

DRDGOLD LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1895/000926/06)

ISIN: ZAE000058723

JSE share code: DRD

NYSE trading symbol: DRD

(“**DRDGOLD**” or the “**Company**” or the “**Group**”)

**TRADING STATEMENT AND FURTHER OPERATIONAL UPDATE
FOR THE YEAR ENDED 30 JUNE 2020**

TRADING STATEMENT

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied, with a reasonable degree of certainty, that the financial results for the current reporting period will differ by at least 20% from the financial results of the previous corresponding period.

DRDGOLD is in the process of finalising its results for the year ended 30 June 2020 (“**Current Reporting Period**”) and shareholders are accordingly advised that the Company has reasonable certainty that it will report:

- earnings per share (“**EPS**”) of 82.5 cents per share compared to earnings of 11.8 cents per share for the previous corresponding period; and
- headline earnings per share (“**HEPS**”) of 82.4 cents per share compared to headline earnings of 10.9 cents per share for the previous corresponding period.

The expected increases in EPS and HEPS for the Current Reporting Period compared to the previous corresponding period are due mainly to movements in, *inter alia*, the following items:

1. Revenue

Revenue increased by R1,422.9 million, or 52%, to R4,185.0 million (2019: R2,762.1 million), as a result of an increase in (i) Ergo’s revenue by R486.8 million to R3,064.3 million (2019: R2,577.5 million) and (ii) Far West Gold Recoveries (“**FWGR**”) revenue by R936.1 million to R1,120.7 million (2019: R184.6 million).

At Ergo the 33% increase in the Rand gold price received offset an 11% decrease in gold sold, which was as a result of a 3.0Mt decline in volume throughput to 20.2Mt, due mainly to the COVID-19 national lockdown in South Africa (“**Lockdown**”) and interruptions in power supply from Eskom and the City of Ekurhuleni. FWGR enjoyed its first full financial year of Phase I production, taking full advantage of the higher gold price.

2. Cash operating costs

The impact of the increase in revenue on earnings and headline earnings was moderated by an increase in cash operating costs of R203.1 million, or 8%, to R2,626.0 million (2019: R2,422.9 million), largely due to the inclusion of the additional cash operating costs of FWGR for the full financial year. The increase of 8% in cash operating costs is also reflective of the total volume throughput increasing by 8% with the cash operating costs per unit being stable at R100/t.

3. Weighted average number of ordinary shares

EPS and HEPS increased notwithstanding the issuance of 168,158,944 shares to Sibanye Stillwater Limited at an aggregate subscription price of R1,085,590,116, on 22 January 2020. This resulted in the DRDGOLD ordinary shares in issue increasing by 24% to 864,588,711 shares.

FURTHER OPERATIONAL UPDATE

Shareholders are referred to the operational update for the year ended 30 June 2020 published on SENS on 5 August 2020. Further information in regard to DRDGOLD's operations is provided below.

	Year ended 30 Jun 2020	Year ended 30 Jun 2019	
	Rm	Rm	
<i>All amounts presented in R million unless otherwise indicated</i>			
Revenue	4,185.0	2,762.1	
Cost of sales	(2,937.9)	(2,553.9)	
Cash operating costs	(2,626.0)	(2,422.9)	
Movement in gold in process	3.1	32.6	
Ongoing rehabilitation expenditure	(24.3)	(18.3)	
Other operating costs including care and maintenance costs	(41.8)	(29.9)	
Depreciation	(270.8)	(169.1)	
Change in estimate of environmental rehabilitation recognised in profit or loss	21.9	60.0	
Retrenchment costs	-	(6.3)	
Gross profit from operating activities	1,247.1	208.2	
Other income	0.7	7.9	
Administration expenses and other costs	(309.9)	(90.9)	
Administration expenses and other costs excluding share-based payment expense	(85.8)	(69.5)	
Share-based payment expense	(224.1)	(21.4)	
Results from operating activities	937.9	125.2	
Finance income	109.8	58.3	
Finance expense	(68.8)	(78.4)	
Profit before tax	978.9	105.1	
Income tax	(343.9)	(26.6)	
Profit for the year	635.0	78.5	
OPERATIONAL PERFORMANCE			
Ore milled	(000't)	26,280	24,439
Yield	(g/t)	0.206	0.197
Gold produced	(kg)	5,424	4,826
Gold sold	(kg)	5,437	4,783
Cash operating costs	(R/t)	100	99
Cash operating costs	(US\$/t)	6	7
Cash operating costs	(R/kg)	482,417	499,749
Cash operating costs	(US\$/oz)	958	1,096
All-in sustaining costs*	(R/kg)	541,475	524,713
All-in sustaining costs*	(US\$/oz)	1,075	1,151
All-in cost*	(R/kg)	551,646	600,941
All-in cost*	(US\$/oz)	1,131	1,361
Sustaining capital expenditure		(164.2)	(22.5)
Non-sustaining capital expenditure		(18.5)	(331.2)
Reconciliation of adjusted EBITDA			
Profit for the year		635.0	78.5
Income tax		343.9	26.6
Profit before tax		978.9	105.1
Finance expense		68.8	78.4
Finance income		(109.8)	(58.3)
Results from operating activities		937.9	125.2
Depreciation		270.8	169.1
Share-based payment expense		224.1	21.4
Change in estimate of environmental rehabilitation recognised in profit or loss		(21.9)	(60.0)
Gain on financial instruments		-	(2.1)
Gain on disposal of property, plant and equipment		(0.7)	(5.8)
Retrenchment costs		-	6.3
Transaction costs		1.4	-
Adjusted EBITDA **		1,411.6	254.1

Rounding of figures may result in computational discrepancies

** All-in cost definitions based on the guidance note on non-GAAP Metrics issued by the World Gold Council on 27 June 2013*

*** Adjusted earnings before interest, taxes, depreciation and amortisation ("Adjusted EBITDA") may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is not a measure of performance under International Financial Reporting Standards (IFRS) and should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity*

4. COVID-19

The Group temporarily halted its operations on 26 March 2020 pursuant to the announcement of the Lockdown.

The regulations pertaining to the Disaster Management Act, No. 57 of 2002, issued by the Department of Co-operative Governance and Traditional Affairs define gold mining and refining as an essential service and therefore exempt from restrictions imposed by the Lockdown.

Despite this exemption, and in consultation with the Department of Mineral Resources and Energy and organised labour, DRDGOLD only recommenced production at its operations once it was satisfied that the appropriate measures and protocols, to limit the risk of infection to staff and others, were fully implemented and operational, as further detailed below:

- FWGR, with a relatively small footprint and with staff living close by, was able to restart operations on 4 April 2020; and
- Ergo restarted operations on 9 April 2020, with reclamation from a limited number of sites continuing through to the end of June. Ergo's Knights plant only restarted operations on 7 May 2020.

Due to both operations being able to resume production relatively soon after the commencement of the Lockdown period on 26 March 2020, DRDGOLD was able to continue to pay salaries and wages on the understanding with DRDGOLD staff that everyone was on duty and on 'standby at home'. During the initial restart of operations, all returning staff were volunteers and had been cleared as medically fit to work.

DRDGOLD's staff showed unreserved support for the hygiene, social distancing and team and shift de-densification measures implemented. The Group's infection rate has been low, and the 50-bed quarantine facility which was established at Ergo is presently vacant.

To assist in bringing urgent relief to people most impacted by the COVID-19 pandemic, DRDGOLD's staff contributed R1.6 million through salary sacrifices to the nationwide Solidarity Fund. DRDGOLD further funded and participated in an initiative with Impophomo Rushing Waters and DRDGOLD's social development partner, Umsizi Sustainable Social Solutions, to distribute approximately 5,420 food-parcels to families in distressed communities neighbouring DRDGOLD's operations.

Management continues to manage the COVID-19 pandemic risk with no relaxation of any of its initial containment measures and protocols and through ongoing communication with and motivation of staff.

5. Liquidity

As at 30 June 2020, DRDGOLD's cash and cash equivalents was R1,715.1 million (30 June 2019: R279.5 million), with a revolving credit facility with ABSA Bank Limited of R175 million, available if needed. The Group remains free of any bank debt as at 30 June 2020 (30 June 2019: Nil). Liquidity is further enhanced by current high Rand gold price levels.

The forecast financial information contained in this announcement is the responsibility of the directors of DRDGOLD, and such information has not been reviewed or reported on by the Company's auditors.

The condensed consolidated reviewed provisional results for the year ended 30 June 2020 are expected to be published on or about 1 September 2020.

Johannesburg
26 August 2020

Sponsor
One Capital