DRDGOLD LIMITED

SAIMM

Implications of SK-1300 Regulations and Disclosures

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OUR EXPERIENCE

1. Purpose of the TRS

Under the new rules, a registrant with material mining operations must disclose specified information in its Securities Act and Exchange Act filings **concerning mineral resources, in addition to mineral reserves**, which have been determined on one or more of its properties. – *Extract from SEC.gov*

ECONOMIC ANALYSIS

CONCISE TRSs

2. Impact on JSE shareholders

- Do they have less information than shareholders in the US market?
- What is our responsibility toward them in terms of JSE Listings Requirements
- **Price sensitive** information not available in the SA market: SENS

3. Changes to the TRS

The new rules will require the registrant to file an updated technical report summary in connection with the filing of the registrant's SEC annual report or in connection with an applicable registration statement if, at such time, there has been a **material change** in the mineral resources or mineral reserves for a material property from that reported in the previously-filed technical report summary, or a **material change** in the exploration results contained in a technical report summary that the registrant filed voluntarily. – *Extract from Dorsey.com*

4. Disclosure controls

Under the new rules, every registrant with mining operations that are material to its business or financial condition must describe in its SEC annual report and applicable registration statements the **internal controls** that the registrant uses in its exploration and mineral resource and reserve estimation efforts. This disclosure should include quality control and quality assurance (QC/QA) programs, verification of analytical procedures and a discussion of comprehensive risk inherent in the estimation. – *Extract from Dorsey.com*

OUR EXPERIENCE *CONT*.

5. Financial Reporting Impacts

No impact due to SK-1300 specifically, however qualified persons to take into the following:

Mineral Reserves feeds into the life of mine

Life of mine plan used for the following:

1. Calculation of value in use for impairment purposes under International Accounting Standard ("**IAS**") 36 *Impairment of Assets*
2. Estimation of the forecast average deferred tax rate (gold tax rate formular) based on forecast revenue and profitability for purposes of IAS 12 *Income Taxes*
3. Scheduling of environmental rehabilitation cash outflows for the purposes of *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and *IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities*
4. Depreciation of fixed assets under *IAS 16 Property, plant and equipment*

More often than not, the above areas carry a significant risk of material misstatement and significant focus by readers of financial statements for mines, therefore the work of the qualified persons and competent persons is very important!

6. Sarbanes Oxley requirements

Section 404 requirements

(1) state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and

(2) contain an assessment, as of the end of the most recent fiscal year of the issuer, of the effectiveness of the internal control structure and procedures of the issuer for financial reporting.

Although the new disclosures under the final rule are not part of the audited financial statements and most likely will not have an impact on compliance with Section 404 of the Sarbanes-Oxley Act, mining companies will need to critically assess their current processes and controls against these new requirements. It is likely that even if mining companies have well-established processes, they will need to expend considerable effort to update their processes and roll them out consistently across their operations to ensure compliance with the new disclosure requirements. – *Extract from Deloitte Mining Spotlight*

THANK YOU

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