3B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

3C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

3D. RISK FACTORS

In conducting our business, we face many risks that may interfere with our business objectives. Some of these risks relate to our operational processes, while others relate to our business environment. It is important to understand the nature of these risks and the impact they may have on our business, financial condition and operating results. Some of these risks are summarized below and have been organized into the following categories:

- Risks related to our business and operations;
- Risks related to the gold mining industry;
- Risks related to doing business in South Africa;
- Risks related to ownership in our ordinary shares or American Depositary Shares (ADSs); and
- Risks related to climate change

Risks related to our business and operations

Changes in the market price for gold and exchange rate fluctuations, both of which have fluctuated widely in the past, affect the profitability of our operations and the cash flows generated by those operations.

Our results are significantly impacted by the price of gold and the USD-Rand exchange rate. Any sustained decline in the market price of gold from current levels would adversely affect us, and any sustained decline in the price of gold below the cost of production could result in the closure of some or all of our operations which would result in significant costs and expenditure, such as, incurring retrenchment costs earlier than expected which could lead to a decline in profits, or losses, as well as impairment losses. In addition, as most of our production costs are in rands, while gold is sold in dollars and then converted to rands, our results of operation and financial condition have been and could in the future be materially affected by an appreciation in the value of the rand. Accordingly, any sustained decline in the dollar price of gold and/or the strengthening of the South African rand against the dollar would negatively and adversely affect our business, operating results and financial condition.

In the wake of the COVID-19 pandemic and measures taken to address the outbreak, there has been a global trend of investors turning to gold as a safe haven asset, as has been the case in previous times of global economic crisis. This led to a surge in the average gold price during fiscal 2020 and fiscal 2021. Changes in these conditions in the future (e.g. global recovery from the COVID-19 pandemic) could lead to a decrease of the gold price to pre-pandemic levels or lower. In addition, we were impacted by movements in the exchange rate of the rand against the dollar during the COVID-19 pandemic as described below.

Exchange rates are influenced by global economic trends. The closing exchange rate of the rand against the dollar at June 30, 2021 strengthened by 18% compared to June 30, 2020. The closing price of the rand against the dollar at June 30, 2020 weakened by 23% compared to June 30, 2019. At September 30, 2021, the rand traded at R14.51 = $1.00 (based on closing rates), a 2% weakening of the rand against the Dollar from June 30, 2021. The rand/dollar exchange rate remained volatile throughout the fiscal year 2021 mainly as a result of global economic and South Africa, emerging market uncertainty including uncertainties resulting from the COVID-19 pandemic, global tensions between the US and China, economic slowdown sentiment, perceived political instability and fiscal strength and structurally weak economic growth of the South African economy including the seemingly terminally distressed power utility, Eskom Holdings SOC Limited (“**Eskom**”).

A decrease in the dollar gold price and/or a strengthening of the rand against the dollar results in a decrease in our profitability. If the rand was to appreciate against the dollar or the gold price were to decrease for a continued time, our operations could experience a reduction in cash flows and profitability, and this would adversely affect our business, operating results and financial condition.

We typically do not enter into forward contracts to reduce our exposure to market fluctuations in the dollar gold price or the exchange rate movements of the rand. We sell gold at spot prices based on the afternoon London Bullion Market fixing price on the day when Rand Refinery, acting as the agent for the sale of all gold produced by the Group, delivers the Gold to the buyer. Our foreign currency is usually sold at the spot price in the market on the date of trade. If the dollar gold price should fall and/or the rand should strengthen against the dollar, this would adversely affect us, and we may experience losses, and if these changes result in revenue below our cost of production and remain at such levels for a sustained period, we may be forced to curtail or suspend some or all our operations.

A failure to acquire new Ore Reserves could negatively affect our future cash flows, results of operations and financial condition.

New or ongoing exploration programs may be delayed or may not result in new mineral producing operations that will sustain or increase our Ore Reserves. A failure to acquire new Ore Reserves in sufficient quantities and quality to maintain or grow the current level of our reserves will negatively affect our future cash flow, results of operations and financial condition. If we are unable to identify Ore Reserves that have reasonable prospects for economic extraction while maintaining sufficient control on production and other costs, this will have a material effect on the future viability of our operations.

If we are not successful in increasing reserves in future years, our reserves could decrease, and such reduction would adversely affect our business, operating results and financial condition.

We may be unable to make desirable acquisitions or to integrate successfully any businesses we acquire, including the development of Phase 2 of the FWGR assets acquired from Sibanye-Stillwater

Our future success may depend in part on the acquisition of businesses or technologies intended to complement, enhance or expand our current business or products or that might otherwise offer us growth opportunities. The ability to complete such transactions may be hindered by a number of factors, including identifying acquisition targets, obtaining necessary financing and potential difficulties in obtaining government approvals. Any acquisitions we make could fail to achieve our financial or strategic objectives or disrupt our ongoing business, which could adversely impact our results of operations.

Any acquisition that we do make would pose risks related to the integration of the new business or technology with our business and organization. We cannot be certain that we will be able to achieve the benefits we expect from a particular acquisition or investment. Acquisitions may also strain our managerial and operational resources, as the challenge of managing new operations may divert our management from day-to-day operations of our existing business. Furthermore, we may have difficulty integrating employees, business systems, processes and technology. The acquired businesses may also not adequately ensure compliance with laws and regulations and we may fail to identify compliance issues or liabilities. Our business, financial condition and results of operations may be materially and adversely affected if we fail to coordinate resources effectively to manage both our existing operations and any businesses we acquire. Acquisitions can also result in unforeseen liabilities.

Moreover, our resources are limited and our decision to pursue a transaction has opportunity costs; accordingly, if we pursue a particular transaction, we may need to forgo the prospect of entering into other transactions that could help us achieve our financial or strategic objectives.

Limited deposition capacity

Our operations are based on ultra-volume and almost nano-gold extraction. The volume of reclaimed material delivered has the most productive impact on the gold output of our metallurgical plants. The large volumes of material that are processed are deposited on tailings facilities which have a finite capacity. Alternative facilities will be required to ensure adequate deposition capacity for the future. Key projects include the development of the regional tailings storage facility as part of Phase 2 FWGR projects as well as alternative depositioning at Ergo for which regulatory approvals will be obtained.

Our large projects, most notably the development of FWGR, are subject to schedule delays and cost overruns, and we may face constraints in financing our existing projects or new business opportunities, which could render our projects unviable or less profitable than planned

The development of our projects are capital intensive processes carried out over long durations and require significant capital expenditure and allocation of considerable management resources in utilising our existing experience and know-how.

Projects like the development of Phase 2 of the FWGR assets acquired from Sibanye-Stillwater is subject to the risk of delays and cost overruns which are inherent in any large construction project including, *inter alia*:

- shortages or unforeseen increases in the cost of equipment, labor and raw materials;
- unforeseen design and engineering problems;
- changes in construction plans that may require new or amended planning permissions;
- unforeseen construction problems;
- unforeseen delays commissioning sections of the project;
- inadequate phasing of activities;
- labor disputes;
- inadequate workforce planning or productivity of workforce;
- inadequate management practices;
- natural disasters and adverse weather conditions;
- national work stoppages as a result of infectious deceases and pandemics such as COVID-19;
- failure or delay of third-party service providers; and
- changes to regulations, such as environmental regulations.

The Phase 2 definitive feasibility study was completed in the 3rd quarter of fiscal year 2021, however regulatory approval still needed to be obtained on the regulatory approvals for the submitted design. It is therefore anticipated that the construction related to the Regional Storage Facility, of Phase 2, will be delayed from fiscal year 2022 to fiscal year 2024.

In addition, if the assumptions we make in assessing the viability of our projects, including those relating to commodity prices, exchange rates, interest rates, inflation rates and discount rates, prove to be incorrect or need to be significantly revised, this may adversely affect the profitability of our projects. The uncertainty and volatility in the gold market make it more difficult to accurately evaluate the project economics and increase the risk that the assumptions underlying our assessment of the viability of the project may prove incorrect.

As the development of FWGR is particularly material to DRDGOLD, significant cost overruns or changes in assumptions affecting the viability of the project could have a material adverse effect on our business, cash flows, financial condition and prospects.

Our operating cash flow and available banking facilities may be insufficient to meet our capital expenditure plans and requirements, depending on the timing and cost of development of our existing projects and any further projects we may pursue. As a result, new sources of capital may be needed to meet the funding requirements of these projects and to fund ongoing business activities. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, our credit rating, our gearing and the condition of the financial markets, future gold prices, the prospects for our industry, our operational performance and operating cash flow and debt position, and other risk factors.

In the event of operating or financial challenges, any dislocation in financial markets or new funding limitations, our ability to pursue new business opportunities, invest in existing and new projects, fund our ongoing business activities and pay dividends, could be constrained, any of which could have a material adverse effect on our business, operating results cash flows and financial condition.

We may not be able to meet our cash requirements because of a number of factors, many of which are beyond our control.

Management's estimates on future cash flows are subject to risks and uncertainties, such as the gold price, production volumes, recovered grades and costs. If we are unable to meet our cash requirements out of cash flows generated from our operations, we would need to fund our cash requirements from other financing sources and any such financing may not be permitted under the terms of our financing arrangements, or may not be available on acceptable terms, or at all. If we do not generate sufficient cash flows or have access to adequate financing, our ability to fund our operations and meet our debt service obligations, respond to changing business and economic conditions, make future acquisitions, react to adverse operating results, fund required capital expenditures or meet our working capital requirements may be adversely affected.

Any interruption in gold production at any of our two mining operations generating cash flows, will have an adverse effect on the Company.

We have two mining operations generating cash flows, namely Ergo and FWGR. Ergo's reclamation sites, processing plants, pump stations and the Brakpan/Withok TSF are linked through pipeline infrastructure. The Ergo plant is currently our major processing plant. FWGR's reclamation sites, DP2 plant, pump stations and the Driefontein 4 Tailings Storage Facility are linked through pipeline infrastructure.

Our reclamation sites, plants, pipelines infrastructure and the deposition/storage facilities are exposed to numerous risks, including operational down time due to planned or unplanned maintenance, destruction of infrastructure, spillages, lower than expected production or higher than expected operating costs as a result of decreases in extraction efficiencies due to imbalances in the metallurgical process, theft, inconsistent power supply as well as other factors.

We have suffered interruptions in gold production. For example: the Group temporarily halted its operations at Ergo and FWGR on March 26, 2020 upon the announcement of the national lockdown in South Africa (“**Lockdown**”). Operations gradually recommenced through April and May 2020 (Refer to Item 4D. ‘‘Property, plant and equipment – Ergo Production and FWGR production”). Production has not been impacted by subsequent lockdowns during fiscal 2021, but we remain subject to the risk of further lockdowns and other restrictions as a result of the continuing COVID-19 pandemic.

Our FWGR operations are reliant on the use to and access of Sibanye-Stillwater's mining infrastructure and related services including the smelting and recovery of gold from gold loaded carbon produced at FWGR as well as the use of various rights, permits and licenses held by Sibanye Gold pursuant to which FWGR operates, pending the transfer to FWGR of those that are transferable. Any disruption in the supply of, or our ability to use and access the Sibanye-Stillwater mining infrastructure, related services and rights, permits and licenses, could have an adverse impact on our operations.

Each of these conditions or other weather conditions or other interruptions could adversely impact our operations which could have a material adverse effect on our business, operating results and financial condition.

Flooding at our discontinued underground operations may cause us to incur liabilities for environmental damage.

If the rate of rise of water is not controlled, water from our abandoned underground mining areas could potentially rise and combine with underground water or decant into surrounding underground mining areas and could ultimately flow to the surface. Progressive flooding of these abandoned underground mining areas and surrounding underground mining areas could eventually cause the discharge of polluted water to the surface and to local water sources.

Should underground water levels not reach a natural subterranean equilibrium, and if underground water rises to the surface, we may face claims relating to environmental damage. Any such claims may have a material adverse effect on our business, operating results and financial condition.

An increase in production costs could have an adverse effect on our results of operations.

An increase in our production costs will impact our results of operations. Production costs are affected by, *among other* factors:

- labor stability, productivity and increases in labor costs;
- increases in electricity and water prices;
- increases in crude oil and steel prices;
- changes in regulation;
- unforeseen changes in ore grades and recoveries;
- unexpected changes in the quality or quantity of reserves;
- technical production issues;
- availability and cost of smelting and refining arrangements;
- environmental and industrial accidents;
- gold theft;
- environmental factors; and
- pollution.

Our production costs consist mainly of materials including reagents and steel, labor, fuels, electricity, and other related service providers and petroleum-based products. Production costs have in the past, and could in the future, increase at rates in excess of inflation and impact our results of operation and can result in the restructuring of these operations at substantial cost.

On February 28, 2021, ERGO signed a one year wage extension agreement, with organized labour, for the period July 1, 2021 to June 30, 2022. With a 5.9% average increase per annum across the ERGO workforce with individual increases ranging from 5.5% to 7% per annum. The transition arrangements regarding wage increases with the workforce at FWGR when these employees were incorporated into DRDGOLD have now come to an end. As a consequence, negotiations are currently underway with organized labour at FWGR with the intention of trying to reach a 3 year wage agreement.

Increases in production costs, if material, will adversely impact our results of operations. In addition, any initiatives to reduce costs, such as reducing our labour force, a reduction of the corporate overhead, negotiating lower price increases for consumables and cost controls may not be successful or sufficient to offset the increases affecting our operations and could adversely affect our business, operating results and financial condition.

Uncertainties regarding the impact of the COVID-19 pandemic on current and future operations

We face risks relating to the COVID-19 pandemic and measures taken to address the outbreak.

The Group temporarily halted its operations at Ergo and FWGR on March 26, 2020 pursuant to the announcement of the Lockdown. Operations gradually recommenced through April and May 2020 (Refer to Item 4D. "Property, plant and production–production") and Ergo and FWGR have not been impacted by subsequent lockdowns during fiscal 2021. We remain subject to the risk of further lock-downs or other restrictions to our operations and we also face the risk of disruptions to our suppliers' operations.

The table below outlines the number of COVID-19 tests conducted, the number of COVID-19 positive cases and the COVID-19 related fatalities suffered by our workforce:

COVID statistics	Ergo	FWGR	Corporate office	Consolidated
Number of tests conducted	576	176	3	755
Number positive cases	142	34	3	179
Fatalities	2	1	0	3

The risk related to the impact of the COVID-19 pandemic is not isolated to health and safety for our employees, but has manifested as a risk in terms of social stability as well as economic activity and growth both in South Africa and globally. While we have implemented a program to address the risk of COVID-19 infections at our operations, the COVID-19 pandemic may have numerous other consequences, including adverse impacts on our supply chain and availability of materials used in our operations. The "new waves" of infection anticipated and risks of reinfection remain highly uncertain and could lead to increased employee infections reducing productivity and could result in further restrictions and national lockdowns, which could lead to disruptions in our business operations.

We have benefitted from the increase in dollar gold prices and weakening of the rand/dollar exchange rate driven by the impact of the COVID-19 pandemic. Dollar gold prices may decrease and the rand/dollar exchange rate may strengthen as the global impact of the COVID-19 pandemic is alleviated.

Our operations are subject to extensive environmental regulations which could impose significant costs and liabilities.

Our operations are subject to increasingly extensive laws and regulations governing the protection of the environment under various state, provincial and local laws, which regulate air and water quality, hazardous waste management and environmental rehabilitation and reclamation. Our mining and related activities have the potential to impact the environment, including land, habitat, streams and environment near the mining sites. Failure to comply with environmental laws or delays in obtaining, or failures to obtain government permits and approvals may adversely impact our operations. In addition, the regulatory environment in which we operate could change in ways that could substantially increase costs of compliance, resulting in a material adverse effect on our profitability.

We have incurred, and expect to incur in the future, expenditures to comply with these environmental laws and regulations. We have estimated our aggregate group Provision for Environmental Rehabilitation at a net present value of R570.8 million which is included in our statement of financial position as at June 30, 2021 (Refer to Item 18. ''Financial Statements - Note 11 – Provision for environmental rehabilitation"). However, the ultimate amount of rehabilitation costs may in the future exceed the current estimates due to factors beyond our control, such as changing legislation, higher than expected cost increases, or unidentified rehabilitation costs. We fund the environmental rehabilitation costs by making contributions over the life of the mine to environmental trust funds or funds held in our own investments. If any of our operations are prematurely closed, the rehabilitation funds may be insufficient to meet all the rehabilitation obligations of those operations. The closure of mining operations, without sufficient financial provision for the funding of rehabilitation liabilities, or unacceptable damage to the environment, including pollution or environmental degradation, may expose us and our directors to litigation and potential prosecution, significant liabilities.

Damage to tailings dams and excessive maintenance and rehabilitation costs could result in lower production and environmental, health and safety liabilities.

Our tailings facilities are exposed to numerous risks and events, the occurrence of which may result in the failure of such a facility. These may include damage or failure by sabotage, failure by our employees to adhere to the codes of practice and natural disasters such as seismic events, excessive rainfall, which could force us to stop or limit operations. In addition, the dams could overflow or the walls could collapse and the health and safety of our employees and communities living around these dams could be jeopardized. In the event of damage to our tailings facilities, our operations will be adversely affected and this in turn could have a material adverse effect on our business, operating results and financial condition.

Due to the nature of our business, our operations face extensive health and safety risks and regulation of those risks.

Gold mining is exposed to numerous risks and events, the occurrence of which may result in the death of, or personal injury, to employees. According to section 54 of the Mine, Health and Safety Act of 1996, if an inspector believes that any occurrence, practice or condition at a mine endangers or may endanger the health or safety of any person at the mine, the inspector may give any instruction necessary to protect the health or safety of persons at the mine. These instructions could include the suspension of operations at the whole or part of the mine. Health and safety incidents could lead to operations being halted and that will increase our unit production costs, which could have a material adverse effect on our business, operating results and financial condition.

Events may occur for which we are not insured which could affect our cash flows and profitability.

Because of the nature of our business, we may become subject to liability for pollution or other hazards against which we are unable to insure or are not insured, including those in respect of past mining activities. Our existing property, business interruption and other insurance contains certain exclusions and limitations on coverage. The insured value for property and loss of profits business interruption is R11.8 billion, with a total loss limit of R650 million for the 2022 fiscal year. Business interruption is only covered from the amount above the deductibles that vary between categories. To cover legal liability to third parties for damage, injury, illness or death, R1.5 billion insurance cover is in place for the 2020 fiscal year, subject to certain exclusions and limitations on coverage.

Insurance coverage may not cover the extent of claims brought against us, including claims for environmental, industrial or pollution related accidents, for which coverage is not available. If we are required to meet the costs of claims, which exceed our insurance coverage, this could have a material adverse effect on our business, operating results and financial condition.

If we are unable to attract and retain key personnel our business may be harmed.

The success of our business will depend, in large part, upon the skills and efforts of a small group of management and technical personnel including the positions of Chief Executive Officer and Chief Financial Officer. In addition, we compete with mining and other companies on a global basis to attract and retain key human resources at all levels with appropriate technical skills and operating and managerial experience necessary to operate the business. Factors critical to retaining our present staff and attracting additional highly qualified personnel include our ability to provide these individuals with competitive compensation arrangements, and other benefits. If we are not successful in retaining or attracting highly qualified individuals in key management positions, our business may be harmed. We do not maintain "key man" life insurance policies on any members of our executive team. The loss of any of our key personnel could delay the execution of our business plans, which may result in decreased production, increased costs and decreased profitability.

We are subject to operational risks associated with our flotation and fine-grind (FFG) project.

Our flotation and fine-grind project, implemented in fiscal year 2014, is designed to improve extraction efficiencies.

Certain components of the FFG were temporarily halted in the first quarter of fiscal year 2020 to perform an evaluation of the revenue earned from additional gold extracted from the most recently integrated reclamation sites compared to the cost incurred to operate the FFG on these sites. The remaining components of the FFG continue to operate. Testing on the newly integrated reclamation sites have suggested that some of the halted components will only operate in subsequent years once the related reclamation sites have been brought online in accordance with the current life of mine plan for ERGO. These halted components are classified as idle assets until they are brought back into operation as described. The success of the FFG is directly dependent on the material type and material mix processed through it. Therefore, depending on the continuation and conclusion of various testwork regarding the material types and material mix of future reclamation sites, the halted components will remain idle. Firm decisions have also not yet been made by the executive committee and the Board of Directors on the future of the FFG. We remain subject to operational risks relating to the FFG project.

A disruption in our information technology systems, including incidents related to cyber security, could adversely affect our business operations.

We rely on the accuracy, availability and security of our information technology systems. Despite the measures that we have implemented, including those related to cyber security, our systems could be breached or damaged by computer viruses and systems attacks, natural or man-made incidents, disasters or unauthorized physical or electronic access.

Any system failure, accident or security breach could result in business disruption, theft of our intellectual property, trade secrets (including our proprietary technology), unauthorized access to, or disclosure of, personnel or supplier information, reputational damage or litigation. We may also be required to incur significant cost to protect against or repair the damage caused by these disruptions or security breaches in the future, including, for example, rebuilding internal systems, implementing additional threat protection measures, defending against litigation, responding to regulatory inquiries or actions, paying damages, or taking other remedial steps with respect to third parties.

These threats are constantly evolving, thereby increasing the difficulty of successfully defending against them or implementing adequate preventative measures and we remain subject to additional known or unknown threats. In some instances, we may be unaware of an incident or its magnitude and effects. We may be susceptible to new and emerging risks, including cyber-attacks and phishing, in the evolving landscape of cybersecurity threats. Given the increasing sophistication and evolving nature of these threats, DRDGOLD cannot rule out the possibility of them occurring in the future. Any extended failure of critical system components, caused by accidental, or malicious actions, including those resulting from a cybersecurity attack, could result in a significant environmental incident, commercial loss or interruption to operations.

In addition, from time to time, we implement updates to our information technology systems and software, which can disrupt or shutdown our information technology systems. Information technology system disruptions, if not appropriately addressed or mitigated, could have a material adverse effect on our operations.

Risks related to the gold mining industry

A change in the dollar price of gold, which in the past has fluctuated widely, is beyond our control.

Historically, the gold price has fluctuated widely and is affected by numerous industry factors over which we have no control, including:

• a significant amount of above-ground gold in the world that is used for trading by investors;
• the physical supply of gold from world-wide production and scrap sales, and the purchase, sale or divestment by central banks of their gold holdings;
• the demand for gold for investment purposes, industrial and commercial use, and in the manufacturing of jewelry;
• speculative trading activities in gold;
• the overall level of forward sales by other gold producers;
• the overall level and cost of production of other gold producers;
• international or regional political and economic events or trends;
• the strength of the dollar (the currency in which gold prices generally are quoted) and of other currencies;
• financial market expectations regarding the rate of inflation;
• interest rates;
• gold hedging and de-hedging by gold producers; and
• actual or expected gold sales by central banks and the International Monetary Fund.

During fiscal year 2021 the gold price reached a high of U$2,072 per ounce and a low of U$1,676. We benefited from a sustained upswing in gold price in the first quarter, and in the fourth quarter, following the global response to the COVID-19 pandemic, the gold price surged to an all-time high.

Investors globally, as they have in so many previous times of crisis, turned to gold and gold stocks as the safe haven asset, leading to a surge in the average gold price during fiscal 2020 and fiscal 2021. The rand/dollar exchange rate remained volatile throughout fiscal 2021 mainly as a result of economic uncertainty and perceived political instability, global market slowdown sentiment, tensions between the USA and China, low economic growth, and seemingly terminally distressed Eskom. Further volatility in the Rand was fueled by Moody's downgrade of South Africa's sovereign credit rating to sub-investment grade as a result of "continuing deterioration in fiscal strength and structurally very weak economic growth."

COVID-19 (or an alleviation of the pandemic) or other factors mentioned above could put negative pressure on the price of gold in the future. Our profitability may be negatively impacted by a decline in the gold price or the USD and exchange rate, where gold sales revenue drops below the cost of production for an extended period.

The exploration of mineral properties is highly speculative in nature, involves substantial expenditure, and is frequently unproductive.

Exploration is highly speculative in nature and requires substantial expenditure for drilling, sampling and analysis of ore bodies in order to quantify the extent of the gold reserve. Many gold exploration programs, including some of ours, do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be mined profitably. If we discover a viable deposit, it usually takes several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change.

Moreover, we rely on the evaluations of professional geologists, geophysicists, and engineers for estimates in determining whether to commence or continue mining. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining based on available technology.

Our future growth and profitability will depend, in part, on our ability to identify and acquire additional mineral rights, and on the costs and results of our continued exploration and development programs. Our business focuses mainly on the extraction of gold from tailings, which in terms of volume is significant. Only significant deposits within proximity of services and infrastructure justify the significant capital investment associated with plant, reclamation and deposition infrastructure. There is limited supply of these deposits suitable for exploitation in terms of our model which may inhibit exploration and developments, especially in a declining gold price.

Because of these uncertainties, we may not successfully acquire additional mineral rights, or identify new Proven and Probable Ore Reserves in sufficient quantities to justify commercial operations in any of our operations. The costs incurred on exploration activities to identify commercially exploitable reserves of gold are not likely to be recovered and therefore are likely to be impaired.

There is inherent uncertainty in Ore Reserve estimates.

Our Ore Reserve figures described in this document are the best estimates of our current management as of the dates stated and are reported in accordance with the requirements of Industry Guide 7 of the SEC. These estimates may not reflect actual reserves or future production.

Should we encounter mineralization or formations different from those predicted by past drilling, sampling and similar examinations, reserve estimates may have to be adjusted and mining plans may have to be altered in a way that might adversely affect our operations. Moreover, if the rand price of gold declines, or stabilizes at a price that is lower than recent levels, or if our labor, water, steel, electricity, and other production costs increase or recovery rates decrease, it may become uneconomical to recover Ore Reserves, particularly those containing relatively lower grades of mineralization. Under these circumstances, we would be required to re-evaluate our Ore Reserves. Short-term operating factors relating to the ability to reclaim our Ore Reserves, at the required rate, such as an interruption in the supply of electricity or a shortage of water may have the effect that we are unable to achieve recovery of Ore Reserves, which may render the Ore Reserve no longer feasible, which could negatively affect profitability and cause volatility during any given period. Estimates of reserves are based on drilling results and because unforeseen conditions may occur in these mine dumps that may not have been identified by the drilling results, the actual results may vary from the initial estimates. These factors could result in reductions in our Ore Reserve estimates and as a result, our production, which could in turn adversely impact the total value of our business, operating results and financial condition.

Gold mining is susceptible to numerous events that could have an adverse impact on a gold mining business.

The business of gold mining is exposed to numerous risks and events, the occurrence of which may result in the death of, or personal injury to employees, the loss of mining and reclamation equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage, loss of the license to mine and potential legal claims. The risks and events associated with the business of gold mining include:

- environmental hazards and pollution, including dust generation, toxic chemicals, discharge of metals, pollutants, radioactive materials and other hazardous material into the air and water;
- flooding, landslides, sinkhole formation, ground subsidence, ground and surface water pollution and waterway contamination;
- a decrease in labor productivity due to labor disruptions, work stoppages, disease, slowdowns or labor strikes;
- unexpected decline of ore grade;
- metallurgical conditions or lower than expected gold recovery;
- failure of unproven or evolving technologies;
- mechanical failure or breakdowns and ageing infrastructure;
- energy and electrical power supply interruptions;
- availability of water;
- injuries to employees or fatalities due to falls from heights and accidents relating to mobile machinery or electrocution or other causes;

- activities of illegal or artisanal miners;
- material and equipment availability;
- legal and regulatory restrictions and changes to such restrictions;
- social or community disputes or interventions;
- accidents caused from the collapse of tailings dams;
- pipeline failures and spillages;
- safety-related stoppages; and
- corruption, fraud and theft including gold bullion theft.

The occurrence of any of these hazards could delay production, result in losses, or increase production costs or legal claims and may result in significant losses and adversely impact our business results of operations and financial condition.

Risks related to doing business in South Africa

Political or economic instability in South Africa may reduce our production and profitability.

We are incorporated in South Africa and all our operations are currently in South Africa. As a result, political and economic risks relating to South Africa could have a significant effect on our production and profitability. Large parts of the South African population are unemployed and do not have access to adequate education, health care, housing and other services, including water and electricity. Government policies aimed at alleviating and redressing the disadvantages suffered by most citizens under previous governments may increase our costs and reduce our profitability. In recent years, South Africa has experienced high levels of crime. These problems may impede fixed inward investment into South Africa and increase emigration of skilled workers and as a result, we may have difficulties retaining qualified employees.

The COVID-19 pandemic has increased the risk of social unrest in our surrounding communities already created from a growing frustration of society at large on slow reformative action being taken by all spheres of the South African government, in particular, in combating high unemployment, particularly in the youth of the country. Unemployment rates in South Africa reached an all-time high of 34.4% in June 2021 due to the impact on South Africa's COVID-19 related economic downturn. This frustration was a contributing factor that led to vandalising property, committing crimes, and damaging infrastructure around our operations during July 2021. There is no assurance that the economic downturn will not result in an extended period of high unemployment, further exacerbating the prolonged economic downturn in the South African mining environment. Furthermore, the rise of ESG factors in investment decisions may result in divestment in the mining sector.

Inflation can adversely affect us.

The inflation rate in South Africa is relatively high compared to developed, industrialized countries. As of June 30, 2021, the annual Consumer Price Inflation Index ("**CPI**") stood at 4.9% compared to 2.2% in June 2020 and 4.5% in June 2019. Annual CPI in South Africa was 5.0% as at September 30, 2021. Inflation in South Africa generally results in an increase in our rand operational costs, unless such inflation is accompanied by a concurrent devaluation of the rand against the dollar or an increase in the dollar price of gold. Higher and sustained inflation in our operational costs could have a material adverse effect on our results of operations and our financial condition and could result in operations being discontinued or reduced or rationalized, which could reduce our profitability.

The treatment of occupational health diseases and the potential liabilities related to occupational health diseases may have an adverse effect on our operations and our financial condition.

We may be subject to claims relating to occupational health diseases and we are currently subject to legal action described below.

In January 2013, DRDGOLD, East Rand Proprietary Mines Limited ("**DRDGOLD Respondents**") and 23 other mining companies ("**Other Respondents**") (collectively referred to as "**Respondents**") were served with a court application issued in the High Court of South Africa for a class certification on behalf of former mineworkers and dependents of deceased mineworkers ("**Applicants**"). In the application the Applicants allege that the Respondents conducted underground mining operations in a negligent and unlawful manner causing the former mineworkers to contract occupational lung diseases. The Applicants have as yet not quantified the amounts which they are demanding from the Respondents as damages.

On May 3, 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 other gold mining companies ("**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, are not a party to the settlement between the Applicants and Settling Companies. 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 (refer to Item 18 "Financial Statements - Note 26 – Contingencies").

An adverse judgment in the claim described above or any other claim could have an adverse impact on us.

We have experienced an increase in organised crime activities which have started to target gold plants.

In October 2019, a number of companies, including our Knights and Ergo plants, were subject to armed attacks targeting high-grade gold bearing material. These incidents were very well organised and in all the incidents the employees of the companies were also held hostage until the targeted material was obtained. In the 2019 incident, a security officer was fatally injured.

Any such incidents have and may still result in losses of gold or other damage which could have a material adverse impact on our business, financial results and condition.

Theft at our sites, particularly of copper, may result in greater risks to employees or interruptions in production.

Crime statistics in South Africa indicate an increase in theft. This together with price increases for copper has resulted in the theft of copper. Our operations experience high incidents of copper cable theft despite the implementation of security measures. In addition to the general risk to employees' lives in an area where theft occurs, we may suffer production losses and incur additional costs as a result of power interruptions caused by cable theft and theft of bolts used for the pipeline.

Power stoppages or shortages or increases in the cost of power could negatively affect our results and financial condition.

Our mining operations are dependent on electrical power supplied by Eskom, South Africa's state-owned utility company. As a result of insufficient generating capacity, owing to poor maintenance and lagging capital infrastructure investment, South Africa has faced significant disruptions in electricity supply in the past and Eskom has warned that the country could continue to face disruptions in electrical power supply in the foreseeable future.

The security of future power supply as well as the cost thereof remains a risk and may have major implications for our operations, which may result in significant production losses. The country's current reserve capacity may be insufficient and the risk of electricity stoppages is expected to continue for the foreseeable future. Supply interruptions because of this as well as an aging and poorly maintained distribution grid may pose a significant risk to the operations.

The group has a load-curtailment agreement in place with Eskom in terms of which we reduce power consumption by between 10% and 20% when the grid is under pressure, but Eskom maintains uninterrupted power supply to the operations.

The National Energy Regulator of South Africa ("**NERSA**") initially approved an average tariff increase of 5.2% average effective April 1, 2021. In July 2020, the High Court of South Africa ordered that the average tariff for April 1, 2021 be increased by a further 9.8%. NERSA has applied for leave to appeal the ruling. These increases have had an adverse effect on our production costs and similar or higher future increases could have a material adverse effect on our operating results and financial condition.

Subsequently, several notable developments have occurred:

- The South African government provided Eskom with an additional R69 billion bailout over a three-year period, from 2019 to 2021. Eskom subsequently challenged the multi-year price determination (MYPD), Regulatory Clearing Account (RCA) and NERSA's treatment of the bailout as a tariff subsidy in South African court. On July 28, 2020, the South African court ruled in favour of Eskom, allowing the company to recover the additional R69 billion in a phased manner through future tariff increases. The recovery of R10 billion (of the R69 billion) would occur for the 2021 to 2022 year. The remaining R59 billion revenue recovery would occur outside the MYPD period, likely in the 2022 to 2023 year and 2023 to 2024 year. Having accepted the decision on the merits of the case, NERSA appealed the remedy.
- NERSA has additionally allowed the revenue recovery of R6.6 billion in the 2021 to 2022 year (half of NERSA's determination of a R13.2 billion RCA amount for the period from 2018 to 2019), instead of the R27.3 billion amount that Eskom had applied for. The remaining half will be recovered in the 2022 to 2023 year.
- Additionally, in June 2020, Eskom succeeded in obtaining a judgment to recover a portion of the additional shortfall of R35 billion for the periods from 2014 to 2015, 2015 to 2016 and 2016 to 2017, where NERSA had initially determined the RCA to be R32 billion when Eskom had applied for an amount of R67 billion. Approximately R4.7 billion of the determination will be liquidated in the 2021 to 2022 year.

Combined, these outcomes will impact the tariff increase implemented on 1 April 2021, which resulted in an increase of approximately 15%, instead of the initially previously approved 5.2% increase. As a result of the judgments rendered in favour of Eskom, and other potential further RCA applications, it is likely that Eskom's electricity tariffs will increase above-inflation in the future.

In February 2019, the President of South Africa announced the vertical unbundling of Eskom. While full state ownership will be maintained, the unbundling is expected to result in the separation of Eskom's generation, transmission and distribution functions into separate entities, which may require legislative and/or policy reform. The unbundling is currently underway and is expected to be completed by December 2021 for the legal separation of the transmission function, and December 2022 for the generation and distribution functions. Poor reliability of the supply of electricity and increasing prices through the unbundling process is expected to continue. Eskom's coal fired power plants have not performed well for a number of years, with national rotational power cuts (load shedding) having been implemented on several occasions during the last number of fiscal years. Should we experience further power tariff increases, its business operating results and financial condition may be adversely impacted.

Ergo is currently disputing the electricity tariff charged by Ekurhuleni Metropolitan Municipality (refer to Item 18—"Financial Statements—Note 24—Payments made under protest").

Risks related to climate change

Extreme weather

Our operations are also exposed to severe weather events that could interrupt production. Major environmental damage to property, infrastructure as well as loss of human life could be caused by extreme weather events. Extreme weather conditions such as droughts, extreme rainfall and high wind volumes are on the increase. Specifically, the increase in intensity of events, such as thunderstorms on the Highveld, where our operations are situated. It is believed that the long-term upward trend in global temperature is closely correlated with the increase in severe weather events both in terms of magnitude and frequency.

For example, dry weather conditions have prompted level 2 water restrictions on residential water users in the Johannesburg area. These water restrictions remain in place as at September 30, 2021. Severe thunderstorms and high winds, especially during the summer rainy season, may also cause damage to operation infrastructure that may in turn cause an interruption in the production of gold. Such incidents and other weather events may damage the facility and may result in water shortages which can impact our operations and cause interruption of gold production until the facility is repaired or alternative deposition is brought online.

Scarcity of water may negatively affect our operations.

South Africa faces water shortages, which may lead to the revision of water usage strategies by several sectors in the South African economy, including electricity generation and municipalities. This may result in rationing or increased water costs in the future. Such changes could adversely impact our surface retreatment operations, which use water to transport the slimes or sand from reclaimed areas to the processing plant and to the tailings facilities. In addition, as our gold plants and piping infrastructure were designed to carry certain volumes of water, any reduction in the volume of available water, may require us to adjust production at these operations.

DRDGOLD invested R22 million in the construction of a filtration plant at the Rondebult Waste Water Works (operated by the East Rand Water Care Company) to treat sewage water to reduce the use of potable water. This water is used both for production, material sealing and also, ultimately, to irrigate rehabilitation vegetation at a significantly lower cost than that of potable water. The plant was commissioned in early fiscal year 2016 and has design capacity to provide Ergo with 10 Megalitres ("Ml") a day from the Rondebult sewage treatment facility. However, due to the deterioration of the local government authorities' infrastructure, the expected quantity of sewage is not reaching the treatment facility and as a result Ergo is still not able to extract the full design capacity of 10 Ml of water a day. It is not certain when the flow of sewage will reach expected levels.

These measures may not be sufficient to alleviate the water scarcity issues we face.

Government Regulation

Government policies in South Africa may adversely impact our operations and profits.

The mining industry in South Africa is extensively regulated through legislation and regulations issued through the government's administrative bodies. These involve directives in respect of health and safety, the mining and exploration of minerals and managing the impact of mining operations on the environment. A variety of permits and authorities are required to mine lawfully, and the government enforces its regulations through the various government departments. The formulation or implementation of government policies may be unpredictable on certain issues, including changes in conditions for the issuance of licenses insofar as social and labor plans are concerned, transformation of the workplace, laws relating to mineral rights, ownership of mining assets and the rights to prospect and mine, additional taxes on the mining industry and in extreme cases, nationalization. A change in regulatory or government policies could adversely affect our business.

Mining royalties and other tax reform could have an adverse effect on the business, operating results and financial condition of our operations

The Mineral and Petroleum Resources Royalty Act, No. 28 of 2008 and the Mineral and Petroleum Resources Royalty (Administration) Act, No. 29 of 2008 govern royalty rates for gold mining in South Africa. These acts provide for the payment of a royalty, calculated using a formula (using rates of between 0.5% and 5.0%) applied against gross revenue per year, payable half-yearly with a third and final payment thereafter. The royalty is tax deductible and the cost after tax amounts to a rate of between 0.33% and 3.3% at the prevailing marginal tax rates applicable to the taxed entity. The royalty is payable on old unconverted mining rights and new converted mining rights. Based on legal opinion the Company obtained, mine dumps created before the enactment of the Mineral and Petroleum Resources Development Act ("MPRDA") fall outside the ambit of this royalty and consequently the Company does not pay any royalty on mine dumps created prior to the MPRDA. Introduction of further revenue based royalties or any adverse future tax reforms could have an adverse effect on our business, operating results and financial condition.

Failure to comply with the requirements of the Broad Based Socio-Economic Empowerment Charter 2018 could have an adverse effect on our business, operating results and financial condition of our operations.

In April 2018, judgment was handed down by the North Gauteng High Court in Pretoria against a provision in the 2010 Mining Charter regarding the "once empowered always empowered" principle." This principle refers to whether a mining company, that held at some stage a BEE status after the exit of a Black partner company consequent to a result of a Black Economic Empowerment ("**BEE**") transaction, continues to be BEE compliant. The judgment was appealed by the DMRE. The DMRE in August 2020, withdrew their notice to appeal to the Supreme Court of Appeal in respect of the judgment issued in April 2018 by the Pretoria High Court.

On September 27, 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 on September 27, 2018 superseding and replacing all previous charters, including the Reviewed Broad-Based Black Economic Empowerment Charter for the South African Mining and Minerals Industry, 2010 ("**Mining Charter II**").

Mining Charter 2018 requires, *inter alia*, an enduring 30% BEE interest in respect of new mining rights. It also has extended provisions in respect of Historically Disadvantaged Persons ("**HDP**") representation at board and management, as well provisions relating to local procurement of goods and services. The procurement target of the total spend on services from South African companies has been increased to 80% (up from 70% in Mining Charter II) and 60% of the aggregate spend thereof must be apportioned to BEE entrepreneurs.

In March 2019, the Mineral Council of South Africa brought an application in the High Court, Pretoria for a judicial review and setting aside of certain provisions in Mining Charter 2018.

In June 2020, the High Court ordered the Minerals Council to join parties representing communities, trade unions and BEE entrepreneurs as a precedent to the continuation of the lawsuit, as they have a direct and substantial interest in the outcome of the litigation.

On September 21, 2021, the High Court of South Africa ruled that the Mining Charter 2018 is not binding law but an instrument of policy. This ruling affirmed that the Minister of Mineral Resources and Energy ("**MRE Minister**") was not entitled to make subordinate legislation through the Mining Charter 2018 to require 30% HDP ownership for the renewal of existing mining rights.

DRDGOLD cannot guarantee that it will meet all the targets set out by the Mining Charter 2018. For example, if the Mining Charter 2018 were to remain in its current form, there is no assurance that the goods, services and supplies in South Africa would be sufficient to meet the targets. More specifically, DRDGOLD may not be able to meet the requirement that 80%. of total mining goods procured and services be South African-manufactured goods due to an insufficient number of suppliers in South Africa with the required equipment. DRDGOLD may be required to increase participation by HDP in senior positions and allocate additional resources for the development of human resources, mine community, sustainability, procurement and enterprise. DRDGOLD may also be required to make further adjustments to the ownership structure of its South African mining assets, including increasing the ownership of HDP, in order to meet the requirements of the Mining Charter 2018. Any such additional measures could have a material adverse effect on our business, operating results and/or financial condition.

In addition, if we are unable to obtain sufficient representation of HDP at the board level and in management positions or if sufficient succession plans are not in place, this could have a material adverse effect on our business (including resulting in the imposition of fines, and having a negative effect on production levels), operating results and financial position. In relation to DRDGOLD, the mining industry continues to experience, including a global shortage of qualified senior management and technically skilled employees. DRDGOLD may be unable to retain appropriate senior management, technically skilled employees or other management personnel, or may have to pay higher levels of remuneration than it currently intends in order to do so.

Also, there is no guarantee that any steps DRDGOLD has already taken or might take in the future will ensure the retention of its existing mining rights, the successful renewal of its existing mining rights, the granting of applications for new mining rights or that the terms of renewals of its mining rights would not be significantly less favourable than the terms of its current mining rights. Any further adjustment to the ownership structure of DRDGOLD's South African mining assets in order to meet the abovementioned requirements could have a material adverse effect on the value of DRDGOLD's securities

Refer to Item 4B. Business Overview – Governmental regulations and their effect on our business – The Broad Based Socio-Economic Empowerment Charter.

Government policies in South Africa may adversely impact our operations and profits related to financial provisioning for rehabilitation

An amendment to the MPRDA was first proposed in 2013. The amendment bill, if implemented, would have had a material adverse impact on the Group's estimated financial provisions for environmental remediation and management due to the proposed inclusion of the historic residue in the definition of "residue stockpiles" as well as the extension of the liability for rehabilitation beyond the issuance of a closure certificate and the requirement to maintain financial provision for closed sites within a period of 20 years after a site is closed. The MPRDA Amendment Bill was withdrawn in August 2018 by the MRE Minister, citing, amongst other things, the adequacy of the current MPRDA to deal with regulatory matter pertaining to the mining and petroleum industries.

Revised Financial Provisioning Regulations ("**FPR**") were published on November 20, 2015 under the National Environmental Management Act, 107 of 1998 ("**NEMA**") and became effective from the date of publication thereof. Proposed Amendments to the FPRs were published for public comment GNR 1228 GG 41236 on November 10, 2017 ("**Draft Regulations**") which seek to address some challenges relating to the implementation thereof. Under these FRPs to be implemented by the DMRE, existing environmental rehabilitation trust funds may only be used for post closure activities and may no longer be utilised for their intended purpose of concurrent and final rehabilitation and closure.

Several further proposed amendments to the FPRs ("**Proposed Amendments**") were published subsequently. The latest Proposed Amendments were published in August 2021 which, *inter alia*, extends the compliance with these regulations to three months following the fiscal year end June 30, 2022.

The Proposed Amendments, in their current form and which are still subject to the approval of the DMRE and Treasury, allow under certain circumstances for withdrawal against financial provision (which is currently not contemplated in the FPR). It is unclear whether these provisions relating to the withdrawal will remain in their current form, or at all.

See discussion in 4.B. Business Overview – Governmental regulations and their effect on our business – Financial Provision for Rehabilitation.

The implementation of Carbon Tax effective from June 1, 2019 may have a direct or indirect material adverse effect on our business, operating results and financial condition.

The Carbon Tax Act No 15 of 2019, or the CTA, came into effect from June 1, 2019. The CTA is based on the polluter-pays principle and will be implemented in two phases. The first phase will run from June 1, 2019 to December 31, 2022 and is applicable to scope 1 emitters. The first phase did not have a material financial impact. The second phase will be implemented from January 1, 2023 to December 31, 2030. During the first phase, tax-free emission allowances ranging from 60 per cent to 95 per cent are available to all carbon tax liable companies. These include a basic tax-free allowance of 60 per cent for all activities, a 10 per cent process and fugitive emissions allowance, a maximum 10 per cent offset allowance for companies that use carbon offsets to reduce their tax liability, a performance allowance of up to 5 per cent for companies that reduce the emissions intensity of their activities, a 5 per cent carbon budget allowance for complying with the reporting requirements and a maximum 10 per cent trade exposed allowance for trade exposed sectors. The South African government indicated that a review of the impact of the carbon tax will be conducted before the second phase of the South African Carbon Tax Act is implemented. The carbon tax has not had an impact on the price of electricity. However, should Eskom be required to pass on the cost of the tax from its emissions to its customers, electricity tariffs may increase significantly. This may also affect the carbon tax charged to our suppliers who may pass on the tax to us increasing the price of goods and services we consume in our operation.

Regulations detailing the tax-free emission allowances during the second phase have not been published to date. The second phase of implementation of the Carbon Tax may have a material direct and/or indirect adverse effect on our business, operating results and financial condition if the tax-free emission allowances are significantly reduced or the scope of implementation of the CTA is significantly increased. In addition, the potential increased costs resulting from suppliers passing through their Carbon Tax exposure to the Company may have an indirect adverse effect on our business, operating results and financial condition.

Ring-fencing of unredeemed capital expenditure for South African mining tax purposes could have an adverse effect on the business, operating results and financial condition of our operations.

The Income Tax Act No 58 of 1962, or the ITA, contains certain ring-fencing provisions in section 36 specifically relating to the deduction of certain capital expenditure and the carry over to subsequent years. After the mine restructuring into different operations effective July 1, 2012, Ergo is treated as one taxpaying operation pursuant to the relevant ring-fencing legislation. It is expected that FWGR will also be treated as one taxpaying operation pursuant to the relevant ring-fencing legislation. In the event that our position is unsuccessful should the South African Revenue Service have a different interpretation of section 36 of the ITA, it could have an adverse effect on our business, operating results and financial condition.

Draft amendments to the ITA regarding claiming accelerated capital expenditure allowances for South African mining tax purposes could have an adverse effect on the business, operating results and financial condition of our operations.

The National Treasury has proposed a prospective amendment to the preamble of section 15 of the ITA to limit the accelerated capital expenditure allowance applicable to taxpayers conducting mining operations to only those taxpayers that hold "*a mining right as defined in section 1 of the Mineral and Petroleum Resources Development Act in respect of the mine where those mining operations are carried on*". In addition, in relation to section 36 of the ITA, the National Treasury has proposed an amendment to the heading in order to limit the application of the provisions on the redemption allowance and balance of unredeemed capital expenditure, to certain mining operations.

DRDGOLD, as a surface miner, conducts mining operations for its own benefit (i.e. it is not a contractor to a mining right holder), but DRDGOLD is not required to hold a mining right in terms of the MPRDA. The proposed requirement by the ITA to require a miner to hold a mining right in terms of the MPRDA will preclude DRDGOLD from claiming accelerated capital expenditure allowances in terms of sections 15 and 36 of the ITA.

If these proposed amendments are adopted, it will accelerate cash outflows resulting from current tax expenditure. This could have an adverse effect on our cash flows, operations, capital investment decisions and financial condition.

Assessment of unredeemed capital expenditure by the South African Revenue Service could have an adverse effect on the business, operating results and financial condition of our operations.

The South African Revenue Service (“**SARS**”) assessed capital expenditure when it is redeemed against taxable mining income rather than when it is incurred. A different interpretation by SARS could have an adverse effect on our business, operating results and financial condition.

Since our South African labor force has substantial trade union participation, we face the risk of disruption from labor disputes and new South African labor laws.

Labor costs are significant for Ergo, constituting 19% of Ergo's production costs for fiscal year 2021 (2020: 22%). As of June 30, 2021, Ergo operations provided full-time employment for 771 employees while our main service providers deployed an additional 1,495 employees to our operations, of whom approximately 82% are members of trade unions or employee associations.

Labor costs are significant for FWGR, constituting 20% of FWGR's production costs for fiscal year 2021, (2020: 22%). As of June 30, 2021, FWGR operations provided full-time employment for 154 employees while our main service providers deployed an additional 343 employees to our operations, of whom approximately 93% are members of trade unions or employee associations. We have entered into various agreements regulating wages and working conditions at our mines. Unreasonable wage demands could increase production costs to levels where our operations are no longer profitable. This could lead to accelerated mine closures and labor disruptions. We are also subject to strikes by workers from time to time, which result in disruptions to our mining operations.

In recent years, labor laws in South Africa have changed in ways that significantly affect our operations. In particular, laws that provide for mandatory compensation in the event of termination of employment for operational reasons and that impose large monetary penalties for non-compliance with the administrative and reporting requirements of affirmative action policies could result in significant costs to us. In addition, future South African legislation and regulations relating to labor may further increase our costs or alter our relationships with our employees, which could have an adverse effect on our business, operating results and financial condition.

Labor unrest could affect production.

During December 2018 to April 2019 there was strike action by staff at the Sibanye-Stillwater gold mines adjacent to FWGR. Such events at our operations or reclamation sites could have an adverse effect on our business, operating results and financial condition.

We use a third party service provider for the management of our reclamation sites as well as on our Brakpan/Withok TSF and Driefontein 4 TSF. Any labor unrest or other significant issue at this third party service provider may impact the operation of this facility.

Strike action and intimidation at mining operations adjacent to our FWGR mining operations could have an adverse effect on our business, operating results and financial condition.

Our financial flexibility could be materially constrained by South African currency restrictions.

South African law provides for exchange control regulations, which restrict the export of capital from South Africa, the Kingdom of Lesotho, the Republic of Namibia, and the Kingdom of Eswatini, known collectively as the “Common Monetary Area” (“**CMA**”). The Exchange Control Department of the South African Reserve Bank, or SARB, is responsible for the administration of exchange control regulations. In particular, South African companies:

- are generally not permitted to export capital from South Africa or to hold foreign currency without the approval of the SARB;
- are generally required to repatriate, to South Africa, profits of foreign operations; and
- are limited in their ability to utilize profits of one foreign business to finance operations of a different foreign business.

While the South African Government has relaxed exchange controls in recent years, South African companies remain subject to restrictions on their ability to deploy capital outside of the CMA and it is difficult to predict whether such relaxation will continue in the future. As a result, DRDGOLD's ability to raise and deploy capital outside the CMA is restricted. These restrictions could hinder DRDGOLD's financial and strategic flexibility, particularly its ability to fund acquisitions, capital expenditures and exploration projects outside South Africa. For further information see Item 10D. Exchange Controls.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws outside of the United States.

The U.S. Foreign Corrupt Practices Act, or the FCPA, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons for the purpose of obtaining or retaining business. This includes aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the SEC, increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals. Our policies mandate compliance with the FCPA and other applicable anti-bribery laws. Our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees, the employees of any of our businesses, or third party intermediaries. In the event that we believe or have reason to believe that our employees or agents have or may have violated applicable anti-corruption laws, including the FCPA, we would investigate or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Violations of these laws may result in criminal or civil sanctions, inability to do business with existing or future business partners (either as a result of express prohibitions or to avoid the appearance of impropriety), injunctions against future conduct, profit disgorgements, disqualifications from directly or indirectly engaging in certain types of businesses, the loss of business permits or other restrictions, reputational harm which could disrupt our business and have a material adverse effect on our business, financial condition, results of operations or liquidity.

We face risks with respect to compliance with the FCPA and similar anti-bribery laws through our acquisition of new companies and the due diligence we perform in connection with an acquisition may not be sufficient to enable us fully to assess an acquired company's historical compliance with applicable regulations. Furthermore, as we make acquisitions such as the acquisition of FWGR, our post-acquisition integration efforts may not be adequate to ensure our system of internal controls and procedures are fully adopted and adhered to by acquired entities, resulting in increased risks of non-compliance with applicable anti-bribery laws.

Risks related to ownership of our ordinary shares or ADSs

It may not be possible for you to effect service of legal process, enforce judgments of courts outside of South Africa or bring actions based on securities laws of jurisdictions other than South Africa against us or against members of our board.

Our Company, certain members of our board of directors and executive officers are residents of South Africa. All our assets are located outside the United States and a major portion with respect to the assets of members of our board of directors and executive officers are either wholly or substantially located outside the United States. As a result, it may not be possible for you to effect service of legal process within the United States or elsewhere, including in South Africa, upon most of our directors or officers, including matters arising under United States federal securities laws or applicable United States state securities laws.

Moreover, it may not be possible for you to enforce against us or the members of our board of directors and executive officers judgments obtained in courts outside South Africa, including the United States, based on the civil liability provisions of the securities laws of those countries, including those of the United States. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that no award is enforceable unless the defendant was duly served with documents initiating proceedings, that he was given a fair opportunity to be heard and that he enjoyed the right to be legally represented in a free and fair trial before an impartial tribunal;
- the judgment was not obtained by fraudulent means;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Business Act, 1978 (as amended), of South Africa.

It is the policy of South African courts to award compensation for the loss or damage sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system that does not mean that such awards are necessarily contrary to public policy. Whether a judgment was contrary to public policy depends on the facts of each case. Exorbitant, unconscionable, or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over the foreign court. South African courts will usually implement their own procedural laws and, where an action based on an international contract is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law.

It is doubtful whether an original action based on United States federal securities laws may be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore, the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for use in South African courts. It may not be possible therefore for an investor to seek to impose liability on us in a South African court arising from a violation of United States federal securities laws.

Dividend withholding tax will reduce the amount of dividends received by beneficial owners.