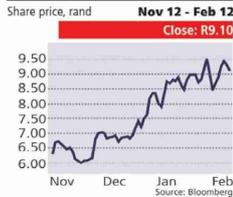


■ MINING

DRDGold set to venture into PGM sector

DRDGold



125-year-old company is aiming to usher in a new era

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DRDGold is aiming to usher in a new era for the 125-year-old company saying yesterday that it planned to venture into the platinum group metals (PGM) sector.

The proposed venture into PGM comes as DRDGold demonstrated resilience during the six months to December 2019, thanks to its recently acquired Far West Gold Recoveries (FWGR) operation, which boosted output.

DRDGold reported a 69 percent surge in group revenue to R2.1 billion, due to higher gold production and gold sold, coupled with a 26 percent increase in the average rand gold price received to R697 125 a kilogram.

The solid performance was despite the group being hit by load shedding and crime, which resulted in the mur-



DRDGold demonstrated resilience during the six months to December 2019, thanks to its recently acquired Far West Gold Recoveries. | Supplied

der of a senior, long-serving security official, Bart Coetzee, in an armed robbery at the Ergo plant last October.

DRD chief executive, Niel Pretorius, said the group's new majority owner Sibanye-Gold would open up doors.

"It is our intention to also 'start the conversation' on our moving into the reprocessing of PGM dumps," Pretorius told investors yesterday.

Pretorius was echoing comments that were made by Sibanye-Stillwater chief executive Neal Froneman, who indicated last week that the group had planned to expand DRDGold's footprint.

"We hope to expand DRDGold's operation into the PGM sector, into

other minerals and internationally. Our US operations are asking whether DRD will come with opportunities for our Stillwater operation," Froneman told the Investing in African Mining Indaba in Cape Town last week.

DRDGold rewarded its shareholders yesterday by declaring an interim cash dividend of 25 cents a share out of income reserves.

It reported headline earnings of R332.7 million, or 48.4c per share, compared with a headline loss of R46.3m or 7.2c a share in the previous period.

The group said operating profit was 604 percent higher at R719.6m despite the 18 percent increase in total cash

operating costs to R1.3bn, largely as a result of the inclusion of a full six months of FWGR cash operating costs.

"We look forward to building on the solid performance from both Ergo and FWGR, and to further enhance our resilience to poor service delivery and crime. We are on track to meet the upper range of our 2020 guidance for the group as a whole and we will work hard to keep up the momentum," Pretorius said.

DRDGold acquired FWGR from Sibanye-Stillwater last year, helping it lift its reserves and resources by 80 percent. Thanks to FWGR, gold production jumped 33 percent to 3 037kg, reflecting a 16 percent improvement

in group throughput to 14 million tons.

Gold production at the Ergo plant was 2 percent higher at 2 274kg on the back of an 11 percent improvement in average yield to 0.209 grams a ton, reflecting the introduction of higher grade sand to the Ergo plant. FWGR produced 763kg of gold, with 3.1 million ore milled at an average yield of 0.248 grams a ton. Group cash operating unit costs were 10 percent lower at R460 251/kg, reflecting FWGR's substantially lower cash operating unit costs of R224 059/kg.

DRDGold's share price closed 2.26 percent lower at R9.10 on the JSE yesterday.