**") and Blyvooruitzicht Gold Mining Company Limited dated 11 February 2012.

Under this agreement the Seller agreed to sell its entire shareholding in Blyvoor and its working capital and shareholder loan claims against Blyvoor to the Purchaser. The purchase consideration is discharged by Village through the issue of 85 714 286 new ordinary shares in Village.

- Sale of Interest Agreement between DRDGOLD and Ergo Mining Proprietary Limited dated 29 June 2012.

Under this agreement DRDGOLD sells and Ergo purchases DRDGOLD's 35% participation interest in the assets and liabilities of the unincorporated joint venture, called ErgoGold (previously called the Elsburg JV), between DRDGOLD and ERPM. The purchase price payable is R200 000 000 (two hundred million South African Rand). The purchase price was advanced by DRDGOLD to Ergo on loan account.

- Restructuring Agreements entered into by Crown, ERPM and Ergo, dated 29 June 2012. These restructuring agreements provided as follows:
 - Crown sells, as a going concern, all its mining assets and mining and prospecting rights and certain liabilities to Ergo, in exchange for shares in Ergo ("**Crown Disposal**");
 - ERPM sells, as a going concern, all its surface mining assets and its 65% interest in ErgoGold to Ergo and its mining right, in exchange for shares in Ergo ("**ERPM Disposal**");
 - once the Crown Disposal has been completed, Crown will distribute its entire holding in Ergo to its sole shareholder, EMO; and
 - once the ERPM Disposal has been completed, ERPM will distribute its entire holding in Ergo to its sole shareholder, EMO.
- Heads of Agreement entered into by Trans-Caledon Tunnel Authority ("**TCTA**"), EMO, ERPM and Crown Gold Recoveries Proprietary Limited ("**CGR**") (collectively CGR, EMO and ERPM are called "**the Ergo Group**") dated 28 November 2012.

Under this agreement the Ergo Group grants TCTA access to land for the construction of a water treatment plant, access to the South West Vertical Shaft of ERPM to construct and operate a pump station to pump the acid mine drainage ("**AMD**") to surface, the right to construct a sludge pipeline using servitudes owned by the Ergo Group members, shared use of an Ergo Group residue pipeline and partial use of the Ergo tailings dams for the deposition of up to 4 167 m³ of sludge per day, emanating from the water treatment plant. EMO has an option to acquire from TCTA, for its operations up to 30 mega litres of untreated or partially treated AMD per day.

12. **OPINION AND RECOMMENDATION**

The Board has considered the terms and conditions of the Transaction as well as PWC's fairness opinion that the Khumo Acquisition is fair to Shareholders. The Board is of the opinion that the Transaction is fair to all Shareholders. Accordingly, the Board recommends that Shareholders vote in favour of the ordinary resolutions proposed at the General Meeting. The directors of DRDGOLD who hold Shares intend on voting in favour of the Transaction.

13. **CONSENTS**

The Corporate Advisor and Sponsor, Reporting Accountants, Attorneys, Tax Attorneys, Independent Expert and Transfer Secretaries have all given, and have not withdrawn, their written consents, prior to publication of this Circular, for their names to be stated in their respective capacities.

The Reporting Accountants and Independent Expert have consented in writing to the inclusion of their reports and/or opinions in this Circular in the form and context in which they appear and have not withdrawn such consents prior to the publication of this Circular.

14. **GENERAL MEETING**

In compliance with the provisions of the Listings Requirements, a General Meeting of shareholders will be convened to consider the ordinary resolutions necessary to approve the Transaction.

The General Meeting of shareholders will be held at 09:00 on Friday, 27 June 2014 at the registered office of the Company, at Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof Ext 28, Roodepoort, 1709, South Africa.

A notice convening the General Meeting is included in and forms part of this Circular. Details relating to the determination of the quorum and restrictions relating to voting at the General Meeting are set out in paragraph 6 above.

15. PRELIMINARY EXPENSES

The estimated costs related to the Transaction, excluding VAT, are detailed below:

Description	Estimated cost (R)
Independent Expert	525 000
Attorneys	400 000
Tax Attorneys	72 000
Reporting Accountants	75 000
Corporate Advisor and Sponsor*	1 250 000
Afterguard advisory costs	900 000
Ince (Pty) Limited – printing and distribution costs	162 508
JSE documentation fees	14 217
JSE listing fees	101 275
Total	3 500 000

**Acting under a single mandate for purposes of this Transaction*

16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection by Shareholders at the registered office of the Company during normal business hours on Business Days from the date of this Circular up to and including the date of the General Meeting:

- the MOI of DRDGOLD, its subsidiaries and EMO;
- the Agreements;
- the EMO shareholder's agreement;
- the service contracts of the executive directors of DRDGOLD;
- the most recent competent person's report for DRDGOLD dated 30 June 2013;
- the material contracts referred to in paragraph 11 above;
- the letters of consent referred to in paragraph 13 above;
- the fairness opinion dated 24 April 2014 as issued by PwC;
- a signed copy of this Circular;
- audited financial statements for DRDGOLD and EMO for the years ended 30 June 2011, 2012 and 2013; and
- the Reporting Accountants' reasonable assurance report on the *pro forma* financial effects included in this Circular.

Duly authorised on behalf of the Board

DRDGOLD Limited

DJ Pretorius

Roodepoort

6 May 2014

FAIRNESS OPINION

The Directors
DRDGOLD Limited
Quadrum Office Park
1st Floor, Building 1
50 Constantia Boulevard
Constantia Kloof Ext. 28
Roodepoort, 1709
South Africa

24 April 2014

Dear Directors

Fairness opinion in terms of the JSE Limited's Listings Requirements on the proposed sale by Khumo Gold SPV Proprietary Limited of its 20% interest in Ergo Mining Operations Proprietary Limited to DRDGOLD Limited

1. INTRODUCTION

DRDGOLD Limited ("**DRDGOLD**"), Khumo Gold SPV Proprietary Limited ("**Khumo**") and the DRDSA Empowerment Trust ("**DRDSA Trust**") are the equity shareholders in Ergo Mining Operations Proprietary Limited ("**EMO**") with 74%, 20% and 6% interests respectively. Khumo is DRDGOLD's black economic empowerment partner in EMO.

DRDGOLD has agreed to acquire Khumo's equity interest in EMO in exchange for new ordinary shares in DRDGOLD (the "**Proposed Transaction**"). DRDGOLD has further entered into an agreement to acquire on the same terms and conditions the interest held by the DRDSA Trust. The consideration for the acquisitions will be settled by the issue of 35 000 000 new DRDGOLD shares to Khumo and 10 500 000 new shares to the DRDSA Trust.

The terms of the Proposed Transaction were agreed by DRDGOLD and Khumo in the Share Sale and Subscription Agreement signed by both parties on 17 March 2014.

In terms of JSE Limited's ("**JSE**") Listings Requirements Rule 10.1(a), a related party transaction is taken to *include a transaction as contemplated in section 9 of the JSE Listings Requirements between an issuer and a related party where related party includes "a material shareholder" (Rule 10.1(b))*.

By virtue of its 20% equity stake in EMO, Khumo is considered to be a related party to the Proposed Transaction.

As a result of the proposed related party transaction, DRDGOLD is required, in terms of Rule 10.4(f) of the JSE Listings Requirements, to obtain a fairness opinion from an independent expert for inclusion in the circular to shareholders in connection with the Proposed Transaction.

The board of directors of DRDGOLD ("**the Board**") has therefore requested PricewaterhouseCoopers Corporate Finance Proprietary Limited ("**PwC**") to act as independent professional expert in terms of the JSE Listings Requirements relating to the Proposed Transaction to provide an opinion as to whether the terms and conditions of the Proposed Transaction are fair as far as the DRDGOLD shareholders are concerned.

We understand that the results of our work will be used by the Board to satisfy the requirements of the JSE Listings Requirements.

2. DEFINITION OF FAIR

Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion.

A transaction would generally be considered fair from the perspective of the buyer if the consideration payable by the purchaser to the seller is equal to, or less than the Market Value of the assets purchased. Fairness is primarily based on quantitative issues. The Proposed Transaction will be considered fair if the purchase consideration is considered to be equal to or less than the Market Value of the interest being acquired.

This fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders subject to the transaction. A shareholder's decision regarding fairness of the terms of the Proposed Transaction may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the transaction, considering his/her personal circumstances.

3. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from DRDGOLD's management and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our indicative valuation include:

- selected macro-economic analysis and forecasts from various South African and international banks and research institutions;
- selected publicly available information relating to the industry in which EMO operates obtained from DRDGOLD's management and public sources;
- consolidated audited financial information for the year ended 30 June 2013 and consolidated unaudited financial information for the half-year ended 31 December 2013 (also the Valuation date) for both EMO and DRDGOLD respectively;
- DRDGOLD's Integrated Report 2013 and Sustainable Development Report 2013;
- EMO's consolidated Life of Mine forecasts for FY2014 to FY2022 dated December 2013 prepared by Management and the geological (competent person) report at 30 June 2013;
- EMO Budget for FY2014 and revised forecasts, in line with the six months actuals to 31 December 2013 and balance sheet position at 31 December 2013, dated January 2014 received from DRDGOLD's management;
- the Share Sale and Subscription Agreement between DRDGOLD Limited and Khumo Gold SPV Proprietary Limited dated 17 March 2014;
- extracts from DRDGOLD's board packs dated 22 October 2012, 7 February 2013, 23 April 2013, 20 August 2013 and 17 October 2013;
- various agreements including the subscription agreements between DRDGOLD (South African Operations) Proprietary Limited (today EMO) and Khumo Gold SPV Proprietary Limited dated 18 November 2005; between DRDGOLD (South African Operations) Proprietary Limited and DRDGOLD Limited dated 18 November 2005 and the Option Agreement between DRDGOLD Limited and Khumo Gold SPV Proprietary Limited and DRDGOLD (South African Operations) Proprietary Limited to ascertain the respective shareholdings;
- the Shareholders' Agreement between DRDGOLD Limited and Khumo Gold SPV Proprietary Limited and DRDGOLD (South African Operations) Proprietary Limited, dated 24 November 2005;
- discussions with DRDGOLD's management;
- the preparatory notes – Royalty Liability in respect of DRD dump recovery operations by Professor Michael O Dale dated 13 November 2009, forming the basis of his opinion of the non-applicability of the mining royalty tax to EMO;
- Bloomberg for beta information relating to the comparable companies used in our cost of capital calculation;
- Bond Exchange of South Africa for interest rates used in our cost of capital calculation;
- various publications and research documents for research on appropriate discounts and premiums to be applied in our analysis;
- Bloomberg, Factiva, Thomson One and Reuters for comparable company information;
- Mineral Resources and Mineral Reserves statements from each of the selected comparable companies' websites;

- selected available analyst reports on DRDGOLD;
- selected available analyst reports on gold prices; and
- McGregor BFA for DRDGOLD share trading history.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with DRDGOLD management. In addition, we have considered Management's view of macro-economic drivers by comparing macro-economic drivers of the business of EMO (gold price and ZAR/USD exchange rate) against consensus forecasts from South African and international banks and research institutions. Where appropriate the impact of differences between management macro-economic forecasts and consensus macro-economic forecasts on the valuation were considered in our sensitivity and scenario analysis performed as part of the valuation of EMO (refer to procedures below).

Our procedures and enquiries did not constitute an audit in terms of the International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

4. **PROCEDURES**

The procedures we performed comprised the following:

- We considered the rationale for the transaction as represented by the directors and management of DRDGOLD;
- We considered the relevant information included in the terms and conditions of the Proposed Transaction, as described in the Share Sale and Subscription Agreement between DRDGOLD and Khumo Gold SPV Proprietary Limited signed on 17 March 2014;
- We considered the prevailing economic and market conditions in the mining industry in which EMO and DRDGOLD operate as appropriate;
- We considered publicly available trading data and share prices for DRDGOLD on the JSE;
- We performed a review of selected analyst reports and analyst valuations for DRDGOLD, where the Company's assets were analysed, that we deemed relevant;
- We performed a review of selected analyst reports and analyst valuations for the price of gold and nominal ZAR/USD exchange rates, that we deemed relevant;
- We held discussions with DRDGOLD's management on information and assumptions pertaining to the Group that were made available by management;
- We reviewed the Company, its operating divisions and subsidiaries financial results in light of the recent group re-structuring up to the date of valuation;
- We considered financial and operating projections including revenues, operating margins (e.g. earnings before interest, taxes, depreciation and amortisation), working capital investments, and capex plans based on the Company, its operating divisions and subsidiaries and historical operating results, expectations and management representations. These projections formed the basis of our income approach (discounted cash flow) valuation. We performed sensitivity analysis on key assumptions included in the income approach valuation, specifically relating to the cost of capital, gold prices and nominal ZAR/USD exchange rates;
- We obtained and considered financial data for publicly traded companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons in determining a resource multiple for EMO's explorations assets;
- We considered and applied appropriate valuation discounts/premiums to the results of our valuation analyses as deemed applicable; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

5. VALUATION APPROACH

In considering the Proposed Transaction, PwC performed an independent valuation of EMO's consolidated operations.

For purposes of our valuation, we applied the income approach (discounted cash flow) valuation to the surface retreatment operations of EMO on a consolidated basis and the market approach (based on financial data for comparable publicly traded companies) to determine a resource multiple for EMO's explorations assets namely the ERPM Old Mine and ERPM Extensions 1 and 2.

PwC also considered the value of the DRDGOLD ordinary shares to be used as consideration in the Proposed Transaction. We used the Net Assets Approach to calculate the Market Value of the DRDGOLD ordinary share to be issued on a sum-of-the-parts basis on a marketable, minority basis as at the valuation date.

6. ASSUMPTIONS

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- EMO and DRDGOLD is not involved in any other material legal proceedings other than those conducted in the ordinary course of business;
- EMO and DRDGOLD have no material undisclosed outstanding disputes with the South African Revenue Service or HM Revenue and Customs;
- There are no undisclosed contingencies that could affect the value of EMO and DRDGOLD;
- The Proposed Transaction will not give rise to any undisclosed tax liabilities;
- For the purposes of this engagement, we assumed EMO's existing businesses to be ongoing under current business plans and management;
- In the course of our analysis we considered both internal and external drivers of the business of EMO. Key internal value drivers to the discounted cash flow valuation included the discount rate, working capital and capital expenditure requirements, operating margins and expected future growth in the business. External value drivers, including prevailing market and industry conditions namely the gold price and nominal ZAR/USD exchange rates, were considered in assessing the forecast cash flows and risk profile of EMO; and
- Representations made by DRDGOLD's management during the course of forming this opinion.

7. OPINION

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by DRDGOLD's management up to 8 April 2014. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based on the results of our procedures performed, our detailed valuation work and other considerations, we are of the opinion, subject to the foregoing assumptions, that the Proposed Transaction is fair to the ordinary shareholders of DRDGOLD.

8. INDEPENDENCE

We confirm that PwC holds no shares in DRDGOLD, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in DRDGOLD or in the outcome of the Proposed Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent on the outcome of the Proposed Transaction.

9. LIMITING CONDITIONS

Budgets/Projections/Forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by the management of DRDGOLD.

This letter and opinion is provided in terms of the JSE's Listings Requirements. It does not constitute a recommendation to any shareholder of DRDGOLD as to how to vote at any shareholders' meeting relating to the Proposed Transaction or on any matter relating to it, nor as to the acceptance of the Proposed Transaction. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used or relied upon for anything other than its intended purpose.

The valuation of companies and businesses is not a precise science, and conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. Further, whilst we consider our opinion to be defensible based on the information available to us, others may have a different view and arrive at a different conclusion.

Yours sincerely

Jan Groenewald

Director

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The definitions commencing on page 5 of this Circular apply, *mutatis mutandis*, to this Annexure 2.

This *pro forma* consolidated financial information has been prepared for illustrative purposes only, in order to provide information about how the Khumo Acquisition and Trust Acquisition might have affected Shareholders had they been implemented on the dates indicated in the notes below. Due to its nature, the *pro forma* consolidated financial information may not fairly present DRDGOLD's financial position and results of operations, nor the effect and impact of the Khumo Acquisition and Trust Acquisition going forward.

The *pro forma* consolidated statements of profit and loss and other comprehensive income and *pro forma* condensed consolidated statement of financial position have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the published audited financial statements of DRDGOLD for the year ended 30 June 2013.

The directors of DRDGOLD are solely responsible for the compilation and presentation of the *pro forma* financial information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.34 of the Listings Requirements of the JSE Limited and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("**Applicable Criteria**").

The reporting accountants' reasonable assurance report on the *pro forma* financial information relating to the Khumo Acquisition and Trust Acquisition is set out in Annexure 3 of this Circular.

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The *pro forma* consolidated statement of comprehensive income set out below presents the effects of the Khumo Acquisition and Trust Acquisition on the unreviewed interim results of DRDGOLD for the period ended 31 December 2013 based on the assumption that the Transaction was effective on 1 July 2013.

	Adjustments relating Before the to the Khumo Transaction Acquisition (Rm) (i) (Rm) (ii) (iii)	After the Khumo Acquisition (Rm) (ii) (iii)	Adjustments relating to the Trust Acquisition (Rm) (iv)	After the Transaction (Rm)
Gold and silver revenue	934.6	–	934.6	934.6
Net operating costs	(778.5)	–	(778.5)	(778.5)
Cash operating costs	(750.6)	–	(750.6)	(750.6)
Movement in gold in process	(27.9)	–	(27.9)	(27.9)
Operating profit	156.1	–	156.1	156.1
Depreciation	(73.2)	–	(73.2)	(73.2)
Movement in provision for environmental rehabilitation	(5.6)	–	(5.6)	(5.6)
Environmental rehabilitation costs	(21.5)	–	(21.5)	(21.5)
Retrenchment costs	(2.4)	–	(2.4)	(2.4)
Care and maintenance costs	(8.7)	–	(8.7)	(8.7)
Other operating expenses	(0.6)	–	(0.6)	(0.6)
Gross profit from operating activities	44.1	–	44.1	44.1
Impairments	(5.3)	–	(5.3)	(5.3)
Corporate and administration expenses	(42.6)	–	(42.6)	(42.6)
Share-based payments	(0.8)	–	(0.8)	(0.8)
Net finance expense	(11.4)	–	(11.4)	(11.4)
Loss before taxation	(16.0)	–	(16.0)	(16.0)
Taxation	(10.1)	–	(10.1)	(10.1)
Net loss after taxation	(26.1)	–	(26.1)	(26.1)
<i>Attributable to:</i>				
Equity owners of the parent	(16.9)	(7.1)	(24.0)	(26.1)
Non-controlling interest	(9.2)	7.1	(2.1)	–
Other comprehensive income	(26.1)	–	(26.1)	(26.1)
Foreign exchange translation and other	0.2	–	0.2	0.2
Total comprehensive income for the period	(25.9)	–	(25.9)	(25.9)
<i>Attributable to:</i>				
Equity owners of the parent	(16.7)	(7.1)	(23.8)	(25.9)
Non-controlling interest	(9.2)	7.1	(2.1)	–
	(25.9)	–	(25.9)	(25.9)

	Adjustments relating to the Khumo Acquisition			Adjustments relating to the Trust Acquisition	
	Before the Transaction (Rm) (i)	(Rm) (ii)	(Rm) (iii)	(Rm) (iv)	After the Transaction (Rm)
Reconciliation of headline earnings					
Net loss	(16.9)	(7.1)	(24.0)	(2.1)	(26.1)
<i>Adjusted for:</i>					
– Impairments	5.3	–	5.3	–	5.3
Headline loss	(11.6)	(7.1)	(18.7)	(2.1)	(20.8)
Headline loss per share					
– cents	(3.0)	(1.5)	(4.5)	(0.4)	(4.9)
Basic loss per share					
– cents	(4.0)	(1.8)	(5.8)	(0.4)	(6.1)
Diluted headline loss per share – cents	(3.0)	(1.5)	(4.5)	(0.4)	(4.9)
Diluted basic loss per share – cents	(4.0)	(1.8)	(5.8)	(0.4)	(6.1)
<i>Calculated on the weighted average ordinary shares issued of:</i>	379 190 980	35 000 000	414 190 980	10 500 000	424 690 980

Assumptions and notes:

- i. The figures included in the “Before the Transaction” column have been extracted without adjustment from the unreviewed financial results of DRDGOLD for the six months ended 31 December 2013.
- ii. Acquisition of the 200 000 EMO shares held by Khumo representing 20% of the total 26% non-controlling interest by issuing 35 000 000 new Shares at an average price of R4.20 per Share. The Khumo Acquisition is accounted for as a transaction with owners in their capacity as owners in accordance with paragraph 23 of IFRS 10, *Consolidated Financial Statements*. The difference of R16.2 million between the carrying value of the non-controlling interest and the purchase consideration is accounted for in equity. Khumo has no loan claims against EMO.
- iii. Transaction costs have been accounted for as a deduction from equity in accordance with paragraph 35 of IAS 32, *Financial Instruments: Presentation* and amount to R3.5 million. The transaction costs are not deductible for tax purposes being of a capital nature.
- iv. Acquisition of the 60 000 EMO shares held by the DRDSA Trust representing 6% of the total 26% non-controlling interest by issuing 10 500 000 new Shares at an average price of R4.20 per Share. The acquisition is accounted for as a transaction with owners in their capacity as owners in accordance with paragraph 23 of IFRS 10, *Consolidated Financial Statements*. The difference of R4.9 million between the carrying value of the non-controlling interest and the purchase consideration is accounted for in equity. The DRDSA Trust has no loan claims against EMO.
- v. All adjustments with the exception of transaction costs are expected to have a continuing impact on DRDGOLD.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The *pro forma* condensed consolidated statement of financial position set out below presents the effects of the offer on the financial position of DRDGOLD as at 31 December 2013 based on the assumption that the Khumo Acquisition and Trust Acquisition was effective on 31 December 2013.

	Before the Transaction (Rm) (i)	Adjustments relating to the Khumo Acquisition (Rm) (ii) (iii)	After the Khumo Acquisition (Rm) (ii) (iii)	Adjustments relating to the Trust Acquisition (Rm) (iv)	After the Transaction (Rm)
ASSETS					
Non-current assets	2 107.8	–	2 107.8	–	2 107.8
Property, plant and equipment	1 796.6	–	1 796.6	–	1 796.6
Investment in joint arrangements	0.3	–	0.3	–	0.3
Non-current investments and other assets	125.1	–	125.1	–	125.1
Environmental rehabilitation trust funds and investments	184.6	–	184.6	–	184.6
Deferred tax asset	1.2	–	1.2	–	1.2
Current assets	451.0	(3.5)	447.5	–	447.5
Inventories	122.3	–	122.3	–	122.3
Trade and receivables	129.3	–	129.3	–	129.3
Cash and cash equivalents	199.4	(3.5)	195.9	–	195.9
Total assets	2 558.8	(3.5)	2 555.3	–	2 555.3
EQUITY AND LIABILITIES					
Equity	1 566.5	(3.5)	1 563.0	–	1 563.0
Equity of the owners of the parent	1 354.4	159.7	1 514.1	48.9	1 563.0
Non-controlling interest	212.1	(163.2)	48.9	(48.9)	–
Non-current liabilities	731.1	–	731.1	–	731.1
Loans and borrowings	75.5	–	75.5	–	75.5
Post-retirement and other employee benefits	8.8	–	8.8	–	8.8
Provision for environmental rehabilitation	540.4	–	540.4	–	540.4
Deferred tax liability	106.4	–	106.4	–	106.4
Current liabilities	261.2	–	261.2	–	261.2
Trade and other payables	188.8	–	188.8	–	188.8
Loans and borrowings	72.4	–	72.4	–	72.4
Total equity and liabilities	2 558.8	(3.5)	2 555.3	–	2 555.3

Assumptions and notes:

- The figures included in the "Before the Transaction" column have been extracted without adjustment from the unreviewed financial results of DRDGOLD for the six months ended 31 December 2013.
- Acquisition of the 200 000 EMO shares held by Khumo representing 20% of the total 26% non-controlling interest by issuing 35 000 000 new Shares at an average price of R4.20 per Share. The Khumo Acquisition is accounted for as a transaction with owners in their capacity as owners in accordance with paragraph 23 of IFRS 10, *Consolidated Financial Statements*. The difference of R16.2 million between the carrying value of the non-controlling interest and the purchase consideration is accounted for in equity. Khumo has no loan claims against EMO.
- Transaction costs have been accounted for as a deduction from equity in accordance with paragraph 35 of IAS 32, *Financial Instruments: Presentation* and amount to R3.5 million. The transaction costs are not deductible for tax purposes, being of a capital nature.
- Acquisition of the 60 000 EMO shares held by the DRDSA Trust representing 6% of the total 26% non-controlling interest by issuing 10 500 000 new Shares at an average price of R4.20 per Share. The acquisition is accounted for as a transaction with owners in their capacity as owners in accordance with paragraph 23 of IFRS 10, *Consolidated Financial Statements*. The difference of R4.9 million between the carrying value of the non-controlling interest and the purchase consideration is accounted for in equity. The DRDSA Trust has no loan claims against EMO.
- All adjustments with the exception of transaction costs are expected to have a continuing impact on DRDGOLD.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

The Directors
DRDGOLD Limited
Quadrum Office Park
1st Floor, Building 1
50 Constantia Boulevard
Constantia Kloof Ext. 28
Rodepoort, 1709
South Africa

24 April 2014

Report on the compilation of *Pro forma* financial information

We have completed our assurance engagement to report ("**Report**") on the compilation of *pro forma* earnings and diluted earnings, headline and diluted headline earnings, net asset value and net tangible asset value per share of DRDGOLD Limited ("**DRDGOLD**" or "**the Company**"), *pro forma* statement of financial position of DRDGOLD, the *pro forma* statement of profit and loss and comprehensive income of DRDGOLD and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to DRDGOLD (collectively "**Pro forma Financial Information**"). The *Pro forma* Financial Information is set out in paragraph 4 and Annexure 2 of the Circular to be issued by the Company on or about 6 May 2014 ("**Circular**").

The *Pro forma* Financial Information has been compiled by the directors of DRDGOLD to illustrate the impact of the ("**Transaction**") as detailed in the Circular on the Company's financial position and changes in equity as at [date] and the Company's financial performance for the period ended 31 December 2013.

As part of this process, the Company's earnings, diluted earnings, headline earnings and diluted headline earnings per share, statement of profit and loss and comprehensive income and statement of financial position have been extracted by the directors from the Company's interim financial statements for the period ended 31 December 2013 ("**Published Financial Information**"), on which no audit or review report has been published. In addition, the directors have calculated the net asset value and net tangible asset value per share as at 31 December 2013 based on financial information extracted from the Published Financial Information.

Directors' responsibility for the *Pro forma* Financial Information

The directors of DRDGOLD are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.34 of the Listings Requirements of the JSE Limited and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("**Applicable Criteria**").

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the *Pro forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the Circular is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 1 July 2013 for purposes of the *pro forma* earnings, diluted earnings, headline and diluted headline earnings per share and the *pro forma* statement of profit and loss and comprehensive income and on 31 December 2013 for purposes of the net asset value and net tangible asset value per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the *Pro forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *Pro forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Company, the Transaction in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

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

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully

KPMG Inc.

Per : Jacob le Roux

Chartered Accountants (SA)

Director



(Incorporated in the Republic of South Africa)
(Registration number 1895/000926/06)
JSE share code: DRD
ISIN: ZAE000058723
Issuer code: DUSM
NYSE trading symbol: DRD
(“DRDGOLD” or the “Company”)

NOTICE OF GENERAL MEETING

The definitions commencing on page 5 of this Circular to which this Notice is attached, apply to this Notice.

Notice is hereby given that a general meeting of shareholders of DRDGOLD will be held at 09:00 on Friday, 27 June 2014 at the registered office of the Company, Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof Ext 28, Roodepoort, 1709, South Africa to consider and, if deemed fit, adopting, with or without modification, the resolutions set out below in the manner required by the Companies Act, as read with the Listings Requirements, and for the purpose of transacting any other business as may be conducted at this General Meeting.

Record date

In terms of section 59(1) of the Companies Act, for Shareholders to be recorded on the Shareholders' register of the Company in order to:

- receive notice of the General Meeting is Friday, 25 April 2014; and
- attend, participate and vote at the General Meeting, is Friday, 20 June 2014 and accordingly, the last day to trade in order to be eligible to vote at the General Meeting is Thursday, 12 June 2014.

Ordinary Resolution Number 1

“Resolved that, as required by the provisions of the JSE Limited Listings Requirements, the Company hereby approves, as a related party transaction, the acquisition by DRDGOLD, as described in the circular (“**Circular**”) to which this Notice is attached, of 200 000 issued ordinary shares in Ergo Mining Operations Proprietary Limited (“**EMO**”), from Khumo Gold SPV Proprietary Limited (“**Khumo**”) and any claims that Khumo holds against EMO in consideration for the issue of 35 000 000 new DRDGOLD ordinary shares and any additional cash payment required to be paid in accordance with the terms and conditions of the agreement governing the acquisition, as described in the Circular.”

In terms of the Listings Requirements the percentage of votes that Ordinary Resolution Number 1 requires to be adopted is more than 50% of the votes exercised on this Ordinary Resolution Number 1, other than any related party and their associates.

Ordinary Resolution Number 2

“RESOLVED THAT any director of DRDGOLD Limited be and is hereby authorised to do all such things as may be necessary to give effect to Ordinary Resolution Number 1 as set out in this notice of general meeting.”

The percentage of votes that Ordinary Resolution Number 2 requires to be adopted is more than 50% of the votes exercised on this Ordinary Resolution Number 2.

Related party voting and quorum requirements

With reference to paragraph 6 of the accompanying Circular, all Shareholders' votes will be taken into account in determining the quorum for the General Meeting.

Khumo, being a related party to the Khumo Acquisition, as defined in the Listings Requirements will be precluded from voting on Ordinary Resolution Number 1.

Treasury shares held by the Company and the shares held by the DRDGOLD (1996) Share Scheme will also be precluded from voting on Ordinary Resolution Number 1.

All Shareholders may vote on Ordinary Resolution Number 2.

Voting and proxies

Ordinary shareholders and preference shareholders may attend but only ordinary shareholders, subject to the restrictions set out above, may vote at the General Meeting.

Shareholders are reminded that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in place of the Shareholder and Shareholders are referred to the attached form of proxy;
- a proxy need not also be a Shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. Forms of identification that will be accepted include valid identity documents, driver's licences and passports.

On a show of hands, every shareholder present in person or by proxy or represented shall have only one vote irrespective of the number of shares he holds or represents and, on a poll, every Shareholder present in person or by proxy or represented shall have one vote for every share held in DRDGOLD by such shareholder on the General Meeting record date or proxy record date.

Certificated Shareholders and Shareholders who have dematerialised their DRDGOLD Shares and have elected "own-name" registration in the sub-register through a CSDP may attend, speak and vote in person at the General Meeting, or may appoint one or more proxies (who need not be Shareholders) to attend, speak and vote at the General Meeting in the place of such Shareholder.

A form of proxy to be used for this purpose is attached to this Notice. Duly completed forms of proxy must be lodged with the respective transfer secretaries at either of the addresses below at any time before the commencement of the General Meeting (or handed to the Chairperson of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting or any adjournment of the General Meeting), provided that should a Shareholder lodge a form of proxy with the transfer secretaries at either of the below addresses less than 24 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such form of proxy to the Chairperson of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting), as follows:

Shareholders registered on the South African register, to Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, corner Biccard, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000).

DRDGOLD shareholders holding DRDGOLD ordinary shares in the form of American Depositary Receipts, to The Bank of New York Mellon, Proxy Services Department, 101 Barclay Street, New York, 10286 to reach them by no later than 02:00 (Eastern Standard Time) on Tuesday, 24 June 2014; or

Shareholders registered on the United Kingdom register, to Capita Asset Services (*formerly called Capita IRG plc*), The Registry PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU to reach them by no later than 09:00 (Greenwich Mean Time) on Tuesday, 24 June 2014.

Shareholders who have already dematerialised their DRDGOLD Shares through a CSDP and who have not selected "own-name" registration in the sub-register through a CSDP or Broker and Shareholders who hold certificated ordinary shares through a nominee who wish to attend the General Meeting, must instruct their CSDP, Broker or nominee to issue them with the necessary authority to attend or, if they do not wish to attend the AGM, they may provide their CSDP, Broker or nominee with their voting instructions in terms of the custody agreement entered into between them and their CSDP, Broker or nominee.

In respect of Dematerialised Shares, it is important to ensure that the person or entity (such as a nominee) whose name has been entered into the relevant sub-register maintained by a CSDP completes the form of proxy in terms of which he appoints a proxy to vote at the General Meeting.

Depository receipt holders may receive forms of proxy printed by the depository bank, which should be completed and returned in accordance with the instructions printed on the forms of proxy.

The holder of a share warrant to bearer who wishes to attend or be represented at the General Meeting must deposit his share warrant at the bearer reception office of Capita Asset Services (*formerly called Capita IRG plc*), The Registry PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom, in both cases not later than 48 hours before the date appointed for the holding of the AGM (which period excludes Saturdays, Sundays and public holidays), and shall otherwise comply with the "Conditions governing share warrants" currently in force. Thereupon a form of proxy or an attendance form under which such share warrant holder may be represented at the General Meeting shall be issued.

By order of the Board

DJ Pretorius

Roodepoort
6 May 2014

Registered office and postal address

In South Africa

Quadrum Office Park
1st Floor, Building 1
50 Constantia Boulevard
Constantia Kloof Ext 28
Roodepoort
1709
South Africa
(PO Box 390, Maraisburg, 1700)

Depository Bank

American Depositary Receipts
The Bank of New York Mellon
101 Barclay Street
New York
10286
United States of America

Transfer secretaries

In South Africa

Link Market Services South Africa (Proprietary) Limited
13th Floor, Rennie House
19 Ameshoff Street, corner Biccard
Braamfontein
Johannesburg
2001
(PO Box 4844, Johannesburg, 2000)

In the United Kingdom

Capita IRG plc
The Registry, 34 Beckenham Road
Beckenham
Kent
BR3 4TU



(Incorporated in the Republic of South Africa)
 (Registration number 1895/000926/06)
 JSE share code: DRD
 ISIN: ZAE000058723
 Issuer code: DUSM
 NYSE trading symbol: DRD
 (“**DRDGOLD**” or the “**Company**”)

FORM OF PROXY

For use only by DRDGOLD Shareholders on the United Kingdom registers and with regard to the South African register, for use only by DRDGOLD Shareholders holding share certificates and CSDP nominee companies, Brokers’ nominee companies and DRDGOLD Shareholders who have dematerialised their share certificates and who have selected “own-name” registration through a CSDP at the General Meeting of shareholders of DRDGOLD to be held at 09:00 on Friday, 27 June 2014 at the registered office of the Company, Quadrum Office Park, Building 1, 50 Constantia Boulevard, Constantia Kloof Ext 28, Roodepoort, 1709, South Africa.

DRDGOLD Shareholders on the South African register who have already dematerialised their share certificates through a CSDP or Broker and who have not selected “own-name” registration and Shareholders who hold certificated ordinary shares through a nominee must not complete this form of proxy but must instruct their CSDP, Broker or nominee to issue them with the necessary authority to attend the General Meeting of DRDGOLD shareholders or, if they do not wish to attend the General Meeting of DRDGOLD shareholders, they may provide their CSDP, Broker or nominee with their voting instructions in terms of the custody agreement entered into between them and their CSDP, Broker or nominee.

Forms of proxy must be completed and delivered to the Company’s Transfer Secretary, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, corner Biccard, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), emailed to: Meetfax@linkmarketservices.co.za or faxed to: 086 674 2450, to be received no later than 09:00 on Wednesday, 25 June 2014.

I/We (please print names in full)

of (address)

Telephone work ()

Telephone home ()

Mobile number ()

E-mail address:

being the holder/s or custodian/s
 appoint (see note 1 overleaf)

Shares, hereby

1. _____ or failing him/ her,

2. _____ or failing him/ her,

3. the Chairperson of the General Meeting

as my/our proxy to act for me/us and vote on the ordinary resolutions to be proposed thereat (with or as my/our proxy to attend, speak and vote on a show of hands or on a poll for me/us and on my/our behalf at the General Meeting of Shareholders to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Shares registered in my/our name as follows (see notes 2 and 4 overleaf):

	For	Against	Abstain
Special Resolution Number 1 Approval of the acquisition of a 20% interest in Ergo Mining Operations Proprietary Limited from Khumo Gold SPV Proprietary Limited			
Ordinary Resolution Number 2 Authorisation for a director to implement the resolutions			

(Tick whichever is applicable). If no directions are given, the proxy holder will be entitled to vote or to abstain from voting, as that proxy holder deems fit (see note 3 overleaf).

Please read the notes on the reverse side hereof.

Signed at	on	2014
Full name	Capacity	
Signature		
Authority of signatory		
Assisted by (where applicable)		

Each Shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of DRDGOLD) to attend, speak and vote in place of that Shareholder at the General Meeting of DRDGOLD shareholders. Unless otherwise instructed, the proxy may vote as he deems fit.

Please read the below summary of the rights contained in section 58 of the Companies Act and the below notes to this form of proxy.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5 below);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise (see note 1 below);
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has:
 - (i) directed such company to do so, in writing; and
 - (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
 - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
 - the invitation or form of proxy instrument supplied by the Company must:
 - bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
 - contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
 - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
 - the Company must not require that the proxy appointment be made irrevocable; and
 - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above.

Notes:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the Chairman of the General Meeting" but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting of Shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instruction to his proxy must be indicated in the appropriate box by inserting the number of Shares in respect of which the shareholder wishes his proxy to cast his votes.
3. Should there be no indication in the appropriate box as to how the Shareholder wishes his votes to be cast by his proxy then the proxy will be deemed to have been authorised to vote or abstain from voting at the General Meeting as the proxy deems fit.
4. A Shareholder may instruct the proxy to vote in respect of less than the total number of Shares held by inserting the relevant number of Shares in the appropriate box provided. A Shareholder who gives no indication as to the number of Shares in respect of which the proxy is entitled to vote will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the Shareholder's votes exercisable at the General Meeting.
5. A complete form of proxy, to be effective, must reach the transfer secretaries in South Africa and the United Kingdom at least 48 hours before the time appointed for the holding of the General Meeting (which period excludes Saturdays, Sundays and public holidays).
6. The completion and lodging of this form of proxy by Shareholders holding share certificates, CSDP nominee companies, Brokers' nominee companies and Shareholders who have dematerialised their share certificates and who have elected "own-name" registration through a CSDP or Broker, will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof. Shareholders who have dematerialised their share certificates and who have not elected "own-name" registration through a CSDP or Broker and Shareholders who hold certificated ordinary shares through a nominee who wish to attend the General Meeting must instruct their CSDP or Broker to issue them with the necessary authority to attend.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity (such as power of attorney or other written authority) must be attached to this form of proxy unless previously recorded by DRDGOLD.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. When there are joint holders of shares only one of such persons may sign this form of proxy in respect of such Shares as if such person were the sole holder, but if more than one of such joint holders submits a form of proxy, the form of proxy, if accepted by the Chairman of the General Meeting, submitted by the holder whose name appears first in the register of the Company will be accepted.
10. The holder of a share warrant to bearer who wishes to attend or be represented at the General Meeting must deposit his share warrant at the bearer reception office of Capita IRG plc, The Registry PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom, no later than 48 hours before the date appointed for the holding of the General Meeting (which period excludes Saturdays, Sundays and public holidays), and shall otherwise comply with the "conditions governing share warrants" currently in force. Thereupon a form of proxy or an attendance form under which such share warrant holder may be represented at general meeting shall be issued.
11. Depository receipt holders will receive forms of proxy printed by the depository bank, which should be completed and returned in accordance with the instructions printed on the forms of proxy.