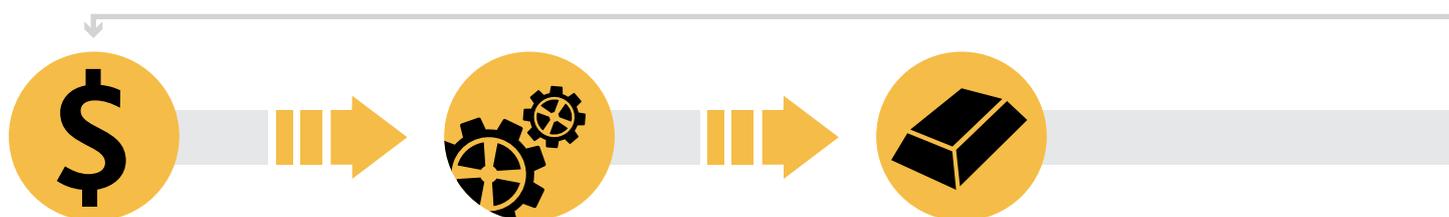


BUSINESS MODEL

CREATING VALUE FOR ALL STAKEHOLDERS



INPUTS

Financial capital

- NYSE/JSE listing
- Strong balance sheet
- Cash of R377.2 million
- Debt of R165.0 million
- Cash generated by operations

Manufactured capital

- Four plants¹
- Pipeline infrastructure
- Servitudes
- Tailings storage facility
- Water reticulation system
- 11Moz resource

Intellectual capital

- Improving recoveries
- Flotation/fine-grind process

Human capital

- Experienced team
- Small, skilled workforce (1 012 employees)
- Specialist service providers (1 740)

Social and relationship capital

- 26% BEE ownership
- Flagship Ergo Business Development Academy (EBDA)
- Employee upliftment programmes (Best Life, Vuselela)
- Local economic development programmes

Natural capital

- Water (5 748MI)
- Electricity (325 509MWh)
- Reagents

BUSINESS ACTIVITIES

Planning and modelling

- Development of detailed mining plan
- Detailed modelling of available surface resources

Infrastructure design and construction

- Business development team responsible for design and construction
- Stringent capital allocation, management and measurement against return on investment

Delivery of gold bearing material

- Specialised service provider delivers volumes to the plant in an uninterrupted flow 24/7/365
- Extensive network of inter-connected pipelines
- Sophisticated systems in place to detect problems
- Automated, remote, computer-driven volume, density and pressure management systems

Gold extraction

- Extraction through combination of flotation, milling and CIL process
- Production of doré bars (85% purity)

Research and development

- Employees being developed towards an intellectual value-add model
- Research and development focused on improving extraction efficiencies

OUTPUTS

Products

- Doré bars are delivered to Rand Refinery and refined into gold bars (99.9% purity)
- Rand Refinery onsells gold to authorised bullion banks, investors, the jewellery industry and technology sectors
- Silver is produced as a by-product
- Feasibility studies underway for potential uranium extraction
- Foreign export contributor for South Africa

Residue

- After gold extraction, the residue is deposited on our world-class tailings storage facility in Brakpan (approx 24Mt)
- CO₂ emissions (direct) 4 090t

¹ Two plants are currently operating as milling/pump stations



Above: CIL circuit at Ergo's Brakpan plant



OUTCOMES

Profitability

- All-in sustainability costs margin: 20%
- Headline earnings per share: 68cps
- Return on equity: 18%

Shareholder returns

- Dividend yield: 5%
- Dividends paid: R107 million

Value-added

- Salaries, wages, other employee benefits paid: R283 million
- Total expenditure on goods, services: R1 293 million

Contribution to local community

- Corporate social investment spend: R1.5 million
- Socio-economic development project spend: R3.1 million
- EBDA: R25.5 million total cost, 2 474 people trained
- 191 community pupils benefit from Mathematics and Science Centre of Excellence
- 63 community pupils participate in three-year entrepreneur course
- 285 community learners complete courses in engineering, small enterprise management

Employee development

- Employee upliftment programmes, providing life skills, knowledge (Best Life, Vuselela)
- Best Life employee programme, targeting financial literacy, and planning
- 46% historically disadvantaged South Africans in management

Environmental impact

- Potable water usage reduced by 5%
- Carbon footprint: pipeline design delivers 18% electricity cost reduction
- R67.9 million spent on dump rehabilitation
- 46ha of side slopes, 75ha of top surfaces vegetated during FY2013
- 115ha of dust netting installed

BUSINESS MODEL (CONTINUED)

BUSINESS ACTIVITIES

Ergo has a vast footprint adjacent to Johannesburg on the central and eastern Witwatersrand of South Africa. Its assets cover an area approximately 62 km from east to west and 25km from north to south. This large, single footprint has been created primarily to provide all of DRDGOLD's surface retreatment operations with adequate tailings deposition capacity and as part of a rationalisation process to simplify the structure of DRDGOLD's companies. A single retreatment business also has the effect of improving synergies and saving costs. The restructuring into a single entity took effect at the beginning of FY2013, effective 1 July 2012.

Ergo's flagship metallurgical plant, 50km east of Johannesburg in Brakpan and the Knights plant in Germiston close to Johannesburg together comprise what is arguably the world's largest gold surface tailings retreatment facility. Together with the milling and pump stations at Crown and City Deep (both formerly gold processing plants), the new consolidated Ergo operation processes a targeted retreatment throughput of 2.0 to 2.1Mt a month. Refer to the illustration below of the Ergo footprint.

THE SURFACE RECOVERY PROCESS

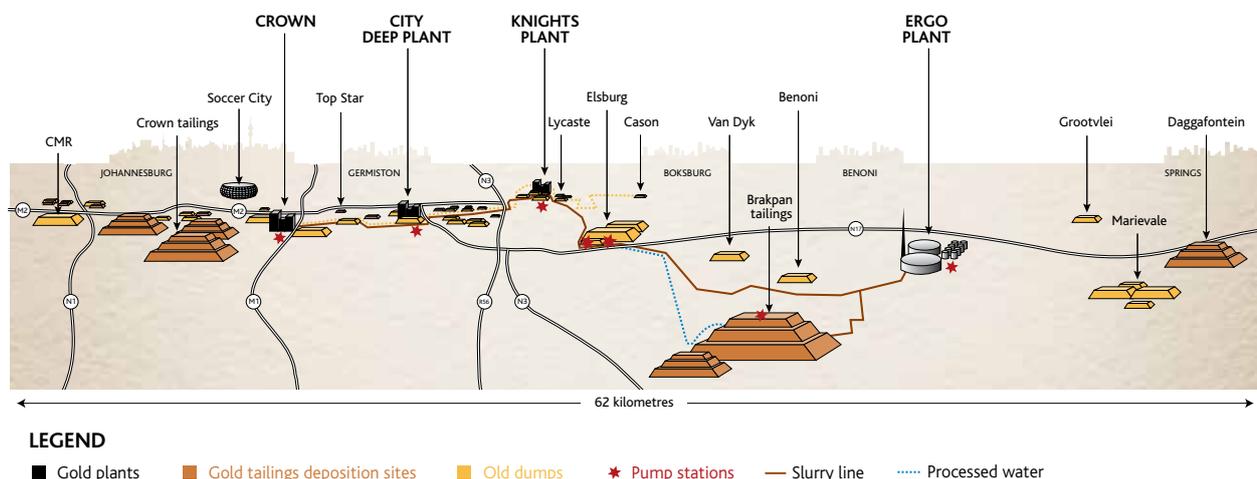
The retreatment business is a high-volume business which crucially requires a large deposition tailings facility and high-volume plants. Vast quantities of material are processed monthly through the plant in order to recover gold from old mine dumps at a recovery rate that varies depending on the material being treated. As each old dump or dam is depleted, others are brought on stream.

"The retreatment business is high-volume and operates around-the-clock"

SAND AND SLIME DUMPS

Sand dumps are the result of the less efficient "stamp-milling" process employed in earlier times. They consist of coarse-grained particles which generally contain higher quantities of gold. Sand dumps are reclaimed mechanically using front-end loaders that load sand onto conveyor belts. The sand is fed onto a screen where water is added to wash the sand into a sump, from where it is pumped to the plant. Most sand dumps have already been retreated using more efficient milling methods.

Slimes dams are also the result of the old treatment methods, and contain lower grades of gold. However, this material has become economically more viable to process owing to improved treatment methods and a higher gold price. The material from the slimes dams is broken down using monitor guns that spray jets of high-pressure water at the target area. The resulting slurry is then pumped to a treatment plant for processing.





Above: Part of Ergo's vast pipeline network

"Our tailings storage facility is integral to our business"

THE METALLURGICAL PROCESS

The Ergo operation currently has four metallurgical plants (two of which are currently extracting gold), situated south and east of Johannesburg:

- The Brakpan plant is currently treating material from a variety of sources, the majority of which – some 1.2Mt per month (pm) – is fed to the plant via two feeder lines from the Elsburg tailings complex and the L/29 dump. Another 600 000tpm is fed to the Brakpan plant from the Crown and City Deep plants via a 62km pipeline. The Brakpan plant also deposits its waste on the Brakpan Tailings Facility (BTF), some 12km away. The Brakpan plant currently has a total retreatment capacity of 1.8Mtpm with the potential to increase this figure to 2.4Mtpm when required.
- Knights plant, the smallest, is treating the Cason dump and old Ergo remnant dumps and depositing residue on the BTF for the foreseeable future;

The leach residues from the two processing streams are also combined and pumped to the BTF for deposition.

Additionally:

- The Crown and City Deep plants were, until recently, metallurgical plants in their own right. However, due to the streamlining of operations and the construction of a 62km pipeline, they have been re-engineered into milling plants and pump stations.

SALE OF GOLD

The extracted gold is smelted on site at Ergo and yields gold bars of approximately 85% gold and 7% to 8% silver, with the balance comprising copper and other common elements. These bars of crude bullion are delivered to Rand Refinery, where the silver and other elements are removed and the gold is refined into troy ounce bars (purified to 99.9%) that meet the standards of the London Bullion Market Association. Rand Refinery then sells the gold on behalf of DRDGOLD at the afternoon US\$ price fixed by the London Metal Exchange. DRDGOLD has an 11% interest in and plays an active role in Rand Refinery, one of the world's foremost refiners and home of the Krugerrand.

BUSINESS MODEL (CONTINUED)

RESEARCH AND DEVELOPMENT (R&D)

From the start, the DRDGOLD board identified several key objectives as part of its Ergo project strategy – one of which was improving gold recovery. Research was commissioned, a pilot plant was constructed and it was discovered that pyrite particles, containing some 40% of the gold, were not responding as well as expected to the carbon in leach (CIL) process. A dual process solution was identified: reintroducing flotation and adding an additional stage – fine-grind or milling of the flotation concentrate.

FLOTATION/FINE-GRIND

In early 2012 the DRDGOLD board approved a capital amount of R250 million for the new circuits. Work began immediately on refurbishing unused sections of the existing Brakpan plant, together with the construction of the necessary additional plant to implement the new process.

Research has shown that the additional flotation/fine-grind circuits will improve gold recoveries by between 16% to 20%. Due for completion in the second quarter of FY2014, the complete future tailings retreatment process is described below.

The slurry material from the reclamation sites will be fed into the plant via a complex pipe network. Here it will enter a flotation section consisting of banks of flotation cells. After the material is conditioned with reagents (collectors and frothers) it will enter the cells where it will be separated into two streams. One stream, the flotation concentrate, will contain the sulphides which will be enriched with gold and the second stream, the flotation tails, will be lower-grade siliceous material. This stream will be treated by the conventional CIL process, which is the treatment process that has been used for the past 30 years with an extraction efficiency of 39% to 40%.

The concentrate stream will be subjected to the new fine-grind process which research and development has demonstrated is more efficient in recovering the gold. Fine-grind involves milling the slurry material with tiny ceramic beads. This milled product, which will at this stage comprise smaller particles of gold that have been liberated from the sulphides, will make recovery of the previously encapsulated gold easier as it comes into contact with cyanide during the CIL process that follows. Research shows this process to have extraction efficiencies of 75% to 76%.

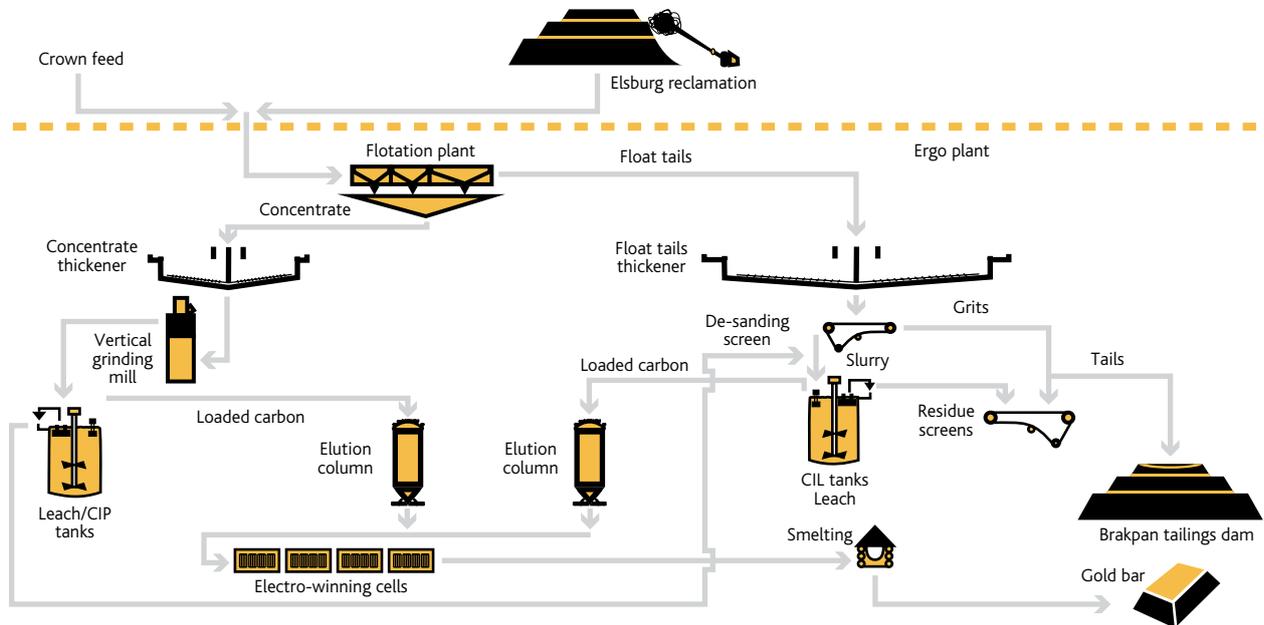
The dissolved gold will then be adsorbed onto activated carbon, and the "loaded carbon" in each circuit will enter the carbon treatment section where the gold will be eluted from the carbon. The carbon will then return to the CIL circuit via a regeneration kiln. The two eluate streams, kept separate until after the gold is eluted from the loaded carbon, will be combined prior to pumping through a series of electro-winning cells where the gold will be precipitated, calcined and smelted in the existing smelthouse. The leach residues will also be combined before pumping to the BTF.

FURTHER R&D: URANIUM

As the gold-carrying pyrite particles also carry substantial quantities of uranium, the R&D team is studying the feasibility of uranium extraction once the flotation plant is up and running. Results suggest production potential of up to 11.5t a month of uranium oxide. Assuming a uranium spot price of US\$50/lb, gold production costs could benefit by between 5% to 8%. The key trigger to this project will be the efficiency of the flotation circuit.

"The flotation and fine-grind circuits should increase extraction efficiencies by 16% to 20%"

Ergo process including flotation and fine-grind



OUR COMPETITIVE ADVANTAGE

"The acquisition of the Ergo plant in 2007 gave us an advantage in the surface reclamation business"

The acquisition of the solidly-built Ergo plant in 2007 gave DRDGOLD an unrivalled advantage in the surface mining business in South Africa, providing the company with a full and uninterrupted series of permits, rights and licences to the land and sites required to run the operations. Today, Ergo is in the unique position of owning the metallurgical plants, pump stations, pipeline networks, and tailings deposition facilities – together with the above-mentioned rights of access and usage – to make it amongst the largest surface gold mining operation in the world; and to providing it with a competitive edge in the local market.

The Ergo operation is a volume-driven business that relies on the regular and uninterrupted delivery of thousands of tonnes of reclaimed slurry material to the plant on a daily basis. Using sophisticated computer technology, operators are able to monitor plants, pump stations and pipelines around-the-clock to follow progress, detect problems and address any potential security threats. Additionally, at the touch of a few computer keys, the slurry feed can be stopped or rerouted as necessary, and it is also possible for management to make informed decisions about switching feeds between reclamation sites to maximise the advantage of using different grade feeds at the appropriate times.

DRDGOLD's competitive advantage in the local surface mining sector is unlikely to change in the short or medium term. It is estimated that our existing resources will provide sufficient reclamation material to keep us busy for the next several decades.