



PROFILE

DRDGOLD is the only South African mining company focused solely on the retreatment of surface gold tailings.

Headquartered at Crown Mines, Johannesburg, the company's primary listing is on the JSE Limited (JSE: DRD) and its secondary listing is on the New York Stock Exchange (NYSE: DRD). The company's shares are also traded on the Marché Libre in Paris, the Regulated Unofficial Market of the Frankfurt Stock Exchange, the Berlin and Stuttgart OTC markets, as well as on Euronext Brussels in the form of International Depositary Receipts.

This mid-tier, unhedged mining company is the leading surface gold mining operation in South Africa, if not the world.

STRATEGY

DRDGOLD uses integrated thinking in the development of its strategy and the deployment of resources and capital. The company is focused on enhancing shareholder value by:

Optimally exploiting its resources by controlling costs, managing margins and generating cash

Improving grade and yield by embracing innovation and technology

Exploring the synergies between capital and resources to create value

Expanding the reach of the reclamation model to achieve further growth

Developing human capital through training and personal development

Focusing on the social and environmental responsibilities of being an urban miner

A WORLD LEADER IN
SURFACE GOLD
TAILINGS
RETTREATMENT



ERGO

Surface gold retreatment is a largely mechanised process with a risk profile that is significantly different from that of conventional mining. Tailings material at the reclamation site is recovered by using high-pressure water jets or front-end loaders and is fed as slurry to the metallurgical plant for gold recovery. Ergo currently operates its primary plant at Brakpan and the smaller Knights plant at Germiston. Two other plants – at Crown Mines and City Deep – have been decommissioned and are operating as pump and milling stations.

Ergo initiated research and development (R&D) as part of a strategy to optimally exploit its resources using innovative technology. Consequently, in FY2014, a flotation/fine-grind (FFG) circuit was introduced to access the encapsulated gold that was not responding to the traditional recovery process.

Following completion of the FFG circuit, the targeted drop in residue is being achieved.

Other achievements include:

- bringing reclamation from the new Van Dyk site to full capacity;
- adding five carbon-in-leach (CIL) tanks to Ergo's lower grade CIL circuit to increase volume capacity by 300 000 tonnes;
- completing conversion of the CIL plant's high grade leach circuit from carbon in pulp (CIP) to CIL; and
- establishing a higher throughput profile in order to offset the lower grade profile of the new Knights reclamation site.

OWNERSHIP

DRDGOLD is 90% held by public shareholders, with 10% held by its black economic empowerment partners. Khumo Gold SPV Proprietary Limited holds 8%, while the remaining 2% is held by historically disadvantaged employees through the DRDSA Empowerment Trust. This ownership structure is compliant with the Mining Charter and has the approval of the Department of Mineral Resources.

DRDGOLD owns 100% of its holding company, Ergo Mining Operations Proprietary Limited (EMO), which in turn holds full ownership of operating entity Ergo Mining Proprietary Limited (Ergo) – into which all of the company's surface retreatment sites are consolidated.

DRDGOLD has repositioned itself as a surface gold retreatment company, processing only dump material. As a result, all non-core assets that did not fit this profile were reviewed and, in July 2014, the company initiated the sale of its indirect subsidiary, East Rand Proprietary Mines (ERPM), the final asset in this underground category, for a consideration of R220 million.

DIVIDEND

On 30 August 2016, DRDGOLD announced a final dividend of 12 South African (SA) cents per share (cps), making a total declared dividend for FY2016 of 62cps, a more than five-fold increase in the total distribution of 10cps in FY2015. A 25% increase in free cash flow to R308.7 million facilitated the total dividend declaration of close to R261 million as well as the repayment of liabilities.

NEW GROUP STRUCTURE



OPERATING AND FINANCIAL PERFORMANCE: FY2016 VS FY2015

Gold production was 4% lower at 143 457oz due to a 9% decline in the average yield to 0.180g/t. The lower average yield was a consequence of various factors:

- depletion of higher grade JCC dump sand material, reporting to the Crown plant, and of Cason dump material, reporting to the Knights plant;
- lower grade slimes material from clean-up operations now reporting to Crown and from the 4A6 and 5A9 dumps now reporting to Knights; and
- the decrease in grade of material from the Elsburg reclamation site, reporting to the Ergo plant.

Throughput was 5% higher, reflecting measures taken to mitigate the decline in yield, most notably full commissioning of reclamation operations at the Van Dyk dump.

Gold sold was 5% lower at 143 232oz due to lower production.

Cash operating costs rose 20% to R446 153/kg due to various factors:

- lower gold production
- increase in throughput
- relatively high costs associated with the Crown clean-up and trucking of sand material from the Kleinfontein dump in Benoni to the City Deep plant.

All-in sustaining costs (AISC) increased by 21% to R499 425/kg due to a decrease in production and an increase in per kilogram cash operating costs.

Revenue rose by 16% to R2 433.1 million, reflecting a 21% increase in the average Rand gold price received to R546 142/kg. After accounting for a 14% increase in cash operating cost, operating profit was 13% higher at R434.8 million.

The operating and AISC margins were virtually unchanged at 18% and 8% respectively.

Headline earnings were higher – up 39% to R53.8 million, equivalent to 12.7cps, up 28%.

Free cash flow*, an important measure to DRDGOLD, has increased by 25% to 308.7, enabling DRDGOLD to repay liabilities as well as declare total dividends of 62cps, amounting to R261 million.

*Not cash inflow from operating activities less net cash outflow from investing activities

ADDITIONAL TAILINGS DEPOSITION CAPACITY

In April 2016, DRDGOLD announced progress made in securing additional tailings deposition capacity for the Brakpan plant at Withok, adjacent to its Brakpan Tailings Complex. This is a major development in terms of leveraging the Brakpan plant's increased throughput capacity in the future. With tailings deposition capacity locked in, the company is well placed to optimise its current 11.8Moz resource base and to acquire additional resources within the greater Johannesburg area.

GROUP RESULTS: FY2016



Operating profit up 13% to
R434.8 million



Headline earnings up 28% to
12.7cps



Free cash flow up 25% to
R308.7 million



Dividend up 520% to
62cps

“Ergo pursues R&D to optimally exploit its 11.8Moz resource”

INTEGRATED USE OF OUR CAPITALS TO CREATE SHARED VALUE

DRDGOLD's Ergo is an urban tailings reclamation company and conducts its business where people work, live and play. As a result, what the company does – or doesn't do – can have a significant effect on the surrounding communities. Ergo's unique business model provides opportunities for building social and natural value, but this means that any shortcomings in the execution of strategy are quickly exposed.

Together, DRDGOLD and Ergo have, by conventional mining standards, a relatively small, urban workforce. Employees live with their families within commuting distance of their workplace, and are largely literate. As a result, the company's key resource – human capital – is by and large knowledge-based.

Training and upskilling, as well as R&D, are integral to Ergo's success. While the company believes in providing educational opportunities for employees, in order to provide the impetus for the technological and practical improvements necessary to advance the business, it also understands the critically important role it can and should play in extending these opportunities to a far wider group of people.

The company's social responsibilities have therefore focused on education and, in particular, the establishment of EBDA, a training academy to benefit the community, in addition to meeting Ergo's training needs. EBDA is now self-sustaining and ownership is being transferred to identified communities. Ergo's commitment to the natural environment is also based on sustainable ways of doing business.

The company continues to address the challenges, especially of dust and water, in a number of ways including extensive vegetation projects on its deposition sites to reduce dust. Surface gold reclamation involves the processing of vast quantities of material (60 000t), which in turn requires 60ML of water, on a daily basis. Both from a financial and an environmental standpoint, it makes sense for Ergo to recycle its water, and approximately 60% (36ML) is recovered from the main tailings deposition site and re-used. This figure includes harvested rainwater and run-off water. The remaining 24ML a day required by Ergo is to be obtained from two important "grey" water sources. The company intends to treat 8ML sourced from the Trans-Calendon Tunnel Authority neutralisation plant, which treats acid mine drainage on behalf of the government, with the balance made up of treated sewage, the latter drawn from the recently completed R22m Rondebult treatment plant.

FOR MORE INFORMATION, SEE OUR FACT SHEETS AT www.drdgold.com



CONTACT DETAILS

DRDGOLD corporate office
Crown Mines Complex
Off Crownwood Road, Crown Mines
Johannesburg 2092
Tel: +27 (0) 11 470 2600
Fax: +27 (0) 11 470 2618

Investor and media relations
South Africa and North America
James Duncan, Russell and Associates
Tel: +27 (0) 11 880 3924
Mobile: +27 (0) 79 336 4010
james@rair.co.za

UK and Europe
Phil Dexter, St James's Corporate Services
Tel: +44 (0) 207 796 8644
Mobile: +44 (0) 779 863 4398
phil.dexter@corpserv.co.uk



WWW.DRDGOLD.COM

Disclaimer

This document contains forward-looking statements, which are subject to risks and uncertainties that could cause the company's actual results to differ materially from management's current expectations. Those risks and uncertainties include, without limitation: new product development and commercialisation; demand and acceptance for the company's products; competitive products and pricing; economic conditions in the company's product and geographic markets and foreign currency fluctuations. The financial forecasts and forward-looking statements in this document reflect the current belief of the company as of the date of this document and the company undertakes no obligation to update these forecasts and forward-looking statements for events or circumstances that occur subsequent to such date.