DRDGOLD LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2020 and **dividend declaration**

HIGHLIGHTS

Gold production decreased by 2% to **2,984 kilograms**	Operating profit doubled to **R1,441.8 million**	All-in sustaining costs margin of **39.7%**	Interim dividend **40 SA cps**	Headline earnings of **R949.2 million**

REVIEW OF OPERATIONS

		Six months ended 31 December 2020	Six months ended 31 December 2019	% change[1]
Gold production	kg	**2,984**	3,037	(2)
	oz	**95,938**	97,642	(2)
Gold sold	kg	**3,006**	3,024	(1)
	oz	**96,645**	97,224	(1)
Cash operating costs	R per kg	**510,845**	460,251	11
	US$ per oz	**978**	975	–
All-in sustaining costs	R per kg	**597,605**	512,136	17
	US$ per oz	**1,144**	1,085	5
Average gold price received	R per kg	**988,998**	697,125	42
	US$ per oz	**1,893**	1,477	28
Operating profit	R million	**1,441.8**	719.6	100
Operating margin	%	**48.4**	34.1	42
All-in sustaining costs margin	%	**39.7**	26.7	49
Headline earnings	R million	**949.2**	332.7	185
	SA cents per share (**"cps"**)	**111.0**	48.4	129

[1] *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. Rounding of figures may result in computational discrepancies.*

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
864,588,711 ordinary no par value shares (30 June 2020: 864,588,711)
9,474,920 treasury shares held within the Group (30 June 2020: 9,474,920)
5,000,000 cumulative preference shares (30 June 2020: 5,000,000)

Price of stock traded	**JSE (R)**	**NYSE (US$)[1]**
• 6-month intra-day high	29.50	1.81
• 6-month intra-day low	14.34	0.94
• Close	17.97	1.17

[1] *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 2020	15,537	1,014
As at 30 June 2020	23,301	1,365

RESULTS

The condensed consolidated unaudited interim financial statements of DRDGOLD for the six months ended 31 December 2020 are available on DRDGOLD's website as well as at the Company's registered office.

FOR FURTHER INFORMATION
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DIRECTORS *(*British) (#Independent)*
(^Lead Independent)

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

Non-executive directors
GC Campbell* #
(Non-executive Chairman)
EA Jeneker ^
JA Holtzhausen #
TVBN Mnyango #
JJ Nel #
P Lebina #
TJ Cumming
C Flemming #

Company Secretary
E Beukes

Sponsor
One Capital

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 2020, which we filed with the United States Securities and Exchange Commission on 29 October 2020 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.

DEAR SHAREHOLDER

SIX MONTHS ENDED 31 DECEMBER 2020 VS SIX MONTHS ENDED 31 DECEMBER 2019

OVERVIEW

We are pleased to share the results of our performance for the first six months of the 2021 financial year ("**FY2021**"). In doing so, we draw comparisons with the first six months of the 2020 financial year ("**FY2020**"). Highlights of this comparison include a rise in both revenue and profit brought about by a favourable average Rand gold price, despite reduced production at both of our operations.

While the period under review was less affected by national regulations to curb the spread of COVID-19 than the latter half of FY2020, we are particularly pleased that our measures to mitigate the effect of the pandemic on our people and operations, established and maintained through the lockdown levels, have been fruitful. This is illustrated in our relatively low COVID-19 infection rate when compared to the rest of the industry, and in being able to remain fully productive for the duration of the six months under review.

The health and safety of our people remain paramount and we did not relax any of the infection prevention protocols aimed at limiting the spread of COVID-19. Although we ended the six months in review without any COVID-19 related deaths amongst our staff, sadly on, 21 January 2021, 40-year-old Ms Nellie Nkosi, a Control Room Operator at FWGR, succumbed to the disease.

A detailed breakdown of our operating and financial performance, with period-on-period comparisons appears below.

OPERATIONAL REVIEW

For the group as a whole, gold production decreased by 2% to 2,984kg. While throughput was 3% higher at 14.3Mt, the average yield was 4% lower at 0.208g/t.

At Ergo Mining Proprietary Limited ("**Ergo**"), gold production was stable at 2,269kg. Although throughput was up by 3% at 11.3Mt, there was a 3% decrease in the average yield to 0.202g/t due mainly to the previously reported depletion of high-grade reserves available to the Knights plant.

Far West Gold Recoveries ("**FWGR**") produced 715kg of gold, down 6%. While throughput was virtually unchanged at 3.1Mt the average yield was 6% lower at 0.232g/t as reclamation progressed towards the lower-grade central portion of the Driefontein No 5 dump.

Group cash operating unit costs were 11% higher at R510,845/kg.

At Ergo, cash operating unit costs rose by 8% to R581,402/kg due to both the decrease in yield and to the complexity of the new mix of material, which required the use of more reagents.

At FWGR, higher winter tariffs and the added costs of milling, now for the first time for the full period under review, added to an increase in total costs which, coupled with a 6% drop in gold output, resulted in cash unit costs increasing by 26%, to R282,676/kg. Milling did, however, contribute to offsetting the impact of lower head grade and enabled the operation to take advantage of a gold price at times in excess of R1 million/kg.

Group all-in sustaining costs ("**AISC**") were 17% higher at R597,605/kg.

At Ergo, AISC were up 14% to R650,915/kg. This was due to higher cash operating costs per unit and capital expenditure on projects, notably reclamation start-up at 4L30 dump, installation of a fourth residue line to the Brakpan Tailings Storage Facility ("**TSF**") and the addition of smaller, more manoeuvrable cyclones at the Brakpan TSF.

FWGR's AISC increased by 40% to R365,070/kg due to higher cash operating costs and expenditure on several capital projects, including the conversion of the upper compartment of the Driefontein No 4 TSF to cyclone deposition and the completion of irrigation infrastructure for dust-inhibiting vegetation of the TSF.

FINANCIAL REVIEW

Group revenue increased by 41% to R2,977.4 million due mainly to a 42% increase in the average Rand gold price received to R988,998/kg.

Group operating profit increased by 100% to R1,441.8 million from R719.6 million. Cash operating costs were 10% higher at R1,518.8 million.

The operating margin of the Group was 48.4%, compared to 34.1% in the comparative period.

Headline earnings of R949.2 million (111.0 SA cents per share) were reported compared with headline earnings of R332.7 million (48.4 SA cents per share) in the comparative period.

The Group ended the financial year with cash and cash equivalents of R2,169.4 million, after paying a cash dividend of R299.1 million in September 2020. At 31 December 2020 the Company had not drawn down on its amended Revolving Credit Facility.

SUSTAINABLE DEVELOPMENT

For the period under review the Group spent, in total, R51.9 million on environmental rehabilitation. This included an amount of R48.4 million spent at Ergo and R3.5 million at FWGR.

Rehabilitation was undertaken across 52.5 hectares (ha) of our TSFs. For Ergo, this comprised 38.5ha cladding at the Brakpan TSF and 6ha vegetation at the Crown Complex. At FWGR 8ha was vegetated on the Driefontein No 4 TSF and, with reclamation from the Driefontein No 5 dump proceeding, 1ha of concurrent rehabilitation was completed.

Some 756 dust samples were analysed for exceedance in the period in review, compared to 843 in the first half of the 2020 financial year ("**H12020**"). Two exceedances were detected (0.3% of sample) compared to six in H12020. These were recorded at FWGR. At Ergo, exceedances were recorded on the monitoring network, but after the causes were investigated it was determined they were not as a result of Ergo's activities.

The Group recorded an 8% increase in the use of externally sourced potable water. At a consumption of 1,432Ml, Ergo accounted for most of this usage, while consumption at FWGR, at 77Kl, was 21% less than in H12020.

The Group's socio-economic development spend increased from R14.1 million in H12020 to R19.6 million in the current period. This is as a result of the spend on COVID-19 related community relief through the MSE (Merafong/Soweto/Ekurhuleni) Initiative in collaboration with Umsizi Sustainable Social Solutions and Impophomo Rushing Waters, as a well as increased spend in the well-established Broad-Based Livelihoods Programme.

About 153 COVID-19 tests were conducted at Ergo as at 31 December 2020, with 52 (34%) showing a positive result. By the end of the reporting period, all but three had recovered. At FWGR, 83 COVID-19 tests were conducted, with 10 showing positive cases (12%). None of these was active at the end of the reporting period. One positive COVID-19 case was detected at the corporate office.

FWGR PHASE 2 UPDATE

Work on a definitive feasibility study and planning for FWGR Phase 2 continued apace in the period under review. The amended design for the regional TSF was submitted for approval to the Department of Water and Sanitation in November 2020.

DIVIDEND

The DRDGOLD board of directors (**"Board"**) has declared an interim cash dividend of 40 South African (**"SA"**) cents per ordinary share for the six months ended 31 December 2020 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 40 SA cents per ordinary share for shareholders exempt from Dividend Withholding Tax;
- the net local dividend amount is 32 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 exchange operated by the JSE Limited ("**JSE**"), the salient dates for payment of the dividend are as follows:

- last date to trade in ordinary shares *cum*-dividend: Tuesday, 2 March 2021;
- ordinary shares trade *ex*-dividend: Wednesday, 3 March 2021;
- record date: Friday, 5 March 2021; and
- payment date: Monday, 8 March 2021.

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 to electronically transfer dividends to such shareholders.

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, 3 March 2021 and Friday, 5 March 2021, 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, 8 March 2021.

The holders of American Depositary Receipts ("**ADRs**") should confirm dividend details with the depository bank.

ADR information is tentative and subject to confirmation by the depositary bank. Assuming an exchange rate of R15.00/$1, the dividend payable on an ADR is equivalent to 21 United States ("**US**") cents for ADR holders liable to pay dividend withholding tax. However, the actual rate of payment will depend on the exchange rate on the date for currency conversion.

CHANGES TO THE BOARD COMMITTEES

With effect from 22 October 2020, pursuant to good corporate governance, the board of directors of the Company ("**Board**") decided to restructure the Company's Audit and Risk Committee, and the Remuneration and Nominations Committee and established four separate committees ("**Restructure**"). As a result of the Restructure, the following changes took place:

Audit Committee

Mr Johan Holtzhausen (chair), Ms Prudence Lebina and Mr Jean Nel continued to serve as members, with Ms Charmel Flemming being appointed as a new member of the Audit Committee.

Risk Committee

Ms Lebina and Mr Nel continued to serve as members with Ms Flemming, Mr Timothy Cumming, and Mr Niël Pretorius being appointed as new members of the Risk Committee; and Mr Holtzhausen stepped down as a member and chair of the Risk Committee and Ms Lebina succeeded him as the chair of the Risk Committee.

Remuneration Committee ("Remco")

Ms Thoko Mnyango and Mr Edmund Jeneker continued to serve as members, whilst Ms Lebina and Mr Geoffrey Campbell stepped down as members of the Remco; Messrs Nel, Holtzhausen and Cumming were appointed as new members; and Mr Nel succeeded Ms Mnyango as the chair of the Remco.

Nominations Committee ("Nomco")

Messrs Campbell (chair) and Jeneker and Ms Lebina continued to serve as members, with Messrs Holtzhausen and Cumming being appointed as new members of the Nomco; and Ms Mnyango stepped down as a member of the Nomco.

Social and Ethics Committee ("S&E Committee")

Mr Jeneker (chair) and Ms Mnyango continued to serve as members with Ms Flemming and Mr Riaan Davel being appointed as new members of the S&E Committee; and Mr Pretorius stepped down as a member of the S&E Committee.

LOOKING AHEAD

In the first six months of FY2021, our operations – ably supported by our employees and their representatives – have demonstrated their ability not only to effect a structured, orderly and safe recovery from the COVID-19 related total lockdown of FY2020 but to take us comfortably more than halfway towards achieving the upper range of our FY2021 production guidance of 185,000 ounces and well within the cash operating cost guidance of approximately R535,000/kg.

Further, we have managed – in particular with FWGR – to continue our growth trajectory. The outlook on the gold price and the performance of the business allow us to, without sacrificing any flexibility toward conservatism, take a somewhat bolder view on the design parameters of Phase 2 in terms of volume throughput and deposition capacity to position it strongly for regional consolidation. The same applies to the future of Ergo, where planning work on increasing its deposition capacity is well advanced.

Much about the pandemic's passage – in South Africa and the world – continues to remain uncertain. All of our capital investment strategies are, therefore, viewed with due regard to the potential volatility and risk associated with this.

From a governance perspective, in the coming year we will welcome a new chairperson to the board of directors, as Mr Geoffrey Campbell steps down from this position at the end of November 2021. Mr Campbell began his tenure as director in 2002 and chairperson in 2006, and has made a significant contribution to building DRDGOLD as a successful and socially responsible company. The notice of his departure leaves us sufficient time to identify a suitable replacement and ensure a smooth handover.

Niël Pretorius
Chief Executive Officer

16 February 2021

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

	Notes	Six months 31 Dec 2020 Rm Unaudited	Six months 31 Dec 2019 Rm Unaudited
Revenue		**2,977.4**	2,111.4
Cost of sales		**(1,701.7)**	(1,544.2)
Gross profit from operating activities		**1,275.7**	567.2
Other income		**0.2**	0.2
Administration expenses and other costs	2	**(19.8)**	(85.1)
Results from operating activities		**1,256.1**	482.3
Finance income		**102.8**	34.4
Finance expenses		**(30.1)**	(32.2)
Profit before tax		**1,328.8**	484.5
Income tax		**(379.4)**	(151.6)
Profit for the period		**949.4**	332.9
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	4,6	**29.8**	0.8
Total other comprehensive income for the period		**29.8**	0.8
Total comprehensive income for the period		**979.2**	333.7
Basic earnings per share [1]	3	**111.0**	48.5
Diluted basic earnings per share [1]	3	**110.3**	47.2

[1] *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 unaudited interim financial statements for the six months ended 31 December 2020 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 unaudited interim financial statements were authorised by the directors on 10 February 2021 for issue on 16 February 2021.

CONDENSED CONSOLIDATED INTERIM
STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 Dec 2020 Rm Unaudited	As at 30 Jun 2020 Rm Audited	As at 31 Dec 2019 Rm Unaudited
Assets				
Non-current assets		**3,615.7**	3,485.4	3,393.3
Property, plant and equipment		**2,697.1**	2,621.1	2,738.0
Investments in rehabilitation obligation funds		**638.8**	626.0	607.5
Payments made under protest		**41.2**	35.0	34.1
Other investments	4,6	**230.3**	195.3	4.4
Deferred tax assets		**8.3**	8.0	9.3
Current assets		**2,671.3**	2,189.8	972.3
Inventories		**322.7**	323.4	306.2
Tax receivables		**4.9**	4.9	–
Trade and other receivables		**174.3**	146.4	122.7
Cash and cash equivalents	5	**2,169.4**	1,715.1	543.4
Total assets		**6,287.0**	5,675.2	4,365.6
Equity and liabilities				
Equity		**4,726.9**	4,040.2	2,884.9
Non-current liabilities		**967.4**	889.1	1,018.1
Provision for environmental rehabilitation		**567.9**	568.9	695.7
Deferred tax liability		**355.7**	273.1	270.1
Employee benefits		**10.2**	10.1	9.2
Lease liabilities		**33.6**	37.0	43.1
Current liabilities		**592.7**	745.9	462.6
Trade and other payables		**435.8**	478.8	380.6
Employee benefits	2	**–**	227.6	55.5
Current portion of lease liabilities		**9.8**	10.1	8.9
Current tax liability		**147.1**	29.4	17.6
Total liabilities		**1,560.1**	1,635.0	1,480.7
Total equity and liabilities		**6,287.0**	5,675.2	4,365.6

CONDENSED CONSOLIDATED INTERIM
STATEMENT OF CHANGES IN EQUITY

	Notes	Six months 31 Dec 2020 Rm Unaudited	Six months 31 Dec 2019 Rm Unaudited
Balance at the beginning of the period		**4,040.2**	2,688.6
Total comprehensive income			
Profit for the period		**949.4**	332.9
Other comprehensive income	4,6	**29.8**	0.8
Transactions with the owners of the parent			
Dividend on ordinary share capital		**(299.3)**	(137.4)
Equity-settled share-based payment		**6.8**	–
Balance at the end of the period		**4,726.9**	2,884.9

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

CONDENSED CONSOLIDATED INTERIM
STATEMENT OF CASH FLOWS

	Notes	Six months 31 Dec 2020 Rm Unaudited	Six months 31 Dec 2019 Rm Unaudited
Net cash inflow from operating activities		**982.3**	452.9
Cash generated from operations		**1,085.0**	500.4
Finance income received		**53.6**	13.1
Dividends received		**32.1**	–
Finance expense paid		**(3.8)**	(3.0)
Income tax paid		**(184.6)**	(57.6)
Net cash outflow from investing activities		**(222.7)**	(46.3)
Acquisition of property, plant and equipment		**(202.1)**	(37.3)
Proceeds on disposal of property, plant and equipment		**0.2**	0.2
Environmental rehabilitation payments to reduce decommissioning liabilities		**(20.8)**	(9.2)
Net cash outflow from financing activities		**(305.3)**	(142.7)
Dividends paid on ordinary shares		**(299.1)**	(136.8)
Initial fees incurred on borrowings		**(1.0)**	–
Repayment of lease liabilities		**(5.2)**	(5.9)
Net increase in cash and cash equivalents		**454.3**	263.9
Opening cash and cash equivalents		**1,715.1**	279.5
Closing cash and cash equivalents	5	**2,169.4**	543.4
Reconciliation of cash generated by operations			
Profit for the period		**949.4**	332.9
Adjusted for			
Income tax		**379.4**	151.6
Depreciation		**127.6**	127.9
Movement in gold in process		**16.8**	14.5
Environmental rehabilitation payments to reduce restoration liabilities		**(4.3)**	(3.8)
Gain on disposal of property, plant and equipment		**(0.2)**	(0.2)
Share-based payment expense	2	**(37.5)**	45.9
Finance income		**(102.8)**	(34.4)
Finance expenses		**30.1**	32.2
Other non-cash items		**(0.5)**	4.7
Changes in		**(273.0)**	(170.9)
Change in trade and other receivables		**(24.6)**	(60.0)
Change in payments made under protest		**(5.5)**	(6.4)
Change in inventories		**(16.1)**	(16.1)
Change in trade and other payables and employee benefits		**(226.8)**	(88.4)
Cash generated from operations		**1,085.0**	500.4

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated unaudited interim 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 unaudited 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.

	Six months ended 31 Dec 2020 Rm Unaudited	Six months ended 31 Dec 2019 Rm Unaudited
2. RESULTS FROM OPERATING ACTIVITIES		
CASH-SETTLED SHARE-BASED PAYMENT EXPENSE	**(44.3)**	45.9
The liability for employee benefits consists mainly of the liability for the Cash-Settled Long-Term Incentive Scheme (**"CLTI"**). The benefit to profit or loss related to the share-based payment expense is mainly due to a decrease in the seven-day volume weighted average price ("**VWAP**") of the DRDGOLD share from R25.14 at 30 June 2020 to R18.62 at the settlement date of 5 November 2020.		
This liability was fully settled on 5 November 2020.		
EQUITY-SETTLED SHARE-BASED PAYMENT EXPENSE	**6.8**	–
On 2 December 2019, the shareholders approved a new Equity-Settled Long-Term Incentive Scheme ("**ELTI**") to replace the CLTI established in November 2015.		
The first grant was made on 2 December 2019 and will vest in two tranches, 50% on the 2nd anniversary and the remaining 50% on the 3rd anniversary of the grant date respectively. The second grant was made on 22 October 2020 and will vest on the 3rd anniversary of the grant date.		
Total share-based payment expense	**(37.5)**	45.9
3. EARNINGS PER SHARE		
Reconciliation of headline earnings		
Profit for the period	**949.4**	332.9
Adjusted for:		
Gain on disposal of property, plant and equipment, net of tax	**(0.2)**	(0.2)
Headline earnings	**949.2**	332.7
Weighted average number of ordinary shares in issue adjusted for treasury shares	**855,113,791**	686,954,847
Diluted weighted average number of ordinary shares adjusted for treasury shares	**860,365,088**	704,694,448
Basic earnings per share [1]	**111.0**	48.5
Diluted basic earnings per share [1]	**110.3**	47.2
Headline earnings per share [1]	**111.0**	48.4
Diluted headline earnings per share [1]	**110.3**	47.2

[1] *All per share financial information is presented in SA cents per share (cps) and is rounded to the nearest one decimal point based on the results which are rounded to the nearest million Rand.*

4. INVESTMENT IN RAND REFINERY PROPRIETARY LIMITED ("Rand Refinery")

The fair value of DRDGOLD's 11.3% interest in Rand Refinery at 31 December 2020 is estimated at R187.0 million (30 June 2020: R178.4 million). The investment is designated as an equity instrument at fair value through other comprehensive income. The increase is mainly as a result of an increase in forecast gold prices, a decrease in the discount rate applied and an increase in Rand Refinery's cash balance.

In accordance with IFRS 13 *Fair Value Measurement*, the income approach has been established to be the most appropriate basis to estimate the fair value in the current period. This method relies on the future budgeted cash flows as determined by Rand Refinery. Management used a model developed by an external expert to perform the valuation. The Rand Refinery operations (excluding Prestige Bullion) were valued using the Free Cash Flow model, whereby an enterprise value using a Gordon Growth formula for the terminal value was estimated. The dividends received by Rand Refinery from the joint venture, Prestige Bullion, were valued using a finite life dividend discount model as Rand Refinery's shareholding will be reduced to nil in 2032. The fair value measurement uses significant unobservable inputs and relates to a fair value hierarchy level 3 financial instrument.

Key observable/unobservable inputs into the model include:

Rand Refinery operations

Average gold price	Observable input	R889,590/kg
Average silver price	Observable input	R11,513/kg
Average South African CPI	Observable input	4.8%
Terminal growth rate	Unobservable input	5.0%
South African long-term government bond rate	Observable input	8.7%
Weighted average cost of capital	Unobservable input	13.7%

Investment in Prestige

Discount period	Unobservable input	12 years
Weighted average cost of capital	Unobservable input	13.2%

Marketability and minority discounts (both unobservable inputs) were also applied of 16.5% and 17% respectively.

The latest long-term budget was provided by Rand Refinery and therefore is classified as an unobservable input into the models.

SENSITIVITIES

The fair value measurement is most sensitive to the Rand-denominated gold price and volumes. The higher the gold price and volumes, the higher the fair value of the Rand Refinery investment. The fair value measurement is also sensitive to the discount rate and minority and marketability discounts applied. The below table indicates the extent of sensitivity of the Rand Refinery equity value to the inputs:

Rand Refinery operations

Input		**Increase/ (Decrease)**	**% Change in OCI, net of tax**
Rand US Dollar exchange rate	Observable input	+1%/(-1%)	2.2%/(2.2%)
Commodity prices (Gold and silver)	Observable input	+1%/(-1%)	1.8%/(1.8%)
Volumes	Unobservable input	+1%/(-1%)	2.1%/(2.1%)
Weighted average cost of capital	Unobservable input	+1%/(-1%)	(1.7%)/2%
Minority discount	Unobservable input	+1%/(-1%)	(1.2%)/1.2%
Marketability	Unobservable input	+1%/(-1%)	(1.2%)/1.2%

Investment in Prestige Bullion

Input		**Increase/ (Decrease)**	**% Change in OCI, net of tax**
Cost of equity	Unobservable input	+1%/(-1%)	(1.4%)/1.5%
Prestige dividend forecast	Unobservable input	+1%/(-1%)	0.4%/(0.4%)

Impact of the COVID-19 pandemic

The COVID-19 pandemic continues to have an impact on the gold market and budgeted cash flows of Rand Refinery and the assumptions as disclosed were adjusted with relevant information at the reporting date.

5. 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. No such facilities were entered into during the current reporting period.

Liquidity management

DRDGOLD ended the current reporting period with cash and cash equivalents of R2,169.4 million (30 June 2020: R1,715.1 million), with a revolving credit facility ("**RCF**") with ABSA Bank Limited of R200 million, available if needed. The Group remains free of bank debt as at 31 December 2020 (30 June 2020: Rnil). Liquidity is further enhanced by current high rand gold price levels.

6. 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 investments on the statement of financial position. Of this line item, R38.4 million (30 June 2020: R12.0 million) relates to fair value hierarchy level 1 instruments and R191.9 million (30 June 2020: R183.2 million) relates to fair value hierarchy level 3 instruments.

7. SUBSEQUENT EVENTS

There were no subsequent events between the reporting date of 31 December 2020 and the date of issue of these condensed consolidated unaudited interim financial statements other than included in the notes above and described below:

Dividend

On 16 February 2021, the Board declared an interim cash dividend for the six months ended 31 December 2020 of 40 SA cents per share, payable on Monday, 8 March 2021.

8. 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 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 RCF.

8. OPERATING SEGMENTS (continued)

	Six months ended 31 Dec 2020 Unaudited				Six months ended 31 Dec 2019 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)	**2,268.7**	**708.7**	**–**	**2,977.4**	1,589.6	521.8	–	2,111.4
Cash operating costs	**(1,316.9)**	**(201.9)**	**–**	**(1,518.8)**	(1,200.1)	(177.2)	–	(1,377.3)
Movement in gold in process	**(18.0)**	**1.2**	**–**	**(16.8)**	(25.0)	10.5	–	(14.5)
Operating profit	**933.8**	**508.0**	**–**	**1,441.8**	364.5	355.1	–	719.6
Administration expenses and other costs	**19.1**	**2.8**	**(41.6)**	**(19.7)**	(28.3)	(4.1)	(52.7)	(85.1)
Interest income [1]	**0.5**	**–**	**54.9**	**55.4**	7.1	–	5.5	12.6
Dividends received	**2.8**	**–**	**29.3**	**32.1**	–	–	–	–
Interest expense [2]	**(2.2)**	**(0.2)**	**(2.1)**	**(4.5)**	(2.8)	–	(1.6)	(4.4)
Current tax	**(177.8)**	**(124.5)**	**–**	**(302.3)**	(71.3)	(2.6)	–	(73.9)
Working profit/(loss) before additions to property, plant and equipment	**776.2**	**386.1**	**40.5**	**1,202.8**	269.2	348.4	(48.8)	568.8
Additions to property, plant and equipment	**(127.9)**	**(74.1)**	**(0.1)**	**(202.1)**	(22.7)	(20.8)	(0.2)	(43.7)
Working profit/(loss) after additions to property, plant and equipment	**648.3**	**312.0**	**40.4**	**1,000.7**	246.5	327.6	(49.0)	525.1

[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 period to working profit/(loss) before additions to property, plant and equipment	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
Profit/(loss) for the period	**596.4**	**299.1**	**53.9**	**949.4**	180.5	206.0	(53.6)	332.9
Deferred tax	**52.4**	**23.8**	**0.9**	**77.1**	(7.5)	84.3	0.9	77.7
Other operating costs/(income) including care and maintenance costs	**16.6**	**9.8**	**(14.8)**	**11.6**	11.5	1.4	4.3	17.2
Ongoing rehabilitation expenditure	**25.9**	**0.9**	**–**	**26.8**	6.3	1.0	–	7.3
Discount recognised on payments made under protest including subsequent unwinding	**(0.7)**	**–**	**–**	**(0.7)**	(0.2)	–	–	(0.2)
Unwinding of provision for environmental rehabilitation	**18.8**	**4.8**	**0.5**	**24.1**	18.5	7.1	0.6	26.2
Growth in environmental rehabilitation trust funds and reimbursive right	**(3.8)**	**(8.4)**	**(0.7)**	**(12.9)**	(5.8)	(13.0)	(1.2)	(20.0)
Gain on disposal of property, plant and equipment	**(0.2)**	**–**	**–**	**(0.2)**	(0.2)	–	–	(0.2)
Depreciation	**70.8**	**56.1**	**0.7**	**127.6**	66.1	61.6	0.2	127.9
Working profit/(loss) before additions to property, plant and equipment	**776.2**	**386.1**	**(111.5)**	**1,202.8**	269.2	348.4	(48.8)	568.8

Reconciliation of adjusted EBITDA	Six months ended 31 Dec 2020 Unaudited Total Rm	Six months ended 31 Dec 2019 Unaudited Total Rm
Profit for the period	**949.4**	332.9
Income tax	**379.4**	151.6
Profit before tax	**1,328.8**	484.5
Finance expense	**30.1**	32.2
Finance income	**(102.8)**	(34.4)
Results from operating activities	**1,256.1**	482.3
Depreciation	**127.6**	127.9
Share-based payment expense	**(37.5)**	45.9
Gain on disposal of property, plant and equipment	**(0.2)**	(0.2)
IFRS 16 lease payments [1]	**(7.4)**	–
Transaction costs	**0.5**	–
Adjusted EBITDA [2]	**1,339.1**	655.9

[1] *The amended RCF includes IFRS 16 lease payments in the calculation of the adjusted EBITDA.*

[2] *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 2020 Unaudited				Six months ended 31 Dec 2019 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
OPERATIONAL PERFORMANCE									
Ore milled (000t)		**11,257**	**3,076**	**–**	**14,333**	10,906	3,077	–	13,983
Yield (g/t)		**0.202**	**0.232**	**–**	**0.208**	0.209	0.248	–	0.217
Cash operating costs									
(R/t)		**117**	**66**	**–**	**106**	110	58	–	99
(US$/t)		**7**	**4**	**–**	**7**	7	4	–	7
Gold produced (kg)		**2,269**	**715**	**–**	**2,984**	2,274	763	–	3,037
Gold sold (kg)		**2,296**	**710**	**–**	**3,006**	2,280	744	–	3,024
Reconciliation of All-in sustaining costs (All amounts presented in R million unless otherwise indicated)									
Cash operating costs		**(1,316.9)**	**(201.9)**	**–**	**(1,518.8)**	(1,200.1)	(177.2)	–	(1,377.3)
Movement in gold in process		**(18.0)**	**1.2**	**–**	**(16.8)**	(25.0)	10.5	–	(14.5)
Administration expenses and other costs (sustaining)		**(3.9)**	**(0.8)**	**(60.7)**	**(65.4)**	(28.3)	(4.1)	(52.7)	(85.1)
Other operating (costs)/income excluding care and maintenance costs		**(16.6)**	**(9.8)**	**18.6**	**(7.8)**	(11.5)	(1.4)	–	(12.9)
Unwinding of provision for environmental rehabilitation		**(18.8)**	**(4.8)**	**(0.5)**	**(24.1)**	(18.5)	(7.1)	(0.6)	(26.2)
Capital expenditure (sustaining)		**(120.3)**	**(43.1)**	**(0.1)**	**(163.5)**	(18.2)	(14.4)	(0.1)	(32.7)
All-in sustaining costs		**(1,494.5)**	**(259.2)**	**(42.7)**	**(1,796.4)**	(1,301.6)	(193.7)	(53.4)	(1,548.7)
Care and maintenance costs		**–**	**–**	**(3.8)**	**(3.8)**	–	–	(4.3)	(4.3)
Ongoing rehabilitation expenditure		**(25.9)**	**(0.9)**	**–**	**(26.8)**	(6.3)	(1.0)	–	(7.3)
Administration expenses and general costs (non-sustaining)		**–**	**–**	**(0.5)**	**(0.5)**	–	–	–	–
Capital expenditure (non-sustaining)		**(7.6)**	**(31.0)**	**–**	**(38.6)**	(4.5)	(6.4)	–	(10.9)
All-in costs		**(1,528.0)**	**(291.1)**	**(47.0)**	**(1,866.1)**	(1,312.4)	(201.1)	(57.7)	(1,571.2)
Cash operating costs	R/kg	**581,402**	**282,676**	**–**	**510,845**	537,325	224,059	–	460,251
Cash operating costs	US$/oz	**1,113**	**541**	**–**	**978**	1,138	475	–	975
All-in sustaining costs [1]	R/kg	**650,915**	**365,070**	**–**	**597,605**	570,877	260,349	–	512,136
All-in sustaining costs [1]	US$/oz	**1,246**	**699**	**–**	**1,144**	1,210	552	–	1,085
All-in costs [1]	R/kg	**665,505**	**410,000**	**–**	**620,792**	575,614	270,296	–	519,577
All-in costs [1]	US$/oz	**1,315**	**810**	**–**	**1,227**	1,259	591	–	1,136

[1] *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 2020.

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