DRDGOLD
LIMITED

2019

ANNUAL FINANCIAL STATEMENTS

Mine. Enhance. Sustain.

CONTENTS

ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS *continued*

COMPANY FINANCIAL STATEMENTS

OTHER INFORMATION

The preparation of the consolidated and company annual financial statements for the year ended 30 June 2019 were prepared under the supervision of the Group's Chief Financial Officer: Mr AJ Davel CA (SA). The financial statements have been audited in compliance with the applicable sections of the Companies Act of South Africa.

DIRECTORS' REPORT

The directors have pleasure in submitting this report and the consolidated financial statements of DRDGOLD Limited and its subsidiaries ("**DRDGOLD**" or the "**Company**" or the "**Group**") for the year ended 30 June 2019.

SIGNIFICANT EVENTS

Acquisition, development and commissioning of Far West Gold Recoveries

On 31 July 2018 the Group acquired the surface gold assets and liabilities associated with Sibanye Gold Limited trading as Sibanye-Stillwater ("**Sibanye-Stillwater**") West Rand Tailings Retreatment Project, subsequently renamed as Far West Gold Recoveries Proprietary Limited ("**FWGR**"), in exchange for 265 million new ordinary shares equal to 38.05% of DRDGOLD's outstanding shares and an option for Sibanye-Stillwater to subscribe for new ordinary shares up to a total of 50.1% of the total issued ordinary shares of DRDGOLD at a 10% discount to the prevailing market value, to be exercised within two years from the effective date of the acquisition ("**FWGR Acquisition**").

The Asset Acquisition added surface Mineral Reserves of 2.72Moz (246.12Mt@0.34g/t) comprising Proved Mineral Reserves of 2.1Moz (178.89Mt@0.37g/t) and Probable Mineral Reserves of 0.62Moz (67.23Mt@0.28g/t). Subsequent to 31 July 2018, 1% of the total mineral reserves were depleted as a result of the reclamation of the Driefontein 5 slimes dam up to 30 June 2019.

Construction of Phase 1 commenced during August 2018 with R330.7 million spent on, *inter alia*, the reconfiguration of the Driefontein 2 plant ("**DP2**") and relevant infrastructure to process tailings from the Driefontein 5 slimes dam and deposit residues on the Driefontein 4 Tailings Storage Facility. Early-stage commissioning commenced on 6 December 2018 with the pumping of reclaimed tailings into the carbon in leach ("**CIL**") circuit. Testing of the reconfigured plant and ramp-up of production continued during the third quarter of the financial year ended 30 June 2019. Phase 1 (excluding the milling section) achieved commercial production on 1 April 2019.

FWGR's revenue and cost of sales were lower than the forecasted revenue and cost of sales for the six months ended 30 June 2019 included in the circular to shareholders, dated 26 February 2018, due primarily to the date of commencement of commercial production for most Phase 1 assets of 1 April 2019 being three months later than the forecasted effective date of the transaction of 1 January 2019 (refer Annexure 1).

REVIEW OF OPERATIONS

The performance of our operations is reviewed in the financial performance section of the Integrated Report 2019.

DIRECTORATE

Election and appointment of non-executive directors

Mr J J Nel was elected as non-executive director on 30 November 2018.

Mrs P Lebina was appointed as non-executive director on 03 May 2019.

Rotation of directors

Mr G C Campbell and Mr E A Jeneker will retire at the forthcoming annual general meeting in accordance with the provisions of the Company's Memorandum of Incorporation (MOI). Mr G C Campbell and Mr E A Jeneker are eligible and have offered themselves for re-election.

Directors' interest in shares

None of the directors' immediate families and associates held any direct shareholding in the Company's issued share capital. No director held, acquired or disposed of any shares in the Company as at 30 June 2019 or between reporting date and the date of the approval of the financial statements other than outlined below.

DIRECTORS' REPORT *continued*

DIRECTORATE CONTINUED

	2019		2018	
	Beneficial direct	**Beneficial indirect**	**Beneficial direct**	**Beneficial indirect**
Executive directors				
D J Pretorius[1]	**760,255**	**-**	659,688	-
A J Davel[1]	**200,000**	**-**	-	-
Non-executive directors				
G C Campbell	**200,000**	**-**	200,000	-
J Turk[2]	**-**	**-**	-	243,000
	1,160,255	**-**	859,688	243,000

1 The increase was due to shares acquired in the open market

2 Service concluded on 31 October 2018

COMPANY SECRETARY

Ms R Masemene resigned effective on 30 September 2019. Ms E Beukes was appointed effective on 1 October 2019.

SHAREHOLDERS

DRDGOLD has a primary listing on the JSE Limited (JSE) and a secondary listing on the New York Stock Exchange Limited (NYSE). The Company's shares are also traded on the Regulated Unofficial Market on the Frankfurt Stock Exchange and the Berlin and Stuttgart OTC markets.

Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented in the shareholders' information section in the annual financial statements.

DIVIDENDS

DRDGOLD's dividend policy is to return excess cash over and above the predetermined cash buffer to its shareholders. Dividends are proposed by the Audit and Risk Committee and approved by the board of directors of DRDGOLD based on the quarterly management accounts presented to the board.

A dividend of 20 South African cents per share was declared on 3 September 2019 in respect of to the year ended 30 June 2019. Details of the dividends declared by the company appear in note 21 to the consolidated financial statements.

BORROWING POWERS

In terms of Clause 32 of the Company's MOI, the borrowing powers of the Company are unlimited and at the discretion of the directors.

The Group is subject to financial and other covenants and restrictions under its credit facilities from time to time. Such covenants may include restrictions on the Company incurring additional borrowings to maintain certain financial covenant ratios for as long as any amount is outstanding under such facilities.

As at 30 June 2019, the borrowings of the Company were Rnil (2018: Rnil) (refer note 22).

GOING CONCERN

The directors believe that the Group has adequate resources to continue as a going concern for the foreseeable future.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors are responsible for the preparation and fair presentation of the consolidated and company annual financial statements of DRDGOLD Limited, comprising the statements of financial position at 30 June 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS

The consolidated and company annual financial statements of DRDGOLD Limited, as identified in the first paragraph, were approved by the board of directors on 24 October 2019 and signed by:

J A Holtzhausen
Chairman: Audit and Risk Committee
Authorised director

A J Davel
Chief Financial Officer
Authorised director

COMPANY SECRETARY'S STATEMENT

I certify, in accordance with Section 88(2)(e) of the Companies Act of South Africa, that to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 June 2019, all such returns as are required of a public company in terms of the Companies Act, and that all such returns appear to be true, correct and up to date.

E Beukes
Company Secretary
24 October 2019

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Chairman: EA Jeneker

Other members: DJ Pretorius and TVBN Mnyango

Purpose of the committee:

The committee is tasked with the day to day operational sustainability of the business, to ensure the Company conducts its business in an ethical, responsible and properly governed manner and to have oversight for reviewing and/or developing policies, governance structures and practices for sustainability.

Roles and responsibilities:

- Promote transformation within the Group and economic empowerment of previously disadvantaged communities, particularly within the areas where the Group conducts business;
- Strive towards achieving equality at all levels of the Group, 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 standard.

Key activities include:

- To monitor the Group's activities with regard to the 10 principles set out in the United Nations Global Compact Principles and the Organisation for Economic Co-operation and Development recommendations regarding corruption, the Employment Equity Act 55 of 1998 and the Broad Based Black Economic Empowerment Act 53 of 2003;
- Records of sponsorship, donations and charitable giving;
- The environment, health and public safety, including the impact of the Group's activities and of its products or services;
- Labour and employment;
- Review and recommend the Group's Code of Conduct;
- Review and recommend any corporate citizenship policies; and
- Review significant cases of employee conflicts of interests, misconduct or fraud, or any other unethical activity by employees of the Group.

Evaluation

For the financial year under review, the Social and Ethics Committee members were all satisfied with the overall functioning of the committee.

REPORT OF THE AUDIT AND RISK COMMITTEE

The legal responsibilities of the Audit and Risk Committee ("the **Committee**") of the Group are set out in the Companies Act. These responsibilities, together with the JSE listings requirements and compliance with appropriate governance and international best practice, are incorporated in the Committee's charter.

The members of the committee responsible for audit related matters were formally appointed by the shareholders at the Annual General Meeting ("**AGM**") held on 30 November 2018.

The biographical details of the Committee's members are set out on page 66 and 67 of the 2019 Integrated Report and the members' fees are set out on page 84 of the same report.

DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

FINANCIAL STATEMENTS

The Committee has reviewed the Group's significant accounting matters which include:

- Acquisition of Assets and Liabilities;
- Impairment of Property, Plant and Equipment;
- Provision for Environmental Rehabilitation;
- Legal proceedings; and
- Taxation matters

The Committee also considered the key audit matters included in the external audit report on pages 11 to 16.

The Committee has reviewed the Consolidated and Company financial statements, including the accounting policies, of the Group for the year ended 30 June 2019 and based on the information provided to the Committee, the Committee considers that the Group complies, in all material respects, with the requirements of the Companies Act, IFRS and the JSE Listings Requirements.

The Committee has recommended the financial statements to the board for approval. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming AGM.

CHIEF FINANCIAL OFFICER ("CFO") AND FINANCE FUNCTION

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements, the Committee has satisfied itself that the CFO, AJ Davel, has the appropriate expertise and experience to fulfil the role and that he had performed appropriately during the year under review. The Committee is satisfied with the expertise and experience of the finance function and adequacy of its resources.

EXTERNAL AUDITORS

The Committee considered the matters set out in the Companies Act and the JSE Listings Requirements, and:

- is satisfied with the independence and objectivity of the external auditors;
- has considered the suitability of, and recommended the reappointment of the external auditor and the designated external audit partner;
- has approved the external auditor's fees and terms of engagement for the year ended 30 June 2018 and budgeted fees and terms of engagement for the financial year ended 30 June 2019; and
- has approved the non-audit related services performed by the external auditors in accordance with the policy established and approved by the board.

The external auditors have unrestricted access to the Committee, the Committee Chairman and the Chairman of the Board, ensuring they are able to maintain their independence.

INTERNAL AUDITORS

The internal audit function is performed in-house, with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits performed are aimed at reviewing, evaluating and improving the effectiveness of risk management, internal controls and corporate governance processes.

The Committee considered the effectiveness of the internal audit function, confirmed the audit plan for the 2019 financial year and reviewed the results of the internal audits conducted during the 2019 financial year.

The internal auditors have unrestricted access to the Committee, the Committee Chairman and the Chairman of the Board, ensuring they are able to maintain their independence.

INTERNAL CONTROLS

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management assesses the internal controls surrounding the financial reporting process as at the end of each financial year.

Separate meetings are held with management and external and internal audit representatives to discuss any challenges and other matters that they wish to discuss. The head of internal audit and risk and the external auditors have unlimited access to the chairman of the Committee.

To the best of the Committee's knowledge, and based on the information and explanations given by management and the Group internal audit function, the Committee is satisfied that the internal financial control environment continued to function effectively.

COMBINED ASSURANCE AND RISK MANAGEMENT

We use a combined assurance model to provide us with assurance obtained from management and from internal and external assurance providers. The Group's financial, operating, compliance and risk management controls are assessed by internal audit, overseen by the Committee. An independent review of the Ergo Mining Proprietary Limited's Mineral Reserves and Resources was conducted by Red Bush Geoservices Proprietary Limited.

The Committee considered combined assurance in responding to significant risks and material matters through the company's operation, internal auditors, external auditors and other inspections.

The Committee is satisfied that an effective control environment exists for management decision making and external reporting.

SOLVENCY AND LIQUIDITY

The Committee is satisfied that the Board has adequately performed solvency and liquidity tests in terms of Section 46 of the Companies Act, as and when required during the year under review.

For the period under review, the Committee is satisfied that it has regulated its affairs in compliance with its mandate, and has discharged its duties and responsibilities in terms of the JSE Listings Requirements, the Companies Act and the King IV Report on Corporate Governance for South Africa, 2016.

J A Holtzhausen
Chairman: Audit and Risk Committee
24 October 2019

INDEPENDENT AUDITOR'S REPORT

To the shareholders of DRDGOLD Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of DRDGOLD Limited (the group and company) set out on pages 17 to 91, which comprise the consolidated and company statements of financial position at 30 June 2019, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DRDGOLD Limited at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the Far West Gold Recoveries' assets and liabilities on acquisition date (applicable to the consolidated and separate financial statements)

Refer to note 4 of the consolidated financial statements and note 8 of the company financial statements

Key audit matter	How the matter was addressed in our audit
Effective 31 July 2018, the company acquired gold assets and liabilities associated with Sibanye Gold Limited trading as Sibanye-Stillwater's West Rand Tailings Retreatment Project, subsequently renamed Far West Gold Recoveries Proprietary Limited ("FWGR"). The FWGR asset and liability acquisition for the consolidated financial statements and the equity investment in the FWGR subsidiary for the company financial statements have been accounted for in terms of IFRS 2 Share-based payments ("IFRS 2"). The fair value of the assets and liabilities acquired and the equity investment in FWGR were recognised at their fair value on acquisition date using principles under IFRS 13 Fair Value Measurement ("IFRS 13"). The fair value of the assets acquired was determined using the income approach present value technique, with the assistance of an independent expert. Significant assumptions and estimates were used by management to determine the fair value of the assets and liabilities acquired, which are inherently uncertain and could materially change over time. Due to the inherent complexity to determine the respective fair values, which include assumptions and estimates in relation to, inter alia, the available mineral reserves and resources, production volumes, spot and year one forward-looking rand gold prices, discount rates, operating costs, capital expenditure, rehabilitation costs and timing of the cash flows, the fair value determination of the acquired FWGR assets and liabilities and the equity investment in the FWGR subsidiary were considered a key audit matter.	Our procedures relating to the acquisition of the FWGR assets and liabilities and the equity investment in the FWGR subsidiary included: • We evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure the assessment of the fair value of the assets and liabilities was appropriately performed and reviewed; • We evaluated the independence, objectivity, competence and capabilities of the external experts used by management to assist with the fair value determination in terms of IFRS 13; • We critically evaluated and assessed the reports obtained from management's experts to identify any aspects which were inconsistent with our understanding and experience of the entity and the industry it operates in; • We agreed specific key indicators that were reported in the Competent Persons Report ("CPR") to those indicators included in the income approach present value technique for consistency; • We challenged management's assumptions used in the income approach present value technique, which included the year one forward-looking rand gold price, discount rate, production volumes, capital and operational expenditure; • With the assistance of our internal valuation specialist, we reviewed the valuation models used by management to determine the fair values. We challenged specifically the commodity prices, key macroeconomic parameters and the discount rate used. Our valuation specialists also challenged the appropriateness of the fair value model and the methodology applied; • We evaluated management's assessment of the effective date of the transaction for accounting purposes, which included evaluating the appropriateness of the acquisition accounting entries recognised for the transaction in the consolidated and company financial statements; and • We assessed the adequacy of the group and company's disclosures in relation to the requirements of the applicable financial reporting framework.

Completeness and valuation of the provision for environmental rehabilitation (applicable to the consolidated financial statements)

Refer to note 11 of the consolidated financial statements

Key audit matter	How the matter was addressed in our audit
The group is engaged in the retreatment of surface gold tailings. The group has an obligation to close, restore and rehabilitate these gold tailing deposits and mining sites that are spread out over a large area due to the group's extensive surface mining footprint. Determining the provision for environmental rehabilitation required management to make significant assumptions and estimates, with the assistance of an independent expert, in respect of: • The group's environmental management plans that are developed in accordance with current regulatory requirements, the planned method of rehabilitation, the life-of-mine plan and the current contract rates, that in turn are used in estimating future environmental rehabilitation costs; and • Discount rates, inflation rates, discount periods, and the projected timing of cash flows over the expected life-of-mine used in the calculation of the net present value of the estimated rehabilitation costs. Due to the inherent uncertainty in estimating future environmental rehabilitation costs the completeness and valuation of the provision for environmental rehabilitation was considered a key audit matter.	Our audit work related to the completeness and valuation of the provision for environmental rehabilitation included: • We evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure that the provision for environmental rehabilitation was appropriately recognised and valued; • We evaluated the independence, competence and capabilities of the group's environmental expert by obtaining an understanding of their professional qualification, experience and affiliations; • With the support of our own internal environmental specialists we challenged management's and the independent expert's assumptions by comparing these assumptions to external data sources and our own expectations based on our knowledge and experience of the industry; • We assessed whether the group's environmental rehabilitation provision is aligned to the group's life-of-mine plan, environmental management plans and the current applicable laws and regulations; • We challenged the timing of cash flows as well as the inflation rates, discount rates and discount periods used by management in the calculation of the net present value of the estimated rehabilitation costs and compared the discount rates and inflation rates used to externally derived data; and • We evaluated whether the accounting treatment applied in determining the provision for environmental rehabilitation and the related disclosures are in accordance with the applicable financial reporting framework.

The Ergo life-of-mine plan used to calculate the recoverable amount of the Ergo cash generating unit ("CGU") as well as the life-of-mine plans used for the valuation of the provision for environmental rehabilitation and the valuation of the deferred tax liability (applicable to the consolidated financial statements)

Refer to note 10, 11 and 18.2 of the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
Management makes use of experts in assisting them to evaluate geological and technical factors, that consider the available proven and probable reserves, in determining the life-of-mine plans as well as forecast production methods and volumes. Significant assumptions and estimates were used by management to determine the life-of-mine plans for its reserves, which are inherently uncertain and could materially change over time. These judgements, estimates and assumptions include reserves and resource estimates, production estimates and the related costs, forecast capital expenditure and economic factors such as future dollar gold prices, discount rates and foreign currency exchange rates as well as the impact of taxation specific to the gold mining industry. The recoverable amount of the Ergo CGU, the determination of the nature, quantum and timing of the provision for the rehabilitation obligation and the determination of the weighted averaged deferred tax rate are determined using estimated future cash flows based on the life-of-mine plans. The determination of the life-of-mine plans were considered a key audit matter due to the significant assumptions and estimates required as well as the resultant impact on the recoverable amount of the Ergo CGU, the valuation of the provision for environmental rehabilitation and the valuation of the deferred tax liability.	Our procedures relating to the determination of the life-of-mine plans included: • We evaluated the design, implementation and operating effectiveness of internal controls applied by management to ensure the life-of-mine assessment was appropriately performed and reviewed; • We challenged management's assumptions used in the proven and probable reserves calculation, by comparing the assumptions to data sources such as drilling and survey results. We also compared management's calculations and the expert's report to the inputs used in the life-of-mine plans for the group in order to confirm completeness and accuracy of the life-of-mine plans; • We inspected and evaluated the significant changes in the declared reserves compared to what was previously reported and obtained relevant support to substantiate the changes noted; • We evaluated the objectivity, competence and capabilities of management's external geological expert. We further obtained an understanding of the work performed by the external geological expert and evaluated the appropriateness of the conclusions reached; • We evaluated the assumptions and estimates used by management in the life-of-mine plans by comparing the assumptions used by management to externally derived data as well as our own assessments based on our industry knowledge and experience in relation to key inputs such as the spot and future dollar gold prices, foreign exchange rates, cost inflation, production costs, capital expenditure and discount rates; • We performed sensitivity analyses to consider the impact of changes in assumptions and estimates used in the life-of-mine assessment; • With the assistance of our taxation specialists, we assessed management's evaluation of tax uncertainties and judgements used in the forecasted weighted average tax rate; and • We assessed the adequacy of the group's disclosures of significant accounting assumptions and estimates used to determine the recoverable amount of the Ergo CGU, deferred tax liability and environmental rehabilitation provision.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "DRDGOLD Limited Annual Financial Statements 30 June 2019, which includes the Directors' Report, the Company Secretary's Statement and the Report of the Audit and Risk Committee as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc has been the auditor of DRDGOLD Limited for 17 years.

KPMG Inc.
Registered Auditor

Per R Stoltz
Chartered Accountant (SA)
Registered Auditor
Director
31 October 2019

KPMG Crescent,
85 Empire Road,
Parktown,
Johannesburg

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

Amounts in R million	Note	2019	2018
Revenue	5	**2,762.1**	2,490.4
Cost of sales	6.1	**(2,553.9)**	(2,347.7)
Gross profit from operating activities		**208.2**	142.7
Other income	6.2	**7.9**	-
Administration expenses and other costs	6.3	**(90.9)**	(90.7)
Results from operating activities		**125.2**	52.0
Finance income	7	**58.3**	38.8
Finance expense	8	**(78.4)**	(58.4)
Profit before tax		**105.1**	32.4
Income tax	18.1	**(26.6)**	(25.9)
Profit for the year		**78.5**	6.5
Other comprehensive income			
Items that will not be reclassified to profit or loss, net of tax			
Net fair value adjustment on equity investments at fair value through other comprehensive income	25.2	**(5.9)**	-
Items that will be reclassified subsequently to profit or loss, net of tax			
Net fair value adjustment on available-for-sale investments	25.2	**-**	0.6
Total other comprehensive income for the year		**(5.9)**	0.6
Total comprehensive income for the year		**72.6**	7.1
Earnings per share			
Basic earnings per share (SA cents per share)	9	**11.8**	1.5
Diluted earnings per share (SA cents per share)	9	**11.5**	1.5

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2019

Amounts in R million	Note	2019	2018
ASSETS			
Non-current assets		**3,403.9**	1,734.1
Property, plant and equipment	10	**2,775.3**	1,452.7
Investments in rehabilitation obligation funds	12	**587.5**	244.0
Other assets	25	**31.1**	28.7
Deferred tax asset	18.2	**10.0**	8.7
Current assets		**656.1**	626.3
Inventories	17	**304.6**	233.0
Current tax receivable		**4.1**	-
Trade and other receivables	15	**67.9**	91.2
Cash and cash equivalents	13	**279.5**	302.1
TOTAL ASSETS		**4,060.0**	2,360.4
EQUITY AND LIABILITIES			
Equity		**2,688.6**	1,267.3
Stated share capital	21.1	**5,072.8**	4,177.7
Other reserves		**453.6**	-
Retained earnings		**(2,837.8)**	(2,910.4)
Non-current liabilities		**913.2**	772.4
Provision for environmental rehabilitation	11	**682.6**	553.4
Deferred tax liability	18.2	**193.2**	163.7
Employee benefits	19	**37.4**	40.6
Finance lease obligation	10	**-**	14.7
Current liabilities		**458.2**	320.7
Trade and other payables	16	**419.2**	303.3
Employee benefits	19	**22.6**	13.2
Finance lease obligation	10	**11.0**	-
Current tax liability		**5.4**	4.2
TOTAL LIABILITIES		**1,371.4**	1,093.1
TOTAL EQUITY AND LIABILITIES		**4,060.0**	2,360.4

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

Amounts in R million	Note	Stated share capital	Other reserves[1]	Retained earnings	Total equity
Balance at 30 June 2017		**4,177.7**	**-**	**(2,875.3)**	**1,302.4**
Total comprehensive income					
Profit for the year				6.5	6.5
Other comprehensive income	25.2			0.6	0.6
Transactions with the owners of the parent					
Dividend on ordinary share capital	21.2			(42.2)	(42.2)
Balance at 30 June 2018		**4,177.7**	**-**	**(2,910.4)**	**1,267.3**
Total comprehensive income					
Profit for the year				78.5	78.5
Other comprehensive income	25.2			(5.9)	(5.9)
Transactions with the owners of the parent					
Equity instruments issued as purchase consideration for the FWGR Acquisition	4	895.7	453.6		1,349.3
Share issue expenses		(0.3)			(0.3)
Treasury shares acquired through subsidiary	21.1	(0.3)			(0.3)
Balance at 30 June 2019		**5,072.8**	**453.6**	**(2,837.8)**	**2,688.6**
Note		21.1			

1 Other reserves include share-based payment reserve and shareholder contribution reserve (refer note 4)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

Amounts in R million	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	**282.0**	222.9
Finance income received		**16.8**	21.9
Finance expenses paid		**(9.3)**	(3.5)
Income tax paid		**(1.2)**	(7.5)
Net cash inflow from operating activities		**288.3**	233.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(347.4)**	(125.9)
Environmental rehabilitation payments to reduce decommissioning liabilities	11	**(16.6)**	(21.5)
Proceeds on disposal of property, plant and equipment	6.2	**5.8**	7.0
Funds received from environmental obligation funds	12	**55.2**	-
Net cash outflow from investing activities		**(303.0)**	(140.4)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings raised	22	**192.0**	-
Borrowings paid	22	**(192.0)**	-
Initial fees incurred on borrowings	22	**(3.6)**	-
Repayment of finance lease obligation		**(3.7)**	(2.8)
Share issue expenses		**(0.3)**	-
Acquisition of treasury shares	21.1	**(0.3)**	-
Dividends paid on ordinary share capital	21.2	**-**	(42.2)
Net cash outflow from financing activities		**(7.9)**	(45.0)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(22.6)**	48.4
Cash and cash equivalents at the beginning of the year		**302.1**	253.7
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**279.5**	302.1

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2019

1 ABOUT THESE CONSOLIDATED FINANCIAL STATEMENTS

Reporting entity

The DRDGOLD Group is primarily involved in the retreatment of surface gold. The consolidated financial statements comprise the Company and its subsidiaries who are all wholly owned subsidiaries and solely operate in South Africa (collectively the "**Group**" and individually "**Group Companies**"). DRDGOLD Limited is domiciled in South Africa with a registration number of 1895/000926/06. The registered address of the company is 1 Sixty Jan Smuts Building, 2nd Floor - North Tower, 160 Jan Smuts Avenue, Rosebank, 2196.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa. The consolidated financial statements were approved by the board for issuance on 31 October 2019.

Functional and presentation currency

The functional and reporting currency of DRDGOLD and its subsidiaries are South African rand. The amounts in these consolidated financial statements are rounded to the nearest million unless stated otherwise. Significant exchange rates applied during the year are set out in the table below:

South African rand / US dollar	2019	2018
Spot rate at year end	14.07	13.72
Average rate for the financial year	14.18	12.85

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, unless otherwise stated.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2 USE OF ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses.

Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.

Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

- Note 4 ACQUISITION OF ASSETS AND LIABILITIES
- Note 10 PROPERTY, PLANT AND EQUIPMENT
- Note 11 PROVISION FOR ENVIRONMENTAL REHABILITATION
- Note 18 INCOME TAX
- Note 25.1 PAYMENTS MADE UNDER PROTEST

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

- Note 4 ACQUISITION OF ASSETS AND LIABILITIES
- Note 10 PROPERTY, PLANT AND EQUIPMENT
- Note 25.1 PAYMENTS MADE UNDER PROTEST
- Note 26 CONTINGENT ASSETS AND LIABILITIES

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, amendments to standards and interpretations effective for the year ended 30 June 2019

During the financial period, the following new and revised accounting standards, amendments to standards and new interpretation were adopted by the Group:

IFRS 2 Share-based payment amendments (Effective date 1 July 2018)
The amendment to IFRS 2 did not have an impact on the Group as market and non-vesting conditions are being taken into account in measuring its fair value and the number of awards to receive cash is already adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions.

IFRS 9 Financial Instruments (Effective date 1 July 2018)
The standard sets out requirements for recognising and measuring financial instruments. It also introduced three new classifications for financial assets: Amortised cost, fair value through profit or loss and fair value through other comprehensive income. The following changes have occurred as a result:

Classification and measurement of financial assets and financial liabilities
There are 3 categories of financial assets under IFRS 9: Financial assets at amortised cost, fair value through profit or loss and fair value through other comprehensive income. These categories replace the following categories under IAS 39 *Financial Instruments: Recognition and measurement* Held to maturity, loans and receivables and available for sale. There have been no significant changes to the measurement of financial liabilities.

This has had the following impact on the Group:

- investments in listed and unlisted shares have been designated as equity instruments at fair value through other comprehensive income. As a result fair value adjustments for the current year are included and presented in other comprehensive income as items that will not be reclassified to profit or loss (refer to note 25.2) unlike previously permitted under IAS 39. A significant consideration made in making this designation is that it is DRDGOLD's business model to retain an interest in the entities for strategic reasons rather than for trade. As such IFRS 9's new requirement in making such a designation that changes in fair value of the investment will never find their way into profit or loss would be appropriate; and
- there has been no change in the accounting of other financial assets and financial liabilities as a result of the new classifications under IFRS 9. The Group has the following other financial assets:
  - Cash and cash equivalents included in environmental rehabilitation obligation funds (refer note 12) for nature thereof;
  - Cash and cash equivalents (refer note 13) for nature thereof; and
  - Trade and other receivables (refer note 15) for nature thereof.

The business model of the Group is to hold these financial assets to obtain payment in accordance with the contract with the counterparty and such payments comprise solely of payments of principal and interest. These financial assets are therefore classified as financial assets measured at amortised cost and their measurement remained largely unchanged from their previous classifications under IAS 39. The Group does not enter into hedging arrangements unless necessitated by increased liquidity risk brought into the Group. There were no material hedging arrangements entered into at 1 July 2018.

The following table summarises the impact of transition to IFRS 9 on the classification of financial assets and financial liabilities at 1 July 2018:

Financial Assets Amounts in R million	**Note**	**IAS 39 classification**	**IFRS 9 classification**	**Carrying amount under IAS 39**	**Carrying amount under IFRS 9**
Cash and cash equivalents in environmental rehabilitation trust funds	12	Loans and receivables	Financial asset at amortised cost	118.0	118.0
Cash and cash equivalents	13	Loans and receivables	Financial asset at amortised cost	302.1	302.1
Trade and other receivables excluding Value Added Tax and prepayments	15	Loans and receivables	Financial asset at amortised cost	32.2	32.2
Investments in other entities	25.2	Available-for-sale financial assets	Fair value through other comprehensive income	9.4	9.4
Total Financial Assets				**461.7**	**461.7**

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

New standards, amendments to standards and interpretations effective for the year ended 30 June 2019 *continued*

IFRS 9 Financial Instruments (Effective date 1 July 2018) *continued*

Classification and measurement of financial assets and financial liabilities *continued*

Financial Liabilities Amounts in R million	**Note**	**IAS 39 classification**	**IFRS 9 classification**	**Carrying amount under IAS 39**	**Carrying amount under IFRS 9**
Trade and other payables excluding payroll accruals, accrued leave pay and provision for performance-based incentives	16	Financial liability at amortised cost	Financial liability at amortised cost	227.0	227.0
Total Financial Liabilities				**227.0**	**227.0**

Impairment of Financial Assets
The method of determining impairment of other receivables has changed to reflect the "expected credit loss" model. Management has made an assessment of the magnitude of the changes to the impairment model and although the application of the expected credit loss model resulted in an increase in the impairment allowance, the increase was not material for the Group.

Amounts in R million	
Loss allowance as at 30 June 2018 under IAS 39	**9.2**
Impairment recognised on other receivables at 1 July 2018 included in operating costs	3.2
Loss allowance as a 1 July 2018 under IFRS 9	**12.4**

The Group elected to use the exemption not to restate comparative information for prior periods with respect to classification and measurement requirements. The standard has not had a material impact and therefore no adjustments have been recognised in retained earnings and reserves as at 1 July 2018 and no restatement has been made.

The amended accounting policies are included in the following notes:

Note 12 INVESTMENT IN ENVIRONMENTAL REHABILITATION OBLIGATION FUNDS
Note 13 CASH AND CASH EQUIVALENTS
Note 15 TRADE AND OTHER RECEIVABLES
Note 25.1 INVESTMENT IN OTHER ENTITIES
Note 27 FINANCIAL INSTRUMENTS

IFRS 15 Revenue from contracts with customers (Effective date 1 July 2018)
The standard contains a single model that applies to contracts with customers.

The Group has assessed that there is no impact on adopting IFRS 15 *Revenue from contracts with customers*, and revenue recognition remains unchanged as follows:

- the Group only has one performance obligation that is to deliver gold and silver to the buyer;
- the transaction price is based on the London Bullion Market Association Gold and Silver price and the entire transaction price is allocated to the one performance obligation;
- Rand Refinery Limited ("**Rand Refinery**") is assessed as being an agent, selling gold and silver on behalf of the Group; and
- revenue is recognised at a point in time, i.e. on the date that control of gold and silver passes to the buyer, which is the date on which Rand Refinery sells the gold and silver on the Group's behalf, i.e. the date the performance obligation is satisfied. This is the same date as when significant risks and rewards passes under IAS 18 *Revenue*.

The Group adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2018 has not been restated, i.e. it is presented, as previously reported, under IAS 18 and related interpretations.

A disaggregation of revenue between gold and silver and by operating segment is presented in the following notes:

Note 5 REVENUE
Note 23 OPERATING SEGMENTS

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

New standards, amendments to standards and interpretations not yet effective

At the date of authorisation of these consolidated financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the Group were in issue but not yet effective and may therefore have an impact on future consolidated financial statements. These new standards, amendments to standards and interpretations will be adopted at their effective dates.

IFRS 16 Leases (Effective date 1 July 2019)
This standard sets out the principles for recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the customer ("**lessee**") and the supplier ("**lessor**"). The standard supersedes the previous leases standard, IAS 17 *Leases* and related interpretations. The standard has one model for lessees which contains increased focus on the assessment of whether a transaction is a lease. Lessees will now recognise most leases on the statement of financial position and are required to recognise right-of-use assets and lease liabilities arising from lease contracts with additional disclosures about leasing arrangements.

The Group has assessed the estimated impact of adopting the standard on 1 July 2019 as follows:

The Group has identified the following material lease contracts which it is party to as a lessee, for which a right of use assets and lease liabilities will be recognised:

- Property rentals;
- Equipment hire; and
- Vehicle fleet

Based on the information currently available, the Group estimates that it will recognise right of use assets and lease liabilities between R19 million and R35 million which was calculated as follows:

- The remaining minimum lease payments from the date of adoption to the end of the lease term;
- Applying an incremental borrowing rate, which was mainly based on the interest charge on current external borrowings to calculate the present value of these minimum lease payments; and
- Various sensitivities were performed on the incremental borrowing rate and the sensitivities indicated no significant impact in the change in the present value

The right of use asset will subsequently be measured under the cost model as set out in IAS 16 *Property, Plant and Equipment* and the lease liability will be subsequently measured at amortised cost, and therefore an interest charge will be recognised over the lease term and the liability will be decreased by the lease payments. This will have the effect of no longer recognising the expenses related to the lease as operating expenses. Furthermore, the payments of leases will no longer be classified as outflows from operating activities but outflows from financing activities. There will be no impact on DRDGOLD's current debt covenant arrangement on the Revolving Credit Facility ("**RCF**"). No significant changes have been included for lessors.

DRDGOLD plans to transition to IFRS 16 by applying the modified retrospective method which has the following implications:

- No restatement of comparative information. Instead, the cumulative effect of initially applying IFRS 16 will be recognised by adjusting the opening balance of retained earnings at the date of initial application; and
- The incremental borrowing rate used to calculate the estimated range of the lease liability is 8.31% - 12.31%.

DRDGOLD currently has one lease classified as a finance lease under IAS 17 (refer to note 10 for further information). DRDGOLD has elected to recognise a right of use asset measured initially at the previous carrying amount of this lease under IAS 17 and a lease liability measured at the previous carrying amount of the lease liability under IAS 17. Subsequently, the lease will be accounted for IFRS 16. This lease has been excluded in the range provided above.

DRDGOLD also plans to recognise the right of use assets at an amount equal to the lease liability at 1 July 2019; and will apply the following judgements and practical expedients:

- Leases for which the underlying asset is of low value;
- Short term leases;
- Where a lease contains a termination option, exercisable at DRDGOLD's discretion, and the termination option will not be exercised, after considering the nature of the asset and the practicality of purchasing the asset or leasing it from an alternative supplier on a lease by lease basis;
- Where a lease is on a month to month basis, the lease term is limited to one month's enforceable period, therefore that lease is excluded from the lease population; and
- Where a contract includes a renewal clause, management has concluded that the lease will be renewed for a period calculated based on historical renewal behavior, considering the strategic nature of that asset.

IFRS 16 contains numerous additional disclosures which may be required for the 2020 financial year.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

New standards, amendments to standards and interpretations not yet effective *continued*

IFRIC 23 Uncertainty over Income Tax Treatments (Effective date 1 July 2019)
IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:
- judgments made;
- assumptions and other estimates used; and

the potential impact of uncertainties that are not reflected.

Annual Improvements to IFRS Standards 2015/2017 Cycle various standards (effective 1 July 2019)
As part of its process to make non-urgent but necessary amendments to IFRS, the IASB has issued the Annual Improvements to IFRS Standards 2015–2017 Cycle. These will not have a material impact on the Group.

Definition of Material (Amendments to IAS 1 and IAS 8) (Effective 1 July 2020)
The amendment clarifies the definition of material to make it easier to understand and provides guidance on how the definition should be applied. The changes in the definition now ensures that the definition is consistent across all IFRS standards and the Conceptual Framework.

- Old definition (IAS 1): Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements;
- New definition: Information is material if omitting, misstating or obscuring it could reasonable be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The definition of material omissions or misstatements from IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has been removed.

The final assessment of the impact of the amendment will be finalised in due course.

Amendments to References to Conceptual Framework in IFRS Standards (Effective 1 July 2020)
The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- New concepts on measurement including factors to be considered when selecting the measurement basis;
- New concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income;
- New guidance on when assets and liabilities are removed from financial statements;
- Updated definitions of an asset and liability;
- Updated recognition criteria for including assets and liabilities in financial statements; and

Clarified the concepts of prudence, stewardship, measurement uncertainty and substance over form.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. The Group is in the process of evaluating what impact these will have on the Group.

Definition of a Business (Amendments to IFRS 3) (Effective 1 July 2020)
Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3 *Business Combinations*.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

4 ACQUISITION OF ASSETS AND LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether the acquisition of the assets and liabilities by DRDGOLD Limited (DRDGOLD) constituted an acquisition of assets under IFRS 2 *Share-based payment* or a business combination under IFRS 3 *Business Combinations* required the exercise of judgement due to the application of the business definition under IFRS 3 *Business Combinations* to the nature of the assets. Key judgements made in the conclusion that the acquisition did not meet the definition of a business under IFRS 3 *Business Combinations* include that DP2 required decommissioning and reconfiguration from processing hard rock material to tailings material, thus outputs couldn't be produced at acquisition date; the workforce acquired did not have the required skill or ability to process tailings and were required to be trained with DRDGOLD's intellectual property; and that Sibanye-Stillwater did not process any tailings through the DP2 or DP3 plants and neither could DRDGOLD at acquisition date, without reconfiguring the assets acquired.

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Fair value of the assets and liabilities

The fair value of the assets was determined using the income approach present value technique by applying a nominal discounted future cash flow model which was based on the Phase 1 and Phase 2 project plan for the assets, determined with the assistance of an independent expert. These calculations require use of assumptions and estimates and are inherently uncertain and could materially change over time. These assumptions and estimates include mineral reserves and resource estimates, production estimates, spot and future gold prices, foreign currency exchange rates, discount rates, estimates of costs to produce, future capital expenditure and the timing of cash flows in determining the fair value. The model was based on a forward-looking gold price of R562,481 per kilogram in year one, and operating costs escalating at an average of approximately 5.7% a year over a discount period of 20 years and a risk adjusted discount rate based on the nominal weighted average cost of capital of 15.03%. The discounted cash flow model is highly sensitive to changes in the forward-looking gold price and discount rate.

Sensitivities

A 1.1% increase/decrease in the gold price increases/decreases the net present value of property, plant and equipment by R100 million.

A 0.7% increase/decrease in the discount rate decreases/increases the net present value of property, plant and equipment by R100 million.

The fair value of the future environmental cost was determined with the assistance of an independent expert and was based on environmental management plans of Phase 1 and Phase 2 of the project which were developed in accordance with regulatory requirements. An average discount rate of 8.65% and average inflation rate of 5.7% and a discount period of 14 years, were used in the calculation of the estimated net present value of the rehabilitation liability.

ACCOUNTING POLICIES

Asset acquisition

The IFRS applicable for this transaction is IFRS 2 *Share-based payment,* as it represents a receipt of goods (assets) in exchange for equity instruments of DRDGOLD. The consequence thereof is that the assets and liabilities are recognised at their fair value using principles under IFRS 13 *Fair Value Measurement*. A corresponding increase in equity is also recognised. No deferred tax is recognised on the transaction as it has not been accounted for as a business combination under IFRS 3 *Business Combinations*, and therefore the initial recognition exemption applies in terms of IAS 12 *Income Taxes*.

Share-based payment reserve

The option granted to Sibanye-Stillwater on the effective date of the transaction is accounted for as an equity settled share-based payment under IFRS 2 *Share-based payment*, along with the acquisition of the assets and liabilities, as the option was issued at the same time of acquisition transaction, was entered into in contemplation of the transaction and the grant of the option in itself would not have been accomplished as a single transaction.

The fair value was determined at grant date which is the same date as the date of the acquisition transaction. The option has no vesting conditions and therefore full fair value is recognised to equity and the corresponding entry allocated to the acquired assets and liabilities. On settlement of the option or if the option is not exercised by maturity date no further adjustment is made.

Shareholder contribution reserve

The shareholder contribution reserve represents the excess of the fair value of assets and liabilities acquired over the fair value value of equity instruments issued.

4 ACQUISITION OF ASSETS AND LIABILITIES *continued*

Effective 31 July 2018, DRDGOLD acquired gold assets and liabilities associated with Sibanye Gold Limited trading as Sibanye-Stillwater's ("**Sibanye-Stillwater**") West Rand Tailings Retreatment Project, subsequently renamed Far West Gold Recoveries Proprietary Limited ("**FWGR**") ("**FWGR Acquisition**").

As purchase consideration for this acquisition, DRDGOLD issued 265 million new ordinary shares equal to 38.05% of DRDGOLD's outstanding shares to Sibanye-Stillwater and granted Sibanye-Stillwater an option to subscribe for new ordinary shares up to a total of 50.1% of the total issued ordinary shares of DRDGOLD at a 10% discount to the prevailing market value, to be exercised within two years from the effective date of the acquisition.

The transaction has been accounted for under IFRS 2 *Share-based Payment* as it represents a receipt of goods in exchange for equity instruments of DRDGOLD. The consequence thereof is that the assets and liabilities are recognised at their fair value using principles under IFRS 13 *Fair Value Measurement* as they are identifiable, and their fair value can be reliably measured. A corresponding increase in equity is also recognised. Included in equity is the fair value of the option using a binomial tree option pricing model which was based on a DRDGOLD spot share price of R3.38, an exercise price modelled using the 10% discount to the prevailing DRDGOLD share price throughout the two years to maturity date of 31 July 2020, a dividend yield of 0.69% per annum and volatility of 55.44%. Volatility was estimated using the historical DRDGOLD share price at the grant date. It is measured as the annualised standard deviation of the daily log-returns of a DRDGOLD share.

The fair value of property, plant and equipment was determined using the income approach present value technique by applying a nominal discounted cash flow model. The significant inputs to establish the cash flows as well as the timing thereof, were based mainly on the mineral reserves and resources estimates, estimates costs to produce and future capital expenditure as reported in the Competent Person's report for the West Rand Tailings Retreatment Project. The model was based on a forward-looking gold price of R562 481 per kilogram in year one, and operating costs escalating at an average of approximately 5.7% per annum over a discount period of 20 years, and a risk adjusted discount rate based on the nominal weighted average cost of capital of 15.03%. The discounted cash flow model is highly sensitive to changes in the forward-looking gold price and discount rate.

The fair value of investments in rehabilitation obligation funds approximated its carrying value due to the short-term nature of the investments.

The at-acquisition environmental rehabilitation liability was estimated based on fair value (i.e. what a market participant would pay for the liability). It was determined with the assistance of an independent expert and discounted to its net present value.

No deferred tax has been recognised on the acquisition as it has not been accounted for as a business combination under IFRS 3 *Business Combinations*, and therefore the initial recognition exemption applies in terms of IAS 12 *Income Taxes*.

The values at acquisition included:

Amounts in R million	Note	2019
Property, plant and equipment	10	**1,225.6**
Investment in rehabilitation obligation funds	12	**360.4**
Inventories		**14.2**
Provision for environmental rehabilitation	11	**(247.4)**
Trade and other payables		**(3.5)**
Fair value of assets and liabilities acquired		**1,349.3**
Purchase consideration paid for assets and liabilities acquired		**1,349.3**
Ordinary shares issued at market value	21.1	**895.7**
Option issued		**35.5**
Shareholder contribution - excess of fair value of assets and liabilities acquired over market value of ordinary shares and option issued		**418.1**

5 REVENUE

ACCOUNTING POLICIES

Revenue comprise the sale of gold bullion and silver bullion (produced as a by-product).

The adoption of IFRS 15 from 1 July 2018 had no impact on revenue recognition of the Group.

Accounting policy before 1 July 2018
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured. Revenue is stated at the fair value of the consideration received or receivable, which is based on the afternoon London Bullion Market fixing price on the date the significant risks and rewards of ownership have been transferred to the buyer.

The significant risks and rewards of ownership transfer to the buyer when Rand Refinery Limited ("**Rand Refinery**"), acting as an agent for the sale of all gold produced by the Group, delivers the gold to the buyer and the sales price is fixed, as evidenced by the certificate of sale.

Accounting policy after 1 July 2018
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured based on the consideration specified in a contract with the customer, which is based on the London Bullion Market fixing price on the date when it transfers control over the goods to the customer.

The Group recognises revenue at a point in time when Rand Refinery, acting as an agent for the sale of all gold produced by the Group, delivers the Gold to the buyer and the sales price is fixed, as evidenced by the certificate of sale. Rand Refinery is contractually obliged to make payment to the Group within two business days after the sale of the gold and silver and therefore no significant financing component exists.

Amounts in R million	**2019**	**2018**
Gold revenue	**2,758.8**	2,486.4
Silver revenue	**3.3**	4.0
Total revenue	**2,762.1**	2,490.4

A disaggregation of revenue by operating segment is presented in note 23 OPERATING SEGMENTS.

MARKET RISK

Commodity price sensitivity
Combined impact of both US Dollar price of gold and South African Rand/US Dollar exchange rate

The Group's profitability and the cash flows are primarily affected by changes in the market price of gold which is sold in US Dollars and then converted to Rand. The Group did not enter into forward sales of gold production, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production during the year, other than as described in note 6.2.

A change of 10% in the average Rand gold price received during the financial year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant and specifically excludes the impact on income tax**.**

Amounts in R million	**2019**	**2018**
10% increase in the Rand gold price	**276.2**	249.0
10% decrease in the Rand gold price	**(276.2)**	(249.0)

6 RESULTS FROM OPERATING ACTIVITIES

6.1 COST OF SALES

Amounts in R million	Note	2019	2018
Cost of sales		**(2,553.9)**	(2,347.7)
Operating costs (a)		**(2,471.1)**	(2,207.1)
Movement in gold in process and finished inventories - Gold Bullion		**32.6**	24.5
Depreciation	10	**(169.1)**	(168.0)
Change in estimate of environmental rehabilitation	11	**60.0**	2.9
Retrenchment costs (b)		**(6.3)**	-
(a) Operating costs			
The most significant components of operating costs include:			
Consumable stores		**(866.5)**	(784.6)
Labour including short term incentives		**(476.7)**	(417.4)
Electricity		**(399.4)**	(369.0)
Specialist service providers		**(437.1)**	(326.9)
Water		**(44.1)**	(49.9)
Pre-production costs capitalised	10	**93.7**	-
(b) Retrenchment costs			
Voluntary staff retrenchments		**(6.3)**	-

RELATED PARTY TRANSACTIONS

Sibanye-Stillwater and its subsidiaries and associates, including Rand Refinery (refer note 25.2) in which Sibanye-Stillwater holds a 44.4% interest and hence is an associate of Sibanye-Stillwater, became related parties to the Group on 31 July 2018 when the FWGR Acquisition (refer note 4) became unconditional. DRDGOLD issued 265 million new ordinary shares (38.05% of its outstanding shares) and an option to subscribe for new ordinary shares up to a total of 50.1% of the total issued ordinary shares of DRDGOLD as purchase consideration for these assets.

On the same date FWGR entered into a smelting agreement with Sibanye-Stillwater to smelt and recover gold from gold loaded carbon produced at FWGR, and deliver the gold to Rand Refinery. As consideration for this service, Sibanye-Stillwater receives a fee based on the smelting costs plus 10% of the smelting costs.

Rand Refinery performs the final refinement and marketing of all gold and silver produced by the Group. As consideration for this service, Rand Refinery receives a variable refining fee plus fixed marketing and administration fees.

All transactions and outstanding balances with related parties are to be settled in cash within 30 days of the invoice date. None of the balances is secured. No expense has been recognised in the current year as a credit loss allowance in respect of amounts charged to related parties.

Amounts in R million	2019
Services rendered by related parties and included in operating costs:	
Supply of water and electricity[1]	**16.9**
Gold smelting and related charges[1]	**12.9**
Toll treatment charges[2]	**(6.5)**
Gold refining and related charges[3]	**3.6**
	26.9

1 Supplied by Sibanye-Stillwater to FWGR

2 In August 2018 FWGR processed material on behalf of Sibanye-Stillwater in terms of a toll treatment agreement and recovered the related costs from Sibanye-Stillwater

3 Supplied by Rand Refinery to the Group subsequent to 31 July 2018 (refer note 5)

6.2 OTHER INCOME

ACCOUNTING POLICIES

Other income is recognised where it is probable that the economic benefits associated with a transaction will flow to the Group and it can be reliably measured.

Other income is generally income earned from transactions outside the course of the Group's ordinary activities and may include gains on disposal of property, plant and equipment and gains on financial instruments at fair value through profit or loss.

Amounts in R million	2019	2018
Gain on disposal of property, plant and equipment (a)	**5.8**	-
Gain on financial asset at fair value through profit or loss (b)	**2.1**	-
	7.9	-
(a) Gain on disposal of property, plant and equipment		
In December 2018 DRDGOLD concluded revised agreements to dispose certain of East Rand Proprietary Mines Limited's ("**ERPM**") underground assets to OroTree Limited ("**OroTree**"). The revised agreements consisted of a disposal of ERPM's underground mining and prospecting rights and an option agreement, at the sole discretion of OroTree, to purchase the underground mining infrastructure exercisable on or before 30 June 2019.		
The disposal of the underground mining and prospecting rights was concluded in the second half of the financial year ended 30 June 2019. OroTree did not exercise its option to purchase the underground mining infrastructure and a non-refundable amount of USD0.5 million that was paid by OroTree was recognised as a gain on disposal of property, plant and equipment.	**5.8**	-
(b) Gain on financial asset at fair value through profit or loss		
In September 2018, DRDGOLD entered into a zero-cost collar with respect to 50 000 ounces of gold with a floor of R565 000/kg and a ceiling of approximately R609 000/kg, spread equally over eight months expiring at the end of May 2019.		
The collar was entered into to mitigate the liquidity risk brought about by the medium-term borrowings secured for the development of Phase 1 of FWGR.	**2.1**	-

6.3 ADMINISTRATION EXPENSES AND OTHER COSTS

Amounts in R million	Note	2019	2018
Included in administration expenses and other costs are the following:			
Increase in Long-Term Incentive ("**LTI**") liability	19.1	**(21.4)**	(17.2)
Transactions costs incurred related to the acquisition of FWGR		**-**	(9.0)
Loss on disposal of property, plant and equipment		**-**	(0.6)

7 FINANCE INCOME

ACCOUNTING POLICY

Finance income includes interest received, growth in cash and cash equivalents in environmental rehabilitation trust funds, growth in the reimbursive right for environmental rehabilitation guarantees and the unwinding of the Payments made under protest.

Amounts in R million	Note	2019	2018
Interest on financial assets measured at amortised cost	13	**17.0**	21.8
Growth in cash and cash equivalents in environmental rehabilitation trust funds	12	**30.5**	7.5
Growth in reimbursive right for environmental guarantees	12	**7.8**	8.8
Unwinding of Payments made under protest	25.1	**3.0**	0.7
		58.3	38.8

8 FINANCE EXPENSE

ACCOUNTING POLICY

Finance expenses comprise interest payable on financial instruments measured at amortised cost calculated using the effective interest method, unwinding of the provision for environmental rehabilitation, interest on finance leases and the discount recognised on Payments made under protest.

Amounts in R million	Note	2019	2018
Interest on financial liabilities measured at amortised cost	22	**(10.2)**	-
Interest on financial liabilities measured at amortised cost capitalised	10	**9.4**	-
Unwinding of provision for environmental rehabilitation	11	**(66.3)**	(45.6)
Discount recognised on Payments made under protest	25.1	**(6.5)**	(8.8)
Other finance expenses		**(4.8)**	(4.0)
		(78.4)	(58.4)

9 EARNINGS PER SHARE

Amounts in R million		2019	2018
Basic earnings			
The calculation of basic earnings per ordinary share is based on the following:			
Profit for the year		**78.5**	6.5
The basic earnings has been adjusted by the following to arrive at headline earnings:			
(Gain)/loss on disposal of property, plant and equipment (after tax)		**(5.8)**	0.5
- (Gain)/loss on disposal of property, plant and equipment	6	**(5.8)**	0.6
- Tax thereon		**-**	(0.1)
Headline earnings		**72.7**	**7.0**

Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares

Number of shares	Note	2019	2018
Weighted average number of ordinary shares in issue		**664,553,283**	422,068,696
Option granted to Sibanye-Stillwater to acquire up to 50.1% ordinary shares	21	**15,387,695**	-
Diluted weighted average number of ordinary shares		**679,940,978**	422,068,696

SA cents per share	2019	2018
Basic earnings per share	**11.8**	1.5
Diluted earnings per share	**11.5**	1.5
Headline earnings per share	**10.9**	1.7
Diluted headline earnings per share	**10.7**	1.7

10 PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Mineral reserves and resources estimates
The Group is required to determine and report mineral reserves and resources in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code). In order to calculate mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and/or grade of mineral reserves and resources requires the size, shape and depth of reclamation sites to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data. Because the assumptions used to estimate mineral reserves and resources change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves and resources may change from period to period. Mineral reserves and resource estimates prepared by management are reviewed by an independent mineral resources expert.

Changes in reported mineral reserves and resources may affect the Group's life-of-mine plan, financial results and financial position in a number of ways including the following:
• asset carrying values may be affected due to changes in estimated future cash flows;
• depreciation charged to profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
• decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves and resources affect expectations about the timing or cost of these activities; and
• the carrying value of deferred tax assets and liabilities may change due to changes in estimates of the likely recovery of the tax benefits and charges.

Depreciation
The calculation of the units-of-production rate of depreciation could be affected if actual production in the future varies significantly from current forecast production. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating mineral reserves and resources. These factors could include:
• changes in mineral reserves and resources;
• the grade of mineral reserves and resources may vary from time to time;
• differences between actual commodity prices and commodity price assumptions;
• unforeseen operational issues at mine sites including planned extraction efficiencies; and
• changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates.

Date of commercial production
The Company assesses the stage of the construction project to determine when the project moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each construction project. The Company considers various relevant criteria to assess when the construction project is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:
• the level of capital expenditure compared to the construction cost estimates;
• the required technical specifications of assets being constructed;
• ability to produce metal in saleable form (within specifications); and
• ability to sustain commercial levels of production of metal.

Impairment of property, plant and equipment
The Group has two cash generating units ("**CGUs**") – Ergo and FWGR. The value in use of each individual CGU is estimated using discounted future cash flows based on the respective CGU's life-of-mine plan. These calculations require the use of assumptions and estimates and are inherently uncertain and could change materially over time. These assumptions and estimates include the market capitalisation of the Group, mineral reserves and resource estimates, production estimates, spot and future gold prices, foreign currency exchange rates, discount rates, estimates of costs to produce and future capital expenditure in determining the recoverable amount. No impairment indicators were identified relating to FWGR. The shortfall in Ergo's production was however considered as an impairment indicator for Ergo. The estimated recoverable amount of Ergo mining assets is based on updated life-of-mine plans, an average gold price of R629,404 per kilogram (2018: R550 411 per kilogram) in year one escalating at an average of approximately 5.6% (2018: 5.8%) a year over the eleven-year life of mine (2018: twelve-year life of mine), and discounted at a weighted average cost of capital of 13.7% (2018: 11.2%).

Sensitivity analysis
The Group would begin impairment of the Ergo mining assets if the discount rate were to increase from 13.7% to 20.1%, or a 7.0% decrease in budgeted gold production or a 3% decrease in the rand gold price over the remaining life of the operation. The above sensitivities do not include a positive terminal value, relating to the disposal of any assets at the end of the useful life.

10 PROPERTY, PLANT AND EQUIPMENT *continued*

ACCOUNTING POLICIES

Recognition and measurement

Property, plant and equipment comprise mine plant facilities and equipment, mine property and development (including mineral rights) and exploration assets. These assets (excluding exploration assets) are initially measured at cost, where after they are measured at cost less accumulated depreciation and accumulated impairment losses. Exploration assets are initially measured at cost, where after they are measured at cost less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the asset, borrowing costs capitalised, as well as the costs of dismantling and removing an asset and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Exploration and evaluation costs are capitalised as exploration assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project.

Exploration assets comprise of costs of acquiring prospecting rights and generally consists of associated costs to convert a mineral resource to a mineral reserve. The process involves drilling, sampling and other processes necessary to evaluate the technical feasibility and commercial viability of a mineral resource to prove whether a mineral reserve exists. Costs are capitalised to the extent that they are directly attributable exploration expenditure and classified separately as property, plant and equipment, on a project by project basis. Once a mineral reserve is determined, the asset attributable to the mineral reserve is tested for impairment and then reclassified to another appropriate class of assets. Once reclassified, depreciation commences when the assets are available for use.

Preproduction costs

The Group capitalises costs incurred and revenues earned before the date of commercial production to the extent that the costs and revenues are directly attributable to the assets under construction within a construction project to bring the assets to the location and condition necessary for its intended use. The Group ceases to capitalise these costs when the assets are capable of commercial production.

Borrowing costs capitalised

Interest on borrowings relating to the financing of qualifying major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

Depreciation

Depreciation of mine plant facilities and equipment, as well as mining property and development (including mineral rights) are calculated using the units of production method which is based on the life-of-mine of each site. The life-of-mine is primarily based on proved and probable mineral reserves. It reflects the estimated quantities of economically recoverable gold that can be recovered from reclamation sites based on the estimated gold price. Changes in the life-of-mine will impact depreciation on a prospective basis. The life-of-mine is prepared using a methodology that takes account of current information to assess the economically recoverable gold from specific reclamation sites and includes the consideration of historical experience.

The depreciation method, estimated useful lives and residual values are reassessed annually and adjusted if appropriate. Any changes to useful lives may affect prospective depreciation rates and asset carrying values. The current estimated useful lives for mine property and development, as well as mine plant facilities and equipment are based on the life-of-mine of each site, currently between three (2018: four) and 11 (2018: 12) years for Ergo mining assets and between five and 15 years for FWGR mining assets.

Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The key assets of a surface retreatment operation which constitutes a CGU are a reclamation site, a metallurgical plant and a tailings storage facility. These key assets operate interdependently to produce gold. The Ergo and FWGR operations each have separately managed and monitored reclamation sites, metallurgical plants and tailings storage facilities and are therefore separate CGUs.

10 PROPERTY, PLANT AND EQUIPMENT *continued*

ACCOUNTING POLICIES *continued*

Impairment *continued*
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The recoverable amount was determined by estimating the value in use. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

Exploration assets
Exploration assets consists of costs of acquiring rights, activities associated with converting a mineral resource to a mineral reserve - the process thereof includes drilling, sampling and other processes necessary to evaluate the technical feasibility and commercial viability of a mineral resource to prove whether a mineral reserve exists. Exploration assets also include geological, geochemical and geophysical studies associated with prospective projects and tangible assets which comprise of property, plant and equipment used for exploratory activities. Depreciation for such assets is capitalised to exploration assets. Costs are capitalised to the extent that they are directly attributable exploration expenditure and classified separately as property, plant and equipment, on a project by project basis. Once a mineral reserve is determined or the project ready for development, the asset attributable to the mineral reserve or project is tested for impairment and then reclassified to another appropriate class of assets. Depreciation commences when the assets are available for use.

Leased assets
Upon initial recognition, the leased asset is measured at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned property, plant and equipment.

Finance lease payments
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Amounts in R million	Note	Mine plant facilities and equipment (c)	Mine property and development	Exploration assets	Total
30 June 2019					
Cost		**2,156.2**	**2,106.8**	**256.7**	**4,519.7**
Opening balance		**1,689.5**	**1,264.5**	**77.3**	**3,031.3**
FWGR acquisition	4	**198.4**	**849.9**	**177.3**	**1,225.6**
Additions (a)		**284.5**	**66.7**	**2.5**	**353.7**
Borrowing cost capitalised (b)	22	**9.4**	**-**	**-**	**9.4**
Disposals		**(1.6)**	**(1.7)**	**-**	**(3.3)**
Change in estimate of decommissioning asset	11	**(24.0)**	**(75.3)**	**2.3**	**(97.0)**
Transfers between classes of property, plant and equipment		**-**	**2.7**	**(2.7)**	**-**
Accumulated depreciation and impairment		**(909.9)**	**(824.8)**	**(9.7)**	**(1,744.4)**
Opening balance		**(815.4)**	**(753.5)**	**(9.7)**	**(1,578.6)**
Depreciation	6.1	**(96.1)**	**(73.0)**	**-**	**(169.1)**
Disposals		**1.6**	**1.7**	**-**	**3.3**
Carrying value		**1,246.3**	**1,282.0**	**247.0**	**2,775.3**
30 June 2018					
Cost		1,689.5	1,264.5	77.3	3,031.3
Opening balance		1,667.6	1,230.0	77.4	2,975.0
Additions		82.5	40.2	3.4	126.1
Disposals		(56.3)	(17.4)	-	(73.7)
Change in estimate of decommissioning asset	11	(4.3)	11.7	(3.5)	3.9
Accumulated depreciation and impairment		(815.4)	(753.5)	(9.7)	(1,578.6)
Opening balance		(760.8)	(706.9)	(9.7)	(1,477.4)
Depreciation	6.1	(104.3)	(63.7)	-	(168.0)
Disposals		49.7	17.1	-	66.8
Carrying value		874.1	511.0	67.6	1,452.7

10 PROPERTY, PLANT AND EQUIPMENT *continued*

(a) Additions

Included in additions is R330.7 million incurred to develop Phase 1 of FWGR. These additions include R4.8 million pre-production costs capitalised up to 1 April 2019 on which date FWGR achieved commercial production (consisting of R93.7 million working costs and was reduced with R88.9 million proceeds from the sale of gold produced) (refer below) and R28.8 million relating to the FWGR milling infrastructure that has not been commissioned to date.

Date of commercial production

Construction of Phase 1 commenced during August 2018 with R330.7 million spent on, *inter alia*, the reconfiguration of the Driefontein 2 plant ("**DP2**") and relevant infrastructure to process tailings from the Driefontein 5 slimes dam and deposit residues on the Driefontein 4 Tailings Storage Facility. During this construction phase, gold was produced at the adjacent Driefontein 3 plant ("**DP3**"). Early-stage commissioning commenced on 6 December 2018 with the pumping of reclaimed tailings into the carbon in leach ("**CIL**") circuit. Testing of the reconfigured plant and ramp-up of production continued during the third quarter of the year ended 30 June 2019. Management considered, *inter alia*, the design capacity of the plant, recoveries and the ability to sustain production in determining the date of commercial production.

The date of commercial production for Phase 1 (excluding the milling section), which is the date when preproduction costs cease to be capitalised and depreciation commenced, was determined to be 1 April 2019.

(b) Borrowing costs capitalised

Borrowing costs capitalised consist of finance costs incurred on the Revolving Credit Facility concluded to finance Phase 1 of FWGR (refer note 22). Borrowing costs were capitalised at the applicable lending rate of JIBAR plus a margin of 3.25% and ranged between 10.28% and 10.4% up to 1 April 2019 on which date FWGR achieved commercial production.

(c) Leased plant and equipment

Ergo leases temporary power generation equipment with a carrying value of R10.6 million (2018: R13.6 million) from Aggreko Energy Rental Proprietary Limited under a finance lease with an outstanding balance of R10.8 million (2018: R14.0 million). The finance lease has an effective interest rate of 17.9% and is repayable in the financial year ended 30 June 2020 including R9.9 million for the option to acquire the leased equipment at the end of the lease term. R0.4 million interest is payable in 2020.

Contractual commitments

Amounts in R million	2019	2018
Contracted for but not provided for in the consolidated financial statements	**18.6**	32.7

Capital expenditure related to specific growth projects are financed on a project-by-project basis. Other capital expenditure is financed from existing cash resources and cash generated from operations.

11 PROVISION FOR ENVIRONMENTAL REHABILITATION

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Estimates of future environmental rehabilitation costs are determined with the assistance of an independent expert and are based on the Group's environmental management plans which are developed in accordance with regulatory requirements, the life-of-mine plan and the planned method of rehabilitation which is influenced by developments in trends and technology.
An average discount rate ranging between 7.6% and 8.0% (2018: 8.5%), average inflation rate of 5.5% (2018: 5.7%) and the discount periods as per the expected life-of-mine were used in the calculation of the estimated net present value of the rehabilitation liability.

ACCOUNTING POLICIES

The net present value of the estimated rehabilitation cost as at reporting date is provided for in full. These estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.
Annual changes in the provision consist of financing expenses relating to the change in the present value of the provision and inflationary increases in the provision, as well as changes in estimates.
The present value of dismantling and removing the asset created before production commenced (decommissioning liabilities) are capitalised to property, plant and equipment against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of property, plant and equipment. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset. Cash costs incurred to rehabilitate these disturbances are charged to the provision and are presented as investing activities in the statement of cash flows.
The present value of environmental rehabilitation costs relating to activities after production commenced (restoration liabilities) as well as changes therein are expensed as incurred and presented as operating costs. Cash costs incurred to rehabilitate these disturbances are presented as operating activities in the statement of cash flows. The cost of ongoing rehabilitation is recognised in profit or loss as incurred.

Amounts in R million	Note	2019	2018
Opening balance		**553.4**	531.7
FWGR Acquisition	4	**247.4**	-
Unwinding of provision	8	**66.3**	45.6
Change in estimate of environmental rehabilitation recognised in profit or loss (a)	6.1	**(60.0)**	(2.9)
Change in estimate of environmental rehabilitation recognised to decommissioning asset (b)	10	**(97.0)**	3.9
Environmental rehabilitation payments (c)		**(27.5)**	(24.9)
To reduce decommissioning liabilities		**(16.6)**	(21.5)
To reduce restoration liabilities	14	**(10.9)**	(3.4)
Closing balance		**682.6**	553.4
Environmental rehabilitation payments to reduce the liability		**(27.5)**	(24.9)
Ongoing rehabilitation expenditure *	23	**(18.3)**	(26.7)
Total cash spent on environmental rehabilitation		**(45.8)**	(51.6)

** The Group also performs ongoing environmental rehabilitation arising from its current activities concurrently with production. These costs do not represent a reduction of the above liability and are expensed as operating costs.*

(a) Change in estimate of environmental rehabilitation recognised in profit or loss
The change in estimate of environmental rehabilitation recognised in profit or loss is mainly as a result of updated vegetation and machine hire rates to recent service level agreements and actual rates incurred, as well as, in line with the Group's strategy to reduce externally sourced potable water, alternative water sources found to be viable to meet the Crown Complex post closure water requirements.

(b) Change in estimate of environmental rehabilitation recognised to property, plant and equipment
The change in estimate of environmental rehabilitation recognised to property, plant and equipment is mainly as a result of a change in the methodology used to calculate the FWGR provision for environmental rehabilitation. The at acquisition provision was estimated based on what a market participant would pay for the liability and is now based on the FWGR individual rehabilitation plan which is in response to the current life of mine.

(c) Environmental rehabilitation payments
The payments made against the provision for environmental rehabilitation consist mainly of rehabilitation work performed on the Brakpan/Withok Tailings Storage Facility and on the Crown Complex.

Gross cost to rehabilitate
The Group estimates that, based on current environmental and regulatory requirements, the total undiscounted rehabilitation cost is approximately R824.3 million (2018: R670.4 million).

12 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS

ACCOUNTING POLICIES

Cash and cash equivalents in environmental rehabilitation trust funds
The adoption of IFRS 9 from 1 July 2018 had no impact on the measurement of cash and cash equivalents in environmental rehabilitation trust funds of the Group.

Accounting policy before 1 July 2018
Cash and cash equivalents included in environmental rehabilitation trust funds comprise low-risk, interest-bearing cash and cash equivalents and are non-derivative financial assets categorised as loans and receivables.

Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Accounting policy after 1 July 2018
Cash and cash equivalents included in environmental rehabilitation trust funds comprise low-risk, interest-bearing cash and cash equivalents and are non-derivative financial assets categorised as financial assets measured at amortised cost.

Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Reimbursive right for environmental rehabilitation guarantees
Funds held in the cell captive that secure the environmental rehabilitation guarantees issued are recognised as a right to receive a reimbursement and are measured at the lower of the amount of the consolidated environmental rehabilitation liability recognised and the consolidated fair value of the fund assets.
Changes in the carrying value of the fund assets, other than those resulting from contributions and payments, are recognised in finance income.

Funding of environmental rehabilitation activities (refer note 11)
Ongoing rehabilitation expenditure and environmental rehabilitation payments to reduce the environmental rehabilitation obligations are mostly funded by cash generated from operations. In addition, contributions have been made to an environmental rehabilitation trust and a cell captive for the sole use of future environmental rehabilitation payments.
Guardrisk Insurance Company Limited ("**Guardrisk**") has guarantees in issue amounting to R427.3 million (2018: R427.3 million) to the Department of Mineral Resources ("**DMR**") on behalf of DRDGOLD related to the environmental obligations. The funds in the cell captive serve as collateral for these guarantees.

Amounts in R million	Note	2019	2018
Cash and cash equivalents in environmental rehabilitation trust funds		**508.9**	118.0
Opening balance		**118.0**	110.5
FWGR Acquisition	4	**360.4**	-
Growth	7	**30.5**	7.5
Reimbursive right for environmental rehabilitation guarantees		**78.6**	126.0
Opening balance		**126.0**	117.2
Funds received		**(55.2)**	-
Growth	7	**7.8**	8.8
		587.5	244.0

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of the investments held in the environmental rehabilitation trust funds.

The Group manages its exposure to credit risk by diversifying these investments across a number of major financial institutions, as well as investing funds in low-risk, interest-bearing cash and cash equivalents.

MARKET RISK

Interest rate risk
A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the balance of the funds, remain constant. The analysis excludes income tax.

12 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS *continued*

Amounts in R million	2019	2018
100bp increase	**5.1**	1.2
100bp (decrease)	**(5.1)**	(1.2)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the cash and cash equivalents in the environmental rehabilitation trust funds approximate their carrying value due to their short-term maturities.

13 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to cash without the significant risk of changes in value and comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash.

The adoption of IFRS 9 from 1 July 2018 had no impact on the measurement of cash and cash equivalents of the Group.

Accounting policy before 1 July 2018
Cash and cash equivalents are non-derivative financial assets categorised as loans and receivables. Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Accounting policy after 1 July 2018
Cash and cash equivalents are non-derivative financial assets categorised as financial assets measured at amortised cost. Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Amounts in R million	Note	2019	2018
Included in cash and cash equivalents is restricted cash relating to:			
- Cash (including interest) held in escrow relating to the electricity tariff dispute with Ekurhuleni Metropolitan Municipality ("**Municipality**") (a)	26	**-**	114.2
- Environmental and other guarantees issued by the Standard Bank of South Africa Limited		**18.3**	17.2
Interest relating to cash and cash equivalents	7	**17.0**	21.8

(a) Guarantee issued
During January 2019, a bank guarantee equal to the value of the cash held in escrow (including interest) relating to the Municipality Electricity Tariff Dispute (refer note 26) was issued in favor of the Municipality and the balance of the cash held in escrow was released to Ergo's operational bank account.

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of its cash and cash equivalents. The Group manages its exposure to credit risk by investing cash and cash equivalents across a number of major financial institutions, considering the credit ratings of these financial institutions.

MARKET RISK

Interest rate risk

A change of 100 basis points (bp) in interest rates at the reporting date would had increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

13 CASH AND CASH EQUIVALENTS *continued*

Amounts in R million	2019	2018
100bp increase	**2.8**	3.0
100bp (decrease)	**(2.8)**	(3.0)

Foreign currency risk

US Dollars received on settlement of the trade receivables are exposed to fluctuations in the US Dollar/South African Rand exchange rate until it is converted to South African Rands.

The Group was not exposed to any fluctuations in the US Dollar/South African Rand exchange rate on any US Dollars at the current or previous reporting date as all the US Dollars held were converted to South African Rands.

Foreign denominated cash is held in a foreign currency bank account accruing negligible interest and is usually converted to South African Rand on the day of receipt. Foreign cash is therefore not exposed to interest rate risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents
The fair value of cash and cash equivalents approximates their carrying value due to their short-term maturities.

14 CASH GENERATED FROM OPERATIONS

Amounts in R million	Note	2019	2018
Profit before tax		**105.1**	32.4
Adjusted for			
Depreciation	10	**169.1**	168.0
Movement in gold in process and finished inventories - Gold Bullion	6.1	**(32.6)**	(24.5)
Change in estimate of environmental rehabilitation	11	**(60.0)**	(2.9)
Environmental rehabilitation payments	11	**(10.9)**	(3.4)
Increase in long-term incentive liability	19.1	**21.4**	17.2
(Gain)/loss on disposal of property, plant and equipment	6.2	**(5.8)**	0.6
Finance income	7	**(58.3)**	(38.8)
Finance expense	8	**78.4**	58.4
Other non-cash items		**1.8**	1.3
Operating cash flows before working capital changes		**208.2**	208.3
Working capital changes		**73.8**	14.6
Change in trade and other receivables		**22.5**	22.2
Change in consumable stores and stockpiles		**(24.8)**	(28.2)
Payments made under protest	25.1	**(11.7)**	(27.4)
Change in trade and other payables and employee benefits		**87.8**	48.0
Cash generated from operations		**282.0**	222.9

15 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

The adoption of IFRS 9 from 1 July 2018 had no material impact on the measurement of trade and other receivables of the Group.

Accounting policy before 1 July 2018

Recognition and measurement

Trade and other receivables, excluding Value Added Tax and prepayments, are non-derivative financial assets categorised as loans and receivables.

These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any impairment losses.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Impairment

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence (e.g. delinquency of a debtor and indications that a debtor will enter bankruptcy) that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Any impairment losses are recognised in the statement of profit or loss.

Accounting policy after 1 July 2018

Recognition and measurement

Trade and other receivables, excluding Value Added Tax and prepayments, are non-derivative financial assets categorised as financial assets at amortised cost.

These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any expected credit losses using the Group's business model for managing its financial assets.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Impairment

The Group recognises loss allowances for trade and other receivables at an amount equal to expected credit losses ("ECLs"). The Group uses the simplified ECL approach. When determining whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on informed credit assessments and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group assesses whether the financial asset is credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, including but not limited to financial difficulty or default of payment. The Group will write off a financial asset when there is no reasonable expectation of recovering it after considering whether all means to recovery the asset have been exhausted, or the counterparty has been liquidated and the Group has assessed that no recovery is possible.

Any impairment losses are recognised in the statement of profit or loss.

Trade receivables relate to gold sold on the bullion market by Rand Refinery in its capacity as an agent. Settlement is usually received two working days from gold sold date.

15 TRADE AND OTHER RECEIVABLES *continued*

Amounts in R million	2019	2018
Trade receivables	**-**	0.6
Value Added Tax	**42.0**	46.8
Other receivables (a)	**25.3**	40.8
Prepayments	**5.5**	12.2
Allowance for impairment	**(4.9)**	(9.2)
	67.9	91.2

(a) Other receivables consist of a number of individually insignificant receivables.

CREDIT RISK

The Group is exposed to credit risk on the total carrying value of its trade receivables and other receivables excluding Value Added Tax and prepayments.

The Group manages its exposure to credit risk on trade receivables by maintaining a short term cycle to settlement of 2 working days. The Group manages its exposure to credit risk on other receivables by establishing a maximum payment period of 30 days, and ensuring that counterparties are of good credit standing and transacting on a secured or cash basis where considered necessary. The majority of other receivables comprises of balances with counterparties who have been transacting with the Group for over 5 years and in some of these cases, the counterparties are also suppliers of the Group. Receivables are regularly monitored and assessed for recoverability.

The balances of counterparties who have been assessed as being credit impaired at reporting date are as follows:

	2019	
Amounts in R million	Non-credit impaired	Credit impaired
Trade receivables	**-**	**-**
Other receivables	**23.2**	**2.1**
	23.2	**2.1**
Loss allowance	**(2.8)**	**(2.1)**

Comparative information under IAS 39:

Amounts in R million	2018
Receivables that are past due but not impaired at 30 June	15.3
Receivables that are past due and impaired at 30 June	9.2

Movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Amounts in R million	2019	2018
Balance at 1 July	**(9.2)**	(9.7)
Impairment recognised on other receivables at 1 July 2018 included in operating costs	**(3.2)**	-
Loss allowance as a 1 July 2018 under IFRS 9	**(12.4)**	(9.7)
Credit loss allowance/impairments recognised included in operating costs	**(3.1)**	-
Credit loss allowance/impairments reversed included in operating costs	**5.3**	0.5
Credit loss allowance written off against related receivable	**5.3**	-
Balance at 30 June	**(4.9)**	(9.2)

MARKET RISK

Interest rate risk
Trade and other receivables do not earn interest and are therefore not subject to interest rate risk.

15 TRADE AND OTHER RECEIVABLES *continued*

Foreign currency risk

Gold is sold at spot rates and is denominated in US Dollars. Gold sales, and thus trade receivables, are therefore exposed to fluctuations in the US Dollar/South African Rand exchange rate.

All foreign currency held at the current and previous reporting dates of 30 June 2019 and 30 June 2018 respectively were denominated in South African Rand and are therefore not exposed to fluctuations in the US Dollar/South African Rand exchange rate.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade and other receivables approximate their carrying value due to their short-term maturities.

16 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

The adoption of IFRS 9 from 1 July 2018 had no impact on the recognition or measurement of trade and other payables, excluding payroll accruals, accrued leave pay and provision for performance-based incentives of the Group.

Trade and other payables, excluding payroll accruals, accrued leave pay and provision for performance-based incentives, are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Group derecognises a financial liability when its contractual rights are discharged or cancelled or expire.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Amounts in R million	Note	2019	2018
Trade payables and accruals		**324.4**	227.0
Accrued leave pay		**39.0**	32.9
Provision for short term performance based incentives		**32.5**	24.7
Payroll accruals		**23.3**	18.7
		419.2	303.3
Interest relating to trade payables and accruals included in profit or loss		**(2.0)**	(1.5)
RELATED PARTY BALANCES			
Trade payables and accruals include the following amounts payable to related parties:			
Sibanye-Stillwater		**4.1**	-
Rand Refinery	25.2	**0.2**	-

LIQUIDITY RISK

Trade payables and accruals are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade payables and accruals approximate their carrying value due to their short-term maturities.

17 INVENTORIES

ACCOUNTING POLICIES

Gold in process is stated at the lower of cost and net realisable value. Costs are assigned to gold in process on a weighted average cost basis. Costs comprise all costs incurred to the stage immediately prior to smelting, including costs of extraction and processing as they are reliably measurable at that point. Gold bullion is stated at the lower of cost and net realisable value. Selling and general administration costs are excluded from inventory valuation.

Consumable stores are stated at cost less allowances for obsolescence. Cost of consumables and stockpile material is based on the weighted average cost principle and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Amounts in R million	**2019**	**2018**
Consumable stores	**145.2**	129.0
Gold in process (a)	**99.6**	66.2
Finished inventories - Gold Bullion	**59.8**	37.8
Total inventories	**304.6**	233.0

(a) Gold in process

Gold in process at 30 June 2019 includes stockpiles of sand material trucked to the City Plant amounting to R20.3 million (30 June 2018: 1.1 million).

18 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management periodically evaluates positions taken where tax regulations are subject to interpretation. This includes the treatment of both Ergo and FWGR as single mining operations respectively pursuant to the relevant ring-fencing legislation.

The deferred tax liability is calculated by applying a forecast weighted average tax rate that is based on a prescribed formula. The calculation of the forecast weighted average tax rate requires the use of assumptions and estimates and are inherently uncertain and could change materially over time. These assumptions and estimates include expected future profitability and timing of the reversal of the temporary differences. Due to the forecast weighted average tax rate being based on a prescribed formula that increases the effective tax rate with an increase in forecast future profitability, and *vice versa*, the tax rate can vary significantly year on year and can move contrary to current period financial performance.

A 100 basis points increase in the effective tax rate will result in an increase in the net deferred tax liability at 30 June 2019 of approximately R8.6 million (2018: R8.0 million).

The assessment of the probability that future taxable profits will be available against which the tax losses and unredeemed capital expenditure can be utilised requires the use of assumptions and estimates and are inherently uncertain and could change materially over time.

Capital expenditure is assessed by the South African Receiver of Revenue when it is redeemed against taxable mining income rather than when it is incurred. A different interpretation by the South African Receiver of Revenue regarding the deductibility of these capital allowances may therefore become evident subsequent to the year of assessment when the capital expenditure is incurred.

ACCOUNTING POLICIES

Income tax expense comprises current and deferred tax. Each company is taxed as a separate entity and tax is not set-off between the companies.

Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment on tax payable or receivable in respect of the previous year. Amounts are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

18 INCOME TAX *continued*

Deferred tax *continued*
Deferred tax assets relating to unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

Deferred tax related to gold mining income is measured at a forecast weighted average tax rate that is expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

18.1 INCOME TAX EXPENSE

Tax on gold mining income is determined based on a formula: Y = 34 - 170/X where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to gold mining income derived, expressed as a percentage. Non-mining income, which consists primarily of interest accrued, is taxed at a standard rate of 28% for all periods presented.

All mining capital expenditure is deducted in the year it is incurred to the extent that it does not result in an assessed loss. Capital expenditure not deducted from mining income is carried forward as unutilised capital allowances to be deducted from future mining income.

Amounts in R million	2019	2018
Mining tax	**(29.8)**	(23.2)
Non-mining tax	**3.2**	(2.7)
	(26.6)	(25.9)
Comprising:		
Current tax - current year	**1.6**	(6.4)
Deferred tax - current year	**(28.2)**	(19.5)
	(26.6)	(25.9)
Tax reconciliation		
Major items causing the Group's income tax expense to differ from the statutory rate were:		
Tax on net (profit)/loss before tax at the South African corporate tax rate of 28%	**(30.2)**	(9.0)
Rate adjustment to reflect the actual realised company tax rates	**7.4**	3.5
Deferred tax rate adjustment (a)	**(15.0)**	(12.8)
Non-deductible expenditure (b)	**(11.9)**	(9.8)
Utilisation of tax losses for which deferred tax assets were previously unrecognised	**-**	2.6
Current year tax losses for which no deferred tax was recognised	**(2.7)**	(0.8)
Exempt income and other non-taxable income	**4.4**	-
Other temporary differences (c)	**16.8**	-
Tax incentives	**1.7**	0.4
Over provided in prior periods	**2.9**	-
Income tax	**(26.6)**	(25.9)

(a) Deferred tax rate adjustment
The forecast weighted average deferred tax rate increased from 20.3% to 22.0% as a result of an increase in forecast taxable income of Ergo (2018: increased from 18.6% to 20.3% due to the increase in forecast taxable income of Ergo).

(b) Non-deductible expenditure
The most significant non-deductible expenditure incurred by the Group during the year includes:

- R16.6 million depreciation on fair value of property, plant and equipment of FWGR to which the initial recognition exemption applies in terms of IAS 12 *Income Taxes*;
- R6.5 million discount recognised on Payments made under protest (2018: R8.8 million);
- R11.3 million net operating cost related to Ergo Business Development Academy Not for Profit Company that is not deductible as it is exempt from income tax (2018: R7.5 million); and
- R6.0 million expenditure not incurred in generation of taxable income (2018: R15.0 million).

(c) Other temporary differences
Capital allowances not previously recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2019

18 INCOME TAX *continued*

18.2 DEFERRED TAX

Deferred tax assets and liabilities relate to the following:

Amounts in R million	2019	2018
Deferred tax asset		
Provisions	**10.0**	8.7
	10.0	8.7
Deferred tax liability		
Property, plant and equipment	**(297.0)**	(261.5)
Provisions, including rehabilitation provision	**104.4**	95.0
Other temporary differences (1)	**(0.6)**	2.8
	(193.2)	(163.7)
Net deferred mining and income tax liability	**(183.2)**	(155.0)

Movement in the net deferred tax liability is as follows:

Amounts in R million	2019	2018
Opening balance	**(155.0)**	(135.5)
Recognised in profit or loss	**(28.2)**	(19.5)
Property, plant and equipment	**(35.5)**	(37.7)
Provisions, including rehabilitation provision	**10.7**	18.5
Other temporary differences (1)	**(3.4)**	(0.3)
Closing balance	**(183.2)**	(155.0)

(1) Includes the temporary differences on the finance lease obligation.

Deferred tax assets have not been recognised in respect of the following:

Amounts in R million	2019	2018
Tax losses	**19.4**	37.3
Unredeemed capital expenditure	**254.8**	272.9
Capital losses	**329.9**	330.0

Deferred tax assets have not been recognised for Group entities that are not expected to generate future taxable profits against which the tax losses, unredeemed capital expenditure and capital losses can be utilised.

19 EMPLOYEE BENEFITS

ACCOUNTING POLICIES

Cash-settled share-based payments ("Long Term Incentive" or "LTI")
Cash-settled share-based payments are measured at fair value and remeasured at each reporting date to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment in profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Post-retirement medical benefit
The Group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Amounts in R million	Note	2019	2018
Non-current employee benefits		**37.4**	40.6
Liability for long-term incentive scheme	19.1	**28.4**	31.9
Liability for post-retirement medical benefits*		**9.0**	8.7
Current employee benefits		**22.6**	13.2
Liability for long-term incentive scheme	19.1	**22.6**	13.2
Total employee benefits		**60.0**	**53.8**

* Unfunded medical aid benefit plan

19.1 LIABILITY FOR LONG TERM INCENTIVE SCHEME

Terms of the November 2015 grant made under the DRDGOLD Group's amended long term incentive scheme are:
- The scheme has a finite term of 5 years and thus no top-up awards are made when the shares vest;
- The phantom shares are issued at an exercise price of nil and will vest in 3 tranches: 20%, 30% and 50% on the 3rd, 4th and 5th anniversaries respectively, subject to individual service and performance conditions being met; and
- The phantom shares will be settled at the 7 day volume weighted average price ("**VWAP**") of the DRDGOLD share.

Amounts in R million	Note	2019	2018
Movements in the total liability for long-term incentive scheme is as follows:			
Opening balance		**45.1**	30.7
Increase in long-term incentive liability	6.3	**21.4**	17.2
Vested and paid		**(15.5)**	(2.8)
Total liability for long-term incentive scheme		**51.0**	45.1
The total liability for long-term incentive scheme is expected to be settled as follows:		**51.0**	45.1
Within 12 months after reporting date		**22.6**	13.2
After 12 months after reporting date		**28.4**	31.9

Reconciliation of outstanding phantom shares	2019 Shares Number	2019 Weighted average price R per share	2018 Shares Number	2018 Weighted average price R per share
Opening balance	20,189,467		21,144,534	
Granted	388,547	3.37	-	-
Vested and paid	(4,037,883)	3.82	(955,067)	2.93
Forfeited	(383,073)	4.37	-	
Closing balance	16,157,058		20,189,467	

Ageing of outstanding phantom shares:	30 June 2021	30 June 2022	Total
November 2015	5,913,190	10,243,868	16,157,058

19 EMPLOYEE BENEFITS *continued*

19.1 LIABILITY FOR LONG TERM INCENTIVE SCHEME *continued*

Fair value

The fair value of the liability for the long term incentive scheme is mostly influenced by the DRDGOLD Limited share price. Other inputs influencing the fair value are the forward dividend yield and estimates of staff retention and performance conditions. The inputs most significantly influencing the measurement of the fair values are as follows:

	2019	2018	Grant date
7 day VWAP of the DRDGOLD Limited share	**4.37**	3.71	2.26
Annualised forward dividend yield	**4.3%**	1.8%	4.3%

19.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Emoluments

Amounts in R 000				2019				2018
Directors / Prescribed Officers	Remuneration paid during the year	Short Term Incentives related to this cycle	Long Term Incentives paid during this cycle	Total remuneration related to this cycle	Remuneration paid during the year	Short Term Incentives related to this cycle	Long Term Incentives paid during this cycle	Total remuneration related to this cycle
Executive directors								
D J Pretorius	**6 481**	**4 668**	**1 777**	**12 926**	6 104	4 697	-	10 801
A J Davel	**3 669**	**2 622**	**998**	**7 289**	3 429	2 639	250	6 318
	10 150	**7 290**	**2 775**	**20 215**	9 533	7 336	250	17 119
Non-executive directors								
G C Campbell	**1 514**	**-**	**-**	**1 514**	1 446	-	-	1 446
J Turk	**280**	**-**	**-**	**280**	655	-	-	655
E A Jeneker	**916**	**-**	**-**	**916**	805	-	-	805
J Holtzhausen	**702**	**-**	**-**	**702**	718	-	-	718
T B V N Mnyango	**690**	**-**	**-**	**690**	651	-	-	651
J J Nel	**377**	**-**	**-**	**377**	-	-	-	-
P Lebina	**104**	**-**	**-**	**104**	-	-	-	-
	4 583	**-**	**-**	**4 583**	4 275	-	-	4 275
Prescribed officers								
W J Schoeman	**3 479**	**2 565**	**998**	**7 042**	3 308	2 013	250	5 571
R Masemene	**2 478**	**1 186**	**609**	**4 273**	2 402	808	124	3 334
	5 957	**3 751**	**1 607**	**11 315**	5 710	2 821	374	8 905
Total	**20 690**	**11 041**	**4 382**	**36 113**	**19 518**	**10 157**	**624**	**30 299**

Non-executive directors are paid board fees made up of a base fee and committee fees. The Company's MOI makes provision for directors' fees to be determined at the Annual General Meeting.

for the year ended 30 June 2019

19. EMPLOYEE BENEFITS *continued*

19.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in long term incentive scheme

Directors / Prescribed Officers	Opening balance Number	Vested Number	Proceeds R	Average exercise price R/share	Closing balance Number
2019					
Executive directors					
D J Pretorius	2,323,009	(464,602)	1,777,065	3.82	1,858,407
A J Davel	1,305,033	(261,007)	998,331	3.82	1,044,026
	3,628,042	**(725,609)**	**2,775,396**		**2,902,433**
Prescribed officers					
W J Schoeman	1,305,033	(261,007)	998,331	3.82	1,044,026
R Masemene	796,460	(159,292)	609,279	3.82	637,168
	2,101,493	**(420,299)**	**1,607,610**		**1,681,194**
Total	**5,729,535**	**(1,145,908)**	**4,383,006**		**4,583,627**
2018					
Executive directors					
D J Pretorius	2,323,009	-	-	-	2,323,009
A J Davel	1,390,536	(85,503)	250,077	2.92	1,305,033
	3,713,545	**(85,503)**	**250,077**		**3,628,042**
Prescribed officers					
W J Schoeman	1,407,636	(102,603)	250,077	2.44	1,305,033
R Masemene	838,688	(42,228)	123,508	2.92	796,460
	2,246,324	**(144,831)**	**373,585**		**2,101,493**
Total	**5,959,869**	**(230,334)**	**623,662**		**5,729,535**

19 EMPLOYEE BENEFITS *continued*

19.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Interests in contracts

None of the directors, officers or major shareholders of DRDGOLD or, to the knowledge of DRDGOLD's management, their families, had any interest, direct or indirect, in any transaction entered into during the year ended 30 June 2019 or the preceding financial years, or in any proposed transaction which has affected or will materially affect DRDGOLD or its subsidiaries other than disclosed in these financial statements. None of the directors or officers of DRDGOLD or any associate of such director or officer is currently or has been at any time during the past financial year materially indebted to DRDGOLD**.**

Key management personnel remuneration

Amounts in R million	Note	2019	2018
- Board fees paid		**5.8**	5.6
- Salaries paid		**61.7**	53.6
- Short term incentives relating to this cycle		**31.5**	22.5
- Long term incentives paid during the cycle	19.1	**15.5**	2.8
- Retrenchments		**1.6**	-
		116.1	84.5

20 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure that adequate capital is available to meet the requirements of the Group from time to time, including capital expenditure. The Group considers the appropriate capital management strategy for specific growth projects as and when required. Finance leases are not considered to be debt.

Financing the development of Phase 1 of FWGR

During the year ended 30 June 2019, R192.0 million was raised through the Company's Revolving Credit Facility ("**RCF**") to fund the development of FWGR Phase 1. At 30 June 2019 this amount was repaid in full and the Group had no external debt in line with its aim for the existing operations to remain unleveraged.

Liquidity management

The Group's facilities include a R300 million RCF initially secured to finance the development of Phase 1 of FWGR. In January 2019, R125 million of the RCF was committed to issue a guarantee to Ekurhuleni Local Municipality (refer note 22). R175 million of the initial RCF remains uncommitted and available to the Group.

The RCF permits a consolidated debt ratio (net debt to adjusted EBITDA) of at most 2:1 and a consolidated interest coverage ratio (net interest to adjusted EBITDA) of at least 4:1 calculated on a twelve-month rolling basis respectively. Management monitors the covenant ratio levels to ensure compliance with the covenants, as well as maintain sufficient uncommitted facilities to ensure satisfactory liquidity for the Group. The covenant ratios were not breached during the year ended 30 June 2019.

21 EQUITY

ACCOUNTING POLICIES

Stated share capital
Ordinary shares and the cumulative preference shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Repurchase and reissue of share capital (treasury shares)
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from stated share capital.

Dividends
Dividends are recognised as a liability on the date on which they are declared which is the date when the shareholders' right to the dividends vests.

21.1 SHARE CAPITAL

In terms of an ordinary resolution passed at the previous annual general meeting, the remaining unissued ordinary shares in the company are under the control of the directors until the next general meeting.

Amounts in R million	2019	2018
Authorised share capital		
1,500,000,000 (2018: 1,500,000,000) ordinary shares of no par value		
5,000,000 (2018: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
Issued share capital		
696,429,767 (2018: 431,429,767) ordinary shares of no par value (a)	**5,123.3**	4,227.9
9,474,920 (2018: 9,361,071) treasury shares held within the Group (b)	**(51.0)**	(50.7)
5,000,000 (2018: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
	5,072.8	4,177.7

RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Ordinary shares issued
Sibanye-Stillwater and its subsidiaries and associates became related parties to the Group on 31 July 2018 when the FWGR Acquisition (refer note 4) became unconditional. DRDGOLD issued 265 million new ordinary shares (38.05% of its outstanding shares) and an option to subscribe for new ordinary shares up to a total of 50.1% of the total issued ordinary shares of DRDGOLD as purchase consideration for these assets.

(b) Treasury shares
Shares in DRDGOLD Limited are held in treasury by Ergo Mining Operations Proprietary Limited ("**EMO**"). 113,849 shares were acquired in the market during the year ended 30 June 2019 at an average price of R2.68 (2018: nil shares acquired). No dividends were received during the year on these shares (2018: R0.9 million).

21.2 DIVIDENDS

Amounts in R million	2019	2018
Dividends paid during the year net of treasury shares:		
No final dividend was paid relating to 2018 (2017: 5 SA cents per share)	**-**	21.1
No interim dividend was paid relating to 2019 (2018: 5 SA cents per share)	**-**	21.1
Total	**-**	42.2

After 30 June 2019, a dividend of 20 cents per qualifying share (R137.4 million) was approved by the directors as a final dividend for 2019. The dividend has not been provided for and does not have any tax impact on the Company.

22 BORROWINGS

ACCOUNTING POLICIES

Interest-bearing borrowings are initially recognised at fair value and are subsequently measured at amortised cost with any difference between the initial amount and the redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. If the Group revises its estimates of payments, the carrying amount of the liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the current value of estimated future cash flows at the liability's original effective interest rate. The adjustment is recognised as income or expense in profit or loss.

On 1 August 2018, DRDGOLD Limited entered into a ZAR300 million Revolving Credit Facility ("RCF") secured with ABSA Bank Limited (acting through its Corporate and Investment Banking division). The purpose of the RCF was to finance the development of Phase 1 of FWGR and working capital requirements, replacing the R100 million overdraft facility that was in place during the year ended 30 June 2018. On 10 December 2018, DRDGOLD Limited entered into an addendum to the ZAR300 million RCF. The purpose of the addendum to the RCF was to commit R125 million of the RCF facility to a performance guarantee to Ekurhuleni Metropolitan Municipality (refer note 13) that was issued on the same date by ABSA Bank Limited (acting through its Corporate and Investment Banking division). The cash held in escrow were released to Ergo's operational bank accounts in January 2019.

Amounts in R million	Note	2019
Opening balance		-
Borrowings raised		192.0
Borrowings repaid		(192.0)
Finance costs incurred	8	10.2
Interest and related charges		6.6
Raising fees		3.6
Finance costs repaid		(10.2)
Closing balance		-

Salient terms of the RCF

Interest rate	Jibar
Interest rate margin	3.25%
Final repayment date	1 August 2020
Security	Pledge and cession of DRDGOLD's shares in and shareholder claims against: • Ergo Mining Proprietary Limited (guarantor to RCF) • Far West Gold Recoveries Proprietary Limited (guarantor to RCF)

23 OPERATING SEGMENTS

ACCOUNTING POLICIES

Operating segments are reported in a manner consistent with internal reports that the Group's chief operating decision maker (CODM) reviews regularly in allocating resources and assessing performance of operating segments. The CODM has been identified as the Group's Executive Committee. The Group has one revenue stream, the sale of gold. To identify operating segments, management reviewed various factors, including operational structure and mining infrastructure. It was determined that an operating segment consists of a single or multiple metallurgical plants and reclamation sites that, together with its tailings storage facility, is capable of operating independently.
When assessing profitability, the CODM considers, *inter alia*, the revenue and production costs of each segment. The net of these amounts is the operating profit or loss. Therefore, operating profit has been disclosed in the segment report as the primary measure of profit or loss. The CODM also considered other costs that, in addition to the operating profit or loss, result in the working profit or loss.

Ergo is a surface gold retreatment operation which treats old slime dams and sand dumps to the south of Johannesburg's central business district as well as the East and Central Rand goldfields. The operation comprises three plants. The Ergo and Knights plants continue to operate as metallurgical plants. The City Deep plant continues to operate as a pump/milling station feeding the metallurgical plants.
FWGR is a surface gold retreatment operation and treats old slime dams in the West Rand goldfields. Phase 1, which entails the reconfiguration of the Driefontein 2 plant and relevant infrastructure to process tailings from the Driefontein 5 slimes dam and deposit residues on the Driefontein 4 Tailings Storage Facility, was commissioned on 1 April 2019.
Corporate office and other reconciling items (collectively referred to as **"Other reconciling items"**) are taken into consideration in the strategic decision-making process of the chief operating decision maker and are therefore included in the disclosure here, even though they do not earn revenue. This includes taking into consideration the Group's adjusted EBITDA for the purpose of the covenants imposed by the Company's borrowings (refer note 20 and 22) that was entered into to finance the development of Phase 1 of FWGR and working capital requirements of the Group and subsequently amended for the issue of the performance guarantee to Ekurhuleni Metropolitan Municipality (refer note 13).

23 OPERATING SEGMENTS *continued*

2019 Amounts in R million	Ergo	FWGR	Other reconciling items	Total
Financial performance				
Revenue (External)	2,577.5	184.6	-	2,762.1
Cash operating costs	(2,311.1)	(111.8)	-	(2,422.9)
Movement in gold in process and finished inventories - Gold Bullion	16.4	16.2	-	32.6
Operating profit	282.8	89.0	-	371.8
Retrenchment costs	(1.6)	(4.7)	-	(6.3)
Administration expenses and other costs	(12.0)	(2.3)	(76.6)	(90.9)
Interest income[1]	6.5	-	10.4	16.9
Interest expense[2]	(2.4)	-	(3.2)	(5.6)
Current tax	1.6	-	-	1.6
Working profit/(loss) before additions to property, plant and equipment	274.9	82.0	(69.4)	287.5
Additions to property, plant and equipment	(22.8)	(330.7)	(0.2)	(353.7)
Working profit/(loss) after additions to property, plant and equipment	252.1	(248.7)	(69.6)	(66.2)

1 Interest income excludes the unwinding of the Payments made under protest

2 Interest expense excludes the discount recognised on the initial recognition of the Payments made under protest

Reconciliation of profit/(loss) for the year to working profit/(loss) before additions to property, plant and equipment

	Ergo	FWGR	Other reconciling items	Total
Profit/(loss) for the year	82.3	28.7	(32.5)	78.5
- Deferred tax	16.2	13.4	(1.4)	28.2
- Net other operating costs/(income)	40.2	15.4	(25.7)	29.9
- Ongoing rehabilitation expenditure	16.6	1.7	-	18.3
- Discount recognised on Payments made under protest including subsequent unwinding	3.5	-	-	3.5
- Unwinding of provision for environmental rehabilitation	45.4	19.6	1.3	66.3
- Growth in investment in environmental obligation funds	(11.3)	(22.5)	(4.6)	(38.4)
- Other income	(2.2)	-	(5.7)	(7.9)
- Change in estimate of environmental rehabilitation recognised in profit or loss	(58.6)	-	(1.4)	(60.0)
- Depreciation	142.8	25.7	0.6	169.1
Working profit/(loss) before additions to property, plant and equipment	274.9	82.0	(69.4)	287.5
Statement of cash flows				
Cash flows from operating activities	221.7	89.3	(22.7)	288.3
Cash flows from investing activities	(39.4)	(324.4)	60.8	(303.0)
Cash flows from financing activities	(291.7)	236.7	47.1	(7.9)

Reconciliation of adjusted EBITDA

Profit for the year	**78.5**
Income tax	26.6
Profit before tax	**105.1**
Finance expense	78.4
Finance income	(58.3)
Results from operating activities	**125.2**
Depreciation	169.1
Share-based payment expense (increase in Long-Term Incentive liability)	21.4
Change in estimate of environmental rehabilitation recognised in profit or loss	(60.0)
Gain on financial instruments at fair value through profit or loss	(2.1)
Gain on disposal of property, plant and equipment	(5.8)
Retrenchment costs	6.3
Adjusted EBITDA[1]	254.1

1 Adjusted EBITDA (that was considered from the current reporting period following the RCF agreement) may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is not a measure of performance under IFRS and should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity.

23 OPERATING SEGMENTS *continued*

2018 **Amounts in R million**	**Ergo**	**Other reconciling items**	**Total**
Financial performance			
Revenue (External)	2,490.4	-	2,490.4
Cash operating costs	(2,159.7)	-	(2,159.7)
Movement in gold in process and finished inventories - Gold Bullion	24.5	-	24.5
Operating profit	355.2	-	355.2
Administration expenses and other costs[1]	(11.5)	(78.6)	(90.1)
Interest income[2]	9.5	12.3	21.8
Interest expense[3]	(3.1)	(1.0)	(4.1)
Current tax	(2.9)	(3.5)	(6.4)
Working profit/(loss) before additions to property, plant and equipment	347.2	(70.8)	276.4
Additions to property, plant and equipment	(125.2)	(0.9)	(126.1)
Working profit/(loss) after additions to property, plant and equipment	222.0	(71.7)	150.3

1 Administration expenses and general costs excludes loss on disposal of property, plant and equipment
2 Interest income excludes the unwinding of the Payments made under protest
3 Interest expense excludes the discount recognised on the initial recognition of the Payments made under protest

Reconciliation of profit/(loss) for the year to working profit/(loss) before			
Profit/(loss) for the year	53.3	(46.8)	6.5
- Deferred tax	23.2	(3.7)	19.5
- Net other operating costs/(income)	36.2	(15.6)	20.6
- Ongoing rehabilitation expenditure	26.7	-	26.7
- Discount recognised on Payments made under protest including subsequent unwinding	8.1	-	8.1
- Unwinding of provision for environmental rehabilitation	44.3	1.3	45.6
- Loss on disposal of property, plant and equipment	0.6	-	0.6
- Growth in investment in environmental obligation funds	(10.1)	(6.2)	(16.3)
- Change in estimate of environmental rehabilitation recognised in profit or loss	(2.5)	(0.4)	(2.9)
- Depreciation	167.4	0.6	168.0
Working profit/(loss) before additions to property, plant and equipment	347.2	(70.8)	276.4

Statement of cash flows			
Cash flows from operating activities	285.3	(51.5)	233.8
Cash flows from investing activities	(140.2)	(0.2)	(140.4)
Cash flows from financing activities	(2.8)	(42.2)	(45.0)

24 INTEREST IN SUBSIDIARIES

ACCOUNTING POLICIES
Significant subsidiaries of the Group are those subsidiaries with the most significant contribution to the Group's profit or loss or assets.

Ergo Mining Proprietary Limited and Far West Gold Recoveries Proprietary Limited are the only significant subsidiaries of the Group. They are both wholly owned subsidiary and are incorporated in South Africa, are primarily involved in the retreatment of surface gold and all their operations are based in South Africa.

A complete list of the Group's subsidiaries is included in the Company financial statements of DRDGOLD Limited.

25 OTHER ASSETS

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment to develop and apply the relevant accounting policy for payments made under protest that arise from the Municipality Electricity Tariff Dispute (refer note 26) ("**Payments made under protest**") requires the exercise of significant judgement about the outcome of future events that are not wholly under the control of the Group.

The judicial proceedings that impact the Payments made under protest are inherently complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

The discounted amount of the Payments made under protest is determined using assumptions about the future that are inherently uncertain and can change materially over time and includes the discount rate and discount period.

These assumptions about the future include estimating the timing of concluding on the main application, i.e. the discount period, the ultimate settlement terms (refer note 26), the discount rate applied and the assessment of recoverability.

ACCOUNTING POLICIES

PAYMENTS MADE UNDER PROTEST

Recognition and measurement

The asset that arises from the Municipality Electricity Tariff Dispute (refer note 26) and that are payments made under protest is initially measured at a discounted amount and any difference between the face value of payments made under protest and the discounted amount on initial recognition is recognised in profit or loss as a finance expense. Subsequent to initial recognition, the Payments made under protest is measured using the effective interest method to unwind the discounted amount to the original face value less any write downs for recovery. Unwinding of the carrying value and changes in the discount period are recognised in profit or loss.

Assessment of recoverability

The discounted amount of the payments under protest is assessed at each reporting date to determine whether there is any objective evidence that the full amount is no longer expected to be recovered. The Group considers the reasonable and supportable information related to the creditworthiness of Ekurhuleni Metropolitan Municipality and events surrounding the outcome of the Main Application (refer note 26). Any write down is recognised in profit or loss.

INVESTMENTS IN OTHER ENTITIES

Accounting policy before 1 July 2018
The Group's listed and unlisted investments in equity securities are classified as available-for-sale financial assets. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI.

Accounting policy after 1 July 2018
The Group's listed and unlisted investments in equity securities are classified as equity instruments at fair value through other comprehensive income (OCI). These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein are recognised in OCI, and are never reclassified to profit or loss.

Amounts in R million	Note	2019	2018
Payments made under protest	25.1	**27.6**	19.3
Investments in other entities	25.2	**3.5**	9.4
Total other assets		**31.1**	28.7

25.1 PAYMENTS MADE UNDER PROTEST

During the year, payments were made under protest ("**Payments made under protest**") to the Municipality (refer note 26) amounting to R11.7 million (excluding VAT) (2018: R27.4 million consisting of initial payment of R22.5 million as well as subsequent payments of R4.9 million) comprising the difference between the J-tariff and the Eskom tariff. The initial payment in 2018 was made from cash held in escrow relating to the electricity tariff dispute with Ekurhuleni Metropolitan Municipality (refer note 13). Subsequent payments were made from operating cash flows.

The payments made during the year were initially recognised at the discounted amount, taking into consideration the discount rate and discount period. An amount of R6.5 million (2018: R8.8 million) was recognised as finance expense (refer note 8) and includes the discount at initial recognition, as well as the change in assumption regarding the discount period ending 30 June 2022 (previously discount period ended 30 June 2021) respectively.

The discounted amount was based on the following assumptions:

- discount rate: 11.68% (2018: 11.68%) representing the Municipality maximum cost of borrowing on bank loans as disclosed in their 30 June 2018 annual report; and
- discount period: 30 June 2022 (2018: 30 June 2021) representing management's best estimate of the date of conclusion of the Main Application.

During the year, R3.0 million was recognised as finance income (refer note 7) for the unwinding of the discount amount.

25.2 INVESTMENTS IN OTHER ENTITIES

Amounts in R million	Shares held	% held	2019	2018
Listed investments (Fair value hierarchy Level 1):			**3.3**	9.2
West Wits Mining Limited ("WWM")	47 812 500	6.7%	**3.3**	9.2
Unlisted investments (Fair value hierarchy Level 3):			**0.2**	0.2
Rand Refinery Proprietary Limited ("Rand Refinery") (a)	44 438	11.0%	**-**	-
Guardrisk Insurance Company Limited (Cell Captive A170) ^	20	#	**0.1**	0.1
Chamber of Mines Building Company Proprietary Limited	30 160	3.0%	**0.1**	0.1
Rand Mutual Assurance Company Limited	1	#	**-**	-
			3.5	9.4
Fair value adjustment on equity instruments at fair value through OCI			(5.9)	-
Fair value adjustment on available for sale financial assets recognised in OCI			-	0.6

 # Represents a less than 1% shareholding.

^ Class A 170 shares are held in Guardrisk Insurance Company Limited that entitles the holder to 100% of the residual net equity of the Cell Captive A 170 after settlement of the reimbursive right.

(a) Rand Refinery

Rand Refinery is a related party to DRDGOLD through Sibanye-Stillwater who holds a 44.4% interest in Rand Refinery and a 38.05% interest in DRDGOLD respectively.

The estimated fair value of the investment in Rand Refinery shares remains *de minimis* due to the uncertainty regarding Rand Refinery's future free cash flows and the lack of marketability of the shares held.

MARKET RISK

Other market price risk
Equity price risk arises from changes in quoted market prices of listed investments as well as changes in the fair value of unlisted investments due to changes in the underlying net asset values.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Listed investments
The fair values of listed investments are determined by reference to published price quotations from recognised securities exchanges and constitute level 1 instruments in the fair value hierarchy.

Unlisted investments
The valuations are based on either the net asset values of these companies, or the consideration of unobservable financial information which is compared to information available in the market regarding other market participants' views on the value of the company and constitute level 3 instruments in the fair value hierarchy.

26 CONTINGENT ASSETS AND LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability requires the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Group.

Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured. When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

Environmental

Mine residue deposits may have a potential pollution impact on ground water through seepage. The Group has taken certain preventative actions as well as remedial actions in an attempt to minimise the Group's exposure and environmental contamination.

The flooding of the western and central basins have the potential to cause pollution due to Acid Mine Drainage ("AMD") contaminating the ground water. The government has appointed Trans-Caledon Tunnel Authority ("TCTA") to construct a partial treatment plant to prevent the ground water being contaminated. TCTA completed the construction of the neutralisation plant for the Central Basin and commenced treatment during July 2014. As part of the heads of agreement signed in December 2012 between EMO, Ergo, ERPM and TCTA, sludge emanating from this plant since August 2014 has been co-disposed onto the Brakpan Tailings Storage facility. Partially treated water has been discharged by TCTA into the Elsburg Spruit.

This agreement includes the granting of access to the underground water basin through one of ERPM's shafts and the rental of a site onto which it constructed its neutralisation plant. In exchange, Ergo and its associate companies including ERPM have a set-off against any future directives to make any contribution toward costs or capital of up to R250 million. Through this agreement, Ergo also secured the right to purchase up to 30 Ml of partially treated AMD from TCTA at cost, in order to reduce Ergo's reliance on potable water for mining and processing purposes.

While the heads of agreement should not be seen as an unqualified endorsement of the state's AMD solution, and do not affect our right to either challenge future directives or to implement our own initiatives should it become necessary, it is an encouraging development.

DRDGOLD, through its participation in the Western Utilities Corporation initiative, provided the government with a solution for a sustainable long-term solution to AMD. This solution would have been at no cost to the mines and government. In view of the limitation of current information for the accurate estimation of a potential liability, no reliable estimate can be made for the possible obligation.

26 CONTINGENT ASSETS AND LIABILITIES *continued*

Ekurhuleni Metropolitan Municipality ("Municipality") Electricity Tariff Dispute

The Main Application
There are primarily 3 (three) legal proceedings for which relief has been sought in the appropriate legal fora and all of which fall within the jurisdiction of the High Court of South Africa, Gauteng Local Division, Johannesburg.
(a) The Main Application – case number 45277/ 2014
(b) The Summons – case number 19222/2017
(c) The Second Summons – case number 22648/2019

The Main Application
ERGO is arguably the world's largest gold surface tailings retreatment facility. Integral to this operation is ERGO's metallurgical plant at Brakpan ("ERGO Plant") within the jurisdiction of the City of Ekurhuleni Metropolitan Municipality ("Municipality") where gold is extracted.

In order to operate the ERGO Plant and conduct its business operations, ERGO requires a reliable and steady feed of electricity of approximately 20 MVA (twenty mega volt amp) which it draws from the ERGO Central Substation.

Over the past several years the Municipality has charged ERGO for such electricity, at the Megaflex tariff at which ESKOM Holdings SOC Limited ("ESKOM") charges its large power users plus an additional surcharge; as it still does; and ERGO paid therefor.

Pursuant to its own investigations, and after having sought legal advice on the matter, ERGO determined that only ESKOM may legitimately charge it for the electricity so drawn and consumed at the ERGO Plant, specifically from the ERGO Central Substation. Despite this, ESKOM refused to either accept payment from ERGO in respect of such electricity consumption or to conclude a consumer agreement with it.

ERGO then subsequently advised the Municipality that it would, forthwith with effect from December 2014, only pay for electricity consumption at the Megaflex tariff and would instead, and under protest, pay the additional surcharge into a trust account of its attorneys of record.

In December 2014, ERGO instituted legal proceedings by way of an application against the Municipality and ESKOM as well as the National Energy Regulator of South Africa ("NERSA"), the Minister of Energy, the Minister of Co-operative Governance & Traditional Affairs and the South African Local Government Association, the latter 4 (four) respondents against whom ERGO does not seek any relief.

ERGO seeks the undermentioned relief:
1. declaring that the Municipality does not supply electricity to it at the ERGO Plant;

2. declaring that the Municipality is in breach of its temporary Distribution Licence (issued by NERSA) by purporting to supply electricity to ERGO at the ERGO Plant;

3. declaring that neither the Municipality nor ESKOM may lawfully insist that only the Municipality may supply electricity to ERGO at the ERGO Plant;

4. declaring that ESKOM presently supplies electricity to ERGO at the ERGO Plant; and

5. directing ESKOM to conclude a consumer agreement with ERGO for the supply of electricity at the ERGO Plant at its Megaflex tariff.

Ergo also instituted a counterclaim against the Municipality for the recovery of the surcharges which were erroneously paid to the Municipality in the *bona fide* belief that they were due and payable prior to the Main Application of approximately R43 million (these surcharges were expensed for accounting purposes).

The hearing in respect of the Main Application was set down for hearing on 05 December 2018. The Main Application did not proceed on 05 December 2018.

The Main Application was postponed by agreement between the parties, after a proposal was addressed to the Deputy Judge President of the Gauteng Local Division of the High Court sitting in Johannesburg in November 2018 to have a case manager appointed to deal with both the Main Application and Action Matter, to determine a collaborative process to facilitate effective, efficient court scheduling and coordination; in the interests of the proper administration of justice.

26 CONTINGENT ASSETS AND LIABILITIES *continued*

Ekurhuleni Metropolitan Municipality ("Municipality") Electricity Tariff Dispute *continued*

The Summons

In June 2017, the Municipality instituted action proceedings against ERGO by way of summons to recover an amount of approximately R74 million for alleged arrear amounts for the electricity consumption at the ERGO Central Substation in terms of section 3 of the By-Laws and further seeking an order by the Court declaring the Remaining Extent of Portion 183 of the Farm Witpoortje 117, Registration Division IR, measuring in extent 233.0033 Ha, held under Deed of Transfer T48746/2014 and on which the metallurgical plant is situated executable and capable of being sold to settle and pay the alleged full outstanding amount which the Municipality alleges is due and owing thereto.

The action was launched by the Municipality to arrest prescription, to avoid the claim for the alleged arrear surcharge amounts from becoming extinguished, as envisaged in the Prescription Act, 68 of 1969, by virtue of the expiration of a period of 3 years from 30 November 2014, being the date from which ERGO stopped paying the surcharge levied by the Municipality thereto and from which date the Municipality alleges that ERGO was making partial payments of the full account rendered to it by the Municipality in respect of the “supply” of electricity at the ERGO Central Substation.

Pursuant to the Constitutional Court ruling in January 2018 in respect of ERGO’s petition for leave to appeal thereto in the urgent application in terms of which the Municipality threatened to terminate and/or interfere with the supply of electricity at the ERGO Central Substation, ERGO was no longer entitled to withhold payment based on its allegation that the Municipality was not supplying electricity at the ERGO Central Substation, pending the final determination of the Main Application; the resultant effect of which was that ERGO would now run the risk of a discontinuation of supply if it did not pay the charges claimed.

ERGO continued to make payments to the Municipality, albeit under protest and without prejudice and/or admission of liability; based on the recently introduced “J-Tariff”, which, whilst still deemed to be disproportionate, was significantly lower than the previously imposed “D-Tariff”. The Group recognised an asset for these payments made under protest (refer note 25.1).

As a result of the conclusion of this latter “without prejudice” arrangement with the Municipality, ERGO brought an application for leave to amend its plea and counter claim; to which the Municipality objected. ERGO’s application was argued before Judge Spilg (the judicially appointed case manager) on 27 March 2019 and judgment in respect thereof is still awaited.

The Second Summons

In June 2019, the Municipality served the second summons on ERGO seeking an amount of R31.6 million in respect of electricity allegedly supplied to ERGO.

The Consolidated Application

ERGO has sought to apply for consolidation of the disputes. The Municipality is opposed to any consolidation.
At this stage no application for consolidation has been launched.

The parties have agreed, together with the case manager, that the judgments will first be handed down in regard to the aforementioned interlocutory applications, which will inform the parties as to the need to consolidate.

It is ERGO’s view that the first and second actions (first and second summons) should be consolidated. Accordingly, the action matters to be consolidated should be heard separately and in advance of the Main Application, as a decision in regard to the actions, will essentially be determinative of the Main Application.

The reasons for the consolidation are due to the fact that the parties are identical and the central dispute in both actions and the Main Application revolves around the same question, namely who supplies the electricity to the Plant. The evidence will be identical in all three matters.

26 CONTINGENT ASSETS AND LIABILITIES *continued*

Occupational Lung Diseases

On 03 May 2018, former mineworkers and dependents of deceased mineworkers ("**Applicants**") and Anglo American South Africa Limited, AngloGold Ashanti Limited, Sibanye Gold Limited trading as Sibanye-Stillwater, Harmony Gold Mining Company Limited, African Rainbow Minerals Limited and certain of their affiliates ("**Settling Companies**") settled the class certification application in which the Applicants in each sought to certify class actions against gold mining houses cited therein on behalf of mineworkers who had worked for any of the particular respondents and who suffer from any occupational lung disease, including silicosis or tuberculosis.

The DRDGOLD Respondents, comprising DRDGOLD Limited and East Rand Proprietary Mines Limited, are not a party to the settlement between the Applicants and Settling Companies.

In December 2018, the Applicants and Settling Companies approached the Gauteng Local Division of the High Court, Johannesburg on an *ex parte* basis to make the settlement agreement an order of court.

The application was heard on 29 May 2019 and on 26 July 2019, the Gauteng Local Division of the High Court, Johannesburg approved the settlement agreement.

The Settling Companies together with the Applicants have established a settlement trust (named the Tshiamiso Trust) to administer the benefits which have been estimated to be in the amount of R5 billion. There are ten classes of claimants who, once properly certified, will be eligible for a benefit.

The settlement agreement is not binding on the DRDGOLD Respondents. The dispute, insofar as the class certification application and appeal thereof is concerned, still stands and has not terminated in light of the settlement agreement.

DRDGOLD maintains the view that it is too early to consider settlement of the matter, mainly for the following reasons:
• the Applicants have as yet not issued and served a summons (claim) in the matter;
• there is no indication of the number of potential claimants that may join the class action against the DRDGOLD respondents;
• many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.

In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

27 FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset shall be measured at amortised cost if both the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise of specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held with a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

27 FINANCIAL INSTRUMENTS *continued*

FINANCIAL RISK MANAGEMENT FRAMEWORK

Overview

The Group has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the Group's exposure to each of the above risks, the Group's objectives and policies and processes for measuring and managing risk. The Group's management of capital is disclosed in note 20. This note must be read with the quantitative disclosures included throughout these consolidated financial statements.

The board of directors ("**Board**") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee ("**ARC**"), which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by the internal audit function. The internal audit function undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

The Group's financial instruments do not represent a concentration of credit risk due to the exposure to credit risk being managed as disclosed in the following notes:

NOTE 12 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 13 CASH AND CASH EQUIVALENTS
NOTE 15 TRADE AND OTHER RECEIVABLES

MARKET RISK

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the consolidated profit or loss or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Commodity price risk

Additional disclosures are included in the following note:
NOTE 5 REVENUE

Other market risk

Additional disclosures are included in the following note:
NOTE 25.2 INVESTMENTS IN OTHER ENTITIES

Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Group receives cash from its operations and is obliged to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.

Additional disclosures are included in the following notes:
NOTE 12 INVESTMENTS IN REHABILITATION OBLIGATION FUNDS
NOTE 13 CASH AND CASH EQUIVALENTS

27 FINANCIAL INSTRUMENTS *continued*

FINANCIAL RISK MANAGEMENT FRAMEWORK *continued*

MARKET RISK *continued*

Foreign currency risk
The Group enters into transactions denominated in foreign currencies, such as gold sales denominated in US dollar, in the ordinary course of business. This exposes the Group to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following notes:
NOTE 15 TRADE AND OTHER RECEIVABLES

LIQUIDITY RISK
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Additional disclosures are included in the following note:
NOTE 16 TRADE AND OTHER PAYABLES
NOTE 20 CAPITAL MANAGEMENT

28 RELATED PARTIES

Disclosures are included in the following notes:
NOTE 6 COST OF SALES
NOTE 16 TRADE AND OTHER PAYABLES
NOTE 19.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL
NOTE 21 EQUITY
NOTE 24 INTEREST IN SUBSIDIARIES

29 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2019 and the date of issue of these financial statements other than described below and included in the preceding notes to the consolidated financial statements.

Dividend

On 3 September 2019, the Board declared a final dividend for the year ended 30 June 2019 of 20 SA cents per share, which was paid on 30 September 2019.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

Amounts in R million	Note	2019	2018
Revenue	4	**38.8**	22.6
Operating costs		**(39.1)**	(22.8)
Administration expenses and other costs		**(29.9)**	(1,645.9)
Results from operating activities	5	**(30.2)**	(1,646.1)
Finance income	6	**34.1**	860.2
Finance expense	7	**(14.1)**	(0.9)
Loss before tax		**(10.2)**	(786.8)
Income tax	14.1	**1.4**	0.2
Loss for the year		**(8.8)**	(786.6)
Other comprehensive income			
Items that will not be reclassified to profit or loss, net of tax			
Net fair value adjustment on equity investments at fair value through other comprehensive income	19	**(5.9)**	-
Items that will be reclassified subsequently to profit or loss, net of tax			
Net fair value adjustment on available-for-sale investments	19	**-**	0.6
Total other comprehensive income for the year		**(5.9)**	0.6
Total comprehensive loss for the year		**(14.7)**	(786.0)

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

at 30 June 2019

Amounts in R million	Note	2019	2018
ASSETS			
Non-current assets		**1,499.4**	73.2
Property, plant and equipment		**0.7**	0.8
Net investments in subsidiaries	8	**1,485.1**	54.3
Investments in other entities	19	**3.5**	9.4
Deferred tax asset	14.2	**10.1**	8.7
Current assets		**255.8**	176.7
Trade and other receivables	11	**13.7**	19.2
Cash and cash equivalents	9	**242.1**	157.5
TOTAL ASSETS		**1,755.2**	249.9
EQUITY AND LIABILITIES			
Equity		**1,535.9**	201.6
Stated share capital	17.1	**5,123.8**	4,228.4
Other reserves		**453.6**	-
Retained earnings		**(4,041.5)**	(4,026.8)
Non-current liabilities		**10.0**	12.2
Liability for long term incentive scheme	15.1	**10.0**	12.2
Current liabilities		**209.3**	36.1
Trade and other payables	12	**43.7**	27.1
Amounts owing to group companies	13	**153.5**	-
Current tax Liability		**4.2**	4.2
Liability for long term incentive scheme	15.1	**7.9**	4.8
TOTAL LIABILITIES		**219.3**	48.3
TOTAL EQUITY AND LIABILITIES		**1,755.2**	249.9

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

Amounts in R million	Note	Share capital	Other reserves	Retained earnings	Total equity
Balance at 30 June 2017		**4,228.4**	**-**	**(3,197.6)**	**1,030.8**
Total comprehensive income					
Loss for the year				(786.6)	(786.6)
Other comprehensive income	19			0.6	0.6
Transactions with the owners of the parent					
Dividend on ordinary share capital	17.2			(43.2)	(43.2)
Balance at 30 June 2018		**4,228.4**	**-**	**(4,026.8)**	**201.6**
Total comprehensive income					
Loss for the year				(8.8)	(8.8)
Other comprehensive income	19			(5.9)	(5.9)
Transactions with the owners of the parent					
Shares and option issued as purchase consideration for FWGR Acquisition	8	895.7	453.6		1,349.3
Share issue expenses		(0.3)			(0.3)
Balance at 30 June 2019		**5,123.8**	**453.6**	**(4,041.5)**	**1,535.9**
Note		17.1			

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASHFLOWS

for the year ended 30 June 2019

Amounts in R million	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash applied to operations	10	**(8.2)**	(51.3)
Finance income received		**9.3**	12.3
Finance expenses paid		**(7.3)**	(0.1)
Income tax paid		**-**	(4.6)
Net cash outflow from operating activities		**(6.2)**	(43.7)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(0.2)**	(0.2)
Funds received from subsidiaries		**99.8**	120.5
Net cash inflow from investing activities		**99.6**	120.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings raised	18	**192.0**	-
Borrowings repaid	18	**(192.0)**	-
Initial fees incurred on borrowings	18	**(3.6)**	-
Repayment of finance lease obligation		**(0.4)**	(0.1)
Share issue expenses		**(0.3)**	-
Dividends paid on ordinary share capital	17.2	**-**	(43.2)
Net cash outflow from financing activities		**(4.3)**	(43.3)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**89.1**	33.3
Cash and cash equivalents at the beginning of the year		**157.5**	124.2
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**242.1**	157.5

The accompanying notes are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2019

1 ABOUT THESE COMPANY FINANCIAL STATEMENTS

Reporting Entity

DRDGOLD Limited ("**Company**") is primarily a Holding Company holding investments in subsidiaries involved in the retreatment of surface gold in South Africa. DRDGOLD is domiciled in South Africa with a registration number of 1895/000926/06. The registered address of the Company is 1 Sixty Jan Smuts Building, 2nd Floor - North Tower, 160 Jan Smuts Avenue, Rosebank, 2196.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) as well as the requirements of the Companies Act of South Africa. The financial statements were approved by the board of directors on 24 October 2019.

Functional and presentation currency

The Company's functional and presentation currency is South African rand. The amounts in these financial statements are rounded to the nearest million unless stated otherwise.

Basis of measurement

The financial statements are prepared on the historical cost basis, unless otherwise stated.

2 USE OF ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.

Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 14 INCOME TAX

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the notes:

NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 20 CONTINGENT LIABILITIES

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, amendments to standards and interpretations effective for the year ended 30 June 2019

During the financial period, the following new and revised accounting standards, amendments to standards and new interpretation were adopted by the Company.

IFRS 2 Share-based payment amendments (Effective date 1 July 2018)

The amendment to IFRS 2 did not have an impact on the Company as market and non-vesting conditions are being taken into account in measuring its fair value and the number of awards to receive cash is already adjusted to reflect the best estimate of those expected to vest as a result of satisfying service and any non-market performance conditions.

IFRS 15 Revenue from contracts with customers (Effective date 1 July 2018)

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The Company revenue consists of fees charges on corporate services rendered to its subsidiaries. These services are rendered in accordance with a corporate services agreement between the Company and its subsidiaries.

The Company has assessed that there is no impact on adopting IFRS 15 *Revenue from contracts with customers*

- The Company has one performance obligation that is to render the corporate services to its subsidiaries;
- The revenue is recognised as the performance obligation is satisfied over time and the input method is used based on the time lapse to reporting date; and
- The transactions price is based on unobservable market inputs and based on the expected cost plus margin approach and the entire transaction price is allocated to the performance obligation.

This results in the same revenue recognition under IAS 18 *Revenue*.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

IFRS 9 Financial Instruments (Effective date 1 July 2018)
The standard sets out requirements for recognising and measuring financial instruments. It also introduced three new classifications for financial assets: Amortised cost, fair value through profit or loss and fair value through other comprehensive income.

The following changes have occurred as a result:

Classification and measurement of financial assets and financial liabilities

There are 3 categories of financial assets under IFRS 9: Financial assets at amortised cost, Financial asset at fair value through profit or loss and fair value through other comprehensive income. These categories replace the following categories under IAS 39: Held to maturity, loans and receivables and available for sale. There have been no changes to the classification and measurement of financial liabilities.

This has had the following impact on the Company:

- investments in listed and unlisted shares have been designated as equity instruments at fair value through other comprehensive income. As a result, fair value adjustments for the current year are included and presented in other comprehensive income as items that will not be reclassified to profit or loss (refer to note 19) unlike previously permitted under IAS 39 *Financial Instruments: Recognition and measurement*. A significant consideration made in making this designation is that it is the DRDGOLD's business model to retain an interest in the entities for strategic reasons rather than for trade. As such IFRS 9's new requirement in making such a designation that changes in fair value of the investment will never find their way into profit or loss would be appropriate; and
- there has been no change in the accounting of other financial assets and financial liabilities as a result of the new classifications under IFRS 9. The Company has the following other financial assets:
  - Cash and cash equivalents (refer note 9) for nature thereof; and
  - Trade and other receivables (refer note 11) for nature thereof.

The business model of the Company is to hold these financial assets to obtain payment in accordance with the contract with the counterparty and such payments comprise solely of payments of principal and interest. These financial assets are therefore classified as financial assets measured at amortised cost and therefore their measurement remains unchanged from their previous classifications under IAS 39. The Company does not enter into hedging arrangements unless necessitated by increased liquidity risk brought into the Company. There were no hedging arrangements entered into during the year.

The following table summarises the impact of transition to IFRS 9 on the classification of financial assets and financial liabilities at 1 July 2018:

Financial Assets Amounts in R million	**Note**	**IAS 39 classification**	**IFRS 9 classification**	**Carrying amount under IAS 39**	**Carrying amount under IFRS 9**
Amounts owing by group Companies	8	Loans and receivables	Financial asset at amortised cost	203.7	203.7
Cash and cash equivalents	9	Loans and receivables	Financial asset at amortised cost	157.5	157.5
Trade and other receivables excluding value added tax and prepayments	11	Loans and receivables	Financial asset at amortised cost	7.0	7.0
Investments in other entities	19	Available for sale	Fair Value through other comprehensive income	9.4	9.4
Total Financial Assets				**377.6**	**377.6**

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

New standards, amendments to standards and interpretations effective for the year ended 30 June 2019 *continued*

IFRS 9 Financial Instruments (Effective date 1 July 2018) *continued*

Classification and measurement of financial assets and financial liabilities *continued*

Financial Liabilities Amounts in R million	Note	IAS 39 classification	IFRS 9 classification	Carrying amount under IAS 39	Carrying amount under IFRS 9
Amounts owing to group Companies	13	Financial liability at amortised cost	Financial liability at amortised cost	269.0	269.0
Trade and other payables excluding payroll accruals, accrued leave pay and provision for performance-based incentives	12	Financial liability at amortised cost	Financial liability at amortised cost	11.5	11.5
Total Financial Liabilities				**280.5**	**280.5**

Impairment of Financial Assets

The method of determining impairment of trade and other receivables and amounts owing to the Company has changed to reflect the “expected credit loss” model. Management has made an assessment of the magnitude of the changes to the impairment model and the application of the expected credit loss model did not result in an increase in the impairment allowance for the Company.

The Company elected to use the exemption not to restate comparative information for prior periods with respect to classification and measurement requirements. The standard has not had a material impact and therefore no adjustments have been recognised in retained earnings and reserves as at 1 July 2018 and no restatement has been made.

The amended accounting policies are included in the following notes:

Note 8 NET INVESTMENT IN SUBSIDIARIES
Note 9 CASH AND CASH EQUIVALENTS
Note 11 TRADE AND OTHER RECEIVABLES
Note 12 TRADE PAYABLES
Note 18 BORROWINGS
Note 19 INVESTMENTS IN OTHER ENTITIES
Note 21 FINANCIAL INSTRUMENTS

New standards, amendments to standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the Company were in issue but not yet effective and may therefore have an impact on future financial statements. These new standards, amendments to standards and interpretations will be adopted at their effective dates.

IFRIC 23 Uncertainty over Income Tax Treatments (Effective date 1 July 2019)
IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected.

3 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS *continued*

IFRS 16 Leases (Effective date 1 July 2019)
This standard sets out the principles for recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the customer ("**lessee**") and the supplier ("**lessor**"). The standard supersedes the previous leases standard, IAS 17 *Leases* and related interpretations. The standard has one model for lessees which contains increased focus on the assessment of whether a transaction is a lease. Lessees will now recognise most leases on the statement of financial position and are required to recognise right-of-use assets and lease liabilities arising from lease contracts with additional disclosures about leasing arrangements.

The Company has assessed the estimated impact of adopting the standard on 1 July 2019 as follows:

Based on current information, the Company has no material lease contracts, which it is party to as a lessee, for which right of use assets and leases liabilities will be recognised.

The following judgements and practical expedients were applied in reaching this assessment:
- Leases for which the underlying asset is of low value;
- Short term leases;
- Where a lease contains a termination option, exercisable at DRDGOLD's discretion, and the termination option will not be exercised, after considering the nature of the asset and the practicality of purchasing the asset or leasing it from an alternative supplier on a lease by lease basis;
- Where a lease is on a month to month basis, the lease term is limited to one month's enforceable period, therefore that lease is excluded from the lease population;
- Where a contract includes a renewal clause, management has concluded that the lease will be renewed for a period calculated based on historical renewal behavior, considering the strategic nature of that asset;
- Leases for which the underlying asset is of low value; and
- Short term leases

The Company plans to transition to IFRS 16 by applying the modified retrospective method which has the following implications:

No restatement of comparative information. Instead, the cumulative effect of initially applying IFRS 16 will be recognised by adjusting the opening balance of retained earnings at the date of initial application.

Annual Improvements to IFRS Standards 2015/2017 Cycle various standards (1 July 2019)
As part of its process to make non-urgent but necessary amendments to IFRS, the IASB has issued the Annual Improvements to IFRS Standards 2015–2017 Cycle. These will not have a material impact on the Company.

Definition of Material (Amendments to IAS 1 and IAS 8) (Effective 1 July 2020)
The amendment clarifies the definition of material to make it easier to understand and provides guidance on how the definition should be applied. The changes in the definition now ensures that the definition is consistent across all IFRS standards and the Conceptual Framework.

- Old definition (IAS 1): Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements
- New definition: Information is material if omitting, misstating or obscuring it could reasonable be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The definition of material omissions or misstatements from IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has been removed.

The final assessment of the impact of the amendment will be finalised in due course.

Amendments to References to Conceptual Framework in IFRS Standards (Effective 1 July 2020)
The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- New concepts on measurement including factors to be considered when selecting the measurement basis
- New concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income
- New guidance on when assets and liabilities are removed from financial statements
- Updated definitions of an asset and liability
- Updated recognition criteria for including assets and liabilities in financial statements
- Clarified the concepts of prudence, stewardship, measurement uncertainty and substance over form

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. The Company is in the process of evaluating what impact these will have on the Company.

4 REVENUE

ACCOUNTING POLICIES

Revenue comprise corporate service fees rendered.

The Company applied IFRS 15 from 1 July 2018. There has been no impact on revenue recognition of the Company.

ACCOUNTING POLICY BEFORE 1 JULY 2018

The Company recognises revenue from rendering corporate services to subsidiary companies when the services have been rendered and to the stage of completion thereof and it is measured at fair value. The stage of completion is determined on the basis of cost incurred to date in relation to the total expected cost.

ACCOUNTING POLICY AFTER 1 JULY 2018

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured based on the transaction price estimated using the expected cost plus a margin approach. The Company recognises revenue using the input method based on time and costs incurred toward satisfying the corporate service relative to the total expected time and costs to the satisfaction of the corporate services rendered. These inputs are substantially incurred evenly over time. Payment for services rendered are made monthly to the Company and therefore no significant financing component exists.

Amounts in R million	**Note**	**2019**	**2018**
Corporate service fees	8	**38.8**	22.6
		38.8	22.6

5 RESULTS FROM OPERATING ACTIVITIES

Amounts in R million	**Note**	**2019**	**2018**
Results from operating activities include the following:			
Remuneration (a)		**(49.8)**	(41.7)
Transactions costs incurred on the acquisition of FWGR		**-**	(9.0)
Reversal of impairment/(Impairments)	8.2.5	**6.5**	(1,591.4)
(a) Remuneration			
Board fees		**4.6**	4.3
Salaries including accruals for short term incentives		**38.1**	31.6
Increase in long term incentive liability	15.1	**7.1**	5.8

6 FINANCE INCOME

ACCOUNTING POLICY

Finance income includes interest and dividends received.

Amounts in R million	**Note**	**2019**	**2018**
Interest on cash and cash equivalents	9	**9.8**	12.1
Interest on amounts receivable from subsidiaries	8	**24.3**	61.1
Dividends received from subsidiaries	8	**-**	787.0
		34.1	860.2

7 FINANCE EXPENSE

ACCOUNTING POLICY

Finance expenses comprise interest payable on financial instruments measured at amortised cost calculated using the effective interest method.

Amounts in R million	Note	2019	2018
Interest on financial liabilities measured at amortised cost	18	**(10.2)**	-
Interest on amounts payable to subsidiaries	8	**(1.6)**	-
Other finance expenses		**(2.3)**	(0.9)
		(14.1)	(0.9)

8 NET INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICIES

Investment in subsidiaries
Subsidiaries are entities controlled by DRDGOLD. DRDGOLD controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost less any accumulated impairment.

Impairment of investments in subsidiaries
The carrying amounts of investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the investment's recoverable amount is estimated. The recoverable amount of an investment in subsidiary is the greater of its value in use and its fair value less costs to sell. The method used to determine the recoverable amount was the value in use. The value in use is estimated considering the net asset value of the subsidiary supplemented by unobservable financial information such as estimated future cash flows. An impairment loss is recognised in profit or loss if the carrying amount of an investment exceeds its recoverable amount.

The Company applied IFRS 9 from 1 July 2018. There has been no impact on the measurement of financial assets or liabilities of the Company.

Amounts owing by the Company
Amounts owing by the Company are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost. These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company derecognises a financial liability when its contractual rights are discharged, cancelled or expire.

Amounts owing to the Company
Amounts owing to the Company are non-derivative financial assets categorised as measured at amortised cost. These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Accounting policy before 1 July 2018
Recognition and measurement

Amounts owing to the Company are non-derivative financial assets categorised as loans and receivables.

These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Impairment
A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Any impairment losses are recognised in the statement of profit or loss.

8 NET INVESTMENTS IN SUBSIDIARIES *continued*

Accounting policy after 1 July 2018
Recognition and measurement

Amounts owing to the Company are non-derivative financial assets categorised as financial assets at amortised cost.

These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any expected credit losses using the Company's business model for managing its financial assets.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Impairment
The Company recognises loss allowances for amounts owing to the Company at an amount equal to expected credit losses ("ECLs"). The Company uses the simplified ECL approach. When determining whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on informed credit assessments and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company assesses whether the financial asset is credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, including but not limited to financial difficulty or default of payment. Any impairment losses are recognised in the statement of profit or loss.

8.1 Investments in subsidiaries' shares and amounts owing to/(by) the Company

Amounts in R million	Note	2019 Cost	2019 Accumulated impairment	2018 Cost	2018 Accumulated impairment
Investment in subsidiaries at cost					
Ergo Mining Proprietary Limited ("Ergo")		**85.4**	**-**	85.4	-
Far West Gold Recoveries Proprietary Limited ("FWGR")	4	**1,349.3**	**-**	-	-
East Rand Proprietary Mines Limited ("ERPM")		**635.4**	**(635.4)**	635.4	(635.4)
Ergo Mining Operations Proprietary Limited ("EMO")		**990.2**	**(949.6)**	990.2	(956.0)
		3,060.3	**(1,585.0)**	1,711.0	(1,591.4)
Non-current amounts owing to the Company					
Ergo (a,b)		**-**	**-**	203.7	-
FWGR (c)		**254.1**	**-**	-	-
EMO (b)		**0.3**	**-**	-	-
CGR (b)		**0.7**	**-**	-	-
West Witwatersrand Gold Mines Limited (d)		**-**	**-**	143.9	(143.9)
Crown Consolidated Gold Recoveries Limited (b)		**153.9**	**(153.9)**	153.9	(153.9)
		409.0	**(153.9)**	501.5	(297.8)
Non-current amounts owing by the Company					
Crown Consolidated Gold Recoveries Limited (b)		**(245.3)**	**-**	(245.3)	-
EMO (a,b)		**-**	**-**	(23.7)	-
		(245.3)	**-**	(269.0)	-
Total		**3,224.0**	**(1,738.9)**	1,943.5	(1,889.2)
Net investment in subsidiaries			**1,485.1**		54.3

for the year ended 30 June 2019

8.1 Investments in subsidiaries' shares and amounts owing to/(by) the Company *continued*

Unless stated otherwise, all loans are unsecured, interest free, have no fixed terms of repayment and, in terms of the RCF agreement, all amounts receivable by the Company are subordinated to ABSA.

(a) The loan bears interest at the prime interest rate minus four hundred basis points;

(b) The Lender in each instance has agreed that the loan will not be payable within 367 days from the date of the financial statements of the Borrower;

(c) The loan bears interest at prime interest rate plus fifty basis points. Final repayment date is 1 August 2020; and

(d) The loan was waived during July 2018.

The Company has made available a facility of R1 billion to its subsidiaries collectively, to provide these companies with adequate liquidity to meet their obligations as they fall due.

8.2 Transaction with subsidiaries

	Amounts in R million	Note	2019	2018
8.2.1	**Corporate services fees to subsidiaries**			
	Ergo		**21.6**	22.6
	FWGR		**17.2**	-
		4	**38.8**	22.6
8.2.2	**Interest income accrued on amounts owing by subsidiaries**			
	Ergo		**7.5**	36.9
	FWGR		**16.8**	-
	EMO		**-**	24.2
		6	**24.3**	61.1
8.2.3	**Interest expense accrued on amounts owing by subsidiaries**			
	Ergo		**(0.4)**	-
	ERPM		**(1.2)**	-
		7	**(1.6)**	-
8.2.4	**Dividends *in specie* received from subsidiaries**			
	Ergo Mining Operations Proprietary Limited	8.1	**-**	635.4
	Crown Gold Recoveries Proprietary Limited	8.1	**-**	85.4
	West Witwatersrand Gold Holdings Limited	8.1	**-**	42.1
	Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	8.1	**-**	23.0
	Argonaut Financial Services Proprietary Limited	8.1	**-**	1.1
		6	**-**	787.0
8.2.5	**Reversal of impairment/(impairment) of investments in subsidiaries**			
	ERPM (a)	8.1	**-**	(635.4)
	EMO (a)	8.1	**6.5**	(956.0)
		5	**6.5**	(1,591.4)

(a) The recoverable amount of the investment was estimated considering the net asset value of the company supplemented by unobservable financial information such as estimated future cash flows of the company.

8 NET INVESTMENT IN SUBSIDIARIES *continued*

8.2 Transactions with subsidiaries *continued*

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of the amount owing to it.

The expectation of future cash flows are based on the nature of the underlying company's activities and considers the net asset values of these companies to the extent that it can be converted to cash, or the expected future cash flows from the companies' future activities, which are largely influenced by forward-looking gold price, future gold production, estimated operating costs and capital expenditure.

LIQUIDITY RISK

Unless stated otherwise, amounts owing by the Company do not have any fixed payment terms and may be called for at any time.

MARKET

Interest rate risk

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2019	2018
100bp increase	**2.5**	1.8
100bp (decrease)	**(2.5)**	(1.8)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of amounts owing to and by subsidiaries approximate their carrying values due to the terms of repayment not being readily determinable.

8.3 Related party transactions

A complete list of subsidiaries is provided below:

Name of entity	Activity
Subsidiaries directly held	
Ergo Mining Operations Proprietary Limited	Holding company of treasury shares
Ergo Mining Proprietary Limited	Surface gold mining
Far West Gold Recoveries Proprietary Limited (“FWGR”)	Surface gold mining
East Rand Proprietary Mines Limited	Care and maintenance
Crown Gold Recoveries Proprietary Limited	Non - operational
Crown Consolidated Gold Recoveries Limited	Dormant
West Witwatersrand Gold Holdings Limited	Dormant
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	Dormant
Argonaut Financial Services Proprietary Limited	Dormant
Roodepoort Gold Mine Proprietary Limited	Dormant
Subsidiaries indirectly held	
West Witwatersrand Gold Mines Limited	Dormant
Crown Mines Limited	Dormant
City Deep Limited	Dormant
Consolidated Main Reef and Estate Limited	Dormant
Hartebeestfontein Gold Mining Company Limited	Dormant

All subsidiaries are 100% owned by DRDGOLD and are incorporated in South Africa.

9 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

The Company applied IFRS 9 from 1 July 2018. There has been no impact on the measurement of cash and cash equivalents of the Company.

ACCOUNTING POLICY BEFORE 1 JULY 2018

Cash and cash equivalents are non-derivative financial assets categorised as loans and receivables. Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

ACCOUNTING POLICY AFTER 1 JULY 2018

Cash and cash equivalents are non-derivative financial assets categorised as financial assets measured at amortised cost. Cash and cash equivalents are initially measured at fair value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value.

Amounts in R million	Note	2019	2018
Included in cash and cash equivalents is restricted cash relating to:			
- Environmental and other guarantees issued by Standard Bank of South Africa Limited		**6.7**	6.3
Interest relating to cash and cash equivalents	6	**9.8**	12.1

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of its cash and cash equivalents. The Company manages its exposure to credit risk by investing cash and cash equivalents across a number of major financial institutions, considering the credit ratings of these financial institutions.

MARKET RISK

Interest rate risk
A change of 100 basis points (bp) in interest rates at the reporting date would had increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2019	2018
100bp increase	**2.4**	1.6
100bp (decrease)	**(2.4)**	(1.6)

Foreign currency risk
US Dollars are exposed to fluctuations in the US Dollar/South African Rand exchange rate until it is converted to South African Rands.

The Company was not exposed to any fluctuations in the US Dollar/South African Rand exchange rate on any US Dollars at the current or previous reporting date as all the US Dollars held were converted to South African Rands.

Foreign denominated cash is held in a foreign currency bank account accruing negligible interest and is usually converted to South African Rand on the day of receipt. Foreign cash is therefore not exposed to interest rate risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents
The fair value of cash and cash equivalents approximate their carrying value due to their short-term maturities.

10 CASH APPLIED TO OPERATIONS

Amounts in R million	Note	2019	2018
(Loss)/profit before tax		**(10.2)**	(786.8)
Adjusted for			
Depreciation		**0.3**	0.2
(Reversal of impairments)/Impairments	5	**(6.5)**	1,591.4
Increase in long term incentive liability	15.1	**7.1**	5.8
Finance income	6	**(34.1)**	(860.2)
Finance expenses	7	**14.1**	0.9
Operating cash flows before working capital changes		**(29.3)**	(48.7)
Working capital changes		**16.6**	(2.6)
Change in trade and other receivables		**8.6**	(13.6)
Change in trade and other payables		**8.0**	11.0
		(12.7)	(51.3)

11 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

The Company applied IFRS 9 from 1 July 2018. There has been no impact on the measurement of trade and other receivables of the Company.

ACCOUNTING POLICY BEFORE 1 JULY 2018

Recognition and measurement

Trade and other receivables, excluding Value Added Tax and prepayments, are non-derivative financial assets categorised as loans and receivables. These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Impairment
A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence (e.g. delinquency of a debtor and indications that a debtor will enter bankruptcy) that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Any impairment losses are recognised in the statement of profit or loss.

ACCOUNTING POLICY AFTER 1 JULY 2018

Recognition and measurement

Trade and other receivables, excluding Value Added Tax and prepayments, are non-derivative financial assets categorised as financial assets at amortised cost. These assets are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any expected credit losses using the Company's business model for managing its financial assets.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

11 TRADE AND OTHER RECEIVABLES *continued*

Impairment

The Company recognises loss allowances for trade and other receivables at an amount equal to expected credit losses ("ECLs"). The Company uses the simplified ECL approach. When determining whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on informed credit assessments and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company assess whether the financial asset is credit impaired at each reporting date. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, including but not limited to financial difficulty or default of payment. Any impairment losses are recognised in the statement of profit or loss. The Company will write off a financial asset when there is no reasonable expectation of recovering it after considering whether all means to recovery the asset have been exhausted, or the counterparty has been liquidated and the Group has assessed that no recovery is possible.

Amounts in R million	2019	2018
Trade receivable due from Group Companies	**7.1**	2.3
Other receivables	**5.6**	4.7
Prepayments	**0.2**	11.0
Value Added Tax	**0.8**	1.2
	13.7	19.2
RELATED PARTIES		
Trade receivable due from Group Companies consist of trade receivables from:		
Ergo	**-**	2.3
FWGR	**7.1**	-

CREDIT RISK

The Company is exposed to credit risk on the total carrying value of its trade and other receivables excluding Value Added Tax and prepayments. None of the Company's other receivables are past due.

The Company manages its exposure to credit risk on trade receivables by providing corporate services on a retainer basis. The Company manages its exposure to credit risk on other receivables by dealing with a number of counterparties, ensuring that these counterparties are of good credit standing and transacting on a secured or cash basis where considered necessary. Receivables are regularly monitored and assessed for recoverability.

At reporting date the Company did not have any credit impaired trade and other receivables.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade and other receivables approximate their carrying value due to their short-term maturities.

12 TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables, excluding payroll accruals, accrued leave pay and provision for performance based incentives, are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company derecognises a financial liability when its contractual rights are discharged or cancelled or expire.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Amounts in R million	**2019**	**2018**
Trade creditors and accruals	**24.9**	11.5
Accrued leave pay	**2.0**	1.7
Provision for short term performance based incentives	**12.4**	9.6
Payroll accruals	**4.4**	4.3
	43.7	27.1

LIQUIDITY RISK

Trade payables and other creditors and accruals are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of trade payables and other creditor and accruals approximate their carrying value due to their short-term maturities.

13 CURRENT AMOUNTS PAYABLE TO GROUP COMPANIES

ACCOUNTING POLICIES

Current amounts payable to Group companies are non-derivative financial liabilities categorised as financial liabilities measured at amortised cost.

These liabilities are initially measured at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The Company derecognises a financial liability when its contractual rights are discharged or cancelled or expire.

Subsidiaries sweep excess cash generated from operating and investing activities to DRDGOLD's central treasury function to be invested. The cash is transferred on loan account, earns interest at prime interest rate less 400 basis points and are available on demand.

Amounts in R million	2019	2018
Ergo	**95.9**	-
ERPM	**57.6**	-
	153.5	-

MARKET

Interest rate risk
A change of 100 basis points (bp) in interest rates at the reporting date would have (decreased)/increased equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular the cash balance and foreign currency rates, remain constant. The analysis excludes income tax.

Amounts in R million	2019	2018
100bp (decrease)	**(1.5)**	-
100bp increase	**1.5**	-

LIQUIDITY RISK

Amounts owing to group companies are all expected to be settled within 12 months from reporting date.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of amounts owing to group companies approximate their carrying value due to their short-term maturities.

14 INCOME TAX

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management periodically evaluates positions taken where tax regulations are subject to interpretation.

The assessment of the probability that future taxable profits will be available against which the tax losses and unredeemed capital expenditure can be utilised requires the use of assumptions and estimates and are inherently uncertain and could change materially over time.

ACCOUNTING POLICIES

Income tax expense comprises current and deferred tax.

Current tax
Current tax comprise the expected tax payable or receivable on the taxable income or loss for the year and any adjustment on tax payable or receivable in respect of previous years is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
Deferred tax assets relating to unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

14.1 INCOME TAX EXPENSE

Amounts in R million	2019	2018
Non-mining tax	**1.4**	0.2
	1.4	0.2
Comprising:		
Current tax - current year	**-**	(3.6)
Deferred tax - current year	**1.4**	3.8
	1.4	0.2
Tax reconciliation		
Major items causing the difference between the Company's income tax expense and the statutory rate were:		
Tax on net loss/(profit) before tax at the South African corporate tax rate of 28%	**1.6**	220.3
Exempt income	**3.1**	227.2
Non deductible expenditure	**(1.0)**	(450.0)
Utilisation of tax losses for which deferred tax assets were previously unrecognised (c)	**-**	2.7
Current year tax losses for which no deferred tax was recognised	**(0.7)**	-
Other differences	**(1.6)**	-
Income tax	**1.4**	0.2

14 INCOME TAX *continued*

14.2 DEFERRED TAX

Deferred tax assets relate to the following:

Amounts in R million	2019	2018
Deferred tax asset		
Provisions and accruals	**10.1**	8.7
	10.1	8.7

Movement in the deferred tax asset is as follows:

Amounts in R million	2019	2018
Opening balance	**8.7**	4.9
Recognised in profit or loss	**1.4**	3.8
Provisions and accruals	**1.4**	3.8
Closing balance	**10.1**	8.7

Deferred tax assets have not been recognised in respect to the following:

Amounts in R million	2019	2018
Tax losses	**-**	-
Unredeemed capital expenditure	**36.8**	36.8
Capital losses	**325.1**	325.2

Deferred tax assets have not been recognised as it is not certain if and when the Company will generate future taxable profits against which the unrecognised tax assets.

15 EMPLOYEE BENEFITS

15.1 LIABILITY FOR LONG-TERM INCENTIVE SCHEME

ACCOUNTING POLICIES

Cash-settled share-based payments (“Long Term Incentive” or “LTI”)
Cash-settled share-based payments are measured at fair value and remeasured at each reporting date to reflect the potential outflow of cash resources to settle the liability, with a corresponding adjustment in profit or loss. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Terms of the November 2015 grant made under the DRDGOLD Group's amended long-term incentive scheme are:
- The scheme has a finite term of 5 years and thus no top-up awards are made when the shares vest;
- The phantom shares are issued at an exercise price of nil and will vest in 3 tranches: 20%, 30% and 50% on the 3rd, 4th and 5th anniversaries respectively, subject to individual service and performance conditions being met; and
- The phantom shares will be settled at the 7 day volume weighted average price ("VWAP") of the DRDGOLD share

Amounts in R million	Note	2019	2018
Opening balance		**17.0**	11.9
Increase in long-term incentive liability	5	**7.1**	5.8
Transferred between group companies		**(0.9)**	-
Benefits paid		**(5.3)**	(0.7)
Total liability for long term incentive scheme		**17.9**	17.0
The total liability for long-term incentive scheme is expected to be settled as follows:		**17.9**	17.0
within 12 months after reporting date		**7.9**	4.8
after 12 months after reporting date		**10.0**	12.2

Reconciliation of outstanding phantom shares	2019		2018	
	Shares Number	Weighted average price R per share	Shares Number	Weighted average price R per share
Opening balance	7,325,643		7,593,605	
Granted	141,586	3.37	-	-
Vested and paid	(1,380,704)	3.82	(267,962)	2.61
Transferred between group companies	(422,124)	3.34	-	
Closing balance	5,664,401		7,325,643	

Ageing of outstanding phantom shares:	30 June 2021	30 June 2022	Total
Granted November 2015	2,071,056	3,593,345	5,664,401

Fair value

The fair value of the liability for the long term incentive scheme is mostly influenced by the DRDGOLD Limited share price. Other inputs influencing the fair value are the forward dividend yield and estimates of staff retention and performance conditions. The inputs most significantly influencing the measurement of the fair values are as follows:

	2019	2018	Grant date
7 day VWAP of the DRDGOLD Limited share	**4.37**	3.71	2.26
Annualised forward dividend yield	**4.3%**	1.8%	4.3%

15 EMPLOYEE BENEFITS *continued*

15.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Emoluments

Amounts in R 000				2019				2018
Directors / Prescribed Officers	Remuneration paid during the year	Short term incentives related to this cycle	Long term incentives paid during this cycle	Total remuneration related to this cycle	Remuneration paid during the year	Short term incentives related to this cycle	Long term incentives paid during this cycle	Total remuneration related to this cycle
Executive directors								
D J Pretorius	**6 481**	**4 668**	**1 777**	**12 926**	6 104	4 697	-	10 801
A J Davel	**3 669**	**2 622**	**998**	**7 289**	3 429	2 639	250	6 318
	10 150	**7 290**	**2 775**	**20 215**	9 533	7 336	250	17 119
Non-executive directors								
G C Campbell	**1 514**	**-**	**-**	**1 514**	1 446	-	-	1 446
J Turk	**280**	**-**	**-**	**280**	655	-	-	655
E A Jeneker	**916**	**-**	**-**	**916**	805	-	-	805
J Holtzhausen	**702**	**-**	**-**	**702**	718	-	-	718
T B V N Mnyango	**690**	**-**	**-**	**690**	651	-	-	651
J J Nel	**377**	**-**	**-**	**377**	-	-	-	-
P Lebina	**104**	**-**	**-**	**104**	-	-	-	-
	4 583	**-**	**-**	**4 583**	4 275	-	-	4 275
Prescribed officers								
W J Schoeman	**3 479**	**2 565**	**998**	**7 042**	3 308	2 013	250	5 571
R Masemene	**2 478**	**1 186**	**609**	**4 273**	2 402	808	124	3 334
	5 957	**3 751**	**1 607**	**11 315**	5 710	2 821	374	8 905
Total	**20 690**	**11 041**	**4 382**	**36 113**	**19 518**	**10 157**	**624**	**30 299**

Non-executive directors are paid board fees made up of a base fee and committee fees. The Company's MOI makes provision for directors' fees to be determined at the Annual General Meeting.

15 EMPLOYEE BENEFITS *continued*

15.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in long term incentive scheme

Directors / Prescribed Officers	Opening balance Number	Granted Number	Vested Number	Proceeds R	Average exercise price R/share	Closing balance Number
2019						
Executive directors						
D J Pretorius	2,323,009	-	(464,602)	1,777,065	3.82	1,858,407
A J Davel	1,305,033	-	(261,007)	998,331	3.82	1,044,026
	3,628,042	**-**	**(725,609)**	**2,775,396**		**2,902,433**
Prescribed officers						
W J Schoeman	1,305,033	-	(261,007)	998,331	3.82	1,044,026
R Masemene	796,460	-	(159,292)	609,279	3.82	637,168
	2,101,493	**-**	**(420,299)**	**1,607,610**		**1,681,194**
Total	**5,729,535**	**-**	**(1,145,908)**	**4,383,006**	**-**	**4,583,627**
2018						
Executive directors						
D J Pretorius	2,323,009	-	-	-	-	2,323,009
A J Davel	1,390,536	-	(85,503)	250,077	2.92	1,305,033
	3,713,545	**-**	**(85,503)**	**250,077**		**3,628,042**
Prescribed officers						
W J Schoeman	1,407,636	-	(102,603)	250,077	2.44	1,305,033
R Masemene	838,688	-	(42,228)	123,508	2.92	796,460
	2,246,324	**-**	**(144,831)**	**373,585**		**2,101,493**
Total	**5,959,869**	**-**	**(230,334)**	**623,662**	**-**	**5,729,535**

15 EMPLOYEE BENEFITS *continued*

15.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Interests in contracts

To the knowledge of the directors or officers of the Company, none of the directors or officers of the Company, their families or the major shareholders of DRDGOLD had any interest, direct or indirect, in any transaction during the year ended 30 June 2019 or the preceding financial years, or in any proposed transaction which has affected or will materially affect the Company other than what is disclosed in these financial statements. None of the directors or officers of the Company or any associate of such director or officer is currently or has been materially indebted to Company at any time during the past financial year.

Key management personnel remuneration

Amounts in R million	2019	2018
- Board fees paid	**4.6**	4.3
- Salaries paid	**21.0**	20.2
- Short term incentives relating to this cycle	**12.1**	9.2
- Long-term incentives paid during this cycle	**5.3**	0.7
	43.0	34.4

16 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure that adequate capital is available to meet the requirements of the Group from time to time, including capital expenditure. The Group considers the appropriate capital management strategy for specific growth projects as and when required. Finance leases are not considered to be debt.

Financing the development of Phase 1 of FWGR

During the year ended 30 June 2019, R192.0 million was raised through the Company's Revolving Credit Facility ("**RCF**") to fund the development of FWGR Phase 1. At 30 June 2019 this amount was repaid in full and the Group had no external debt in line with its aim for the existing operations to remain unleveraged.

Liquidity management

The Company's facilities include a R300 million RCF initially secured to finance the development of Phase 1 of FWGR. In January 2019, R125 million of the RCF was committed to issue a guarantee to Ekurhuleni Local Municipality on behalf of Ergo. R175 million of the initial RCF remains uncommitted and available to the Company.

The RCF permits a consolidated debt ratio (net debt to adjusted EBITDA) of at most 2:1 and a consolidated interest coverage ratio (net interest to adjusted EBITDA) of at least 4:1 calculated on a twelve-month rolling basis respectively. Management believes that the covenant ratio levels will not be breached during the term of the facilities and will continue to monitor and ensure compliance with the covenants, as well as maintain sufficient uncommitted facilities to ensure satisfactory liquidity for the Company.

17 EQUITY

ACCOUNTING POLICIES

Ordinary share capital
Ordinary shares and the cumulative preference shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Dividends
Dividends are recognised as a liability on the date on which they are declared which is the date when the shareholders' right to the dividends vest.

17.1 SHARE CAPITAL

In terms of an ordinary resolution passed at the previous annual general meeting, the remaining unissued ordinary shares in the company are under the control of the directors until the next general meeting.

Amounts in R million	2019	2018
Authorised share capital		
1,500,000,000 (2018: 1,500,000,000) ordinary shares of no par value		
5,000,000 (2018: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
Issued share capital		
696,429,767 (2018: 431,429,767) ordinary shares of no par value (a,b)	**5,123.3**	4,227.9
5,000,000 (2018: 5,000,000) cumulative preference shares of 10 cents each	**0.5**	0.5
	5,123.8	4,228.4

RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Ordinary shares issued

Sibanye-Stillwater and its subsidiaries and associates became related parties to the Group on 31 July 2018 when the FWGR Acquisition (refer note 8.1) became unconditional. DRDGOLD issued 265 million new ordinary shares (38.05% of its outstanding shares) and an option to subscribe for new ordinary shares up to a total of 50.1% of the total issued ordinary shares of DRDGOLD as purchase consideration for these assets.

(b) Treasury shares
Shares in DRDGOLD Limited are held in treasury by Ergo Mining Operations Proprietary Limited ("**EMO**"). 113,849 shares were acquired in the market during the year ended 30 June 2019 at an average price of R2.68 (2018: nil treasury shares were acquired). No dividends were received during the year on these shares (2018: R0.9 million).

17.2 DIVIDENDS

Amounts in R million	2019	2018
Dividends paid during the year net of treasury shares:		
No final dividend was paid relating to 2018 (2017: 5 SA cents per share)	-	21.6
No interim dividend was paid relating to 2019 (2018: 5 SA cents per share)	-	21.6
Total	-	43.2

After 30 June 2019, a dividend of 20 cents per qualifying share (R139.3 million) was approved by the directors as a final dividend for 2019 and are subject to a dividend withholding tax of 20%. The dividend has not been provided for and does not have any tax impact on the Company at 30 June 2019.

18 BORROWINGS

ACCOUNTING POLICIES

Interest-bearing borrowings are initially recognised at fair value and are subsequently measured at amortised cost with any difference between the initial amount and the redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. If the Group revises its estimates of payments, the carrying amount of the liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the current value of estimated future cash flows at the liability's original effective interest rate. The adjustment is recognised as income or expense in profit or loss.

Amounts in R million	Note	2019
Opening balance		-
Borrowings raised		192.0
Borrowings repaid		(192.0)
Finance costs incurred		10.2
Interest and related charges		6.6
Raising fees		3.6
Finance costs repaid		(10.2)
Closing balance		-

Salient terms of the RCF

Interest rate	Jibar
Interest rate margin	3.25%
Final repayment date	1 August 2020
Security	Pledge and cession of DRDGOLD's shares in and shareholder claims against: • Ergo Mining Proprietary Limited (guarantor to RCF) • Far West Gold Recoveries Proprietary Limited (guarantor to RCF)

19 INVESTMENTS IN OTHER ENTITIES

ACCOUNTING POLICIES

Accounting policy before 1 July 2018
The Company's listed and unlisted investments in equity securities are classified as available-for-sale financial assets. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI.

Accounting policy after 1 July 2018
The Company's listed and unlisted investments in equity securities are classified as equity instruments at fair value through other comprehensive income (OCI). These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value and changes therein are recognised in OCI, and are never reclassified to profit or loss.

Amounts in R million	Shares held	% held	2019	2018
Listed investments (Fair value hierarchy Level 1):			**3.3**	9.2
West Wits Mining Limited ("WWM")	47 812 500	6.7%	**3.3**	9.2
Unlisted investments (Fair value hierarchy Level 3):			**0.2**	0.2
Rand Refinery Proprietary Limited ("Rand Refinery") (a)	40 078	10.0%	**-**	-
Guardrisk Insurance Company Limited (Cell Captive A170) ^	20	#	**0.1**	0.1
Chamber of Mines Building Company Proprietary Limited	30 160	3.0%	**0.1**	0.1
Rand Mutual Assurance Company Limited	1	#	**-**	-
			3.5	9.4
Fair value adjustment on equity instruments at fair value through OCI			(5.9)	-
Fair value adjustment on available for sale financial assets recognised in OCI			-	0.6

 # Represents a less than 1% shareholding.
^ Class A170 shares are held in Guardrisk Insurance Company Limited that entitles the holder to 100% of the residual net equity of the Cell Captive A170 after settlement of the reimbursive right.

(a) Rand Refinery

Rand Refinery is a related party to DRDGOLD through Sibanye-Stillwater who holds a 44.4% interest in Rand Refinery and a 38.05% interest in DRDGOLD respectively.

The estimated fair value of the investment in Rand Refinery shares remains *de minimis* due to the uncertainty regarding Rand Refinery's future free cash flows and the lack of marketability of the shares held.

MARKET RISK

Other market price risk
Equity price risk arises from changes in quoted market prices of listed investments as well as changes in the fair value of unlisted investments due to changes in the underlying net asset values.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Listed investments
The fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges and constitute level 1 instruments on the fair value hierarchy.

Unlisted investments
The valuations are based on either the net asset values of these companies, or the consideration of unobservable financial information which is compared to information available in the market regarding other market participants' view on the value of the company and constitute level 3 instruments on the fair value hierarchy.

20 CONTINGENT LIABILITIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Company.

Litigation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Company has a present obligation, an outflow of economic resources is assessed as probable and the Company can reliably measure the obligation, a provision is recognised.

Occupational Ling Diseases

On 03 May 2018, former mineworkers and dependents of deceased mineworkers ("**Applicants**") and Anglo American South Africa Limited, AngloGold Ashanti Limited, Sibanye Gold Limited trading as Sibanye-Stillwater, Harmony Gold Mining Company Limited, African Rainbow Minerals Limited and certain of their affiliates ("**Settling Companies**") settled the class certification application in which the Applicants in each sought to certify class actions against gold mining houses cited therein on behalf of mineworkers who had worked for any of the particular respondents and who suffer from any occupational lung disease, including silicosis or tuberculosis.

The DRDGOLD Respondents, comprising DRDGOLD Limited and East Rand Proprietary Mines Limited, are not a party to the settlement between the Applicants and Settling Companies.

In December 2018, the Applicants and Settling Companies approached the Gauteng Local Division of the High Court, Johannesburg on an *ex parte* basis to make the settlement agreement an order of court. In terms of the court order, incorporating a *rule nisi* (an order to show cause why an order should not be made absolute and binding at a future return date), the Applicants and Settling Companies seek the sanction of the High Court for the settlement of certain of the claims to be instituted against certain of the defendants under the class action.

The *rule nisi* is, in effect, calling on the members of the settlement classes and any interested parties to show cause on 29 May 2019 why a final order should not be made in respect of making the settlement agreement an order of court and declaring that the class action be terminated against those of the defendants to the class action who are amongst the settling parties.

On 26 July 2019, the Gauteng Local Division of the High Court, Johannesburg approved the settlement agreement.

The Settling Companies together with the Applicants have established the settlement trust (named the Tshiamiso Trust) to administer the benefits which have been estimated to be in the amount of R5 billion. There are ten classes of claimants who, once properly certified, will be eligible for a benefit.

The settlement agreement is not binding on the DRDGOLD Respondents. The dispute, insofar as the class certification application and appeal thereof is concerned, still stands and has not terminated in light of the settlement agreement.

DRDGOLD maintains the view that it is too early to consider settlement of the matter, mainly for the following reasons:

- the Applicants have as yet not issued and served a summons (claim) in the matter;
- there is no indication of the number of potential claimants that may join the class action against the DRDGOLD respondents;
- many principles upon which legal responsibility is founded, are required to be substantially developed by the trial court (and possibly subsequent courts of appeal) to establish liability on the bases alleged by the applicants.

In light of the above there is inadequate information to determine if a sufficient legal and factual basis exists to establish liability, and to quantify such potential liability.

21 FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset shall be measured at amortised cost if both the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise of specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment if measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- It is held with a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL RISK MANAGEMENT FRAMEWORK

Overview
The Company has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the Company's exposure to each of the above risks, the Company's objectives and policies and processes for measuring and managing risk. The Company's management of capital is disclosed in note 16. This note must be read with the quantitative disclosures included throughout these financial statements.

The board of directors of the company ("**Board**") has overall responsibility for the establishment and oversight of the DRDGOLD Group's risk management framework including that of the Company, hereafter referred to as the Company's risk management framework, policies and procedures and activities, as the case may be. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit and Risk Committee is assisted in its oversight role by the internal audit function. The internal audit function undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

CREDIT RISK
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and subsidiaries.

The Company's financial instruments do not represent a concentration of credit risk due to the exposure to credit risk being managed as disclosed in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 9 CASH AND CASH EQUIVALENTS
NOTE 11 TRADE AND OTHER RECEIVABLES

21 FINANCIAL INSTRUMENTS *continued*

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
Additional disclosures are included in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 12 TRADE AND OTHER PAYABLES

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect profit or loss or the value of the Company's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Other market risk

Additional disclosures are included in the following note:
NOTE 19 INVESTMENTS IN OTHER ENTITIES

Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the Company receives cash from its operations and is obliged to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.
Additional disclosures are included in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 9 CASH AND CASH EQUIVALENTS

Foreign currency risk

The Company enters into transactions denominated in foreign currencies, such as gold sales denominated in US dollar, in the ordinary course of business. This exposes the Company to fluctuations in foreign currency exchange rates.

Additional disclosures are included in the following notes:
NOTE 9 CASH AND CASH EQUIVALENTS

22 RELATED PARTIES

Disclosures are included in the following notes:
NOTE 8 NET INVESTMENTS IN SUBSIDIARIES
NOTE 11 TRADE AND OTHER RECEIVABLES
NOTE 15.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL
NOTE 17 EQUITY

23 SUBSEQUENT EVENTS

There were no significant subsequent events between the year-end reporting date of 30 June 2019 and the date of issue of these financial statements other than described below and included in the preceding notes to the Company financial statements.

Dividend

On 3 September 2019, the Board declared a final dividend for the year ended 30 June 2019 of 20 SA cents per share, which was paid on 30 September 2019.

Annexure 1

Reconciliation of FWGR forecast results to actual results

A reconciliation of FWGR's forecast results for the 6 months ended 30 June 2019 to FWGR's actual results for the year ended 30 June 2019 is set out below:

Amounts in R million	Note	Forecast financial information of FWGR for the six months ended 30 June 2019	Actual financial information of FWGR included for the year ended 30 June 2019	% Change
Revenue	1	**508.7**	184.6	-64%
Cost of sales	1	**(312.0)**	(143.1)	-54%
Gross profit from operating activities		**196.7**	41.5	-79%
Administration expenses and other costs		**-**	(2.3)	-
Results from operating activities		**196.7**	39.2	-80%
Finance income	2	**13.9**	22.5	62%
Finance expense		**(25.4)**	(19.6)	-23%
Profit before tax		**185.2**	42.1	-77%
Income tax	3	**(73.3)**	(13.4)	-82%
Profit for the year		**111.9**	28.7	-74%
Other comprehensive income		**-**	-	-
Total comprehensive income for the year		**111.9**	28.7	-74%

1 Revenue and cost of sales

FWGR’s revenue and cost of sales were lower than the forecasted revenue and cost of sales for the six months ended 30 June 2019 included in the circular to shareholders, dated 26 February 2018, due primarily to the FWGR Acquisition which became unconditional on 31 July 2018, three months later than the anticipated date of 30 April 2018.

2 Finance income

FWGR’s finance income included in the year ended 30 June 2019 includes interest earned on investments in rehabilitation obligation funds and was higher than forecast due to accruing for 11 months since 1 July 2019 compared to the six months ended 30 June 2019 included in the circular to shareholders, dated 26 February 2018.

3 Income tax

FWGR’s income tax included in the year ended 30 June 2019 was lower than forecast for the six months ended 30 June 2019 included in the circular to shareholders, dated 26 February 2018, due to the profit before tax being lower as a result of (1) – (2) above.

SHAREHOLDER INFORMATION
at 30 June 2019

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
1) Analysis of shareholders				
1 - 5 000	4,604	79.47%	3,396,866	0.49%
5 001 - 10 000	388	6.70%	3,043,032	0.44%
10 001 - 50 000	524	9.04%	12,266,907	1.76%
50 001 - 100 000	104	1.79%	7,677,870	1.10%
100 001 - 1 000 000	134	2.31%	38,663,258	5.55%
1 000 001 - AND MORE	40	0.69%	631,381,834	90.66%
	5,794	100.00%	696,429,767	100.00%

2) Major shareholders *
(1% and more of shares in issue)

	Number of shares	% of total issued share capital
Sibanye Gold Limited trading as Sibanye-Stillwater	265,000,000	38.05%
Ruffer, LLP#	69,861,170	10.03%
Clearstream Banking S.A. Luxembourg	14,152,284	2.03%
Renaissance Technologies, LLC#	12,790,750	1.84%
Investec Value Fund	11,422,039	1.64%
DRDSA Empowerment Trust	10,500,000	1.51%
Ergo Mining Operations Proprietary Limited	9,474,920	1.36%
Citiclient Nominees No 8 NY GW	7,935,893	1.14%
KBC Securities N.V Clients	7,578,102	1.09%

* 209,154,770 ordinary shares (equivalent to 20,915,477 American Depository Receipts ("**ADR**s")) or approximately 30.0% of our issued ordinary shares were held by 683 registered holders of our ADRs in the United States of America.

Held in ADRs in the United States of America

	Number of Holders	% of total shareholders	Number of shares	% of total issued share capital
3) Shareholder spread				
Non-public	4	0.07%	10,635,175	1.53%
Directors	3	0.05%	1,160,255	0.17%
Subsidiary	1	0.02%	9,474,920	1.36%
Public	5,790	99.93%	685,794,592	98.47%
	5,794	100.00%	696,429,767	100.00%
4) Distribution of shareholders				
Individuals	5,261	90.80%	42,937,277	6.17%
Institutions and bodies corporate	533	9.20%	653,492,490	93.83%
	5,794	100.00%	696,429,767	100.00%

DRDGOLD LIMITED

www.drdgold.com