

GOVERNANCE REPORT

The DRDGOLD board of directors ensures that the principles of good corporate governance as recognised and practiced throughout the world are upheld and implemented.

"DRDGOLD has in place the necessary systems and controls to promote discipline, transparency, accountability, responsibility and fairness – all designed to protect the interests of shareholders, employees and the communities in which we operate"

The directors, as custodians of corporate governance, apply diligence, integrity and honour in the execution of their fiduciary duties, in improving organisational performance and in delivering value to shareholders and stakeholders. In an effort to filter these principles throughout the organisation, DRDGOLD has implemented the Think, Vuselela and Best Life campaigns, encouraging employees to take advantage of opportunities for personal development.

DRDGOLD has in place the necessary systems and controls to promote discipline, transparency, accountability, responsibility and fairness to protect the interests of shareholders, employees and the communities in which we operate.

The provisions of King III serve as a guideline for high standards of corporate governance and are observed by DRDGOLD. As far as possible, the company enforces the provisions within the report's "apply or explain" principle.

DRDGOLD's shares are quoted on the JSE, which is its primary listing. DRDGOLD is also registered with the SEC in the USA and its ordinary shares are quoted on the NYSE in the form of an ADR Programme, administered by the Bank of New York Mellon. Accordingly, DRDGOLD is subject to compliance with SOX, which is documented in the company's Form 20-F, filed annually with the SEC.

THE BOARD OF DIRECTORS

Niël Pretorius (CEO) and Craig Barnes (CFO) are the two executive directors on the board. The four non-executive directors are: Geoffrey Campbell, Robert Hume, James Turk and Edmund Jeneker. King III recommends a unitary board structure with a balance between the executive and the non-executive directors, and a substantial number of independent non-executive directors. All non-executive directors are independent.

Compliance with stock exchange requirements

The board has satisfied all the necessary regulatory requirements of the JSE and NYSE, on which it is listed.

Policy detailing the procedure for appointments to the board

In compliance with both the JSE and NYSE requirements, the board has a policy that is both formal and transparent. The Nominations Committee identifies, interviews and recommends short-listed candidates to the board. The board duly deliberates and appoints the most suitable person or persons and the shareholders elect directors at the AGM.

Policy evidencing a clear balance of power and authorities at board level

The board has formal committees, each with distinct terms of reference. These terms outline the duties and responsibilities of directors in their areas of specialisation. The balance of power and authority at board level is illustrated by the separation of the positions of CEO and chairman. In 2007 the board approved a charter setting out the directors' responsibilities. It functions as a guideline to which directors should refer.

The CEO must not hold the position of chairman of the board

This requirement has been continuously met since February 2005. Geoffrey Campbell is the independent non-executive chairman and Niël Pretorius, the CEO. The appointment of the chairman is in full compliance with King III. He is not part of the executive and has an impartial and objective approach.

GOVERNANCE REPORT (CONTINUED)

Appointment of committees

As required by the JSE Listing Requirements and recommended by King III, the board has Audit, Risk, Remuneration, Nominations and Social and Ethics committees – all governed by specific terms of reference.

IR pages 51 to 52
For CVs

A brief CV of each director

This is provided on pages 51 to 52.

IR pages 51 to 52
For each director's capacity

Categorisation of each director's capacity

This is provided on pages 51 to 52.

IR page 51
For more on the CFO

Majority of independent directors according to the JSE Listing Requirements

The majority of DRDGOLD's directors are independent in accordance with the JSE Listing Requirements.

Listing Agreement

DRDGOLD executed a Listing Agreement in the form designated by the NYSE as prescribed by the rules of that stock exchange.

Independence and responsibilities of the Audit Committee

All the members of the Audit Committee are independent according to the definition set out in the NYSE Rules. DRDGOLD also complies with South Africa's Companies Act, 2008, in terms of which all members of the Audit Committee must be non-executive directors who act independently. The committee's charter deals with all the aspects relating to its functioning.

Appointment of financial director

The company appointed Craig Barnes as its financial director; the Audit Committee having satisfied itself that he has the necessary expertise and experience. The factors taken into account in making the determination include those set out on page 51. This determination is made on an annual basis. On 23 April 2013 the Audit Committee considered and confirmed the appropriateness of the expertise and experience of Craig Barnes.

Compliance with other good corporate governance principles

Each director brings to the board his own particular expertise, as well as the appropriate professional experience. Unlike the executive directors who are involved with the day-to-day management of DRDGOLD and are salaried employees, the non-executive directors provide independent perspectives and judgement and do not receive salaries as remuneration.

"Each director brings to the board his own particular expertise, as well as the appropriate professional experience"

An important function of the board is to set policy and determine strategy. The board is able to maintain full and effective control by meeting on a quarterly and, when necessary, on an *ad hoc* basis in order to monitor and assess operational and financial performance and review strategy, risk and planning. The board's duties include the authorising of acquisitions and disposals, major capital expenditure, stakeholder communication and the approval of annual budgets.

In addition the board monitors and, where necessary, approves the activities of executive management, decisions made on material matters, the terms of reference of the subcommittees and any committees established to address specific tasks.

To assist directors – who are responsible for acquainting themselves with their duties, as well as operational matters – an induction programme has been established. Meetings with senior management and company advisors, as well as visits to operations, are arranged. The relevant information documents are provided to new directors, and to all directors on an ongoing basis as required.

In accordance with DRDGOLD's Memorandum of Incorporation (MOI) which was adopted at the 2012 annual general meeting (AGM), non-executive directors are subject to retirement by rotation and re-election by shareholders. However the shareholders have indicated a preference for executive directors

to be subject to the rotation and re-election by shareholders. The company has proposed an amendment to the MOI for tabling at the 2013 AGM so that in future all directors will be subject to re-election on a rotational basis. In addition, all directors are subject to election by shareholders at the first AGM following their appointment. The appointment of new directors is approved by the board as a whole. The names of the directors submitted for re-election are accompanied by sufficient biographical details in the notice of the forthcoming AGM to enable shareholders to make an informed decision in respect of their re-election. All directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring compliance with procedures and regulations of a statutory nature. Directors are entitled to seek independent professional advice concerning the affairs of DRDGOLD at the group's expense, should they believe that such course of action would be in the best interests of the company. A structured and efficient procedure has been incorporated into the board charter.

BOARD MEETINGS AND RESOLUTIONS

“Board meetings are scheduled over two or three days to allow plenty of time for non-executive directors to interact without the executive directors”

Quarterly board meetings are held mainly in South Africa and scheduled over two or three days. This allows board members sufficient time to discuss all items on the agenda and for the non-executive directors to interact without the presence of the executive directors.

An agenda and supporting papers are distributed to all directors prior to each board meeting. To ensure directors are properly informed, relevant facts, explanations and motivations are provided for any items of business requiring resolution at the meeting. In terms of good governance, the directors can conduct unrestricted inspections of all company property, information and records.

There is provision in the company's MOI for decisions to be taken between meetings by way of directors' written resolutions. Circulated to the directors, and supported by full motivations and explanations, directors are usually afforded five days to apply their minds to the matter at hand before they approve the resolution.

BOARD COMMITTEES

The board is assisted in its work by a number of committees. Each committee is delegated specific functions by the board, and acts within approved terms of reference. These include membership requirements, duties and reporting procedures. Minutes of these committee meetings are circulated to the members of the committees and to the board. The effectiveness of these committees is regularly evaluated by the board.

Attendance by directors at the board meetings held during FY2012

Director	Designation	22 Aug 2012	17 Sep 2012	23 Oct 2012	08 Feb 2013	15 Apr 2013	24 Apr 2013
D J Pretorius	Chief executive officer	✓	✓	✓	✓	✓	✓
C C Barnes	Chief financial officer	✓	✓	✓	✓	✓	✓
G C Campbell	Non-executive chairman	✓	✓	✓	✓	✓	✓
R P Hume	Independent non-executive	✓	✓	✓	✓	✓	✓
J Turk	Independent non-executive	✓	✓	✓	✓	✓	✓
E A Jeneker	Independent non-executive	▲	✘	✓	✓	✓	✓

✓ Includes attendance through teleconference or videoconference facilities

▲ Unable to attend because he was ill

✘ Apology

GOVERNANCE REPORT (CONTINUED)

Remuneration of non-executive directors for service on the committees is determined by the shareholders on the recommendation of the board.

The information below indicates the composition and activities of these committees.

AUDIT AND RISK COMMITTEES

The Audit and Risk committees, chaired respectively by Robert Hume and Niël Pretorius, conduct joint quarterly meetings due to considerable overlap on the matter of financial risk. The joint sitting promotes better disclosure and ensures that DRDGOLD conforms more closely to the process prescribed by SOX.

"The Audit and Risk Committees meet jointly to provide better disclosure"

AUDIT COMMITTEE

The members are: R P Hume (chairman), J Turk and E A Jeneker.

The Audit Committee is composed solely of independent non-executive directors.

The primary responsibilities of the Audit Committee, as set out in the Audit Committee Charter, are to assist the board in carrying out its duties relating to the selection and application of accounting policies, internal financial controls, financial reporting practices, identification of exposure to significant financial risks, and the preparation of accurate financial reporting and financial statements in compliance with all applicable legal requirements and accounting standards.

The Audit Committee meets each quarter with the external auditors, the company's manager: risk and internal audit, and the CFO. The committee reviews the audit plans of the internal auditors to ascertain the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls, and reviews the annual and interim financial statements prior to approval by the board.

Attendance by members at the Audit Committee meetings held during FY2013

Director	02 Aug 2012	21 Aug 2012	17 Sep 2012	22 Oct 2012	07 Feb 2013	23 Apr 2013
R P Hume	✓	✓	✓	✓	✓	✓
E A Jeneker	✓	▲	✘	✓	✓	✓
J Turk	✓	✓	✓	✓	✓	✓

✓ Includes attendance through teleconference or videoconference facilities

▲ Unable to attend because he was ill

✘ Apology

Attendance by members at the Risk Committee meetings held during FY2013

Director	20 Aug 2012	22 Oct 2012	07 Feb 2013	23 Apr 2013
D J Pretorius	✓	✓	✓	✓
G C Campbell	✓	✓	✓	✓
R P Hume	✓	✓	✓	✓
J Turk	✓	✓	✓	✓
C C Barnes	✓	✓	✓	✓
E A Jeneker	▲	✓	✓	✓

✓ Includes attendance through teleconference or videoconference facilities

▲ Unable to attend because he was ill

The committee is responsible for making recommendations to appoint, reappoint and remove the external auditors as well as determining their remuneration and terms of engagement. The committee pre-approves all services provided by the external auditors and has implemented a policy regarding the provision of non-audit services by external auditors, and pre-approval thereof. DRDGOLD's external audit function is currently being undertaken by KPMG Inc. who were appointed by shareholders at the 2012 AGM. The internal audit function is performed in-house, with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits are performed at all DRDGOLD operating units and are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal control and corporate governance processes.

Significant deficiencies, material weaknesses, instances of non-compliance and exposure to high risk and development needs are brought to the attention of operational management for resolution. The committee members have access to all the records of the internal audit team.

DRDGOLD's internal and external auditors have unrestricted access to the chairman of the Audit Committee and, where necessary, to the chairman of the board and the CEO. All significant findings arising from audit procedures are brought to the attention of the committee and, if necessary, to the board.

Section 404 of SOX stipulates that management is required to assess the effectiveness of the internal controls surrounding the financial reporting process. The results of this assessment are reported in the form of a management attestation report that has to be filed with the SEC as part of the Form 20-F. Additionally, DRDGOLD's external auditors are required to express an opinion on the operating effectiveness of internal controls over financial reporting, which is also contained in the company's Form 20-F.

RISK COMMITTEE

The members are: D J Pretorius (chairman), J Turk, G C Campbell, R P Hume, E A Jeneker and C C Barnes.

The Risk Committee (Risco) comprises four non-executive directors and two executive directors. Its objective is to assist the board in matters relating to risk management and control responsibilities, assurance issues, health, safety and environmental compliance, and the monitoring and reporting of all these matters. Responsibility for the quality, integrity and reliability of the group's risk management is delegated to Risco by the board of directors. Risco facilitates communication between the board, the Audit Committee, internal auditors and other parties engaged in risk management activities.

The board appointed CEO, Niël Pretorius, as chairman of Risco because it believes the risks prevailing in a mining company include those relating to safety and these can result in loss of life. By appointing the CEO as chairman, Risco has someone with hands-on involvement in the company to steer the meetings in the right direction in order to identify and address all the critical issues.

Risco ensures that:

- an effective risk management programme is implemented and maintained;
- risk management awareness is promoted among all employees;
- risk programmes (financing/insurance) adequately protect the company against catastrophic risks;
- regular risk assessments are conducted;
- the total cost of risk in the long-term is reduced;
- the protection of DRDGOLD's assets is promoted throughout the group;
- the health, safety and well-being of all stakeholders is improved; and
- DRDGOLD's activities are carried out in such a way that the safety and health of employees is ensured.

"The Risk Committee is chaired by the CEO to ensure all critical issues are addressed"

GOVERNANCE REPORT (CONTINUED)

Risco meets every quarter and reports back to the board. *Ad hoc* meetings may be arranged if required. DRDGOLD's manager: risk and internal audit, the group financial manager and the executive officer: legal, compliance and company secretary are among those members of management invited to attend Risco meetings on a regular basis.

The system to manage risk involves all significant business and operational risks which could undermine the achievement of business objectives and the preservation of shareholder value. The significant risks facing DRDGOLD, including those at an operational level, have been identified. Individuals have been assigned to each risk and the results of their work to improve controls are reviewed by senior management through regular risk meetings. The aim of the internal control systems is for management to provide reasonable assurance that the objectives will be met.

An important aspect of risk management is the transfer of risk to third parties to protect the company from disaster. DRDGOLD's major assets and potential business interruption and liability claims are therefore covered by the group insurance policy, which encompasses all the operations. The majority of these policies are held through insurance companies operating in the United Kingdom, Europe and South Africa. The various risk management initiatives undertaken within the group as well as the strategy to reduce costs without compromising cover have been successful, resulting in substantial insurance cost savings for the group.

"Some risk is transferred to third parties, to protect the company from disaster"

REMUNERATION COMMITTEE

The members are: E A Jeneker (chairman), R P Hume, G C Campbell and J Turk.

The Remuneration Committee (Remco) is composed of four directors who are independent and non-executive. Remco is primarily responsible for approving the remuneration policies of DRDGOLD, and the terms and conditions of employment of executive and non-executive directors. Salaries, performance-based incentives and the eligibility and performance measures of the DRDGOLD phantom share scheme applicable to senior management are among the items considered by the committee.

Attendance by members at the Remuneration Committee meetings held during FY2013

Director	21 Aug 2012	22 Oct 2012	30 Oct 2012	07 Feb 2013	23 Apr 2013
E A Jeneker	✓	✓	✓	✓	✓
G C Campbell	✓	✓	✓	✓	✓
J Turk	✓	✓	✓	✓	✓
R P Hume	✓	✓	✓	✓	✓

✓ Includes attendance through teleconference or videoconference facilities

Attendance by members at the Social and Ethics Committee meetings held during FY2013

Director	20 Aug 2012	22 Oct 2012	07 Feb 2013	23 Apr 2013
E A Jeneker	✓	✓	✓	✓
D J Pretorius	✓	✓	✓	✓
C C Barnes	✓	✓	✓	✓

✓ Includes attendance through teleconference or videoconference facilities

"The committee has an obligation to offer competitive packages that will attract and retain executives of the highest calibre and encourage and reward superior performance"

IR pages 69 to 73
For our remuneration policy

The committee has an obligation to offer competitive packages that will attract and retain executives of the highest calibre and encourage and reward superior performance. Industry surveys are provided for comparative purposes, and to assist the committee in the formulation of remuneration policies that are market-related.

The committee meets quarterly, and on an *ad hoc* basis if required. The committee consults independent consultants to evaluate and review remuneration and other related issues when necessary.

SOCIAL AND ETHICS COMMITTEE

The members are: E A Jeneker (chairman), D J Pretorius and C C Barnes

The Social and Ethics Committee was established to enable DRDGOLD to achieve the triple bottom line recommended by King III, and in order to reach the empowerment goals to which this company is committed.

The Social and Ethics Committee's terms of reference were approved by the board in October 2011. The committee objectives are to:

- promote transformation within the company and economic empowerment of previously disadvantaged communities, particularly within the areas where the company conducts business;
- strive towards achieving equality at all levels of the company, as required by the South African constitution and other legislation, taking into account the demographics of the country; and
- conduct business in a manner that is conducive to the attainment of internationally acceptable environmental and sustainability standards.

The following terms of reference were approved by the board to enable the committee to function effectively.

- make recommendations to the board on the development, monitoring and implementation of the company's employment equity policy;
- make recommendations to the board on the development, monitoring and implementation of the company's procurement policy in terms of *inter alia* the Preferential Procurement Policy Framework Act;
- make recommendations to the board on the development, monitoring and implementation of the company's safety, health and environmental policies;
- make recommendations to the board regarding the monitoring and the implementation of the social and labour plans;
- make recommendations to the board regarding ways and means of assisting with poverty-alleviation and social upliftment;
- make recommendations to promote the engagement of management, staff and stakeholders in activities related to social responsibility;
- make recommendations to monitor the record of sponsorships, donations and charitable giving;
- make recommendations to promote equality, prevent unfair discrimination and corruption;
- make recommendations to monitor the group's activities with regard to the 10 principles of the United Nations Global Compact Principles, the Organisation for Economic Co-operation and Development's recommendations regarding corruption and broad-based BEE; and
- make recommendations to monitor the group's activities regarding consumer relationships.

GOVERNANCE REPORT (CONTINUED)

NOMINATIONS COMMITTEE

The members are: G C Campbell (chairman), R P Hume.

The Nominations Committee (Nomco) is compliant with JSE Listing Requirements and its terms of reference were approved in August 2008. Its duties include:

- recommending the appointment of new executive and non-executive directors;
- reviewing board structure, size and composition on a regular basis, and recommending adjustments such as the balance between executive and non-executive directors;
- identifying and nominating candidates to fill board vacancies, as well as putting in place succession plans, in particular for the positions of chairman and CEO; and
- making recommendations for directors who are retiring by rotation.

CONSIDERATION OF COMPETENCE, QUALIFICATIONS & EXPERIENCE OF COMPANY SECRETARY

Themba Gwebu is the company secretary of DRDGOLD. He was appointed to that position on 1 April 2005 and has held the position for an unbroken period of approximately eight years.

IR page 52
For Themba Gwebu's
qualifications and
experience

In his capacity as company secretary, and during the period under review, his responsibilities included the performance of the following duties:

- providing the directors with guidance about their duties, responsibilities and powers;
- making directors aware of laws relevant to or affecting the company;
- reporting to the board on any failure to comply with the company's MOI;
- ensuring that minutes of all shareholder meetings, board meetings and the meetings of any committees of the directors, or of the company's Audit Committee, are properly recorded in accordance with the Companies Act;
- ensuring dispatch to shareholders of the AFS in accordance with the law; and
- ensuring continuous compliance with the JSE Listings Requirements.

On the basis of the board's ongoing interaction and engagement with the company secretary during the year under review, the board is satisfied that Themba Gwebu proved to be competent, qualified and experienced as company secretary of DRDGOLD.

The board confirms that Themba Gwebu is not a director of DRDGOLD Limited and that there is an arms-length relationship between him and the board which is based only on professionalism.

CODE OF ETHICS

A copy of the company's Code of Ethics can be found on the website at www.drdgold.com. A copy can also be made available on request. Any contravention of this code is regarded as a serious matter. The following list includes some provisions of the code:

"A copy of the company's Code of Ethics can be found on the website at www.drdgold.com"

COMPLIANCE WITH LAWS AND REGULATIONS

Directors, officers and employees must comply with all laws and regulations that are applicable to their activities on behalf of the group.

THE COMPANY AND ITS EMPLOYEES

DRDGOLD acknowledges that all employees have a right to work in a safe and healthy environment. All employees are entitled to fair employment practices and have a right to a working environment free from discrimination and harassment.

"An employee should neither accept nor solicit any non-minor gifts, hospitalities or other favours from suppliers of goods or services"

THE GROUP AND THE COMMUNITY

The group recognises that DRDGOLD and its people have a responsibility to contribute to local communities. Employees are encouraged to participate in, among others, religious, charitable, educational and civic activities, provided that such participation does not make undue demands on their work time or create a conflict of interest.

CONFLICT OF INTEREST

The group expects employees to perform their duties in accordance with the best interests of the group and not to use their position, or knowledge gained through their employment with the group, for their private or personal advantage.

OUTSIDE EMPLOYMENT AND DIRECTORSHIPS

Employees may not take up outside employment without prior approval of the CEO or hold outside directorships without prior approval of the board. Directors who hold outside directorships must disclose these at the quarterly board meetings.

RELATIONSHIPS WITH CLIENTS, CUSTOMERS AND SUPPLIERS

Employees should ensure that they are independent of any business organisation which has a contractual relationship with the group or provides goods or services to the group.

GIFTS, HOSPITALITY AND FAVOURS

An employee should neither accept nor solicit any non-minor gifts, hospitality or other favours from suppliers of goods or services.

PERSONAL INVESTMENTS IN SHARES AND SHARE DEALINGS

While directors and employees are encouraged to invest in and own shares in the group, such investment decisions must not contravene the conflict of interest provisions of the code, any applicable legislation, or any policies and procedures established by the various operating areas of the group, and must not be based on material non-public information acquired by reason of an employee's connection with the group.

CONFIDENTIAL INFORMATION AND EXTERNAL COMMUNICATION

Directors and employees are expected to treat all information pertaining to the group, which is not in the public domain, in the strictest confidence and may not divulge such information to any third party without permission, even after the termination of their services with the group.

The group strives to achieve timely and effective communication with all parties with whom it conducts business, as well as with governmental authorities and the public. No sensitive communication may be made to the media or investment community other than by DRDGOLD's CEO, CFO, or the appointed investor/public relations consultants. All other communications to the media or investment community must be made within the ambit of the group's announcements framework.

STAKEHOLDER COMMUNICATION

DRDGOLD is committed to transparency and has an integrated and sustained stakeholder communication programme. The programme takes into account all the obligations placed on the group by the regulatory environment in which it operates, and is based on the understanding that the principal aim of shareholders is to maximise returns on their investments. To do this, they and/or their investment advisers require equitable, timely access to operating, financial and other information.

Information likely to influence the DRDGOLD share price is first released to the JSE, NYSE and then to the public via a SENS announcement. Thereafter, using the group's electronic database, it is sent to all addressees including shareholders, fund managers, analysts and media representatives. The information is also posted on the website.

GOVERNANCE REPORT (CONTINUED)

The same process is followed when releasing quarterly financial results, and any information related to operating and financial performance that requires dissemination. Invitations to attend the quarterly results briefings by the DRDGOLD management team are sent to all persons registered on the database. These events are also accessible either by teleconference or webcast.

An increasingly important repository of information is the DRDGOLD website. Shareholders and the investing community can access current and archived information on the company and its operations, as well as all announcements and publications. Current versions of the Integrated Report, Sustainable Development Report, AFS, fact sheets, company newsletter and all press releases issued are posted to the website. Important presentations made by members of the executive team and videos are also posted to the website. The quarterly investor webcasts and/or teleconferences are also recorded and are available, for a period of time.

Employees and their elected representatives are considered important stakeholders. The collective bargaining or industrial relations process ensures effective communication with employees. Understanding the importance of communication, the company works diligently to communicate directly, regularly and effectively with its employees. A workplace briefing system with feedback mechanisms is in place, and senior employees are encouraged to attend quarterly results briefings and access the website. Employee publications include the company newsletter, *Asikhulume*, currently published three times a year.

"The directors are required by the Companies Act to maintain adequate accounting records."

The well-being of the communities within which it operates is of great importance to DRDGOLD. The company strives towards effective, two-way communication with local groups. Although regulation requires much of the communication (usually formal consultations with I&APs), the company realises the value of community support. This is more likely to be achieved if communication is effectively used to address issues and promote understanding of the company's rationale and actions.

HONESTY WITH REGULATORS AND OTHER GOVERNMENT OFFICIALS

Directors, officers and employees must comply with laws in countries where the group does business including laws prohibiting bribery and corruption. Directors, officers and employees in the group are required to observe and implement the provisions of the Foreign Corrupt Practices Act which prohibit DRDGOLD, its subsidiaries, associates, partners, their officers, employees and agents from giving or offering to give money or anything of value to a government or state official, political party, a party official or a candidate for political office in order to influence official acts or decisions of that person or entity, to obtain or retain business, or to secure any improper advantage.

ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to maintain adequate accounting records. They are responsible for the preparation of the AFS which fairly presents the state of affairs of the group at the end of the financial year, in conformity with IFRS and the Companies Act. The AFS includes amounts based on judgements and estimates made by management.

The directors are of the opinion that these financial statements fairly present the financial position of the company and the group as at 30 June 2013. The AFS can be found in a separate document available on the website. A copy of the document is available on request. www.drdgold.com

The directors have reviewed the group's business plan and cash flow forecast for the year ending 30 June 2014. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and has adequate resources available to ensure its continued operational existence.

To comply with requirements for reporting by non-US companies registered with the SEC, DRDGOLD prepares its AFS on Form 20-F in accordance with IFRS. This report will be available from the Bank of New York Mellon and at www.sec.gov to holders of DRDGOLD's securities listed in the form of ADRs on the NYSE.

GOVERNANCE PRINCIPLES UNDER KING III

Governance principles under King III	Narration of how the King III principles were applied or explained
1.1 The board should provide effective leadership based on an ethical foundation	The board has developed a Code of Ethics which instils a culture of responsible leadership and high ethical standards. The Code of Ethics was signed by the chairman and the CEO after its last update in April 2012. Management is required to ensure that each employee who joins the team receives a copy of the Code of Ethics, signs it and is bound by its terms.
1.2 The board should ensure that the company is and is seen to be a responsible corporate citizen	The board has established the Social and Ethics Committee which monitors progress on the company's corporate citizenship responsibilities. The Sustainable Development Report 2013 has more detailed information on this subject. www.drdgold.com
1.3 The board should ensure that the company's ethics and are managed effectively 2.5	To ensure the company's Code of Ethics is upheld the executive officer: legal, compliance and company secretary was mandated to conduct an awareness campaign at the operations on the Code of Ethics. Fraud and corruption were also addressed, including the application of the Foreign Corrupt Practices Act.
2.1 The board should act as the focal point for and custodian of corporate governance	The board meets at least four times a year, and has adopted a Board Charter. Senior managers are invited to the board and committee meetings where they interact, and management reports on stakeholder relations.
2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable	During the period under review the board conducted joint Audit and Risk committee meetings to ensure the identification of key performance and risk areas and the alignment of controls. All directors were also invited to the joint meetings. Long-term and short-term strategies for the business are standard agenda items and discussed at all quarterly board meetings. The board has developed a board strategy scorecard which is updated on a regular basis.
2.6 The board should ensure that the company has an effective and independent Audit Committee	See pages 56 to 57 of this report.
2.7 The board should be responsible for the governance of risk	The board has delegated the risk function to the Risk Committee as outlined below. However the Risk Committee reports to the board after every meeting. All members of the board are also members of the Risk Committee.
2.8 The board should be responsible for information technology (IT) governance	See principles under chapter 5 below.
2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	See principles under chapter 6 below.
2.10 The board should ensure that there is an effective risk-based internal audit	See principles under chapter 7 below.
2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation	See principles under chapter 8 below.
2.12 The board should ensure the integrity of the company's Integrated Report	See principles under chapter 9 below.
2.13 The board should report on the effectiveness of the company's system of internal controls	See principles under chapter 10 below.
2.14 The board and its directors should act in the best interests of the company	The board refers to this fact from time to time when executing its duties. In the Code of Ethics the principles of fairness and justice are endorsed. The board's fulfilment of its duties of care, skill and diligence was demonstrated recently when the sale of Blyvooruitzicht Gold Mining Company Limited was negotiated and disposed of to an experienced underground mining company. The company has a policy regarding share dealings by directors, officers and certain senior employees and conflicts of interests are monitored.

IR pages 56 to 57
For more on the Audit Committee

GOVERNANCE REPORT (CONTINUED)

Governance principles under King III	Narration of how the King III principles were applied or explained
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed, and as defined in the Companies Act	To demonstrate that the board does execute this function, during the 2011 period the board determined that one of its subsidiaries was financially distressed. However, the view was that it could be rescued and a recommendation was made to the subsidiary board that business rescue proceedings (under chapter 6 of the Companies Act) be instituted. The board continuously considers the solvency and liquidity tests.
2.16 The board should elect a chairman who is an independent non-executive director. The CEO of the company should not simultaneously hold the role of chairman of the board	Geoff Campbell is chairman of the board. He is an independent non-executive director. Niël Pretorius occupies the role of CEO.
2.17 The board appoints the CEO and establishes a framework for the delegation of authority	The board has appointed a CEO, developed a Board Charter and established a framework for the delegation of authority.
2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	There are two executive directors. The four non-executive directors of the board are all independent in accordance with the definitions of King III and the Companies Act. The board is composed of directors with a variety of skills and backgrounds and they complement each other in the execution of their duties.
2.19 Directors should be appointed through a formal process	The board established the Nominations Committee which sits on an <i>ad hoc</i> basis when needed to recruit new directors. According to the MOI, newly-appointed directors must be confirmed at the AGM.
2.20 The induction of and ongoing training and development of directors should be conducted through formal processes	Newly-appointed directors are taken through an induction programme set out in policy documents approved by the board.
2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary	During the year under review the board was assisted by Themba Gwebu who has been company secretary since April 2005. The board is satisfied that he is a suitably qualified and experienced. His CV can be found on page 52 of this report.
2.22 The evaluation of the board, its committees and the individual directors should be performed every year	In August 2012 an evaluation of the board's effectiveness was performed by an independent facilitator who prepared questionnaires, interviewed all directors and members of committees including the chairman of the board. A workshop-style briefing was then conducted with the participation of all the directors. Thereafter the facilitator submitted a written report which confirmed that the effectiveness of the board and its committees was satisfactory. In 2013 the board resolved that the evaluation will be in the form of questionnaires only.
2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The committees of the board and their functions are discussed on pages 55 to 60 of this report.
2.24 A governance framework should be agreed between the group and its subsidiary boards	Some of the directors of the subsidiary companies are also members of the DRDGOLD executive committee. Regular joint leadership workshops are held by senior management at the corporate office and at the operations. This helps to align the implementation of group strategy. The CEO and CFO ensure that the operational directors know the direction expected from DRDGOLD's perspective and the subsidiary directors also contribute towards group strategy through such interaction.

Governance principles under King III	Narration of how the King III principles were applied or explained
2.25 Companies should remunerate directors and executives fairly and responsibly	The company's remuneration policy is set out on pages 69 to 73 of this report.
2.26 Companies should disclose the remuneration of each individual director and certain senior executives	This principle is addressed on page 73 of this report.
2.27 Shareholders should approve the company's remuneration policy	A non-binding vote on the company's remuneration policy is sought from shareholders at every AGM.
3.1 The board should ensure that the company has an effective and independent Audit Committee	The CVs of the members of the Audit Committee are found on pages 51 to 52 of this report. The Audit Committee's report is on page 7 of the AFS 2013. The board is satisfied that the Audit Committee is effective and has recommended to the shareholders that its members be re-elected at the AGM to be held on 29 November 2013.
3.2 Audit Committee members should be suitably skilled and experienced independent non-executive directors	The narration under principle 3.1 above applies here.
3.3 The Audit Committee should be chaired by an independent non-executive director	The chairman of the Audit Committee, RP Hume, is an independent non-executive director. He attends AGMs, the most recent was on 30 November 2012.
3.4 The Audit Committee should oversee integrated reporting	The Audit Committee oversees the preparation of the company's Integrated Report which will be considered by the Audit Committee during September 2013 and recommended to the board for approval.
3.5 The Audit Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	The Audit Committee and management provide internal assurance. KPMG Inc. has been mandated to conduct assurance as required.
3.7 The Audit Committee should be responsible for overseeing the internal audit	The head of internal audit reports directly to the Audit Committee as far as internal audit matters are concerned. Some of the internal audit work has been outsourced to Pro-Optima Audit Services (Pty) Ltd, an independent company. The budget and scope of work is approved by the Audit Committee. The internal audit report is tabled before the Audit Committee every quarter for consideration.
3.8 The Audit Committee should be an integral component of the risk management process	The risk function is performed by the Risk Committee. Members of the Audit Committee attend and participate in the Risk Committee meetings on a quarterly basis.
3.9 The Audit Committee is responsible for recommending the appointment of the external auditors and overseeing the external audit process	The committee is satisfied that KPMG Inc. is JSE-approved and its engagement partner is Riaan Davel. At the 2012 AGM it recommended to shareholders that KPMG Inc. be re-appointed as the company's external independent auditors.
3.10 The Audit Committee should report to the board and shareholders on how it has discharged its duties	The Audit Committee report is on page 7 of the AFS 2013.
4.1 The board should be responsible for the governance of risk	The board is satisfied that it has adequately dealt with governance of risk. It has established a Risk Committee which is chaired by the CEO. The board resolved to appoint the CEO as chairman of the Risk Committee because it believes the risks prevailing in a mining company include those relating to safety and these can result in loss of life. By appointing the CEO as chairman, the Risk Committee has someone with hands-on involvement in the company to steer the meetings in the right direction. This procedure ensures all critical risks are identified and addressed.

IR pages 69 to 73
Remuneration policy

IR pages 51 to 52
CVs of Audit committee and board

IR pages 55 to 60
Board committees and function

IR page 73
Remuneration of directors

AFS page 7
Audit committee report

GOVERNANCE REPORT (CONTINUED)

Governance principles under King III	Narration of how the King III principles were applied or explained
4.2 The board should determine the levels of risk tolerance	The board, at quarterly Risk Committee meetings, and according to a previously agreed format, reviews the major risks to show the individual risk levels.
4.3 The Risk Committee or Audit Committee should assist the board in carrying out its risk responsibilities	The company has a Risk Committee which is responsible for overseeing risk management. Its functions are set out on page 57 of this report.
4.4 The board should delegate to management the responsibility of designing, implementing and monitoring the risk management plan	The board appointed the first group risk manager in 2002. The risk manager reports to the board's Risk Committee.
4.5 The board should ensure that risk assessments are performed on a continuous basis	The company has appointed a group risk manager who conducts risk assessments for the group. These assessments are documented into a "risk map" which is tabled before the Risk Committee every quarter for discussion. It is thus reviewed and updated regularly, and risk rankings are updated every quarter.
4.6 The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	The current methodology assesses all major risks considering the impact, likelihood and control efficiencies of each risk. These risks as well as potential risks are reviewed quarterly to ensure as wide as possible coverage.
4.7 The board should ensure that management considers and implements appropriate risk reports	The company's implementation of appropriate measures during the period under review includes securing its assets by insuring them, disposing of a subsidiary posting material losses, and restructuring the group's surface operations.
4.8 The board should ensure continual risk monitoring by management	Management tables its "risk map" at every Risk Committee meeting. This enables the board to monitor the implementation of measures intended to respond to areas of risk.
4.9 The board should receive assurance regarding the effectiveness of the risk management process	The Risk Committee provides assurance to the board.
4.10 The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The group risk manager attends regular meetings at the operations to identify current, imminent or envisaged risks and reports these to Exco. Material and imminent risks are reported to shareholders via SENS. Risks facing the company and envisaged risks are reported in the Integrated Report and in Form 20-F, filed with SEC.
5.1 The board should be responsible for IT governance	The board has appointed the group risk manager to report to the Risk Committee of the board on IT governance issues. The IT governance policies have been established and are being implemented. The Risk Committee discusses management reports on IT governance on a regular basis.
5.2 IT should be aligned with the performance and sustainability objectives of the company	The IT structure and process is designed to serve the surface retreatment nature of our operations. DRDGOLD has embarked on a compliance project intended to cover the core areas of the company's business such as environmental management, surface resources, etc.
5.3 The board should delegate to management the responsibility for the implementation of an IT governance framework	The Risk Committee has delegated the day-to-day management of the IT responsibility to the CFO who has been given the responsibility to appoint the chief information officer (CIO) who is responsible for the management of IT.

Governance principles under King III		Narration of how the King III principles were applied or explained
5.4	The board should monitor and evaluate significant IT investments and expenditure	The function of IT investment and expenditure rests with the CFO who ensures that an updated and effective IT system is in place.
5.5	IT should form an integral part of the company's risk management	This principle falls under the discussion of risk management.
5.6	The board should ensure that information assets are managed effectively	This responsibility has been undertaken by management. The company complies with the Promotion of Access to Information Act which, <i>inter alia</i> , provides that an information officer be appointed and a manual be developed. These tasks have been completed. Other records are managed by sections e.g. the company secretary's office, the finance department etc.
5.7	The Risk Committee or Audit Committee should assist the board in carrying out its IT responsibilities	The Risk Committee has been tasked to oversee IT risks and management from a board perspective.
6.1	The board should ensure that the company complies with applicable laws and consider adherence to non-binding rules, codes and standards	The company has established a legal division which is headed by the executive officer: legal, compliance and company secretary. The said executive officer and the senior legal advisor ensure continuous research so that new laws are identified for purposes of compliance. Seminars, conferences, and subscription to law journals assist in keeping the company up to date with legal developments. The company also receives updates from a panel of SA and USA law firms that provide legal advisory services from time to time.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	When new directors are appointed they are taken through an induction process which involves laws, rules, codes and standards applicable to DRDGOLD and its operations. The board meeting agendas incorporate the company secretarial report which contains regular updates on laws and rules that apply to the company.
6.3	Compliance risk should form an integral part of the company's risk management process	This form part of DRDGOLD's risk management process.
6.4	The board should delegate to management the implementation of an effective compliance framework and process	The company currently applies the approach set out under principle 6.1 above and believes that it applies here as well. Although the company is of the view that the process stated under 6.1 above serves the purpose, the compliance framework is under development.
7.1	The board should ensure that there is an effective risk-based internal audit	The board has satisfied an effective risk-based internal audit: the head of the group's internal audit is also the group risk manager which enables the two functions to be properly aligned. To strengthen the internal audit function further, Pro-Optima (Pty) Ltd, an independent internal audit firm, was appointed to provide additional internal audit services.
7.2	Internal audit should follow a risk-based approach to its plan	The internal auditors also focus on risk when preparing their annual plan which is tabled before the Audit Committee for consideration and approval. The Risk Committee also has the opportunity to comment as members are invited to the Audit Committee meetings.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	The system of internal controls is discussed on page 57 of this report.

GOVERNANCE REPORT (CONTINUED)

Governance principles under King III	Narration of how the King III principles were applied or explained
7.4 The Audit Committee should be responsible for overseeing internal audit	The Audit Committee oversees internal audit by, <i>inter alia</i> , approving its audit plan on an annual basis. The board is of the view that there is no need for independent assurance because the independent external and internal auditors participate in the internal audit process.
7.5 Internal audit should be strategically positioned to achieve its objectives	The head of the internal audit reports directly to the audit committee. He is also the group risk manager. The Audit and Risk committees conduct joint meetings to ensure the alignment of their functions. Internal audit reports quarterly to the Audit Committee.
8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	The board recognises the importance of stakeholder perception, and investor relations is a standard agenda item. The operational report delivered by the CEO also addresses stakeholder relations when needed.
8.2 The board should delegate to management to pro-actively deal with stakeholder relationships and the outcome of these dealings	Road shows are conducted on an annual basis. The senior legal advisor is the direct contact for government relations. All material information is released on SENS, and the company website as and when it is reasonably possible. At the operational level, teams are established to regularly interact with the community. Matters addressed include the effects of surface retreatment on residents, such as dust pollution, slime spillage etc.
8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	
8.4 Companies should ensure the equitable treatment of shareholders	All material information is released on SENS and the NYSE simultaneously.
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Immediately thereafter it is posted on the company website for shareholders to access.
8.6 The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	The company has structures through which disputes are resolved. For example, the company belongs to the local dust-monitoring forum – attended by, <i>inter alia</i> , community representatives, government officials and NGOs. This provides an opportunity for dust-related complaints which may be linked to our operations to be resolved. The agreement which the company enters into has dispute-resolution clauses.
9.1 The board should ensure the integrity of the company's Integrated Report	The board considers and approves the Integrated Report on an annual basis. The Integrated Report 2013 and the Sustainable Development Report 2013 will be published during September 2013.
9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	
9.3 Sustainability reporting and disclosure should be independently assured	DRDGOLD's Sustainable Development Report 2013 has been compiled in line with the guidelines of the Global Reporting Initiative (version 3.0) and the Mining Charter. KPMG Inc. has been engaged to provide limited assurance on agreed items in the Sustainable Development Report.