

# CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2019 and dividend declaration



## HIGHLIGHTS

Gold production up 33% to <b>3 037kg</b>	Operating profit up 604% to <b>R719.6 million</b>	All-in sustaining costs margin of <b>26.7%</b>	Interim dividend <b>25 SA cps</b>	Headline earnings <b>R332.7 million</b>	FWGR achieved full throughput capacity
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## REVIEW OF OPERATIONS

		Six months ended 31 December 2019	Six months ended 31 December 2018	% change <sup>1</sup>
Gold production	kg	3 037	2 280	33
	oz	97 642	73 304	33
Gold sold	kg	3 024	2 255	34
	oz	97 224	72 500	34
Cash operating costs	R per kg	460 251	510 111	(10)
	US\$ per oz	975	1 118	(13)
All-in sustaining costs	R per kg	512 136	551 131	(7)
	US\$ per oz	1 085	1 208	(10)
Average gold price received	R per kg	697 125	554 760	26
	US\$ per oz	1 477	1 216	21
Operating profit	R million	719.6	102.2	604
Operating margin	%	34.1	8.2	316
All-in sustaining costs margin	%	26.7	0.8	3 238
Headline earnings/(loss)	R million	332.7	(46.3)	819
	SA cents per share ("cps")	48.4	(7.2)	772

<sup>1</sup> Percentage change is rounded to the nearest percent and is based on the amounts as presented, which are rounded to the nearest hundred thousand Rand

## SHAREHOLDER INFORMATION

**DRDGOLD Limited**  
(Incorporated in the Republic of South Africa)  
Registration No. 1895/000926/06  
JSE share code: DRD  
NYSE trading symbol: DRD  
ISIN: ZAE 000058723  
("DRDGOLD" or the "Company" or the "Group")

### Issued capital

696 429 767 ordinary no par value shares (30 June 2019: 696 429 767)  
9 474 920 treasury shares held within the Group (30 June 2019: 9 474 920)  
5 000 000 cumulative preference shares (30 June 2019: 5 000 000)

Price of stock traded	JSE (R)	NYSE (US\$) <sup>1</sup>
• 6-month intra-day high	8.00	0.54
• 6-month intra-day low	3.94	0.27
• Close	7.50	0.51

<sup>1</sup> This data represents per share data and not American Depository Receipt ("ADR") data: one ADR reflects 10 ordinary shares

Market capitalisation	Rm	US\$m
As at 31 December 2019	5 223	357
As at 30 June 2019	2 988	212

Rounding of figures may result in computational discrepancies

## RESULTS

The condensed consolidated interim unaudited financial statements of DRDGOLD for the six months ended 31 December 2019 are available on DRDGOLD's website as well as at the Company's registered office.

## FORWARD LOOKING STATEMENTS

Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, adverse changes or uncertainties in general economic conditions in the markets we serve, a drop in the gold price, a sustained strengthening of the Rand against the Dollar, regulatory developments adverse to DRDGOLD or difficulties in maintaining necessary licenses or other governmental approvals, changes in DRDGOLD's competitive position, changes in business strategy, any major disruption in production at key facilities or adverse changes in foreign exchange rates and various other factors.

These risks include, without limitation, those described in the section entitled "Risk Factors" included in our annual report for the fiscal year ended 30 June 2019, which we filed with the United States Securities and Exchange Commission on 31 October 2019 on Form 20-F. You should not place undue reliance on these forward-looking statements, which speak only as of the date thereof. We do not undertake any obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this report or to the occurrence of unanticipated events. Any forward-looking statements and financial information included in this announcement have not been reviewed and reported on by DRDGOLD's auditors.

### DIRECTORS (\*British) (\*Independent) (^Lead Independent)

**Executive directors**  
DJ Pretorius (Chief Executive Officer)  
AJ Davel (Chief Financial Officer)

### Non-executive directors

GC Campbell\*<sup>#</sup>  
(Non-executive Chairman)  
EA Jeneke<sup>#</sup><sup>^</sup>  
JA Holtzhausen<sup>#</sup>  
TVBN Mnyango<sup>#</sup>  
JJ Nel<sup>#</sup>  
P Lebina<sup>#</sup>

### Company Secretary

R Masemene  
(resigned 30 September 2019)  
E Beukes (appointed 1 October 2019)

### Sponsor

One Capital

### FOR FURTHER INFORMATION

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South Africa

### Registered postal address:

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## DEAR SHAREHOLDER

### SIX MONTHS ENDED 31 DECEMBER 2019 VS SIX MONTHS ENDED 31 DECEMBER 2018

#### OVERVIEW

We are pleased to report a significant improvement in performance for the first six months of FY2020. Comparisons are drawn below with the first six months of FY2019, but by way of general comment, gold production was markedly higher, owing to a combination of steady performance from Ergo and of Far West Gold Recoveries ("FWGR") reaching planned throughput. This, together with a very healthy increase in the average Rand gold price, delivered a substantial rise in both revenue and profit, notwithstanding a rise in costs.

Highlights for the period included:

- Sibanye Gold Limited trading as Sibanye-Stillwater ("Sibanye-Stillwater") exercising its option to acquire an additional 12.1% interest in DRDGOLD, representing the single largest investment ever made by an individual shareholder in the capital of the company; and
- FWGR achieving planned throughput for Phase 1 of 500 000tpm.

These operating numbers were achieved despite yet another bout of load shedding. The load curtailment agreement we have with Eskom meant that we managed to keep operations going, but volume throughput was nonetheless affected, especially at Ergo. The production results, notwithstanding the aforementioned disruptions, bear testimony to the resilience that our operating team has managed to engineer into the make-up of the operations in the face of these challenges.

It was with great sadness that we reported the murder of a senior, long-serving security official, Bart Coetzee, in an armed robbery at Ergo on 21 October 2019. We are determined to prevent similar incidents and to bring the perpetrators to justice. DRDGOLD is engaging directly, and through the Minerals Council South Africa, with the South African Police Services, the prosecuting authorities and the Department of Mineral Resources to intervene to address the spate of armed robberies on gold mines.

#### OPERATIONAL REVIEW

Group gold production increased by 33% to 3 037kg, reflecting a 16% improvement in Group throughput to 14.0Mt. The Group's average yield was 14% higher at 0.217g/t as FWGR achieved stable production.

Gold production at Ergo was 2% higher at 2 274kg on the back of an 11% improvement in average yield to 0.209g/t, reflecting the introduction of higher-grade sand to the Ergo plant.

Ergo's volume throughput was 8% lower at 10.9Mt, a consequence primarily of the anticipated and previously reported depletion of higher grade sand and thus of a decrease in the volume of this material reporting to the Knights plant.

FWGR produced 763kg of gold, with 3.1Mt ore milled at an average yield of 0.248g/t.

Group cash operating unit costs were 10% lower at R460 251/kg, reflecting FWGR's substantially lower cash operating unit costs of R224 059/kg. Ergo's cash operating unit costs rose by 7% to R537 325/kg due mainly to the cost of trucking sand to the Ergo plant for retreatment.

Group all-in sustaining costs ("AISC") were 7% lower at R512 136/kg. While Ergo's AISC increased by 9% to R570 877/kg, this was offset by FWGR's lower AISC of R260 349/kg.

#### FINANCIAL REVIEW

Group revenue increased by 69% to R2 111.4 million due to higher gold production and gold sold, together with a 26% increase in the average Rand gold price received to R697 125/kg.

In spite of an 18% increase in Group total cash operating costs to R1 377.3 million, largely as a result of the inclusion of a full six months of FWGR's cash operating costs, Group operating profit was 604% higher at R719.6 million.

Headline earnings of R332.7 million (48.4 SA cents per share) were reported compared with a headline loss of R46.3 million (7.2 SA cents per share) in the previous period.

#### SUSTAINABLE DEVELOPMENT

The Group's total spend on environmental rehabilitation was R21.8 million – R19.3 million at Ergo and R2.5 million at FWGR. Environmental expenditure at Ergo reflects the cost of rehabilitating 12 hectares and 19 hectares respectively at the Crown Complex and Brakpan/Withok Tailings Storage Facility.

The number of dust exceedances improved in the six months to 31 December 2019, to six (0.71% of total number of measurements) compared with seven in the previous period (1.0% of total number of measurements). Some 843 samples were analysed in the six months to 31 December 2019 compared with 700 samples in the previous period.

Group usage of externally sourced potable water was 17% higher at 1 394ML, reflecting mainly the consumption of 97ML by FWGR. Ergo's consumption of externally sourced potable water was 9% higher at 1 297ML. More potable water was required to supplement the industrial water feeding into the City Deep plant.

#### DIVIDEND

DRDGOLD has historically returned excess cash to its shareholders.

In line with our strategy to grow the business, the Group will enter a new phase of pursuing high growth projects which will require specific amounts of capital expenditure. These potential future projects include Phase 2 of FWGR and the expansion of the Brakpan/Withok Tailings Storage Facility at Ergo. DRDGOLD believes that it is appropriate to retain some of the cash generated by its operations and apply this retained cash towards the capital expenditure that will be required by these potential future projects.

The DRDGOLD board of directors ("Board") has declared an interim cash dividend of 25 South African ("SA") cents per ordinary share for the six months ended 31 December 2019 as follows:

- the dividend has been declared out of income reserves;
- the local Dividend Withholding Tax rate is 20% (twenty per cent);
- the gross local dividend amount is 25 SA cents per ordinary share for shareholders exempt from Dividend Withholding Tax;
- the net local dividend amount is 20 SA cents per ordinary share for shareholders liable to pay Dividend Withholding Tax;
- DRDGOLD currently has 864 588 711 ordinary shares in issue (which includes 9 474 920 treasury shares); and
- DRDGOLD's income tax reference number is 9160/013/60/4.

In compliance with the requirements of Strate Proprietary Limited ("Strate") and the JSE Limited Listings Requirements, given the Company's primary listing on the Johannesburg Stock Exchange ("JSE"), the salient dates for payment of the dividend are as follows:

- last date to trade ordinary shares *cum*-dividend: Tuesday, 3 March 2020;
- ordinary shares trade *ex*-dividend: Wednesday, 4 March 2020;
- record date: Friday, 6 March 2020; and
- payment date: Monday, 9 March 2020.

On payment date, dividends due to holders of certificated securities on the SA share register will either be electronically transferred to such shareholders' bank accounts or, in the absence of suitable mandates, dividends will be held in escrow by the Company until suitable mandates are received.

Dividends in respect of dematerialised shareholdings will be credited to such shareholders' accounts with the relevant Central Securities Depository Participant (CSDP) or broker.

To comply with the further requirements of Strate, between Wednesday, 4 March 2020 and Friday, 6 March 2020, both days inclusive, no transfers between the SA share register and any other share register will be permitted and no ordinary shares pertaining to the SA share register may be dematerialised or rematerialised.

The currency conversion date for the Australian and United Kingdom share registers will be Monday, 9 March 2020.

To holders of American Depositary Receipts ("ADRs"):

- each ADR represents 10 ordinary shares;
- ADRs trade *ex*-dividend on the New York Stock Exchange NYSE: Thursday, 5 March 2020;
- record date: Friday, 6 March 2020;
- approximate date of currency conversion: Monday, 9 March 2020; and
- approximate payment date of dividend: Thursday, 19 March 2020.

Assuming an exchange rate of R15.00/\$1, the dividend payable on an ADRs is equivalent to 14 United States ("US") cents for shareholders liable to pay dividend withholding tax. However, the actual rate of payment will depend on the exchange rate on the date for currency conversion.

#### LOOKING AHEAD

For the remainder of FY2020 we look forward to building on the solid performance from both Ergo and FWGR, and to further enhance our resilience to poor service delivery and crime. We are on track to meet the upper range of our FY2020 guidance for the Group as a whole and we will work hard to keep up the momentum.

The work we have put in over the years in terms of social and natural value-add now stand us in good stead in developing our narrative in terms of the heightened awareness of ESG. We want to be increasingly associated with remediation and rolling back the environmental legacy of mining on the Witwatersrand.

In terms of developing the potential of the business, we are moving full steam ahead on the studies required to realise Phase 2 of FWGR and it is our intention to also 'start the conversation' on our moving into the reprocessing of platinum group metals (PGM) dumps.

#### Niël Pretorius

Chief Executive Officer  
12 February 2020

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 31 Dec 2019 Rm Unaudited	Six months ended 30 Dec 2018 Rm Unaudited
Revenue		2 111.4	1 252.5
Cost of sales		(1 544.2)	(1 248.7)
<b>Gross profit from operating activities</b>		<b>567.2</b>	<b>3.8</b>
Other income		0.2	0.1
Administration expenses and other costs	2	(85.1)	(44.3)
<b>Results from operating activities</b>		<b>482.3</b>	<b>(40.4)</b>
Finance income		34.4	28.2
Finance expenses		(32.2)	(37.1)
<b>Profit/(loss) before tax</b>		<b>484.5</b>	<b>(49.3)</b>
Income tax		(151.6)	3.1
<b>Profit/(loss) for the period</b>		<b>332.9</b>	<b>(46.2)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss, net of tax</b>			
Net fair value adjustment on equity investments at fair value through other comprehensive income		0.8	(3.9)
<b>Total other comprehensive income for the period</b>		<b>0.8</b>	<b>(3.9)</b>
<b>Total comprehensive income for the period</b>		<b>333.7</b>	<b>(50.1)</b>
Basic earnings per share <sup>1</sup>	3	48.5	(7.2)
Diluted basic earnings per share <sup>1</sup>	3	47.2	(7.2)

<sup>1</sup> All per share financial information is presented in South African cents per share (cps) and is rounded to the nearest one decimal point based on the results as presented, which are rounded to the nearest million rand

These condensed consolidated interim financial statements for the six months ended 31 December 2019 have not been audited or reviewed by DRDGOLD's auditors and have been prepared under the supervision of DRDGOLD's Chief Financial Officer, Mr AJ Davel CA(SA). The condensed consolidated interim financial statements were authorised for issue by the directors on 6 February 2020

The accompanying notes are an integral part of the condensed consolidated interim financial statements

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 Dec 2019 Rm Unaudited	As at 30 Jun 2019 Rm Audited	As at 31 Dec 2018 Rm Unaudited
<b>Assets</b>				
<b>Non-current assets</b>		<b>3 393.3</b>	<b>3 403.9</b>	<b>3 587.5</b>
Property, plant and equipment		2 738.0	2 775.3	2 928.6
Investments in rehabilitation obligation funds		607.5	587.5	622.2
Other assets		38.5	31.1	31.0
Deferred tax assets		9.3	10.0	5.7
<b>Current assets</b>		<b>972.3</b>	<b>656.1</b>	<b>590.9</b>
Inventories		306.2	304.6	279.6
Tax receivables		–	4.1	–
Trade and other receivables		122.7	67.9	101.9
Cash and cash equivalents		543.4	279.5	209.4
<b>Total assets</b>		<b>4 365.6</b>	<b>4 060.0</b>	<b>4 178.4</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>2 884.9</b>	<b>2 688.6</b>	<b>2 566.2</b>
<b>Non-current liabilities</b>		<b>1 018.1</b>	<b>913.2</b>	<b>1 174.3</b>
Provision for environmental rehabilitation		695.7	682.6	819.4
Deferred tax liability		270.1	193.2	154.4
Borrowings		–	–	173.3
Employee benefits		9.2	37.4	27.2
Lease liabilities		43.1	–	–
<b>Current liabilities</b>		<b>462.6</b>	<b>458.2</b>	<b>437.9</b>
Trade and other payables		380.6	419.2	404.4
Employee benefits	2	55.5	22.6	14.5
Lease liabilities		8.9	11.0	12.9
Current tax liability		17.6	5.4	6.1
<b>Total liabilities</b>		<b>1 480.7</b>	<b>1 371.4</b>	<b>1 612.2</b>
<b>Total equity and liabilities</b>		<b>4 365.6</b>	<b>4 060.0</b>	<b>4 178.4</b>

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 Dec 2019 Rm Unaudited	Six months ended 31 Dec 2018 Rm Unaudited
Balance at the beginning of the period	2 688.6	1 267.3
<b>Total comprehensive income</b>		
Profit/(loss) for the period	332.9	(46.2)
Other comprehensive income	0.8	(3.9)
<b>Transactions with the owners of the parent</b>		
Equity instruments issued as purchase consideration for the FWGR acquisition	–	1 349.3
Share issue expenses	–	(0.3)
Dividends paid to ordinary shareholders	(137.4)	–
<b>Balance at the end of the period</b>	<b>2 884.9</b>	<b>2 566.2</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Notes	Six months ended 31 Dec 2019 Rm Unaudited	Six months ended 31 Dec 2018 Rm Unaudited
Net cash inflow/(outflow) from operating activities	452.9	(5.2)
Cash generated by/(applied to) operations	500.4	(11.6)
Interest received	13.1	9.4
Interest paid	(3.0)	(1.8)
Income tax paid	(57.6)	(1.2)
Net cash outflow from investing activities	(46.3)	(255.8)
Acquisition of property, plant and equipment	(37.3)	(247.1)
Proceeds on disposal of property, plant and equipment	0.2	0.1
Environmental rehabilitation payments to reduce decommissioning liabilities	(9.2)	(8.8)
Net cash (outflow)/inflow from financing activities	(142.7)	168.3
Borrowings raised	–	174.0
Initial fees incurred on borrowings	–	(3.6)
Repayment of lease liabilities	(5.9)	(1.8)
Share issue expenses	–	(0.3)
Dividends paid on ordinary share capital	(136.8)	–
Increase/(decrease) in cash and cash equivalents	263.9	(92.7)
Opening cash and cash equivalents	279.5	302.1
<b>Closing cash and cash equivalents</b>	<b>543.4</b>	<b>209.4</b>
<b>Reconciliation of cash generated by/(applied to) operations</b>		
Profit/(loss) before tax	484.5	(49.3)
Depreciation	127.9	69.3
Movement in gold in process	14.5	(18.5)
Environmental rehabilitation payments to reduce restoration liabilities	(3.8)	(5.7)
Gain on disposal of property, plant and equipment	(0.2)	(0.1)
Share-based payment expense	45.9	3.2
Finance income	(34.4)	(28.2)
Finance expenses	32.2	37.1
Other non-cash items	4.7	10.9
Working capital changes	(170.9)	(30.3)
Change in trade and other receivables	(60.0)	(11.3)
Change in payments made under protest	(6.4)	(6.8)
Change in inventories	(16.1)	(13.9)
Change in trade and other payables and employee benefits	(88.4)	1.7
<b>Cash generated by/(applied to) operations</b>	<b>500.4</b>	<b>(11.6)</b>

The accompanying notes are an integral part of the condensed consolidated financial statements

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated interim unaudited financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements ("Listings Requirements") for interim reports and the requirements of the Companies Act of South Africa.

The Listings Requirements require interim reports to be prepared in accordance with and containing the information required by IAS 34: *Interim Financial Reporting*, as well as the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the previous consolidated annual financial statements except for the adoption of IFRS 16 *Leases* ("IFRS 16"), with effect from 1 July 2019.

### IFRS 16 Leases

The Group adopted IFRS 16 on 1 July 2019, using the modified retrospective method. The Group recognised an additional R30.9 million of right of use assets (property, plant and equipment in nature) and corresponding lease liabilities of the same amount. The nature of the leases include:

- property rentals;
- vehicle rentals; and
- equipment hire.

The equipment hire includes the rental of an electricity generator which was previously classified as a finance lease under IAS 17 *Leases* ("IAS 17"). The Group used the practical expedient to measure the right of use asset under IFRS 16 at the previous carrying amount under IAS 17 and the lease liability at the previous carrying amount under IAS 17.

The Group applied 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;
- where a contract includes a renewal clause, management has concluded that the lease will be renewed for a period calculated based on historical renewal behaviour, considering the strategic nature of that asset;
- determination of right of use asset at the same amount as the lease liability. Therefore, there has been no impact on retained earnings at adoption date; and
- to use the group's incremental borrowing rate in discounting the future payments. The weighted average discount rate applied was 10.31% per annum.

Key judgements applied in determining the impact of adoption of IFRS16 included assessing whether an arrangement contains a lease and determining the discount rate.



## 1. BASIS OF PREPARATION *continued*

The impact of the adoption of IFRS 16 on the Group's interim financial statements for the six months ended 31 December 2019 is as follows:

	Rm Unaudited
Operating lease commitments recognised as a lease liabilities on the statement of financial position at 1 July 2019 (not previously recognised)	37.6
Operating lease commitments were discounted to the lease liabilities recognised using the weighted average incremental borrowing rate at 1 July 2019	(6.7)
Operating lease commitments recognised as lease liabilities on the statement of financial position at 1 July 2019 (not previously recognised)	30.9
Finance lease liabilities previously recognised under IAS 17 at 30 June 2019	11.0
<b>Total lease liabilities recognised at 1 July 2019</b>	<b>41.9</b>

	Six months ended 31 Dec 2019 Rm Unaudited	Six months ended 31 Dec 2018 Rm Unaudited
<b>2. RESULTS FROM OPERATING ACTIVITIES</b>		
<b><i>Increase in long term incentive scheme ("LTI") liability</i></b>		
The liability for employee benefits consists mainly of the LTI liability. The increase in the share-based payment expense is mainly due to the remeasurement of the LTI liability over the vesting period and an increase in the seven-day volume weighted average price (VWAP) of the DRDGOLD share from R4.37 at 30 June 2019 to R6.98 at 31 December 2019.	45.9	3.2
<b>3. EARNINGS PER SHARE</b>		
<b><i>Reconciliation of headline earnings</i></b>		
Profit/(loss) for the period	332.9	(46.2)
Adjusted for:		
Gain on disposal of property, plant and equipment, net of tax	(0.2)	(0.1)
Headline earnings/(loss)	332.7	(46.3)
Weighted average number of ordinary shares in issue adjusted for treasury shares	686 954 847	642 421 957
Diluted weighted average number of ordinary shares adjusted for treasury shares <sup>1</sup>	704 694 448	642 421 957
Basic earnings per share <sup>2</sup>	48.5	(7.2)
Diluted basic earnings per share <sup>2</sup>	47.2	(7.2)
Headline earnings per share <sup>2</sup>	48.4	(7.2)
Diluted headline earnings per share <sup>2</sup>	47.2	(7.2)

<sup>1</sup> The Sibanye-Stillwater option was excluded from the diluted weighted average number of ordinary shares calculation as its effect would have been anti-dilutive for the 6 months ended 31 December 2018

<sup>2</sup> All per share financial information is presented in SA cents per share and is rounded to the nearest one decimal point based on the results which are rounded to the nearest million rand

## 4. FINANCIAL RISK MANAGEMENT FRAMEWORK

### Commodity price sensitivity

The Group's profitability and cash flows are primarily affected by changes in the market price of gold which is sold in US Dollars and then converted to Rand. In line with our long-term strategy of being an unhedged gold producer, we generally do not enter into forward gold sales contracts to reduce our exposure to market fluctuations in the US Dollar gold price or the exchange rate movements. However, during periods when medium-term debt is incurred to fund growth projects and hence introduce liquidity risk to the Group, we may mitigate this liquidity risk by entering into facilities to achieve price protection.

### 5. FAIR VALUES

The Group's assets that are measured at fair value at reporting date consist of equity instruments at fair value through other comprehensive income and are included in other assets on the statement of financial position. Of this line item, R4.2 million (30 June 2019: R3.3 million) relates to fair value hierarchy level 1 instruments and R0.2 million (30 June 2019: R0.2 million) relates to fair value hierarchy level 3 instruments.

### 6. SUBSEQUENT EVENTS

There were no subsequent events between the reporting date of 31 December 2019 and the date of issue of these condensed consolidated interim financial statements other than included in the notes above and described below:

#### Exercise of the option by Sibanye-Stillwater

Pursuant to the acquisition by DRDGOLD of selected surface processing plants and tailings assets from Sibanye-Stillwater, on 8 January 2020, Sibanye-Stillwater exercised the option granted to it to subscribe for such number of new ordinary shares in the share capital of DRDGOLD ("Shares") for cash resulting in Sibanye-Stillwater holding in aggregate 50.1% of all Shares in issue (including treasury shares) ("Option").

Sibanye-Stillwater subscribed for 168 158 944 Shares ("Subscription Shares") at an aggregate subscription price of R1 085 590 116, on 22 January 2020. The Subscription Shares were allotted and issued at a price of R6.46 per Share, being a 10% discount to the 30-day volume weighted average traded price of a Share on the day immediately prior to the date of exercise of the Option.

#### Dividend

On 12 February 2020, the Board declared an interim cash dividend for the six months ended 31 December 2019 of 25 SA cents per share, payable on 9 March 2020.

### 7. OPERATING SEGMENTS

The following summary describes the operations in the Group's reportable operating segments:

- 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 operate as metallurgical plants and deposit residues on the Brakpan/Withok Tailings Storage Facility. The City Deep plant operates as a pump/milling station feeding the two metallurgical plants.
- FWGR is a surface gold retreatment operation and treats old slime dams in the West Rand goldfields. The operation comprises the reconfigured Driefontein 2 plant and processes tailings from the Driefontein 5 slimes dam and deposits residues on the Driefontein 4 Tailings Storage Facility.

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 earnings before interest, tax, depreciation and amortisation ("EBITDA") for the purpose of the covenants imposed by the Company's borrowings that was entered into to finance the development of Phase 1 of FWGR and working capital requirements of the Group.

	Six months ended 31 Dec 2019 Unaudited				Six months ended 31 Dec 2018 Unaudited			
	Ergo Rm	FWGR Rm	Corporate office and other reconciling items Rm	Total Rm	Ergo Rm	FWGR Rm	Corporate office and other reconciling items Rm	Total Rm
Revenue (external)	1 589.6	521.8	–	2 111.4	1 233.0	19.5	–	1 252.5
Cash operating costs	(1 200.1)	(177.2)	–	(1 377.3)	(1 135.3)	(33.5)	–	(1 168.8)
Movement in gold in process	(25.0)	10.5	–	(14.5)	15.3	3.2	–	18.5
Operating profit	364.5	355.1	–	719.6	113.0	(10.8)	–	102.2
Retrenchment costs	–	–	–	–	–	(4.7)	–	(4.7)
Administration expenses and other costs	(28.3)	(4.1)	(52.7)	(85.1)	(10.7)	(0.4)	(33.2)	(44.3)
Interest income <sup>1</sup>	7.1	–	5.5	12.6	4.2	–	4.8	9.0
Interest expense <sup>2</sup>	(2.8)	–	(1.6)	(4.4)	(1.4)	–	(0.8)	(2.2)
Income tax	(71.3)	(2.6)	–	(73.9)	(1.8)	(1.3)	–	(3.1)
Working profit/(loss) before additions to property, plant and equipment	269.2	348.4	(48.8)	568.8	103.3	(17.2)	(29.2)	56.9
Additions to property, plant and equipment	(22.7)	(20.8)	(0.2)	(43.7)	(14.2)	(305.4)	(0.1)	(319.7)
Working profit/(loss) after additions to property, plant and equipment	246.5	327.6	(49.0)	525.1	89.1	(322.6)	(29.3)	(262.8)
<sup>1</sup> Interest income excludes the unwinding of the Payments made under protest								
<sup>2</sup> Interest expense excludes the discount recognised on the initial recognition of the Payments made under protest								
<b>Reconciliation of profit/(loss) for the period to working profit/(loss) before additions to property, plant and equipment</b>								
Profit/(loss) for the period	180.5	206.0	(53.6)	332.9	(15.3)	(11.6)	(19.3)	(46.2)
Deferred tax	(7.5)	84.3	0.9	77.7	1.0	(10.2)	3.0	(6.2)
Other operating (costs)/income including care and maintenance costs	11.5	1.4	4.3	17.2	19.3	4.8	(10.9)	13.2
Ongoing rehabilitation expenditure	6.3	1.0	–	7.3	10.3	0.9	–	11.2
Discount recognised on payments made under protest including subsequent unwinding	(0.2)	–	–	(0.2)	0.6	–	–	0.6
Unwinding of provision for environmental rehabilitation	18.5	7.1	0.6	26.2	23.5	8.9	0.6	33.0
Growth in environmental rehabilitation trust funds and reimbursive right	(5.8)	(13.0)	(1.2)	(20.0)	(5.0)	(10.0)	(2.9)	(17.9)
Gain on disposal of property, plant and equipment	(0.2)	–	–	(0.2)	(0.1)	–	–	(0.1)
Depreciation	66.1	61.6	0.2	127.9	69.0	–	0.3	69.3
<b>Working profit/(loss) before additions to property, plant and equipment</b>	<b>269.2</b>	<b>348.4</b>	<b>(48.8)</b>	<b>568.8</b>	<b>103.3</b>	<b>(17.2)</b>	<b>(29.2)</b>	<b>56.9</b>
<b>Reconciliation of adjusted EBITDA</b>								
<b>Profit for the period</b>				<b>332.9</b>				<b>(46.2)</b>
Income tax				151.6				(3.1)
<b>Profit before tax</b>				<b>484.5</b>				<b>(49.3)</b>
Finance expense				32.2				37.1
Finance income				(34.4)				(28.2)
<b>Results from operating activities</b>				<b>482.3</b>				<b>(40.4)</b>
Depreciation				127.9				69.3
Share-based payment expense (increase in Long-term Incentive liability)				45.9				3.2
Gain on disposal of property, plant and equipment				(0.2)				(0.1)
Retrenchment costs				–				4.7
<b>Adjusted EBITDA<sup>1</sup></b>				<b>655.9</b>				<b>36.7</b>

<sup>1</sup> Adjusted EBITDA 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

	Six months ended 31 Dec 2019 Unaudited				Six months ended 31 Dec 2018 Unaudited			
	Ergo Rm	FWGR Rm	Corporate office and other reconciling items Rm	Total Rm	Ergo Rm	FWGR Rm	Corporate office and other reconciling items Rm	Total Rm
<b>OPERATIONAL PERFORMANCE</b>								
Ore milled (000t)	10 906	3 077	–	13 983	11 864	140	–	12 004
Yield (g/t)	0.209	0.248	–	0.217	0.188	0.314	–	0.190
Cash operating costs								
(R/t)	110	58	–	99	96	239	–	97
(US\$/t)	7	4	–	7	7	17	–	7
Gold produced (kg)	2 274	763	–	3 037	2 236	44	–	2 280
Gold sold (kg)	2 280	744	–	3 024	2 220	35	–	2 255
<b>Reconciliation of All-in sustaining costs</b> (All amounts presented in R million unless otherwise indicated)								
<b>Cash operating costs</b>	(1 200.1)	(177.2)	–	(1 377.3)	(1 135.3)	(33.5)	–	(1 168.8)
Movement in gold in process	(25.0)	10.5	–	(14.5)	15.3	3.2	–	18.5
Administration expenses and other costs (sustaining)	(28.3)	(4.1)	(52.7)	(85.1)	(2.8)	(0.4)	(33.1)	(36.3)
Other operating costs excluding care and maintenance costs	(11.5)	(1.4)	–	(12.9)	(8.7)	(0.8)	–	(9.5)
Unwinding of provision for environmental rehabilitation	(18.5)	(7.1)	(0.6)	(26.2)	(23.5)	(8.9)	(0.6)	(33.0)
Capital expenditure (sustaining)	(18.2)	(14.4)	(0.1)	(32.7)	(9.2)	(4.3)	(0.1)	(13.6)
<b>All-in sustaining costs</b>	<b>(1 301.6)</b>	<b>(193.7)</b>	<b>(53.4)</b>	<b>(1 548.7)</b>	<b>(1 164.2)</b>	<b>(44.7)</b>	<b>(33.8)</b>	<b>(1 242.7)</b>
Care and maintenance costs	–	–	(4.3)	(4.3)	–	–	(3.9)	(3.9)
Ongoing rehabilitation expenditure	(6.3)	(1.0)	–	(7.3)	(10.3)	(0.9)	–	(11.2)
Capital expenditure (non-sustaining)	(4.5)	(6.4)	–	(10.9)	(4.9)	(301.1)	–	(306.0)
<b>All-in costs</b>	<b>(1 312.4)</b>	<b>(201.1)</b>	<b>(57.7)</b>	<b>(1 571.2)</b>	<b>(1 179.4)</b>	<b>(351.4)</b>	<b>(37.7)</b>	<b>(1 568.5)</b>
Cash operating costs R/kg	537 325	224 059	–	460 251	504 505	865 714	–	510 111
Cash operating costs US\$/oz	1 138	475	–	975	1 106	1 899	–	1 118
All-in sustaining costs <sup>1</sup> R/kg	570 877	260 349	–	512 136	524 459	1 277 143	–	551 131
All-in sustaining costs <sup>1</sup> US\$/oz	1 210	552	–	1 085	1 150	2 799	–	1 208
All-in costs <sup>1</sup> R/kg	575 614	270 296	–	519 577	531 306	10 040 000	–	695 610
All-in costs <sup>1</sup> US\$/oz	1 259	591	–	1 136	1 202	22 713	–	1 574

<sup>1</sup> All-in sustaining costs and All-in cost definitions are based on the guidance note on non-GAAP Metrics issued by the World Gold Council on 27 June 2013

There have been no material changes to the technical information relating to, *inter alia*, the Group's Mineral Reserves and Mineral Resources, legal title to its mining and prospecting rights and legal proceedings relating to its mining and exploration activities as disclosed in DRDGOLD's annual report for the year ended 30 June 2019.

The technical information referred to in this report has been reviewed by Messrs Mpariseni Mudau (SACNASP) and Dr Steven Rupprecht (SAIMM) and Vaughn Duke (ECSA). All are independent contractors of DRDGOLD. They approved this information in writing before the publication of the report.



