

# STRATEGY AND RESOURCE ALLOCATION

*Our strategy is outlined below and the implementation of the strategy forms the basis of the various sections in this report.*

## OUR STRATEGY

DRDGOLD's strategy is to **enhance shareholder value** in the short and medium term by continuing to produce gold ounces from our 11Moz resource while simultaneously:

- reducing risk and creating opportunities;
- controlling costs;
- maximising margins; and
- assuming our social and environmental responsibilities.

This strategy involves using our various capitals – human, financial, intellectual and manufactured – to extract gold from extensive surface resources in the safest and most efficient manner, thus ensuring the sustainability of our social and environmental capital.

It also involves realising the value of the underground ounces associated with ERPM Extensions 1 and 2, an asset that no longer fits our strategy and is for sale.

DRDGOLD's long-term strategy is to **improve gold recovery** so that, in future, zero gold is returned to tailings deposition facilities along with the discarded material; and to **growing its reclamation business** by:

- the use of technology and continuing R&D;
- acquiring additional surface resources on the Witwatersrand and, possibly, other areas;
- using existing expertise and skills to expand into the reclamation of other minerals from discarded tailings material.

Challenges that might affect this strategy, and our performance, are discussed in more detail in the section Opportunities and risks.

*"Our strategy is to create value by judicious use of our capitals"*

## STRATEGIC FOCUS AREAS

Our key strategic focus areas support the achievement of our target outcomes which are measured and re-evaluated on an ongoing basis. These target outcomes are reflected in the strategic focus areas referred to below.

<b>Effectively exploiting our large surface gold resources</b>		Successfully exploiting our 11Moz surface gold resource by improving recoveries using better technology and innovation
<b>Reducing risk and creating opportunities</b>		Effectively monitoring, evaluating and responding to risks, whilst taking advantage of opportunities to create value for all stakeholders by optimising assets for future growth
<b>Controlling costs and maximising margins</b>		Ensuring that full value is realised from our products, maintaining consistent volumes, improving extraction efficiencies, using better technology and managing costs to protect margins and returns
<b>Assuming our social and environmental responsibilities</b>		Developing business and social partnerships based on mutual value creation while maintaining a focus on ensuring the safety and well-being of employees, and managing environmental and other impacts
<b>Embracing technology and innovation</b>		Improving gold recovery and operational efficiencies through continued R&D, the use of new technologies and encouraging a culture of innovation



Above: Infrastructure at the Elsburg reclamation site

## MEASURING ACHIEVEMENTS AND TARGET OUTCOMES

Strategic focus area	Key performance indicator	Target outcomes
Effectively exploiting our large surface gold resources	Return on equity Dividend yield	Return on equity of 15% Dividend yield of 4% to 5%
Reducing risk and creating opportunities	Share price – cents per share	Share price performance outperforming the JSE gold index
Controlling costs and maximising margins	All-in sustaining costs (AISC) – R/kg AISC margin – %	Achieving budgeted AISC Achieving AISC margin of 15%
Assuming our social and environmental responsibilities	Number of employees receiving training Number of community learners completing courses Number of reportable environmental incidents	Achieving employee training targets Achieving community learner targets Reducing in reportable incidents
Embracing technology and innovation	Gold recovery efficiencies – % Gold production – oz	Improving gold recoveries by 16% to 20% Achieving budgeted gold production