

DRD Gold Ltd

DRDGOLD Limited operates and explores gold mines primarily in South Africa. It also involved in the underground mines and surface re-treatment operations. DRDGOLD Limited is a surface gold tailings retreatment company. The Company operates in the central Witwatersrand (Wits) basin in Gauteng province in South Africa and recovers gold from tailings. Ergo Mining Proprietary Limited (Ergo) is the Company's operating entity. Ergo is wholly owned by Ergo Mining Operations Proprietary Limited (EMO).

Company Facts [Web Site](#)

Ticker	Market Cap	Sector	Exchange	Currency	Indices
DRD	\$343.34m	Gold	NYSE	\$	n/a

Key Features

- DRDGOLD focuses on the recovery of lower-risk, higher-margin ounces – primarily from its flagship metallurgical plant located some 50km east of Johannesburg in Brakpan
- The Company's product is dore bars. Ergo beneficiates its crude bullion (approximately 85% gold, 7% to 8% silver, some copper and other elements) at its smelter.
- Production update, Q3 FY2016: 4% increase in gold production; key regulatory milestone achieved for additional tailings deposition capacity.
- Company adopts Sustainable Development policies including – Corporate social investment in Primary Schools [R2.5m]; Environment Expenditure [R18.1]; Dust Control and water treatment.
- Mid-tier, unhedged mining company is a leading surface gold mining operation in South Africa.
- DRDGOLD is 90% held by public shareholders, with 10% held by its black economic empowerment partners. Khumo Gold SPV Proprietary Limited holds 8%, while the remaining 2% is held by historically disadvantaged employees through the DRDSA Empowerment Trust.
- This ownership structure is compliant with the Mining Charter and has the approval of the Department of Mineral Resources (DMR).
- Year on year share performance increase 670%.7 (19 Aug 2015 \$1.20 19 Aug 2016 \$8.04)

Key Statistics [CLICK HERE](#)

Recent News

- [July 2016 DRD Factsheet](#)
- DRDGOLD declares 2016 third-quarter dividend of 38 SA cents per share

Financial Performance

- [2015 Annual Report](#) [2015 results 31Dec2015](#) [Analyst Estimates](#)

6 months results ending	31 Dec2014 Rm	31 Dec2015 Rm	change %
Revenue	1,015.5	1,130.6	11.3
Profit after Tax	(2.8)	18.1	746.4
	30Jun 2015	31 Dec2015	
Total Assets	2,503.1	2,460.4	(1.7)
Cash Balances	242.3	253.8	4.75
Current Ratio	2.0	2.2	10.0
Operating Margins %	16.2	20.2	24.7
Free Cash Flow	114.3	131.7	15.2
Volume (000t)	11,591	12,159	4.9

TECHNICAL ANALYSIS – Technical Diagnosis – Moving Averages are traditionally used as lagging indicators on the general trend of a share. Gold's performance can often be influenced by market consensus. Gold had been in the doldrums prior to 2016. DRD Gold Ltd has seen a spectacular increase in its share price since 2016 consistent with gold price resurgence. Since Jan 2016 price recovery for DRD Gold has been in full flight seeing the share increase eight times from its January 2016 price. All moving averages have been upward sloping in line with its price with a steep incline. There has been a significant share price increase for DRD Gold doubling from its June 2016 price. Gold would seem back in favour buffeted by recent uncertainties from global concerns and currencies fluctuations. It has recently seen a minor pullback to \$8 on 19 Aug from a high of \$8.67 on the 10 Aug. Candlestick performance for the month of August suggests that the share is in consolidation. However, the recent bullish candlesticks on the 18/19 August has the foundations of a morning star set up reversal pattern. As the general trend is upward sloping, the potential for DRD to continue to surpass its recent highs could be consistent with the general trend of the gold market where a break up to the upside would suggest that recovery continues in play although not guaranteed of course. Although I may be late to the party, I decided to endorse my conviction and purchase 750 shares at \$8 a share on 19 August. I decided to capitalize on a fall in the gold price on 22 Aug by purchasing an additional 250 shares at \$6.71 On 22 August. In deciding to expand my horizon into commodities, I accept that that gold commodity performance is intrinsically linked to global; investor sentiment and perception. Having reviewed DRD Gold profile I believe that the company offers an ideal platform to benefit from further gold price increase. This is in preference to a gold ETF which by nature is less risky than against an individual gold price share. DRD Gold Ltd seems ideally placed to benefit from 2016 continuing Golds upside in investor sentiment. **Please note this analysis is not advice but interpretation of potential market moves. Performance is no guide to the future.** First Share Reviewed on 21 Aug 2016 at \$8.04 Current Price 22 Oct 2016 \$5.15 [Gold's Outlook HERE](#) [Gold Next Steps \(Video\)](#)

