DRDGOLD LIMITED

2019

ANNUAL INTEGRATED REPORT

Mine. Enhance. Sustain.

OUR PURPOSE

To optimally mine our resources for the benefit of our shareholders by offering competitive returns and ongoing exposure to the gold price and in the process clean up and rehabilitate the legacy of mining for the enduring benefit of the communities within our areas of influence.

OUR COMPETITIVE ADVANTAGE

- Our team has, over time, developed and matched the right technology and systems to create a robust and resilient model that enables us to set up and maintain logistic and engineering infrastructure capable of treating vast quantities of mine tailings in a complex environment
- We have established relationships that we can leverage for growth both in the gold space and in terms of other commodities

2019 AT A GLANCE: PERFORMANCE HIGHLIGHTS

FINANCIAL

11%
increase in revenue to R2 762.1 million

5%
increase in operating profit to R371.8 million

4%
rise in all-in sustaining costs

12th
consecutive year of dividend payment

R279.5m
cash balance at year end, borrowings fully paid at year end

OPERATIONAL

6%
rise in production to 4 977kg

0.197g/t
yield

ENVIRONMENTAL

21%
decline in externally sourced potable water usage

R45.8m
spent on rehabilitation

135.5ha
land clearance received for redevelopment

GROWTH

FWGR transaction effective – increasing Mineral Reserves

from 3.28Moz to 5.77Moz

SOCIAL

R17.0m
spent on skills and development projects for local communities

Invested R330.7m
in new capital infrastructure and refurbishment of FWGR Phase 1 which was in production within four months

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FORWARD-LOOKING STATEMENTS

Some of the information in this report may contain projections or other forward-looking statements regarding future events or other financial performance, including information relating to our Group, that are based on the beliefs of our management, as well as assumptions made by and information currently available to our management. When used in this report, the words "estimate", "project", "believe", "anticipate", "intend", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. 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 prolonged strengthening of the rand against the dollar, regulatory developments adverse to DRDGOLD or difficulties in maintaining necessary licences 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 Form 20-F for the fiscal year ended 30 June 2019, which we filed with the United States Securities and Exchange Commission (SEC) on 31 October 2019. 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 the occurrence of unanticipated events. Any forward-looking statement included in this report has not been reviewed or reported on by DRDGOLD's auditors.

SECTION

1

OVERVIEW

DRDGOLD is the only South African mining company focused solely on the retreatment of surface gold tailings. The Company's performance in FY2019 is testimony to the resilience of a business model that has been several years in the making.

ABOUT THIS REPORT

In this annual integrated report, we address the performance and sustainable value creation of Ergo Mining Proprietary Limited (Ergo) and Far West Gold Recoveries Proprietary Limited (FWGR), the reclamation operations owned and managed by DRDGOLD Limited (DRDGOLD or the Group or the Company), during the financial year from 1 July 2018 to 30 June 2019.

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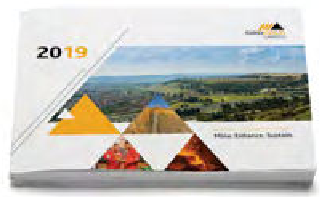
Annual Integrated Report



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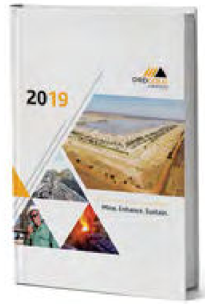
Annual Financial Statements



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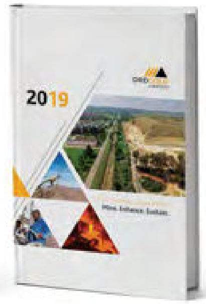
Notice of Annual General Meeting



Reporting scope and boundary

Information is presented in an integrated manner, using five* capitals, as defined by the International Integrated Reporting Council (IIRC), guided by matters that have a material impact on value creation within the Group and the Global Reporting Initiative (GRI) Standards which we have transitioned to for the first time in this report.

We communicate the sustainability of our business and compliance, in terms of our listings on the Johannesburg Stock Exchange (JSE) and the New York Stock Exchange (NYSE), to our shareholders as our providers of capital. We also identify and report on our engagement with our other stakeholders. Our previous integrated report for the financial year from 1 July 2017 to 30 June 2018 can be found on the Company's website: www.drdgold.com/investors-and-media/annual-reports/2018

Our accompanying Annual Financial Statements (AFS) for the year ended 30 June 2019 and notice of annual general meeting (NOM) for the year ended 30 June 2019, which includes summary consolidated financial statements, can be found on the Company's website: www.drdgold.com/investors-and-media/annual-reports/2019

Selected sustainability key performance indicators, marked as LA in this report, have been assured by an independent assurance provider, KPMG Services Proprietary Limited.

Our approach to materiality

This report provides information that we believe is of material interest to our stakeholders who should be able to make an informed assessment of DRDGOLD's ability to generate value over time. DRDGOLD acquired FWGR on 31 July 2018, and this was under development for most part of the year and reached commercial production on 1 April 2019. We have therefore included information related to FWGR as far as we believe it is material to the interests of our stakeholders. Furthermore, KPMG Services Proprietary Limited has not provided assurance over sustainability key performance indicators for FWGR. As all the information in this report is material, we do not provide a list of "material issues" but have sought to ensure that all the information relates to matters that have a material impact on value creation within the Group.

Our business model (pages 19 to 20) shows how we create value. Our ability to create value is determined by our operating environment (pages 24 to 27), Risks and mitigations (pages 28 to 31), our key stakeholder groups (pages 33 to 34) and the efficiency with which we deploy capital and resources in the context of the above. Our strategic objectives (pages 22 to 23) are linked to our material risks and opportunities. We have therefore determined the relevance of the issues we report and the significance of these issues to our business and stakeholders.

Responsibility and approval

We, the board of directors of DRDGOLD (Board), including the Audit and Risk Committee, acknowledge our responsibility for the compilation of this report and ensuring the integrity and completeness of the information presented. The Board has reviewed this report and applied its collective mind throughout the preparation of this report.

We believe that the report is presented in line with the International Integrated Reporting Framework and complies in all material respects with the relevant statutory requirements of the various regulations governing disclosure and reporting by DRDGOLD. The integrated report, our AFS and NOM were formally approved by the Board at a meeting on 24 October 2019.

Geoffrey Campbell
Chairman
24 October 2019

Queries should be addressed to:

Riaan Davel
Chief Financial Officer
Tel: +27 (0)11 470 2608
Email: riaan.davel@drdgold.com

* *In terms of the International Integrated Reporting <IR> Framework, developed by the IIRC, six capitals (financial, manufactured, intellectual, human, social and relationship, and natural) enable organisations to communicate value creation over time, and thus provide insight into the resources and relationships used and affected by an organisation. DRDGOLD combines manufactured and intellectual capital into a single capital (manufactured)*

CHAIRMAN'S LETTER

DRDGOLD reported strong results for the year ended June 2019 at a time when the gold mining sector in South Africa is facing very challenging times as a result of labour unrest and disruption to power supplies.

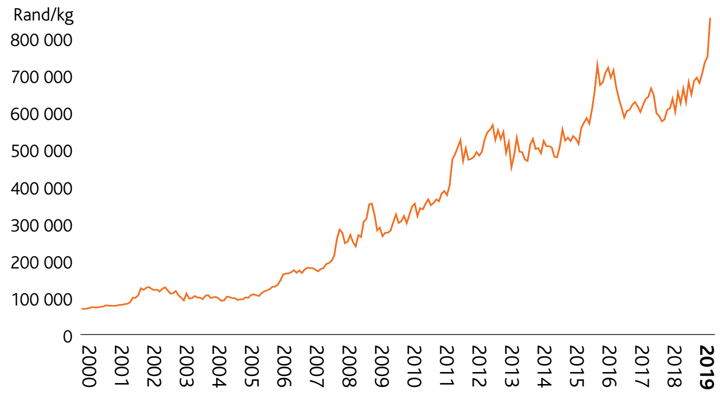
We declared a 20 cents per share (cps) dividend which reflects not only the strong cash flow from operations, but also the positive outlook for the year ahead.

The story for DRDGOLD over the last years has been one of building on our strength as the preeminent player in reprocessing the vast gold dumps in and around Johannesburg. This is achieved through the continuous improvement of our technical skills and increasing the efficiency of our operations.

During the last year, we expanded our operations through the successful commissioning of the FWGR operations which we acquired from Sibanye Gold Limited trading as Sibanye-Stillwater (Sibanye-Stillwater) on 31 July 2018.

It is a testament to the skill and dedication of the DRDGOLD operational team that the plant was built and commissioned as planned, the R192 million borrowed to build the plant was subsequently repaid before year end, and furthermore, at the end of a year when we spent R347 million on investing in our operations, the cash position of the Company remained strong. The newly acquired operations add lower-cost operations to the portfolio and are a blueprint for future expansion.

Gold price in ZAR/kg



It was also a year when we were reminded of the importance of the gold price. DRDGOLD has a clear strategy to be largely unhedged. During the last year, we entered into a modest hedging programme to protect against the potential damage from a sudden fall in the gold price while we had capital commitments for the FWGR development. In the long term, being tied into the gold price is a good thing for a South African company as can be seen from the rand price of gold during the last 15 years. Our long-term strategy is to ensure that we can weather the dips in the gold price and take full advantage of the peaks.

This is why adding the FWGR operations to the portfolio is so important to the long term sustainability of DRDGOLD. We are all reminded that past performance is not a guide to the future but it would be a foolhardy investor who bets against the rand gold price in the long term.

The reasons for the increasing rand gold price are not hard to see. South Africa faces extremely tough challenges in the years ahead. Mismanagement of major infrastructure projects has led to concerns about continuing electricity supply and the need for more government bailouts and news of high levels of violent crime are worrying. We will continue to manage the risk through engagement with the communities in which we operate and also look to technology to minimise our reliance on Eskom for electricity. However, we expect to be reliant on Eskom for our base load electricity for the foreseeable future.

We will continue to seek opportunities to expand our operations in South Africa and there is clearly potential to expand the Far West operations provided that there is a reliable supply of electricity along with a stable and fair regulatory environment in which we can operate. We will also look to acquire other assets and, in this regard, the lack of international investor appetite and perceived country risk gives us a competitive advantage.

As DRDGOLD builds on its success and looks to expand its operations, one of the challenges is to attract and nurture future talent that we need for our growing business. Through our bursary and mentoring programmes we are developing the people that we require. We also recognise the wealth of experienced personnel that we have within our Company and the value that they contribute to the success of the Company. Our goal is to build a company that retains and attracts talented people who wish to work together for the benefit of our stakeholders and the environment and create value for our shareholders.

We look forward to the year ahead with lower cost and expanding operations, opportunities for further growth and a buoyant gold price.

Geoffrey Campbell
Chairman
24 October 2019

CEO'S REVIEW

DRDGOLD's existing assets at Ergo and our newly acquired Far West Gold Recoveries (FWGR) assets combined to produce very encouraging operating and financial results for financial year 2019, highlighted by a complete extinguishing of debt, a fourfold increase in dividend, improved operating results at Ergo and the construction and commissioning of the FWGR project.

These operating and financial results are in stark contrast with the events of 2019 that headlined in the South African media of labour unrest, electricity supply constraints, diminishing confidence in the economy and social discontent. The realities of our operating environment required though, that we kept a keen eye on every dial.

We are not an island immune to the challenges of operating a mining operation in South Africa. Years of investment in electricity back-up capacity; a centralised water management system; a mining method that diminishes the impact of rain storms on volume throughput; an information management system that provides an interactive second-by-second report of the status of our reduction works; and a labour force that is both knowledgeable and by and large committed to the success of the business, have enabled us to weather the storm and improve production year-on-year from our existing asset base.

Against the backdrop of loan cover ratios that had to be kept in check and would have been at their most acute at the end of December 2018 when we anticipated our draw-down balance from our revolving credit facility to be at its highest, we took some revenue protection in the form of a zero cost collar. We steered clear of a default, and closed out the collar with a gain of roughly R2 million. With FWGR's first phase in full flight and Ergo delivering to call, we are back at full exposure to spot, a position that has been very good for our cash flows in the past few months.

So, it seems our model and strategy are keeping us in the eye of the storm amidst the turmoil around us, but the combination of mills that are running to capacity, good extraction efficiencies and a rampant gold price is coming through strongly in the numbers. We choose to believe that our situation is not co-incidental. For many years we have been developing systems and strategies that improve the robustness of our model within the existing and anticipated constraints of our environment. We will continue to invest, and perhaps accelerate investment in business improvement and innovation to an extent. Things will change, like they always do, and as a price-taker we need to be even better prepared for the next cycle.

Whereas this approach of pro-active risk management has stood us in good stead in the down cycle (and rewards us in the up), we are entering a new dynamic in our story. We are of the view that our information technology, which enables us to set up operations that combine very large volume throughput with

Commercial Social Environmental

BENEFITS

Niël Pretorius
Chief Executive Officer
24 October 2019

extremely sensitive recoveries, is capable of being repeated elsewhere. FWGR was up and running in less than six months and generating more operating cash flows than its monthly operating costs in no time. We also have a very healthy balance sheet, no debt and a strong and supportive relationship with Sibanye-Stillwater.

The combination of these offers a strong platform for growth, which intuitively could assume a three-pronged format: firstly, there is the opportunity of improving recoveries and efficiencies of existing operations (we are still leaving up to 50% of the gold entering our plants behind in the tail); secondly, there are strategic opportunities associated with our existing footprint; and thirdly, Sibanye-Stillwater has a vast footprint with a host of surface resources that as yet have not received any value recognition but which could within the context of our Company, and add to our operating profile and resilience. All three of these strategic streams are receiving our attention and are being presented for consideration to our Board.

We remain firmly of the view that our model, which has at its core the fundamentals of sustainable development, could play a role of growing importance in the South African mining landscape.

We are better resourced than ever and could start to give new momentum to some of the community-based initiatives that are important to us, but that in the past may have had a modest slice from a small pie.

We are determined more than ever to improve the quality of life of those living near our facilities by containing the environmental impacts of our operations and restoring former sites through rehabilitation. We hope to build better relations with these communities and earn their trust by keeping our word and becoming a recognised role-player in cleaning up where they live and restoring their dignity.

All of DRDGOLD's current operating assets are South Africa-based. For the near term, this is likely to remain the case. Following the acquisition of FWGR, we spent just over R330.0 million in operating infrastructure and established an asset which has been value-accretive in terms of net cash-flows per share right off the bat, the issuance of 265 million additional shares notwithstanding. Our Company's market capitalisation has moved to within R3 billion, up from R1.7 billion less than 12 months ago. As much as being South African attracts a country discount, we believe our model offers compelling value beyond that discount and should attract the attention of more and more astute investors. We intend to build on this brand which has at its essence a focus on cash flow, limited debt, full exposure to spot, optimisation through business improvement and a strong social conscience.

Our goodwill and the newly established relationship with Sibanye-Stillwater now also present the opportunity to expand our operations further through growth. We believe that this is possible as an addition to, and not in place of, our core principles and value proposition.

FINANCIAL PERFORMANCE

We aim to optimise our use of financial capital by concentrating on areas of the business that enable us to control costs, maximise margins and, ultimately, generate cash. Delivering financial value is what qualifies us as a business and enables us to pursue integrated, sustainable value-add.

CFO review

It has been an excellent year from a financial capital perspective with our investment in FWGR starting to pay off and Ergo showing resilience as a business. Gold production increased by 6% and all-in sustaining costs (AISC) per kilogram only increased by 4% in comparison to the prior year, enabling us to generate an operating cash flow of R288.3 million. Our free cash was only negative by R14.7 million, after spending R347.4 million on the acquisition of property, plant and equipment and raising and repaying debt of R192 million, ending the year with zero debt and R279.5 million of cash and cash equivalents.

As a result, we extended our dividend paying history with a dividend of 20cps. This is the twelfth consecutive financial year of the Company paying a dividend. We are delighted that this financial year's dividend of 20cps is four times the interim dividend declared in the financial year ended 30 June 2018. We stated at the time of acquiring FWGR that we were determined to ensure that the consequent 38% dilution of earnings from Ergo, would be compensated for by the 62% our existing shareholders would acquire in the new project. I am delighted, therefore, that this acquisition not just matched the dilution, but was accretive to the net cash earnings of our existing shareholder base.

With the funds at our disposal and with no external debt, we run our operation and transform the other capital resources in an integrated manner to make our business sustainable and to fulfil our mandate to all our stakeholders.

As set out in the Value Added Statement on page 21, total economic value distributed increased by 15% year-on-year and we were able to make an economic contribution to various stakeholders, including shareholders, suppliers, employees and communities. Consequently, as a business, we continue to add value and distribute to the South African economy.

In FY2020, we look forward to seeing the full benefits of Ergo's completed capital projects and the attainment of steady-state operations at FWGR Phase 1 flowing through to the Group bottom-line. We expect also to advance the planning for commencement of FWGR Phase 2.

Financial performance at a glance

Revenue
R2 762.1m

Cash operating costs
R499 749/kg

Operating profit
R371.8m

Free cash outflow
R14.7m
after investing R347.4m

Zero debt
Raised and repaid R192m

Operating environment
Key issues material to our financial capital

Fluctuations in the rand gold price – page 24

Rising electricity prices and Eskom supply disruptions – page 25

Riaan Davel
Chief Financial Officer

Key performance indicators

		Ergo	FWGR	Total 2019	Total 2018
Gold production [1]	kg	4 493	333	**4 826**	4 679
	oz	144 453	10 706	**155 159**	150 423
Gold sold [1]	kg	4 478	305	**4 783**	4 653
	oz	143 971	9 806	**153 777**	149 604
Cash operating costs	R per kg	512 439	313 443	**499 749**	458 866
All-in sustaining costs	R per kg	521 907	450 820	**524 713**	505 622
Average gold price received	R per kg	575 592	605 246	**577 483**	534 344
Operating profit	Rm	282.8	89.0	**371.8**	355.2
Operating margin	%	11.0	48.2	**13.5**	14.3

[1] *Excludes 151kg (4 855oz) from FWGR that was produced before the date of commercial production. The costs and revenues related to this gold were capitalised in accordance with IFRS*

Gold production

Total production increased 5% to 4 826kg (FY2018: 4 679kg), mainly due to 333kg produced by FWGR. Total production excludes 151kg produced by FWGR before the date of commercial production. Gold production from Ergo was 4% lower at 4 493kg due to a 5% decline in ore milled to 23 162 000t as a result of electricity supply disruptions and challenges on some reclamation sites. Ergo's average yield was slightly higher at 0.194g/t, a consequence both of higher-grade sand material milled and high-grade Knights material retreated. The total yield for the Group was 0.197g/t, up from 0.193g/t with the inclusion of FWGR.

Cash operating costs

Total cash operating costs were up 12% from R2 159.7 million in FY2018 to R2 422.9 million. Cash operating costs per kilogram increased by 9% to R499 749/kg in FY2019. This excludes costs incurred by FWGR before the date of commercial production as these were capitalised to property, plant and equipment as preproduction costs. The increase in cash operating costs is mainly due to an increase in Ergo sand milling costs and inflation. The weighted cost of power increased by 8.3%, water by 12.2% and reagents by 6.2%. FWGR costs were R111.8 million for the year, mostly incurred for the three months after the date of commercial production on 1 April 2019.

All-in sustaining costs

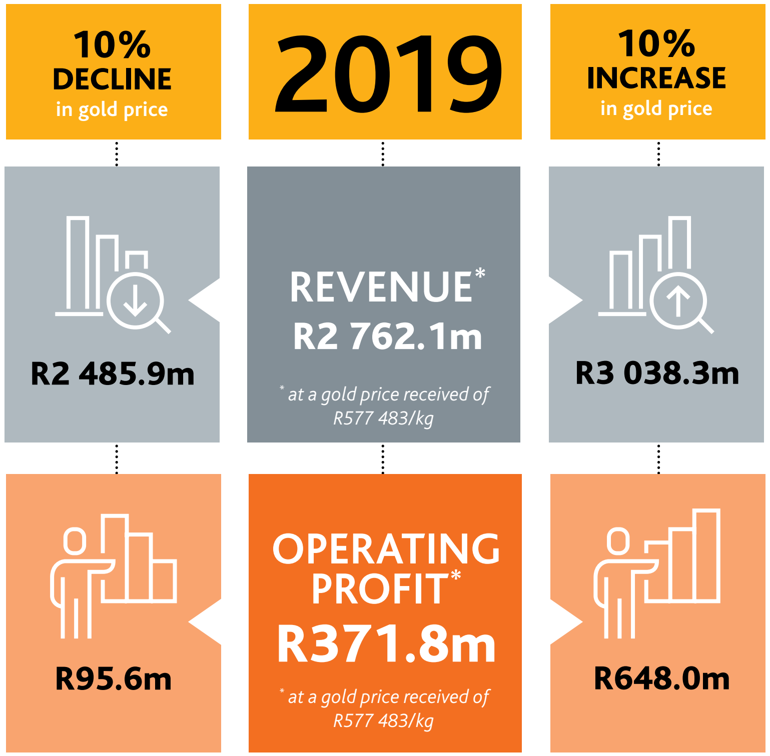
AISC increased by 4% to R524 713/kg. A consequence primarily of higher operating cash costs at Ergo, offset by a decrease in sustaining capital expenditure and a non-recurring credit of R60.0 million relating to a change in estimate of the provision for environmental rehabilitation. FWGR's AISC of R450 820/kg contributed to a lower Group AISC.

Operating profit

Operating profit increased from R355.2 million to R371.8 million mainly as a result of a contribution of R89.0 million from FWGR. Operating margin decreased from 14.3% to 13.5%. As a high volume-based business that treats low grade material, our profits are driven by our ability to feed the required tonnages through the plant to enable maximum plant efficiencies, coupled with the use of technology within our metallurgical plants.

Our profits are sensitive to fluctuations in the gold price as we are a price taker and do not enter into hedges or forward contracts, unless in response to a specific business risk, such as liquidity.

The diagram below illustrates the impact that a 10% increase or decrease in the average rand gold price would have had on our FY2019 results, keeping all other variables constant:



FINANCIAL PERFORMANCE CONTINUED

Despite the fluctuations in the gold price, we have been able to deliver steady profits over the years, proving the resilience of the Ergo operation. FWGR will enhance the performance of the Group as was evident in its contribution of R89.0 million to operating profit for the three months to 30 June 2019. The table below illustrates a five-year analysis of operating profit delivery at each level of the average gold price received.

	Average gold price received R per kg	Total operating profit Rm
2015	451 297	384.3
2016	546 142	434.8
2017	548 268	256.8
2018	534 344	355.2
2019	577 483	371.8

Dividend declared

Post financial year end, we declared a dividend of 20cps in respect of FY2019 enabled by a positive cash and liquidity position, with no debt.

Summarised group statement of profit and loss

	2019 Rm	2018 Rm
Revenue	**2 762.1**	2 490.4
Cost of sales	**(2 553.9)**	(2 347.7)
Gross profit from operating activities	**208.2**	142.7
Administration expenses and other costs	**(90.9)**	(90.7)
Other income	**7.9**	–
Finance (expenses)/income – net	**(20.1)**	(19.6)
Profit before tax	**105.1**	32.4
Income tax	**(26.6)**	(25.9)
Profit for the year	**78.5**	6.5

Revenue

Revenue increased by 11% due to an increase in gold sold of 3% and in the gold price received of 8%. FWGR contributed R184.6 million, mostly from the date of commercial production.

Cost of sales

Cost of sales is mainly made up of materials, labour, electricity, contractors and depreciation and has increased to R2 553.9 million from R2 347.7 million in FY2018. This can be attributed to increases in milling and transportation costs from the ball mills installed at the Ergo plant, the costs incurred by FWGR of R131.3 million and inflationary increases.

Administration expenses and other costs

Included in administration expenses and other costs is the long-term incentive expense of R21.4 million which has remained relatively stable overall from the prior financial year.

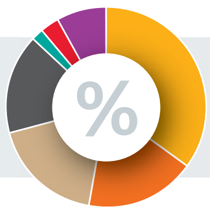
Finance (expense)/income – net

Finance income increased from R38.8 million to R58.3 million. This is as a result of interest income earned on the investment in rehabilitation trust funds for FWGR being acquired. Finance expense increased from R58.4 million to R78.4 million, as a result of the unwinding of provision for environmental rehabilitation acquired for FWGR. Interest incurred on the Revolving Credit Facility (RCF) was mainly capitalised to property, plant and equipment.

Income tax

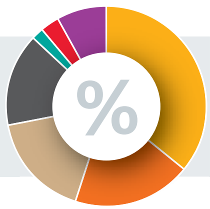
For deferred tax purposes, the Group applies a forecast weighted average tax rate considering the expected timing of the reversal of temporary differences.

The forecast weighted average deferred tax rate increased from 20.3% to 22.0% because of an increase in forecast profitability of Ergo, leading to an increase in the tax charge. The forecasted deferred tax rate for FWGR is 30%.



Operating costs 2019

Materials	35
Labour	18
Electricity	18
Contractors	16
Water	2
Machine hire	3
Other	8



Operating costs 2018

Materials	36
Labour	19
Electricity	17
Contractors	15
Water	2
Machine hire	3
Other	8

FINANCIAL PERFORMANCE CONTINUED

Summarised group statement of financial position

	2019 Rm	2018 Rm
Property, plant and equipment	**2 775.3**	1 452.7
Investments in rehabilitation obligation funds	**587.5**	244.0
Other non-current assets [1]	**41.1**	37.4
Inventories	**304.6**	233.0
Tax receivables	**4.1**	–
Trade and other receivables	**67.9**	91.2
Cash and cash equivalents	**279.5**	302.1
Total assets	**4 060.0**	2 360.4
Equity	**2 688.6**	1 267.3
Provision for environmental rehabilitation	**682.6**	553.4
Deferred tax liability	**193.2**	163.7
Post-retirement and other employee benefits	**37.4**	40.6
Finance lease obligation – long-term	**–**	14.7
Trade and other payables	**419.2**	303.3
Other current liabilities	**39.0**	17.4
Total equity and liabilities	**4 060.0**	2 360.4

[1] *Includes payments made under protest and investments in other entities of R31.1 million and deferred tax asset of R10.0 million*

Property, plant and equipment

Property, plant and equipment includes FWGR acquired assets at fair value of R1 225.6 million, investment in the development of FWGR of R330.7 million, and Ergo additions of R22.8 million. Depreciation was R169.1 million, which includes R25.7 million depreciation for FWGR from the date of commercial production.

Investments in rehabilitation obligation funds

The use of these funds in the environmental rehabilitation trust and the cell captive is restricted and may only be used for environmental rehabilitation activities within the DRDGOLD group of companies. The increase in these investments is due to the FWGR acquisition adding R360.4 million and subsequent interest earned.

Cash and cash equivalents

Cash and cash equivalents reduced by R22.6 million (FY2018: increased by R48.4 million). Cash generated from operating activities increased by R54.5 million (FY2018: increased by R182.2 million). R330.7 million cash spend on the development of FWGR was funded in part by the drawdown of R192.0 million of the RCF with ABSA Bank Limited. This debt was fully paid in May 2019. R125 million of the initial R300 million RCF facility was dedicated to issue a bank guarentee in favour of Ekurhuleni Metropolitan Municipality reducing the available facility to R175 million. The facility remained undrawn at 30 June 2019. R55.2 million environmental funds were received from the Guardrisk cell captive.

Provision for environmental rehabilitation

The provision for environmental rehabilitation increased as a result of the acquisition of FWGR which added R247.4 million at acquisition and the unwinding of the Group provision of R66.3 million. Rehabilitation payments were made of R27.5 million related to Ergo on the rehabilitation work performed on the Brakpan/Withok tailings storage facility (TSF) and the Crown Complex.

At year end, a change in estimate decreasing the liability by R60.0 million was credited to the income statement. This was 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.

A change in estimate of R97.0 million to decrease the liability related mainly to the FWGR was recognised to property, plant and equipment mainly as a result of the change in methodology used to calculate the provision. 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 (LoM).

The decommissioning and restoration liabilities are funded by a combination of funds that have been set aside in an environmental rehabilitation trust fund as well as environmental guarantees issued by Guardrisk Insurance Company Limited to the Department of Mineral Resources (DMR) amounting to R427.3 million (FY2018: R427.3 million).

Trade and other payables

Although the current ratio has decreased from 2:1 in FY2018 to 1.4:1 in FY2019, it still remains at acceptable levels to the Group.

Summarised group statement of cash flows

	2019 Rm	2018 Rm
Net cash flows from operating activities	**288.3**	233.8
Net cash flows from investing activities	**(303.0)**	(140.4)
Net cash flows 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	**279.5**	302.1
Included in net cash flows from operating activities:		
Working capital changes	**73.8**	14.6
Change in trade and other receivables	**22.5**	22.2
Change in other non-current assets	**(11.7)**	(27.4)
Change in inventories	**(24.8)**	(28.2)
Change in trade and other payables and employee benefits	**87.8**	48.0

FINANCIAL PERFORMANCE CONTINUED

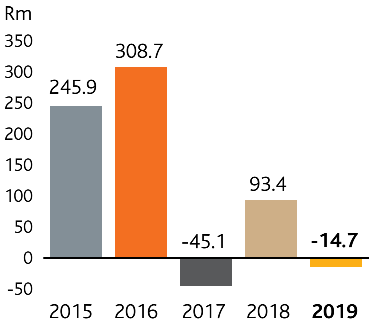
Net cash flows from operating activities

Free cash outflow[1] was R14.7 million in comparison with free cash inflow of R93.4 million in FY2018, mainly due to the capital spend on the development of FWGR.

Free cash flow is a measure used for key performance indicator (KPI) in our short-term incentive scheme and is an indicator of the Company's ability to generate healthy cash flows from its operating activities to fund future expansions, declare dividends and maintain low gearing.

Below is a five-year analysis of our ability to produce positive cash flows, after investing in projects to increase our manufactured resources and enhance natural capital. In FY2017, we completed work on the Central Water Distribution Facility and closed down the Crown plant.

Free cash flow

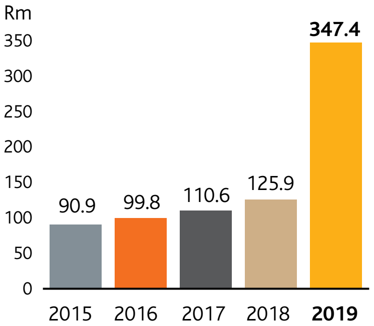


[1] *Cash flow from operating activities less cash flow from investing activities*

Working capital changes

Working capital changes generated a cash inflow of R73.8 million in comparison with a cash inflow of R14.6 million in the previous year mainly as a result of an increase in the trade and other payables balance at year end.

Capital spend



Conclusion

We achieved a very pleasing financial performance for the year largely driven by higher yields and the contribution of FWGR after date of commercial production. Part of the success of FWGR can be attributed to the knowledge and systems already implemented, tried and tested through challenging economic and operational conditions at Ergo. Ergo proved yet again to be a resilient business contributing healthy operating profits and cash flows during the year, proving our ability again to reclaim historical tailings in a profitable and sustainable manner. The generation of free cash flow remains our key financial objective and enables us to distribute value to all our stakeholders, including our employees and shareholders. We continue to invest in manufactured capital to help us manage recoveries and costs and are encouraged by the prospect of growing our capacity and LoM into the future.

Outlook

We will continue to pursue our strategy of optimally mining our large surface gold resource in a sustainable and profitable manner.

During FY2020, we are planning gold production of between 175 000oz and 190 000oz at cash operating costs of approximately R490 000/kg.

Our most significant trade-offs will be managing funding for capital expansion projects, containing costs, and increase the life of our operations all in our strategic pursuit to grow our business from this excellent platform created.

THREE-YEAR REVIEW

		2019	2018	2017
SUMMARISED GROUP OPERATING RESULTS[1]				
Ore milled	t'000	**25 230**	24 281	24 958
Yield	g/t	**0.197**	0.193	0.171
Gold produced	kg	**4 977**	4 679	4 265
	oz	**160 014**	150 423	137 114
Gold sold	kg	**4 934**	4 653	4 268
	oz	**158 632**	149 604	137 211
Average price received	R/kg	**577 483**	534 344	548 268
	$/oz	**1 267**	1 300	1 254
Cash operating costs	R/kg	**499 749**	458 866	489 549
	$/oz	**1 096**	1 118	1 122
Sustaining capital expenditure	Rm	**22.5**	81.3	72.9
All-in sustaining costs	R/kg	**524 713**	505 622	530 930
	$/oz	**1 151**	1 258	1 216
GROUP PERFORMANCE INDICATORS				
Operating margin	%	**13.5**	14.3	11.0
All-in sustaining cost margin	%	**9.1**	5.5	3.2
Headline earnings per share	cents	**10.9**	1.7	0.2
Return on equity	%	**2.7**	0.6	0.1
ASSET AND DEBT MANAGEMENT				
Current ratio	times	**1.4**	2.0	2.1
Debt to equity ratio	to one	**0.00**	0.01	0.01
Interest cover[2]	times	**5.7**	8.4	5.3
Net asset value per share	cents	**386**	294	302
MARKET VALUE AND SHAREHOLDER RETURNS				
Market price per share	cents	**429**	365	415
Ordinary shares in issue		**696 429 767**	431 429 767	431 429 767
Market capitalisation	Rm	**2 987.7**	1 574.7	1 790.4
Price earnings ratio	times	**39.4**	214.7	2 262.6
Market/book ratio	times	**1.1**	1.2	1.4
Dividend declared per share[3]	cents	**20**	5	5
Dividend yield	%	**4.7**	1.4	1.2

		2019	2018	2017
GROUP SUSTAINABILITY INDICATORS				
Total economic value distributed	Rm	**2 694**[LA]	2 333[LA]	2 260[LA]
Value distributed to employees – salaries, wages and other benefits	Rm	**477**[LA]	417[LA]	412[LA]
Total socio-economic development spend	Rm	**26.5**[LA]	25.1[LA]	25.0[LA]
Fatalities		**1**	0[LA]	1[LA]
Lost time injury frequency rate		**2.37**	2.92[LA]	2.91[LA]
Reportable injury frequency rate		**1.78**	1.55[LA]	1.53[LA]
Cyanide consumption	tonnes	**8 645**	8 566[LA]	8 981[LA]
Scope 1 CO_2e emissions	tonnes	**8 488**	8 578[LA]	8 184[LA,4]
Scope 2 CO_2e emissions	tonnes	**407 687**	363 993[LA]	376 723[LA]
Total CO_2e emissions	tonnes	**416 324**	372 678[LA]	385 026[LA,4]
Electricity consumption	MWh	**392 007**	383 151[LA]	376 723[LA]
Diesel consumption	litres	**1 138 347**	1 053 196[LA]	918 369[LA]
Natural gas consumption	Gj	**96 642**	107 859[LA]	101 212[LA]
Potable water sourced externally	Ml	**2 732**	3 377[LA]	5 490[LA]
Total dust exceedances		**10**	7[LA]	5[LA]
Concurrent vegetation of tailings deposition facilities	hectares	**56**	35	35
Land rehabilitated and clearance from National Nuclear Regulator	hectares	**136**	0[5]	90
EXCHANGE RATES				
Average rate	R:US$	**14.18341**	12.8466	13.5927
Closing rate	R:US$	**14.07330**	13.7225	13.0476

[1] *Group operating results include FWGR production before date of commercial production of 1 April 2019*

[2] *The basis of calculation of the interest cover is consistent with that for the RCF of R300 million covenant calculations*

[3] *Dividend subsequent to year end, in respect of FY2019*

[4] *Restated during FY2018, management performed a review of DRDGOLD's energy sources, which identified natural gas as an energy source used in the production process. This energy source was previously not included. As a result, DRDGOLD reported on natural gas consumption for FY2017. Scope 1 CO_2e emissions and consequently total CO_2e emissions for this period have therefore also been restated to include the emissions from natural gas consumption. The effect thereof is an increase of Scope 1 emissions of 5 694t in FY2017. Consequently, the total CO_2e emissions increased by the same amount*

[5] *Applications in respect of 191ha of rehabilitated land had been lodged with the National Nuclear Regulator (NNR) for clearance for redevelopment*

[LA] *Limited assurance*

SECTION

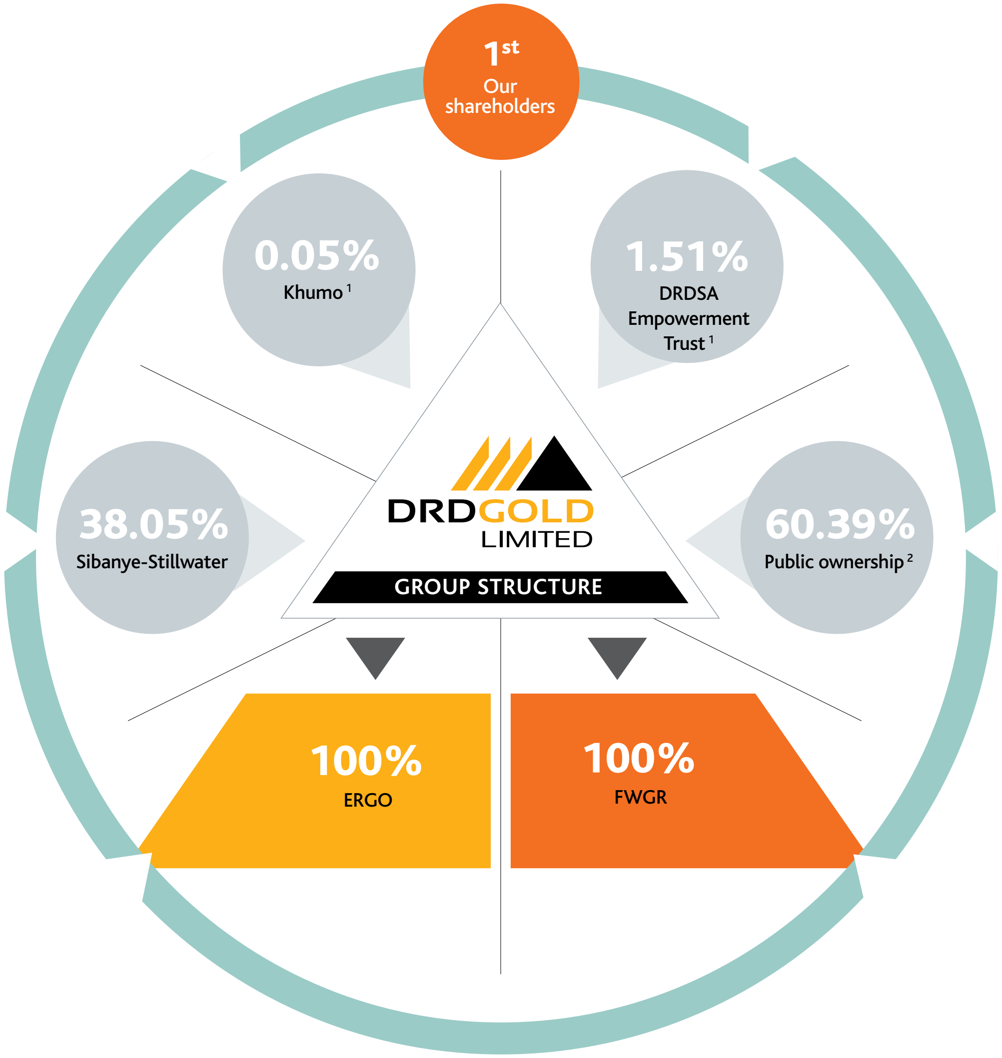
2

ABOUT DRDGOLD

DRDGOLD is a world leader in gold production from tailings retreatment. We seek to mine our mineral resource profitably and sustainably while adding social and economic value and releasing previously sterilised land, through rehabilitation, back to the greater Johannesburg and West Rand for redevelopment.

WHO WE ARE

DRDGOLD is one of the oldest continuously listed companies on the JSE, with a secondary listing on the NYSE and is the only company in South Africa focused solely on retreatment of surface gold material.



Revenue
R2.8 billion

Market cap
R3.0 billion

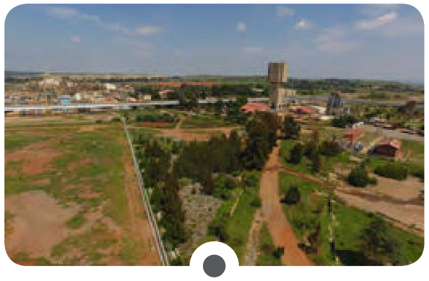
Employees
1 019

Mineral Resources
9.81Moz

[1] *Ergo was previously owned by Ergo Mining Operations (Proprietary) Limited (EMO). EMO was 74% owned by DRDGOLD Limited and 26% by our Broad Based Black Economic Empowerment (BBBEE) partners – Khumo Gold SPV Proprietary Limited (Khumo) and the DRDSA Empowerment Trust. In FY2015, an agreement was entered into with our BBBEE partners entailing a roll-up of shareholding which included the substitution of their 26% shareholding in EMO for a 8.1% and 2.4% shareholding in DRDGOLD Limited respectively*

[2] *Includes shareholding by subsidiary-EMO of 1.36% and shareholding by directors of the Company of 0.17%. Such shareholding is classified as non-public*

OUR HISTORY



ERGO (ANGLO)
1977 – 2005

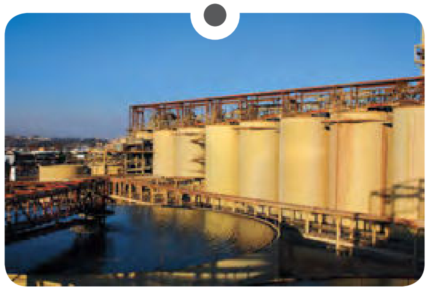
Crown Mines plant
1981 – 2016

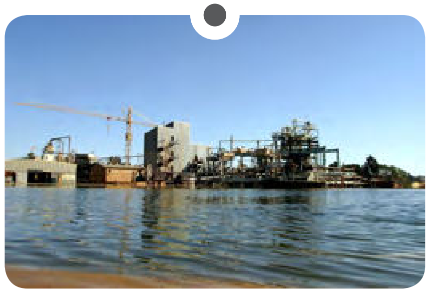
City Deep plant
1987 – ongoing

Knights plant
1988 – ongoing

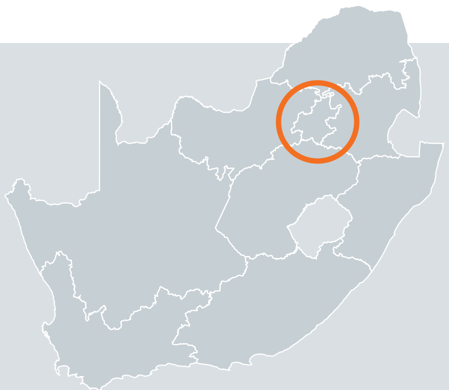
ERGO (DRDGOLD)
2008 – ongoing

FWGR Carletonville
2018 – ongoing





WHERE WE OPERATE



FWGR

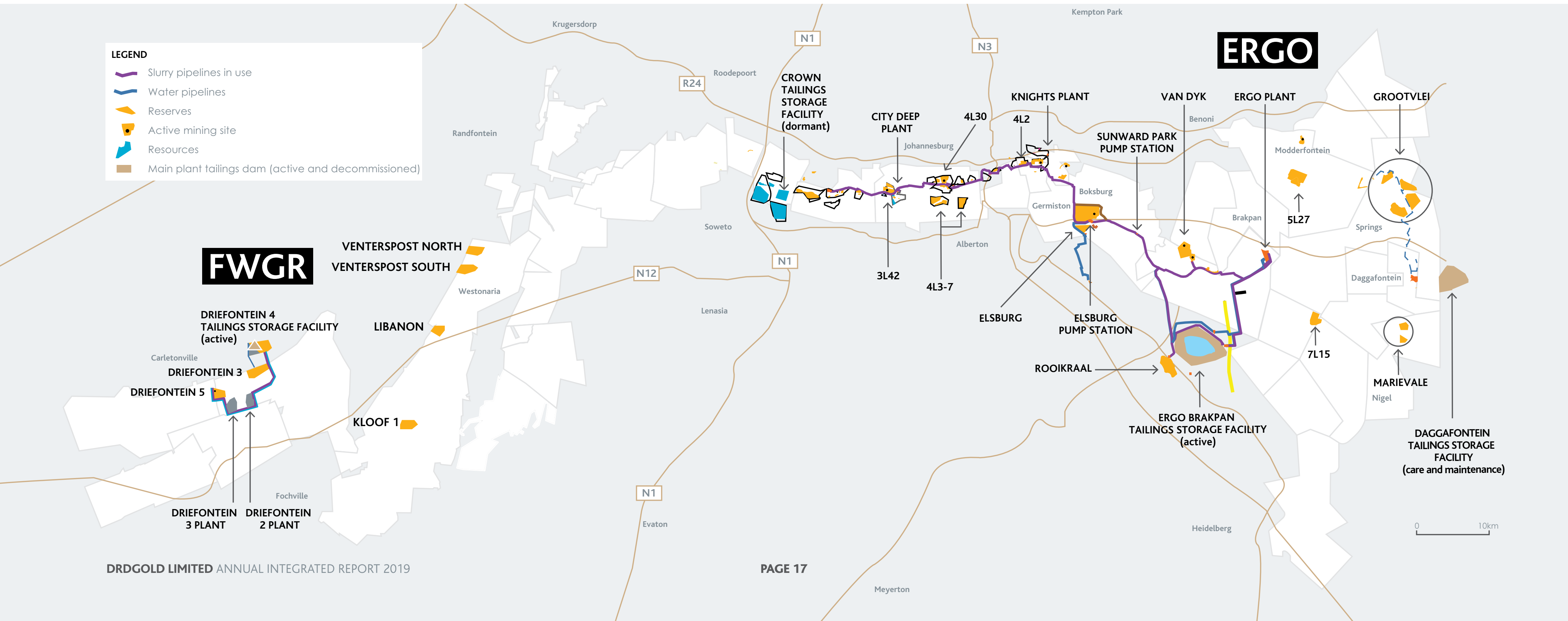
Processing plant: Driefontein 2 plant – Planned throughput of 500 000tpm

One tailings deposition facility: Driefontein 4

ERGO

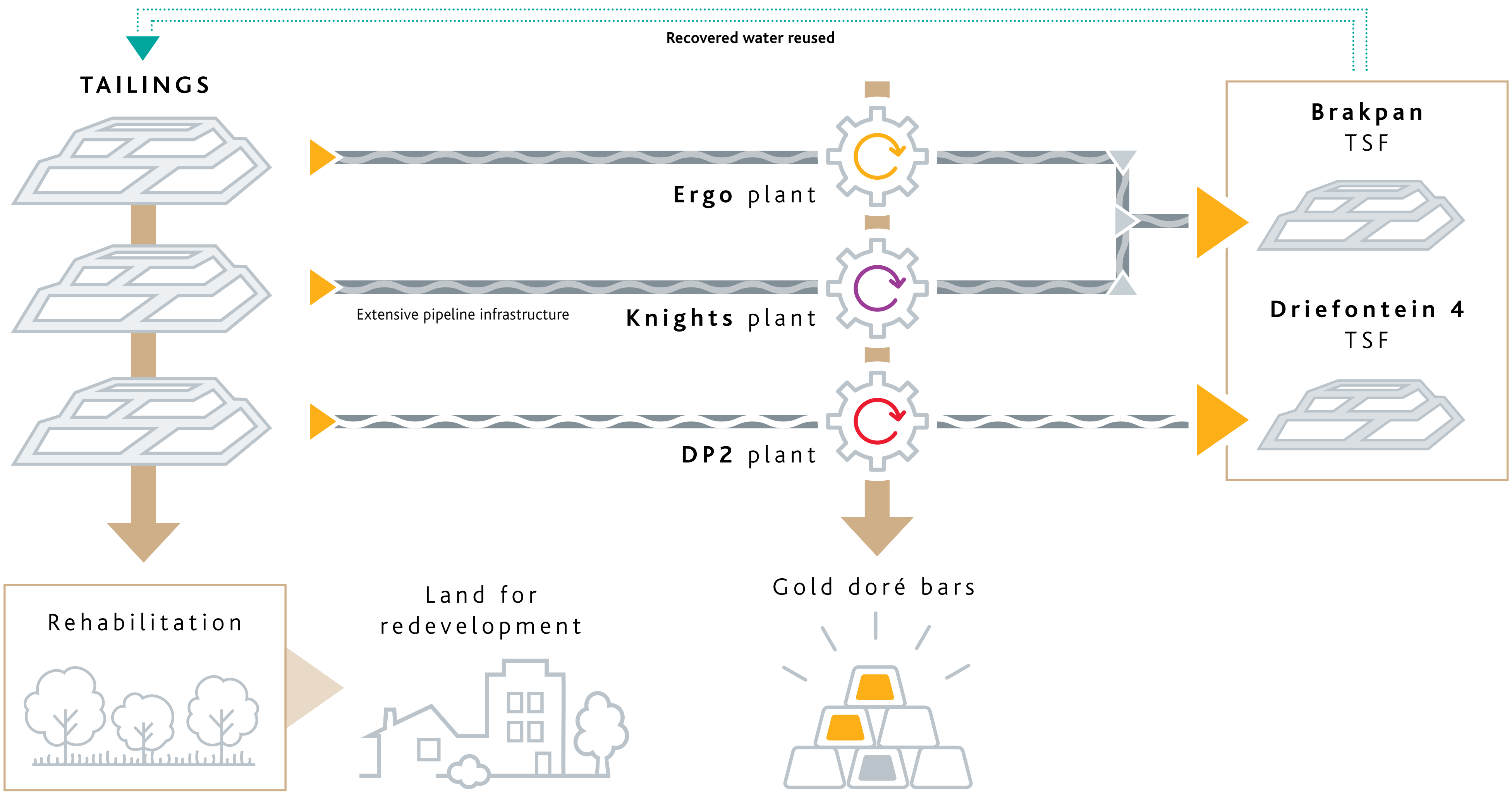
Two processing plants: Ergo and Knights plants – Planned throughput of 1.95Mtpm

One milling plant: City
One tailings deposition facility: Brakpan/Withok



WHAT WE DO

DRDGOLD reclaims surface gold resources (tailings), a legacy of more than a century of gold mining and, through the astute use of technology, produces gold and releases rehabilitated land for redevelopment.



OUR BUSINESS MODEL

Our business model is informed by the quality and character of our mineral resources, the value proposition we pursue, our desire to mine as much of our resource as we possibly can and the realities of our operating environment.

What we do

Ours is an on-surface, technology driven, mechanised process. The low grade of our resource demands economies of scale achievable only through mechanised mining and plant extraction efficiencies that require accurate analysis. We reclaim mine tailings mainly by way of high pressure hydromechanical mining. Reclaimed gold bearing materials are transported over tens of kilometres through a network of pipelines to our metallurgical plants and process water returned by way of a closed circuit to the reclamation sites. After processing, the ensuing residue tail is disposed of on two distinct tailings deposition facilities that are managed to a set of standards and parameters applicable to our facilities. And unique to our operations and part of our strategy is performing concurrent rehabilitation activities to release land for redevelopment.

How we create value

What differentiates DRDGOLD from other mining operations is the fact that we do not mine underground and we are mechanised. We mine without interruption and by its very nature our mining results in the rehabilitation of sites formerly occupied by mine dumps. We also mine mostly within built-up areas, which requires a sensitivity to society that informs our standards of environmental containment and social value add.

We seek to generate value in accordance with the sustainable development model. As far as possible we try to create value overlap, where value in one area also enhances value in another, as set out more fully below.

Financial capital

Our primary objective is to generate a financial return to our shareholders. Our value proposition in this regard is two-fold:

1. By maintaining healthy cash flows, we seek to return a dividend to shareholders of all surplus cash. Our focus on cash flow has enabled us to pay dividends now for twelve uninterrupted years, with FY2019 returning a fourfold increase in comparison to the interim dividend of FY2018.
2. We mostly take full exposure to the gold price and our Company's stock is known for responding sharply and at a multiple to the gold price and for being liquid. Hence, for the astute investor, there is opportunity to gain on both sides of the gold cycle, with compelling buying opportunity on the down and robust capital growth on the up.

In order to maintain this value profile, we take a conservative position to debt exposure and capital management. This year we invested in excess of R330 million in capital infrastructure, in part funded by a R192 million drawdown from a RCF. By year end we had paid down this loan and we held R280 million in cash and cash equivalents. In terms of capital management, an important measure for us in considering growth is to not dilute cash earnings per share. This year, the issuance of 265 million shares to acquire FWGR, our cash dividend not only matched, but in fact increased substantially over that of 2018.

Manufactured and intellectual capital

We strive to match our resource with technology and infrastructure that:

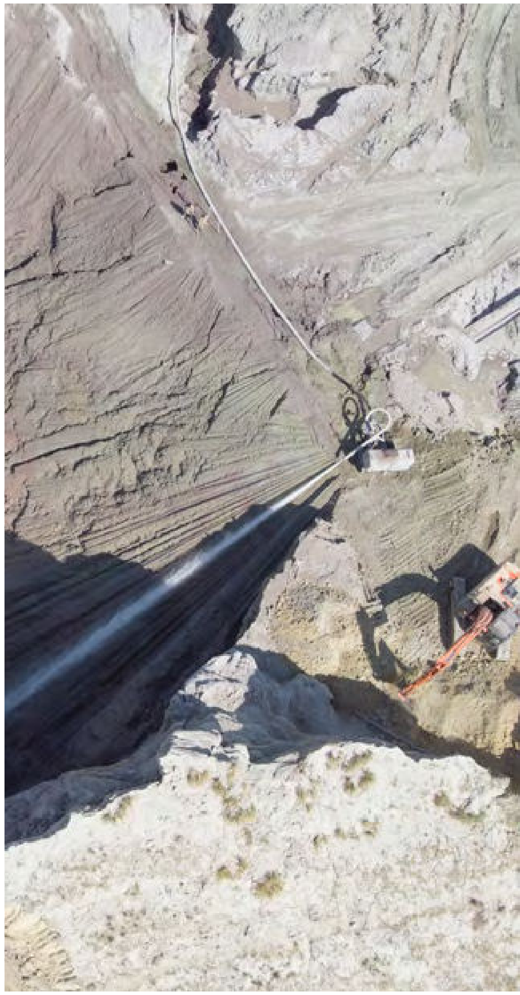
- Achieves the desired economies of scale – total throughput per month through all three plants equals roughly 2.6Mt
- Achieves the requisite recovery efficiencies – we measure recoveries and residue values in grams/tonne to the third decimal
- Maintains the requisite cost profile and efficiencies required to optimise margin during up cycles and offers resilience during down cycles

In addition, due to a changing climate as well as certain domestic risk issues, water management systems and electricity back-up technologies have been developed and are installed to minimise downtime associated with rain-storms and electricity supply interruptions.

Due to the scale and sensitivity of our high-volume, low-grade recovery process, we rely extensively on automation, based on information technology that monitors plant-performance through roughly 40 000 distinct data collection points per minute. Our plants are managed pro-actively towards a distinct set of operating parameters in order maintain a stable state. An example of our technology resonating in the financial capital value space, is the fact that this level of information management and monitoring enables us to follow an extremely precise dosing regime, which ensures that we control our costs extremely well. In FY2018, we invested capital to convert from electrowinning to zinc precipitation in the Ergo plant which translated, just in terms of the cost of cyanide, in a saving of R3 million year-on-year.

Human capital

We employ 1 019 full time employees and 1 591 special service providers.



Service providers are deployed mostly in security, reclamation and tailings deposition.

It is our desire to develop an engaged, knowledge-based workforce that increasingly represents the demography of South Africa and that provides fair opportunity for advancement to all. We aspire to create an environment where employees are safe and content and are provided with every opportunity to develop as individuals.

A three-tier approach is taken to safety:

- Firstly, it is our responsibility to create a safe workplace and to create awareness of situations which are potentially hazardous
- Secondly, employees are both trained and equipped with the required equipment to perform every task safely
- Thirdly, the appropriate attitude towards safety and safe conduct is encouraged and taught

In terms of employee wellbeing:

- A range of training courses ranging from basic literacy all the way up to sophisticated junior leadership are on offer, in-house, at our accredited training academy, EBDA
- Emotional health and coping are catered for through our Best Life Programme which offers private and confidential guidance and counselling
- Life skills training in terms of lifestyle choices, personal health and financial literacy are on offer, also through EBDA

Key outputs for our safety record the year were:

- Tragically, the death of one employee through a high voltage electrical flash. Remedial actions included tightening rules and regulations related to the operation of HT electrical panels and retraining of employees who work on these panels
- We achieved a lost time injury frequency rate (LTIFR) of number of injuries causing a loss of shift(s) per million hours worked of 2.37 (against an industry average of approximately 6.52)

Other key outputs include:

- R477 million was paid in salaries and R74 million in income tax on those salaries
- 72% of employees in managerial and supervisory positions are Historically Disadvantaged South Africans (HDSA)
- 21% of all employees are women

Natural capital

Our targeted nature dividend is pursued through three distinct strategic objectives:

- The first involves measures to contain the impact that our operations have on the environment through the containment of dust and effluent
- The second is to minimise the burden our activities place on nature and natural resources
- The third is to restore areas that have been impacted by mining through rehabilitation

We mitigate dust nuisance mainly by vegetating TSFs by way of concurrent and post decomissioning rehabilitation. Dust fall-out is measured at 140 sites to track and monitor dust fall- out trends.

Water is kept in a closed circuit and all water in and on storage sites is contained by way of return water dams and evaporation ponds to ensure that water from workings does not find its way into the natural environment.

All our pipelines, through which slurry is pumped, are lined with HDPE liners. This reduces wear and friction, which in turn reduces electricity consumption. Significant quantities of process water is sourced from recycled acid mine drainage (AMD) and sourced from Trans-Caledon Tunnel Authority (TCTA) and treated sewage water from the Rondebult Sewerage Works.

The reclamation of mine dumps for reprocessing is by its very nature rehabilitative of the land on which it is situated. Both land capable of redevelopment and environmentally sensitive areas are increasingly being restored as a result of our activities.

Key outputs for the year were:

- A slight increase in dust emissions over the legal standard to only 0.65% of samples taken, from 0.59% in FY2018. This outcome is closely linked to our social value add target of improving the quality of life of those communities living within the area of impact of our operations and facilities
- The restoration and return of 135.5ha of land, formerly occupied by mine dumps for redevelopment
- The vegetation of 55.5ha on our TSFs
- A 21% year-on-year reduction in potable water usage

Social capital

Our business model would not be complete, and perhaps even not worth pursuing, in the absence of social relevance. Large parts of our operations are situated in urban areas. In addition, most of the communities that live near our facilities are in the grip of poverty and socio-economic stress. Our social value add is therefore focused on the realities faced by these communities and are aimed at poverty alleviation and youth education.

In order to design programmes that achieve the desired social outcome we set about our business in this regard as follows:

- Programmes are required to bring about an improvement in the quality of life of communities that live near our facilities
- We strive to engage meaningfully with community groups to understand their struggles and concerns and try to respond appropriately thereon

We engage with various schools in our areas of influence to set up programmes aimed at upskilling our youth, to empower them to be able to make an active contribution to our economy.

Clearly our initiatives to contain the impact of our operations on the environment, in particular the removal of mine dumps and the containment of dust and effluent overlap with this objective. Poverty alleviation and self-empowerment takes place through our very successful alliance with Sustainable Social Solutions (Umsizi), who has assisted us in rolling out the Broad-based Livelihoods Programme, in Ekhuruleni, City of Johannesburg and Merafong communities. The programme has empowered around 1 500 households with skills and infrastructure to produce healthy food, generate an income, grow a business and trade in the market.

DRDGOLD is, through EBDA, involved in presenting extra classes in mathematics, science and accountancy to high school pupils at seven schools within our area of influence. These schools are mostly under-resourced and for many pupils attending their circumstances are less than ideal. Thousands of pupils have over the years taken advantage of this opportunity and this year, two former pupils who attended these classes have, through our bursary programme, enrolled for BCom degrees at University of Johannesburg and University of the Free State respectively.

We spent R17.0 million on various community projects and youth education programmes during the year.

VALUE CREATION AND DISTRIBUTION

When we discuss creating value for our stakeholders, we define this as long-term sustainable value.

Creating value for our stakeholders

Building personal relationships with our stakeholders is not just good business sense, it is what we stand for. Operating in an urban setting, there are various economic, social, regulatory, community and environmental influences we need to navigate to ensure long-term sustainability.

DRDGOLD's Board is committed to representing a fair and transparent review of the Group's position to stakeholders. We ensure timeous and efficient handling of our stakeholders' issues as maintaining a good, long-term relationship with our stakeholders is a key priority. The Board ensures that communication on our performance is distributed to all stakeholders and the public through a broad range of channels.

Value added statement

	2019 Rm	2019 %	2018 Rm	2018 %
VALUE ADDED				
Sale of precious metals	**2 762**	**98**	2 490	98
Income from investments	**55**	**2**	38	2
Income from disposal of property, plant and equipment and financial instruments	**8**	**–**	–	–
Total value added	**2 825**	**100**	2 528	100
VALUE DISTRIBUTED				
Suppliers				
Paid to suppliers for materials and services	**2 037**	**72**	1 838	73
Employees				
Salaries, wages and other benefits	**477**[LA]	**17**	417[LA]	16
Community				
Total social economic development	**27**[LA]	**1**	25[LA]	1
Government				
Current taxation	**1**	**–**	7	–
Providers of capital				
Dividends to ordinary shareholders[1]	**137**	**5**	42	2
Interest on borrowings	**15**	**1**	4	–
Total economic value distributed	**2 694**[LA]	**96**	2 333[LA]	92
Re-invested in the Group	**131**	**4**	195	8
Total value added	**2 825**	**100**	2 528	100

[LA] *Limited assurance*

[1] *Dividend declaration and of payment of 20cps made subsequent to year end in respect of FY2019*

2019

Total value added

R2 825m

2019

Total economic value distributed

R2 694m

2019

Re-invested in the Group

R131m

STRATEGY AND OUTLOOK

OUR FOCUS

The strategy of a mining company is by and large informed by the qualities of its orebody and the realities of its environment. These are the key drivers informing the deployment of resources and capital.

We are determined to profitably and sustainably treat as much of our resource as we possibly can. The reality is that our resources, although vast, are low grade – being all the waste from a previous generation of mines. Our model is therefore one of mega-volume, in excess of 2.6Mt/m, and almost nano-extraction – between 200 and 250 parts per billion.

To this end, our strategy has been and remains to use our technology, our systems and skillsets to reclaim and treat material at a rate and a level of efficiency that delivers a competitive return to our shareholders and offers them exposure to the gold price for as long as possible, while also improving the condition of the environmental footprint on which we operate.

In practice, this strategy has translated into an unwavering focus on profit and free cashflow, of which 12 years of uninterrupted dividend yield bears testimony, while ensuring that the right investments are made at the right time, to not only maintain production run rate, but also to lower operational risk and drive sustainability.

The reclamation of dumps for profit has also resulted and continues to bring about the clean-up of several hundreds of hectares of land in and around Johannesburg, freeing it up for rezoning and use. Our vegetation programme on both current and decommissioned tailings is making a significant impact on the quality of the lives of the hundreds of thousands of people who have moved to within close proximity of these dumps, by preventing dust from polluting the immediate proximity of these installations.

Following the acquisition of the surface gold assets of Sibanye-Stillwater, we added an important new component to our strategy, namely to leverage our relationships to grow the business. Sibanye-Stillwater is a global player that has built up a vast network in both gold and platinum group metals. Our ambition is to become their partner of choice to develop their surface resources. The FWGR project, which hit Phase 1 signature commercial production eight months after acquisition, demonstrated that our use of technology and operating systems are nimble, dynamic and powerful enablers for further expansion.

Growing our business

Key differentiator

- Proven technologies and tailings reclamation track record
- Strong anchor shareholder with clear synergies and economies of scale
- Low gearing
- Exciting medium and long term prospects through diversification and innovation

Profitably and sustainably mine large surface gold resources

Key differentiator

- Established pipeline and infrastructure with growth prospects

Improving the quality of life of our communities

Key differentiator

- Substantial contribution to the societal needs through rehabilitation, poverty alleviation and youth education

Being serious about employee wellbeing

Key differentiator

- Low labour intensity and safety risks

Using technology to minimise impact on the environment

Key differentiator

- Substantial contribution to environmental needs through rehabilitation of land integrated in core business strategy

Strategic outlook

DRDGOLD aims to profitably and sustainably treat mega-volumes of tailings material, harnessing our advanced technology, systems and skillsets to deliver a competitive return to our shareholders.

SHORT TERM
2020

- **Ergo** – optimise volume throughput, clean-up focus continues, continue with proven technologies and track record
- **FWGR** – optimise circuit and milling stream
- **Ergo and FWGR** – low gearing to continue, focus on cash-generation

MEDIUM TERM
2020 TO 2025

- **Ergo** – look to expand Brakpan/Withok, using established pipeline and infrastructure, but expand to the Far East (Marievale/Grootvlei)
- **Ergo** – considering optimal use/other opportunities for Knights in this set-up
- **Ergo** – look to "crack the code" by increasing overall yield/reducing overall residue and use of technology
- **FWGR** – build Regional Tailings Storage Facility (RTSF), consider various options to expand operations, eg. increasing Driefontein 2 plant (DP2) capacity, adding additional resources, expanding current footprint
- **Look to include platinum group metals** – using anchor shareholder, international opportunities

LONG TERM
2025 AND BEYOND

- **DRDGOLD** – consolidate all surface tailings
- **Ergo and FWGR** – unlock land value in partnership with government (Corridor of Freedom), state agencies/public/private partnerships and emerging operators – rehabilitation eco-system, to add value to all stakeholders
- **Water technology** – TCTA, AMD and treated sewage
- **Technology** – big data, next quantum steps in "cracking the code"

OUR OPERATING ENVIRONMENT

In addition to normal operating dynamics, being a price taker and operating in the gold mining industry in South Africa, external dynamics expose us to conditions which we may not necessarily have control over. These conditions can influence decision making and the ability to execute on our strategy. An analysis of these are set out below:

Fluctuations in the rand gold price

As a market price taker, we are exposed to fluctuations in the US dollar gold price and rand/dollar exchange rate. The higher the gold price, the higher our profitability. The US dollar gold price remained relatively stable in the first three quarters of the year, however, a noticeable upswing occurred in the last quarter of the year and sustained throughout the first quarter of FY2020.

This is mainly as a result of investors returning to gold as a safe haven asset in the wake of recent fears of a global economic slowdown. The rand/dollar exchange rate remained volatile throughout the year mainly as a result of economic uncertainty marred by political instability, global market slowdown sentiment, the US-China ongoing trade war, low economic growth, risk of a credit-rating downgrade and of great concern, the future sustainability of Eskom. All these factors have increased the average gold price we received in the current year by 8% from R534 344/kg to R577 483/kg.

DRDGOLD's strategic response

DRDGOLD reaffirms its position as a price taker and takes full downward and upward exposure to the rand denominated gold price.

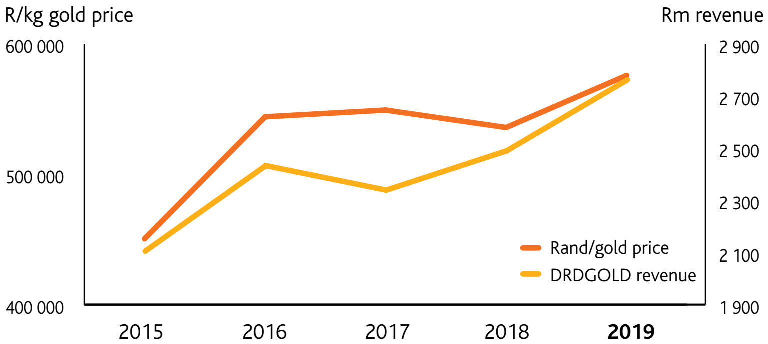
Since the revenue line is determined by external factors, we manage this risk by being very focused on areas that we can influence – costs and operational efficiency. We are always looking at ways to slow the increase of costs and save costs by making ongoing improvements on process and efficiencies. Technology plays a pivotal role in this regard. Precise dosing of chemicals and consumables, based on the ongoing analysis of key drivers in our plant, contributes to keeping these costs as low as possible; lower friction in pipelines through HDPE lining reduces power consumption, and maintaining a closed water circuit and use of recycled water reduces the costs of water consumption are a few initiatives implemented.

To limit our vulnerability to a drop in the price of gold in rand terms, the currency in which we incur our costs, we keep a close eye on costs in line with the approach stated above. In addition to that, we also work hard to increase the value of each unit of gold bearing material (typically expressed in tonnes) by seeking ways to improve recoveries. At the scale at which we process, marginal improvements, even in the third decimal could have a profound impact on production outcome. Improving recoveries per tonne impacts on various levels:

- Not only does it mean more gold per production tonne, it also reduces our sensitivity to volume throughput
- Better recoveries improve our economies of scale, as well as a reduction in water, power consumption and consumables per gold unit produced and
- It remains the least capital intensive way to grow production

This position of full exposure to the gold price can be illustrated in the graph alongside.

DRDGOLD revenue relationship to gold price



A zero-cost collar was entered into during FY2019 to provide price protection to manage the increased liquidity risk as a result of the debt raised to fund the development of FWGR. This collar concluded in May 2019 and a R2.1 million gain was realised.

We expect to realise the full impact of the FWGR Phase 1 project in FY2020 and with the passage time should the high gold prices continue to be sustainable, we expect the impact on the bottom line to be nothing short of remarkable.

Risk

- Sustained lower commodity price and strengthening of the rand

Strategy

- Profitably and sustainably mine large surface gold resource

Rising electricity prices and Eskom supply disruptions

The mining industry is a dominant consumer of electricity, consuming approximately 30% of the national electricity supply. Our metallurgical processing plants operate on a 24/7/365 basis and continuous electricity supply is paramount to achieving a stable plant with enhanced efficiencies. Electricity currently makes up approximately 16% of our total operating costs, which is still generally lower than that of an underground operation.

Eskom remains the biggest systematic risk to the sustainability of the South African economy. The South African energy regulator has approved a 25% price hike for Eskom over the next three years, effective from 1 April 2019. The standard mining tariff rate has increased from 15.07c per kWh in 2003/2004 to 86.91c per kWh in 2017/2018, representing an increase of 477%.

DRDGOLD's strategic response

We take a two-staged approach to the risks associated with electricity supply. On the one hand, we have had to install extensive back-up systems to counteract the impact of unscheduled interruptions in power supply. Although we are unable to maintain production during black-outs, back-up generator sets ensure that the plants remain in motion and that our circuits do not choke or become blocked through the settlement of solids in the slurry. This means that production can resume virtually immediately after power is restored.

At our Brakpan Tailings Deposition Facility, our back-up capacity is sufficient both to ensure that deposition can continue uninterrupted – this is the "exhaust" of the system and if it comes to a halt, the entire operation grinds to a halt. From a safety perspective, it is also essential that we maintain a water balance on this facility in order to ensure that water on the facility remains within our stated factors of safety.

The second important strategic consideration regarding electricity supply is to address the impact of escalating electricity costs. We are not considering a system that is completely independent of Eskom and its supply grid. Our operating footprint is simply too large and complex to install a system that will make us completely independent – it is simply not economically feasible. We are therefore rather investigating ways of softening the impact of price increases.

Power storage and the pricing policy of Eskom to charge different rates during peak and off-peak periods appear to the most likely near term solutions in this regard. Charging power storage units during these periods and then drawing them down during peak hours to avoid peak rates, may well in the long term provide a financially feasible model in this regard. These studies are currently ongoing.

Risk

- High utility cost increases
- Eskom power supply

Strategy

- Profitably and sustainably mine large surface gold resource

Decline in SA gold mining production

Despite South Africa having one of the highest gold reserves in the world, gold production has decreased by 48% from 252.6t in 2007 to 132.2t in 2018. This can be attributed to multiple factors including, divestments by local gold companies to offshore, illegal mining, crime and theft, lack of technological investments into safely mining resources which require deep extraction, lower grades, unfavourable regulatory practices, an uncertain regulatory environment, rapidly rising labour and electricity costs and labour disruption. This is in contrast with global gold production trends where gold production has increased by 40% from approximately 2497.8t in 2007 to 3502.6t in 2018.

DRDGOLD's strategic response

Our strategy to improve the robustness of our model within the context of full product price exposure also finds application in this regard. Reversing a declining production trend through better extraction efficiencies remains the most capital effective means to combat this trend. We are also putting engineering and technology solutions in place in collaboration with a slightly expanded business model of bringing higher grade, coarse material into the circuit from legitimate external bulk suppliers. The processing of a high grade sand resource from the central Rand area into Ergo, plus the supplementation of higher grade materials from a source in Benoni, is contributing to offset declining grade and assisting to maintain production run-rate.

The acquisition of the FWGR and the significantly higher grades of its Phase 1 operation also makes a very significant impact on the Group's resilience in the context of a fluctuating gold price and lower high grade volumes at Ergo.

The combined effect of these initiatives placed DRDGOLD in a favourable position to take advantage of the surge in gold price after May 2019.

Our operations have over the years remained resilient to these challenges and our performance has been unparalleled to trends in the gold mining industry. The illustration below depicts DRDGOLD's production in tonnes over the years compared to the gold mining industry.

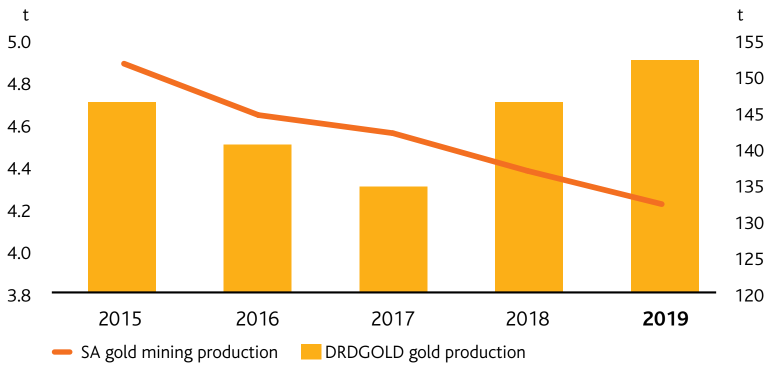
Risk

- Depletion of Ergo's profitable resources

Strategy

- Grow our business
- Profitably and sustainably mine large surface gold resource

DRDGOLD production versus SA gold mining production



Source: Mineral Council of SA

South Africa water challenge

Our surface retreatment operations are reliant on water to transport the slimes from reclaimed areas to the processing plant and to the tailings facilities.

We acknowledge that water is a limited natural resource and crucial for the sustainability of the planet. Although the earth has the natural ability to recycle water, the availability of clean and safe drinking water remains a key global concern and the scarcity thereof in the future is linked to the manner in which grey/waste water is managed. South Africa is a water scarce country and there are increasing calls from conservationists for intervention to avoid future deficits in water supply.

DRDGOLD's strategic response

Over the past few years we have deliberately focused on investing in infrastructure and strategies to reduce our reliance on potable water and expand the use of other water sources. The full impact of these projects came through again this year with a 21% reduction in our use of potable water. We manage our water in such a way that process and grey water options are exhausted first before potable water options are explored, as depicted in the graph below.

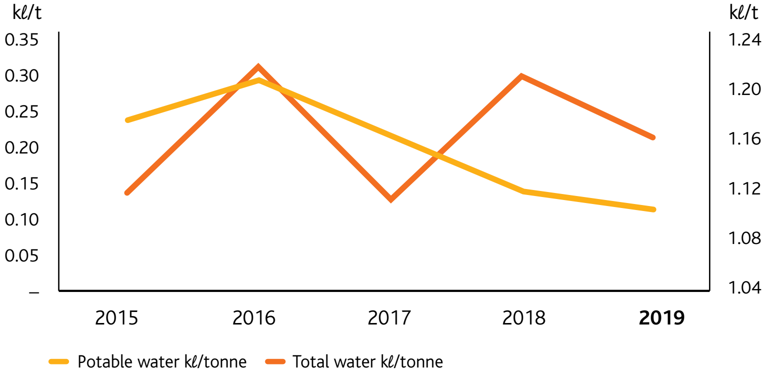
Risk

- High utility cost increases
- Extreme weather

Strategy

- Using technologies that enhance and minimise impact on the environment
- Improving the quality of life of our communities

Kℓ water usage per tonnage throughput



Social licence to operate

Johannesburg has a unique history, but if it were not for mining, there would be no city. The mines, however, did not come to the city, the city came to the mines. As a consequence, environmental and waste disposal practices that were designed and that may have been adequate in a less densely populated environment, are inadequate today. DRDGOLD's entire operating footprint is the legacy footprint of mining in Johannesburg specifically in the East Rand and Far West Rand. An integral part of our mining process is to remedy the shortcomings of that legacy.

While it is true that, in the course of our operations, there may be high levels of dust and other disturbances, the end result is a better environment and a legacy that is of value to the wider community. We aim, as a company, to improve the quality of life of people living within our areas of influence.

As such, in addition to our socio-economic investments, we seek to preserve, protect and improve the state of the footprint on which we operate in order to also yield a dividend beneficial to the natural environment.

DRDGOLD's strategic response

Our thinking on environmental management is informed by our commitment to sustainable development and our ambition to create multi-layered and overlapping value. The initiatives we have in place to save power and water, referred to above, also find application here. The fact that recycled AMD and sewerage water is cheaper than potable water and allows us to reduce our impact on the environment and the use of natural resources, is textbook sustainable, integrated value.

We are also presented with a unique opportunity to, through a commercial enterprise, reverse the past impact and legacy of mining and the impact it is having on the quality of the life of the communities living in close proximity to mine dumps. A life with no dust is a much better life than one with the constant presence of dust. Certain dumps, the ones containing gold, are removed permanently and the communities next to them are permanently rid of dust. The ones that are not removed, namely the TSFs are permanently vegetated with various indigenous species of grass and shrubs and initially irrigated to the point where virtually no dust is lifted by the wind from these areas.

Notwithstanding the fact that we are constantly having to recover from devastating fires that consume this vegetation, unfortunately set by members from the very communities who benefit most from revegetation initiatives, we are making progress and have managed to significantly reduce dust emissions.

In addition, we have adopted the strategy of concurrent rehabilitation – a process which involves the commencement of rehabilitation before closure of a mining or deposition site. This not only has the effect of reducing our long term environmental obligations, but we are able to also complete rehabilitation very soon after reserves associated with production from or in connection with these sites come to an end.

Risk

- Social licence to operate
- Using technologies to minimise impact on the environment

Strategy

- Improving the quality of life of our communities

Regulations and their effects on our business

The mining industry in South Africa is extensively regulated through legislation and regulations issued by government's administrative bodies. This includes directives with respect to health and safety, mining and exploration of minerals, and managing the impact of mining operations on the environment. A change in regulatory or government policies could adversely affect our business.

On 27 September 2018, the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (Mining Charter 2018) was published in Government Gazette No. 41934 of Government Notice No. 639 superseding and replacing all previous charters, including the Reviewed Broad-Based Black Economic Empowerment Charter for the South African Mining and Minerals Industry, 2016 (Mining Charter III).

Mining Charter 2018 requires an enduring 30% Black Economic Empowerment (BEE) interest in respect of new mining rights. It also has extensive provisions in respect of historically disadvantaged people (HDP) representation at board and management level, as well as provisions relating to the local procurement of goods and services. The procurement target of the total spend on services from South African companies has been pegged at 80% (up from 70% in Mining Charter III) and 60% of the aggregate spend thereof must be apportioned to BEE entrepreneurs.

Key provisions of Mining Charter 2018, which are welcomed by the industry are:

- The conditional acceptance of the continued consequences of previous compliance of the BEE ownership threshold of 26% in respect of existing mining rights
- Of the 30% HDP ownership component, qualifying employees and communities are each to hold a 5% carried interest (as opposed to a free carry interest as per Mining Charter III), the cost of which may be recovered by the mining right holder from the development of the asset, the community interest in turn may be offset by way of an equity equivalent
- The removal of the so-called 1% of earnings before interest, taxes, depreciation and amortisation (EBITDA) trickle dividend provided for in Mining Charter III
- The removal of provisions requiring community and employee representation at board level

Elements of Mining Charter 2018 which we consider unfortunate, and which will be the topic of ongoing discussion with the Department of Mineral Resources (DMR), are:

- That the continuing consequences of HDP ownership are recognised for transfers of mining rights
- That a top-up of HDP ownership back to 30% is required for the renewal of existing rights

DRDGOLD's strategic response

DRDGOLD is a member of the Minerals Council which has noted a material improvement on Mining Charter 2018, but still expresses concern on its ability to promote growth and attract investment. The Minerals Council provided, on behalf of its members, its preliminary response to Mining Charter 2018 on 3 October 2018, welcomed its publication and broadly supports its intentions and content.

The Minerals Council noted that the Mining Charter is the product of substantial engagement between key stakeholders and is a compromise that reflects different difficult choices that have been made. This Mining Charter provides a better balance between the mutually reinforcing concepts of promoting competitiveness and transformation.

Risk

- Regulatory compliance and changes: mining and environmental

Strategy

- Profitably and sustainably mining large surface gold resources

RISKS AND MITIGATIONS

DRDGOLD is not a typical gold mining company as we focus exclusively on surface retreatment and not on underground mining. Our slimes retreatment focus places our business in a different risk environment compared to conventional mining.

How we manage risk

Our Board oversees risk challenges and has delegated the implementation of risk mitigation policies to management. DRDGOLD makes use of an enterprise-wide risk management (ERM) process to inform and advise on threats that could prevent the Group from achieving its objectives. The aim is to provide the Board with a complete, informed view of the business environment in which the Group operates.

The aim of the formal ERM process is to effectively manage the Group risks in a standardised and systematic manner. The formal process occurs annually and involves updating the risk register by the chief risk officer with strategic planning information and available information (risk and other publications) relating to the environment the Group operates in. These are presented to management and discussions are held regarding the assessment of the risk and the Group's response to these risks. The ERM process is ongoing throughout the year, to ensure that risks remain relevant and mitigating actions remain appropriate.

The results of the process are presented to the Board's Risk Committee every quarter when trends or changes to level of risk are explained.

A strong integration of the different risk areas exists in the Group and is driven by the changing business footprint and strategic framework. The risk areas that are managed include strategic, reputational, financial, human resources and day-to-day risks. Therefore, in addition to the ERM, an independent risk management process assesses operational risks in three categories:

- **BASELINE:** covers the risk profile of the entire operation in a systematic manner
- **ISSUES-BASED:** prior to a new event, new capital infrastructure or activity, a specific assessment is performed
- **CONTINUOUS:** health, safety and environmental issues are assessed on an ongoing basis in the daily work programme

The effective approach to risk management relies on the ongoing monitoring of risk and related mitigation and procedures and, when appropriate, their revision. These activities are embedded in our day-to-day activities and in management structures throughout the Group. The requirements of King IV, the 2013 Committee of Sponsoring Organisations of the Treadway Commission Integrated Framework and the Sarbanes-Oxley Act Section 404 have all been incorporated into the Group's internal control processes.

RISKS AND MITIGATIONS CONTINUED

All key risks are assessed in accordance with the ERM framework that applies a specific rating structure incorporating the probable impact, consequence and control effectiveness, as presented in the following top 10 risks and risk map.

Top 10 risk profile

1	Eskom power supply	STRATEGIC OPERATIONAL
2	Social unrest	SOCIAL
3	Increased crime and gold theft	SOCIAL
4	Social licence to operate	SOCIAL
5	Tailings storage capacities	OPERATIONAL
6	Availability of water	OPERATIONAL
7	High utility cost increases	FINANCIAL
8	Extreme weather	OPERATIONAL
9	Sustained lower commodity price and strengthening of the rand	FINANCIAL
10	Regulatory compliance and changes: mining and environmental	OPERATIONAL

2019 TOP RISKS

PROBABILITY	MINOR Can be readily absorbed	SIGNIFICANT Can be managed under normal operational circumstances	SERIOUS Requires additional resources and management effort	CRITICAL Can be endured but has prolonged negative effect	CATASTROPHIC Disaster with potential collapse of business
ALMOST CERTAIN Expect to occur			3, 4	1, 2	
HIGH Probably will occur			8, 9	5	
MODERATE Should occur at some time			10	6, 7	
LIKELY Could possibly occur					
UNLIKELY May occur in exceptional circumstances					

Longer term   Escalating

Key risk	Mitigating actions
1. Eskom power supply Eskom is currently experiencing financial difficulties which is a concern to the power utility's long-term viability and status as a going concern. Interruptions, whether short term or long term will adversely affect the operation as the business is highly dependent on a reliable and stable electricity supply.	• Generators installed to reduce delays in restarting operations after an interruption in power supply • A project to assess and evaluate the feasibility of alternative power-generation technologies is under way. *Refer to Our operating environment for further information*
2. Social unrest There is a growing frustration of society at large on slow reformative action being taken by all spheres of government, in particular, in combating high unemployment particularly in the youth of the country. This frustration tends to lead to social unrest, people committing crimes, vandalising property and damaging infrastructure in and around our operations.	• Ongoing review of community relations structures and review and implementation of social value add investment • Ensure the appropriate security structures are in place to protect Company personnel and assets • Open communication with local police *Refer to medium term outlook for further information*
3. Increased crime and gold theft Within the area of our operations, the trend of mining operations being targeted by criminals increases not only the risk of theft of assets but also endangers the lives of our employees. Employees are increasingly threatened, attacked or held hostage to gain access to the Company's properties. Syndicates are also increasingly targeting gold mining operations to access gold or gold concentrate due to its high inherent value.	• Maintain close relationships with leaders in the communities surrounding the operations • Use of a large security service to protect assets and employees and to prevent and limit incidents • Surveillance equipment also allows for continuous monitoring of properties by security personnel • Proper management of insurance policies

Key risk	Mitigating actions
4. Social licence to operate Our social license to operate refers to the level of acceptance or approval by local communities and stakeholders (including local government) of the Group's operations and methods of conducting business. A social license to operate is based on the principle that a company needs not only official government permits and licenses to conduct its business but also the support of those living and working in its operational jurisdictions. DRDGOLD may not always be able to control the circumstances that affect its social license to operate.	• We are committed to improving engagements with our employees and surrounding communities • Support our neighbouring communities by investing in projects that improve the quality of life, poverty alleviation and youth education *Refer to social value add and value creation and distribution for further information*
5. Tailings storage capacities DRDGOLD is a volume throughput-based business. As a result, we need to ensure that sufficient capacity exists in our TSF to deposit material after processing and extracting gold in the plant. Additional tailings storage capacity is required in the medium term to continue operating at current levels.	• Expansion of the Brakpan/Withok TSF currently being investigated • Planning for the construction of a Regional TSF in the Far West Rand is currently under way *Refer to Operational performance for further information*
6. Availability of water The business of surface retreatment is highly reliant on water as water is used to transport material over large distances and for processing. Reliance is placed on third party providers for any shortfall in water. South Africa is a water scarce country and water shortage are predicted to worsen in the future.	• A closed water balance system in place to reuse water that is in the system • Limit use of potable water • Ongoing initiatives to make use of grey water from sewerage works or AMD water *Refer to Our operating environment, environmental impacts for further information*

RISKS AND MITIGATIONS CONTINUED

Key risk	Mitigating actions
7. High utility cost increases The mining industry operates in a highly inflationary environment and is highly dependent on electrical power supplied by Eskom and potable water supplied by Rand Water. Both suppliers have imposed higher than normal tariff increases and this is expected to continue in the future.	• Regular review and monitoring of operating and capital costs by management and the Board • Operational initiatives evaluated and implemented to reduce power usage and potable water *Refer to our operating environment for further information*
8. Extreme weather Climate change has an influence on weather patterns which could result in a severe weather event which in turn could adversely impact on operational output. Major property, infrastructure and/or environmental damage as well as loss of human life could also be caused by extreme weather events.	• Implementation and adherence to measures to limit the impact of extreme weather events remain a priority to ensure that the impact on employees and surrounding communities and interruption of operational processes are limited
9. Sustained lower commodity price and strengthening of the rand DRDGOLD's revenue and earnings are dependent on the prevailing gold price. Historically, the gold price has fluctuated widely being affected by several factors over which the Company has no control. DRDGOLD's profitability may be negatively affected if revenue from gold sales drops below the cost of production for an extended period. As most of the Group's operating costs are in rand while gold is generally priced in dollars, DRDGOLD's financial condition could be materially harmed in the future by an appreciation in the value of the rand.	• The Group remains a price taker and does not enter into forward contracts or other price protection instruments to reduce exposure to fluctuations in the dollar gold price or exchange rate movements of the rand • Key gold price trends and market indicators are constantly monitored to ensure an effective response to commodity price and exchange rate fluctuations *Refer to our operating environment and financial performance for further information*

Key risk	Mitigating actions
10. Regulatory compliance and changes: mining and environmental Mining companies in South Africa are subject to extensive mining legislation and regulations and must ensure compliance and keep abreast of the latest legislation.	• Monitor changes and engage with government and regulators to ensure compliance • Maintain close relationships with authorities at regional and national level so any issues can be addressed promptly • DRDGOLD is a member of the Minerals Council South Africa, an important vehicle in the effective interaction with the regulator on specific issues that affect the gold mining industry *Refer to our operating environment for further information*

SECTION

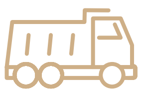
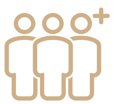
3

VALUE CREATION, STRATEGY AND PERFORMANCE

DRDGOLD continues to add value to the South African economy, simultaneously releasing land back to the greater Johannesburg for redevelopment and enhancing the quality of life experienced by communities around our operations.

OUR STAKEHOLDER GROUPS

Our stakeholder groups and their key interests

Stakeholder groups	Methods of communications	Key interests	Group response to interests
Providers of capital • Shareholders • Debt funders 	• Investor road shows for small groups and one-on-one meetings • Various investor conferences • Financial and operating results presentations • JSE's Stock Exchange News Services (SENS)	• Funding requirements for Phase 2 of FWGR project • The Sibanye-Stillwater option • Ability to contain costs – specifically labour and electricity • Resilience to Eskom disruption • Share price performance and dividends • Stability within the mining industry • Overall operational and financial performance • Gold price trends	• Communicate results in a timely and unbiased manner • External assurance on financial statements • Operational and financial risk management • Adherence to dividend policies • Embark on continued expansion for the business • Respond to investor concerns at forums such as results presentations and investor conferences • Managing our relationship with Sibanye-Stillwater from a governance perspective
Employees 	• Workplace meetings • Formal workplace briefing procedures • Independent, anonymous tip-off line to report fraud or crime • Induction and refresher training • Monthly "future forum" meetings with organised labour • Short messaging service • Notice boards	• Job security • Fair remuneration • Career development and training • Health and safety • Growth of the business • Financial performance of the business • Fair treatment	• Proactive wage agreement negotiations • Provide ongoing training for skills acquisition and refresher initiatives • Implement various health and safety awareness campaigns such as the safety pocketbook and safety day • Maintain safe working conditions • Fair and transparent processes
Suppliers and specialist providers 	• Numerous meetings held	• Sustainability of the local gold mining industry • Local and preferential procurement • Employment practices • Support and quality control • Financial performance and sustainability of the Group • Business training	• Local procurement • Employment practices • Safety requirements • Support and quality control • Performance of service providers
Communities 	• Community forums • Formal meetings with representatives of Quarterly Dust Forum • Stakeholder engagement during authorisation processes • Individual stakeholder engagement of affected persons	• Local economic development (LED) • Job creation • Corporate social investment (CSI) • Environmental impact • Health, safety and security related issues	• New Social and Labour Plan (SLP) concluded geared towards entrepreneurship and poverty alleviation • Projects geared toward community development • Involvement in local community activities • Operate in a manner that does not harm the environment • Review community engagements

OUR STAKEHOLDER GROUPS CONTINUED

Stakeholder groups	Methods of communications	Key interests	Group response to interests
Government and regulatory authorities	• Engagement on draft regulations and bills • Formal engagement during authorisation processes • Provide formal approval of authorised activities • Written and verbal communications	• Licence to operate including water use licenses, SLP execution, environmental management plan • BBBEE and employment equity compliance • Labour relations • Health and safety • Environmental impact	• Adhere to various legislation and regulations • Availing parties to attend to compliance matters • Submit required statutory reports • Adhere to instructions and orders
Media	• Interviews with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) • Web alerts to analysts, media and investors • News releases on the Company's website	• Financial results • Corporate activity • Environmental issues • Health and safety • Community-related topics	• Publish financial and operating news and results

Quality of stakeholder relationships

We set ourselves the task of pursuing and creating real value for our stakeholders along with defined parameters and outcomes. We continuously measure our performance against our strategic objectives to ensure that we remain on track and that our contribution in this regard remains relevant. Our stakeholder groups' key interests are linked to our business model and strategic objectives and inform the way we manage our business.

DELIVERING ON OUR STRATEGY

2019 performance analysis

Focus points	How we measure success	2019 Priorities	What we achieved	Status	2020 Priorities
Growing our business	• Acquisition of assets • Resource and TSF expansion	• Successful commissioning of Phase 1 of FWGR • Continued investment in tonnage and grade verification • Further studies to inform our decision regarding the expansion of our Tailings Deposition Facility	• Successful commissioning of Phase 1 FWGR on 1 April 2019 excluding the milling section • Successful acquisition of Marievale dumps at Ergo operations with expected tonnages of 51.0Mt at head grade of 0.289g/t	✓	• Phase 2 development • Commission milling at FWGR • Secure authorisation to mine Marievale dumps • Explore Brakpan/Withok TSF expansion
Profitably and sustainably mine large surface gold resource	• Meet cash operating cost budget and below mining inflation • Generate a positive free cash flow	• Invest in capital projects to reduce costs and improve efficiencies	• Cash operating cost per kg of R499 749 • Free cash outflow R14.7 million after investing R330.7 million in FWGR • Greater plant stability and efficiencies	✓	• Cash operating cost per kg of R490 000 • Generate a positive free cash flow
Using technologies to minimise impact on the environment	• Increased plant efficiencies • Decrease Eskom reliance • Potable water consumption reduced to 10% of total water usage	• Continue to focus on improving plant efficiency and recoveries through partnership with the University of the Witwatersrand School of Chemical and Metallurgical Engineering (Wits) and other initiatives • Reduce potable water consumption	• Ergo yield marginally higher from 0.193g/t yield to 0.194g/t from installation of ball mills at Ergo plant • A 0.261g/t yield was achieved at FWGR • Potable water consumption reduced to 9% of total water used (FY2018:11%)	✓	• Increased gold production • Investigating alternative power sources

LEGEND: ✓ *Achieved* *Partially achieved* ✗ *Not achieved*

DELIVERING ON OUR STRATEGY CONTINUED

2019 performance analysis

Focus points	How we measure success	2019 Priorities	What we achieved	Status	2020 Priorities
Being serious about employee wellbeing	• No fatalities • Reportable injury frequency rate (RIFR) and LTIFR below standard deviation of preceding five year rolling average • Fair remuneration	• Continue to prioritise the wellbeing and safety of employees • Implement Accelerated Capability Development Programme to the metallurgical section of our business • Commence with learnership programmes in metallurgy • Enter into wage negotiations to sign a new wage agreement in FY2020 • Restructure short-term and long-term incentive schemes	• New wage agreement at Ergo settled subsequent to year-end • Junior leadership programme implemented • Restructured long-term incentive and short-term Incentive scheme going forward	Partially achieved	• Implementation of new wage agreement • Implementation of long-term and short-term incentive scheme • Continued focus on safety
Improving the quality of life of our communities	• Dust exceedance below 1% • Social economic development (SED) spend 1% of total working costs	• Reduce potable water consumption • Stakeholder engagement through our Dust Forum to understand and address key concerns • Continue vegetation programme on the Crown Complex, increase cladding programme on the Brakpan/Withok Tailings Deposition Facility • Obtain land clearance certificates for 191.5ha land	• Broad-based Agricultural Livelihood Programme extended to Soweto and Carletonville • Dust exceedances stable at 0.65% • 135.5ha of land released for redevelopment • 55.5ha rehabilitated on Brakpan/Withok TSF and Crown TSF Complex	Achieved	• Full implementation of SLP

LEGEND: *Achieved* *Partially achieved* *Not achieved*

Ergo operation

The Ergo operation is an ultra-volume and almost nano-gold extraction business. The volume of material has one of the most profound impacts on the output of the plant and requires technology and infrastructure to recover gold from low-grade tailings material on a 24/7/365 basis.

Key highlights

4 493kg
gold produced

23 162 000t
milled

0.194g/t
yield

Successful commisioning
of zinc precipitation

Review of operations

As one of the world's largest surface gold tailings retreatment operations, the majority of the material treated by the Ergo plant – currently around 1.2Mtpm – is delivered via two feeder lines from the Elsburg (incorporating the 4L50 area) tailings complex, Van Dyk and Ezekiel reclamation sites. A further 0.6Mtpm is delivered from the City Deep area (including 4L2, 3L42 and externally sourced sand).

The Ergo plant uses flotation, fine-grind and a combination of high-grade and low-grade carbon-in-leach (CIL) metallurgical processes to recover gold from slurry. Most of Ergo's reclamation activities involve the reclamation of slime. Monitor guns, operated by trained individuals, direct high-pressure water jets at targeted areas. The slime is dislodged and mixed with water and the resulting slurry is pumped to a metallurgical treatment plant for processing. The Ergo plant has a treatment capacity of 1.8Mtpm based on 92% availability. Vast quantities of material are delivered monthly to the plant and, as each old dump or dam is depleted, others are brought on stream.

The Knights plant has a treatment capacity of up to 250ktpm and only shares the Brakpan/Withok TSF with the Ergo plant. It can therefore run independently of the Ergo plant. Although the Knights plant is rapidly depleting its reserves, there are exciting opportunities being evaluated with a view to extending operations by continuing reclamation activities in more challenging environments – for example remnant material left from historic mining activities and environmentally sensitive areas, like wetlands. The latter will not only contribute to Ergo's financial sustainability but will also rehabilitate severely degraded and impacted areas.

Tailings deposition facility

We invested approximately R4.1 million in tonnage and grade verification during FY2017, which resulted in a 56.8% increase in our measured mineral resource and a 62.5% increase in mineral reserves. The drilling programme continued into FY2018 and evaluation was undertaken on the Daggafontein, Grootvlei and Rooikraal tailings dams to verify grades, the position of the bases and samples for metallurgical testwork were collected. Ergo was successful in acquiring the Marievale dumps during the year, comprising of 51.6Mt at 0.289g/t. In light of this acquisition, and as previously reported, we continue to evaluate options to increase the deposition capacity of the Brakpan/Withok TSF. Daggafontein has been evaluated and remains an option as an additional tailings deposition facility.

Ergo sand mills

The two ball mills salvaged from the redundant Crown plant were relocated and commissioned, after their complete refurbishment, at the Ergo plant. These mills have now reached full design throughput providing the Ergo plant with the capability to receive sand material from the legacy reclamation sites to the north of the Ergo plant, in an area commonly referred to as the Benoni Cluster.

These mills make a relatively high grade material contribution to the Ergo plant and allow for systematic reclamation and treatment of previously untreatable coarse sand material through the plant. The reclamation of these remnant sites makes a significant contribution to the rehabilitation efforts in the Benoni Cluster area.

Zinc precipitation

The electrowinning process to recover gold has been successfully replaced with zinc precipitation. Although this may appear as technology regression, the mineralogical make up and process choices at the Ergo plant resulted in extremely high base metal concentrations. During electrowinning, these base metals needed to be suppressed by very high levels of reagents, notably cyanide and caustic soda. Zinc precipitation is insensitive to the levels of base metals we encounter and obviates the need for the excesses in cyanide and caustic soda.

All in all, zinc precipitation resulted in a more cost effective and efficient process with reduced harmful reagents. The zinc precipitation conversion, commissioned during the first quarter of FY2019, has proven extremely efficient.

Research and development

The Ergo strategy to achieve optimal mining of its gold resource requires a research and development team and the use of available technology. The Board has determined that investment in research and development will continue as we focus on increasing and optimising the volume to be treated and the recovery of gold. Investment in research is a key strategic focus area as the Group works to find ways of extracting every possible particle of gold.

Partnership with Wits School of Chemical and Metallurgical Engineering

In line with the partnership with Wits School of Chemical and Metallurgical Engineering, Ergo continued to invest (approximately R1.2 million for the year) to fund appropriate research projects by post-graduate students with a view to improving Ergo's operating efficiencies as well as the evaluation of alternative process options. Currently, seven studies are underway, with six studies being master of science degree projects and one a doctoral study. Over a period of five years, Ergo will contribute funding of R6.0 million to Wits.

In-house research capability

Ergo has embarked on the process of enhancing its internal research capabilities. Additional metallurgical resources have been recruited and we are currently doubling our research facilities by constructing a second metallurgical research facility. This facility will also serve the rapidly growing interests of DRDGOLD on the West Rand.

South African Minerals to Metals Research Institute

DRDGOLD has joined the South African Minerals to Metals Research Institute, an association of major players in the minerals industry, academia and government with the vision and strategy of promoting sustainable development of the South African minerals processing industry through the development of globally competitive, innovative technology driven by people with world-class skills.

Information and communication technology

Advanced information and communication technology is used in plant operations and to reduce power and water consumption. Plant operation, pump stations and pipelines are monitored continuously to minimise downtime and to avoid security breaches, including theft and damage. Operators control, divert and halt slurry feed as necessary so that managers can make informed decisions about switching feeds between reclamation sites in order to reach production targets.

Ergo electronic monitoring system

The Ergo operations make extensive use of digital platforms to monitor and control reclamation and process activities. These systems are developed and maintained "inhouse" and are tailormade to maximise operational performance.

Our core Ergo plant's electronic monitoring system provides management with continuous information on every facet of the plant's performance. Prompt interpretation of this information has resulted in faster, better identification and remediation of challenges, and a consequent improvement in plant efficiency and reduced costs.

Our product: doré bars

Ergo produces crude bullion (approximately 85% gold, 7% to 8% silver, some copper and other elements) at its own smelter. The resulting doré bars are transported to Rand Refinery Proprietary Limited (Rand Refinery) where silver and other elements are removed, the gold purified to 99.9% and refined into bars that meet the standards of the London Bullion Market Association. Rand Refinery then sells the gold, on DRDGOLD's behalf, at the afternoon dollar price fixed by the London Metal Exchange.

DRDGOLD does not deal in conflict gold.

OUTLOOK

As indicated in our strategic targets, we intend to optimally mine our large surface mineral resources by continuing with our exploration and resource verification programme, which could lead to increasing our tailings deposition facility and, in turn, increase Ergo's life significantly.

We will continue to invest in research and development opportunities in the long-term, which will provide a return not only in financial capital, but also manufactured and natural capital.

FAR WEST GOLD RECOVERIES

Key highlights

Successful commissioning of FWGR
(in line with budget and expected timeline)

604 LTI free days reached during and after the construction phase

Mineral Reserves and Mineral Resources **2.61Moz**

Head grade and metallurgical recoveries within expectation

2 068 363t milled

Cash operating cost: **R313 443/kg**

AISC: **R450 820/kg**

Gold production: **484kg**

Planning of Phase 2 underway

Our FWGR operation has evolved from being merely a concept to production and delivering value in a very short space of time, re-affirming DRDGOLD's reputation of being one of the world's leaders in surface gold retreatment operations.

Project timeline

Date	Event
31 July 2018	Effective date of FWGR acquisition from Sibanye-Stillwater
6 August 2018	Civil works commenced on the development
6 December 2018	Commissioning of the Driefontein 5 reclamation station, slurry and water pipeline to the plant and the CIL circuit at half of planned throughput
11 January 2019	Commissioning of the residue pipeline to the Driefontein 4 TSF
21 January 2019	Commissioning of the return water pipeline from the Dam 4 TSF to the DP2
20 March 2019	Commenced testing of the mills
2 April 2019	The third bank of cyclones were commissioned, enlarging Dam 4's capacity to 500ktpm
30 April 2019	Mills switched off for further configuration and testing
23 May 2019	Final bank of cyclones were commissioned on Driefontein 4 TSF

First phase of FWGR capital project

DRDGOLD has invested R330.7 million in the development of phase 1 of FWGR, producing 484kg of gold in the period, including gold produced from FWGR before it was declared commercial on 1 April 2019.

The first phase of the FWGR capital project entailed the reconfiguration, upgrade and refurbishment of the existing DP2 in order to treat 500ktpm of reclaimed material from the Driefontein 5 tailings dam. The project development included:

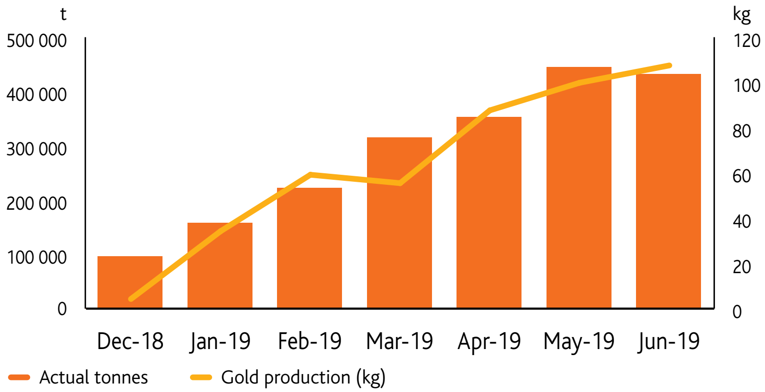
- The construction of the Driefontein 5 reclamation and pump station to collect, screen and transfer the repulped tailings from the reclamation site to DP2 including all relevant pipeline infrastructure
- The construction of a high-pressure process water pump station and associated pipeline infrastructure to supply 30bar water for the slurry guns
- The re-configuration of DP2 from the nameplate capacity of 180 000tpm to 500 000tpm further processing of higher tailings volumes
- Refurbishment of the DP2 conventional CIL plant inter-stage screens to cater for the higher volume
- Classifying and milling circuit upgraded to allow approximately 24% of the coarser material to be milled for gold liberation
- Upgrading of Driefontein 4 TSF from the conventional daywall depositing method used previously to cycloning in order to cater for the additional volumes and rate of rise

It is encouraging to note that the capital project was completed in line with the capital budget approved by the Board and that this was performed safely.

During December 2018, we celebrated the milestone of 540 LTI free days and reached a new record for the plant in of 604 LTI free days.

Project ramp-up during the year was as follows:

2019 DP2 production



Overview of the operation

Step 1: Tailings reclamation

- Process water is pressurised through a four stage pumping system with a capacity of 40bar
- This pressurised water is pumped via a 450mm pipeline to monitoring guns at Driefontein 5 reclamation site, to form slurry
- The re-pulped slurry then flows across a scalping screen into a sump
- Thereafter, three slurry pumps will pump the tailings, at a typical density of 1.45, via a 500mm HDPE lined pipeline into reception tanks at DP2

Step 2: Classification of the slurry

- Classification of the slurry to determine whether it goes to the mills or the thickners takes place through a three-stage cyclone system
- The slurry in the reception tanks is firstly pumped into two primary cyclones and underflow thereof reports to a secondary sump and the overflow transfers to a tertiary sump
- The slurry in the tertiary sump is further pumped to two tertiary cyclones and additional underflow (from both tertiary cyclones) reports to the secondary sump. The overflow from the first tertiary cyclone (approximately 40% by mass of the total reclamation tonnage) reports to the thickeners. The overflow from the second tertiary cyclone transfers to the mill discharge sump
- The slurry in the secondary sump is pumped to a secondary cyclone and the underflow thereof (approximately 24% by mass of the total reclamation tonnage) reports to the mill discharge sump, and the overflow to the tertiary sump
- The slurry in the mill discharge sump is pumped to the CIL circuit
- After thickening to a specific gravity of 1.5 the underflow produced from the thickeners is also pumped to the CIL circuit

Step 3: Processing through the CIL circuit

- The CIL circuit consists of seven leach tanks of 1 600m^3 in size each
- Cyanide is added in either the first or second tank and oxygen is injected in the first four tanks
- During the process gold metal is absorbed onto activated carbon
- The gold-loaded carbon is removed at the rate of 9 tonnes per day and bagged
- These bags are transported to Sibanye-Stillwater's Driefontein 1 plant for elution, electrowinning and gold smelting

Step 4: Tailings are disposed of

- Tailings from the CIL circuit is then pumped to a residue tank and then pumped to the Driefontein 4 TSF
- The Driefontein 4 TSF has been converted to a cyclone dam consisting of six banks with 140mm by 250mm cyclones
- Water is drawn off the dam via a newly installed floating penstock and reused for reclamation activities

OUTLOOK

Milling section

The reconfiguration of the milling section and testing thereon is currently underway after having been switched off during April 2019. Testing results have so far shown positive assay results.

Phase 2 project

We have commenced with conceptual studies on Phase 2 and have evaluated several options on how best to treat the remaining reserves acquired as part of the Sibanye-Stillwater transaction. One of the options available includes upgrading the existing DP2 plant to 1.2Mtpm.

DRDGOLD's vision for the longer term still remains to create a large, centralised TSF to mine the larger regional mineral resource; produce more gold over a longer period and to rehabilitate a much larger footprint.

EMPLOYEE RELATIONS

Employees at a glance

1 019
employees

1 591
specialist providers

21%
women in mining

72%
HDSAs

R8.7 million
training spend

DRDGOLD invests substantially in developing our people to provide them with market-related skills and to ensure that we run our business efficiently and cost-effectively with our stakeholders' interests in mind.

R477m [LA]

value distributed to employees – salaries, wages and other benefits (2018: 417 [LA]**)**

As an organisation, our primary strategic objectives are to take the personal goals of our employees seriously and align them to the strategic objectives of the Group, recognising every person's contribution to the success of DRDGOLD. This we do through our five-faceted employee alignment focus areas:

- Wellbeing
- Employee development
- Employee engagement
- Recruitment
- Remuneration

[LA] *Limited assurance*

EMPLOYEE RELATIONS CONTINUED

Wellbeing

We recognise that social and financial issues affect the ability of employees to perform optimally. Our Best Life Programme provides employees with the following:

- 24 hour access to counsellors who assist with issues including, but not limited to:
  - financial counselling
  - trauma counselling
  - legal assistance
- Access to financial clinics – providing assistance with wills and estate planning
- Vehicle and home loan advisory assistance
- Retirement planning
- Budgeting

Housing

DRDGOLD does not provide traditional mine accommodation to employees and therefore to improve the living conditions of employees and their families, we introduced the Ergo Home Loan Scheme, whereby qualifying employees are provided with assistance of R75 000 towards purchasing their first homes.

To facilitate this initiative, our financial clinics provide financial coaching to employees. These clinics advocate the importance of home ownership and provide assistance in applying for home loans.

To date, eight employees have qualified under the scheme and purchased their own homes. All employees whose application is not successful due to affordability issues are referred to the Best Life financial coach.

A housing steering committee continues to engage with labour to attract applications from qualifying employees.

Employee development

Training

To us, employee development is investing in initiatives that assist our employees to reach their full potential at work as this increases their job satisfaction and productivity. We achieve this by providing training, learnerships and bursaries for our employees to gain formal qualifications or to be recognised for prior learning. We have also set aside R13 million for reskilling of employees for future downscaling and retrenchments in accordance with our SLP.

Future human resource development programmes

Our newest development programme is the Junior Leadership Programme, aimed at developing future junior and middle management. The programme contains a theoretical and practical component, culminating in a business improvement project implemented by the participants. For those who are targeted for further development, the Management Development Programme would be the next step in their development. In FY2019, nine candidates took part in the Junior Leadership Programme and two participated in the Management Development Programme. Both programmes are accredited and participants receive certificates of competence that are credit bearing. Various other technical and supervisory programmes are run to ensure that other employees are being capacitated to better perform their functions. In FY2020, we will focus on developing IT skills to help equip our people navigate their way in through the fourth industrial revolution.

		2019	2018
Employee training	Rm	**8.7**	9.0
Training days		**8 107**	5 063
Number of employee training sessions		**1 884**	1 546

Talent management

We identify critical positions and appoint mentors and coaches to address the gaps in individual development plans. Quarterly performance discussions between protegés and mentors/coaches are held. It is important to retain employees in key positions, equip employees for future leadership roles, identify talent for new roles that will emerge in the future and ensure adequate succession planning for the Company.

Employee engagement

We aim to promote communication amongst employees from the bottom up and provide an environment conducive to multi-disciplinary problem solving and decision making. Initiatives such as the Baobab Programme at the Ergo plant, aimed at addressing the importance of teamwork, connectivity to core business, accountability, empowerment and productivity, are very successful.

Daily text messages are also sent on topics such as production, health and safety and congratulatory or motivational messages from management. Video messages are sent on special occasions to employees.

Recruitment

As part of our objective to align employees with the goals of the Group, our recruitment process ensures that the right person, with the right skillset is matched to the job requirements. The percentage of women in mining at DRDGOLD increased to 21% from 20% in FY2018. To improve on these results, our aim is to recruit in line with our transformational objectives and continuously develop our people.

		2019	2018
Permanent employees		**1 019**	878
Specialist service providers		**1 591**	1 426
Employee turnover	%	**7**	6
Human rights incidents		**0**	1
Women in mining			
Women in management	%	**18**	16
Total women in mining	%	**21**	20
HDSAs	%	**72**	70
Union affiliation (in the collective bargaining unit)			
NUM	%	**58**	59
AMCU	%	**21**	21
SOLIDARITY	%	**–**	–
UASA	%	**8**	11
Non-union	%	**13**	9

HDSAs as a percentage of total employees

	2019			2018		
	Male	Female	HDSA%	Male	Female	HDSA%
Board	**6**	**2**	**38**	6	1	29
Top management	**2**	**0**	**50**	3	0	33
Senior management	**3**	**2**	**40**	2	1	33
Middle management	**35**	**12**	**45**	31	6	41
Junior management	**299**	**62**	**74**	273	44	74

EMPLOYEE RELATIONS CONTINUED

Remuneration

DRDGOLD offers competitive remuneration packages and profit share incentives to our employees and makes use of independent annual surveys to ensure that guaranteed packages are fair, competitive and are market related. The South African President introduced the National Minimum Wage Bill, at a minimum wage of R20 an hour or R3 500 per month (dependent on hours worked). The gross basic salary for entry level employees per month is R10 674 for Ergo and R9 996 for FWGR (Ergo FY2018: R10 620).

The industrial relations climate remains stable. DRDGOLD has a decentralised bargaining model with each operation responsible for their own collective bargaining. As part of the transitional arrangements at FWGR, a three-year wage agreement is in place and will conclude in June 2021.

On 16 September 2019, Ergo signed a two-year wage agreement with the National Union of Mineworkers (NUM), UASA and AMCU for a wage increase, with a view to extend this agreement to a third year. The agreement is effective from 1 July 2019 to 30 June 2021 and increases averaging 5.92%:

- 7% per annum for categories 4 to 5
- 6% per annum for categories 6 to 9
- 5.5% per annum for categories 10 to 16

The table below illustrates that our cost of labour relative to the gold mining industry:

	DRDGOLD	Industry
Labour as a percentage of operating cost (%)	**18**	49
Production per employee per annum (kg produced/total employees and contractors)	**1,91**	1,00
Average pay per employee (excluding contractors) per annum (R'000)	**475**	267

OUTLOOK

We hope to continue having an organisation where our employees can grow and reach their full potential. We want to develop employees at the lowest level so we can ensure that we optimise our human resource by having a healthy "pipeline" of individuals who have the necessary skills and competencies to move up in the business. We want to contribute to an improvement in the quality of life of our people by ensuring that they look after their health, wealth and families. The workplace must be a place of fulfilment, where people feel valued and actively participate in achieving the Company's objectives. We are also proposing to refine or revise our incentive schemes from FY2020. Refer to the remuneration report on page 78 for further details.

HEALTH AND SAFETY REVIEW

DRDGOLD considers our employees to be our most valuable asset. We continue to focus our health and safety campaigns, on creating a workplace where all our employees return safely to their families at the end of every work day.

Group safety statistics

1
fatality

2.37
LTFR

1.78
RIFR

604
LTI free days at FWGR

Health and safety management

We realise the shortcomings of the public health care system in South Africa and the consequent negative effects on the wellbeing of our employees. All permanent employees are required to be members of a private medical aid scheme. The Group subsidises two-thirds of the total member contribution except FWGR, who contributes 60% for Category 4 to 8 employees and 50% for the rest of the employees. During FY2019, the Group contributed R37.8 million (FY2018: R33.6 million) to private medical aids on behalf of employees. In addition, we employ a part-time health practitioner, three permanent nurses and retain the services of a private medical emergency response team to ensure our people receive quality medical treatment at our operations.

We recognise the importance of treating injuries as part of our duty of care and therefore, several employees are trained in different levels of first aid. We also have an onsite clinic at Ergo where employees, who have been injured, are monitored on a regular basis until they are declared fit for duty. FWGR makes use of the services of Fountain Private Hospital located approximately 5km from the operation and Africa Health Care private medical as an emergency response team.

Health and safety activities

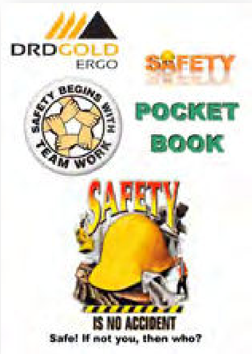
Our health and safety strategy aims to reduce and ultimately eliminate health and safety threats through regular monitoring of our permanent and contracted employees. All our operational sites are monitored monthly for hazards and risks, which are ranked in terms of severity, duration of exposure and probability of a negative outcome. All visitors to our sites are made aware of safety hazards and emergency procedures through our induction process. Community members, including illegal miners, are made aware of the hazards of accessing mine dumps through safety signs at all our reclamation and deposition sites.

As part of our risk assessments, we undertake weekly safety topics, weekly and monthly contractors' meetings, annual inductions to ensure communication and engage with our employees and contractors on site. A number of health and safety campaigns were also initiated during FY2019 including:

HEALTH AND SAFETY REVIEW CONTINUED

Safety pocketbook

A safety pocketbook, with a list of non-negotiable safety rules and standards, was issued to all employees at Ergo. This book fits in an overall jacket pocket, so can be carried on site and used as a quick reference guide.



Safety day

To reinforce their commitment to safety and health, the Minerals Council launched a safety day campaign and requested all mining companies do the same.

Ergo set aside 11-14 September 2018 and the area manager of each operation addressed employees regarding safety and health – to remind employees that safety is for every day. All employees and contractors were encouraged to take part. They gathered in front of the safety pledge wall and were given an opportunity to find their handprint on the wall and were then reminded of the pledge they had made and could recommit to this pledge. They all received a hard hat sticker to show their commitment to the safety pledge. SMSs were also sent out to all employees regarding the pledge.

The safety pledge was also rolled out at the FWGR operation. A dedicated wall at the entrance of the plant was identified and employees made a handprint on the wall to show their commitment to safety. The pledge is re-affirmed weekly at the Wednesday safety meeting.

A wellness programme was also run on the day with different services offered to employees including:

- VCT
- Papsmears
- Prostate testing
- TB screening and health talk
- Optometrist

	ERGO	FWGR	2019	2018
Number of fatalities	1[LA]	0	**1**	0[LA]
Reportable injuries	10	2	**12**	9
RIFR	1.69[LA]	2.37	**1.78**	1.55[LA]
LTI	14	2	**16**	17
LTIFR	2.37[LA]	2.37	**2.37**	2.92[LA]
Minor injuries[1]	17	7	**24**	23
Part-time health and safety representatives	121	7	**128**	128
Ratio of part-time health and safety representatives to one employee	1.18	1.20	**1.18**	1:20
Section 54 notices	2	–	**2**	–
Section 55 notices	2	–	**2**	1

[LA] *Limited assurance*

[1] *In FY2018, a new methodology was introduced for the classification and reporting of minor injuries which forms the basis of a new baseline going forward*

HEALTH AND SAFETY REVIEW CONTINUED

Review of our safety performance

FWGR was under development for the majority of the year and reached commercial production on 1 April 2019. During December 2018, FWGR celebrated the milestone of 540 LTI free days and reached a new record for the plant in February 2019 when 604 LTI free days was achieved.

Regrettably, during FY2019, one fatality was recorded at Ergo. An employee was electrocuted while working on a live electrical panel at the Brakpan tailings consumer substation and unfortunately succumbed to his injuries. We extend our deepest condolences to his family and friends.

Remedial actions included tightening rules and regulation related to the operation of HT electrical panels and the retraining of employees who work on the panels.

Health performance

As part of our strategy to educate and empower employees with knowledge, several health-related topics were addressed in FY2019 through pamphlets and medical surveillance. The following topics were part of this ongoing initiative:

- How to do self-breast exam
- Men and heart disease
- Health hazards during a drought
- Listeriosis
- Healthy food on-the-go
- Protect yourself from flu
- High blood pressure and salt intake
- Silicosis
- Fatigue

	2019[1]	2018
Medical examinations performed	**3 682**	3 645
Employees tested for HIV	**147**	173
Employees counselled for HIV	**257**	173
NIHL cases reported	**4**	1
Number of TB cases reported	**7**	7
Cases of silicosis and asbestosis reported	**–**	2

[1] *Information presented only for Ergo, no information has been presented for FWGR as it was under development for majority of the year and its presentation is not assessed to be material for the Group figures*

Noise-induced hearing loss (NIHL)

NIHL is caused by repeated or prolonged exposure to sounds at or above 85 decibels (db(A)). At our operations, noise can reach 102db(A). Although there are 33 areas with noise levels above 85db(A), we do not operate equipment or machinery measuring more than 107db(A). The industry milestone, to be achieved by 2024, was reached by DRDGOLD in FY2016. Any excessively noisy equipment is immediately reported to an engineer for corrective action. Hearing protection is issued to all employees and visitors to our plants. The use of protective equipment is covered during our induction programme and signage is displayed at demarcated noise zones and entrances to the plants, indicating where hearing protection must be worn.

All cases of NIHL are referred to Rand Mutual Assurance, a private insurance company, for occupational injuries.

Silicosis and dust

There were no cases of silicosis and asbestosis reported in FY2019 for Ergo. In FY2018, one case of silicosis and one case of asbestosis was reported. We await the outcome of the asbestosis case reported in FY2018 from the Medical Bureau for Occupational Diseases the silicosis case was concluded 31 March 2019.

Our silica reduction strategy is still enforced, where employees are continually reminded to damp down equipment before working on it and to water the driveways to prevent dust liberation. A silica dust awareness, in the form of training on the effects silica has on the lungs and the remedial actions to prevent silicosis, was conducted. The training consisted of a short video to educate employees about the effects of silica. All employees have access to dust masks if required. No cases had been referred to the Medical Bureau for Occupational Disease.

	Number of cases	Cases concluded	Pending cases
Reported in FY2017	4	–	4
Reported in FY2018	1	–	1
Reported in FY2019	4	1	4

[1] *The status of the cases reported in FY2017 and FY2018 remain unchanged in FY2019*

OUTLOOK

We are looking at introducing a new integrated risk management application.

This integrated risk management application is underpinned by international standards. The application consists of several integrated modules: Baseline risk assessment module, evaluation module, job safety analysis module, PTO module and investigation module. This new system will enable our operations to improve safety risk assessment (all risk) and management focus to risk reduction.

We are serious about the future of South Africa and therefore sustainable development is a topic which we never fail to emphasize for its strategic importance and to inform our thinking and the deployment of capital and resources.

Social capital investment at a glance

R26.5 million LA
total SED spend

84.7%
total discretionary spend with BBBEE companies

531
members of the community on learnerships

772
learners benefited from our maths, science and accountancy programmes

If this deployment doesn't deliver into our purpose, if it doesn't add broader value then, ultimately, it's not worth doing. DRDGOLD remains committed to improving the lives of the communities where our operations are located, accomplished through local economic growth and development initiatives as well as providing educational support.

Social licence to operate

Our new SLP, submitted as part of our compliance with the Minerals and Petroleum Resources Development Act (MPRDA), commenced in January 2018. The plan was developed after extensive consultation with stakeholders including the City of Johannesburg and City of Ekurhuleni (previously referred to as Ekurhuleni Metro Municipality). The projects we have committed to are motivated by the need to improve the lives of the members of our communities and are aimed at addressing the needs of our employees and our communities, all with an over-arching theme of poverty alleviation and entrepreneurship. In early 2019, we submitted our transitional implementation plans in line with Mining Charter III, to ensure compliance within the regulator's requirements.

All procurement of goods and services is in line with the national promotion of BBBEE companies and the Mining Charter. During FY2019, our total discretionary spend was 84.7% with BBBEE companies, compared to 90.7% in the previous year.

Crown Complex vegetation programme

A consortium was established in October 2017 and consists of nine local companies that represent areas including Langlaagte, Diepkloof, Meadowlands, Orlando West, Orlando East, Riverlea, Pennyville and Ormonde. The consortium currently employs 27 community members from the abovementioned areas. Their current project entails the establishment of new side slope vegetation on the Crown tailings dam and to irrigate until the vegetation is established and self-sustainable. Ergo currently supplies all the material for the vegetation establishment but it is expected that the consortium will supply the material in the future once it becomes a commercially viable business.

Broad-based Livelihoods Programme

The Broad-based Livelihoods Programme, launched four years ago in the communities of Tsakane, Geluksdal and Daveyton, adjacent to our Tailings Deposition Facility, has now been extended to Merafong in Carletonville. The focus of the project is on empowering individuals, households, existing micro-farmers and co-operatives to produce vegetables and crops at their homes to firstly, address food security challenges and secondly, to enable them to enter the economic mainstream by selling excess produce. By the end of FY2019, the programme had benefited 1 468 households with more than 90 training sessions (covering the eight key topics of the low-cost organic crop production methodology used) with seven learning groups. The programme now serves 19 townships.

Project	Outcome	Area	2019 R	2018 R
Vegetation rehabilitation	Local youth employment	Soweto and Geluksdal	**2 688 825**	2 518 065
Crown Complex Consortium	Local community development	Local communities around Crown Complex	**3 695 070**	2 137 856
Broad-based Livelihoods Programme	Local economic development	Tsakane, Soweto and Merafong	**3 700 180**	1 570 000
Metallurgical research at Wits University	Metallurgical research	Braamfontein, Johannesburg	**1 200 000**	1 200 000
Other			**77 609**	446 847
Total			**11 361 684**	7 872 768

SOCIAL VALUE-ADD CONTINUED

Educating our communities

Maths, science and accountancy

Our maths, science and accounting teaching programmes have been welcomed unreservedly by principals, teachers and learners at supported schools. More and more learners are attempting to bridge any perceived gaps in their education, particularly in maths and science, as these subjects are key to achieving university entrance and success thereafter.

In regular quarterly meetings with the relevant principals of the schools we support, DRDGOLD has received gratitude for the efforts of our teachers whose passion and drive are inspirational. Some even gave up their weekends to assist learners who are unable to attend extracurricular sessions.

Although the year-end results were still lower than we would have liked, our month-on-month reports reflect an increase in averages in our pre- and post-test results.

Bursaries

DRDGOLD is proud of the support we provide for the youth throughout their educational journey so that they can fulfil their potential and not only make a contribution to our organisation but ultimately to the economy. Two of our former bursary students, who graduated at the end of 2017, passed their Government Certificate of Competency exams and may now legally be appointed as engineers.

A total of R539 239 was spent on bursaries during FY2019 (FY2018: R640 965).

Learnerships

In line with the national strategy to eliminate the shortage of skills, we provide artisan training for our youth and learnerships (a structured learning programme leading to a lifelong skills) were given to 531 community members during FY2019 (FY2018: 488).

We also assisted 214 community members to complete their trade tests and successfully obtain a national certificate (FY2018: 192).

Education and training spend	2019 R	2018 R
Maths, science and accountancy	**1 187 482**	1 111 751
Adult education and training	**2 160 450**	2 029 267
National diploma (N1 and N2 courses)	**165 810**	428 360
Artisan training	**2 098 207**	3 338 059
Bursaries	**539 239**	640 965
Total	**6 151 188**	7 548 402

Wits School of Chemical and Metallurgical Engineering partnership

To assist universities with research and the development of new technologies, in FY2017 DRDGOLD entered into a partnership with the Wits School of Chemical and Metallurgical Engineering and committed to funding of R1.2 million per year over a five-year period. The school will be assisting DRDGOLD with both short-term and long-term research projects which include improving gold recoveries and ways to treat lower grade material in a profitable manner. Improved gold recoveries are a key enabler to growing our reserves and extending our LoM. While some of the work will be directed at our operations, most of the research will be on open projects and will be made available to the entire gold mining industry.

Corporate social investment

DRDGOLD has focused its CSI programme on initiatives that benefit the communities surrounding operations within the Johannesburg and Ekurhuleni municipalities. Ideally, these initiatives will have a positive impact on the communities affected by the Group's operations and leave a lasting legacy. Legitimate stakeholders are consulted to understand their interests and concerns. A total of R266 612 (FY2018: R370 144) was spend on the CSI programme during the year.

OUTLOOK

During FY2019, we submitted our annual Social and Labour Plan Compliance report to the DMR after implementing our first year of the SLP.

As the Broad-based Livelihoods Programme on the East Rand has proved to be so successful, in 2018 we upscaled this initiative to ensure more participants move from subsistence to small-scale commercial farming over the next five years.

In FY2019, the Broad-based Livelihoods Programmes was also implemented in the Soweto region of the Johannesburg municipality and in Merafong, Carletonville.

ENVIRONMENTAL VALUE-ADD

Rehabilitation, one of DRDGOLD's core activities, removes pollution sources which helps clean and redevelop our areas of operation. We also undertake concurrent rehabilitation of all our tailings facilities to reduce, as far as possible, negative environmental impacts experienced by surrounding communities.

Impact on the environment at a glance

135.5ha
released for land redevelopment

21%
reduction in potable water

R45.8 million
spent in rehabilitation

55.5ha
TSFs vegetated

Overview

By performing concurrent rehabilitation on our TSFs and investing financial capital in the short and medium term, we decrease nuisance dust impacting those living within our areas of influence. This means that, in addition to investments we make in social and economic capital, we seek to preserve, protect and even improve the state of the footprint on which we operate (in many instances an inherited legacy) in order to also yield a natural dividend.

Operating environment
Key issues material to our natural capital

South African water challenge
– page 26

Social licence to operate
– page 26

By enlisting a community-based consortium to undertake the vegetation programme at our Crown Complex, we have invested in our social capital to enhance our natural capital.

By spending financial capital on tonnage and grade verification and on studies to increase our TSF in the short term, we potentially unlock financial capital in the long term by enabling DRDGOLD to mine more gold tailings Mineral Resources for longer, delivering on our strategy and ensuring that more land is rehabilitated and released for development, to contribute to our natural capital.

Environmental management is a key aspect during the project planning phase of new reclamation sites as prevention is more effective than mitigation. Before we embark on new mining projects, we undertake an environmental authorisation process which is performed by external consulting specialists that undertake detailed specialist studies, an environmental impact assessment and environmental management programme (EMP) for the management of these projects. These reports are discussed and reviewed by our stakeholders through an open public participation process.

Through this process, we are able to identify, address and minimise the effects of our activities on the environment and identify and mitigate the potential impacts our activities may have on surrounding communities and the receiving environment.

Our environmental management systems and policies have been designed in compliance with South Africa's National Environmental Management Act 107 of 1998 and associated regulations. Internal and external audits are performed annually and recorded in a database to ensure compliance.

Our EMP encompasses all the activities of our operations and assesses the environmental impacts of mining at reclamation sites, plants and tailings deposition facilities. It also outlines the closure process, including financial provisions. We are, therefore, able to systematically audit and monitor our activities. Required audits are undertaken by independent consultants and submitted to the DMR annually.

The Group actively manages and monitors the consumption of natural resources (including potable water and energy).

ENVIRONMENTAL VALUE-ADD CONTINUED

At monthly management meetings, consumption is analysed and trends interpreted to identify excessive use and to investigate discrepancies.

DRDGOLD's environmental management spend in FY2019 was R45.8 million (FY2018: R51.6 million). An amount of R4.4 million (FY2018: R3.8 million) was spent on dust monitoring and suppression.

No fines of monetary value or directives for non-compliance with environmental laws and regulations were imposed on the Group in FY2019.

Environmental management expenditure

	2019 Rm	2018 Rm
Tailings complex (vegetation, dust suppression and cladding, among others)		
Crown Complex	15.2	10.0
Brakpan/Withok	16.8	12.0
Daggafontein	0.1	3.6
Rooikraal	-	0.2
Reclamation sites (vegetation and dust suppression, among others)		
Crown sites	4.8	11.1
Rehabilitation insurance expense	5.9	5.7
Historic spillage clean-ups	2.8	2.6
Ergo sites	-	0.3
Demolition of plant and infrastructure	0.2	6.1
Total	45.8	51.6

Our priorities

Water and wastewater management

We are pleased to report that our efforts to reduce reliance on potable water have paid off during FY2019. Potable water utilised for mining related activities has reduced by 21% to 2 656Mℓ[LA]. Total water used has increased by 6% to 26 925Mℓ[LA] at our Ergo operation.

Ergo	2019		2018	
	Mℓ	%	Mℓ	%
Potable water sourced externally	**2 656[LA]**	**10**	3 377[LA]	11
Rondebult waste water	**386**	**1**	938	3
Surface water extracted	**4 155**	**15**	3 484	12
Water recycled in process	**28 765**	**70**	20 894	71
TCTA water (AMD)	**964**	**4**	744	3
Total water used	**26 925[LA]**	**100**	29 437[LA]	100

[LA] *Limited assurance*

At FWGR, we currently use all the water harvested from Driefontein 4 TSF (Dam 4). This amounts to approximately 40% of our process water requirements. The balance is made up from underground mine dewatering. Potable water consumption is limited to drinking and change houses and floc makeup for usage in the plant.

FWGR	2019	
	Mℓ	%
Potable water sources externally	**76**	**3**
Underground water extracted	**1 529**	**53**
Water recycled in the process	**1 287**	**44**
Total water used	**2 892**	**100**

Total		2019	2018
Potable water sources externally	Mℓ	**2 732**	3 377[LA]
Total water used	Mℓ	**29 817**	29 437[LA]
Percentage	%	**9**	11

[1] *Refer to www.drdgold.com for details on our views of AMD and the agreement with TCTA*

Water consumption

During the past two years, our strategy to reduce reliance on potable water was implemented by investing in a number of projects:

Centralised water distribution system

The Central Water Distribution System was commissioned during the last quarter of FY2017 to store and distribute water emanating from the Rondebult waste water treatment works, treated AMD water from TCTA and recycled water from our Brakpan/Withok Tailings Deposition Facility. The centrally located water facility allows us to distribute water more efficiently throughout the operations. Further improvements have been initiated and implemented to increase pumping capacity from the Brakpan/Withok Tailings Deposition Facility so that more recycled water can be delivered to the Central Water Distribution System and better utilised from there. An example of improvements is the installation of an inline booster pump station to improve pumping efficiencies and volume from the Brakpan/Withok TSF and the Central Water Distribution System. The Central Water Distribution System continues to perform as planned with significant reductions in potable water consumed.

Rondebult waste water treatment works

The filtration plant at the Rondebult waste water treatment works operated by the East Rand Water Care Company was installed in FY2015. The Rondebult waste water treatment works was designed to provide Ergo with 10Mℓ of recycled water a day for use in reclamation activities. We were able to use 386Mℓ of this water in FY2019 in comparison with 938Mℓ in FY2018. We are still falling short of the potential of the project as the Rondebult waste water treatment works struggles to supply the required volumes due to infrastructural failure on its part.

TCTA processed acid mine drainage water

The TCTA pump station and plant extracts and treats AMD water to a non-potable standard before releasing it into the environment. DRDGOLD secured the right to use up to 30Mℓ of treated AMD water a day from the TCTA facility for our operations, as a further strategy to source non-potable water for mining related activities. During FY2019, 964Mℓ of treated AMD water, from TCTA was utilised within the operation.

Dust monitoring

Ergo		2019	2018
Crown			
Total sites monitored		**672**	684
Exceedances		**5**	3
Percentage	%	**0.74**	0.44
ERPM			
Total sites monitored		**240**	231
Exceedances		**1**	1
Percentage	%	**0.42**	0.43
Ergo			
Total sites monitored		**289**	273
Exceedances		**2**	3
Percentage	%	**0.69**	1.10
Total dust exceedances		**8** LA	7 LA

LA *Limited assurance*

FWGR		2019
Total sites monitored		**320**
Exceedances		**2**
Percentage	%	**0.63**

Total		2019	2018
Total sites monitored		**1 521**	1 188
Exceedances		**10**	7 LA
Percentage	%	**0.65**	0.59

LA *Limited assurance*

ENVIRONMENTAL VALUE-ADD CONTINUED

Dust fall-out has reduced steadily in recent years due to our rehabilitation programmes and mitigation measures. We achieved positive results for dust monitoring and containment – of the 1 521 measurements, eight exceedances (0.62%) were recorded over the entire Ergo operation.

The monitoring reports are sent to regulators, municipalities, and interested and affected parties. The two exceedances reported on the FWGR related to farm activities in areas included within our monitoring network however not specifically caused by our operations.

Only two reportable exceedances were captured in FY2019 within our monitoring network as two monitoring sites exceeded the residential dust exceedance limits twice within the 12-month period. A full investigation was undertaken, and presented at our quarterly dust forum, to establish the cause of the exceedances. It was determined that both of the exceedances were primarily caused by non-mining activities where vehicles were travelling on unpaved surfaces in close proximity to the monitoring points. This was evident from observation of the red soil colour of the material collected within the dust buckets.

Rehabilitation

In accordance with South African mining legislation, all mining companies are required to rehabilitate the land on which they work to a determined standard for alternative use. DRDGOLD's business involves the reclamation of previously discarded material deposited, in many cases, by other companies, most of which are no longer in business. As a result, we deal with legacy environmental issues. Nevertheless, we take our environmental responsibilities seriously and are steadily rehabilitating land previously sterilised by mine residue.

DRDGOLD has spent more than R230 million on various rehabilitation activities (including controlling dust) in the five years preceding FY2019.

In FY2019, we vegetated a total of 24ha (FY2018: 5ha) at the Crown Complex. The established community consortium consisting of nine local companies that represent areas including Langlaagte, Diepkloof, Meadowlands, Orlando West, Orlando East, Riverlea, Pennyville and Ormonde showed good progress.

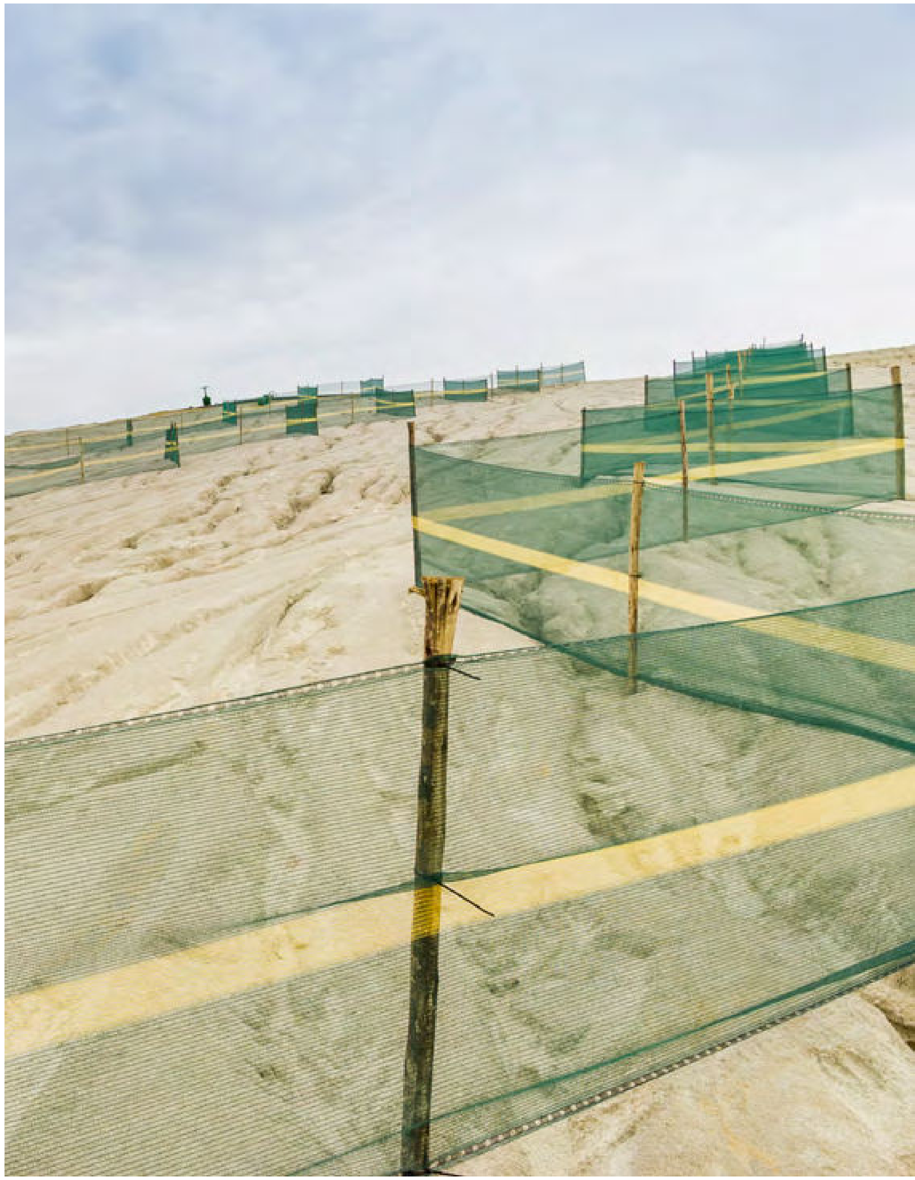
The consortium currently employs 27 community members from the abovementioned areas. Their current project entails the establishment of new side slope vegetation on the Crown tailings dam and to irrigate until the vegetation is self-sustainable. Ergo currently supplies all the material for the vegetation establishment but it is expected that the consortium will supply the material in the future once it becomes a commercially viable business. In the FY2019, we spent R4 million on the vegetation programme undertaken by the consortium. We are on track to complete this programme by 2024 and it could be accelerated if additional water is secured.

Concurrent rehabilitation is ongoing on active tailings facilities with 31.5ha (FY2018: 22ha) of side slope cladding completed at the Brakpan/Withok Tailings Deposition Facility. No rehabilitation was undertaken at the Daggafontein Tailings Facility during FY2019 as the remaining side slopes are in a stable condition and therefore the cladding at Brakpan/Withok was accelerated.

In FY2016, a decision to complete the recovery of material from a number of legacy reclamation sites and to close the Crown plant was made. The clean-up of the legacy sites has proved more difficult and more costly than expected as the result of us having to mechanically lift residual material from these legacy sites. At the end of FY2019, significant progress has however been made on these legacy sites. The Crown plant has been totally demolished and final land shaping and profiling is ongoing at our 3L1 site.

During the current year, the reclamation of the 4L50 slimes dam is in full production. The dump is hydraulically reclaimed, through a modified mining sequence which has been implemented to improve the control of storm water management on the site. Rather than mining the resource in large horizontal planes, mining now proceeds in sequential benches of up to 18m in height and approximately 75m to 100m in breadth.

A key feature of the 4L50 dump is that the top surface area has been extensively vegetated following its decommissioning



as a TSF. Revised mining methods limit the extent of disturbed tailings surface area, leaving the vegetation intact and significantly reducing the emissions of wind-borne dust.

We have received land clearance certificates for an area covering approximately 135.5ha from the NNR, releasing this valuable land located close to the Benoni central business district for development. We are continuing with the process of final rehabilitation and remediation on a further 205ha within the city of Johannesburg, which will be submitted for land clearance in the near future and thus released back for economic development.

Energy consumption

As Eskom generates electricity primarily from coal-fired power stations, our indirect emissions are significant although, as with our use of materials, we strive continuously to reduce consumption.

Our electricity consumption reduced marginally year-on-year as did our volume through-put, demonstrating that our strategy of sizing pumps for maximum efficiency, using variable speed drives, soft starts, and continuously monitoring consumption is effective in optimising electrical power consumption. Power factor correction equipment has been designed and orders for the equipment has been issued. The project will be commissioned at the Brakpan/Withok tailings pump station in FY2020. This will not necessarily improve our consumption but will assist in stabilising the local power grid as well as provide additional usable power to further improve process water pumping capacity. The increase in diesel consumption is related to increased generator usage during power disruptions in the first half of the financial year as well as the increase in sand material delivered and processed at the commissioned Ergo ball mills.

DRDGOLD is investigating the possibility of producing our own power through alternative sources of energy, including solar and gas fired power plants. This is a long-term project and we are still in the early stages of research. If successful, this project will mitigate one of our major risks – sustainable and affordable power supply.

Energy consumption and emissions

		2019			2018
		Ergo	**FWGR**	**Total**	**Total**
Electricity consumption	MWh	**368 377** LA	**23 630**	**392 007**	383 151 LA
Diesel consumption [1]	litres	**1 077 464** LA	**60 883**	**1 138 347**	1 053 196 LA
Natural gas consumption [2]	Gj	**96 642** LA	**–**	**96 642**	107 859 LA
CO_2e emissions [3]					
Scope 1	tonnes CO_2e	**8 325** LA	**163**	**8 488**	8 578 LA
Scope 2	tonnes CO_2e	**383 112** LA	**24 575**	**407 687**	363 993 LA
Scope 3	tonnes CO_2e	**132**	**17**	**149**	107
Total	tonnes CO_2e	**391 569** LA	**24 755**	**416 324**	372 678 LA
Nitrogen oxides (NOx) emissions	tonnes	**1 647**	**105**	**1 752**	1 703
Sulphur oxides (SOx) emissions	tonnes	**3 284**	**211**	**3 495**	3 158
Volatile organic compounds emissions	tonnes	**6**	**–**	**6**	5
Carbon monoxide emissions	tonnes	**16**	**1**	**17**	14
Particulate emissions	tonnes	**182**	**12**	**194**	119

[1] *Diesel consumption is higher in FY2019 due to increased generator usage during power disruptions in the first half of the year and transport of sand material*

[2] *No natural gas consumption used at FWGR as elutions process performed at Sibanye-Stillwater's Driefontein 1 plant*

[3] *The Greenhouse Gas (GHG) Protocol – a partnership between the World Resources Institute and the World Business Council for Sustainable Development to tackle climate change – distinguishes emissions in terms of direct (Scope 1: from owned or controlled sources) and indirect (Scope 2: consumption of purchased electricity, heat or steam and Scope 3: other emissions, including extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled, electricity-related activities not covered in Scope 2, such as transmission and distribution losses, outsourced activities and waste disposal, among others). The global warming potential of the GHG emissions is expressed as carbon dioxide equivalent (CO_2e)*

LA *Limited assurance*

Load curtailment

In terms of our load curtailment agreement with Eskom, we are alerted when the national grid is under pressure and load shedding is imminent. This allows the operations team to take certain non-essential equipment off-line and reduce consumption by 5% to 40%, as required to prevent a complete power outage (effectively a 5% voluntary reduction for every load stage level declared). In return, DRDGOLD's Ergo plant is not part of the area load shedding schedule and is, therefore, able to maintain uninterrupted tonnage to the plant.

Gold extraction efficiency may be marginally affected during load curtailment but the risk of total plant shutdown, associated interruptions and potential damage to equipment and the process are reduced.

Primary reagents (tonnes)

	ERGO	FWGR	Total 2019	Total 2018
Cyanide consumption *	8 045 LA	600	**8 645**	8 566 LA
Steel (grinding) [1]	5 366	531	**5 897**	4 416
Hydrochloric acid	4 010	120	**4 130**	4 036
Caustic soda [1]	2 051	–	**2 051**	7 596
Lime	46 448	2 246	**58 530**	50 332
Carbon	790	304	**1 094**	1 006

* *Cyanide use is regulated in terms of Section 9 of the Mine Health and Safety Act, 1996 (Act No 29 of 1996), and DRDGOLD conducts regular internal and external compliance audits. Consumption decreased in FY2018 due to increased monitoring measures on cyanide usage and increased maintenance schedules on auto-titrators*

[1] *Decreased use of cyanide and caustic soda as a result of the conversion from electrowinning to zinc precipitation to recover gold. Increased use of steelballs at Ergo due to two ball mills installed treating high grade sand material*

LA *Limited assurance*

OUTLOOK

In the coming year, we will continue to focus on ensuring that our operations have a reduced impact on surrounding communities as possible. We hope to achieve this by systematically removing pollution sources (historic sand and slime dams we reclaim), by continuing to vegetate the Crown tailings complex, and by increasing the cladding programme to the exposed side slopes of the Brakpan/Withok Tailings Deposition Facility.

We have made great strides with the ongoing rehabilitation activities at our Crown and CMR sites and will continue with the final rehabilitation and remediation on 205ha within the city of Johannesburg, which will be submitted for land clearance soon and ultimately released for economic development.

In the medium term, we plan to release more previously sterilised land, which has been rehabilitated, for development and, in the long term, leave a self-sustaining, contained super-tailings deposition facility.

We will continue to drive our decline in consumption of potable water to below 10% by using water in manner that fully optimises the Central Water Distribution System and other water investments made.

We remain fully committed to the long-term project of evaluating whether or not we can produce our own power as an alternative to Eskom's power supply.

MINERAL RESERVES AND MINERAL RESOURCES

Our manufactured capital includes the volume of gold we recover by embracing innovation and technology – DRDGOLD's annual production target is 175 000oz to 190 000oz from a surface Mineral Resource of 9.8Moz.

Mineral reserves and resources at a glance

76%
Increase in Mineral Reserves to 5.8Moz

Sale of ERPM
underground resources

34% increase
in Mineral Resources to 9.8Moz

Group overview of operations

ERGO operation

DRDGOLD's consolidated Ergo operation covers an area of approximately 62km from east to west and 25km from north to south, near the original city of Johannesburg, on the central and eastern Witwatersrand of South Africa. The flagship metallurgical plant, Ergo, is some 50km east of Johannesburg in Brakpan, the Knights plant is in Germiston, and the milling and pump stations are located at City Deep.

As one of the world's largest surface gold tailings retreatment operations, the majority of the material treated by the Ergo plant – currently around 1.2Mtpm – is delivered via two feeder lines from the Elsburg tailings complex (incorporating the 4L50 area), Van Dyk and Ezekiel reclamation sites. A further 0.6Mtpm is delivered from the City Deep area (including 4L2, 3L42 and externally sourced sand).

The Ergo plant uses flotation, fine-grind and a combination of high-grade and low-grade CIL metallurgical processes to recover gold from slurry. Most of Ergo's reclamation activities involve the reclamation of slime. Monitor guns, operated by trained individuals, direct high-pressure water jets at targeted areas. The slime is dislodged and mixed with water and the resulting slurry is pumped to the metallurgical treatment plant for processing.

The Ergo plant has treatment capacity of 1.8Mtpm based on 92% availability. Vast quantities of material is delivered monthly to the plant and, as each old dump or dam is depleted, others are brought on stream.

FWGR operation

Effective 31 July 2018, DRDGOLD acquired the assets and liabilities forming part of the West Rand Tailings Retreatment Project from Sibanye-Stillwater. The assets and liabilities acquired include the following:

Historical tailings storage facilities (H-TSF)	**Mineral Reserve Estimate at 31 December 2017**			
	Tonnes (Mt)	Grade (g/t)	Gold tonnes	Gold Moz
Driefontein 3 H-TSF	49.76	0.47	23.39	0.75
Driefontein 5 H-TSF	27.94	0.47	13.10	0.42
Venterspost North H-TSF	54.54	0.27	14.94	0.48
Venterspost South H-TSF	12.70	0.33	4.19	0.13
Libanon H-TSF	73.29	0.27	19.94	0.64
Kloof H-TSF	27.90	0.33	9.07	0.29
	246.12	0.34	84.62	2.72
Currently active TSF (A-TSF)	Driefontein 4 A-TSF (Driefontein 4 TSF)			

The FWGR operation is located in the West Rand Goldfield of Gauteng, 30km from Johannesburg. The historical TSFs, within an area extending from Carletonville to Krugersdorp, cover an area of 412.3ha with a combined Mineral Reserves estimate tonnage of 246Mt at an average grade of 0.344g/t Au for a total gold content of 2.72Moz Au at 31 July 2018. DRDGOLD plans to exploit these in a two-phased approach:

Phase 1 which started immediately after acquisition, involved re-configuring and upgrading the old DP2 processing plant to a higher throughput volume and CIL circuit, as well as the establishment of a pump station to pump the material from the dump to DP2, establishment of pipeline infrastructure to transport the material from the plant to the deposition facility – Driefontein 4 TSF, ramping up the reprocessing of material from the Driefontein 5 H-TSF to approximately 500 000tpm for treatment and depositing the resulting residues onto the Driefontein 4 A-TSF. The Driefontein 4 A-TSF had to be converted from a daywall deposition to a cyclone dam to allow for additional deposition rate and corresponding rate of rise. FWGR was in development phase for the majority of FY2019 and reached commercial production (without milling) on 1 April 2019. The project was cold commissioned in December 2018 and testing continued till the third quarter of FY2019. R330.7 million was spent on this development and 484kg of gold was produced (including gold produced during preproduction). Revenue from FWGR was R184.6 million and an operating profit of R89.0 million was achieved after accounting for cash operating costs of R111.8 million, mostly after the date of commercial production.

Phase 2 involves the consolidation of the remaining material acquired as part of the transaction and envisioned a monthly production rate of 1.2Mt and construction is planned to commence within 24 months after first production of Phase 1. The major components of Phase 2 is the construction of a new centralised processing plant and an ultra-high volume deposition RTSF.

Geological setting, mineralisation and deposit type

DRDGOLD's surface deposits are the waste products of the processing of gold and uranium ores of the gold bearing late Archaean (2.7Ga to 3.2Ga), Witwatersrand sedimentary basin. The Witwatersrand Basin is the largest gold bearing metallogenic province globally and is unconformably overlain, by units of the Ventersdorp Supergroup (~2.7Ga), the Transvaal Supergroup (~2.6Ga), and the Karoo Supergroup (~280Ma) carried out since the 1890s.

The deposits consist of gold, uranium and sulphur-bearing sand dumps and slimes dams, and the composition reflects the major constituents of the Witwatersrand Basin: quartz (70%-80%), mica (10%), chlorite and chloritoid (9%-18%) and pyrite (1%-2%). Au, Uranium, Zircnium and chromium may be minor constituents averaging <100ppm each. Deposits possess structure determined by the geometry, material source and processing plants in which the original ores were processed.

Legal aspect and permitting

Mining Rights and Prospecting Rights held are listed under the Ergo Mining Proprietary Limited subsidiary. DRDGOLD has numerous Surface and Prospecting Rights and ownership of the surface rights and mine dumps vests in various legal entities.

DRDGOLD and its subsidiaries own the rights to some of the properties that have dumps. In other cases, agreements are in place with the landowners to mine the dump material and rehabilitate the land for other uses. The details of the related surface rights are not material for the purpose of this report. The necessary agreements are in place for all properties in the LoM plan. There are currently no legal actions/impediments that would prevent operations of any of the current mineral rights.

ERPM underground mining and prospecting rights

In December 2018, DRDGOLD concluded a revised disposal agreement, to dispose of mineral rights entitled GP150MR and ERPM GP151MR, as well as a prospecting right, as renewed and amended, entitled ERPM GP243PR and all permits and licences relating thereto to OroTree Limited (Orotree). This included an option agreement at the sole discretion of Orotree to purchase mining infrastructure assets to access the deep underground ounces of ERPM on or before 30 June 2019. The disposal of the mineral and prospecting rights was concluded at the DMR in the second half of FY2019. Therefore, the related underground Mineral Resources (Inferred) of 38.88Moz (177.22Mt@6.82g/t) were derecognised. Orotree decided not to exercise the option to purchase the mining infrastructure assets.

FWGR is currently operating under the Sibanye-Stillwater Kloof mining right – new order mining right GP30/5/1/2/2/66MR issued in 2007 and valid until 2027. FWGR is also operating under the Driefontein mining right – new order mining right GP30/5/1/2/2/51MR issued in 2007 and valid until 2037. Sibanye-Stillwater is entitled to mine all declared material falling within this mining right and has all necessary statutory requirements in place. A section 102 amendment to these mining rights in terms of the MPRDA Amendment Act of 2014, has been submitted by Sibanye-Stillwater to permit the reclamation activities of FWGR. The surface rights agreements over both the Driefontein and Kloof rights for the TSFs and processing plant sites are adequate for the Sibanye-Stillwater operations and would therefore be applicable to FWGR.

MINERAL RESERVES AND MINERAL RESOURCES CONTINUED

DRDGOLD Group structure and associate licences

DRDGOLD LIMITED

100% | 100%

DRDGOLD ERGO

DRDGOLD FAR WEST GOLD RECOVERIES

GP 158MR
GP 184MR
GP 185MR
GP 186MR
GP 187MR
GP 10007MR
GP 10044PR

Currently common law owners of Mineral Reserves

Transferred surface assets from ERPM: GP 151 MR

Group mineral reserve and surface mineral resources reconciliation

	Tonnes Mt	Grade Au g/t	Au ounces Moz
Mineral Reserves at 30 June 2018	332.20	0.31	3.28
New FWGR Mineral Reserves	246.12	0.34	2.72
Depletion of Reserves - ERGO	(21.62)	0.34	(0.24)
Depletion of Reserves – FWGR	(2.02)	0.43	(0.03)
Survey adjustments - ERGO	2.65	0.48	0.04
Mineral Reserves at 30 June 2019	557.33	0.32	5.77

	Tonnes Mt	Grade Au g/t	Au ounces Moz
Mineral Resources at 30 June 2018	873.11	0.26	7.33
New FWGR Mineral Resources	246.12	0.34	2.72
Depletion of Resources - ERGO	(21.62)	0.34	(0.24)
Depletion of Resources - FWGR	(2.02)	0.43	(0.03)
Survey adjustment - ERGO	1.94	0.48	0.03
Mineral Resources at 30 June 2019	1 097.53	0.28	9.81

The figures contained in the table are rounded, which may result in minor computational discrepancies which are not deemed to be significant

Group summary

DRDGOLD's Mineral Reserves increased by 76% from 3.3Moz (332.2.2Mt @0.31g/t) in FY2018 to 5.8Moz (557.3Mt @0.32g/t) in FY2019 due to the FWGR acquisition on 31 July 2018. There were no significant changes to Ergo as Mineral Reserves decreased mainly with the depletion during the year from reclamation. The current reserves reflect an operating life of 11 years for the Ergo operation and 20 years for FWGR.

DRDGOLD's Surface Mineral Resources increased by 34% to 9.8Moz (1 097.53Mt @ 0.28g/t), in comparison to 7.3Moz (873.1.0Mt @ 0.26g/t) in FY2018. The increase is attributable to the acquisition of FWGR. DRDGOLD no longer has underground Mineral Resources as the ERPM Mineral and Prospecting rights were sold during the year.

Feasibility studies

DRDGOLD began a drilling programme and pre-feasibility study (PFS) in September 2016, aimed at re-evaluating its surface gold tailings. The PFS focused on the tailings on the East of the Ergo plant with the aim of adding these to the Mineral Reserves base. Included in the PFS was a negligible amount of inferred Mineral Resources related to the Grootvlei tailings dam. As a result, Measured Mineral Resource from surface resources increased by 97% in FY2017 and Mineral Reserves by 67%. There was no significant work performed on the drilling programme or pre-feasability studies during the current financial year.

Evaluation methodology

Different methodologies are used for evaluation of Mineral Resources and Mineral Reserves.

Mineral Resources

The assumption is that the current mining method is suitable for all dumps. No selective mining will take place – the entire dump is processed (including Inferred Mineral Resources).

No selective mining is the result of three conditions inherent in the operations:

- There is nowhere on the mining sites to dump the below average grade material
- The mining method is not conducive to selection and
- The operation is a rehabilitation exercise and all material must be removed from site and it is therefore most efficient to process all material even low-grade material and Mineral Reserves are determined by the average grade of the dump which must be above or equal to the plant feed cut-off grade.

The assumption is that the current extraction process is suitable. Assumptions on cut-off per Mineral Resource area include working costs, the average plant recovery, the expected residue grade per Mineral Resource area, the required yield based on working cost and gold price, and the required head grade minimum based on the required yield and residue grade.

Mineral Resources consists of sand dumps, slimes dams and silted vleis and dams. DRDGOLD has access to historical records from the processing plants in the Witwatersrand Gold Fields on material gone to residue and drilling by the Chamber of Mines in the 1970s. Before dumps are included as Mineral Resources they are evaluated by drilling and an engineering study is undertaken to determine infrastructure needs.

With respect to surface Mineral Resources and Mineral Reserves, drilling takes place on a predetermined grid to ascertain the average grade (grade model), density, moisture, mineral composition, expected extraction factors and ultimate financial viability before mining begins. Drilling is usually limited to a maximum depth of about 50m. Reverse circulation drilling was undertaken on Ergo's bigger dumps to penetrate to the base of the dams.

As material is removed for retreatment, the Mineral Resources and Mineral Reserves for each operation are adjusted accordingly. Continuous checks of modifying factors and ongoing surveys are conducted to monitor the rate of depletion and the accuracy of factors used in conversion.

Mineral Resources were estimated from sampling data from surface boreholes and underground face sampling.

Sampling is performed by means of auger drill with a sleeve to contain the samples. Samples normally represent a 1.5m thickness. Boreholes intersections are logged for contaminants such as rock, soil, ash or any other foreign material. Samples are packaged and sent to an analytical laboratory.

Estimation methods were standard statistical and geostatistical processes (ordinary kriging).

A block model is then generated and used to overlay the potential mining areas, which are then evaluated for inclusion into a mine plan. Classification is based on sampling density and confidence in the estimation.

Verification of estimates is a routine part of the plant feed sampling programme. Plant feed grades are compared to the expected grades from the Mineral Resources and updated monthly. Surveys are undertaken monthly and reconciliation is reported yearly. Any adjustments for shortfall or overruns are made in the Mineral Resource statement for the following year. Gains or losses are largely related to volume adjustments on survey although adjustment may be made for other reasons such as unexpected deleterious materials in the dump.

Mineral Reserves

In addition to the Mineral Resource assumptions, infrastructure must be in place or planned to access dumps and dispose of residues. The LoM of Ergo includes Inferred Mineral Resources, which cannot be selected out during mining and some purchased sand. These constitute 5% of the tonnage included in the LoM and have been excluded from the Mineral Reserves declared.

Source area/plant	Recovery %	Mine call factor %	Opex R/t	Estimated cut-off grade g/t
Ergo	47	100	60.22	0.20
FWGR	52	100	61.12	0.22

The exclusion of the Inferred Mineral Resources and purchased sand does not have a material effect on the Mineral Reserves.

Modifying factors

Due to the nature of mining tailings dams (tailings storage facilities) no mining loss nor mining dilution is considered in the conversion of Mineral Resources to Mineral Reserves.

The entire process is reviewed by independent consultants to ensure that the accepted industry and deposit-type norms and procedures have been followed.

Refer to page 28 for risks and mitigations which could potentially impact Mineral Reserves and Resources, the three-year review on page 13 for production figures, and the environment management disclosure on page 52.

MINERAL RESERVES AND MINERAL RESOURCES CONTINUED

Independent review

ERGO's statement of Mineral Resources and Mineral Reserves is independently reviewed by Red Bush Geoservices Proprietary Limited (Red Bush) for compliance with the 2016 edition of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), and the SEC Industry Guide 7.

Red Bush is an exploration, resource and mining consulting firm, which provides services and advice to the mineral industry internationally.

The review of Ergo's Mineral Resources and Mineral Reserves estimation was conducted by Kathleen Jane Body (Pr.Sci.Nat.) and Prof Steven Rupprecht (FSAIMM). Ms Body and Prof Rupprecht have the appropriate qualifications, experience, competence and independence to be considered an independent Competent Person or qualified person in terms of the definitions included in the SAMREC Code, NI 43-101 and SEC Industry Guide 7.

Red Bush staff members carried out quality control analysis of the data during numerous site visits to the different surface operations. They reviewed the geological models, grade estimation techniques, the conversion from Mineral Resources to Mineral Reserves, and assessed the procedures and parameters used in the preparation of these Mineral Resources and Mineral Reserves statements.

Competent Persons

The information in this Report, relating to Mineral Resources and Mineral Reserves, is based on information compiled by the Competent Persons who gave written consent to the inclusion in this Report of the matters based on information in the form and context in which it appears. The Competent Persons also confirm that these disclosures are in compliance with the SAMREC Code and Section 12.13 of the JSE Listings Requirements.

The designated Competent Person for the Ergo surface Mineral Resources in terms of the SAMREC Code, is Mpfariseni Mudau (BSc (Hons), MSc (Eng)) Pr. Sci. Nat. 400305/12, a geologist with 13 years' experience in mineral exploration and mineral resource estimation of precious metals. The Competent Person is recognised by the South African Council for Natural Scientific Professions (SACNASP) located at Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, Gauteng, South Africa. Mr Mudau is a director of the RVN Group Proprietary Limited and contracted to Ergo. Mr Mudau is independent of Ergo and its related companies. The designated Competent Person, in terms of the SAMREC Code, responsible for compilation and reporting of Ergo's Mineral Reserves is Gary John Viljoen. Mr Viljoen is an independent contractor to DRDGOLD. He holds a Mine Surveyor's Certificate of Competency and has 25 years' experience in the mining industry and in working with the type of deposits mined. Mr Viljoen is a registered member of the South African Council of Geomatics (SACG) as a Professional Mine Surveyor and his membership number is GPr MS 0256. The Competent Person is recognised by SACG located at Unit 3, Building 2, Bruma Boulevard Office Park, 20 Zulberg Close, Bruma, Johannesburg, South Africa.

The designated Competent Person, in terms of the SAMREC Code, responsible for compilation and reporting of FWGR's Mineral Reserves and Mineral Resources is Vaughn Duke a partner of Sound Mining Solution Proprietary Limited located at 2A 5th Avenue, Rivonia, South Africa. Mr Duke is an independent contractor to DRDGOLD. He holds a BSc. Mining Engineering (Hons.), is registered with the Engineering Council of South Africa (ECSA) and is also a Fellow of the Southern African Institute of Mining and Metallurgy (SAIMM) and his membership number is 37179.

He has over 35 years' experience in the minerals industry, specialising in engineering studies, due diligence audits and valuations. The Competent Person is recognised by SAIMM located at the Mineral Council South Africa, 5th Floor, 5 Hollard Street, Cnr Sauer and Marshall Street, Johannesburg, South Africa.

DRDGOLD has written confirmation from the Competent Persons that the information disclosed in terms of this Report is compliant with the SAMREC Code and, where applicable, the relevant paragraph 12 of the JSE Listings Requirements and Table 1 requirements and has confirmed that this report may be published in the form and context in which it is presented.

Exploration

The Group did not incur any significant expenditure on activities for exploration properties during the year, other than the exploration activities related to the development of Phase 2 of FWGR, as described above. The planning of this project is expected to accelerate during FY2020. For more information on Phase 2 refer to the published Competent Person's Report for the FWGR transaction on DRDGOLD's website: https://www.drdgold.com/investors-and-media/circulars

Competent Persons	Title	Address	Qualifications	Years
Mpfariseni Mudau Pr.Sci.Nat. 400305/12	Director of The RVN Group Proprietary Limited	Willowbrook Villas 21, Van Hoof St, Roodepoort, 1724	BSc (Hons), MSc (Eng)	13
Gary John Viljoen SAGC GPr MS0256	Independent contractor	Unit 65, Eden Village, 4 Brentwood Park Road, Benoni, 1505	Mine Surveyor's Certificate of Competency	26
Vaughn Duke Pr Eng FSAIMM 37179	Partner of Sound Mining Solution Proprietary Limited	Sound Mining House, 2A Fifth Avenue, Rivonia, 2128	Bsc. Mining Engineering (Hons), MBA	35

Declaration

The gold price used for determination of mineral reserves and mineral resources under SAMREC is R629 404/kg (US$1 369/oz and R14.30/US$).

For compliance with SEC, DRDGOLD's Form 20-F (to be filed with SEC) will also quote the mineral reserves using the three-year average gold price of R552 585/kg (US$1 272/oz and R13.53/US$).

All mineral resources declared in this report are inclusive of mineral reserves.

DRDGOLD also confirms that the Group has the legal entitlements to the minerals reported without any known impediments. The directors are not aware of any legal proceedings or other material conditions that may have an impact on the Group's ability to continue operations other than those discussed in this report.

Surface Mineral Resources as at 30 June 2019

	MEASURED				INDICATED			
	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz
Ergo	313.30	0.306	95.92	3.08	339.69	0.253	85.85	2.76
FWGR	244.03	0.343	83.71	2.69	–	–	–	–
Total surface Mineral Resources as at 30 June 2019	557.33	0.322	179.63	5.77	339.69	0.253	85.85	2.76
Total surface Mineral Resources as at 30 June 2018	322.20	0.307	99.00	3.28	340.40	0.253	89.06	2.77

	INFERRED				TOTAL			
	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz
Ergo	200.51	0.199	39.94	1.28	853.50	0.260	221.71	7.12
FWGR	–	–	–	–	244.03	0.343	83.71	2.69
Total surface Mineral Resources as at 30 June 2019	200.51	0.199	39.94	1.28	1097.53	0.278	305.42	9.81
Total surface Mineral Resources as at 30 June 2018	200.51	0.199	39.94	1.28	873.11	0.261	228.00	7.33

MINERAL RESERVES AND MINERAL RESOURCES CONTINUED

Mineral Reserves as at 30 June 2019

	PROVED Delivered to plant				PROBABLE Delivered to plant				TOTAL MINERAL RESERVES Delivered to plant			
	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz	Tonnes Mt	Grade g/t	Contents Au tonnes	Contents Moz
Ergo	55.95	0.310	17.36	0.54	257.35	0.317	81.66	2.54	313.30	0.306	95.92	3.08
FWGR	176.80	0.365	64.58	2.07	67.23	0.285	19.13	0.62	244.03	0.343	83.71	2.69
Total Mineral Reserves as at 30 June 2019	232.75	0.352	81.94	2.61	324.58	0.311	100.79	3.16	557.33	0.322	179.63	5.77
Total Mineral Reserves as at 30 June 2018	68.03	0.303	20.59	0.66	264.17	0.308	81.30	2.61	332.20	0.307	101.89	3.28

SECTION

4

GOVERNANCE

At DRDGOLD, we believe that integrity and good conduct are the foundation of our business and we are fully committed to conducting business ethically and legally.

DIRECTORS AND MANAGEMENT

NON-EXECUTIVE DIRECTORS

Geoff Campbell (58)	Johan Holtzhausen (73)	Edmund Jeneker (57)	James Turk (72)	Toko Mnyango (54)	Jean Nel (47)	Prudence Lebina (38)
BSc (Geology)	**BSc, BCompt (Hons), CA (SA)**	**Chartered Director (SA), B Hons, IEDP, M.Inst.D., SAIPA**	**BA (International Economics)*** ** Ceased to be director on 31 October 2018*	**Dip Juris, BJuris**	**BAcc (Hons), CA(SA), CFA (AIMR)**	**BCom; Higher Diploma in Accounting, Certificate in Business Leadership, CA (SA)**
INDEPENDENT NON-EXECUTIVE CHAIRMAN	INDEPENDENT NON-EXECUTIVE DIRECTOR	LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR	INDEPENDENT NON-EXECUTIVE DIRECTOR	INDEPENDENT NON-EXECUTIVE DIRECTOR	INDEPENDENT NON-EXECUTIVE DIRECTOR	INDEPENDENT NON-EXECUTIVE DIRECTOR
Chairman: Nominations Committee Member: Remuneration and Nominations Committee	Chairman: Audit and Risk Committee	Chairman: Social and Ethics Committee Member: Remuneration and Nominations Committee	Member: Audit and Risk Committee Member: Remuneration and Nominations Committee Ceased to be a director on 31 October 2018	Member: Social and Ethics Committee Chairwoman: Remuneration Committee Member: Remuneration and Nominations Committee	Member: Audit and Risk Committee Appointed as a director on 30 November 2018	Member: Audit and Risk Committee Member: Remuneration and Nominations Committee Appointed as a director on 03 May 2019

EXECUTIVE DIRECTORS

Niël Pretorius (52)	Riaan Davel (43)
BProc, LLB	**BCom (Hons), M Com, CA (SA)**
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
Member: Social and Ethics Committee	

Hover the mouse cursor over the individual directors to see their photo and their CV

DIRECTORS AND MANAGEMENT CONTINUED

MANAGEMENT

Name	Qualifications	Position
Reneiloe Masemene (38)	LLB, LLM* ** Ceased to be Company Secretary on 30 September 2019*	GROUP LEGAL COUNSEL AND COMPANY SECRETARY
Jaco Schoeman (45)	National Diploma (Analytical Chemistry), BTech (Analytical Chemistry)	OPERATIONS DIRECTOR: ERGO MINING OPERATIONS PROPRIETARY LIMITED
Henry Gouws (50)	National Higher Diploma (Extraction Metallurgy), MDP	MANAGING DIRECTOR: ERGO MINING PROPRIETARY LIMITED
Mark Burrell (57)	BCom Accounting, MDP	FINANCIAL DIRECTOR: ERGO MINING PROPRIETARY LIMITED
Kevin Kruger (51)	BscEng (Mechanical Engineering), MDP, PMD, Government Certificate of Competency (Mines)	MANAGING DIRECTOR: FAR WEST GOLD RECOVERIES PROPRIETARY LIMITED
Henriette Hooijer (39)	BCom (Hons), CA(SA)	FINANCIAL DIRECTOR: FAR WEST GOLD RECOVERIES PROPRIETARY LIMITED
Thulo Mogotsi-Moletsane (51)	BA, LLB	CHAIRMAN AND NON-EXECUTIVE DIRECTOR: ERGO MINING OPERATIONS PROPRIETARY LIMITED
Elise Beukes (42)	BProc* ** Appointed Company Secretary on 1 October 2019*	COMPANY SECRETARY

X

Hover the mouse curser over the individual directors to see their photo and their CV

CORPORATE GOVERNANCE

Our Board of Directors is committed to effective and ethical leadership and the highest standards of good corporate governance. Every Director, officer or employee representing us should respect the maxim 'do unto others as you would have them do to you'.

Our ethical culture

At DRDGOLD, we believe that integrity and good conduct are the foundation of our business and we are committed to conducting business ethically and legally throughout our surface retreatment organisation. To this end, our people are the moral fibre of the organisation. They are expected to uphold the highest ethical and business standards at all times, even if maintaining such ethical standards results in a loss of business.

Code of conduct

We believe in disclosure and transparency and the moral principles that govern our behaviour as outlined in our Code of Conduct (Code), which outlines our values; how we aim to conduct our business; the way in which we behave and the rights our business partners can expect in our dealings with them.

The Code is based on DRDGOLD's values of unity, integrity, commitment and accountability and describes the following fundamental principles that should govern our everyday business conduct:

- Fair dealing and integrity in the conduct of our business
- Promoting a corporate culture that is open and
- Socially and environmentally responsible behaviour

The Code of Conduct is available on the DRDGOLD website, distributed to all new employees and is included in the induction video, which all employees are required to watch on an annual basis.

Whistleblowing hotline

A whistleblowing mechanism is in place to assist with the identification of possible unethical behaviour. This is in the form of an anonymous hotline facilitated through Deloitte. The security department is also open to receiving information. In some instances, cases are opened with the police and employees dismissed following a disciplinary hearing. Posters are also put in the workplace to remind employees of the importance of ethical behaviour, the existence of the hotline and the procedures to follow should they witness unethical conduct.

Fines and incidences of corruption

DRDGOLD did not receive any significant fines of monetary value or non-monetary sanctions for non-compliance and was not involved in any incidences of corruption in FY2019.

Non-compliance with laws and regulations

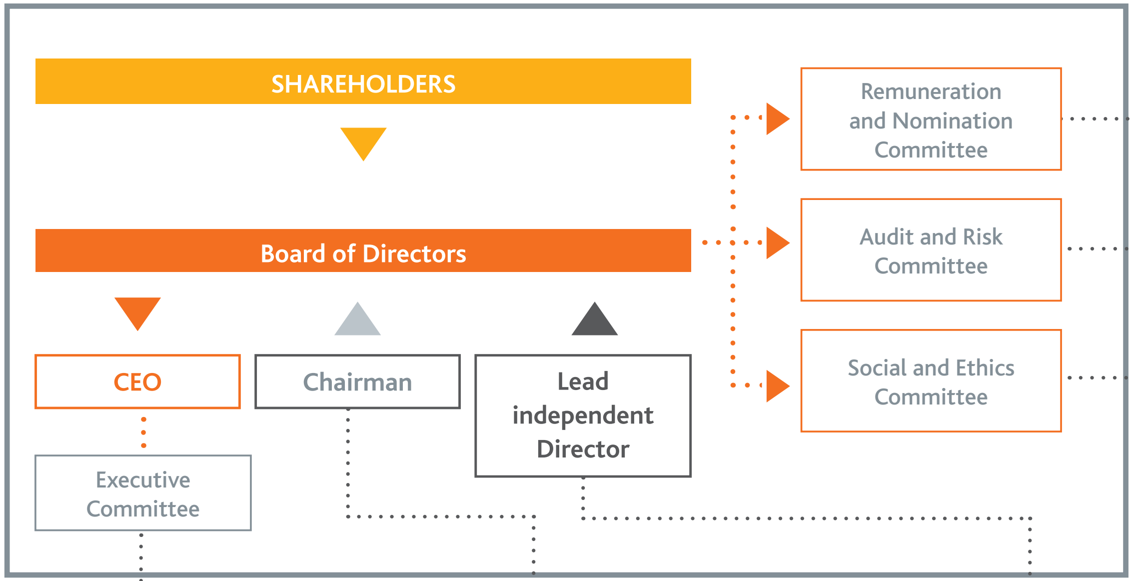
During FY2019, DRDGOLD was, regrettably, publicly censured by the JSE for a breach of the JSE Listings Requirements in respect of the late disclosure of the disposal of the mining rights of East Rand Proprietary Limited and the related mining infrastructure and associated movable machinery, plant and equipment to OroTree Limited and ERPM South Africa Holdings Proprietary Limited. DRDGOLD acknowledges that the breach was as a result of the misinterpretation of the nature of the transaction and the application of the JSE Listings Requirements thereto. The Company tendered its full cooperation to the JSE during the course of the JSE's investigation of the breach and has undertaken to prevent a recurrence of a transgression of the JSE Listings Requirements by reinforcing internal measures and policies to ensure compliance with Listings Requirements and specifically in this instance, to ensure that all future announcements are published within the stipulated timeframes imposed by the JSE pursuant to the JSE Listings Requirements.

There were no other regulatory penalties, sanctions or fines for contraventions of, or non-compliance with other statutory obligations. No adverse compliance inspections by environmental regulators took place during the period under review and no incidences of non-compliance with environmental laws were identified.

Key performance indicators

Compliance with applicable laws and adopted, standards and codes of good practice	Set key performance measures and targets for value creation and execution of the approved strategy	Appropriate appointment and delegation to management	Stakeholder engagement and issues reports on the Company's activities and performance	Governance and oversight of risk management	Technology and information governance	Governance of remuneration throughout the Company, to ensure fair and responsible remuneration practices

Governance structure



Remuneration and Nominations Committee

Primary functions:

- Support the Board with the governance of remuneration throughout the Group and ensure fair and responsible remuneration practices
- Assess the Board composition and identify appropriate candidates for appointment to the Board

Audit and Risk Committee

Primary functions:

- Ensures that internal and externally issued reports comply with legal requirements and/or meet the legitimate and reasonable information needs of material stakeholders
- Assist the Board with the governance and oversight of risk management
- Assist the Board with IT governance and risks
- Oversight of internal and external assurance processes

Social and Ethics Committee

Primary functions:

- Ensure the Group's ethics are effectively managed
- Monitor the Group's overall responsible corporate citizenship performance including relevant activities in the workplace, economy, society and the environment

CEO function

Leads and supervises the executive committee in executing the functions delegated to it by the Board. CEO cannot be the Chairman of the Board and is prohibited from being a member of the Audit and Risk Committee.

Each committee has a minimum of three members as recommended by King IV. The composition of each committee is also aligned with the Companies Act, JSE Listings Requirements and King IV recommendations. Ergo and FWGR each have a managing director and financial director who are based at the respective operations and are responsible for the day to day management of thereof. They also form part of the Executive Committee.

Executive Committee

Primary functions:

- Execute the approved strategy of the Board
- Make key decisions affecting the business and affairs of the Company subject to the Board approved delegation of authority framework
- Develop and monitor budgets to report to the Board

Chairman of the Board

Primary functions:

- Lead the Board of Directors in the objective and effective discharge of its governance roles and responsibilities
- Chair all Board meeting using appropriate and robust processes that ensure the Board focuses and achieves its tasks
- Encourage collegial and mutually respectful atmosphere amongst the Directors

Lead independent Non-executive Director

Primary functions:

- Leads in the absence of the Chairman
- Acts as an intermediary between the Chairman and other Directors of the Board
- Deals with shareholder concerns where contact through normal channels has failed to resolve concerns
- Chair discussions and decision-making of the Board on matters where the Chairman has a conflict of interest
- Leads the performance appraisal of the Chairman
- Strengthen the independence of the Board

Board composition

The Nominations Committee continues to play an active role in assessing the Board composition and identifying appropriate candidates for appointment to the Board.

The Board is satisfied that it possesses the appropriate mix of knowledge, skills, experience, diversity and independence to enable it to execute its responsibilities toward the Group.

Race and gender diversity policy

DRDGOLD supports the principles and aims of race and gender diversity at Board level. In this regard, and as required by the JSE Listings Requirements, the Board has approved a Race and Gender Diversity Policy.

The composition of the Board changed significantly in the current fiscal year and is more diverse and reflective of transformation and the country's demographics.

The Board appointed Mrs Toko Mnyango on 1 December 2016 and Mrs Prudence Lebina on 3 May 2019 as independent Non-executive Directors and their particulars are included on page 66 of this report and on the website www.drdgold.com/about-us/directors-officers-and-executives

The Board currently has an aggregate complement of eight directors, three of whom are black persons within the meaning ascribed thereto in terms of the BEE Act.

The Company has set itself a voluntary target of 30% in respect of both gender and race diversity, as contemplated in paragraphs 3.84(i) and (j) respectively of the JSE Listings Requirements.

In respect of the gender diversity component as envisaged in paragraph 3.84(i) of the JSE Listings Requirements, there are women, both of whom are black, within the meaning ascribed thereto in the BEE Act. On this basis, DRDGOLD's percentage delivers 25% against a target of 30% towards gender diversity.

In respect of the race diversity component as envisaged in paragraph 3.84(i) of the JSE Listings Requirements, there are three black people within the meaning ascribed thereto in the BEE Act. On this basis, DRDGOLD's percentage delivers 37.5% against a target of 30% towards race diversity.

To address the above towards meeting its voluntary targets, the Company has embarked upon a process in terms of which we ensure that members of the Board is reflective of the diversity at a level commensurate with the targets.

Nomination, election and appointment of members to the governing body

In compliance with JSE and NYSE requirements, the policy for appointments to the Board is both formal and transparent. The Remuneration and Nominations Committee identifies and interviews, and then recommends shortlisted candidates to the Board. The Board duly deliberates and appoints the most suitable person(s) to ensure that a balance of knowledge, skills, experience and diversity is achieved. The shareholders confirm the appointment at the first annual general meeting (AGM) following the appointment.

In accordance with DRDGOLD's Memorandum of Incorporation (MOI),

which was adopted at the 2012 AGM, all Directors are subject to retirement by rotation and to re-election by shareholders.

The names of the Directors submitted for re-election are accompanied by sufficient biographical details to enable shareholders to make an informed decision in respect of their re-election.

Independence

The Board comprises of two Executive Directors and six independent Non-executive Directors. For the fiscal year under review, three of the independent Non-executive Directors have served on the Board for longer than nine years. The Non-executive Chairman of the Board, Geoff Campbell, who is categorised as independent, has been on the Board since 2002 and fulfilled the role of Chairman since 2006. The Chairman does not serve on the Audit and Risk Committee. James Turk has been a member of the Board since 2004 but his directorship terminated on 31 October 2018. Edmund Jeneker has been a member of the Board since 2007. The Board is of the view that the extensive experience of each of these Directors far outweighs the potential downside of the length of their service.

The Board is comfortable that the current composition of the Board and the Board committees contributes to effective collaboration as well as a balanced distribution of power so that no individual has the ability to dominate decision making and no undue reliance is placed on any individual. Declarations of all interests and related parties are obtained prior to any Board meeting.

Execution of the duties of the Board

The Board fully appreciates that it's first and foremost accountable for the application of the corporate governance principles and practices at DRDGOLD. It also understands that its key functions are to set the strategic direction of the Group, to approve appropriate policies and plans to give effect to the approved strategy, to delegate implementation of the aforementioned to management and adequately monitor management's performance and to ensure accountability through reporting and the principle of transparency. The Board undertook a review of the governing bodies in light of the two new members, to achieve an appropriate balance of workload and to align to relevant qualifications and experience of the Board as a collective.

Attendance by Directors at Board meetings held during FY2018

Director	Designation	31 Aug 2018	25 Oct 2018	8 Feb 2019	3 May 2019
DJ Pretorius	Chief Executive Officer	✓	✓	✓	✓
AJ Davel	Chief Financial Officer	✓	✓	✓	✓
GC Campbell	Independent Non-executive Chairman	✓	✓	✓	✓
JA Holtzhausen	Independent Non-executive	✓	✓	✓	✓
EA Jeneker	Independent Non-executive	✓	✓	✓	✓
J Turk	Independent Non-executive	✓	✓	✓	✓
TVBN Mnyango	Independent Non-executive	✓	✓	✓	✓
JJ Nel	Independent Non-executive	–	–	✓	✓
KP Lebina	Independent Non-executive	–	–	–	–

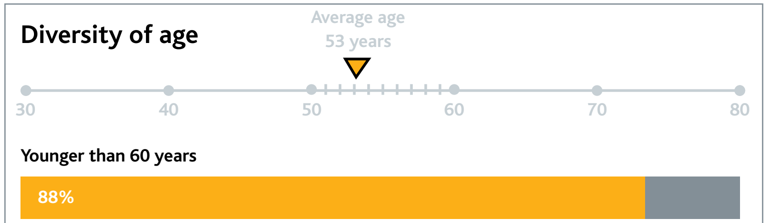
✓ Includes attendance through teleconference or video conference facilities

J Turk ceased to be a Director on 31 October 2018

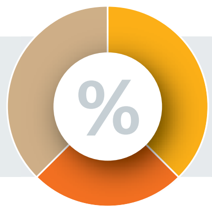
J Nel was appointed as a Director on 30 November 2018 and was nominated by Sibanye-Stillwater

K Lebina was appointed as a Director on 03 May 2019 (after the Board meeting was adjourned)

Diversity of age



Board tenure

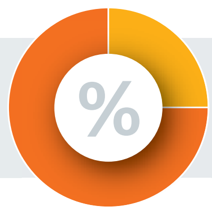


0-3 years	3
3-8 years	2
>8 years	3

Average tenure

6 years

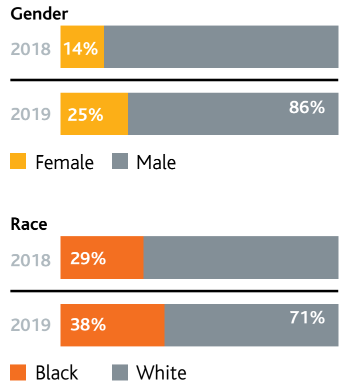
Board independence



Executive (Non-independent)	2
Non-executive (independent)	6

6/6 Non-executive Directors are independent

Gender and racial diversity



Execution of the duties of the Board

Key performance indicators	Action points
Compliance with applicable laws, adopted standards and codes of good practice	• Group legal counsel, headed by the Company Secretary, monitors changes and developments, through attendance of seminars and conferences and subscriptions to law journals • Consider the recommendations of King IV and evaluate its application across the Group. Disclosure on the application thereof can be found on the Company's website www.drdgold.com/about-us/governance • Discussions of the impact of new legislation at Board meetings • Use of a comprehensive compliance checklist • There were no material or repeated regulatory penalties, sanctions or fines • No adverse compliance inspections by environmental regulators • New code of ethics approved during FY2018
Set key performance measures and targets for value creation, as well as execute the approved strategy	• Continually evaluates the general viability of the business and its status as a going concern • Reviewed the liquidity and solvency of the Company on a continuous basis • Executed the approved strategy • Approved the acquisition of assets from Sibanye-Stillwater in FY2018 • Approved the FY2019 budget
Appropriate appointment and delegation to management	• Formal delegation captioned in an authority framework that is reviewed on a regular basis • Appointment of CEO for the effective management and day to day running of the business • Appointment of a Company Secretary on a permanent basis, with a wealth of experience and qualification • Support and provide guidance at all times to the Board
Stakeholder engagement and issues reports on the Company's activities and performance	• Performed with the assistance from the Audit and Risk Committee • Integrated and sustained stakeholder communication programme in place • Internal finance team led by the CFO who is evaluated by the Audit and Risk Committee • Integrity of reporting maintained with assistance from internal and external auditors • External service provider and Group legal counsel in place to assist with adherence to JSE Listing Rules and other legal requirements

Key performance indicators	Action points
Governance and oversight of risk management	• Performed with assistance from the Audit and Risk Committee • Approved the integrated risk management strategy • Comprehensive risk management process in place • Risk tolerance and appetite levels set and reviewed • Internal audit assists management in evaluating the process for managing key operational, financial and compliance risk • Internal risk officer in place to monitor and review the Group risk register and submits a risk report at each audit • Risk Committee meeting
Technology and information governance	• IT governance charter in place to set out policies, procedures and performance metrics which work together with the IT governance framework • IT governance framework in place to standardise business processes across the Group • Annual update received on IT risks, including business continuity, back-ups and offsite storage and security of network and information, all risks presented were deemed to be within tolerance levels and not considered material
Governance of remuneration throughout the Company to ensure fair and responsible remuneration practices	• Performed with the assistance from the Remuneration and Nominations Committee • More information available in the remuneration report

Evaluation of the Board

Annually, a Board performance evaluation process is conducted by an external party on the performance and effectiveness of the Board as a whole, the committees, the Chairman and the Company Secretary. The evaluation is performed through interviews and questionnaires, which Directors and management complete.

The 2019 review indicates that the Board is satisfied with the overall effectiveness and functioning of the procedures and processes in place to ensure that the Company is compliant and very effective in dealing with its legal and regulatory responsibilities. The Board is satisfied that it has carried out its responsibilities in accordance with the board charter.

Social and Ethics Committee

The Board is satisfied with the quality of and on-going refinements to integrated reporting on sustainability and the environment.

Audit and Risk Committee

The Risk Committee continues to function effectively with the Audit Committee. The Board remains satisfied that the combined committee provides independent guidance to the integrity of the Company's reporting.

Remuneration and Nominations Committee

The combined Remuneration and Nominations Committee continues to be effective.

Our Company Secretary

The role of the Company Secretary is key to ensuring that we comply with relevant laws, regulations and applicable codes of good practice and keep the Board informed and updated of their legal responsibilities. Her primary responsibilities include the following:

Provide guidance to the Directors about their duties, responsibilities and powers

- Ensuring all shareholder, Board and committee minutes of meetings are properly recorded in accordance with the Companies Act
- Making Directors aware of laws relevant or affecting the Group
- Drafting the Gender Diversity Policy of the Company
- Reporting to the Board on any failure to comply with the Group's MOI
- Drafting the Board Charter and terms of reference of the Board committees
- Ensuring dispatch to shareholders of the annual financial statements in accordance with the law

In August 2019, the Group appointed an independent facilitator to evaluate the performance of the Board and Company Secretary. Questionnaires were completed and interviews were conducted with each Director. The questionnaires included a section on the performance of the Company Secretary. The report states that the Company Secretary is effective in the performance of her duties. The Board confirms that the Company Secretary is not a Director of DRDGOLD and that there is an arm's length relationship between her and the Board, which is based only on professionalism. The Board also confirms that they are satisfied with the competence, qualifications and experience of the Company Secretary.

DETAILED COMMITTEE REPORTS

AUDIT AND RISK COMMITTEE

Chairman: JA Holtzhausen

Other members: P Lebina (Appointed 28 August 2019) and JJ Nel (Appointed 28 August 2019)

Purpose of the committee: To assist the Board in ensuring the integrity of financial and non-financial reporting and the internal control environment of the Company, monitor the risk management performance on behalf of the board and ensure that the Company implements its risk management framework

Roles and responsibilities:

- External auditors, audit process and financial reporting
- Internal audit
- Integrated reporting and assurance model
- Oversee the development and annual review of a policy and plan for risk management
- Ensure that risk management assessments are performed on a continuous basis
- Ensure that reporting on risk management assessment is complete, timely, accurate and accessible
- Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensure that continuous risk monitoring by management takes place

Key activities include:

- Meet each quarter with the external auditors, the Group's manager: Risk and Internal Audit and the CFO
- Review the audit plans of the internal auditors to ascertain the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls.
- Reviews the annual and interim financial statements prior to their approval by the Board members
- Make recommendations to appoint, reappoint or remove the external auditor and the designated external audit partner, in terms of the JSE Listings Requirements, as well as determining their remuneration and terms of engagement
- Pre-approve all audit and non-audit services provided by the external auditors

The internal audit function is performed in-house with the assistance of Pro-Optima Audit Services Proprietary Limited. Internal audits are performed at all DRDGOLD operating units and aim to review, evaluate and improve the effectiveness of risk management, internal controls and corporate governance processes.

KPMG Inc was reappointed by shareholders at the 2018 AGM to perform DRDGOLD's external audit function.

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

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

Section 404 of Sarbanes-Oxley Act (SOx) stipulates that management is required to assess the effectiveness of the internal controls surrounding the financial reporting process. The results of this assessment are reported in the form of a management attestation report that has to be filed with the SEC as part of the Form 20-F. Additionally, DRDGOLD's external auditors are required to express an opinion on the operating effectiveness of internal controls over financial reporting, which is also contained in the Company's Form 20-F. In terms of the JSE Listings Requirements, the Audit and Risk Committee is satisfied that appropriate financial reporting procedures are in place and are operating.

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

Annual financial statements

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

The Directors are of the opinion that the Group financial statements fairly present the financial position as at 30 June 2019 and the financial performance and cash flows for the year then ended, and deal with all significant matters.

The Directors have reviewed the Group's business plan and cash flow forecast for the year ending 30 June 2020. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and has adequate financial and capital resources to ensure its continued operational existence.

To comply with requirements for reporting by non-US companies registered with the SEC, DRDGOLD prepares its AFS on Form 20-F in accordance with IFRS. The Audit and Risk Committee has obtained and considered sufficient information from KPMG Inc to perform an assessment of the suitability for re-appointment of KPMG Inc and Mr Riegert Stoltz, the designated auditor and is satisfied that KPMG Inc and Mr Riegert Stoltz are independent of DRDGOLD, and the Group is satisfied with the quality of service.

Evaluation

For the year under review, the Audit and Risk Committee members were all satisfied with the overall functioning of the committee. The Board was also satisfied that the committee members, collectively, have the requisite academic qualifications and/or experience in, *inter alia*, economics, finance, accounting, law, corporate governance, commerce, industry and human resources management as required by Section 94(5) of the Companies Act read with Regulation 42 thereof.

In terms of the Companies Act and the JSE Listings Requirements, the Audit and Risk Committee considered and was satisfied with the adequacy of the expertise and experience of the CFO, Riaan Davel.

ATTENDANCE BY MEMBERS AT THE AUDIT AND RISK COMMITTEE MEETINGS HELD DURING FY2019

Director	29 Aug 2018	25 Oct 2018	8 Feb 2019	3 May 2019
EA Jeneker [2]	✓	✓	✓	✓
J Turk [1]	✓	✓	–	–
TVBN Mnyango [2]	–	–	✓	✓
JJ Nel [2]	–	–	–	–
P Lebina [2]	–	–	–	–
JA Holtzhausen	✓	✓	✓	✓

✓ *Includes attendances through teleconference or video conference facilities*

[1] *Service concluded 31 October 2018*

[2] *EA Jeneker and TVBN Mnyango resigned from committee on 28 August 2019 and were replaced by P Lebina and JJ Nel on the grounds that their appointments would bode well for DRDGOLD, taking cognisance of their respective skills and expertise*

Remuneration and Nominations Committee

Chairman (Nominations): GC Campbell

Chairman (Remuneration): TVBN Mnyango (Appointed 28 August 2019) Previously EA Jeneker

Other members: EA Jeneker and P Lebina (Appointed 28 August 2019), J Holzhausen resigned effective 28 August 2019

Purpose of the Remunerations Committee:

To assist the Board to ensure the Company remunerates directors and executives fairly and responsibly and the disclosure of directors and executive remuneration is accurate, complete and transparent.

Purpose of the Nominations Committee:
To assist the Board to ensure that the Board has the appropriate composition to execute its duties effectively.

Roles and responsibilities of the Remunerations Committee:

- Determine and develop the Company's remuneration policy
- Determine the criteria necessary to measure the performance of executive directors
- Incentivise executive directors and senior management
- Oversee the general operation of the share option scheme or any other similar incentive schemes
- Apply the principles of good corporate governance and best practice in respect of remuneration matters

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

Industry surveys are provided for comparative purposes, and to assist the committee in the formulation of remuneration policies that are market related.

Roles and responsibilities of the Nominations Committee:

- Ensure the establishment of a formal process for the appointment of directors
- Ensure that inexperienced directors are developed through a mentorship programme
- Ensure that directors receive regular briefings on changes in risks, laws and the appropriate contribution
- Drive an annual process to evaluate the Board, Board committees and individual directors
- Ensure that formal succession plans for the board, chief executive officer and senior management appointments are developed and implemented

Evaluation

For the year under review, the Remuneration and Nominations Committee members were all satisfied with the overall functioning of the committee.

Social and Ethics Committee

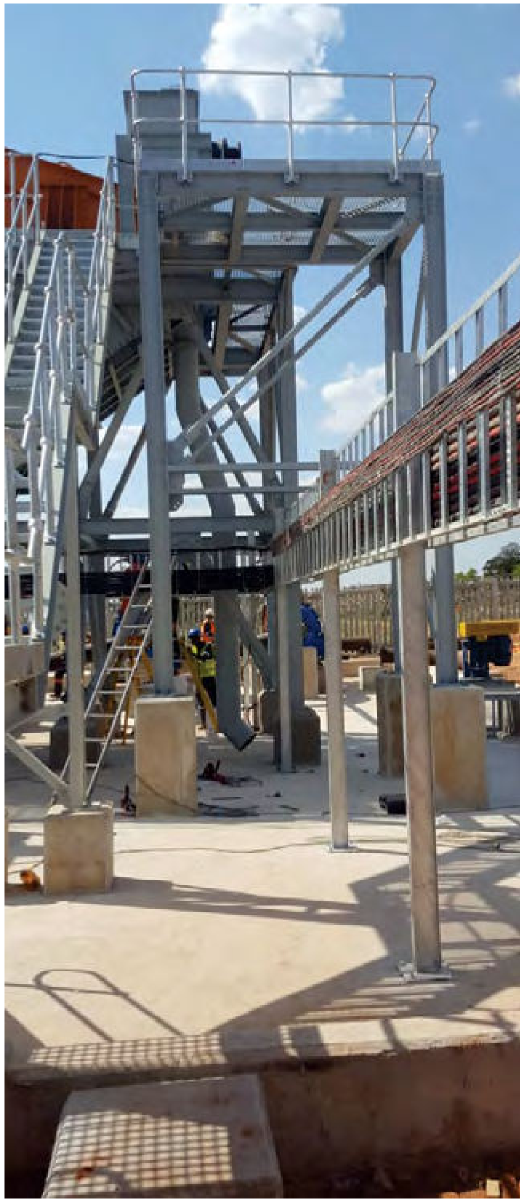
Chairman: EA Jeneker

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
- Conduct business in a manner that is conducive to the attainment of internationally acceptable environmental and sustainability standards



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 Ethics
- Review and recommend any corporate citizenship policies
- 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.

ATTENDANCE BY MEMBERS AT SOCIAL AND ETHICS COMMITTEE MEETINGS HELD DURING FY2019

Director	24 Aug 2018	19 Oct 2018	8 Feb 2019	2 May 2019
EA Jeneker	✓	✓	✓	✓
DJ Pretorius	✓	✓	✓	✓
TVBN Mnyango	✓	✓	✓	✓

REMUNERATION REPORT

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Chairman's letter

It is with pleasure that I present the annual remuneration report for 2019 on behalf of the Remuneration Committee and the Board of directors.

This report focuses on two sections: Part A focuses on remuneration governance and policy and Part B focuses on remuneration of Executive Directors, prescribed officers, senior management, and fees paid to Non-executive Directors.

During the past year, the Remuneration Committee has continued to review the Remuneration Policy to ensure alignment with the principles of King IV. DRDGOLD is committed to ensuring full compliance as King IV is implemented, and acknowledges that King IV is in line with best practice and governance standards.

With regard to remuneration, we have focused on aligning remuneration with performance as a key principle of DRDGOLD's Remuneration Policy and are proposing to refine or revise our incentive schemes from FY2020. The new scheme will be proposed at the AGM to be held on 2 December 2019. Remuneration comprises short-term-and long-term incentives for executive management, prescribed officers and senior management, based on agreed performance indicators that in turn are aligned with the short- and long-term goals and strategies of the Group. We believe that the Remuneration Policy has achieved its objectives.

In this challenging corporate environment, the actions of executive management are crucial for the success of the Company and for the benefit of shareholders, and all stakeholders. Specific successes in this regard, as mentioned in the report, relate to positive, free cashflow generation, stable operations resulting in increased gold production and lower costs per unit and also the successful acquisition of FWGR.

In the 2018 financial year, our Remuneration Policy received 82.37% Advisory Vote from our shareholders and our Implementation Report resolution received 99.83%. We recognise the challenges in regard to remuneration and acknowledge the feedback received from institutional shareholders and proxy advisors in the interests of good corporate governance and remuneration best practice.

Toko Mnyango
Chairman: Remuneration Committee
24 October 2019

Part A – Remuneration governance and policy

Remuneration governance

The Remuneration and Nominations Committee consists of only independent Non-executive Directors and oversees DRDGOLD's Remuneration Policy, its implementation and ensuring remuneration best practice within the Group. The CEO and CFO are standing invitees to the meetings. They have no vote at the meetings and are not present when their remuneration is discussed. The were no deviations from the remuneration policy during the financial year. The Remuneration and Nominations Committee held four meetings during the financial year ending 30 June 2019 with attendance as follows:

Committee members	Meetings attended
Edmund Jeneker[1] (Chairman)	4/4
Geoffrey Campbell	4/4
James Turk[2]	2/4
Johan Holtzhausen	4/4

All the members are independent Non-executive Directors

[1] *Resigned as Chairman of the committee on 28 August 2019 and replaced by Toko Mnyango*

[2] *J Turk ceased to hold office as a Non-executive Director with effect from 31 October 2018*

Remuneration policy

Our remuneration policy is aligned with strategy

DRDGOLD is committed to remunerating fairly, responsibly and transparently in order to promote the achievement of strategic objectives and positive outcomes, and an opportunity to develop employees' careers resulting in rewards aligned with the attraction and retention of human capital. Our remuneration policy and practices are aligned with stakeholder interests.

While remuneration differentiation is based on objective and fair compensable factors, DRDGOLD pays equally for work of equal value. Remuneration is therefore fairly and equitably distributed within occupational levels. We will continue to ensure that competitive reward strategies are in place to facilitate the recruitment and retention of high-performing staff at all levels in support of good corporate governance and to safeguard stakeholders' interests. Each element of our remuneration structure is aligned with stakeholder value and appropriately linked to achieving our business strategy and goals.

Non-executive remuneration

DRDGOLD focuses on rewarding Non-executive Directors fairly for their contribution to the performance of the Group. Non-executive Directors' fees are benchmarked annually against mining South African and non-South African industry non-executive director fees to ensure that they remain competitive. In addition, the complexity, scale and locality of the Group's operations and the governance environment in which it functions are taken into account in order to ensure that candidates of the required experience and skill are sourced and retained for service on the board.

Non-executive Directors are paid fixed retainers made up of a base fee and committee fee.

In addition, Non-executive Directors are reimbursed for travel expenses on official business where necessary, as well as other direct business-related expenses. They do not participate in the short- or the long-term incentive schemes as participation could be seen to compromise their independence and the impartiality of their oversight role.

Key elements of the remuneration policy

There are three main elements that make up DRDGOLD's reward approach, as follows:

Reward element 1

Guaranteed pay – remuneration strategy

The guaranteed package is determined by the need to attract and retain the skills and competencies required in the organisation. Job grades, reflecting the level of responsibility and conceptual complexity of job roles, are established through the application of the Paterson methodology, which is used throughout the South African mining sector. In applying the above, benchmarking is measured annually by 21st Century to compare the fairness and market competitiveness of guaranteed packages at the different job levels. The board is satisfied that 21st Century are independent service provides.

During FY2019, we enlisted PricewaterhouseCoopers (PwC) to perform a benchmarking exercise on the remuneration of category 19 and above employees as well as the current short-term and long-term incentive schemes. The board is satisfied that PwC are independent service providers.

Benchmarking is based on South African national and industry companies. We believe these organisations are our competitors for sought-after skills, and therefore deemed to be a reasonable, relevant and defensible selection from which key skills could be gained or to whom key skills could be lost.

Within a range applicable to the job level, individual remuneration is decided with reference to compensable factors, which are neither arbitrary nor discriminatory in terms of the Employment Equity Regulations and the Employment Equity Act.

Reward element 2

Short-term incentive remuneration strategy

The CEO and CFO participate in an annual short-term incentive scheme. These payments are agreed and approved by the Remuneration Committee and are capped at 100% of their guaranteed pay for on-target performance. Payments and awards in terms of this scheme are premised on two distinct components: the Group's ability to pay awards, considering its financial and operating performance, and the performance of the CEO and CFO, based on their individual key performance indicators (KPIs). KPIs are designed to reward performance in terms of short-term goals, most notably net free cash flow, production, costs, share price performance, internal controls over financial reporting, and safety and in terms of longer-term integrated sustainability goals, most notably resource optimisation, growth and strategic development, sustainability, environmental practice, risk management, resilience and social value. In terms of performance standards relating to, *inter alia*, safety and compliance, the incentive award is treated as a negative incentive, in the event of breaches or transgressions (in other words, it will cause the award, if any, to reduce).

In view of the fact that we pursue integrated or overlapping value creation, the Remuneration Committee does not allocate specific or fixed percentages to individual key performance areas or KPIs, electing instead to consider performance as a whole, determine which KPIs were met and which were not, and then determine an award which, in its view, is fair to both the Group and the individual.

In applying the above, the performance of the CEO and CFO was measured as follows:

Short-term goals

		Measure	
Key performance indicator	**Description**	**FY2019**	**FY2018**
Net free cash flow	Free cash outflow of R14.7 million (after investment of R 330.7 million in FWGR) compared to free cash inflow of R93.4 million in FY2018	✓	✓
Production	6% increase in gold produced compared to a 10% increase in gold produced in FY2018	✓	✓
Costs	Both cash operating costs and all-in sustaining costs per kilogram increased, but contained in line with overall production	✓	✓
Share price	Outperformed the index of gold stocks in FY2018, underperformed in FY2019	✗	✓
Internal controls over financial reporting	No material non-compliance	✓	✓
Safety	One fatality	✗	✓

Long-term goals

		Measure	
Key performance indicator	**Description**	**FY2019**	**FY2018**
Resource optimisation	Increase in Mineral Reserves by 82% resulting from acquisition of FWGR	✓	✓
Growth and strategic development	FWGR reached date of commercial production before year end	✓	✓
Sustainability	• Reduction in externally sourced potable water of 21% • 135.5ha land clearance certificates received for redevelopment	✓	✓
Environmental practice	Dust emissions stable at 0.65% of all samples taken through continuous vegetation and dust suppression	✓	✓
Social value	• Poverty alleviation: urban farms established for more than 1 000 families • Youth education: more than 900 learners at eight schools participating in mathematics, science and accountancy programmes	✓	✓

✓ **Achieved** ✗ **Not achieved**

For the year ended 30 June 2019, the annual short-term incentive payment, as a percentage of guaranteed pay in respect of FY2019, was as follows:

- CEO: 75% (FY2018: 80%)
- CFO: 75% (FY2018: 80%)

Short-term incentive for senior management remuneration – strategy

The short-term incentive for all employees in jobs graded 19 (Paterson DU) and above is measured by corporate performance against measures and modifiers in the business strategy. It is decided annually in advance and paid pro-rata to target short-term incentive measures and individual achievement against agreed goals (the performance rating in terms of the performance management system).

A pool-based incentive scheme, based on modified free cash flow, has been adopted because it drives a strong teamwork culture with all participants working primarily towards a single goal, maximising free cash flow which is an easy measure to understand, influence and maximise. Consistently increasing free cash flow should translate into an increasing share price, thereby aligning participant and shareholder interests.

To drive strategic initiatives, the short-term incentive pool is modified by up to 20% for isolated non-achievements of targets and up to 50% for systemic or repetitive non-compliance. The modifiers are approved in advance by the Remuneration Committee. These strategic initiatives and their measures are assessed and approved by Exco at the beginning of each financial year to ensure that current strategies are driven in that year. These strategic modifiers and their weightings are communicated to participants at the beginning of each financial year to ensure understanding and compliance.

The Group performance measures for all senior employees were set out by the Remuneration Committee and the weightings for FY2019 are as follows:

- Environmental: 4%
- Safety: 4%
- Social development: 4%
- Labour development: 4%
- Transformation: 4%

A further modifier to the short-term incentive scheme for senior employees will reduce the cash pool by up to an additional 15% if certain production targets are not met. This provides flexibility between 96% and 100% of production budgets as indicated below:

- 0–95.99%: 15%
- 96–96.99%: 12%
- 97–97.99%: 9%
- 98–98.99%: 6%
- 99–99.99%: 0%

In addition, senior managers individual key performance ratings should meet the following criteria in order for the short-term incentive payment to be made:

- A: Rating 3 or more – 100% of the pro-rata pool allocation will be paid
- B: Rating 2 < 2.99 – only 25% of the pro-rata pool allocation will be paid
- C: Rating less than 2 – no allocation will be paid
- Short-term incentives for senior management are capped at 100% of their total guaranteed package

Governance and administration

The Remuneration Committee has the authority to amend, in part or in its entirety, or withdraw the incentive scheme, at any time and will review the incentive scheme each year to ensure that the correct strategies of DRDGOLD are being driven by the incentive scheme.

Short-term incentive payments are made after DRDGOLD's provisional results have been signed off by the external auditors.

Current developments

Changes to short-term incentive with effect from FY2020

The short-term incentives for the CEO and CFO are determined by the Remuneration Committee holistically without allocating specific percentages to KPI's and thus in the past their short-term incentives do not form part of the cash flow-funded pool. In light of contemporary market practice which is to have uniform performance measures and a more integrated team-based approach to the short-term incentives of the management team, the short term incentives of both the CEO and CFO will be funded from a cash flow-funded pool. It will however be subject to further adjustments, upwards or downwards, which may be applied by the Remuneration Committee at their discretion with reference to the following considerations:

- If compelling, exceptional and objective circumstances warrant such application of discretion
- To ensure that the short-term incentive amounts awarded are balanced and equitable

With effect from FY2020, a portion of up to 40% (at the discretion of the Remuneration Committee) of the CEO and CFO short-term incentive amounts may be awarded in deferred bonus shares, that will vest as follows:

- 50% after 9 months
- 50% after 18 months

The deferred bonus shares carry dividend rights that will vest/be released upon vesting of the shares to which they relate. The vesting of deferred bonus shares is subject to service conditions.

In order to both appropriately penalise and reward production performance (compared to budget) and in matters over which management has direct control, the production modifier to the cash pool has been amended to be both penal as well as rewarding as indicated below:

- 0 to < 93%: -10%
- 93 to < 97%: -5%
- 97 to < 103%: 0%
- 103 to < 107%: +5%
- ≥ 107: +10%

In order to focus the Company's performance management system on improving performance and not only moderating

short-term incentive benefits, adjustments have been made in order for the short-term incentive payment to be made:

- A: Rating 3 or more – 100% of the pro-rata pool allocation will be paid
- B: Rating 2.75 to < 3 – only 80% of the pro-rata pool allocation will be paid
- C: Rating of 2.5 to < 2.75 – only 60% of the pro-rata pool allocation will be paid
- D: Rating of 2.25 to < 2.5 – only 40% of the pro-rata pool allocation will be paid
- E: Rating of 2 to < 2.25 – only 20% of the pro-rata pool allocation will be paid
- F: Rating less than 2 – no allocation will be paid

Short-term incentives for senior management remain capped at 100% of their total guaranteed package.

In order to enforce DRDGOLD's commitment to safety and the protection and preservation of life of all our employees, a moderator has been introduced in terms of which the cash pool may be moderated in the event of the occurrence of work-related fatal accidents, as follows:

- Up to 25% per fatality, depending on the degree of culpability of the Company, as assessed by the Remuneration Committee and
- Fatality/ies that result from a breakdown in or disregard for a safety culture, may at the discretion of the Remuneration Committee's result in the pool being modified by up to 100% down to 0%.

When the short-term incentive scheme was implemented in 2015, it allowed for a discretionary element in terms of which up to 10% of the cash pool could be distributed to individual participants based on exceptional performance. This has been revised given the variables over which individuals exercise limited control and this feature of a 10% discretionary element is being re-introduced into the short-term incentive scheme with effect from FY2020.

Reward element 3

Long-term incentive for key executives and senior management remuneration strategy

Long-term incentives are designed to retain key staff and allow for an opportunity to earn rewards determined with reference to the share price performance of the Group through so-called "phantom" shares. It is indirectly the shareholders' reward of key executives and senior management staff through the value the market places on the DRDGOLD shares.

On 4 November 2015, the 2012 share-option scheme was substituted by a simplified phantom share scheme aimed primarily at retaining key executives and senior members of management. Provided that, over the period during which the benefits in terms of this scheme vest, participants are substantially in compliance with their key duties, a retention benefit calculated with reference to the share price performance of DRDGOLD will become payable to the participating members on certain fixed dates. When vesting, these awards are paid using the 7-day Volume weighted average price (VWAP) of the DRDGOLD share price on the JSE for the seven days preceding the date of the award.

In line with King IV recommendations, vesting of the phantom shares is measured over the three, four and five-year vesting periods subject to individual performance and service conditions. The scheme has a finite term of five years hence no top-up awards are made when the shares vest. In order for individuals to receive a settlement payment of vested phantom shares, they are required to be in active service and not under notice of resignation at the settlement payment date in order to receive such settlement payments.

The service conditions are as follows:

- **Dismissal and resignation –** all shares forfeited
- **Retrenchment and retirement –** Remco has discretion to allow vesting and payment of shares that would vest in the 12 months following the last day of service
- **Death –** Remco has discretion to allow vesting and payment to the estate for shares that would vest in the 12 months following the date of death

The fair value of the awards is mostly influenced by the 7 day VWAP of the DRDGOLD share price and the annualised forward dividend yield, which were estimated to be R4.37 and 4.3% at 30 June 2019 respectively. The fair value at grant date was determined using a R2.26 VWAP and a 4.3% dividend yield.

Executive management

In terms of the revised phantom share scheme, executive management which comprises of the CEO, CFO, Operations Director and Group Legal Counsel and Company Secretary will receive the following long-term retention awards (as shown in the following table), being the equivalent value of DRDGOLD shares, as at the vesting date, each year:

	November 2019	November 2020
	Number	Number
CEO	464 602	696 903
CFO	261 007	391 510
Operations Director	261 007	391 510
Group Legal Counsel and Company Secretary[1]	228 938	398 230

[1] *Reneiloe Masemane resigned effective 30 September 2019 and therefore forfeited all the awards outstanding on that date*

Senior management

An allocation of 16 899 966 phantom shares were made to senior management on 4 November 2015. The allocation of shares is as per the rules of the revised phantom share scheme, which are the same as the rules for the CFO and CEO as mentioned above.

The Remuneration Committee has the authority to amend, in part or in its entirety, or withdraw the long-term incentive scheme at any time.

The Remuneration Committee reviews the incentive scheme each year in order to ensure that the strategies of DRDGOLD are being driven by the incentive scheme.

Current developments

The current long-term phantom share scheme has a finite life and comes to an end next year with the final vesting occurring in FY2020. A new long-term incentive scheme will be implemented, subject to approval by shareholders at this year's AGM on 30 November 2019. The features of the new long-term incentive scheme are designed to follow contemporary trends in executive remuneration and the rules of good governance. Its terms were decided following a benchmarking exercise by PwC and after further consultation with 21st Century. The essence of the scheme are as follows:

A. Participants in the scheme will be incentivised by way of DRDGOLD equity in the form of Full Value Conditional shares

B. Annual awards of Conditional Shares will be made, in two forms:

- 80% of the award will be in Performance Shares
- 20% of the award will be in Retention Shares

C. The target award value will be referenced to a market-related quantity of shares per level, and will be adjusted based upon individual performance as follows:

Individual rating	% of target value awarded
< 2.75	0
2.75 to < 3.00	50
3.0 to < 3.75	100
3.75 to < 4.5	133.33
4.5 to < 5.0	166.67
5.0	200

D. Conditional Shares will vest three years after the award date. The scheme also makes provision for 50% of the awards proposed to be made in calendar year 2019 to vest in calendar year 2021 (being 2 years after the award date) and the remaining 50% to vest in 2022 (being 3 years after the award date).

E. Performance Shares (80%) will vest subject to service and performance conditions as follows:

- DRDGOLD's Total Shareholder Return (TSR) over the three-year vesting period exceeding DRDGOLD's Weighted Average Cost of Capital – if achieved, 40% of the Conditional Shares awarded will vest
- DRDGOLDS's TSR over the three-year vesting period compared to a comparator peer group, as follows:

Percentile of peers	% of Conditional Shares vesting
< 25th percentile	0
25th to < 50th percentile	10
50th to < 75th percentile	30
≥ 75th percentile	40

F. Retention Shares (20%) will vest subject to:

- Attaining a threshold individual performance rating over the three-year vesting period and
- The participant being in active service and not under notice of resignation at the settlement date

Executive employment contracts

Executive Directors have minimum term employment contracts with DRDGOLD. Following expiry, such minimum period service agreements may be terminated upon notice of up to three months, provided that such termination is otherwise substantively and procedurally fair. Other than accumulated retrenchment entitlements, there are no lump sum payments on termination, loss of office awards, or automatic entitlement to short- and long-term incentives other than in terms of the Group's approved incentive plans.

Non-executive Director's role	Annual retainer Rand fee
Chairperson of the Board[1]	1 388 518
Lead independent director[1]	640 261
Board member[1]	617 119
Audit and Risk Committee Chairperson[2]	30 856
Audit and Risk Committee member	30 856
Remuneration and Nominations Chairperson[2]	23 142
Remuneration and Nominations member	23 142
Social and Ethics Chairperson[2]	23 142
Social and Ethics member	23 142

[1] *The Chairman of the Board, lead independent Director and other Non-executive Directors receive committee fees*

[2] *The Chairman of the sub-committees receive fees as both Chairman and member*

NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY

In line with King IV, the remuneration policy and implementation are tabled for separate non-binding advisory votes by the shareholders at the DRDGOLD AGM.

DRDGOLD welcomes feedback from shareholders and, will seek to obtain support of at least 75% of shareholders present and voting support for the remuneration policy. In the event that this is not achieved at the AGM, we would welcome the opportunity to discuss this outcome with shareholders and would invite shareholders to forward their reasons or concerns in writing. DRDGOLD will then arrange for further engagement in this regard.

Fees for Non-executive Directors are considered annually and there were no increases between FY2015 and FY2017. On 30 November 2017, a 6% increase effective from 1 December 2017 was approved at the AGM. No fee increases are proposed for the 2019 AGM.

Ad-hoc work rates	Rand fees
Daily fee	**23 142**
Hourly rate	**3 086**
Half-day fee for participating by telephone in special board meetings	**11 571**

Part B: Implementation report of remuneration policy for FY2019

Total guaranteed pay outcomes

Executive Directors	Movement %	2019 R'000	2018 R'000
CEO	6.0	**6 223**	5 871
CFO	6.0	**3 496**	3 298
Operations director	6.0	**3 496**	3 298
Group Legal Counsel and Company Secretary	6.0	**2 143**	2 022

Average salary increases	2019 %	2018 %
Prescribed officers (July each year)	**6**	6
Senior management (January each year)	**6**	6
Middle and junior management (July each year)	**8.2**	8.2
Unionised and non-unionised (July each year)	**8.2**	8.2
Consumer price Index	**4.5**	4.6

Total remuneration

Directors' and prescribed officers' emoluments

Amounts R'000	2019			
Directors/prescribed officers	Total remuneration paid during the year[1]	Short-term incentives related to this cycle	Long-term incentives paid in this cycle	Total remuneration related to this cycle
Executive Directors				
DJ Pretorius	6 481	4 668	1 777	12 926
AJ Davel	3 669	2 622	998	7 289
	10 150	**7 290**	**2 775**	**20 215**
Non-executive Directors				
GC Campbell	1 514	–	–	1 514
J Holtzhausen	702	–	–	702
EA Jeneker	916	–	–	916
KP Lebina	104	–	–	104
TVBN Mnyango	690	–	–	690
JJ Nel	377	–	–	377
J Turk (ceased to hold office 31 October 2018)	280	–	–	280
Total	**4 583**	**–**	**–**	**4 583**
Prescribed officers				
WJ Schoeman	3 479	2 565	998	7 042
R Masemene	2 478	1 186	609	4 273
Total	**5 957**	**3 751**	**1 607**	**11 315**
Grand Total	**20 690**	**11 041**	**4 382**	**36 113**

Amounts R'000	2018			
Directors/prescribed officers	Total remuneration paid during the year[1]	Short-term incentives related to this cycle	Long-term incentives paid in this cycle	Total remuneration related to this cycle
Executive Directors				
DJ Pretorius	6 104	4 697	–	10 801
AJ Davel	3 429	2 639	250	6 318
	9 533	**7 336**	**250**	**17 119**
Non-executive Directors				
GC Campbell	1 446	–	–	1 446
J Turk	655	–	–	655
EA Jeneker	805	–	–	805
J Holtzhausen	718	–	–	718
TVBN Mnyango	651	–	–	651
Total	**4 275**	**–**	**–**	**4 275**
Prescribed officers				
WJ Schoeman	3 308	2 013	250	5 571
R Masemene	2 402	808	124	3 334
Total	**5 710**	**2 821**	**374**	**8 905**
Grand Total	**19 518**	**10 157**	**624**	**30 299**

[1] *Total remuneration paid during the year includes encashed leave*

DRDGOLD phantom share scheme

	2019						
Directors/prescribed officers	**Opening balance Number**	**Granted Number**	**Vested Number**	**Proceeds R**	**Average exercise price R/share**	**Forfeited/lapsed Number**	**Closing balance Number**
Executive Directors							
DJ Pretorius	2 323 009	–	(464 602)	1 777 065	3.82	–	1 858 407
AJ 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							
WJ 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**

Directors' service contracts

Service contracts have been concluded with executive directors as well as the Non-executive Directors. Contracts with the Executive Directors are minimum-term contracts (the Group undertakes not to terminate service before a fixed date, after which it continues indefinitely), whereas agreements with Non-executive Directors are fixed-term contracts (they expire unless expressly renewed). Details of the service contracts are set out in the following table.

The Directors had no conflicting interests during the year under review and up to the date of issue of the AFS.

Director	Title	Year first appointed	Unexpired term of service contract as at 30 June 2019
DJ Pretorius [1]	Chief Executive Officer	2008	0 months
AJ Davel [1]	Chief Financial Officer	2015	0 months
GC Campbell	Non-executive Chairman	2002	4 months
J Turk [2]	Non-executive Director	2004	0 months
J Holtzhausen	Non-executive Director	2014	10 months
EA Jeneker	Non-executive Director	2007	4 months
TVBN Mnyango	Non-executive Director	2016	17 months
KP Lebina	Non-executive Director	2019	22 months
J Nel	Non-executive Director	2018	17 months

[1] *AJ Davel and DJ Pretorius contracts renewed for further minimum three years with effect 1 July 2019*

[2] *J Turk ceased to hold office as Non-executive Director with effect 31 October 2018*

SECTION

5

OTHER INFORMATION

REPORTING IN LINE WITH GRI STANDARDS

The GRI's Sustainability Reporting Standards (core compliance) and their Mining Sector Supplement were adopted as the basis for DRDGOLD's Annual Integrated Report 2019.

KPMG has provided limited assurance (LA) on selected information – see the Independent assurance statement on pages 93-94.

GRI standard	Disclosure number	Disclosure title	Section and page
GENERAL DISCLOSURES			
Organisational profile	102-1	Name of the organisation	Throughout the report
	102-2	Activities, brands, products, and services	What we do: 18
	102-3	Location of headquarters	Administration and contact details: 95
	102-4	Location of operations	Where we operate: 17
	102-5	Ownership and legal form	What we do: 18
	102-6	Markets served	What we do: 18
	102-7	Scale of the organisation	Who we are: 15 Where we operate: 17 Financial performance: 8-12
	102-8	Information on employees and other workers	Employee relations: 42
	102-9	Supply chain	Social value-add: 49
	102-10	Significant changes to the organisation and its supply chain	Delivering on our strategy: 35
	102-11	Precautionary Principle or approach	Environmental value-add: 52
	102-12	External initiatives	About this report: 4 Our operating environment: 24
	102-13	Membership of associations	About this report: 4 Our operating environment: 24
Strategy	102-14	Statement from senior decision-maker	CEO's review: 6-7
	102-15	Key impacts, risks, and opportunities	Risks and mitigations: 28-31
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	Corporate governance: 68
	102-17	Mechanisms for advice and concerns about ethics	Corporate governance: 68
Governance	102-18	Governance structure	Corporate governance: 69
	102-19	Delegating authority	Corporate governance: 69
	102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate governance: 69
	102-21	Consulting stakeholders on economic, environmental, and social topics	Our stakeholder groups: 33-34
	102-22	Composition of the highest governance body and its committees	Board composition: 70-71
	102-23	Chair of the highest governance body	Corporate governance: 73
	102-24	Nominating and selecting the highest governance body	Board composition: 70-71
	102-25	Conflicts of interest	Board composition: 70-71
	102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate governance: 69-73
	102-27	Collective knowledge of highest governance body	Directors and management: 66-69
	102-28	Evaluating the highest governance body's performance	Corporate governance: 74-77
	102-29	Identifying and managing economic, environmental, and social impacts	Social and ethics committee: 76-77
	102-30	Effectiveness of risk management processes	Risks and mitigations: 28-31
	102-31	Review of economic, environmental, and social topics	Social and ethics committee: 76-77
	102-32	Highest governance body's role in sustainability reporting	Social and ethics committee: 76-77
	102-33	Communicating critical concerns	Our stakeholder groups: 33-34
	102-34	Nature and total number of critical concerns	Our stakeholder groups: 33-34
	102-35	Remuneration policies	Remuneration report: 78-84

GRI standard	Disclosure number	Disclosure title	Section and page
	102-36	Process for determining remuneration	Remuneration report: 78-84
	102-37	Stakeholders' involvement in remuneration	Remuneration report: 78-84
	102-38	Annual total compensation ratio	Remuneration report: 78-84
	102-39	Percentage increase in annual total compensation ratio	Remuneration report: 78-84
Stakeholder engagement	102-40	List of stakeholder groups	Our stakeholder groups: 33-34
	102-41	Collective bargaining agreements	Employee relations: 44-45
	102-42	Identifying and selecting stakeholders	About this report: 4 Our stakeholder groups: 33-34
	102-43	Approach to stakeholder engagement	Our stakeholder groups: 33-34
	102-44	Key topics and concerns raised	Our stakeholder groups: 33-34
Reporting practice	102-45	Entities included in the consolidated financial statements	About this report: 4
	102-46	Defining report content and topic boundaries	About this report: 4
	102-47	List of material topics	About this report: 4 Our stakeholder groups: 33-34
	102-48	Restatements of information	None
	102-49	Changes in reporting	About this report: 4
	102-50	Reporting period	About this report: 4
	102-51	Date of most recent report	About this report: 4
	102-52	Reporting cycle	About this report: 4
	102-53	Contact point for questions regarding the report	About this report: 4
	102-54	Claims of reporting in accordance with the GRI Standards	About this report: 4
	102-55	GRI content index	Reporting in line with GRI Standards: 86-90
	102-56	External assurance	Independent assurance statement: 91-92

GRI standard	Disclosure number	Disclosure title	Section and page
MANAGEMENT APPROACH			
	103-1	Explanation of the material topic and its boundary	Our stakeholder groups: 33-34 Throughout this report
	103-2	The management approach and its components	Our stakeholder groups: 33-34 Throughout this report
	103-3	Evaluation of the management approach	Our stakeholder groups: 33-34 Throughout this report
ECONOMIC PERFORMANCE			
Economic performance	201-1	Direct economic value generated and distributed	Value creation and distribution: 21
	201-2	Financial implications and other risks and opportunities due to climate change	Our operating environment: 26 Risks and mitigations: 31 Environmental value-add: 56
	201-3	Defined benefit plan obligations and other retirement plans	Remuneration report: 78-84
	201-4	Financial assistance received from government	None
Market presence	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Remuneration: 45 Remuneration policy: 78
	202-2	Proportion of senior management hired from the local community	None
Indirect economic impacts	203-1	Infrastructure investments and services supported	Our business model: 20 Far West Gold Recoveries: 39-41 Social value-add: 49-51
	203-2	Significant indirect economic impacts	Social value-add: 49-51
Procurement practices	204-1	Proportion of spending on local suppliers	Value added statement: 21 Social licence to operate: 49
Anti-corruption	205-1	Operations assessed for risks related to corruption	Corporate governance: 68
	205-2	Communication and training about anti-corruption policies and procedures	Corporate governance: 68

REPORTING IN LINE WITH GRI STANDARDS CONTINUED

GRI standard	Disclosure number	Disclosure title	Section and page
	205-3	Confirmed incidents of corruption and actions taken	Corporate governance: 68
Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Corporate governance: 68
ENVIRONMENTAL PERFORMANCE			
Materials	301-1	Materials used by weight or volume	Primary reagents: 57
	301-2	Recycled input materials used	Environmental value-add: 53-54
	301-3	Reclaimed products and their packaging materials	Operational performance: 37-38 Far West Gold Recoveries: 39-41
Energy	302-1	Energy consumption within the organisation	Energy consumption: 56
	302-2	Energy consumption outside of the organisation	Energy consumption: 56
	302-3	Energy intensity	Energy consumption: 56
	302-4	Reduction of energy consumption	Energy consumption: 56
	302-5	Reductions in energy requirements of products and services	Energy consumption: 56
Water	303-1	Water withdrawal by source	Environmental value-add: 53-54
	303-2	Water sources significantly affected by withdrawal of water	Environmental value-add: 53-54
	303-3	Water recycled and reused	Environmental value-add: 53-54
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental value-add: 52-57
	304-2	Significant impacts of activities, products, and services on biodiversity	Environmental value-add: 52-57
	304-3	Habitats protected or restored	Rehabilitation: 55-56
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	None

GRI standard	Disclosure number	Disclosure title	Section and page
	MM1	Amount of land (owned or leased and managed for production activities or extractive use) disturbed or rehabilitated	Rehabilitation: 55-56
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	Rehabilitation: 55-56
Emissions	305-1	Direct (Scope 1) GHG emissions	Energy consumption: 56
	305-2	Energy indirect (Scope 2) GHG emissions	Energy consumption: 56
	305-3	Other indirect (Scope 3) GHG emissions	Energy consumption: 56
	305-4	GHG emissions intensity	Energy consumption: 56
	305-5	Reduction of GHG emissions	Energy consumption: 56
	305-6	Emissions of ozone-depleting substances (ODS)	None
	305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Energy consumption: 56
Effluents and waste	306-1	Water discharge by quality and destination	Far West Gold Recoveries: 41 Environmental value-add: 53-54
	306-2	Waste by type and disposal method	Environmental value-add: 53-54
	306-3	Significant spills	None Corporate governance: 68
	306-4	Transport of hazardous waste	Environmental value-add: 52-57
	306-5	Water bodies affected by water discharges and/or runoff	Environmental value-add: 53-54
	MM3	Total amounts of overburden, rock, tailings and sludges, and their associated risks	Far West Gold Recoveries: 41 Environmental value-add: 53-54
Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Corporate governance: 68 None

REPORTING IN LINE WITH GRI STANDARDS CONTINUED

GRI standard	Disclosure number	Disclosure title	Section and page
	MM10	Number and percentage of operations with closure plans	Rehabilitation: 55-56
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	None
	308-2	Negative environmental impacts in the supply chain and actions taken	Corporate governance: 68 None
SOCIAL PERFORMANCE			
Employment	401-1	New employee hires and employee turnover	Recruitment: 44
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Remuneration: 45 Remuneration policy: 78
Labour/ management relations	402-1	Minimum notice periods regarding operational changes	Employee engagement: 43
	MM4	Number of strikes and lockouts exceeding one week's duration by country	Remuneration: 45 None
Occupational health and safety	403-1	Workers representation in formal joint management–worker health and safety committees	Health and safety review: 47
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and safety review: 47-48
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Health and safety review: 48
	403-4	Health and safety topics covered in formal agreements with trade unions	Our stakeholder groups: 33-34
Training and education	404-1	Average hours of training per year per employee	Employee relations: 43

GRI standard	Disclosure number	Disclosure title	Section and page
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Employee relations: 43
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee relations: 43
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Board composition: 72-73 Employee relations: 44
	405-2	Ratio of basic salary and remuneration of women to men	Remuneration report: 78
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	None
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	None
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	None
Security practices	410-1	Security personnel trained in human rights policies or procedures	None
Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	None
Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	None Employee relations: 44
	412-2	Employee training on human rights policies or procedures	None

REPORTING IN LINE WITH GRI STANDARDS CONTINUED

GRI standard	Disclosure number	Disclosure title	Section and page
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	None
Local communities	413-1	Operations with local community engagement, impact assessments, and development programmes	Social value-add: 49-51
	413-2	Operations with significant actual and potential negative impacts on local communities	Environmental value-add: 52-57 Throughout the report
	MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	None
Supplier social assessment	414-1	New suppliers that were screened using social criteria	None
	414-2	Negative social impacts in the supply chain and actions taken	None

GRI standard	Disclosure number	Disclosure title	Section and page
Public policy	415-1	Political contributions	None
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	Not material
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
Marketing and labelling	417-1	Requirements for product and service information and labelling	Not material
	417-2	Incidents of non-compliance concerning product and service information and labelling	None
	417-3	Incidents of non-compliance concerning marketing communications	None
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	None Corporate governance: 68

INDEPENDENT ASSURANCE STATEMENT

Independent Assurance Provider's Limited Assurance Report on Selected Sustainability Key Performance Indicators

To the Directors of DRDGOLD Limited

We have undertaken a limited assurance engagement on selected sustainability key performance indicators ("KPIs"), as described below, and presented in the 2019 Annual Integrated Report of DRDGOLD Limited ("DRDGOLD") for the year ended 30 June 2019 ("the Report"). This engagement was conducted by a multidisciplinary team including social, environmental, carbon and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the selected KPIs set out in Table 1 below, which are marked with a 'LA' on the relevant pages in the Report. The selected sustainability KPIs described below have been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines, supported by DRDGOLD's internally developed guidelines (collectively referred to as "DRDGOLD's reporting criteria").

Table 1: Scope of the KPIs prepared for the 2019 reporting period

Category	Selected Sustainability KPIs	Coverage / Reporting Boundary
Natural Capital	Total water used	Ergo Mining (Pty) Ltd
	Potable water sourced externally	
	Electricity consumption	
	Diesel consumption	
	Natural gas consumption	
	Scope 1 CO_2e emissions	
	Scope 2 CO_2e emissions	
	Total CO_2e emissions	
	Total dust exceedances	
	Cyanide consumption	
Human Capital	Fatalities	Ergo Mining (Pty) Ltd
	Lost Time Injury Frequency Rate ("LTIFR")	
	Reportable Injury Frequency Rate ("RIFR")	
Social Capital	Rand value spent on socio-economic development projects ("Total socio-economic development spend")	DRDGOLD Limited
Financial Capital	Total economic value distributed and value distributed to employees – salaries, wages and other benefits	DRDGOLD Limited

Directors' Responsibilities

The directors are responsible for the selection, preparation and presentation of the selected sustainability KPIs in accordance with DRDGOLD's reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected sustainability KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and 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), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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.

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and the carbon emission assurance portion of our engagement in accordance with the International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410")* , issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of DRDGOLD's use of its reporting criteria as the basis of preparation for the selected sustainability KPIs, assessing the risks of material misstatement of the selected sustainability KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability KPIs.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgment and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management in our interviews;
- Conducted interviews with relevant key personnel and data owners to understand data collection and report preparation processes, as well as the associated key controls;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Corroborated certain sustainability KPIs with information included in the audited financial statements;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected sustainability KPIs;
- Undertook site visits to Ergo, which was the central site, to complete the above mentioned procedures; and
- Evaluated whether the selected sustainability KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at DRDGOLD.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether DRDGOLD's selected sustainability KPIs have been prepared, in all material respects, in accordance with DRDGOLD's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and evidence we have obtained and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected sustainability KPIs, as set out in Table 1 in the subject matter section above are not prepared, in all material respects, in accordance with DRDGOLD's reporting criteria.

Other Matter

The maintenance and integrity of the DRDGOLD website is the responsibility of DRDGOLD's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of presentation on the DRDGOLD website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability KPIs to the Directors of DRDGOLD in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than DRDGOLD, for our work, for this report, or for the conclusion we have reached.

KPMG Services Proprietary Limited
Per P Lalla
Chartered Accountant (SA)
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

31 October 2019

GLOSSARY OF TERMS AND ABBREVIATIONS

Abbreviation	Description
AFS	Annual Financial Statements
AGM	Annual general meeting
AISC	All-in sustaining costs
AMCU	Association of Mineworkers and Construction Union
AMD	Acid mine drainage
BBBEE	Broad-Based Black Economic Empowerment
BEE Act	Broad-Based Economic Empowerment Act
CEO/CFO	Chief Executive Officer/Chief Financial Officer
CIL	Carbon in leach: a process for extracting gold from slurry material
Competent Person	The SAMREC Code defines a competent person as a person who is registered with any one of the following: South African Council for Natural Scientific Professions, Engineering Council of South Africa, The South African Council for Professional Land Surveyors and Technical Surveys or any other statutory South African or international body recognised by SAMREC. A competent person should have a minimum of five years' experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which that person is undertaking
cps	Cents per share
CSI	Corporate social investment
Db(A)	Decibel
DMR	Department of Mineral Resources
DRDGOLD	DRDGOLD Limited
DP2	Driefontein plant 2
DWS	Department of Water and Sanitation
EBDA	Ergo Business Development Academy NPC
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECSA	Engineering Council of South Africa
EMO	Ergo Mining Operations Proprietary Limited (subsidiary of DRDGOLD)

Abbreviation	Description
EMP	Environmental management plan
Ergo	Ergo Mining Proprietary Limited, an operating company owned by DRDGOLD, which includes the City Deep, Knights and Brakpan sites from 3 July 2012
ERPM	East Rand Proprietary Mines Limited, wholly-owned by DRDGOLD and the subject of a sale of its underground mineral and prospecting rights
ERM	Enterprise-wide risk management
FWGR	Far West Gold Recoveries Proprietary Limited, an operating company owned by DRDGOLD acquired on 31 July 2018. Includes sites in the Carltonville area of Gauteng
GHG	Greenhouse gas emissions
GRI	Global Reporting Initiative
HDP	historically disadvantaged people
HDSA	Historically disadvantaged South African
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IWUL	Integrated water use licence
JSE	Johannesburg Stock Exchange Limited
KPI	Key performance indicator
KPMG Inc	External auditors for DRDGOLD
KPMG Services Proprietary Limited	Independent Assurance provider for selected sustainability key performance indicators in this report
LA	Limited assurance
LoM	Life-of-mine. Number of years that the operation is planning to mine and treat gold bearing material, taken from the current mine plan
LED	Local economic development
LTIFR	Lost time injury frequency rate

GLOSSARY OF TERMS AND ABBREVIATIONS CONTINUED

Abbreviation	Description
Metallurgical plant	Processing plant used to treat gold bearing material and extract the contained metals
Mineral Reserve	A mineral reserve is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proved mineral reserves
Mineral Resource	A mineral resource is a concentration (or occurrence) of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories
Mining Charter	The Broad-based Socio-economic Empowerment Charter for the South African Mining Industry developed in terms of Section 100 of the Mineral and Petroleum Resources Development Act of 2002, to set the framework, targets and timetable for effecting the entry of HDSAs into the mining industry
MOI	Memorandum of Incorporation
Moz	Million ounces
MPRDA	Mining and Petroleum Resources Development Act 28 of 2002
NEMA	National Environmental Management Act
NNR	National Nuclear Regulator
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss
NOM	Notice of meeting
NOx	Nitrogen oxides
NUM	National Union of Mineworkers, a labour union
NYSE	New York Stock Exchange

Abbreviation	Description
Orotree	OroTree Limited
Ounce/oz	One troy ounce which equals 32.1507 grams
Rand Refinery	Rand Refinery Proprietary Limited
RCF	Revolving Credit Facility secured with ABSA Bank Limited (Acting through its corporate and Investment Banking division)
Rehabilitation	The process of restoring mined land to allow appropriate post-mining usage. Rehabilitation standards are determined and audited by the Department of Mineral Resources and address ground and surface water, topsoil, final slope gradients, waste handling and revegetation issues
RIFR	Reportable injury frequency rate
RTSF	Regional Tailings Storage Facility
PwC	PricewaterhouseCoopers
SACG	South African Council of Geomatics
SACNASP	South African Council for Natural Scientific Professions
SAIMM	Southern African Institute of Mining and Metallurgy
SAMREC Code	The South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, including the guidelines contained therein
SEC	United States Securities and Exchange Commission
SED	Social economic development
SENS	Stock Exchange News Service
SLP	Social and labour plan
SOx	Sulphur oxides
TCTA	Trans-Caledon Tunnel Authority
Tailings	Finely ground rock from which valuable minerals have been extracted, may still include mineral particles
TSF	Tailings storage facility
TSR	Total Shareholder Return
Tailings dam	Dams or dumps created from residue after the economically recoverable metal has been extracted from tailings material, also known as tailings deposition sites/facilities
TCTA	Trans-Caledon Tunnel Authority
UASA	UASA – The Union, formerly the United Association of South Africa, a labour union

ADMINISTRATION AND CONTACT DETAILS

OFFICES

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South Africa

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OPERATIONS

Ergo Mining Proprietary Limited

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Springs, South Africa
Tel: +27 (0) 11 742 1003
Fax: +27 (0) 11 743 1544

Far West Gold Recoveries Proprietary Limited

PO Box 390
Maraisburg, 1700
South Africa
Tel: +27 (0) 10 822 8440
Fax: +27 (0) 86 524 3061

DIRECTORS

Geoff Campbell*
Independent Non-executive Chairman [2#]

Niël Pretorius
Chief Executive Officer [3]

Riaan Davel
Chief Financial Officer

Johan Holtzhausen
Independent Non-executive Director [1#]

Edmund Jeneker
Independent Non-executive Director [2,3#]

Jean Nel
Independent Non-executive Director [1]

Prudence Lebina
Independent Non-executive Director [1,2]

Toko Mnyango
Independent Non-executive Director [2#,3]

COMPANY SECRETARY

Elise Beukes

** British*

Committee memberships during FY2019

 # Denotes committee Chairman

1 Member or the Audit and Risk Committee

2 Member of the Remuneration and Nominations Committee

3 Member of the Social and Ethics Committee

INVESTOR AND MEDIA RELATIONS

South Africa

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E-mail: phil.dexter@corpserv.co.uk

STOCK EXCHANGE LISTINGS

JSE

Ordinary shares
Share Code: DRD
ISIN: ZAE000058723

NYSE

ADRs
Trading Symbol: DRD
CUSIP: 26152H301

DRDGOLD's ordinary shares are listed on the JSE and on the NYSE, in the form of ADRs. The Company's shares are also traded on the Regulated Unofficial Market on the Frankfurt Stock Exchange, and the Berlin and Stuttgart OTC markets.

SHARE TRANSFER SECRETARIES

South Africa

Link Market Service South Africa
Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
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Tel: +27 (0) 11 713 0800
Fax: +27 (0) 86 674 2450

United Kingdom

(and bearer office)
Link Market Asset Service
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34 Beckenham Road
Beckenham BR3 4TU
United Kingdom
Tel: +44 (0) 20 8639 3399
Fax: +44 (0) 20 8639 2487

Australia

Computershare Investor Service
Proprietary Limited
Level 2
45 St George's Terrace
Perth, WA 6000
Australia
Tel: +61 8 9323 2000
Tel: 1300 55 2949 (in Australia)
Fax: +61 8 9323 2033

ADR depositary

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101 Barclay Street
New York 10286
United States of America
Tel: +1 212 815 8223
Fax: +1 212 571 3050

GENERAL

JSE sponsor

One Capital

Auditor

KPMG Inc.

Attorneys

ENSafrica Inc.
Malan Scholes
Mendelow Jacobs
Skadden, Arps, Slate, Meagher and Flom (UK) LLP

Bankers

ABSA Capital
Standard Bank of South Africa Limited

Website

www.drdgold.com

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.

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.

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.

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

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2019

15 EMPLOYEE BENEFITS *continued*

15.2 DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS *continued*

Participation in long term incentive scheme

Directors / Prescribed Officers	Opening balance	Granted	Vested	Proceeds	Average exercise price	Closing balance
	Number	Number	Number	R	R/share	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)				
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