

ORGANISATIONAL OVERVIEW

Headquartered in Johannesburg, DRDGOLD's core business involves mining decades-old tailings to produce a targeted 140 000oz to 150 000oz of gold a year. The resulting "new" tailings are deposited in upgraded tailings facilities designed to modern standards.

OUR STRUCTURE

"Our surface retreatment operations are consolidated into a single operating entity, Ergo Mining Proprietary Limited (Ergo)"

Our surface retreatment operations are consolidated into a single operating entity, Ergo Mining Proprietary Limited (Ergo). Ergo and East Rand Proprietary Mines Limited (ERPM) are both 100% owned by Ergo Mining Operations Proprietary Limited (EMO), which in turn is 74% held by DRDGOLD, 20% by DRDGOLD's black economic empowerment (BEE) partner, Khumo Gold SPV Proprietary Limited and 6% by the DRDSA Empowerment Trust.

We are in full compliance with the BEE equity requirements of the Mining Charter, although discussions with the Department of Mineral Resources regarding some of the detail is ongoing.

ERPM was placed on care and maintenance in 2008. Remnant mining recently recommenced at the Cason shaft to capitalise on shallow, high-grade reserves. However, this shaft is now also on care and maintenance and the underground exploration area known as Extensions 1 and 2, with its 21 million ounces (Moz), is for sale.

DRDGOLD disposed of underground mine Blyvooruitzicht Gold Mining Company Proprietary Limited to Village Main Reef Limited (VMR), in FY2012. As a result of the sale, DRDGOLD continues to carry 85.7 million VMR shares on its balance sheet, providing limited exposure to underground mining, including 20 million shares held in escrow.

OUR SHAREHOLDERS

Our primary **stakeholders** are our **shareholders**. The company's primary listing is on the JSE Limited (JSE) with a secondary listing on the New York Stock Exchange (NYSE). 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.

Group structure



ORGANISATIONAL OVERVIEW (CONTINUED)

At the end of FY2013, the company had 385 383 767 ordinary shares in issue and a market capitalisation of R2.0 billion (US\$209.3 million).

The majority of DRDGOLD's shareholders reside in the USA (41%), followed by South Africa (32%), Norway (10%) and in Belgium and Luxembourg (10%).

OUR PEOPLE

DRDGOLD's board of directors is made up of two executive directors – the chief executive officer (CEO) and the chief financial officer (CFO) – and four independent non-executive directors. The chairman is an independent, non-executive director. The board has four subcommittees: the Audit Committee, the Risk Committee, the Remuneration Committee and the Social and Ethics Committee. The board is responsible for determining strategic objectives and key policies, and monitors their implementation. The Nominations Committee meets as and when it is necessary.

At the end of FY2013, DRDGOLD employed a total of 2 752 people. Of these, 1 012 were permanent employees and the remaining 1 740 individuals were employed at the operations by specialist service providers, including Fraser Alexander Tailings, experts in tailings recovery and tailings dam management.

OUR VALUE CHAIN

Our value chain is deceptively simple. Johannesburg emerged as a mining camp in the last quarter of the 19th century following the discovery of gold on the Witwatersrand. Over time the settlement grew, and today this "city of gold" is known as one of the largest on the continent and Africa's most powerful economy. In the 100 or so years since those heady, gold rush days, it is calculated that some 1.5 billion ounces (oz) – close to 52 000t of gold – have been produced by South Africa's mining sector. This represents about one third of all gold mined world-wide through the ages. It is estimated that some 40 000t remain below ground in the renowned Witwatersrand basin – 8 000t to 10 000t of which are considered economically recoverable.

DRDGOLD has created a low-risk niche in the South African mining sector for the extraction of gold by surface "mining", or the retreatment of mine dumps. These dumps – which for decades occupied prime land and were integral to the Johannesburg skyline – were created by the mining giants of bygone years, whose names still linger on in memory as part of the city's fascinating history. Vast mountains of sand or slime – the dumps not only comprise the residue from earlier, often less efficient mining processes, they also contain precious and minute particles of gold.

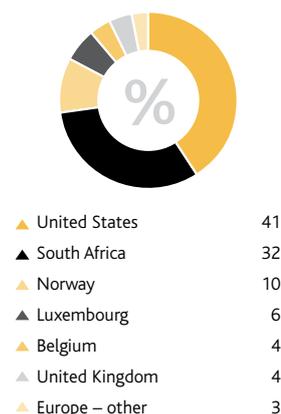
Surface retreatment of dumps or, as they are now called, reclamation sites, began in South Africa some 40 years ago. As a result, a number of the dumps have already disappeared or, in reality, been repositioned in larger, better-designed tailings deposition sites.

All the tailings deposition sites on the Witwatersrand still contain some percentage of gold because extraction processes have, mainly for economic reasons, not been developed to extract every last particle of the precious metal. It is therefore quite feasible that in the medium to longer term, advances in technology and increases in the gold price will make further "retreatment" of these deposits a viable business.

Mine dumps are mostly composed of discarded material; rock, grit, sand, twigs, occasional items of archaeological interest and water, which evaporates over time. Many of the dumps have acquired a light covering of vegetation over the years, either self-seeded or as part of dust control measures. Nevertheless, the dumps remain as sources of dust, especially during the windy season (typically August, but increasingly in other months), and are considered a nuisance by surrounding communities and, in some quarters, as a health hazard.

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For more on corporate governance

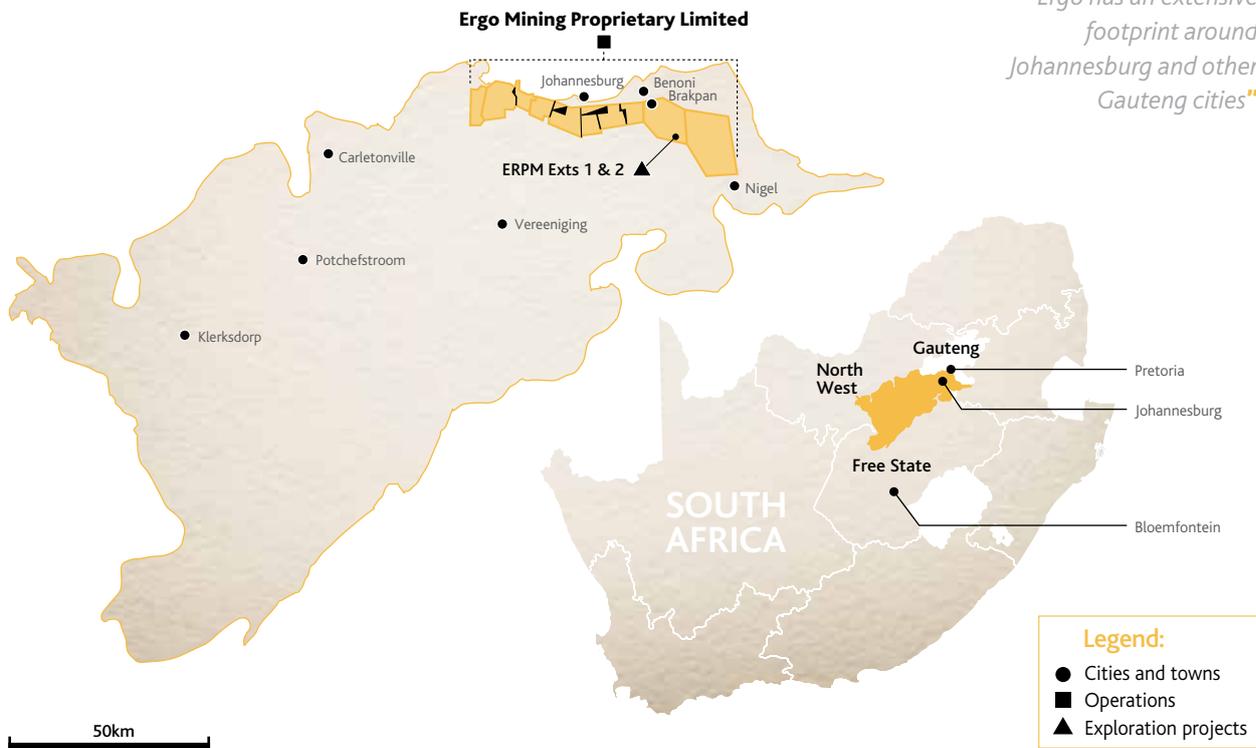
Geographical distribution of shareholders as at 30 June 2013



"The majority of DRDGOLD's shareholders (41%) reside in the USA"

"Despite a century of mining, South Africa remains the repository of the world's richest mineral resources"

Location of operations and exploration projects



“Ergo has an extensive footprint around Johannesburg and other Gauteng cities”

“We use our capitals – human, financial, intellectual and manufactured – to extract as much gold as possible in a safe and efficient manner”

The processing, mining or retreatment of the dumps by DRDGOLD, and the subsequent deposition of residue according to an approved environmental management programme, takes place at Ergo on a 24/7/365 basis. The company therefore not only creates value for **shareholders** using its various forms of capital; other **stakeholders** – both in the immediate and broader geographic zones – benefit as the potentially harmful environmental legacy of the original dumps is removed. A further advantage at the end of rehabilitation, which now always follows the mining process, is the freeing up of valuable, centrally-located real estate for future use.

The success of DRDGOLD’s long-term strategy to extract as much gold as possible from its assets depends, to a large extent, on how effectively it uses its intellectual capital; its investment in research and development (R&D) and the success of the findings. The commissioning of the flotation/fine-grind plant – that should improve extraction efficiencies by between 16% to 20% – is in the final stages of commissioning and is a direct outcome of the work of the R&D team.

Emphasis continues to be placed on R&D, with a view to improving recoveries even further in the longer term.

In addition to gold, Ergo is licenced to produce uranium and sulphuric acid. A feasibility study into the extraction of the former as a by-product of the flotation/fine-grind process is currently underway.